



MINISTERIO DE DEFENSA

CUADERNOS
de
ESTRATEGIA

117-B

2001/2002 STRATEGIC
PANORAMA

INSTITUTO ESPAÑOL DE ESTUDIOS ESTRATÉGICOS



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June 2002

FICHA CATALOGRÁFICA DEL CENTRO DE PUBLICACIONES

2001-2002 strategic panorama / Instituto Español de Estudios Estratégicos. – [Madrid] : Ministerio de Defensa, Secretaría General Técnica, 2002. – 246 p ; 24 cm. (Cuadernos de estrategia ; 117-B)

NIPO: 076-02-118-2 – D.L. M 31046-2002

ISBN: 84-7823-930-8

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

Terrorismo / Lucha antiterrorista / Relaciones Internacionales / Política exterior / Economía internacional / Estudios Estratégicos / Unión Europea / Europa Central / Europa Oriental / Países mediterráneos / Iberoamérica / África / Asia / Rusia / España.

Edita:



NIPO: 076-02-118-2

ISBN: 84-7823-930-8

Depósito Legal: M-31046-2002

Imprime: Imprenta Ministerio de Defensa

Tirada: 1.100 ejemplares

Fecha de edición: Junio 2002

GENERAL SECRETARIAT OF
DEFENCE POLICY

DIRECTORATE GENERAL FOR
INSTITUTIONAL DEFENCE RELATIONS
Spanish Institute for
Strategic Studies

Working Group no. 5/01

2001/2002 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.

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INTRODUCTION

INTRODUCTION

As was to expected of the first year of a new century and a new millennium, 2001 was laden with hope for men of goodwill; however, the appalling terrorist attacks on the United States made it a tragic date. Mankind became almost brutally aware that the threats of a globalised world can differ from those we are accustomed to, and that not even the most powerful nation in the world, hitherto sure of the protection provided by its huge oceanic moats, was safe. This sudden realisation calls for solidarity and action and it is here that, along with the feeling of chaos and defencelessness, hope also arises.

If the threats are global then the solutions must be too and they must now be addressed more determinedly. Action needs to be taken against terrorism, drug trafficking, organised crime and the proliferation of weapons of mass destruction. In addition, an effort will have to be made to rescue from hunger and poverty the large proportion of the world population who is unable to keep pace with today's unstoppable progress, and to resolve a number of conflicts, such as the Middle East, which seem to be dragging on eternally and are an endless source of problems.

Protecting ourselves from these new threats must be addressed globally, from a multifaceted approach. We will bear in mind that the military aspect of this fight will not always be essential, though it may be indispensable, as it is in Afghanistan, and that it is advisable to be prepared to face any possible threat, however unlikely it may seem. It is becoming increasingly difficult to draw a distinction between defence and security.

Fortunately, the forceful reaction to the al-Qaeda terrorists has brought a certain amount of calm to the international scene and should prevent the

success of the so-called «holy war», which nevertheless provides us with food for thought and advises us to open a constructive dialogue between cultures.

As we stand at this crossroads, our Strategic Panorama, which aims to present a Spanish view of current affairs and trends that could shape the future, also reflects the development of Spanish foreign policy, which is turning its attention to parts of the world that are increasingly remote from our borders, in keeping with the wider geographical area on which our interests are focused and with the sign of the times. Therefore, as we announced in the previous edition, this year's Panorama incorporates a new chapter on Asia, a continent which was previously dealt with in connection with our interest in the Mediterranean and the Eurasian countries. These chapters, and all the rest to some extent, are affected by the events of September the Eleventh—a sign of the times characterised by a contradictory expression of barbarity and modernity.

THE CO-ORDINATOR OF THE WORKING GROUP

CHAPTER ONE

A STRATEGIC OVERVIEW OF 2001/2002

A STRATEGIC OVERVIEW OF 2001/2002

By RAMÓN ARMENGOD LÓPEZ

The year 2001 will not go unnoticed in history books. Unlike 2000, it was not another year of transition through which the planetary currents flowed, with some turbulence but failing to show any signs of the future. On the contrary, this past year has been one of those moments when the river of history, forming rapids, plunges onto the lowlands, rocking and disorienting the boat of mankind.

Owing to the shortness of our perspective, in order to try and understand what happened on 11 September, we must carefully retrace the months leading up to what was the first major act of violence to be reported in real time and with worldwide coverage, when reality was transformed into a clear and terrifying sign of a well-constructed message. The risks inherent in the globalised world struck the core of imperial democracy, wounding it publicly, and the Caesar of this world was left naked and defenceless, a target for his enemies. So ended what the Americans have called «the age of innocence»—a period in which, thanks to democracy, economic liberalism, the world market, technological development and the communication and transport revolution, the American people believed they had achieved their destiny.

But for the leaders of Western society this has been the «decade of unawareness», of brilliant and consumerist egotism, of development that destroys ecology, and of scientific progress that fails to bear in mind its essential point of departure—the same old human nature—and forgets about the rest of mankind.

This attack, amid the planetary disorder, was aimed at the core of this new emerging world, which is the United States—the centre of military

supremacy, the global market and technical development, and intermittent guarantor of international legality. When the United States chooses its president, it gives the world a leader. Such was the case following the complicated election process which culminated at the end of 2000 in the assumption of the world presidency by G. Bush, a politician lacking in international experience, but with a team inherited from his father, the first President Bush. The members of this team possess considerable knowledge of the Cold War and some are versed in energy matters (Vice-President Cheney, Colin Powell, as head of the National Security Council, Condoleeza Rice, trade secretary Donald Evans and energy secretary Spencer Abraham). Shortly after being appointed vice-president, Dick Cheney set up the Energy Policy Task Force which presented a list of energy goals on 16 May, followed by a world energy programme.

After eight years of a Democratic administration, the United States had not succeeded in establishing the «new international order» promised by President Bush senior, despite enjoying the aforementioned advantages of being the centre of the world and unrivalled among the superpowers. For Russia is still in the grip of an identity crisis following the collapse of the Soviet empire and the diminishment of the former tsarist empire, while China needs the social and economic development it is still unable to attain in order to be able to exercise its rights of superpower, though it has always been a major regional power on account of its size.

Furthermore, during the Nineties the United States felt itself to be constrained and enmeshed in a skein of realities inherited from its own and other countries' conflicts, in an unstable and unpredictable world. At the same time it felt it had the drive to engender a new world. With all its mistakes and contradictions, the Clinton administration used these forces to bring forth a new and global world—no doubt to its own advantage, but also to the advantage of all those capable of seizing the new opportunities. Likewise, when not too great an effort was required, or when the situation was beyond the control of the parties directly involved, it attempted to steer regional conflicts in the right direction and prevent the worst economic and social effects of globalisation from occurring. This was performed by means of an imperfect multilateralism which used the existing structure, provided it did not stifle the emergence of a new world, based on economic liberalism and progressive deregulation in all spheres.

The aftermath of the disappearance of the Soviet empire, the Middle East conflict, the ethnic and economic wars in Africa, the disintegration of

certain states that had arisen from European colonialism or Marxist expansion, and attempts at an Islamic revolution were further causes for American concern and intervention. The persistence of «rogue states» and the rise and internationalisation of organised criminal networks have become a growing threat to world security. Together with ecological imbalance, they undermined this new order and complicated the task of America's Democratic administration, particularly as the undesirable effects of globalisation emerged as a consequence of the interests of the major multinationals, of the bad management of allied states or of politico-economic struggles which use existing ethnic conflicts to boost their market share in the new deregulated world market.

It has therefore been said that the Clinton administration was better at intervening in conflicts than preventing them; by the end of his term international society was more Americanised and, at the same time, more anti-American.

The Republican administration of Mr Bush Jr has marked a change of style and, in some cases, of goals. The position President Bush adopted during the election campaign, the interests that financed his campaign, the ideology of the groups that support him within the Republican Party and in American society, and the prior experience and capabilities of his team led European observers to fear they were up against an American leader who, while not isolationist—the United States' superpower status does not allow this—would nonetheless distance himself from problems or situations that did not directly concern America, fleeing from the fiascos of the Clinton administration and concentrating efforts on protecting and boosting American interests, unilaterally if necessary. By assuring American security and prosperity using all means (from the defence of traditional values to the practice of world economic liberalism), the Bush administration is bent on exercising the «superiority of American civilisation», offering it as a remedy to the failings of «compassionate conservatism».

When the Bush administration took over world leadership, Europe continued with its integration problems and food concerns; Russia was unable to crush the Chechen revolt and solve its socio-economic crisis; the Taliban were defying the world with the support of Pakistan and Saudi Arabia; and Ariel Sharon was elected prime minister of Israel as a consequence of the second intifada and the failure of Messrs Barak and Arafat to finalise the Middle East Peace Process.

Terrorism was already a threatening presence and Osama Bin Laden a public enemy of the United States: there had been fears of a terrorist attack, which did not take place in the end, during the celebrations of the new millennium in New York. However, the only exceptions in what America perceived to be an optimistic world situation were the civil and ethnic wars in some places and the economic crises in Argentina and Japan.

But something dangerous about this world was obliging the new president to go ahead with something that President Clinton had not wished to decide on: whether to develop the Anti-Missile Shield. This has been a preferential issue for the current US administration from the outset, despite allies' and rivals' fears and misgivings that it would alter the rules of the present strategic balance. It was obvious that the Bush administration was closer to the military and industrial pressure group, which has always been in favour of providing this new protection against the external dangers that threaten imperial democracy.

But until 1 May, around the time of the warning about the deceleration of the US economy, President Bush did not officially declare the doctrine of nuclear deterrence to be outmoded. As a result, he had to withdraw from the ABM Reduction Treaty signed with the Soviet Union while offering Russia an agreement on the reduction of nuclear forces.

Moscow's reaction was low-key, for the Russian government had been attempting a rapprochement with Washington since March to obtain *carte blanche* in Chechnya in exchange for helping defeat the Taliban in Afghanistan (who by then were defying the world by destroying the huge statues of Buddha under the influence of the Arab-Islamic fundamentalists, that is, al-Qaeda and Bin Laden). In contrast, a serious incident had taken place between Washington and China in April when China captured a US spy plane; the way both parties handled the incident showed they were not willing to enter a conflict.

The tension with its allies and the rest of the western world grew as Washington acted in accordance with its international policy of «new realism», which was based not on isolationism but on unilateral action, that is, seeking to satisfy US interests over and above international consensus. Its opposition to the Kyoto protocol on contamination sprang from a new energy strategy designed to prevent an economic recession in the United States; this strategy pleased the oil producing pressure groups, who were keen to extend the oil exploitation areas and have led «energy security» to

become a priority foreign-policy issue. This involves US surveillance and control of the energy producing countries around the Persian Gulf and also in the area of the Caspian Sea and former Soviet Central Asia, dangerously close to Afghanistan.

Other decisions along the same lines were: America's failure to ratify the conventions on anti-personnel mines and the International Criminal Court; its scant interest in helping Russia and Argentina out of their economic ruts through the International Monetary Fund and the World Bank; its refusal to back the efforts of the OECD to crack down on tax evasion and money laundering; and, finally, failure to take into account the consequences withdraw from the ABM treaty could have on nuclear proliferation.

It also reaped some failures: the Quebec Meeting to negotiate a free trade area across the whole of the American continent and the secret contacts with the Taliban aimed at persuading them to agree to form part of a reorganised Central Asia in which Afghanistan could emerge from its underdevelopment and violence.

However, President Bush's trip to Europe in June, which coincided with the G-8 meeting in Genoa and Tony Blair's election victory in Britain, and the meeting with Mr Putin in Slovenia marked a good attempt at helping allies and former enemies understand and accept America's new international action. Nonetheless, the signing of an agreement on the Kyoto protocol by all of them shortly afterwards left Washington isolated.

Meanwhile, the situation in the Middle East continued to worsen: the second intifada had degenerated into an undeclared war between the Palestinian mortars and human bombs and the Israelis, who had progressed from M-16 assault rifles to F-16 fighter-bombers. President Bush—and this is logical to an extent—did not wish to intervene in a conflict in which the efforts of his predecessor Clinton had failed, though since Mr Sharon took over the Israeli government the conflict had entered a vicious circle with mutual accusations of state or organised terrorism.

This situation marred Washington's relations with the Arab countries and obliged it to show further signs of partiality towards Israel (veto on the intervention of international forces to protect the Palestinian people, withdrawal from the Durban Anti-Racism Conference together with Israel).

Meanwhile, the indirect negotiations conducted through the United Nations between Washington and the Taliban to persuade the latter to

hand over Bin Laden, who was accused of directing the terrorist organisation which attacked the Twin Towers in 1993, the American embassies in Kenya and Tanzania (August 1998) and the ship *USS-Cole* in Yemeni waters, had come to nothing, even though the United States had the support of Pakistan, the main protector of the Taliban. At the same time, it had undertaken a policy of rapprochement towards the Islamic Central Asian countries, some of which have rich energy resources, without the opposition of either Russia or of Iran, which felt no sympathy for the aggressive Sunnism of the Arabs to whom the Taliban played host.

The failure of these cautious negotiations led America to abandon temporarily its efforts to convince Afghanistan to become involved, as a transit route towards the Indian Ocean, in the exploitation of petroleum from Central Asia; however, America could not remain impassive towards the situation.

THE TERRORIST OFFENSIVE

Such were the circumstances leading up to the attack on 11 September whereby al-Qaeda proved to the world that, in its own way, it had attained a global level of activity and technological capabilities. The sinister expertise of the suicide pilots in hitting their target, the thorough study of the flaws in the American security system, the pursuit of media impact by choosing the symbols of financial and military power as targets, the hatred and perverse valour that fed radical Islamic terrorism, and knowledge of the enemy's world, dreams and nightmares rocked public opinion on account of the blend of western information technology and oriental fanaticism and secrecy. These features are characteristic of the biography of Osama Bin Laden, a fruit of the alliance forged between the traditionalist sector of the Arab world and the United States in order to stem the threat of the Soviet Union.

America reacted as was to be expected of a great wounded and humiliated people. Accustomed to fighting far away from home, the United States was plunged by the attacks of 11 September into a turmoil comparable only to the dismay at the destruction of the American fleet in Pearl Harbor by the Japanese. The feeling of vulnerability led the US government and people to regard these attacks as an act of war and to declare war on terrorism, with all the risks this entailed. Their demand for a total reprisal against terrorism was partly due to uneasiness about their own inept handling of a terrorist movement with international funding and sup-

port and a force that drives terrorists to kill and destroy themselves: that of the ideological, religious or ethnic radicalism of those who have been marginalised or disinherited by the western global order.

The average American is optimistic, religious and unaware of the outside world, but sure that his country is the biggest and most powerful, the most civilised and just, and the most democratic. He is surprised to learn there are people who detest it and call it «Great Satan», and is unaware of the harm its actions have caused to other peoples and countries.

US patriotism responded splendidly to the call of its president George Bush, an average American—except for in wealth and power—converted into a president for history, and to his challenge of terrorism, even though the fear of fresh attacks using chemical or biological means was ever-present. America considers that the loss of its invulnerability is the price to be paid for being the biggest and the best: to be hated and suffer on this account.

President Bush bolstered his image by attending the funeral service for the victims of the attack held in Washington Cathedral and visiting the rubble of the Twin Towers in New York. He proclaimed a state of emergency and ordered that Bin Laden be captured «dead or alive» as in the westens. For Mr Bush, it does not do to be neutral in this war against «invisible enemies»: you are either with the United States, or with «those who declare war on the United States» and have «chosen their own destruction»—a warning to states who back terrorism.

AMERICAN ANTITERRORIST MEASURES

The strategy for winning the war was progressively forged during the last quarter of the year by the two currents of the Republican administration: the hardliners, Vice-President Cheney, Defence Secretary Rumsfeld and Condoleezza Rice; and the «flexible» faction led by the secretary of state, General Colin Powell, who won the Gulf War in 1991. In the end a consensus with other states and international organisations was sought and obtained in order to engage in a total fight against terrorism; the United States, which had been the direct victim of the attacks, kept the leadership of the battle for itself. Washington did not approach NATO as an organisation to involve it in US action in Afghanistan; neither did it seek support, except for a «nihil obstat», from the United Nations. Given the extent of the terrorist network, this monopoly over the right to legitimate self-defence

could lead to intervention to assist governments under threat or to the invasion and occupation of territories in states which offer terrorists a base and hospitality, some of which are now identified as «rogue states».

This strategy involves:

1. Classifying the fight against terrorism as a war and making it world-wide and total. This has given rise to a debate on asymmetrical conflicts and the very definition and scope of terrorism, which call for new international concepts and rules. On 14 September Congress granted President Bush full powers to conduct a war, earmarking \$40 billion-worth of funds for this purpose.

2. Pinpointing Osama Bin Laden of the al-Qaeda organisation as a direct enemy and taking care not to identify radical Islamic terrorism with Islam and with Islamic, Arab and other peoples.

For this purpose, President Bush visited the mosque in Washington. The government condemned the wave of violence against Islamic people, properties and institutions that rocked the US the first days after the attacks and refuted Bin Laden's justification of the terrorist attack as part of a holy war against Judaism and Christianity (Israel and «the Crusades») —described as enemies and root of all the ills of Islam and the Arab nation (the Palestinian issue, the blockade on Iraq, profanation of the sacred land of Arabia owing to the presence of US military, etc.).

European media and public opinion and the attitude promoted by Pope John Paul II of dialogue and peace between religions helped establish this politically correct line of thought.

3. Creation of a general alliance against terrorism and its organisational and financial networks and institutional, individual or state support; according to President Bush, a position of neutrality towards this alliance is not acceptable. The European countries as allies, Russia owing to its problems in Chechnya and Central Asia, China on account of its own problems in the Islamised regions along its western border, Iran in order to combat Sunnite radicalism, etc... showed a positive attitude towards US action and pledged their support in different degrees and according to their position and possibilities.

On 12 September NATO agreed in Brussels that acts of terrorism directed from abroad are covered by the Treaty's article 5, which deals with the exercise of the right of collective self-defence. This collective self-defence was activated on 2 October after the United States submitted proof of the involvement of Bin Laden and al-Qaeda. On 3

October the United States gave NATO a list of military requests for operation «Infinite Justice», and subsequently «Enduring Freedom», including the use of bases in Alliance states such as Spain.

On 13 September President Putin promised to collaborate with NATO and on 17 September America launched its diplomatic offensive to create a major US-led coalition (though some states would have preferred it to have been headed by the UN) encompassing not only Russia and China but also Arab and Muslim countries such as Indonesia.

On 28 September the UN Security Council adopted a resolution to freeze the financial assets of suspect terrorists. On 30 September it approved unanimously an unprecedented resolution obliging the 189 member states of the UN to fight against terrorism, freeze terrorists' financial resources, deny them any type of political or passive or active diplomatic support and prevent them seeking asylum or hiding inside their borders.

4. A policy towards the Arab and Islamic world aimed at countering the impact of the figure and messages of Bin Laden on the Arab masses and isolating the Taliban regime in Afghanistan by putting pressure on Pakistan and urging the United Arab states, and eventually Saudi Arabia, to break off their relations with that regime.

It should be stressed that despite its close alliance with the United States, Saudi Arabia did not allow use of American installations.

Other aspects of this policy pursued by President Bush involved threatening but not harassing Iraq and intervening in the embittered Palestinian-Israeli conflict by imposing a truce and even announcing that Palestine would be a state. This merited a cutting reply from Ariel Sharon, who even accused Mr Bush of wanting to hand Israel over to the Arabs.

5. The adoption of tight security measures in airports, planes, military installations, etc., and the approval of legislation restricting individual rights for security reasons, including the monitoring of residents belonging to ethnic groups from which the terrorists mainly hail and the establishment of special military tribunals, etc...

The panic at the prospect of fresh terrorist attacks (chemical, biological and other threats, the proliferation of cases of anthrax among American people, further attempts at crashing planes and the alleged explosions in Toulouse) made these welcome measures to the minds of Anglo-Saxons, though their opinions clashed with those of many Europeans, who protested at the constraining of public freedoms and the violation of human rights.

6. The war in Afghanistan is being waged on the ground, through the tri-

bal factions and heavy US air strikes, the «collateral effects» of which are very painful for the civilian population and the country's already damaged infrastructures. The bases of the Taliban and al-Qaeda are being destroyed, but their chiefs have yet to be captured.

7. Ability to muster the «economic patriotism» of the US people prevented panic from striking the New York stock exchange and saved the US economy, whose slowdown had been a reality since the beginning of 2001, from sliding into an obvious recession. The measures of the Federal Reserve, which lowered interest rates, together with the over \$40-billion loan to reconstruct and bolster the security of New York and Washington, the \$5 billion allocated to the airlines, the \$75-billion cuts in certain taxes and, above all, the expectation of hefty military expenses in 2002 no doubt contributed to this positive result. However, in the medium term, these expenses will eat into the budgetary surpluses announced at the beginning of the year

Meanwhile, the US recession is affecting other economies, particularly those with difficulties (Japan, Argentina), the poor countries and even the European Union, whose economic drive is unable to substitute the American locomotive.

The key to world economic recovery lies in restoring confidence; that is, America's superiority and efforts, together with the assurance of no further terrorist acts, should spur the international economy to regain the momentum it displayed in the last decade of the 20th century.

Finally, it is worth devoting a few lines to the impact of this first 21st-century conflict on the strained relations between the Arab world and Washington. The vast majority of Arab governments have condemned the terrorist attacks carried out by other Muslims; even the leader of the Palestinian authority hastily did so. But a large sector of the Arab people, and not only the radical Palestinians, are openly in favour, perhaps not so much of the methods, but rather of Bin Laden, his ideological stance and most of his goals. During the first weeks of the US offensive there was serious concern that this might trigger problems of public order, though these have only occurred in Pakistan.

This should not detract from the fact that ill ease and animosity towards the United States have increased throughout the Islamic world as a result of this crisis. This ill ease is doubly felt by the Arab peoples owing to the spiralling violence between Israel and Palestinians and the fact that

the latter come off the worst.

Nonetheless, for the time being the decline of the regimes of the West's Arab allies is being offset by the perception of widespread support for Washington beyond the Islamic world and by the military supremacy of America and its allies.

THE EUROPEAN UNION AND 11 SEPTEMBER

The year 2001 was characterised by two aspects as regards the European Union. The first relates to a certain lethargy and disorientation in the process of building Europe, and the second to an increase in activity as a result of the events of 11 September.

During the first half of the year, disagreement between France and Germany over Europe's political architecture, Germany's fears of a possible mass migration of East Europeans towards the European Union when these countries join the Union, Germany's wish to reform the system of the cohesion funds which affects Spain so much, and disconcertment over the Irish people's rejection of the Treaty of Nice were just some of the factors that prevented the Swedish presidency from bearing many fruits.

European public opinion was more concerned about food plagues and ecological threats; until the second half of the year the world economic slowdown was not cause for concern, as people confided in the future stabilising effects of European monetary union.

The Belgian presidency gathered momentum as from 11 September. The European Union expressed its support for the United States and furthermore defined the requirements of the fight against terrorism: identification of clear objectives, drawing a distinction between Islam and terrorism, and making a joint effort to combat it.

The heads of government of the Fifteen undertook to create a genuine «common judicial area» on the basis of the decisions of the Tampere European Council, in addition to adopting the European search and arrest warrant and the mutual recognition of judicial decisions, thereby overcoming the «constitutional difficulties» and other problems encountered so far. In addition, the European law enforcement unit for serious crimes was set up to facilitate the exchange of information and expedite judicial co-ordination; the anti-terrorist fight in the police environment was improved; and it was decided to co-operate with the United States in police and legal matters.

The Ghent Special Council (19 and 20 October) reinforced the fight against terrorism by creating a «common area of freedom, justice and security» with concrete measures to freeze the funds of terrorist groups, define terrorism as an offence and publish an open list of terrorist organisations, which was recently approved at the December EU summit.

On the economic front, the effects of 11 September have also extended to Europe, converting the economic slowdown into a technical recession, the most worrying effects of which have been witnessed in Germany. The European Central Bank was late in lowering interest rates and did so less than the US Federal Reserve.

2001 witnessed an unequal decrease in Europe's economic growth expectations, though there were hopes that the circulation of the euro will prevent the European Union from being hit by an economic slump.

The year ended with the Laeken summit, which overcame the failure of the Nice summit and has given fresh impetus to EU enlargement. A committee chaired by the former French president, Mr Giscard d'Estaing, together with representatives of the European executives and parliaments was commissioned to prepare a draft European convention. This convention should constitute the basis of the new architecture of the European institutions.

The Laeken summit also approved the procedure for the European «arrest warrant» for more serious crimes, such as terrorism, thereby putting an end to the slowness and political interferences that characterise habitual extradition procedure.

RELATIONS BETWEEN THE EUROPEAN UNION AND THE UNITED STATES

Relations between the European Union and the United States were particularly significant during the year. The new-style US administration and President Bush's initial stances gave rise to misgivings: by imposing the missile defence initiative, the United States appeared to be emphasising its status as leading and indisputable world power and stressing Europe's passiveness towards its unilateral decisions. President Bush tempered this perception during his trip to Europe by attending the NATO summit in Brussels in June and promising that the initiative would be addressed with the European allies and with Russia, adding that the missile defence system could also serve to protect the allies.

Further obstacles to agreement between the European Union and the United States were America's rejection of the Kyoto protocol on the environment and of the Biological Weapons Convention, and its failure to accept the International Court of Justice, among others.

However, the events of 11 September have brought Europe and America closer together: Europe's reaction to the terrorist attack, channelled through NATO, was the message that «we are all Americans», although European participation in the Afghanistan war has been symbolic, in accordance with America's wishes.

The aforementioned antiterrorist measures relate to greater participation in the war declared on global terrorism and its networks.

SPANISH FOREIGN POLICY IN 2001

This policy is outlined in the 2000 *Strategic Panorama*; this edition will examine how it has been implemented during 2001 and how the events of the year influenced the orientation and practice of this policy.

Democratic Spain, a medium-size international power after twenty-five years of continuity and consensus in its foreign policy and socioeconomic modernisation, is fully integrated into the western democratic system through the EU and the Atlantic Alliance and is a tolerant and developed country with one of the most open economies. It is furthermore a capital exporter which ranks among the top six countries in terms of foreign investment.

It acts on the new international stage alongside a whole host of players, not all of whom are reliable or responsible. This obliges it to engage in joint action to maintain peace and prevent conflicts arising from poverty, ethnic or religious strife, human rights violations or democratic deficit. The result of the latter is terrorism, organised crime and drug trafficking, which lead to deterioration of the environment, emigration, flows of black money, etc. These risks and threats call for a reinforcement of international security and co-operation structures and greater multilateralism.

Spain has the will and sufficient resources to act more extensively and globally in support of international peace and security and towards achieving its own security and interests. For this purpose it has set up the Foreign Policy Council, chaired by the president of the government. The Council has approved the aforementioned strategy plan for external action

and the plan for Asia and the Pacific, in addition to studying the action plan for sub-Saharan Africa and the framework plan for the EU enlargement candidates. The foregoing are the basis for developing a significant role overseas, which will be outlined in the following paragraphs:

- The struggle to ensure that the Mediterranean recovers its historic value and becomes an area of peace and co-operation continued during the year. The Barcelona process is the chief means, although it witnessed ups and downs as a result of the very serious deterioration of the Middle East Peace Process. Neither has there been an improvement in the economic or cultural differences between the countries on either shore.
- Support continued to be given to the strengthening of the democratic institutions and governments in Ibero-America. Economic co-operation and aid to the sister countries were stepped up in order to ensure that common interests are one of the elements of the Ibero-American Community.

The foregoing measures back the Ibero-American integration processes. The aim is to help create a democratic, modern and developed Ibero-American community capable of acting supportively and positively in our globalised world.

- During the year which is now drawing to a close, Spain has participated actively in EU forums and actions, particularly with a view to the Spanish presidency in the first half of 2002.

This presidency is considered a major responsibility and a great opportunity of which Spain wishes to take full advantage. It will be markedly pro-European as the previous Spanish presidencies of 1989 and 1995 were.

The motto, «more Europe», refers to: deepening the building of Europe; encouraging enlargement; contributing to the success of the euro; reviving the Lisbon spirit which helped consolidate macroeconomic stability; and taking all the necessary measures to enforce the Single European Area of Justice, in accordance with the Tampere commitment and the recent agreements on combating globalised terrorism, the development of the European Security and Defence Policy so as to strengthen the CFSP with a concept of global security based on close co-operation with the United States through NATO and with positive and stable relations with the Russian Federation.

The Spanish presidency will furthermore continue to strive to strengthen the EU's links with Ibero-America and to ensure that European presence in the Mediterranean reinforces peace, stability and co-operation between both shores. To achieve this it will be necessary to continue to support any measure aimed at resuming the Middle East Peace Process.

Finally, special mention should be made of Spanish-US relations at such an important international moment. Since the previous year, under the Democratic administration, the Spanish government has pressed for a review of the 1989 defence agreement, linking it to the institutionalisation of the political dialogue between the two countries to encourage industrial and technological co-operation and strengthen ties with the community of Spanish origin in the United States.

Spain therefore reacted to the attacks of 11 September with the same solidarity shown by all the United States' allies and with a particular understanding of American feelings owing to its own experience of the scourge of terrorism, and expressed its willingness to participate in the global and complex response. As a member of the United Nations, it supported the United States' and its allies' right to defend themselves by means of a proportionate and appropriate response.

It has promoted concerted action in favour of United States within the EU and NATO, as laid down in article 5 of the NATO Treaty and in the Washington Declaration of 1999 on terrorism, entrusting the United States with the leadership of the collective defence effort against the terrorism of al-Qaeda. The Spanish government has therefore offered to co-operate in Afghanistan to eradicate the terrorist bases and arrest the leaders and allies of the Taliban government and has placed common defence instruments at the United States' disposal.

The Spanish government has exchanged information on terrorism, has arrested some of the accomplices and, more importantly, is determined to work, within the organisations to which it belongs, to modify both the legal framework and the appropriate mechanisms in order to step up the fight against terrorism. It knows from its own experience that this fight requires determination, tenacity and efficiency.

CHAPTER TWO
THE BUILDING OF EUROPE

THE BUILDING OF EUROPE

By JAVIER PARDO DE SANTAYANA Y COLOMA

GENERAL IMPRESSION

Whatever aspect we discuss in this review of 2001, we must unavoidably begin by mentioning the terrorist attacks in the United States. In this chapter of the *Strategic Panorama*, which focuses on the building of Europe, these events should be cited in connection with the most important feature of this process, since the greatest progress achieved was a consequence of the impetus the fight against terrorism gave to some initiatives, already under way, which had been inspired by the Tampere summit and promoted mainly by the Spanish government.

Indeed, such initiatives, designed to set up a common judicial area and to improve police co-operation—that is, the essential and therefore potentially most effective aspects of this fight—gathered unexpected momentum and shook the process out of its lethargy. The events of 11 September also served to bring Europeans closer together and strengthen their conviction of the need to boost the development of their security and defence.

The fact is that until the terrorist attacks in New York and Washington took place, it cannot be said that 2001 was a particularly fruitful year as far as the building of Europe is concerned. The process seemed to progress in fits and starts, perhaps lacking foresight precisely when it was most needed, and without a leadership to allay difficulties and spur it on towards the future. This explains the formulation of a number of proposals aimed at affording greater meaning to what appeared to be merely

an unceasing but often disorientated activity that citizens perceived to be increasingly remote.

While the general opinion on the process of building Europe was rather pessimistic following the Nice summit in December 2000, the events of the first half of 2001 did not help change this impression, since practically all the issues discussed at the March summit in Stockholm were to remain unresolved or pending resolution. Various opinions had previously been voiced regretting the lack of impetus of the European process, including those of Mr Prodi, the president of the Commission, and Mrs Fontaine, the president of the Parliament.

Admittedly, although it signified an important step towards enlargement, the Nice Summit had aimed to please everyone but failed to please anyone and scarcely raised spirits, in addition to arousing the mistrust of the European institutions. Indeed, the Commission had visions of the Union drifting further and further towards intergovernmental decision making, while the European Parliament was disappointed by the lack of response to its proposals. The proposal submitted by Germany, and finally accepted by all the European nations, of proceeding to amend the treaty in 2004, seemed to suggest that the länder were pressing for a drastic reduction in the power of the supranational institutions and for the dismantling of some community policies such as the common agricultural policy (CAP).

What Germany was aiming for with this initiative of institutional reform became clearer and clearer as the year progressed: a stronger role for Parliament, which would enjoy full «sovereignty» in budgetary matters, while the Commission would assume functions that currently fall to the Council, becoming a sort of European government in the framework that would be negotiated by the Fifteen; and the Council would be transformed into a sort of second house. Together with these important institutional changes, which would appear to be designed to make «more Europe», a backward step would be taken by renationalising some common policies which have played a key role in the process of building Europe so far. Germany was therefore attempting to claim greater leadership while cutting the costs. The French foreign minister was the first to speak out against the German proposal, which, he maintained, would alter the balance of the «constitutional triangle» (Council, Parliament and Commission). In May, the leaders of the European socialist parties had given the project, presented by Mr Schroder at their congress in Berlin, a rather chilly reception.

For his part, at the Franco-German summit in February, President Chirac launched his proposal for a federation of nation states for Europe—an initiative that was far removed from the political integration suggested by the German foreign minister and from the constitution advocated by Mr Schroder which, as mentioned earlier, would convert the states into entities rather like the *länder*. The British prime minister merely expressed his preference for a Europe that would allow integration to progress without the nations losing their identity.

The third initiative came from Mr Jospin and was based on a rather different vision to Mr Chirac's and one that certainly contrasted with the German idea; as a result, the Franco-German axis was far from reinforced by a possible basic agreement on the future of the Union. Mr Jospin advocated a Europe of strong nation states, formed by means of an evolutionary process, whose internal solidarity would continue to be displayed through specific policies such as the CAP. Mr Prodi also expressed his opinion on the model for the Europe of the future and, as expected, called for greater powers for the Commission. These various opinions and suggestions show that the European countries are still far from agreeing on a definitive model, though it does indicate the concern to define the European institutions *vis-à-vis* enlargement. In this connection, mention should be made of a further proposal, launched by Mr Chirac at Berlin in June, to draw up the European constitution; at the end of August the French president set the year 2004 as a target date.

All in all, the initiatives that emerged throughout 2001 reflect a certain concern to make deeper progress in designing Europe and, on the basis of the experience gained, define more specifically the process itself and its true meaning; this amounts to more than merely developing the institutions.

With respect to the calendar, some of the many problems posed by the future enlargement of the European Union became increasingly apparent in the first half of 2001, notably the foreseeable struggle between Berlin and Paris regarding the continuity of the CAP. However, the first quarrels did not take place between these two countries, but rather between Germany and Spain, both of which were keen to find as soon as possible a solution to the problems arising from enlargement that affected them most specifically in the medium term. Concerned by the prospect a mass influx of citizens from the candidate countries, Berlin, together with Vienna, proposed a seven-year moratorium to delay the free movement of people. This would protect

them from a foreseeable avalanche of immigrants. This of course meant that other countries would have to deal with them. For its part, Spain wished to ensure convergence, which was threatened by the resulting fall in the average European development level; in Spain's opinion, this would give rise to a «statistical» convergence that would distort «real» convergence and, accordingly, the targets that the Union had initially set itself.

To prevent this, some regions of Spain and other countries would need to continue to receive economic aid after 2006 (even if enlargement had already begun by then) if they had not achieved the envisaged development level. This would be done by establishing a transition period. Madrid, which circulated a document known as the «Aznar memorandum», was keen for the proposals submitted by Germany and Spain to be addressed promptly and simultaneously together with the general problems arising from enlargement and, in any event, wished for public acknowledgement that these problems exist and for this to be placed on record.

These two wishes clashed and sparked a number of fairly tense situations, as it was taken for granted that Germany wished preference to be given to its solution so as to be in a position to reject Spain's aims and attain another long desired objective which it is particularly determined to achieve: to reduce its financial contribution to the cohesion funds.

The insistence of the Madrid government, which took upon itself to act as spokesman for the countries which currently benefit from these funds, led it to be accused of attempting to delay enlargement. The argument that the debate on the continuity of the cohesion funds beyond 2006 could take place in due course since there are currently projections covering the period up till then actually masked an open secret: that, as pointed out, once Germany achieved its initial aim, it would block any attempt by the beneficiary countries to carry through the Spanish-led proposal.

Mr Jospin's proposal on the future European structure was timely as it recommended continuing with the cohesion policies and therefore strengthened Spain's position in the struggle with Germany. Mr Jospin had also stressed other aspects promoted by Madrid, such as the mutual recognition of judicial decisions and the creation of a European police force based on Europol. Interest in both these issues was heightened later on in the year as a result of the general mobilisation against the threat of terrorism.

Spain's insistence paid off, and immediately before the Gothenburg summit a declaration was drawn up recognising that enlargement would

have consequences for all states and for the functioning and development of the community's policies. Annexed to this declaration was a statement by the European Commission referring more specifically to the effects of enlargement on cohesion and taking note of the concerns expressed by the states and, especially, the memorandum presented by the Spanish delegation.

Germany's intention to carry out a drastic reform of the CAP, a highly developed policy to which the European Union allocates almost half of its budget and which has constituted one of the key policies of the European Union, was to be one of the most controversial topics of debate. Mr Fischler of Austria, the European commissioner for agriculture, aligned himself with Germany's ideas of «simplifying» this policy, increasing competitiveness and dividing responsibilities between the Commission and the member states—to which France and Spain, to mention only the two countries with the strongest feelings about this issue, are radically opposed.

Germany's manoeuvres, accusing Spain of hindering enlargement simply because it had asked for an obvious problem to be recognised, were put paid to by one of the countries that benefits the most from the structural funds: the Republic of Ireland, whose referendum came as a surprise to the whole European Community. So great was the shock that solutions were immediately sought, such as making retouches and repeating voting.

Although very much to be expected, the results of the Swiss referendum on the possibility of joining the Union were nonetheless negative, since the «no» was extremely categorical; neither was Europe's lack of unanimity regarding the US bombings of Iraq with the help of the United Kingdom in February particularly pleasing. By contrast, there was shared concern about a possible distancing between Europe and the United States on foreign policy issues as a result of America's change of president.

Another issue which had sparked disagreement with Washington was the plan for an «anti-missile shield» which Mr Clinton had handed down to his successor and had been fully embraced by Mr Bush. American diplomacy made an effort to explain this project, making it quite clear that Europeans would have to get used to the idea as it was a definite decision. With this unilateral move of huge strategic importance, the United States once again reaffirmed its role as leading and incontestable world power and underlined Europe's subordination to American guardianship.

The announcement that Washington's new defence policy would include a drastic reduction in the number of nuclear weapons, the promise that these issues would be discussed with Europe and Russia, according to the latter the treatment of major power, and the possibility that the missile defence system could also protect the allied countries made the project more acceptable to Europe, which awaited its subsequent definition. The Atlantic Alliance displayed a cold albeit acquiescent attitude to the American project at its May meeting in Budapest, but President Bush's presence at the NATO summit in Brussels in June helped boost the Europeans' understanding.

The United States' approach to its project for an anti-missile shield as a measure springing from a new strategic concept that is more in keeping with the current reality and foreseeable future underlined the need for Europe to do some serious thinking. Indeed, pursuing their pragmatic policy of progressing in small steps, Europeans had not even established a strategic concept on which to base their «Headline Goal». Whatever the case, the events of 11 September, which afford credibility to any programme designed to protect us from possible risks however unlikely these may seem, call for a general strategy revision.

A third matter, over which the EU and the United States disagreed outright, was the decision taken by the Washington government to drop out of the Kyoto protocol on the environment; this is a very sensitive issue to Europeans and discredited America as far as European public opinion was concerned. The participants at the Bonn summit fought tooth and nail to save the commitment to reduce contaminating emissions, for which the agreement of the so-called «umbrella group» of major countries, of which Japan was a key member, was indispensable. The lowering of requirements to the minimum limit acceptable enabled what looked set to be a miserable failure up until the very last minute to end miraculously in a resounding success, particularly for the European Union, which championed tenaciously and firmly the defence of this important protocol as a matter of principle.

But all these differences were eclipsed by EU's supportive response to the USA's appeal for concerted anti-terrorist action, which furthermore underlined the fact that in today's globalised world the American giant cannot play the part of universal gendarme on its own. If international terrorism is one of the scourges stemming from globalisation, an all-round effort is required to eradicate it. It is in this context that the role of institutionalised Europe will acquire its full importance.

The tragic events of 11 September also highlighted Spain's role in Europe. Sensitised by the terrorism it suffers at home, the country had promoted a European initiative targeting one of the spheres in which the fight against terrorism needs to be more effective. Indeed, as stated earlier, during the Finnish presidency Spain had promoted the Tampere summit that gave rise to the creation of a Europe-wide search warrant, a specific prosecution service and the mutual recognition of judicial decisions. Some necessary steps were taken in this direction throughout 2001 and there is no doubt that they could not be more timely. The events of 11 September were to act as a catalyst to this whole process, speeding up the pace of some existing initiatives and generating further measures. As always occurs whenever a threat arises, obstacles that formerly seemed difficult to overcome became surmountable.

As for the development of the Union's military capability, there was no hope of making any significant headway during the first half of the year since the presidency was held by Sweden, and it was taken for granted that the Scandinavian countries would not prove particularly active with respect to this issue. Furthermore, although France and the United Kingdom finally decided to agree on European security, on this occasion they did so merely to prevent the attempts to overcome the obstacles which had hindered the French summit in December from having repercussions on their respective electoral processes: the problem of defining the conditions and procedures for allocating NATO assets to the EU and the establishment of a European planning and review system.

This attitude displayed by the countries which are the driving force behind European security and defence slowed down the organisational process and triggered considerable difficulties for Spain's preparations for the presidency in the first half of 2002—a demanding task since the presidency will subsequently fall to Denmark, which is not expected to be particularly active in dealing with issues of this nature. The attitude of Turkey, which is keen to take advantage of the circumstances to press for future membership of the European Union, further complicated the situation and once again underlined the close relationship between the Euro-Atlantic sphere and the security and defence dimension of the European process.

As for the situation which arose in Ireland over the negative response to the Treaty of Nice, the Irish chief of defence staff stated that he would carry on with the work stemming from the «Headline Goal» regardless of what the future held. However, developments in that country undoubtedly

add further complications to creating the EU's security and defence dimension, on which the «variable geometry» that formerly «neutral countries» are aiming for is having a highly disturbing effect.

In any event, the situation was not particularly conducive to stepping up the process of creating the European defence dimension, as is only to be expected in view of the changes that the terrorist attack on the United States will undoubtedly bring. The United Kingdom was reluctant to develop any initiative relating to a permanent military force; indeed, it was not even in favour of holding meetings of defence ministers of the EU countries. As for Turkey's attitude, although it was opposed to institutionalising the European Union's use of NATO assets, determination to continue to make headway with or without Ankara's support gradually took shape. And regarding planning procedure, France's unyielding attitude towards any process that was not autonomous made it advisable to seek a minimum coordination mechanism between the NATO and European Union systems.

During 2001 the «Headline Goal», which had already progressed in establishing contribution commitments, embarked on a phase that was particularly oriented towards improving capabilities; as a result, consideration may now be given as to how to make this process a stable planning procedure.

An important programme which gathered considerable momentum as a result of the efforts of the Swedish presidency during the first half of 2001 entailed defining the civilian force which will supplement the military one. Of the 5,000 police who will make up this force, Spain will provide 500, 300 of whom will be allocated to the most urgent contingent.

The European Union engaged in intense diplomatic activity in the Balkans. On the one hand, it had to define its position with respect to the possible independence of Montenegro; it expressed its opposition to this and to any unilateral measure that could trigger instability in the region. Indeed, the possibility of segregation was only slightly favoured by the results of the election held in April: although it was won by President Djukanovic, the margin was quite slim and showed that the Montenegrin people's opinion is divided.

While the United States distanced itself somewhat from the Middle East, Europe took on a bigger role in the negotiations aimed at defusing the atmosphere of confrontation that was causing the peace process to

enter a terminal phase, and on several occasions Spain was called upon by the region's leaders to help ward off such an unpleasant situation. It should be pointed out that the biggest economic effort to support the stability of that troubled part of the world comes precisely from the European Union.

The second major problem was triggered by the guerrilla activity along Kosovo's borders with Serbia and Macedonia; in the case of the latter, this consisted of forays into the Albanian majority area. The fact that these incidents came to endanger the political stability and very existence of the Republic of Macedonia gives an idea of the seriousness of the problem. The presence of Mr Solana and of other political leaders was aimed at calming the situation and showing support for Skopje in order to prevent a state of war from being declared and to encourage the necessary reforms. The situation became so serious that the international community, with a major participation of the EU, forced Macedonia to adopt constitutional changes; this act of justice towards the Albanian minority was intended to compensate for the dismemberment of the guerrilla, particularly the surrender of its weapons to NATO forces. This is yet another example of the ability of the Balkan cancer to metastasise, affecting one by one the different pieces of the complex jigsaw puzzle of the region.

The intervention of an international coalition to quell the Afghan Taliban regime made it necessary to consider the possibility of focusing co-operation with the United States mainly on relieving the US troops stationed in the Balkans. Such a possibility would also call for stepping up the development process of the «Headline Goal» and would constitute a milestone in the assumption of greater responsibilities by the EU. However, it did not materialise, at least not immediately, and the US troops remained where they were with no significant changes.

Throughout 2001 the migratory phenomenon continued to prove to be one of the major future issues that is calling for greater awareness, a certain amount of foresight and the co-ordinated adoption of strategic decisions. In Spain recent legislation on immigration was replaced by another, stricter formula designed to control migratory flows and prevent the proliferation of criminal organisations that spring up as a result of demand from would-be immigrants and the lenience of the previous legislation. One of the most important aspects that needs to be considered with respect to this phenomenon is the model of society that ought to be adopted. In this connection, the theories of the Italian political scientist and essayist Sartori

caused particular impact; he warned that it would be a terrible mistake to adopt a «multicultural» solution instead of one of «diversity» that was more appropriate to European civilisation.

The excessive pressure immigration was exerting on some European countries made it advisable to lend them some kind of support. In March the European Parliament debated on two possible solutions designed to distribute the burden of refugees who could arrive in the EU as a result of serious crises. Spain was in favour of setting up an aid fund worth €3 billion, whereas Germany, together with Austria, Sweden and Holland, preferred to apply a system of quotas. The German proposal emerged from the Stockholm talks as a non-binding solution subject to the final decision of the Fifteen, though the Commission was in favour of applying a further principle of «double voluntariness» whereby a refugee could not be assigned to a particular country unless he were willing to go there. Although the Spanish proposal was not wholly dismissed, as it was also agreed to set up a fund, this was limited to a minimal €10 million.

We must not omit to mention an unexpected and curious phenomenon which caused considerable impact on political affairs and the media in the first half of 2001: the unexpected and unusual string of food-related problems, largely generated by the United Kingdom. The spread of bovine spongiform encephalopathy among cattle, and the possibility of its serious effects on people, gave rise to very confusing and disturbing situations while common Europe-wide solutions were sought. The obligatory mass slaughters decimated cattle stocks. As if this were not enough, the simultaneous outbreak and rapid spread of foot-and-mouth disease in Britain and the immediate incidences of the disease in some continental European countries triggered a collective psychosis that eventually died down.

The worldwide economic slowdown led Europe to trim its growth forecasts, while inflation rates remained above the established limit owing to oil prices, the increased cost of meat products and the value of the euro. The European currency, which had picked up towards the end of the year 2000, continued a steady and seemingly unstoppable decline. In addition, the European Central Bank gave the impression it was not sure whether it ought to curb inflation or stimulate growth.

It initially seemed that the ECB would maintain interest rates despite pressure from the IMF. The latter wished to lower rates, just as the Federal Reserve had done in order to stimulate the growth of the US economy, which had not quite recovered. The first decisions indicated that Europe

was attempting to shun any accusation of «copying» the United States and to keep inflation in check as far as possible, but it was not long before the president of the European Central Bank surprisingly lowered interest rates by a quarter of a percentage point, equalling them to US rates, and subsequently made further cuts. On this occasion the justification was that the inflation was due to temporary factors. But the measure not only failed to reassure the EU countries; it also led them to question once again the expertise of the ECB's president, since curiously, no sooner were the rates lowered than it became known that prices in several European countries, including Spain, France and Germany, had risen unusually, so much so that Germany recorded the worst monthly rate in the past six years. In any case, the weakness of the German and French economies continued to be evident. And the measures taken by the ECB did not serve to strengthen the European currency either.

However, the widespread deceleration of growth did not seem to be a particular source of concern for the EU, which continued to confide in the stability provided by the single currency, though it stressed the need to promote structural reform and budgetary discipline. In this regard, in addition to launching a message of optimism and reassurance in the short term, the G-7 stressed at their meeting in late April that Europe should devote greater effort to stimulating economic growth.

The formal presentation of the euro on 1 September was accompanied by a further interest-rate cut. Mr Duisenberg, the president of the European Central Bank, justified this measure by the good prospects it offered for curbing and bringing down inflation and by the need to encourage economic growth as a result of deceleration. This deceleration was particularly worrying in Germany. Shortly before this announcement, interest rates had been lowered for the umpteenth time in the United States, whose economy appeared to be stuck in a conspicuous rut. The situation stemming from the attacks in New York and Washington, which made it advisable to take this measure even further, came at the worst possible time, placing the world economy on the long list of victims of the terrorist action. However, the drop in the price of oil as a result of flagging demand helped check inflation and kept the feared recession at bay for the time being. In this connection, it should be said that Europe showed considerable ability to cope.

During the latter part of the year worrying information began to circulate on the state of the US economy and the growth forecasts for the

European countries were trimmed considerably. In view of the situation, the European Central Bank, reassured by the state of inflation and pressured by the reduction down to two percent of the price of money in the United States and by the need to give impetus to investments in the euro zone, shed its earlier strictness and ended up lowering interest rates to 3.25 percent in November.

In November it became known at last that the world economy was sliding into technical recession. This announcement was accompanied by forecasts that recovery would take place within a reasonable period of time, and the news therefore did not spark too much fear. According to the forecasts, the US economy ought to pick up in the first six months of 2002, and many analysts announced a European recovery in the second half of the year. These expectations, together with the forecasts that the Spanish economy would continue to grow at a considerably higher rate than the other EU countries, enabled the Madrid government to announce its intention to continue along the same lines with its economic policy.

One of the most noteworthy examples of Europe's growing wish to spread stability towards other regions of the world was the support offered to Colombia, which was valued at €338 million. This contribution was totally free of any military connotations and incorporated demonstrative programmes aimed at creating a mini-utopia, a model project known as the «peace laboratory» in the district of Magdalena Medio, where it is designed to stress the benefits of laying down arms and establishing a new economy based on the cultivation of alternative crops to coca.

The results of the third Summit of the Americas, which took place in Quebec in April, constituted a genuine challenge for the European Union, since the participants reaffirmed their commitment to complete by 2005 the negotiations for setting up a free trade area (FTAA) in which the rule of law and economic development are explicitly linked. This is an initiative with far-reaching consequences and one that is being greatly promoted, and its impact needs to be taken into consideration as it coincides with other initiatives undertaken by Europe, such as those already under way with Mexico and Mercosur. The importance the EU attaches to these operations points to a prominent role for Spain, on account of its significant economic presence on that continent, as a privileged interlocutor with the Ibero-American countries.

As for the problem posed by Austria during 2000 owing to the presence in its government of a party (the FPÖ) considered to uphold extreme

right-wing ideas, the tables were turned in favour of the European Union when the Vienna elections in March 2001 confirmed that this party's popularity in the Austrian capital had waned considerably.

Finally, it is necessary to underline the vehemently pro-European attitude expressed by the British prime minister at the end of November, peppered with criticisms of the traditional attitude of the major parties, which he accused of lack of foresight. This declaration should be interpreted as a taste of what looks set to be an intense campaign designed to give a definitive impetus to Britain's incorporation to the EU process, which will naturally include adopting the new European currency.

THE STOCKHOLM SUMMIT

The results of the Stockholm summit of 23 and 24 March can be regarded as disappointing. Of the different issues discussed, the only one that can be said to have prospered is the project to create an integrated financial market and liberalise the postal service.

The star theme of the meeting was the development of decisions taken at Lisbon, where the impetus given by Messrs Blair and Aznar had mapped out an important course for efforts to restore the European utopia through an ambitious liberalisation programme aimed at promoting full employment and placing Europe in a position to close the gap on the United States in this respect. On this occasion France showed scant enthusiasm for the dismantling of state monopolies. Indeed, its radical opposition to the liberalisation of the energy sector stifled all progress as it refused to set a date for this operation which, in the opinion of Spain and the United Kingdom, should take place in 2003, while Germany and Holland proposed 2004 and the Commission was happy to wait until 2005.

France's attitude not only put a damper on this joint effort, but badly affected the national liberalisation process by hindering mergers. The need was thus stressed to prevent countries that do not opt for liberalisation from enjoying advantages vis-à-vis the rest. In the end a clause was drawn up to prevent this. Spain assured that such an undesirable circumstance would not arise in our nation, underlining its determination to use the «golden share» to prevent it; this attitude was backed by the European Parliament.

Another initiative, promoted by the European Commission and particularly by the Spanish commissioner Loyola de Palacio, was also left pending future decision: the creation of a «single European sky» to expedite

air traffic and reduce the frequent delays. In this case, the stumbling block was Gibraltar, whose airport was built on a piece of land (the Isthmus) which the Treaty of Utrecht does not include in the British colony, and which was snatched from Spain taking advantage of the authorisation granted for humanitarian reasons some time ago by the Spanish government to allow Britain to establish a temporary hospital there to cater to an epidemic of yellow fever. On this occasion, and even more shamefully, the plundering amounted to an abuse of Spanish generosity. But this stumbling block would not have existed had the United Kingdom respected the agreement made back in 1987 on the joint use of the airport.

The liberalisation and single sky issues highlighted the ability of national circumstances and, most particularly election processes, to interfere. In the aforementioned cases, the failure of the debates was due, respectively, to the forthcoming French and British elections. Indeed, the proximity of the elections reinforced French reluctance to give firm impetus to liberalisation and deterred the British government from entering into negotiations with Spain lest they give rise to any measure which could voters could interpret as a sign of weakness.

Neither did the proposal to establish a single set of regulations for community patents prosper, regarding which the Spanish representative expressed his reservations at the failure to include Spanish among the proposed official languages. Nor indeed did the idea to implement the Galileo satellite navigation project, as Germany opposed what it considered an excessively high cost. Europe thus lost its chance to shed its dependence on America in this respect.

The aforementioned integrated financial market was, together with the liberalisation of the postal service, the only issue that was really carried forward, although it should be said that this was not to the liking of all the parties, since the Commission is quite wary of what it fears could serve as a precedent for a gradual curtailment of its current powers.

THE GOTHENBURG SUMMIT

This summit took place in June, also under the Swedish presidency, by which time the two most controversial issues had been steered in the right direction: Germany's intention to hold a moratorium on the free movement of people to prevent a massive influx of immigrants from the countries joining the EU as a result of enlargement; and Spain's hopes that the EU

would recognise the problems enlargement poses regarding the development of some EU policies, such as those relating to the achievement of the cohesion goals, which could be distorted by the statistical effects of the incorporation of less developed countries.

Certainly, the results of the summit were limited. Germany and France opposed setting dates for enlargement, contrary to most of the EU countries, which believed it was appropriate to encourage the candidates, particularly bearing in mind that the negative results of the Irish referendum had dampened their morale. Contradicting the criticism from Paris and Berlin, which aimed to present the country as a hindrance to enlargement, Spain proposed setting a date for the completion of negotiations with the best placed candidates, while the Germans once again showed their misgivings about letting in new members by refusing to establish specific deadlines.

In the end France and Germany had to agree that the Union should establish 2002 as a limit, though this decision was qualified by precautionary measures. The date set was thus «tentative», since membership would ultimately depend on the level of preparation of each country when the time came.

Naturally, the summit made some progress, though this was not particularly brilliant. Indeed, the strategy established at Gothenburg for achieving sustainable development has already had an impact in Spain; the irreversible nature of the so-called «enlargement» of the Union was confirmed; and Europe reaffirmed its determination to take united action in crises that affect our stability more directly: those of the Middle East and the Balkans.

The presence of President Bush raised the issue of the initiative to create an anti-missile shield. The overall attitude was along the same lines as the stance shown by the Spanish government a few days earlier during the US leader's visit to Madrid: willingness to consider the US proposal as a new approach to defence vis-à-vis the new strategic landscape. Accordingly, without necessarily going so far as being convinced, the European countries were willing to discuss the issue, taking for granted that the project will not be developed without taking them into consideration.

The presence of the US President also helped dispel some of Europe's misgivings regarding the new administration. Mr Bush allayed suspicions of his supposed tendency towards isolationism, expressing his firm wish to continue with his allies in the Balkans («we came here together and shall

get out together»); he also stated that the United States needs support, including that that of the Atlantic Alliance and the European Union, which it considers essential. He encouraged not only the enlargement of NATO, but also of the Union, and defended free trade, thus nipping in the bud the concern generated by the project to create a Free Trade Area of the Americas.

No significant progress was expected to be made as to the organisation of security during the Swedish presidency and, indeed, the Gothenburg summit achieved little in this respect. Actually, the only headway worth mentioning in this field during the first six months of the year relates to the so-called «civilian crisis management» and mainly sprang from a police capabilities commitments conference where the foreseeable 5,000-strong police force was established. The most novel efforts related to measures designed to facilitate the establishment of the rule of law in regions affected by crises (parliamentary, judicial, penitentiary systems, etc.), and the possibility was even studied of setting up a European pool of judges and prison officers. Equally interesting were the Swedish efforts to establish a dialogue with the United Nations and the OSCE, as well as with certain countries with particular political weight, such as Russia, Ukraine and Canada.

THE EU'S RESPONSE TO THE TERRORIST CHALLENGE

In its response to the terrorist challenge in the form of the apocalyptic attack on the Twin Towers in New York and on the Pentagon building on 11 September, the European Union's reflexes were somewhat faster than usual; indeed, it reacted by calling for a concerted world effort to combat terrorism under the aegis of the United States. This unitary response proved to be a welcome opportunity to show that Europe can be cohesive when it comes to the crunch, for it did not merely proclaim firm adhesion to United States during those dramatic moments, but also outlined the requirements for the future response, relating both to the necessary discrimination between terrorists and Islam, and to the advisability of identifying clear objectives.

The EU «troika», which included two Spaniards (Solana and Piqué), engaged in intense diplomatic activities to seek a broad agreement. This collaboration played an important role in strengthening and complementing the United States' efforts, since the quality of European relations with some Muslim countries could prove particularly effective when seeking

adhesions. The European Union attributed responsibility for co-ordinating the fight against terrorism to the General Affairs Council.

Chancellor Schroeder considered that the time was ripe for Germany to begin to play a more lucid role in the field of security and also one that was more in keeping with its status of major European power. However, his proposal to send a military contingent to Afghanistan met with such strong opposition at home that the decision almost caused the governing coalition to break up. The chancellor emerged stronger from this incident, but it shows that there is still a long way to go as regards reconciling attitudes before a European defence dimension can be created. Nonetheless, Germany's initiative marks a turning point.

In a joint declaration issued on 21 September, the heads of government of the Fifteen undertook to create a «true common judicial area» by applying the measures decided on at the Tampere European Council. Until then this initiative had been hindered by the frequent problems caused by the tiresome formalities needed to grant extradition and by the autonomy of the judicial systems of each nation. Before 11 September some steps had been taken towards creating the European search and arrest warrant and agreeing on the mutual recognition of judicial decisions; thenceforward, the projects under way gathered considerable momentum as a result of the fresh impetus given to the fight against terrorism, and the constitutional difficulties initially envisaged in some countries began to be considered surmountable, so much so that the Belgian presidency undertook to ensure that a set of anti-terrorist measures would be approved by the end of the year.

One of the most important decisions was to create a European law enforcement unit for serious crimes (Eurojust). This organisation will be permanently connected with each and every one of the «special national correspondents» who will deal with offences of this type in each country. Eurojust is due to become operational from the first day of 2002. It is expected to facilitate the exchange of information considerably and to enable investigations and judges' requests to be co-ordinated swiftly and effectively.

Another measure adopted by the EU was to implement the United Nations Resolution of December 2000 calling for the funds and financial assets of Osama Bin Laden to be frozen without delay and an up-to-date list drawn up of the persons linked to him. This resolution had only been partially applied. It was also decided to continue the effort to

improve the anti-terrorist fight in the police sphere, and to promote collaboration with the United States in this field and in the judicial ambit through concrete actions. One of the most interesting initiatives was designed to develop more ambitious efforts and a more generous exchange of information. For its part, the European Central Bank hastily injected cash into the system.

Many people were surprised by the fact that an institution as significant as the European Union should not have played a leading role in the most conspicuous aspect of the fight against terrorism, namely the war in Afghanistan. The same could be said for the Atlantic Alliance, which for the first time invoked article five of the North Atlantic Treaty which provides for a response, in exercise of the right of legitimate defence, to an armed attack against one or more member nations. It was obvious that translating political co-ordination against terrorism into a military coalition would have drawn greater attention to the existing differences than to the agreement on condemning the attack, and it was not advisable to place the Muslim countries in a position of being able to refuse to join this possible coalition. Furthermore, in the case of the European Union, the very limitations stemming from the decisions taken at Petersburg and those inherent in the process of developing the «Headline Goal» restricted its possibilities of intervening in Central Asia and in a war scenario.

Whatever the case, there is no doubt that the emergence of a common threat necessarily stimulates cohesion and should be a catalyst to the process under way in Europe, particularly in the field of security.

THE GHENT SPECIAL EUROPEAN COUNCIL

The summit held in the Belgian city of Ghent on 19 and 20 October focused primarily on the fight against terrorism. Regarding its success, suffice it to say that, in addition to being welcomed by all the members of the Union, the set of measures proposed at the meeting was also accepted as a model by the candidate countries and by the members of the European Economic Area and by Russia, Ukraine, Moldova and the Balkan states, whose foreign ministers met with their European counterparts.

The impetus given to the fight against terrorism by the European leaders was centred fundamentally on creating a common area of freedom,

justice and security, in keeping with the Tampere spirit; this process found a powerful catalyst in the new environment that emerged as a result of the dramatic events of 11 September. Projects such as the search and arrest warrant, the strengthening of police and judicial co-operation and the abolishment of the principle of «double criminality» for certain offences were joined by others such as the freezing of the funds of terrorist groups and the definition of the offence of terrorism, in the hope that this new awareness would overcome the legal technicalities in some countries.

The agenda also included drawing up an open list of terrorist organisations, which will constitute a defined and common objective for all the EU countries in this priority battle. All these tasks were imbued with a sense of urgency, and it was proposed that several of these measures should be approved at the December summit. The EU is thus endangering the survival of terrorist organisations, which tend to take advantage of the gaps in the legislation of a Europe comprised of very different countries.

Some good examples of the new prevailing spirit are: the decision of nations such as Switzerland and Liechtenstein to join the commitment to abolish banking secrecy when the freezing of funds and the drawing up of a directive against money-laundering was discussed; the Turkish proposal to hold a conference on the dialogue between religions; and also the intention expressed by the Spanish representative to give fresh impetus to the Mediterranean dialogue within the framework of the faltering Barcelona process. Spain's minister of foreign affairs also expressed the wish to finalise the European Union's bilateral association agreements with Algeria, Lebanon and Syria during the Spanish presidency, and suggested it was advisable to foster economic co-operation in the Mediterranean sphere by setting up a banking institution similar to the one that serves the same purpose with respect to the Eastern European countries.

It should be pointed out that just before the summit a meeting took place between the political leaders of France, Germany and the United Kingdom, to the exclusion of other EU members, to co-ordinate matters relating to the intervention of their respective countries in Afghanistan. This secret meeting was criticised—and rightly so—mainly by the president of the European Commission and by the Belgian prime minister in his capacity as president of the EU, since it was humiliating for the other nations, however much their leaders attempted to make light of the situation.

A STRATEGIC YEAR FOR SPAIN IN THE FRAMEWORK OF THE BUILDING OF EUROPE

2001 was a particularly significant year for national defence since it witnessed the definitive end of compulsory military service. The professionalisation process ran into certain difficulties in recruiting candidates, and this gave rise to new initiatives. In addition to the lowering of requirements, which has triggered certain concern, plans were made to raise salaries by 15 percent and to offer the last conscripts financial bonuses if they extended their military service, since the best means of obtaining the desired numbers could amount to ensuring higher percentages of permanence. An operation was also launched to incorporate the children of Spanish emigrants into the Armed Forces, and the possibility was even toyed with of recruiting foreign immigrants, at least for certain units such as the Legion which have a long tradition in this respect.

In any event, it would not be unusual if this problem were interpreted as a whole as a fresh occasion for reducing the military contingent, despite the government's reiterated wishes to bolster the Armed Forces in order to ensure they comply with the requirements of our commitments and to enhance Spain's military presence in the international context. These wishes are also limited by the existing difficulties of maintaining the economic parameters within the limits established by the Union, and by the waning enthusiasm observed in the political sphere about defence issues now that compulsory military service, formerly the main controversial issue, has been abolished.

In view of the terrorist challenge, the Spanish government showed its willingness to form part of the coalition and also to support the United States by offering its logistical bases and did not rule out contributing forces if appropriate. The pressure generated by the decisions taken by the United Nations, the United States and the European Union, and the widespread support against the terrorist scourge should give momentum to the fight against ETA until it is eradicated, and it is assumed that those who are accommodating towards terrorism, foster hatred or benefit from it will become increasingly isolated. Let us not forget that, under current circumstances, the chief concern of the world leaders coincides exactly with the main worry of Spanish citizens.

The antiterrorist effort in Spain had been widely backed by the international community, and very specially by the European institutions. The most significant gestures witnessed were: the adoption by the European

university rectors of the antiterrorism and pro-freedom agreement signed by the governing party and the main opposition party; the solidarity towards this agreement expressed by the European Parliament and the European Commission, which undertook to support it with legislative action such as the measure enabling terrorists to be extradited almost automatically; and the Council of Europe's condemnation of ETA as a result of a report issued by the human rights commissioner, Mr Gil-Robles, who dispelled any possible remaining doubt about lack of freedom and justice in the Basque country. In the wake of the events of 11 September, support for the fight against terrorism went from being a favour for which gratitude was due to an obligation that it was appropriate to demand, and ETA joined the list of terrorist organisations which the international community should make every effort to eradicate.

The progress towards the establishment of a common judicial area according to the «Tampere spirit» had begun with the signature of bilateral agreements fostered by the Spanish initiative. Indeed, Spain signed an agreement with the United Kingdom to expedite the surrender of terrorists and made similar progress with other countries, such as the neighbouring Portugal and France, and also Belgium. The latter marked a very significant advance as it overcomes the previous problems that specifically prevented Brussels granting extradition. Also important were the Hispano-French agreements signed on 11 October, which will speed up judicial and police formalities considerably and cover: the temporary transfer of terrorists imprisoned in France to be tried in Spain; the handing over of terrorists to the country establishing a heavier penalty for the offence for which they are extradited; the immediate examination of copies of seized documentation and the setting up of joint intelligence teams. It can truly be said that the world effort to combat terrorism has had immediate practical effects in our particular environment.

The world-scale «war» waged against terrorism grants our country a role of particular responsibility owing to its long experience in fighting against terrorism and its location as gateway to Europe and «turntable», in a context in which migratory phenomena are cause for concern and strategic players with knowledge and ability to understand and mediate in the Mediterranean area are required.

The strategy revision continued throughout the year seeking the involvement of many sectors of Spanish life, with the praiseworthy intention of helping Spanish society feel that defence is an issue that continues to con-

cern people, despite the transition towards the professional Armed Forces that has taken place. The events of September will no doubt require some changes of approach which will have to be incorporated into the revision and led to the acceleration of the process, which is due to be completed in the first half of 2002.

With Mr Bush as president, the contacts between Madrid and Washington began in order to draw up the Hispano-American treaty on the basis of the joint declaration signed by both countries on 11 January. The declaration establishes mutual preferential treatment and calls for the content to be extended to other aspects beside defence, such as cultural and economic co-operation, and the modification of the extradition treaty currently in force. The importance attached to establishing a new level of relations with the United States is evinced by the rapid succession of meetings between Spanish leaders and their American counterparts. His Majesty the King was the first foreign head of state to visit the new president, and Madrid was the first European capital visited by Mr Bush, as it had been previously by Mr Putin. It became clear that Madrid and Washington were on the same wavelength and that the excellent relations with the Clinton administration would be enjoyed with the new president, who is particularly interested in Ibero-America, where Spanish presence and influence are notable, and in our country's excellent geostrategic situation. In contrast to such positive attitudes, the reform of the bilateral convention on defence co-operation made considerably slower progress than Spain wished and hoped.

The fact that Gibraltar once again proved a stumbling block in the taking of decisions on issues regarding the building of Europe has been mentioned earlier. In this case, the matter was the establishment of a «single sky» to improve air traffic and reduce delays. Last year's *Strategic Panorama* also mentioned the turmoil caused by the presence in the British colony for nearly a year of the nuclear submarine undergoing repairs. It is therefore not surprising that Spain should have reminded the United Kingdom of the appropriateness of holding talks based on the Spanish proposal of 1997, known as the «Matutes plan» in remembrance of the Spanish minister of foreign affairs who presented it. The proposal called for a long period of shared sovereignty as a transition towards fully Spanish sovereignty over the current colony, which would finally become an autonomous state duly respectful of the fact that «Gibraltar is different».

Purely practical reasons made it advisable to postpone this issue until after the British elections and, indeed, the talks were not begun until July.

As for the Gibraltarian authorities' aims to amend the colony's constitution, the British government agreed with its Spanish counterpart that under no circumstances could the provisions laid down in the Treaty of Utrecht be altered, and this undoubtedly rules out any attempt at self-determination.

In September the United Kingdom declared its intention to fix a date for settling the Hispano-British dispute over Gibraltar. The period was approximately one year. This initiative was indeed a novelty, even though it is totally logical, since the building of political Europe requires the same fair play with which economic Europe was created, and therefore it does not seem conceivable that two members of the Union should maintain a relationship of coloniser and colonised. The first evidence of the understanding between London and Madrid over this thorny issue was the agreement between the two capitals to suspend the creation of a «single European sky» for Gibraltar—an indication of Britain's wish to gradually rid itself of the burden that the colony entails for the building of Europe. On 20 November the respective foreign ministers began talks aimed at finding a formula that was acceptable to the two nations concerned, with the intention of reaching a solution within the desired timeframe. These talks were preceded by personal contacts between Messrs Aznar and Blair.

On the economic front, Spain displayed the main trends experienced by Europe, though once again its growth rate was appreciably higher than the EU average, as was its rate of inflation. Job creation also slowed down considerably, but continued to be the highest in Europe, and as such relatively satisfactory considering the circumstances. Vis-à-vis the deterioration in the world economic situation, Spain distinguished itself as the European country that was best prepared to weather the storms looming on the horizon with the least damage possible.

Political circumstances and reasons of timing burdened the Spanish government with a greater responsibility than normal when its turn came to hold the EU presidency, owing to an accumulation of key issues pending settlement in the first half of 2002, such as the desirable unblocking of the process of establishing the military capability available to the Union. In order to resolve this issue two obstacles in particular to relations between the EU and NATO need to be overcome: the attitude of Turkey, which wishes to make the most of Europe's interest in possible use of Alliance assets to further its European Union candidature, and France's insistence on making European planning independent from that of NATO.

Other security and defence issues that could be addressed during the Spanish presidency, in addition to those considered as ongoing, relate to the appropriate development of the «Headline Goal» as regards the timely deployment and use of the rapid response elements, and those concerning the Mediterranean dimension, the desirable formalisation of the Council of Defence Ministers and the promotion of the European armaments policy.

Another of the objectives of the Spanish presidency should be to define how security and defence can contribute to the fight against terrorism. But it will also be necessary to give impetus to other very concrete and important affairs which cannot be delayed, such as enlargement, and the preparatory debate on the intergovernmental conference scheduled for 2004, which may include drawing up a European Constitution if Mr Chirac's proposal is taken up.

To these affairs should be added, naturally, the definitive launch of the euro, which will no doubt give rise to some problems, though it ought to have an important impact on the future status of the European currency in terms of consolidation and prestige. Other particularly tricky issues have yet to be steered on to the right track, such as agriculture and the cohesion funds, regarding which so far differences have been settled by means of compromise.

Germany's efforts to ensure that Krauss-Maffei would be preferred to General Dynamics in the privatisation of Santa Bárbara were in vain owing to the attractive proposals of the American company, for which the operation is highly strategic, because it should provide it with access to the European, Ibero-American, North African and Middle East markets, as the company's vice president Arthur J. Velch pointed out. The Germans were unable to match the offer and ended up signing an agreement on technological protection with the Sociedad Estatal de Participaciones Industriales (SEPI) to ensure the continuity of the Leopard programme, thereby giving the go-ahead to the purchase operation. This coincided with another decision of the Spanish government, which brought compensation to Germany: the award to Siemens, in which Krauss-Maffei owns a 40 percent stake, of the contract for the high-speed train for the Madrid-Barcelona-French border line. Another of the awardees was the Spanish company TALGO. The sale of Santa Bárbara to General Dynamics was formalised in July.

In accordance with the strategy of establishing agreements to enable Europe's current shortage of certain military capabilities to be overcome,

the Spanish defence minister, together with his British, French, German, Swedish and Italian counterparts, announced in November a scheme for industrial and technological collaboration to develop fighter planes, unmanned craft, intelligence systems and cruise missiles with a view to 2020, on the basis of the study that will be conducted in 2002.

One of the most important political initiatives of the year was the simultaneous summons by the head of the Spanish government, for the first time, of each and every one of Spain's ambassadors. This general meeting, which coincided with the terrorist attacks in the United States, was to serve, on the one hand, to encourage and co-ordinate the preparatory work for the Spanish EU presidency and, on the other, to convey effectively the idea that a well-organised common effort is needed to enhance Spain's presence in the world.

CHAPTER THREE

CENTRAL AND EASTERN EUROPE AND EURASIA

CENTRAL AND EASTERN EUROPE AND EURASIA

By MARÍA ANGUSTIAS CARACUEL RAYA

INTRODUCTION

There are dates that mark the end of a period and the beginning of a new one. The year 2001 ushered in a new century, and the tragic terrorist attacks of 11 September in New York and Washington reaffirmed more than ever an idea that emerged shortly after the end of the Cold War: that there are new threats and multidirectional and multifaceted risks to security which no state can address in isolation.

We live in a new collective security regime. This fact has been borne out by the extent of the threat to the international system. While the changes which gave rise to the new post-Cold War period were compared to the tectonic forces that move continents on the earth's surface, 11 September caused a crack in the international order, the consequences of which will be felt for years to come.

The speed at which events have been occurring over the past few months has had a huge effect on the region discussed in this chapter. This is particularly true of the Eurasian countries, whose greater prominence on the international stage is also reflected in the new title of this chapter compared to previous editions of the *Strategic Panorama*.

Indeed, the attitude of the European countries and former Soviet republics in combating international terrorism and the Afghanistan regime in particular has given rise to a new spirit of co-operation between the Western allies and the countries of this region. This co-operation is based on a new principle of solidarity which will govern security relations between states over the next few years.

Furthermore, the security of this geographic area continues to rest primarily on the principles of democracy, the rule of law and respect for human rights, including the rights of minorities, although these have yet to take root in South East Europe. The European institutions, mainly the European Union (EU) and the North Atlantic Treaty Organisation (NATO), follow with attention the changes occurring in Europe and are responding to the desires for integration of the Central and Eastern European countries. All these issues will be addressed in the following paragraphs.

THE BALTIC REPUBLICS

Lithuania meets all the Copenhagen political criteria for EU accession but needs to make further progress on the economic front. Its gross national product (GNP) per capita stands at \$2,900. The country has carried out a major administrative and judicial reform and has improved its fight against corruption. It has also promoted privatisation of the banking sector and trimmed state intervention. However, employment remains very high, in the region of 16 percent.

Lithuania's relative homogeneity assures its internal stability and the maintenance of good relations with neighbouring Russia, although its economy is still highly dependent on the latter. Relations with Russia could deteriorate were Lithuania to join NATO, since the Kaliningrad enclave would become completely surrounded by NATO territory as a result, possibly leading to problems in the long term.

Latvia also meets the Copenhagen criteria and is believed to be able to cope with the pressure of competition in the medium term. It has approved measures to bolster its public administration and combat corruption. Its economy is stable, but the authorities need to take their policy of fiscal discipline further. Privatisation of land and enterprises is progressing at a very slow pace. The prospect of EU accession is spurring the implementation of structural reforms, particularly in the pension system and banking sector, and privatisation projects are increasing. Even so, the country continues to depend heavily on Russia for its energy supplies.

The Spanish minister of foreign affairs, Josep Piqué, visited this country in April and offered Spanish backing for Latvia's EU candidature. Although he recognised that there is still a long way to go bilaterally in both economic and business terms, trade amounted to \$40 million last year.

Estonia is the country which is geographically nearest to Russia, lying 150 km from St Petersburg. From a strategic point of view, it would only add weight to NATO if the Alliance were to decide to deploy troops against Russia—a scenario that is ruled out. Politically speaking, there could be a certain appeal in including a new democratic state in NATO, but not so much from the military viewpoint. This could lead to real strategic complications if the security landscape were to become less benign over the next few years. Estonia is well placed in its EU accession negotiations and benefits from the support of foreign investments.

The country has stepped up its bilateral relations with Slovakia after signing a co-operation agreement on defence matters. This agreement covers 14 areas, including membership of NATO and the establishment of contacts between military units.

Estonia has assumed command of BALTRON, the joint naval squadron formed with Latvia and Lithuania. Since its establishment in 1998, BALTRON has taken part in many training exercises and operations, including clearing the Baltic sea of dangerous objects.

The Estonian government is also drawing up a new bill on the structure of its armed forces, which will be debated in Parliament at the end of the year. In actual fact, the Estonian general staff of defence forces has been operating under a temporary statute since December 1991, and there was therefore a need for this new law on the organisation of the defence forces.

Estonia is experiencing sustained economic growth of around 5.5 per cent, which is mainly driven by exports to Europe and Russia. Even so, it needs to modernise its public administration and modify its penal code in order to combat organised crime and drug trafficking.

The president of the Spanish government was in Estonia when the terrorist attacks of 11 September took place. During his visit to that country, Mr Aznar backed the EU enlargement process and expressed his wish for accession negotiations to be completed in 2002. Estonia could therefore take part in the elections to the European Parliament in 2004.

CENTRAL AND EASTERN EUROPE

Poland is nearer than ever to achieving its great historical aspirations and becoming a full member of the European institutions. There is no

doubt that, of the first-wave applicants, it will be the only large country to join. It has modernised its judicial system and increased its fight against corruption, but still has to improve its ability to hold its own in a competitive market economy, particularly as far as agriculture is concerned, and needs to restructure key sectors such as energy. The Polish economy has deteriorated considerably over the past year. Unemployment is high (18.8%) and so is inflation (10.1%). Poland furthermore has a large trade deficit of \$20 billion (11% of GDP).

Poland has also bolstered its credibility within NATO. As regards military progress, during the year Poland approved the Defence Plan 2001-2006, which will enable it to reorganise its territorial defence and reduce administrative staff by about 30 percent. The aforementioned law earmarks \$26 billion to defence, although this figure accounts for less than two percent of the country's GNP. Even so, it is higher than the budget of some NATO members. And the budget for the modernisation programme has increased from 12 to 23 percent.

Poland held elections on 23 September. Paradoxically, all the EU governments were expecting an absolute majority of the former communists, who won the presidential elections last year leading to the re-election of President Alexander Kwasniewski. On this occasion the governing right-wing coalition was ousted from government at the ballot box by the democratic left-wing alliance led by former communist Leszek Miller, a firmly pro-Western force bent on EU accession. But this party's victory fell short, since it failed to achieve the necessary 231 seats required for an absolute majority. A notable development is the disappearance from the political scene of Solidarity Electoral Action, which did not manage to secure the eight percent of the vote needed to be part of the new parliament, owing mainly to its foray into anti-European nationalism.

It should be stressed that Poland is Spain's leading customer in Eastern Europe and its nineteenth overall. Spanish exports totalled Pta167.14 billion in 2000, compared to imports of Pta93.29 billion. One of the priority issues negotiated during the Polish prime minister Jerzy Buzek's visit to Spain on 13 July was the contract for the sale of eight aircraft made by CASA to the Warsaw government. Iberdrola has also informed the Polish authorities of its interest in investing in the electricity sector in the country's northern regions.

Hungary, for its part, has recorded a sustained economic growth of around 5.5 percent since 1996. Its inflation is high (10%). As regards

domestic policy, the country benefits from the confidence of foreign investors and the capital markets to finance its deficit and external debt, since the Hungarian financial system continues to be one of the most advanced in Central Europe. Hungary recently passed laws against money-laundering and guaranteeing the independence of its national bank, but still has to improve its anti-corruption efforts and respect for the Gypsy minority.

On 19 June Mr Orban's government passed a law on the advantages to which Hungarians based in neighbouring countries such as Romania, Slovakia, Slovenia, the Federal Republic of Yugoslavia, Croatia and Ukraine are entitled. This has triggered very different reactions in those countries. Nonetheless, the law, which will come into force next year, will have a limited duration owing to Hungary's envisaged accession to the European Union.

Indeed, this country's main priority continues to be joining the European Union. The authorities are aware that community legislation takes preference and do not rule out the possibility of revising this controversial law once Hungary has become a member of the EU.

On another note, this Central European country is continuing with its programme to reorganise its armed forces. The programme is scheduled to last ten years and aimed at attracting professional soldiers. While Hungary moves towards a professional army, Parliament has decided to reduce compulsory military service from nine to six months from 1 January 2002. Although the government has announced that it earmarks 1.8 per cent of GNP to defence, some analysts dispute this figure.

Like Poland, Hungary maintains very close bilateral relations with the United States, whereas the social democratic government of the Czech Republic attaches greater importance to its European ties. Actually, the Czech Republic is perhaps the most problematic of the three new NATO members, since popular support for the Alliance is weakest in that country. In addition, the reform of its armed forces is progressing more slowly than planned, and led to the dismissal of defence minister Vladimir Vetchy. The new scheme, approved on 29 August, envisages fully professional armed forces by 2007. During this period of reform, the defence budget will amount to approximately 2.2 per cent of GNP.

The weakness of the minority social democratic government is furthermore affecting the political basis and pace of the structural reforms. The Czech Republic needs to combat more effectively administrative and eco-

conomic corruption, trafficking in women and children and discrimination against gypsies.

Nonetheless, major progress has been made and proves that sometimes military co-operation is faster than its political or economic counterparts. On 30 May the Polish, Czech and Slovakian defence ministers signed a Memorandum of Understanding on the establishment of a Bratislava-based Polish, Czech and Slovakian brigade to conduct NATO and EU missions. This initiative should be seen as an important step forward in the Slovakian armed forces' wish to achieve operability with NATO with a view to the next round of enlargement, which will be announced at the Prague Summit in November 2002. On that same day the Slovakian parliament also passed a bill on the classification of security information, which will allow the Central European country to strengthen and extend its military contacts with the NATO countries.

Talks are also under way between the governments of the Czech Republic and the Slovakian Republic to establish a joint mechanised battalion to be deployed in March 2002 in the NATO peacemaking mission in Kosovo. The unit will be the backbone of more intense future co-operation between both countries' armed forces and shows the Czech Republic's commitment towards helping Slovakia along the path towards NATO.

However, the tension between the members of the governing coalition is hindering the pursuit of compromises and slowing down the pace of reforms in Slovakia; this could delay the solution of the country's economic and social problems. Slovakia's economic growth was relatively moderate in 2001 (around 2.5%, 0.5% more than the previous year) owing particularly to the application of a budgetary restraint policy aimed at correcting public and external imbalances.

All in all, the restructuring of the economy seems to be on the right track. Like the country's prospects of joining the European Union, privatisation appears to be arousing the interest of foreign investors, although the banking sector continues to be vulnerable.

The political year in Bulgaria has been characterised by the holding of two elections: the parliamentary election in June and the presidential election in November. However, the most prominent player on the political stage was Simeon of Bulgaria, who became the first former monarch to be elected president of a republic as head of the National Movement Simeon

II (NDSV). Indeed, the Bulgarian people regard Simeon of Saxony Coburg as a bridge between the past and the future.

Simeon was in fact appointed king in 1943, at the age of six, following the sudden death of his father, King Boris, but lost the throne in the referendum held in 1946. He was only nine when he sought exile in Egypt and finally settled in Spain, where he lived with his family until the beginning of the year, enjoying close ties with the Spanish monarchy and political and business world. Indeed, President Aznar acknowledged the ties between the new political leader and Spain in Sofia in September.

Nevertheless, the presidential election held in November—the third since the fall of the communist regime—ended in a victory for the Conservative candidate Petar Stoyanov. However, owing to the scant support from the NDSV, it will be necessary to hold a second round as Mr Stoyanov failed to achieve the majority needed to become president of the Republic.

With these new representatives, the Bulgarian people are hoping for speedier reforms towards a market economy, an improvement in their standard of living and membership of the EU and NATO. In general, the Bulgarian economy seems to be on the road to recovery. It has grown five percent this year, 0.5 percent more than the previous year, though whether this growth will continue depends on the implementation of the structural reforms which should be spurred by Bulgaria's EU accession process. However, Bulgaria does not meet the political or, in particular, the economic criteria. A weak judicial system, corruption and nuclear security are some of the shortcomings it still has to overcome.

In the field of defence, Bulgaria continued with its Programme for Military Reform 2004, which envisages trimming forces by around 40 percent and closing down 20 military installations. Bulgaria was one of the fastest countries to react to the events of 11 September, as it has decided to set up a rapid reaction antiterrorist unit. With these measures, by 2004 the Balkan country expects to have achieved a modern and deployable army that is technically well equipped and conforms to NATO standards. This should facilitate its membership of this organisation.

Romania also pursues this goal, and is therefore stepping up its bilateral and multilateral efforts. It is in the process of restructuring its armed forces and defence industry, and has had to make many workers redundant. However, Rumania's economic difficulties have led its government to assign a very low defence budget.

Indeed, Romania is still in the grip of a serious economic recession, with a growth rate of around -0.8 percent and inflation of 45.7 percent. The progress of the structural reforms is being hindered by insufficient political will and weak popular support. For the time being, the country has the backing of the international financial organisations.

As for its prospects of EU accession, it is considered that Romania would not withstand membership of a competitive European Union. In addition to failing to meet the economic criteria, there are other legal problems, and the country still has to modernise its penal code and prevent police abuse.

SOUTH EAST EUROPE

Throughout 2001 tentative progress was made in the southernmost region of Europe, not only through regional co-operation, but also in each of the Balkan countries. This allows us to be fairly optimistic about future regional stability.

Indeed, the «Agenda for Regional Action» approved in the framework of the Stability Pact for South East Europe marked a very important step by the governments of Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Romania, the former Yugoslav Republic (FYR) of Macedonia and Yugoslavia towards the establishment of a free trade area in South East Europe. It is expected that 90 percent of products will be traded free of customs duties between these countries in 2002.

As regards humanitarian issues, Croatia, Bosnia-Herzegovina and Yugoslavia have likewise reached an agreement to settle the problem of the 1.2 million refugees and displaced people in these countries. The agreement includes, among other aspects, the reconstruction and rental of homes, the pensions system, social security and new legislative measures.

As for economic reconstruction, an international treaty on the river Sava was signed in Sarajevo at the end of November. This river has become an important waterway for Slovenia, Bosnia-Herzegovina, Croatia and the Federal Republic of Yugoslavia (FRY).

With respect to military co-operation, it is worth mentioning that the South East Europe Brigade (SEEBRIG) was declared operational. At their meeting in Thessalonica (Greece) on 6 June, the South East Europe defen-

ce ministers (SEDM) (1) appealed to the FRY to take part in this forum. Also at the meeting, the role of this Brigade, which is based in Plovdiv (Bulgaria), was analysed with a view to its acting, on a case-by-case basis, under the mandate of OSCE and the United Nations in conflict-prevention and peace-support operations.

Of all the countries in the region, Slovenia continues to stand out clearly from the rest on account of the political consensus on the country's future. Its EU accession negotiations are fairly advanced, since it has undertaken major structural reforms such as introducing VAT in addition to having liberalised the banking sector and promoted the reform of the pensions system. Slovenia's per capita product amounts to almost 70 percent of the EU average and its economy continues to grow at a satisfactory pace, four percent, although inflation remains high, at around 6.2 percent. Even so, the country continues to be well placed with respect to joining the EU.

This was stressed by José María Aznar during his visit to Liubliana in May as part of this year's tour of many Central and Eastern European countries to explain the goals of the Spanish presidency of the European Union. In this connection, he mentioned Spain's wish for Slovenia to be part of the EU when the elections to the European Parliament are held in 2004.

Slovenia furthermore continues to take an active part in NATO initiatives and hosted the first maritime exercise of the Alliance's Partnership for Peace (PfP), «Co-operative Engagement 2001», in September, in which allies and other PfP nations participated with the aim of improving interoperability in mine counter measures and search and rescue operations.

Croatia has experienced a serious political crisis as a result of its governing coalition's decision to extradite alleged war criminals to The Hague Court, which led to the resignation of the Liberal ministers who oppose the handover and was harshly criticised by the Croatian Democratic Union (HDZ). Although the country had already handed over a dozen or so Croats wanted by the International Court of Justice, the charges against two generals in July were interpreted as a trial against Croatia itself. This triggered mass protests, the blockage of many highways and, more importantly, a vote of censure in Parliament. Nonetheless, Ivica

(1) The SEDM was established in Albania in 1996. It is currently presided by Greece. Other participants are Bulgaria, Macedonia, Turkey, Romania, Slovenia, Croatia and the United States. All these countries belong to SEEBRIG except the USA, Slovenia and Croatia, which are observers.

Racan's government emerged unscathed from this proceedings, arguing that the country could not risk fresh international isolation as occurred under Mr Tudjman.

This policy of openness pursued by the new government has undoubtedly helped improve Croatia's international relations, particularly with Western Europe, though foreign investors are still reluctant to bring capital into the country owing to regional instability, particularly in Bosnia-Herzegovina and Yugoslavia. Even so, the economy continues to grow at around 3.2 percent, and Mr Racan's government is pressing ahead with the structural reforms and privatisation to reduce the growing public finance deficit.

Bosnia-Herzegovina continues to be administered by the international community through a United Nations High Representative and international military forces led by NATO. Economically speaking, the country is still heavily dependent on international financial aid, and its growth is driven by reconstruction, which means that Bosnia-Herzegovina owes its progress to foreign capital. Regional co-operation, as laid down by the Stability Pact for South East Europe, is thus proving a lengthy and difficult task.

Despite the efforts to promote good relations between the communities, the fact is that the country is still divided into two different entities —the Muslim-Croat Federation and the Srpska Republic, each with its own army, VF and VRS, respectively. The situation is further complicated by the fact that the first of these actually comprises two armies which were formerly adversaries: the Croat army (VF-H) and the Bosnian army (VF-B), and there are therefore actually three armies made up of different ethnic groups.

As a result, the army of the Federation (VF) is still far from being an integrated force. In order for the VF-H and VF-B to become truly integrated, the units and personnel need to be trained jointly and this has not yet taken place. For example, the first continues to entrust the training of its troops to Croatia and even to other countries such as Malaysia, Pakistan and Germany. Furthermore, since the death of President Tudjman, the new Croatian government has continued to provide financial assistance to the VF-H, although this has been trimmed to \$35 million. The Bosniac component, VF-B, relies on the United States and Turkey for training. In contrast, the army of the Srpska Republic, the VRS, still rejects the idea of Western participation in training and equipment programmes and bases its concepts and doctrine more on those of the Yugoslav army.

Nonetheless, a joint committee on military affairs set to work and its first result was the approval of a joint defence policy on 11 May. Paradoxically, the new body's first commitment entails attempting to achieve abroad what is so difficult to obtain in its own territory: cooperation between armies, as reflected by the decision to send a unit of VF-VRS military observers to the UN mission in Eritrea and Ethiopia (UNMEE).

In the short term, the most important challenge the new committee needs to address is the reduction by one-third of the forces of both armies and the trimming of their defence budgets in order to adapt them to the economic reality. The Sprska Republic currently earmarks 4.3 percent of GNP to defence, whereas the Muslim Croat Federation invests six percent. Both have officially committed themselves to establishing their defence budget at around 1.8-2 percent of GNP.

The long-term objective continues to be a single army for Bosnia-Herzegovina, though this goal still seems far from being achieved. Meanwhile, the VF is seeking to increase its co-operation with other multilateral co-operation initiatives such as the PfP. Indeed, it has expressed its wish to join the PfP as an «observer», though this status is not provided for in the NATO military co-operation programme and is therefore not applicable to the Federation. Co-operation between VF and VRS and between the institutions of both organisations should be encouraged with a view to achieving Bosnia-Herzegovina's definitive integration into all the organisations of free and democratic nations.

It appears that such an understanding has finally been achieved between the governmental authorities and the Albanian minority of the FYR Macedonia. Following the turbulent months of 2001, which seemed to pre-empt an upsetting of the fragile ethnic balance in the Republic, the Ohrid peace agreement was signed on 13 August whereby the rebels of the National Liberation Army (NLA) promised to disarm in exchange for a number of political concessions to the Albanian minority on the part of the Skopje government.

Until then, the opinion of the international community had been divided as to how to treat the Macedonian issue. On the one hand, the institutions represented by Javier Solana and Lord Robertson had refused to maintain contacts with the NLA. However, the OSCE mediator, Robert Frowick, was the first to hold meetings between the leaders of the two political parties of the Albanian ethnic group and the representative of the political arm of the NLA, Ali Ahmeti. Despite greatly annoying the

Macedonian government, this eventually enabled the Ohrid agreement to be concluded.

Although this agreement was initially tarnished by a number of incidents that sparked fears about its feasibility, the NATO operations «Essential Harvest», designed to collect weapons given up voluntarily by the Albanian guerrilla, and «Amber Fox», intended to guarantee the protection of OSCE and EU observers deployed in the area, are greatly helping to promote the stability of the Republic and show Europe's commitment to the democratisation of Macedonia.

The first fruitful result of this international action was the approval by the Macedonian parliament of a set of constitutional reforms which bring considerable improvements to the civil rights of the Albanian minority. These include raising the Albanian language to official status and eliminating a paragraph of the preamble to the constitution which appears to suggest that members of minorities are second-class citizens.

In view of these improvements, the EU is determined to continue with its co-operation with Macedonia, begun after the signature of the Stabilisation and Association Agreement on 9 April, which was endangered by the period of disagreement between the government and the Albanian minority. There is no doubt that Macedonia will benefit from the stabilisation of the Balkans if it succeeds in reducing the tension between the Slavic and Albanian communities and maintaining its economic growth, which amounted to six percent last year.

An example of the foregoing is the Yugoslav Federal Republic. The major political change this country underwent at the close of last year has translated into the end of its economic isolation and greater international financial aid.

Indeed, the Yugoslav authorities' willingness to allow Mr Milosevic to be handed over to the International Court at The Hague had repercussions on the country's economy. Whereas the United States made its economic aid conditional upon Belgrade's co-operation with the court, the EU acted in a more constructive manner, making available an initial 200 million aid package for the country's reconstruction.

But more importantly, this decision made by Belgrade marks a significant international deterrent effort aimed at political leaders involved in wars, who could be tried in future by the new International Criminal Court set up in Rome, the statute of which could enter into force during the

Spanish presidency of the European Union. This effort should thus be continued in order to arrest other war criminals such as Mr Karadzic and Mr Mladic, who have been wanted by the International Court of The Hague for six years.

These decisions obviously cause political wounds, as pointed out by the federal prime minister, Zoran Zizic, who resigned from his post on 17 July in protest against the extradition of the former Yugoslav leader. Mr Kostunica took advantage of this to appoint officially a Montenegrin, Dragisa Pesic, as the new head of the federal government. All these issues were discussed during the visit of the members of the NATO Assembly to Yugoslavia, where Mr Kostunica expressed his wish for Yugoslavia to join the PfP, though he recognised that Belgrade still has a long way to go as regards democratic control of the armed forces.

Even so, the situation in the Balkans will not be truly stable unless the Federation settles the problem of the pro-independence inclinations of Montenegro and Kosovo. On the one hand, Belgrade remains in favour of a loose federation with Podgorica. Mr Pesic, the new premier, has stated that in future both the prime minister (Montenegrin) and the deputy prime minister (Serb) will be entitled to veto all decisions, in order to guarantee the protection of the interests of both republics. However, the Montenegrins remain determined to continue their wrestling match with Serbia. Despite Mr Djukanovic's disappointing victory in the April elections, in which his secessionist coalition beat the pro-Yugoslav bloc by less than 5,000 votes, Montenegro still wishes to call a referendum on its independence in January 2002.

In March, two years after the war, Yugoslavia regained control of the Kosovo security strip. This was due to several circumstances: the disappearance of Mr Milosevic's totalitarian regime and its replacement by a new democratic government, and citizens' greater commitment towards settling their differences politically.

The legislative elections held in the Yugoslav province on 17 November attest to this. With a turnout of 63 percent, the Kosovars voted for Ibrahim Rugova's pro-independence party, the Democratic League of Kosovo. The importance of these elections stems from the change of attitude in Kosovo's Serb minority, whose coalition, known as «Return», enabled this minority to take part in the elections. Even the Yugoslav president, Mr Kostunica, appealed to this population to take part in the elections.

Only time will heal old wounds. For the time being, it is unlikely that the Albanian parties defy the international community by making new claims for independence. The final status of Kosovo is therefore up in the air and at the moment it is necessary to continue to work towards achieving an understanding between the Serb and Kosovar authorities in the framework of UN Resolution 1244 of June 1999, which established the parameters of action of the international community and Yugoslav authorities for settling the conflict.

This improvement in the situation of the Balkans can also be seen in Albania, which held legislative elections in June. Although the election was one of the most peaceful since the Republic was established in 1912, the OSCE election observers noted some irregularities at fifteen electoral colleges. Criticism of the Balkan country is mainly centred on flows of weapons into Kosovo and Macedonia, despite the authorities' commitment to crack down on corruption and arms trafficking. Turkey, for its part, continues to strengthen its bilateral contacts with Albania and has secured the right to use the naval base of Vlore on Albania's Adriatic coast in exchange for financing its reconstruction.

THE COMMONWEALTH OF INDEPENDENT STATES

Something presaged that when the leaders of the Commonwealth of Independent States met at Yerevan (Armenia) in May, the Central Asian countries would become the main players in the international coalition's fight against terrorism spurred by the tragic events of 11 September. Indeed, this region, almost forgotten by public opinion in general, has become a key element in facing up to a non-conventional enemy—international terrorism.

It was at the Yerevan Summit that the leaders of the CIS took the decision to set up a collective rapid-deployment force to intervene in regional disputes presumably triggered by Islamic extremism from Afghanistan. In addition to the «Combat Commonwealth 2001» aerial defence exercise conducted in the Russian region of Astrakhan in June, the CIS armies performed another exercise in August in order to minimise the possibility of an attack by Afghanistan.

However, nobody could have imagined years ago that US troops would carry out operations against this new enemy from a former Soviet territory whose population is mainly Muslim. This reflects a new reality: that co-operation is possible between peoples of different cultures and religions.

The so-called «clash of civilisations» is therefore not applicable to the post-11 September trauma.

On the contrary, a new Atlantic-Eurasian community of nations has been forged, that is, a stronger and closer relationship between the United States, its allies and the former Soviet republics which, on the basis of the ties established at NATO almost a decade ago through the Euro-Atlantic Partnership Council and the PfP programme, have shown a firm and clear will to turn towards the West and distance themselves more than ever from Islamic radicalism.

The Russian Federation

Russia has been the main driving force behind this change of attitude. Its president, Vladimir Putin, was the first international leader to show his solidarity towards President Bush following the attacks of 11 September and travelled to the United States prepared to make the most of his collaboration in the international coalition against terrorism. When Mr Putin agreed to US military presence on the southern flank of former Soviet territory, in Uzbekistan and Tajikistan, his generals did not dare object publicly. Mr Putin even offered troops «in combat operations, even in Afghan territory», according to the US analyst William Safire.

But the Russians are making the most of the international campaign against terrorism to address the threats to their own security, especially the Muslim extremists, who could infiltrate their territory from Afghanistan and have connections with Chechen guerrilla fighters operating in the Caucasian region. Therefore, Russia maintains a significant military presence in Central Asia and has decided to start up a dialogue aimed at restoring peace in the Caucasus.

Indeed, for the first time since the resumption of the Chechen war two years ago, the cost of which is estimated at around \$940 million in 2000, representatives of Russia and the northern Caucasian republic met on 18 November to attempt to reach an agreement on the future of the region. While Russia has begun to reduce its troops, and has even recognised their disproportionate use of force, since 11 September the Chechens have been forced to choose between the path towards integration that Russia is offering them or continuing to fight clandestinely. If the first option is eventually chosen, this will signify a ray of hope of final settlement of this conflict.

This fight against international terrorism is also favouring Russian interests with respect to the dilemma faced by the formerly Soviet oil producing countries, which have been fluctuating between integration in the Russian oil complex and the pursuit of independent alternatives in other areas. Their preference for Russia was reflected symbolically on 18 October, when the heads of the Caspian Oil Pipeline Consortium announced in Moscow that the pipeline transporting oil from the Kazak region of Tengiz to the West through Novorossiysk in Russia would come into service. This Consortium is led by the US company Chevron and Russia holds a 24 percent stake, Kazakhstan 19 percent and Oman seven percent.

On the economic front, it can be argued that since the last elections greater agreement has been reached on the need for structural reforms. Economic growth is around 3.5 percent and the Russian economy is witnessing a remarkable comeback which is translating into increased activity, falling inflation and an improvement in the situation of companies. Whether this trend will continue in the longer term, however, depends on both exogenous (price of commodities) and endogenous factors (acceleration of reforms and confirmation of the recovery of investments).

Even so, Russia should not turn a blind eye to what will be an economic problem of geographical disintegration if it fails to take the necessary steps to integrate Siberia into the dynamism of the Asia-Pacific region. Indeed, the countries belonging to the Asia-Pacific (APEC) co-operation area account for less than 20 percent of Russia's foreign trade. The economic infrastructure of Siberia and the Russian far east is underdeveloped and their population scarce. The East Urals, which account for 75 percent of Russia's territorial mass, have been left behind.

Nonetheless, the economic growth Russia is witnessing has had an impact on its defence budget, which will increase from Rbl231 trillion (\$7.93 billion) to Rbl265 trillion in January 2002. This increase is designed to bolster the morale and prestige of the armed forces. In the new budget the government also hopes to reduce personnel costs, which currently account for 70 percent of total expenditure, over the next four years and increase wages. However, this is leading families to fear that they may lose some of the privileges the armed forces currently enjoy, such as free public transport and lower housing rents and other municipal services than civilians.

The programme of military reform adopted on 15 January covers up to 2005. As announced, there is a trend at strategic level to orient the

Russian armed and security forces to addressing threats from Central Asia, while the Baltic Fleet is being restructured and undergoing personnel cuts. There is also a tendency to alter the balance of force structures to give more weight to the land element, particularly for combat training.

But the main change the Russian armed forces witnessed was the appointment of a civilian defence minister for the first time in history. This is Sergei Ivanov, who was formerly in charge of the National Security Council. With this measure Mr Putin aims to achieve a goal that has so frequently been asked of the Russians: civilian control of the military.

However, the Russian president has been highly criticised for wishing to restore certain aspects of the country's Soviet past, such as the establishment of a strong central power and a controlled society.

Indeed, Mr Putin's critics accuse him of wanting to control the political scene nationally. The new law on political parties passed on 12 July will radically transform the current system by reducing the number of parties from 200 to 12. Although the true test of how the new party system works will not come until the elections to the Duma in December 2003, the current political groups have up to 14 July that year to function according to the previous legislation.

Mr Putin is also accused of continuing with his own private struggle for control of the media. This has led the magnate Boris Berevovsky to sell 49 percent of the shares of the leading ORT channel, which is now in practice controlled by the state. The other channel, NTV, appears to be heading the same way. Finally, Mikhail Kasyanov's government had to contend with a vote of censure from Genaddy Zyuganov's communists. Although the communists knew that their vote would not be approved, they nevertheless seized the opportunity to criticise government policy and give their own particular view of the current situation in Russia.

The Russian leader's advocates, however, point to the Kremlin's new willingness to open up to society, as reflected in Mr Putin's first meeting with the human rights defenders of the so-called «Civic Forum», an association which includes representatives of organisations that are highly critical of the Russian leader's policy. Another illustration of this «goodwill» is the first press conference the Russian leader held for the media on 18 July, which is beginning to be known as the «Putin manifesto». At this press conference the president addressed the major issues of both national and international politics.

It should be stressed that one of the courses of action of the Russian leader's international politics has been to develop a strategy of diversification of the Russian Federation's foreign-policy interests.

As for relations between Russia and NATO, 18 July and 11 September mark a before and an after. Mr Putin went from openly expressing the view that the Alliance should disappear or be replaced by a pan-European agreement to suggesting «privately» that Russia could join NATO. The idea behind this position is that Russia is playing a diplomatic game to gain sufficient time and resources to resume its status of superpower, since Mr Putin's goal continues to be to recreate a bipolar or multipolar world. In his manifesto, Mr Putin argued that there will be no stability in Europe unless there is an area of common security; this aspect will be examined in greater detail further on.

On another note, the National Missile Defence (NMD) initiative and the Antibalistic Missile (ABM) Treaty of 1972 are the main hurdles which Moscow-Washington relations need to clear. Whereas the United States wishes to do away with or reduce the ABM treaty in order to progress towards the anti-missile shield, Russia considers that the treaty has not become obsolete and that the NMD will merely generate nuclear tension and a new arms race.

The first step towards reconciling these stances was taken at the Genoa Summit in July. In the Italian city, Messrs Bush and Putin agreed that negotiations on defensive (creation of the anti-missile shield) and offensive weapons (reduction of nuclear warheads) would be conducted jointly.

Subsequently, the Russian president promised at Washington to destroy at least two-thirds of his country's nuclear arsenal comprising 5,800 intercontinental nuclear warheads, while the American president promised to reduce the number of nuclear warheads by 7,000 to 1,700-2,200. A new START III Treaty could bring the balance of nuclear missiles down to under 2,000 for each party.

Finally, the summit held at Texas in November has so far failed to yield the desired immediate fruits and Russian analysts are beginning to fear—an idea associated with Mr Gorbachev—that the relationship between the two countries is asymmetrical: i.e. Moscow is giving the West a lot in exchange for very little. This is not to the liking of the Russian population, who are not used to seeing Kremlin leaders make unilateral concessions.

All in all, Russia is continuing to express its opposition to the development of this shield, as it considers that the ABM Treaty is the cornerstone of strategic security. Therefore, the Federation will attempt to win support for this cause among its Asian neighbours, while strengthening trade relations with them, particularly in the military field.

At the summit held in Moscow in July, the Chinese president Jiang Zemin and Mr Putin reaffirmed their disagreement with this US project and called for «a multipolar world without hegemonic powers». Some analysts regard the new Treaty of Friendship and Co-operation the two leaders have signed as the sealing of a new «strategic partnership» of greater scope than the treaty signed by Stalin and Mao in 1950. Politically and diplomatically, this treaty has lent more weight and importance to co-operation between Russia and China, two great countries which formerly shared a 7,000-km long border and currently experience no territorial problems along the 4,300 km of frontier that separates them today.

From the economic point of view, the new treaty envisages building an oil pipeline and a gas pipeline from Siberia to China. These plans would undoubtedly revive both countries' economies and boost their trade, which amounted to \$8 billion in 2000. Russia is also consolidating its position as main supplier of high-tech weapons to China, whereas the US is the main supplier to Taiwan under the Relations Act of 1979.

The new treaty does not entail establishing a military alliance, nor should it be regarded solely as both countries' response to America's possible withdrawal from the ABM Treaty, even though by that time America had carried out, successfully, its fourth test for the anti-missile shield. It is therefore more appropriate to speak of a new «tactical partnership» between the two great powers, since both countries need the US more than they need each other.

The fact is that Mr Putin has plenty of reasons for seeking an «*osobie otnosheniya*»—a special relationship with the US—since America has the money and capability to exploit Russia's oil and gas resources and holds the key to its membership of the World Trade Organisation. The struggle and co-operation between the US and Russia therefore looks set to continue for a long time.

All in all, this debate has had a positive effect on Russia's defence industry since, at the end of July, a plan, closely related to the US's scheme for a new anti-missile system, was approved to modernise and halve the

number of armaments companies (covering a period up to 2006) in order to boost the profitability and efficiency of this sector. Russia currently has 1,700 state-owned defence companies. The government wants to create a less fragmented industry that manufactures high-tech weapons. With this aim in mind, it will promote, on the one hand, mergers between these industries to create major associations similar to the EADS consortium and to America's Boeing and, on the other hand, the privatisation of part of this industry.

Important agreements have also been reached on defence issues with other trading partners, particularly Iran, Vietnam, North Korea and India. All this has earned Moscow huge criticism over its campaign in favour of international arms trading. It is reckoned that thanks to Mr Putin's efforts, the arms trade will bring Russia a revenue of some Pta3.8 billion.

Belarus

The policy pursued by the authorities during the year is isolating Belarus from the Western institutions and from the international financial community.

The latest elections held in the country marked a wasted opportunity for its citizens to enjoy a democratic system definitively. Mr Lukashenka's victory was overwhelming, since he secured almost 80 percent of the vote, compared to his rival Vladimir Goncharik's 12.54 percent. Fear of change drove the people to support the Belarusian leader, whose policy has been characterised by the maintenance of Soviet formulas «against nature».

Although Belarus is benefiting from the economic recovery witnessed by Russia, its main trading partner, the country's situation continues to be precarious, as does that of its population, whose purchasing power is shrinking under the effects of heavy inflation.

Finally, Belarus' political and economic stability are of significant strategic interest to the West, owing particularly to the transit of oil and gas across its territory

Ukraine

2001 was characterised by a power crisis in Ukraine. Like Belarus, the country has a dominant minority of oligarchs and an opposition as strong

as it is divided, and its population's standard of living is falling as a result of the current economic situation.

Indeed, the most salient political events of the year in Ukraine were the fall of the reformist prime minister Viktor Yushchenko's government in April and the opposition's attacks against President Kuchma, whom it holds responsible for the death of journalist Georgy Gongadze. The police even had to intervene with a firm hand to quell the demonstrations against the president for this reason, in which Oleksandr Moroz, the Socialist leader who divulged the tape recordings linking Mr Kuchma to the Gongadze case, took part. For this reason the opposition is still calling for the president's resignation and has formed a new broad-based front known as «Ukraine without Kuchma», which aims to uproot all the seeds of corruption in the country.

These political difficulties are greatly holding back Ukraine's economic development. Although the economy is growing at a modest pace, around two percent, the country's problems are exacerbated by the government's inability to carry out deep structural reforms and undertake long-term actions. All this is translating into social malaise, particularly considering that 60 percent of the population lives beneath the poverty line.

Despite these internal problems, Ukraine remains firmly convinced of the benefits its good relations with Moscow and the West bring. Although Russia ceased to be a great imperial power when it lost Ukraine, as B. Brzezinski has pointed out, co-operation between the two countries was intensified following the summit held in February, as important military and industrial agreements were signed. At this summit, the Ukrainians acknowledged having «borrowed» Russian oil and gas that cross their territory through the pipelines, while the Russians called for the resumption of relations between Moscow and all the former Soviet republics.

Furthermore, Ukraine continues to be the former Soviet republic that is most cosseted by the West, particularly the US, for it has become the third biggest recipient of US aid after Israel and Egypt. NATO has likewise expressed its willingness to help Ukraine implement its defence reform programme by revising concepts of national security, military doctrine, budget, force planning and adaptation of military personnel to civilian.

As NATO's secretary-general Lord Robertson pointed out during his visit to Ukraine in June, Ukraine's policy of gradual integration into the European institutions and its good relations with Russia are not mutually

exclusive. Nonetheless, foreign aid can never be a substitute for the efforts each nation makes to implement its internal reforms.

Moldova

More positive than negative events occurred in the Republic of Moldova in 2001. On the one hand, the country has become the first former Soviet republic to join the Stability Pact for South East Europe. Furthermore, highest level contacts between Chisinau and Tiraspol have been resumed on the Russian-speaking region of Transdnier. If both sides continue to show the same goodwill, these talks could progress towards a satisfactory final solution.

An initial step was taken when the Russian army destroyed the T-64 combat tanks present in the region. But Russia needs to destroy or withdraw further military materiel from the eastern enclave in order to comply with the Conventional Armed Forces in Europe (CFE) Treaty and the obligations undertaken at the OSCE summit in Istanbul in 1999. In exchange, Russia will receive compensation from this organisation.

NATO, for its part, has signed an agreement with Moldova to help this country destroy anti-personnel mines and other ammunition, the cost of which will be met by the PfP fund. However, at the sixth Co-operation Council held in May, the EU insisted that the country step up its efforts in the field of justice and home affairs and, above all, strive to settle common problems affecting regional security such as the trafficking in people, illegal immigration, drug trafficking and the smuggling of goods.

The Caucasian Republics

Of the Caucasian republics—Georgia, Armenia and Azerbaijan—the first continues to display considerable instability stemming basically from the separatist problem of the region of Abkhazia in the northwest of the country.

The tension between Russia and Georgia grew in mid-October when a UN helicopter was shot down in the Kodor ravine. Aircraft displaying no distinguishing characteristics bombarded three villages in this ravine, the only region of Abkhazia which Georgia controls. And whereas this country accused Russia of having violated its airspace, which Moscow denies, Russia criticised Georgia for not doing enough to combat terrorism.

Similar criticisms were voiced by Spain, which at last saw the liberation of businessmen Francisco Rodríguez and José Antonio Tremiño, who had been held hostage for 373 days presumably in the Pankisi ravine, an area near the Chechen border which is difficult for the Georgian authorities to reach.

All in all, the country continues to be very interested in co-operating with Western institutions to overcome the crisis of international confidence in the Republic. For example, Georgia hosted the «Co-operative Partner 2001» PfP exercise in which amphibian and naval humanitarian operations were conducted around the Black Sea port of Pori.

Georgia has also stepped up its bilateral relations with Turkey. Not only has it signed a co-operation agreement to carry out mine clearing tasks along its border; the Eurasian country is also taking part in the restructuring and modernisation of the Marneuli airbase in the south of the country in exchange for permission for joint use.

Meanwhile, the conflict between Armenia and Azerbaijan over the control of the Nagorno-Karabakh region, an Armenian enclave located in Azerbaijan, remains deadlocked. Under the aegis of the OSCE, President Chirac hosted peace talks between the two countries in March, and the following month President Bush met Russian and French mediators and presidents Kotcharian and Aliev in Key West (Florida) for another round of peace negotiations.

The dispute over the political status of this territory stems, from Armenia's point of view, from the need «not to make Nagorno-Karabakh an enclave» by establishing a permanent territorial link between both territories across the Lanchin corridor located outside Nagorno-Karabakh and controlled by Armenian forces. For its part, Azerbaijan insists on exercising sovereignty over this territory, although it has agreed to grant the population a wide measure of autonomy within this country.

In addition to these political considerations, there are still risk factors that affect the area's stability, such as Armenia's lack of commodities, the declining living conditions of the Azeri population and the uncertainty surrounding the succession of President Aliev. Nonetheless, economic growth is fairly encouraging—5.4 percent in Armenia and 7.9 percent in Azerbaijan—and could bring the population huge benefits if the political situation stabilises.

The Central Asian Republics

The political, geographic and military significance of the Central Asian countries has increased considerably since the tragic events of 11 September. While the security threat has grown to global dimensions following this manifestation of international terrorism, the Central Asian republics have become key countries in addressing the new problem together with the Western allies.

The analyst Orozbek Moldaliev warned on many occasions that the main threat in Central Asia was Islamic radicalism. For example, suffice it to recall the remarks of leader Osama Bin Laden in 1997: «we are going to purge Tajikistan and then the whole of Central Asia». In his articles, the Kyrgyz analyst recalls that the geopolitical status of Central Asia is characterised by a great variety of «polygonal configurations» and equally varied interests of major international and regional powers, but none with sufficient politico-military and financial potential to establish their influence in the region.

Since 11 September, a common cause has been forged against international terrorism and the Central Asian countries have assumed the role that falls to them. But the analysis of the «new threats» had begun a year earlier. The Dushanbe summit (Tajikistan) in July 2000, held under the umbrella of the Shanghai Group, focused mainly on the fight against the drug trafficking and cross-border terrorism promoted by the Islamic Movement of Uzbekistan (IMU), whose leader Juma Namangan is based in Afghanistan, and where the Russians had detected that hundreds of Chechen rebels were being trained.

Subsequently, on 5 January, the presidents of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan and the Russian deputy foreign minister, Vyacheslav Trubnikov, who attended as an observer, met at Almaty (Kazakhstan) in order to define a common strategy for addressing the deterioration in the regional situation and the threat from Afghanistan. The only absentee was the president of Turkmenistan, as the country had developed cordial relations with the Taliban regime.

The reasons why Turkmenistan remained neutral with respect to the international action against the Afghanistan regime stem from its wish to maintain the «modus vivendi» achieved with its neighbours, since unlike Uzbekistan, it has no fundamentalist groups operating in its territory. Supporting the fight against Afghanistan would have had the effect of attracting the many Turkmens who live in this country, jeopardising its stability.

This phenomenon was witnessed in Uzbekistan, where many Uzbeks of Russian origin have decided to return to their country of origin, joining the 14 percent of Uzbek citizens who have emigrated to this country over the past decade (a total of 10 million people) compared to 30 percent from Kazakhstan and 16 percent from Tajikistan.

However, Uzbekistan was the main republic interested in joining the fight against the Taliban regime, since part of its territory, the valley of Fergana, is the cradle of the Islamist tendencies of the Islamic Movement of Uzbekistan. It is therefore not surprising that the Uzbek authorities made a military airport available to the United States by means of a bilateral agreement signed urgently at Tashkent on 8 October, the most immediate result of which was the deployment, for the first time in history, of over 1,000 US troops at the Janabad base in former Soviet Union territory. Uzbekistan is thus attempting to rid itself of the threat the Islamic fundamentalist movements pose to its territory and to regional stability.

Paradoxically, the Republic of Tajikistan offered the US its bases at Kurgan, Tiubé and Kuliob, from which former Soviet troops operated during the Afghanistan invasion (1979-1989). Russia likewise considers its military presence is vital in the area through a division in the Orenburg region and a mechanised brigade. It also controls Dushanbe airport so as to prevent Islamic extremism from spreading, first to the former Soviet republics of Central Asia, and subsequently to Russian territory. Through Tajikistan, Russia is providing aid to the Northern Alliance which is fighting against the Taliban.

In Kyrgyzstan, the leading political role in the fight against separatism and the Islamic fundamentalist threats has fallen to China, the country with which it shares a border. The reinforcement of the links between China and Kyrgyzstan has translated into the establishment of a new security relationship, the first economic result of which was military aid worth \$600,000 from the Asian giant. Indeed, Chinese concerns have grown as a result of the incursions of IMU guerrillas into Kyrgyzstan. Turkey is likewise continuing to offer military co-operation, which amounts to \$300,000.

RELATIONS BETWEEN THE EUROPEAN UNION AND THE EURASIAN PARTNERS

European integration continues to be the ultimate aim of most of the Central and Eastern European countries, which consider this has been the catalyst to Western Europe's political stability and economic prosperity. In

this respect, the positive effects of integration are extending to the rest of the continent.

Politically speaking, EU enlargement is positive. According to Javier Solana, enlargement will have both internal and external effects. The new member states' economies will grow between one and two percent annually over the next decade. In his opinion, the economies of the member states will not only benefit from growing demand for exports but also from the greater competitiveness of the goods and services markets.

However, enlargement does not command much popular support in the Western countries. According to the latest Eurobarometer published in February, most citizens of the biggest three EU countries (Germany, the United Kingdom and France) are against enlargement, though the overall opinion is favourable (44 percent versus 35 percent). It is curious to note that the strongest opposition comes from the richest EU countries and those which share borders with the enlargement candidates. In contrast, support is greatest in the least wealthy EU countries such as Greece, Portugal and Spain, and also in Scandinavia.

Spain, for its part, maintains a clear stance towards enlargement. During the president of the government's different trips to the candidate countries before the Spanish presidency in the first half of 2002, Mr Aznar spoke of the different paces at which enlargement must progress. In his opinion, enlargement should be based on the principle of differentiation, that is, the countries that are best prepared to do so should join the EU, whereas those which lag slightly further behind should not delay the accession of the others.

All in all, no democratic state can be denied the right to join the EU after the years of sacrifice the negotiation processes have entailed. The risk of failing to satisfy the expectations generated in these countries could be greater than continued isolation from the system of well-being and stability provided by the European Union.

NATO AND THE EUROPEAN PARTNERS

The Euro-Atlantic landscape in 2001 was marked by three major events: the tenth anniversary of the partnership, the beginning of the debate on enlargement and the events of 11 September.

Indeed, the year completed a decade of fruitful co-operation between NATO and the new Central and Eastern European democracies and other

Central Asian countries. Since the North Atlantic Co-operation Council (NACC) was established in 1991 and the Partnership for Peace (PfP) three years later, NATO's relations with its partners have evolved from the establishment of consultations to co-operation and partnership and, in the case of Poland, Hungary and the Czech Republic, accession to the Alliance. The Euro-Atlantic Partnership Council (EAPC) set up in 1997 to replace the NACC, with its twenty-seven members and nineteen allies, plays a very important role as it addresses all security aspects of the regions of the Euro-Atlantic area. The EAPC reflects allies' wish to equal the co-operation relations taking shape throughout the decade between NATO and the PfP countries. The partnership between NATO and the new democracies has proved that no country has been excluded from this process. On the contrary, the logic of the partnership should be perceived as a win-win strategy in which all parties stand to gain both politically and militarily.

As regards enlargement, during his visit to Spain on 12 June President Bush announced that the approach should be «when?» rather than «how?». Although Russia viscerally opposes NATO enlargement, particularly if this involves taking in territories that once belonged to the Soviet Union, the Prague Summit in November 2002 is expected to announce nine candidates (2) for accession. Although none would provide NATO directly with additional military might, since most are small countries with armed forces that are far below NATO standards, some states could bring the Alliance «geographic» benefits as they would bind current members more closely together by bringing their borders nearer. We should therefore not be surprised by the route chosen by Lord Robertson for his tour of the candidate countries, which began in Slovakia and Slovenia.

All things considered, the events of 11 September may influence the enlargement process enormously. Two trends are beginning to emerge. On the one hand, the argument that it necessary to put a brake on or reduce the speed of NATO enlargement during 2002. The idea behind this view is that if co-operation with Russia in fighting against terrorism is a priority of the US, it is possible that any issue to which Russia objects could be left pending, particularly the enlargement of the alliance to the Baltic states.

The other trend is to speed up this enlargement process. If NATO is going to provide protection against the threat of international terrorism, as article 5 of the North Atlantic Treaty was invoked for the first time in the

(2) Albania, Bulgaria, Estonia, Latvia, Lithuania, Macedonia, Romania, Slovakia and Slovenia have submitted their candidatures. Croatia is considering this possibility.

organisation's history, the number of countries interested in joining will increase. Basically, post-11 September diplomacy has fuelled the Central and Eastern European countries' desire to belong to the organisation.

The most immediate consequence with respect to the fight against international terrorism was witnessed in NATO-Russia relations. In his address delivered at the Diplomatic Academy in Moscow on 22 November, the secretary general Lord Robertson expressed the new political will that has emerged within the Alliance and in Russia to face up to the new threats. He therefore called for more practical co-operation between both sides. The importance of this address lies in the possibility of decisions and joint actions being agreed on some issues, which marks a positive turn in relations between the Alliance and the Federation.

Indeed, the new proposal involves going beyond the political consultations that sprang from the signing of the Foundational Act in May 1997 and paves the way for a new co-operation which, in the secretary general's opinion, should become permanent.

The new framework of NATO-Russia relations is based on the British proposal to do away with the Permanent Joint Council (PJC) and establish a new forum known as the Russia-North Atlantic Council (R-NAC). The main difference between this forum and the previous one is that relations would be established on an equal footing, that is between the twenty countries of the R-NAC as opposed to the 19+1 format on which dialogue within the PJC was based.

Russia would thus become a «de facto» participant in NATO policy deliberations. All this has triggered misgivings from some analysts, such as B. Brzezinski, who is highly critical of this new initiative. In his opinion, NATO could deteriorate into an organisation similar to the OSCE, which lacks capacity for action, or into competitive blocs in which traditional transatlantic and European rivalries could be exploited by a non-member state.

However, the more Russia participates in NATO policies, the fewer the objections the Federation will make to the enlargement of the Alliance and the establishment of a true security system for Europe. Co-operation and the co-ordination of efforts between the Alliance and Russia are necessary in order to make this system a reality. In any event, the new spirit of collaboration must not dilute the political cohesion and military strategy of the Alliance or undermine the transatlantic link which has governed relations between either side of the ocean for the past half-century.

CHAPTER FOUR
THE MEDITERRANEAN

THE MEDITERRANEAN

By MARÍA DOLORES ALGORA WEBER

INTRODUCTION

2001 was an exceptional year. So exceptional that any analyst would agree that it began on 11 September, a date that will probably signify the beginning of a new era for international society.

The Mediterranean has not been oblivious to this reality; on the contrary, it is one of the most important strategic areas where all the alarm bells sounded, warning us that we are facing a new world landscape that marks a before and an after.

The terrorist attacks in New York will not escape the notice of the two major processes currently under way in the Mediterranean. Neither will the reactions of the Arab states we will be witnessing over the next few years be trivial or transitory.

The first of these, and the one which requires a most urgent solution and has a most uncertain future, is the Middle East Peace Process. This conflict, which will be analysed later on, has become one of the focal points of the Muslim Arab world which has suffered the greatest impact of the new situation. Over the past few months substantial changes have been witnessed in international positions on the Middle East, the consequences of which are certain to extend to the coming years. However, they have undoubtedly paved the way for the development of a process now a decade old.

The second is the Barcelona Process which, as a Euro-Mediterranean initiative, has been deeply conditioned—indeed, almost dominated—by

the increasingly deadlocked situation in the Middle East. Since the Marseilles Conference in November 2000, by which time the Mediterranean environment had already deteriorated, the Barcelona Process has been unable to shun the pessimism that has spread from the eastern basin. However, the events of September have drawn divided opinions from international analysts.

To some analysts, it is obvious that any hope of progress towards achieving the goals of the Euro-Mediterranean process has been lost. However, many others see a new challenge on the horizon, as they consider that the Mediterranean dialogue has acquired a special importance, more than ever before. In their opinion, the Euro-Mediterranean process is the only means of proving we are not witnessing the presaged «clash of civilisations».

It is not a question of «North» versus «South»; rather, we have a new strategic landscape in which combating the international terrorism that is threatening collective interests and the world order has taken priority. It will not do for leaders on both sides of the Mediterranean to twist words: the time has come to put aside the differences which exist and will continue to exist. The time has come to take a fresh view of Mediterranean relations.

Unfortunately, the attacks in the United States have given rise to facile arguments. These are springing up everywhere and in all directions, reaching American lovers and anti-Americans alike, minds open to Islam and fearful of unfair generalisations as well as the most inquisitorial sectors of our society. These reactions, which are causing so many prejudices in European citizens and Muslim Arabs, explain why many political and social sectors are keen to prove that all these recurrent discourses that have found their way into public opinion through the media are false and manipulative.

In this respect, a Euro-Mediterranean understanding will be the opportunity 2002 brings us. More than ever, this fifth year of the Barcelona Process must realise that a deep effort is needed to progress in the Mediterranean in order to dispel the spectres of a civilisational clash.

Spain plays a prominent role in the international environment each of these processes defines. Therefore, for some years now—since this is no novelty—the Spanish government has wasted no opportunity for the highest level diplomatic mediation required by the complicated execution of these two major Mediterranean challenges.

However, these were not the only two contexts of this area of external action in which the Spanish government has had to involve itself deeply during these past months. The westernmost part of the Mediterranean, much nearer to home, proved much more awkward. 2001 has been a very difficult year for relations between Spain and Morocco.

THE MIDDLE EAST PEACE PROCESS.

Intifada and international diplomacy

The visit of the Likud member of parliament Ariel Sharon to Temple Mount esplanade on 28 September 2000 triggered the second intifada. The repeated disagreements between Ehud Barak and Yasser Arafat denied President Clinton the chance to end his mandate crowned with the laurel wreath of peace in the Middle East.

Actually, peace had never been closer than during the previous months, but the provocation of the intifada put paid to the scarce points on which an agreement between the two sides could be reached. The beginning of 2001 was characterised by this escalation of violence and diplomatic fiasco, but, worse still, by year-end the situation had become even more critical.

The Middle East Peace Process completed its tenth year of existence in 2001. When the Peace Conference met in Madrid in 1991, all those present knew that the road ahead would be a long one. The first agreements of Washington and Oslo led to the conviction that perhaps, even if the deadlines were postponed, the commitments would be unavoidable. However, ten years on, it cannot be said that that «Oslo spirit» is still alive. The Peace Process as such has not disappeared, but the obstacles are becoming so insurmountable that little remains of the optimism which pervaded the Middle East in the early Nineties.

If there was something outstanding about this process, it was that it aimed to create measures that would build both sides' confidence, leading to mutual recognition; however, this distinguishing feature has gradually been completely eroded. What we have today is a process which has lost its essential characteristic and is becoming one of the many negotiations which have taken place in the Middle East over the past 50 years.

The Palestinian popular uprising which sparked the second intifada over a year ago has remained entrenched in this deep disappointment. Since

then the violence has progressively escalated. Within a few months Israeli repression had chalked up a larger number of victims than in the whole of the 1987 movement. To the military operations and violence of the armed settlers should be added the closure and blockage of the territories. These measures have often prevented Palestinian workers from reaching Israeli zones, even though this issue had been settled in the 1994 agreements. The same prohibitions were placed on the movement of goods. Throughout the year we have witnessed the closure of border passes linking the territories of the Palestinian National Authority not only with Israel but also with Jordan and Egypt. Taxes have been levied on the passage of lorries carrying humanitarian aid to the Gaza strip. Far from being kept in check, the policy of settlements and colonisation has continued to expand.

This growing indiscriminate violence, together with the inability of the international mediators to oblige the sides to meet their commitments, has left its mark on the development of the intifada, which continues to run a parallel course to the Peace Process. This has given rise to two phenomena which are worth considering: first, the hatred and resentment the intifada is generating are making it increasingly difficult for Mr Arafat and the Al Fatah leaders to control a human reaction that is growing in a natural, unplanned manner; second, for the same reasons, the situation is forging a union of nationalists and Islamists.

One of the effects of this intifada is an ever-widening gap between the Palestinian authorities involved in the negotiations and the Palestinian people, who, contrary to what occurred with the first intifada, are not seeing any results. The social protest of 1987 awakened the world to the Palestinian cause and, following the Gulf War, contributed to the holding of a peace conference that brought credibility and political legitimation to the Palestinian National Authority.

However, there is no denying a fact that is frequently overlooked—the other devastating internal effects for the Palestinians. The deterioration they suffered back then has worsened, largely as an effect of the uprising that is reoccurring now. Poverty, unemployment, lack of schooling, social mistrust and an ever-diminishing regard for life are everyday features of life in the territories that are experiencing the intifada.

All in all, the Israeli forces, justifying their action by the need to crack down on the Palestinian terrorism that is growing under these circumstances of isolation and misery and quell the street skirmishes, have imposed a collective punishment on the Palestinian population. Their response both

to the attacks and to these disturbances oversteps the bounds of moderation and balance. Ariel Sharon has even described this course of action as a «defensive policy» in which any means are valid: from selective attacks to weapons ranging from telephone bombs to use of Israeli army Apache helicopters and F-16 aircraft to bomb villages in the territories.

Meanwhile, the international community has continued with its diplomatic efforts and has even reproached Mr Sharon. In addition to its special envoy, Miguel Ángel Moratinos, the European Union has also used its representative for Common Foreign and Security Policy, Javier Solana. As the chief mediator in the region, the United States, which holds much greater weight than Europe, has sent Senator Mitchell and CIA chief Tenant. However, it has not taken any firmer stance than diplomatic means to get Israel to comply with the many United Nations resolutions which have weighed upon this state for years, not even to prevent the successive postponement of the agreements. In view of these circumstances, the Palestinian and Arab population in general feel that this peace is increasingly being tailored to the demands of a select few, whereas the voice of international society, which is clamouring for the simple enforcement of the human and political rights of the Palestinians, is falling on deaf ears and being scorned.

Practically the whole year has been characterised by this violence and increasingly numerous and rootless uprising. As mentioned earlier, efforts have not ceased to keep diplomacy moving to prevent the negotiation process from dying out completely. Following the Sharm el Sheik agreements, which were completely fruitless, the United States kept up its efforts between the two sides, drawing up and approving in May the recommendations known as the «Mitchell report» for peace in the Middle East.

The «Mitchell report» did not add any new conditions to what had already been agreed at the previous summit meetings between Mr Barak and Mr Arafat. The purpose of the report was to force Palestinians and Israelis to commit themselves to getting back on the track of the Peace Process. Basically, this entailed respecting and putting into practice the points agreed on at the meetings to prepare for the hoped-for final status for the creation of a Palestinian state. And, equally importantly, it called upon both sides to establish the necessary measures to contribute to restoring mutual confidence.

The report stressed the need for the Palestinian National Authority to condemn terrorism clearly and bring activists operating in the territories up for trial. However, the greatest reproaches were directed at Mr Sharon's

government, and directly underlined the factors which had exacerbated the intifada and the serious situation in the whole of the area. The report made several requests: that Israeli troops be withdrawn to the positions they occupied before 28 September 2000 and that the police refrain from using lethal weapons to quell unarmed citizens; no further activity at the settlements; and an end to the closure of the territories and the reimbursement of the taxes on movements of Palestinians.

Although the recommendations attributed responsibility jointly to Palestinians and Israelis, urging the authorities to resume the process, they contained a veiled recognition of the role the attitude of Mr Sharon's government has played in triggering and worsening the social situation in the territories.

Throughout the year the prime minister converted the implementation of the measures laid down in the «Mitchell report» into a catch-22 situation from which he appears to have no intention of emerging. Mr Sharon's characteristic stance has been to condition the process to the cessation of violence; however, this violence will not cease unless Israel changes its attitude and is willing to comply with the agreements.

The same points were discussed time and time again during the year, bringing the Peace Process to a halt and denting its credibility as usual. The Israeli prime minister even introduced new principles into the negotiations that were far removed from those that had governed the Oslo agreements. The constant accusations he levelled at the Palestinian National Authority helped break the already fragile unity of the Palestinian sectors, though the effect on the Israeli side was similar. Ariel Sharon has also had to cope with a rift in his precarious government of national unity.

Furthermore, this attitude has dealt him a harsh blow outside the country. At the beginning of September he was the target of accusations made at the Durban conference, where Zionism was compared to racism.

The «day after» the attacks in the United States

The collapse in the internal order of both sides has become more evident than ever as a result of the circumstances occurring since 11 September.

The autumn highlighted the deep-rooted ills that were already being experienced in Palestine and Israel. The Peace Process, which had been

deadlocked since the previous year and had lately caused only deaths instead of progress towards peace, has made a comeback on the world stage as a result of the reaction of the whole Muslim Arab world to the terrorist attacks in the United States.

The violence of the intifada once again escalated. One of the most serious problems the Palestinian National Authority faces, and one which had already surfaced months ago, as commented, became manifest. Mr Arafat was unable to prevent the uprisings of students and Islamists who, encouraged by the initial interpretation of the attacks as the triumph of Islam against the West, exacerbated the street violence, making it necessary for the Palestinian police to charge at the demonstrators. Following this incident, which was unfortunate for Palestinians' collective memory, the Islamist Jihad and Hamas movements proved themselves to be more threatening than ever and expressed their opposition both to Mr Arafat's policy in the Peace Process negotiations and also to his wish to join the antiterrorist coalition led by the United States. Since then these movements have claimed responsibility for many suicide attacks against Israel, which have progressively increased, particularly during the last weeks of the year.

As regards Israel, not even the attacks in New York, which had an impact even on the arch enemies of American policy, were sufficient to spark a reaction from the Israeli government initially.

Indeed, contrary to the attitude that Israel might have been expected to show as a result of the tragedy, it reacted by tightening its crackdown after the initial confusion. This repression reached such extremes that within a few weeks the territories of the Palestinian National Authority were again occupied and controlled by the Israeli army.

Mr Sharon's attitude during those moments of what was the worst crisis in recent decades, when the possible worldwide repercussions of the attacks on the Twin Towers, particularly in the Muslim Arab world, were yet unknown, displayed a lack of common sense and tolerance.

The first reaction came from within his own government, and almost led to a complete breaking off of relations between Mr Sharon and Mr Peres, who is being hailed as the only valid Israeli interlocutor. But the crack did not stop there: outside the country it triggered agitation and tension in the country's bilateral relations with its historical ally, the Washington government.

Despite the initial tension, the United States is maintaining its policy of half measures with Israel: much diplomacy but few really condemnatory measures. Nonetheless, the new international circumstances have sparked major changes and caused bilateral relations between Israel and America to turn notably sour.

The attacks on New York have opened up new perspectives in the policy the United States has been pursuing in the Middle East for years. The first and most immediate blow to Israel came when President Bush pressured Mr Sharon to curb the excessive violence with which Palestinian terrorists are treated. This pressure went down very badly with the Israeli prime minister, who did not hesitate to adopt a defensive position and even offended the American administration by attempting to disassociate himself from his designs on the region.

But it must have cost the White House a much greater effort to recognise the Palestinian State. At the beginning of October, for the first time, an American president expressed the need for the Palestinian people to have a state of their own. This attitude of George W. Bush was seconded by the British prime minister, Tony Blair, who immediately made a similar statement.

From this unprecedented swing towards Palestinian objectives we may infer the message which 11 September has conveyed to the United States' foreign policy: the time has come to review the relations the Western world maintains with its Arab neighbours.

As we approach year end, a major question remains unresolved: where are we heading? The changes of position spurred by the initial impact of the attacks are being moderated. For the first time the United States tipped the balance in favour of the Palestinians, but we should not lose sight of the fact that the major power needs to secure the support of the Muslim Arab world in its operation «Enduring Justice» against terrorism and the capture of Bin Laden.

This rebalancing act by America has not yet translated into any real action in the region. For the time being George W. Bush refused to hold a private meeting with Yasser Arafat during the United Nations General Assembly. However, let us not draw hasty conclusions and hope that these new positions bear fruit throughout 2002. Although one thing seems clear: the United States does not have much time to gain the support of the Arab and Muslim world as a whole. If Mr Bush fails to act before the effects of 11

September wear off, he may have wasted a golden opportunity to establish a new position in the Middle East. Washington is mistaken if it forgets that behind the diplomatic stance of governments lies a much more important force that does not cease to exert pressure: the force of the Islamic people whom the political authorities of the states will have to please sooner or later.

In view of this state of affairs, the United States sent a new representative, Anthony Zinni, to the area. His mission was to achieve a ceasefire and create an environment conducive to the resumption of negotiations, but he did not take long to realise the difficulty of his task.

A conclusion may be drawn from the year 2001. The seriousness of the situation requires the parties involved, and also the international community, to assume responsibility for what can be expected to happen in the Middle East.

We may therefore state that the Peace Process has caused deep disappointment and suffering to the Palestinian people, who are even beginning to question the validity and continuity of Mr Arafat. At the same time, the terrorism of Hamas and Jihad has become a plague against the Israeli people. Mr Sharon, wanted by the Brussels court for crimes against humanity, is making impossible demands that will probably prevent the spirit of confidence from being rekindled. Terrorism is the major problem the Israelis are facing and they are mistaken if they think that it can be overcome with military intervention. The Tel Aviv government has not hesitated to take advantage of the international antiterrorist effort to apply this context to the Palestinians, but it seems unwilling to realise that it will never achieve peace on the basis of use of force. World powers which fail to act as forcefully with Israel as they do with other states will be responsible for this harm, which will not take long to turn against the international community as a whole. The fact that Israel has become accustomed to this and is allowed to act with total impunity constitutes an international threat.

Spain's role

With respect to Spain's role in these developments, it can be said that the Middle East has become one of the most important focal points throughout the year. The Madrid government has continued to mediate directly and also joined in EU initiatives in the area.

Spain has been open to the requests of both Palestinians and Israelis, offering to provide a framework for a meeting between the two communities.

At the beginning of the year, while Ehud Barak's government was still in power, the Israeli foreign minister, Shlomo Ben Ami, was received at the highest level. In view of the obvious deterioration of the situation in the Middle East following the eruption of the new intifada, and mindful of the approaching elections, Mr Ben Ami met King Juan Carlos I, President Aznar and Mr Piqué, the Spanish foreign minister, during his tour of Europe to win the support of the Fifteen. His request to the Spanish authorities to host a new Peace Conference gives an idea of the extent of Spain's role, though this initiative has not materialised.

In mid-February, when José María Aznar travelled to the Middle East, the Spanish delegation did not push for holding such a conference in Madrid. Although this might be interpreted as a return to the drawing board, the Spanish leaders actually found it more reasonable to support the Jordanian and Egyptian proposals for reviving the process.

Diplomatic activity was stepped up when Spain's foreign minister made a tour of the area, visiting Egypt, the Palestinian territories and Israel, Jordan, Lebanon and Syria and subsequently in May, when Bashar Assad visited Spain for the opening of the exhibition «The Splendour of the Umayyads» in Cordoba. Although it was a private visit, the Syrian president was received with all the honours befitting a head of state. In the Middle East, Mr Piqué stressed the European Union's significant role in settling the conflict in all his interviews and statements to the press. He pointed out very specially that this is only the beginning of the EU's common foreign policy.

Regarding this journey, it is perhaps worth mentioning specially his visit to Cairo and Jerusalem. In Egypt he disagreed with the accusations of passivity levelled at the European Union by his counterpart, Amor Musa. Mr Piqué replied by pointing out that the biggest financial contributions to the Palestinians come from Europe; we should recall the «Marín Report» which drew attention to this years ago, triggering a controversy and the displeasure of other international players (Spain, as the sixth largest donor, has contributed Pta20 billion over the past five years). He also spoke of the continual condemnation of the Jewish settlements and the disproportionate responses to the attacks.

Of Mr Piqué's visit to Jerusalem, the media only highlighted the comparison he drew between Palestinian and ETA terrorism. As it happens, these comments turned out to be less surprising in the light of what occurred months later. It is obvious that Mr Piqué was not referring to the historical origins or causes—which are unjustifiable on any grounds—but to the irra-

tional and radical action of these terrorists. However, the criticism his words aroused at the time cast a shadow over the important content of his message, since his powerful condemnation of the policy Ariel Sharon is pursuing in Gaza and the West Bank and his appeal for the end of the blockage of the territories and the release of the funds allocated to the Palestinian National Authority scarcely had any repercussions. He also referred to the dramatic humanitarian and economic situation of the Palestinian people.

At the ensuing parliamentary session held in May, Mr Piqué commented on some of the conclusions drawn from his tour. He did not hesitate to accuse Mr Sharon of placing huge obstacles in the path of restoring confidence between the sides and of hindering the resumption of the peace process. Around this time he warned of Spain's concern that the events could lead to the downfall of Yasser Arafat and create a serious power vacuum within the Palestinian National Authority.

Continuing on these lines, the minister of foreign affairs called for sending «some type of international supervision». Although this idea had been toyed with since spring, no definitive agreement had been reached by the end of the year, even though at one point Israel seemed to be more flexible. The turn for the worse that events in the Middle East have taken has prevented this initiative from materialising. However, Spain and the European Union as a whole have expressed the need to apply immediately the measures envisaged in the «Mitchell Plan».

Since the middle of the year, in its joint meetings with George W. Bush—such as the Gothenburg summit in June—and direct contacts between Javier Solana and the heads of state, the European Union has stressed the need for Americans and Europeans to join forces to give definitive impetus to the Middle East. It has been months since these initiatives yielded the desired results, for although the European Union has striven to attribute responsibility to both Palestinians and Israelis, the United States has not wished to make such clear declarations as those of Josep Piqué, who has called for establishing a firm schedule for the end of occupation and the proclamation of Palestinian state.

With respect to Israel, despite openly criticising Ariel Sharon's government, the Spanish foreign minister attempted to convey clearly his conviction that, except for the Likud hardliners, most Israeli sectors hope to achieve peace soon. And he has not ceased to recognise another obvious fact—Israel's need to feel its security is guaranteed against the action of the radical Palestinians of Hamas and Jihad.

The effects of 11 September on Spain have been varied. First and foremost, they have given significant impetus to the fight against terrorism, something that Mr Aznar has not hesitated to make the most of internationally, as is only fitting. Although, we will not be dealing with this aspect in this chapter of the *Strategic Panorama*, we should nonetheless recall that the Spanish ministry of the interior has devoted all means and efforts to dismantling the «dormant cells» made up of Arab citizens which the al-Qaeda organisation linked to Bin Laden had managed to establish on Spanish territory. Other immediate reactions of the population led to rioting in Ceuta and Melilla which sparked tension in both autonomous regions, though the incidents died down following the initial impact. As we will see later on, these North African cities have created further problems in our bilateral relations with Morocco.

However, returning to the question of the Middle East, we will be focusing our attention on another effect: the intensification of diplomacy, already very active throughout the whole of the year.

José María Aznar took part with the other European Union heads of government in the European Council held immediately after the terrorist attacks. Among the issues requiring urgent attention were, as was only to be expected, the situation in the Middle East. Spain's position regarding these matters coincided fully with that of the rest of the European states and bore out what had been on the cards for months. But in our opinion, the action of Spanish diplomacy in particular is much more significant.

Mr Aznar did not suspend his state visit to Tunisia which had been scheduled before the events in the United States. On the contrary, at the end of September the head of the Spanish government, on behalf of the European Union, took the opportunity to appeal from there to all the Arab Muslim countries for the need to join forces to combat terrorism, in order to help keep at bay the spectre of the «clash of civilisations» which pervaded world opinion initially. This danger of associating terrorism with Islam was one of the international community's worst fears during the days which followed 11 September.

As a result of this visit the Tunisian president Ben Ali was assigned the role of emissary entrusted with the task of mediating with the moderate Arab countries of the Mediterranean in order to secure their support in the antiterrorist coalition led by the United States and backed by the European Union. Tunisia, which shares the same opinion as many of the Arab states,

did not fail to condemn the attacks but warned that international processes should be directed by the United Nations.

In addition to addressing these urgent and enormously significant matters, the visit also dealt with other issues of bilateral relations between the two states, since Mr Aznar's government has always been Tunisia's guarantor and vehicle for relations with the EU.

While these contacts were taking place between heads of state, Mr Piqué, the foreign minister, travelled to Riyadh to meet the Saudi Arabian authorities. They had no objections to condemning the attacks on the United States and declaring their commitment to the antiterrorist fight, though they refused to allow the United States to use their bases.

At the end of October, continuing with the established course of action, the Mediterranean Forum met at Agadir with the aim of demonstrating that the new situation has underlined the need to combat terrorism. Differences once again surfaced between Europeans and Mediterranean Arabs, since the latter insisted on restoring the role of the United Nations and asking the European Union to be more forceful in the conflict between Palestinians and Israelis. The European representatives merely acknowledged the intense frustration that the situation in the Middle East is causing throughout the Arab world.

The diplomatic activity of the following days brought together the Mediterranean countries again at the third Formentor Forum in Majorca, which Morocco failed to attend. The Forum did not add anything to what was already known. If anything, two facts may be stressed. First, the diplomatic efforts of Egypt's President Hosni Mubarak and José Maria Aznar to keep the spirit of dialogue alive at a time when the situation in the Middle East has deteriorated beyond description. And second, Mr Aznar's harsh words for Messrs Arafat and Peres—whom he did not manage to get together for negotiations—questioning whether there really was a will to achieve peace and assume the risks the agreements would pose to the coexistence of both peoples. The Spanish president referred to the attacks on the Twin Towers as a salutary lesson that ought to spark a reaction from an area which has been tormented for decades, and urged the attendees not to waste the progress made in the Mediterranean through the Barcelona process.

In other respects, everything is very much the same: the internal division between Simon Peres and Ariel Sharon is growing wider and more

threatening, as the Israeli foreign minister warned in his remarks. No progress was made regarding the problem of Jerusalem enabling the light to be glimpsed at the end of the tunnel. At the beginning of 2001, the Palestinians declared Jerusalem East to be the capital of the future Palestinian state, while Mr Sharon persistently spoke of the unity of the holy city and refused to allow any negotiations on this or, indeed, on the withdrawal of Israeli forces from Palestinian territories.

In this connection, as pointed out at the beginning of the chapter, it is essential to reactivate the Barcelona process. The next meeting has been scheduled by the foreign ministers for 22 and 23 April 2002 in Valencia. It will also include a number of prior conferences to discuss economic affairs of the Mediterranean.

The re-launch of this Euro-Mediterranean Forum, established six years ago, has become one of the key events of Spain's forthcoming presidency of the European Union. As we approach the end of 2001, it seems vitally important to give impetus to the only multilateral framework in which Palestinians and Israelis have so far sat down to talk. What is more, it is a framework in which Syria and Lebanon are willing to get on with Israel. It is obvious that security aspects will be a prominent topic of discussion. And there will be a clear point of departure: it is obvious that whoever believes that peace will be achieved by force and use of violence is completely mistaken.

It is here that Spain has an opportunity. One of the objectives it has set for its forthcoming presidency of the European Union is the firm intention to strengthen any means which could lead to the culmination of the Middle East Peace Process.

THE ARAB WORLD'S REACTION TO THE ATTACKS OF 11 SEPTEMBER

The Palestinian-Israeli conflict has always had a devastating effect on the Arab states throughout history. Despite what might be assumed at first sight, this is equally true of the Nineties, which were characterised by the peace process.

US mediation in the process, complemented by the role of the European Union, has not only left its mark on the neighbouring governments, some of which are more inclined towards the West while others are more opposed. It has also affected the Arab peoples. These circumstances have no doubt conditioned internal developments within the countries in the Middle East.

The attacks of 11 September have drawn attention to what for the time being is just the tip of an iceberg which could be prove to be very deep and wide. The established regimes of the Arab states often repress any political and popular movements that could signify opposition. A secular opposition. However, although some countries keep a very tight control on Islamist movements, these are not openly banned, which means that they are almost the only available means of opposition to the political systems. This explains why the «anti-Westernism» practised by some peoples translates into what we call «fundamentalism», despite the position of their political leaders.

It is important to bear this in mind in order to understand the Arab response to the terrorist attacks in the United States. The governments, and most of the people, have condemned these abominable attacks. Indeed, the initial impact even sparked a reaction from the most fervent anti-Americans, and nobody could fail to notice the moderation and contention with which leaders such as Saddam Hussein or Colonel Qaddafi responded. However, this was only the beginning; as the weeks went by, Arab positions fluctuated. It is very likely that this is due to the pressure that the governors have begun to feel from within their countries.

Before going on to discuss the Arab states, it is worth dwelling on a very special relationship, the one between Iran and the United States, which was broken off for 20 years but «resumed» as a result of these events. Iran, which is not an Arab state, is the head of Asian Islam; for this reason its position was highly significant. The Iranian authorities could have set off a wave of Islamism comparable only to the Khomeini revolution. However, the reformist prime minister Mohammed Khatami—recently re-elected in June—has led the changes which have been taking place over the past few years not only internally but also in the country's external relations.

The Iranian premier condemned the terrorist attacks and, although relations were not easy—at no point was there any direct contact between Mr Khatami and President Bush—appreciable progress has been made. The most salient point is Iran's opposition to Afghanistan, though this did not mean the country was willing to back United States and its allies. Indeed, Iran told the European troika that visited the country at the end of September that it would not allow its airspace to be used and had plenty of criticism for President George W. Bush. It nonetheless recognised America's right to self-defence, but under the aegis of the United Nations.

And the Sunnite Taliban regime found no backing from the Iranian Shiites. Furthermore, although it has provided humanitarian assistance, the Tehran government was unwilling to take in any more Afghan refugees who have been entering the country for years on account of the civil war.

Very peculiar reactions were witnessed in the Arab world, as we have stated above. Iraq's cause has always been closely linked to the Jihad for the Liberation of Palestine. Osama Bin Laden used the Palestinian and Iraqi situation, to which the Arab world is so sensitive, to win the support and popularity of the people. Baghdad appealed for common sense and avoidance of use of force; however, hardened by the embargo and the routine bombings it has been experiencing for over ten years, it did not condemn the attacks on the Twin Towers and the Pentagon. We should recall that previously, in June and July, President Bush attempted to get the United Nations Security Council to pass a new resolution to tighten the sanctions on Iraq. Russia's threats to use its right of veto prevented this. In any event, Iraqis are divided, since parties such as the Iraqi Communist Party, the Patriotic Union of Kurdistan and the Communist Party of Kurdistan in Iraq disassociated themselves from the politics of Saddam Hussein and his vice president Taha Yasin Ramadan, expressing their condemnation and rejection of terrorism.

Subsequently, when the war against Afghanistan began, the Iraqi president did not hesitate to describe the attacks launched by the United States as a conspiracy against the Muslim people. This attitude aroused considerable suspicion and accusations of responsibility for the attacks, which were later disproved. In any event, from this moment on, the United States warned the international community of the possibility of extending the attacks to Iraq, although this threat has not been carried out.

The United States' most faithful ally, Saudi Arabia, immediately closed ranks around the Washington government, since Bin Laden's nationality might have given rise to misleading opinions from the outside world. However, the Saudi monarchy—practically in the hands of Prince Abdullah, the most likely heir to King Fahd—did not prove to be such a stalwart as expected. In October the Riyadh government refused to receive the British prime minister, Tony Blair, during his tour of the Middle East to gather support for the allied front in the war against Afghanistan. While they did not refuse to condemn terrorism, neither did they agree to make their airbases available to the United States. Not even a second

emissary, Spain's foreign minister, Josep Piqué, managed to persuade them to agree to make this concession during his visit days later.

The Gulf War ten years ago was quite enough for the Saudis. The presence of American troops on their territory triggered an internal crisis in the Arab world from which they have still not recovered. This is very difficult to understand from a western angle, but not from within the «Arab nation», particularly bearing in mind that Saudi Arabia represents the cradle of Islam. These events not only caused one of the deepest rifts in the whole history of the Arab states; we are suffering their consequences even today. Bin Laden himself is the product of that conflict, not of the war but of the internal crisis of the «umma» (internal unity between Arabs). The Western world's pragmatic viewpoint prevents it appreciating this underlying fact.

To this analysis should also be added the internal division which has surfaced among the Saudi royal family with regard to the «prodigal son» who dared to attack the Twin Towers. These circumstances further complicated the internal struggle for the succession to power in Saudi Arabia.

King Abdullah II of Jordan, another of the United States' main allies, was more coherent with his traditional position, though this does not mean to say that the internal situation of his country is any better. From the outset, he saw the fight against terrorism as a means to put an end to what is also occurring within the Arab world. In this connection he did not fail to translate this to the conflict in the Middle East. And he was very quick to express his willingness to send troops to the war in Afghanistan, provided the mission was sponsored by the United Nations.

This brings us to another feature which has been observed throughout the Arab world: the countries most inclined towards intervention made their actions conditional on the mandate of the international community as opposed to the United States.

Egypt also adopted this stance, which is aimed at restoring the role of the United Nations. Hosni Mubarak proved to be the strongest leader of Arab diplomacy, since the events confirmed the need to call an international conference on terrorism. This appeal was launched a couple of decades ago, but never materialised. The Egyptian president considered Palestinian terrorism to be disastrous for peace, but did not hesitate to pinpoint Israel's attitude as a cause of the radicalism we are witnessing in the Middle East.

We will deal briefly with Syria which, like the other countries, has con-

demned the attacks. So as not to remove it from the Arab context, we should stress that the country's internal evolution throughout 2001 has been more significant than its reaction to 11 September. The Damascus government has made serious progress, particularly in its regional positions. During the year it has attempted to solve the tiresome disputes inherited from Hafez Assad. At the summit held by the Arab League in Amman in March, President Bashar Assad took a historic step when he offered to support President Yasser Arafat and the Palestinian people. The Syrian leader went even further in November, announcing his willingness to resume peace negotiations. Syria has traditionally considered the Oslo agreement to be a betrayal of Palestine and, although an attempt to solve the problems of the Syrian-Lebanese track was made at the end of 1999, these efforts came to nothing. The Syrian president continues to aim for overall peace in the region, as his father did, but he is also willing to prevent a fresh escalation of military action against Israel.

At home, Mr Assad has also begun reforms to set the country on the road to political tolerance—releasing prisoners—and economic recovery. In the near future he intends to abolish the emergency law which is linked to issues of state and regional security. Proof of this is the «normalisation» of relations with neighbouring Lebanon; following the example Israel set last year, in June this year Syria withdrew its troops from Beirut after 25 years, although units will still remain in some important enclaves in the country.

These changes explain why, before the events of 11 September, Syria acted discreetly, and was keen to avoid triggering international alarm or radical stances.

In addition to analysing the positions adopted by the Arab authorities, we should bear in mind other circumstances of these countries. Practically all the states have problems with Islamic movements at home. We will discuss these separately, owing to the separation that also exists in reality between governments and peoples in the Arab world, despite some regimes' attempts at «democratisation».

In Iraq, mention should be made of the activity of the most radical Islamist sectors located in Iraqi Kurdistan, who did not take long to offer their support to Afghanistan. Since the Gulf War, many different sectors have sprung up in recent years with the support of several Central Asian Arab and Muslim states and, very particularly, thanks to the funding of Bin Laden. They enjoy significant popular support owing to the social services

they provide, since the central government lacks resources. It should also be pointed out that both the Democratic Party of Kurdistan and the Patriotic Union of Kurdistan are at odds with these Islamist movements.

Young Saudis are increasingly distancing themselves from their leaders —fundamentalists despite their pro-Western appearance—but the economic problems the country has suffered in recent years have triggered a popular movement of growing opposition towards the royal family. Anti-Western sentiments are increasing as a result of the fall in oil production and financial corruption on the one hand, and the presence of foreign troops on Muslim sacred soil, on the other. One thing for certain is that sympathy for Bin Laden is greater than the press conveys.

As for Jordan, there is no need to recall the number of displaced Palestinians it has taken in, despite the dubious events of the past. The monarch's pro-US stance has irked all those who oppose the support America lends Israel. King Abdullah has stretched his popularity within the country to the limit and although the opposition is completely dismantled, Islamist criticism can be heard from within Parliament.

The presence of Palestinians on Jordanian soil helps spread a very anti-American popular sentiment, and not precisely among the upper echelons of power. This country admires Syria's firm stance towards Israel, and Iraq's resistance of the embargo. Perhaps it is dependence on the US economy which helps provide a counterweight. It could be said that the Jordanian people were not pleased by the attacks, but neither is what goes on in the Arab world to their liking.

In Egypt, the economic decline caused by the fall in oil production and resulting decrease in traffic through the Suez Canal, and by dwindling revenue from tourism, together with the failure of Mr Mubarak's diplomatic moves in the Palestinian-Israeli conflict to achieve any results, have led the President's popularity to wane. In addition to the Islamist opposition, this country also has a bourgeois political opposition that is worth mentioning. However, there is a latent threat among the army, so far faithful to the president but increasingly infiltrated by members of radical movements, which makes it necessary to gauge with precision the position Egypt takes with respect to the Western world.

One of the most complex situations is found in Lebanon, where the United States has lost the battle against terrorism. Many members of the Lebanese parliament belong to Hezbollah, as the government regards it as

a resistance organisation rather than a terrorist group. This explains why the prime minister, Rafic Hariri, refused America's request to freeze the internal and international finances these Islamist sectors receive. Without wishing to justify this attitude in any way, in order to understand it, we would like to stress the dispute which has dragged on with Israel in the south of the country for years; it has been solved only partially as, despite the withdrawal of troops, sporadic attacks continue to take place along the border between the two states. This explains why large sectors of the population support this conduct.

All in all, this is a fight against terrorism, but also an incendiary element as far as Islam is concerned. Not because any doubts remain as to the Muslim people's opposition to «terrorism», but because as a concept it can vary and because they regard it as a possible means of expression against their own regimes. In due course, we will see that what has occurred in the United States will have deep repercussions on what is going to happen from its base in the Muslim Arab world.

THE SITUATION IN MOROCCO

The internal situation

It is over two years since Mohammed VI came to the throne in Morocco. It seemed that Hassan II's successor would give fresh impetus to the Alaouite Dynasty and set it on the path to modernisation which, particularly in a country like Morocco, signified hope for millions of subjects who live in dire poverty.

However, all these intended reforms which ought to characterise the new reign are progressing so slowly that, despite the odd change and a few signs of undeniable opening up—such as the return of left-wing leader Abraham Serfaty or the end of the house arrest of Islamist Abdelsalam Yassine—they can be said to have reached a standstill.

These circumstances do not escape the notice of the people, who had placed all their confidence in the young monarch and had attributed him quite gratuitously with charisma, inspired by the hopes they had pinned on this political leader who presented himself to his people as the «king of the poor».

As these encouraging prospects vanish, the traditional problems of this Maghrebi state are reemerging more powerfully than ever. Instead of reforms that enable the country to progress towards the model Maghreb

state into which Morocco should be transformed, what we have is a subtle contention of the situation in order to prevent it getting out of hand and becoming ungovernable. Governance is increasingly difficult in a country that is still waiting for changes yet becoming increasingly disheartened.

This deception could be reflected in two areas which continue to be fairly far apart in Morocco despite the existence of an institutional web that might suggest the opposite. These two environments are, on the one hand, those who govern the country and, on the other, those who are governed.

Indifference to the throne among members of the government and the multiple political factions that make up Morocco's own particular democracy could easily grow. This is a difficult issue to handle in a country where state and government remain entwined, in the style of the old rule. The necessary separation of political affairs, whether partial or preferably complete, was precisely one of the great hopes pinned on Mohammed VI when he came to power. Little progress has been made in this direction, though at least the king has firmly undertaken to replace the old guard of Moroccan politics—such as the omnipotent Dris Basri—with men he can trust and who, it is assumed, could be willing to shed the practices of traditional government and introduce a new style of greater openness.

Free elections, scheduled for 2002, have yet to be held. We will have to wait and see whether the monarchs and the Moroccan political class, so accustomed to authoritarianism, give way to a democratisation process far removed from traditional manipulation, allowing the true legitimation of political power. This challenge involves the country's ruling class, who will be responsible for promoting this progress, but it also affects the people. At the same time, we must also wait and see how the people behave if the elections effectively achieve the degree of freedom of vote that is aimed for.

However, the disillusionment of Moroccan subjects, referred to previously, is manifested and controlled in a different way to that of the government. The people are much more faithful to the monarch than the enlightened sectors, precisely for this reason, as they can be manipulated through propaganda and displays of force. And while political and economic affairs have far-reaching implications for support for the monarchy, this is no less true of social affairs.

The first of these issues is the illiteracy of Moroccan people. This is the main obstacle that is preventing some of the basic reforms from working and is therefore the most urgent of the changes Morocco

needs. However, it is a problem that cannot be solved in the short term. Indeed, it is a vicious circle that is difficult to break. Shortage of skilled labour is holding back economic development; but this potential workforce is fleeing the country as it fails to find jobs at home; and human resources are therefore lost while dependence on foreign countries grows.

The aforementioned vicious circle breeds social disillusionment and leads to the pursuit of alternatives to the shortcomings the government is unable to cover. In this connection it is necessary to understand Islamic fundamentalism which, although in check for the time being, is growing in Morocco.

Mohammed VI himself is well aware of the origin of Islamist movements and how they work. He therefore realises the danger of their joining the democratic game and eventually seizing power; however, it is even worse to marginalise them, as this gives rise to the clandestinity that leads them towards radicalisation and violence. Such a situation could even come to justify foreign interference in internal state affairs. Therefore, the king has chosen to adopt a permissive stance towards the two basic strands of Moroccan Islamism: the *Justice and Charity Movement* led by Abdelsalam Yassine and Abdelilah Benkirane's *Party for Justice and Development*, the former being much more radical than the latter. Mr Benkirane's party would be prepared to stand for election next year and is very likely to win a large number of seats in Parliament.

These movements are gaining huge significance in the analysis of the current situation, since the lack of hoped-for change, persistent poverty and urban and rural unemployment often become sources of social unrest and reasons for adopting the discourse of Islamism. In this respect we cannot ignore the wave of re-islamisation triggered by the attacks of 11 September throughout the world. Indeed, it is necessary to concede this fact the importance it deserves to explain some of the apparent incoherencies in the policy implemented by the monarch.

It is obvious that in order to counter this momentum a new governmental discourse needs to be adopted to prevent the lower classes from switching their loyalty. All in all, the need has arisen to boost Morocco's awareness of and loyalty to the king.

How this is reflected in bilateral relations

The previous paragraphs describe the internal situation of the neighbouring Morocco. This internal slowdown seems to be leading Mohammed VI to seek consolidation overseas. As a result his discourse has become aggressive and his political behaviour disproportionate and precipitous.

It is here that Spain's problems of neighbourhood with a country that has not yet set off on the path towards modernisation and democratisation come into the picture. Morocco is a neighbour with too many pressures of coexistence at home. These pressures are furthermore potential threats that other Maghreb states have already experienced and failed to find a suitable formula for other than repression or violence.

For this reason something is not working in relations between Spain and Morocco. Something which has upset for good the already delicate balance between Madrid and Rabat. This process has even spread beyond our chanceries to Brussels.

Early in 2001 relations began to grow tense and tangled, but to reduce the crisis between the two countries to the occurrences of these past months would amount to limiting a reality that has a much deeper past and a long-term future.

We would be well advised not to lose sight of important facts that affect bilateral relations: not only the change of monarch, but also the presence of the Socialist party in the government headed by Abdurrahmane Youssufi. Both circumstances were new in this year's negotiations.

As for recent months, it is absurd to seek victims and villains in a relationship in which both sides have played both roles. We have a case of controversial historical neighbourly relations. The longed-for and most likely sincere fraternity between Juan Carlos I and Mohammed VI is not sufficient. We are dealing with two different monarchies which have little in common as regards essential concepts and the way they work and even less so as regards the way they present and offer themselves to their subjects.

But aside from personal ties between the royal families, there are many areas in which Spaniards and Moroccans are oceans apart. Unfortunately, too many differences for two states that are destined to understand each other, for two states that stand much to lose from a break in diplomatic relations and lack of dialogue.

Based on the firm stance of commissioner Fischler, President Aznar

warned Morocco of the harsh consequences of what was described as an unacceptable attitude in the fishing talks. The foreign minister, Josep Piqué, subsequently summoned the Moroccan ambassador in Spain and contacted his Moroccan counterpart to warn of the untenable and newly unacceptable attitude towards the problems of illegal immigration and criminal organisations. King Mohammed VI reacted by criticising the Spanish government and asking at least for a recognition of shared responsibility. From this point onwards a number of Spanish and Moroccan mediators have filed past this gloomy scenario of bilateral relations.

The secretaries of state for the European Union and for foreign affairs, the director general for the Mediterranean, the Middle East and Africa and the corresponding Moroccan representatives—some of whom are personal friends of the monarch—have attempted to remedy a situation which, however you look at it, conceals deep-rooted ills. And finally, after the Spanish administration received several rebuffs, this string of misunderstandings which diplomacy has been unable to overcome finally culminated in the recall to Rabat of the Moroccan ambassador to Madrid, Abdelsalam Al Baraka, at the end of October.

The Spanish and Moroccan governments have attempted to treat this as a provisional measure and play down the seriousness of the situation. However, it is difficult for the average citizen to believe this image they are trying to convey of relations between the two countries, even though in political circles there has been talk up to only a few weeks ago of recovery and excellent relations.

For the time being it seems that the High-Level Meeting scheduled for December will not take place. The Madrid government certainly has pending issues to settle with that of Rabat, but the internal consequences could become much more serious for Morocco than for Spain.

As a result of the failure to reach an agreement on fishing matters, Spain has had to embark on the difficult path of restructuring the sector, but ultimately, despite everything it entails, this process is simply a specific part of the economy of a country undergoing full development within the European Union. Furthermore, as this was pointed out earlier and the process was completed before the year ended, the aid obtained from community funds is easing this economic and social transition.

It is not clear what Morocco's long-term objectives are. The Rabat

government's attitude towards fishing matters seems rather out of keeping with its interest in establishing a privileged relationship with the European Union.

In addition, nearly a thousand Spanish companies, such as major investors like Telefónica, Endesa, Sol Meliá and many others, are based on Moroccan soil creating jobs and giving impetus to the economic development of our southern neighbour. Some projects are still up in the air, such as that of Gas Natural which, although requiring a Spanish investment of Pta64 billion, which will be offset in the long run, would immediately create 2,000 direct jobs and 10,000 indirect jobs for Moroccans.

Further reasons justify economic relations between the states. Morocco is the beneficiary of Spain's main foreign financial programme to convert debt into private investments. Spain is Morocco's second trading partner.

Regarding another major issue, migratory movements, the two sides need to establish a dialogue leading to urgent formulas for solving it, but once again the south stands the most to lose. Clandestine immigration is growing by the day and this is just one manifestation of the difficult situation in Morocco. It is a country with an unemployment rate of around 25 percent. The profile behind this rate is a young active population willing to venture across the strait in flimsy boats in search of a hopeful future beyond the Maghreb. These immigrants arrive in Spain either to settle or on their way towards other parts of Europe, and it is here they earn an income that is sent to their families on the other side of the strait and paid into Moroccan bank accounts.

If we assess the aforementioned points, we may be struck by how much Morocco stands to lose from a deterioration in its relations with Spain, despite its attempts to make up for these quarrels by seeking relations with France. The question thus arises of how to explain the scant interest of the Moroccan government in a rapprochement with its Spanish counterpart, even though Spain is offering greater co-operation than usual.

It is difficult to ascertain the causes of Morocco's lack of coherence in its foreign policy. Perhaps one of the keys lies in the situation of the Sahara, a dispute over which the United Nations «threw in the towel» in June when it gave the go-ahead to the Baker Plan. And even more so when it ended the MINURSO mission, although a token presence still

remains.

This region, which the Moroccan monarch visited personally in late October, is vital to Mohammed VI for several reasons. Annexation of the Sahara would signify a considerable economic recovery as it would enable Morocco to exploit the area's natural resources, particularly oil, providing it with greater independence and new international partners. This economic potential would bolster its strategic position. The Sahara is also a means of reinforcing the national identity of a kingdom which has always been characterised by its expansionist ambitions. It represents the reaffirmation of the king in the eyes of the Moroccan people.

Spain is in an awkward situation all round with respect to this thorny issue. On the one hand, its colonial past continues to weigh heavily on Spanish public opinion, and, much to Mohammed VI's regret, freedom of opinion and expression cannot be stifled in a democratic country. The stance of the government itself, which now takes pains not to mention the issue at all, is in keeping with the international ideas which, while agreeing to the creation of an autonomous state within Morocco, advocate holding a referendum. Neither is this position to the liking of the monarch, who is taking advantage of Ceuta and Melilla to create tension.

All in all, relations between Spain and Morocco are one of the clearest signs of the serious problems the Alaouite monarchy is currently experiencing. They serve to distract the attention of Moroccan citizens from the instable internal situation and are yet another means of cleaning up the image Mohammed VI presents to his own people.

As long as the Moroccan monarch is unable to promote internal reforms leading to democratisation, social stabilisation and economic development, there will always be a conflictive relationship with other countries, with Spain the worst affected. Diplomatic quarrels, the problem of immigration, the Sahara and other arguments can always be cited to justify bad neighbourly relations, but the conflict that needs solving lies inside Morocco.

Only by interpreting events in this way can we even begin to understand the contradictory and inexplicable developments in Spanish-Moroccan dialogue.

OTHER MEDITERRANEAN ISSUES

Had the events of 11 September not occurred we would perhaps have devoted a longer analysis to other Mediterranean questions that are currently lying dormant or forgotten but will at some point reawaken and have repercussions on strategy. At the moment the stage lights are off, though perhaps the TV cameras will not take long to focus our attention on another pending issue: Turkey and Cyprus.

It has not been a brilliant year for Turkey as regards domestic affairs or its international position. We should not forget that this country suffered one of its worst earthquakes ever a couple of years ago and this has left a huge dent in its economy, sparking political differences in Bulent Ecevit's government. The delay in the country's economic recovery has had a devastating effect on its financial situation since then and reached a crucial stage in the first months of the year.

The economic crisis has damaged the credibility of the government and inclined the population to support the president of the republic, Ahmet Necdet Sezer. The Virtue Party, the main representative of Turkish Islam, called for the resignation of the executive bearing in mind the political confrontation between the prime minister and the president on some occasions. However, the traditional parties refused to hold new legislative elections in which the radical sectors would have obtained a clear advantage from the crisis.

The Turkish financial system verged on collapse, jeopardising the working of the state machinery. To prevent this happening, in February the International Monetary Fund had to step in to inject the public coffers with a \$11.5 billion loan on the condition that the government speeded up the opening of the economy and privatisation of communications and banking and kept inflation in check. A collapse of the Turkish financial system could have dangerous repercussions on other emerging markets both in Eastern Europe and Latin America, where many international creditors have placed their investments.

These circumstances have largely affected the stability plan to lick the economy into shape and prepare for Turkey's accession to the European Union. Even so, Turkey has continued with the reforms to meet the requirements of EU enlargement since being appointed a candidate in 1999. The government has shown its willingness to review the penal code and abolish the death penalty; this will affect the leader Abdullah Ocalan and will serve to ease tensions in Turkish Kurdistan. However, although some progress has been made, the country still has a long way to go before it comes anywhere near the criteria on democracy and respect for human

rights upheld by the rest of the European Union states, according to the EU Parliament's report presented in October. For example, it needs to banish the military permanently from political life and the state institution and put an end to corruption, which has reached alarming levels.

On another note, Turkey announced its willingness to maintain good relations in order to settle the division of Cyprus and support the United Nations' mediation efforts. However, in this respect it has taken one of the worst knockings that could be expected, as the European Union has confirmed the Republic of Cyprus's candidature for 2005. Whereas the Greek Cypriots regard integration into Europe as the solution to a conflict that has been dragging on since 1960, many Turkish Cypriots—backed by Turkey—feel they have been betrayed by the international community, which has settled the situation without taking into account their wishes. They also fear that, in view of how the European Union works, the coalition of Greece and Cyprus in future could prevent Turkey joining.

For its part, the Nicosia government regards EU membership as a guarantee that Turkey will not dare divide the northern part of the island. However, as of year end, we cannot fully confirm these expectations. At the beginning of November, the Turkish prime minister had no qualms about announcing that if Cyprus joined the EU, the Ankara government would annex the Turkish Republic of Northern Cyprus. What Mr Ecevit will have to establish is whether the Turkish Cypriots regard Turkey as their «fatherland» or, on the contrary, whether they identify with the Republic of Cyprus.

Cyprus is a small island but of vital strategic importance. Turkey, which is well aware of this fact, attempts to make the most of it. We should not forget that despite its difficult relations with the European Union, Turkey is a member of NATO and is furthermore a cornerstone in the defence of the Eastern Mediterranean. And it has not hesitated to give the EU a taste of its own medicine. In May it continued to oppose European Union access to Alliance assets to develop the project to set up a Rapid Reaction Force scheduled for 2003. In the end the mediation of Britain and the United States managed to break the deadlock, though in exchange for certain conditions. Although the problems between Europeans and Turks have yet to be resolved, at least the latter gained a greater participation than initially assigned.

In any event, this chapter on the Cyprus-Turkey-EU triangle in 2001 remains unfinished. It will be food for thought in the not so distant future.

Other serious matters have yet to be mentioned in the Mediterranean. I do not wish to end without at least recalling that the Algerian crisis has yet to be resolved. Although they have died down considerably, the killings of Algerian people committed by Islamic fundamentalists have not ceased. The problem with the Berber population reached a head and during the month of June sparked huge demonstrations and riots in Algiers, and a violent reaction from law enforcement. President Bouteflika has set in motion a programme of support and economic development for the period 2001-2004, but this has failed to prevent the serious political and social conflicts that are ravaging the country, at least for the time being.

Spain, for its part, is preparing for the EU presidency and has continued with its diplomatic contacts with the main political leaders of the Mediterranean.

Following this review, one question remains to be answered: Where is the Mediterranean heading? Perhaps the events of 2001 make this practically impossible to answer.

CHAPTER FIVE

IBERO-AMERICA

IBERO-AMERICA (*)

By MARCELINO DE DUEÑAS FONTÁN

GENERAL OBSERVATIONS

Ibero-America, the future Ibero-American Community of Nations, is for many a hope, an ambition and a source of huge potential energy which could be released in the not too distant future. The fact is—and regrettably so—that the Ibero-American countries, which possess rich resources and an important culture, have failed to develop sufficient political and social mechanisms so as to ensure their 500 million inhabitants the well-being, freedoms and equal opportunities to which they are entitled.

The year 2001 has been particularly adverse. The earthquakes, floods and terrible drought have wiped out populations and crop harvests in Central America and part of the Andean community. *Argentina* has been plunged into serious financial turmoil which is jeopardising the country's future. Mexico has yet to integrate properly its hugely diverse indigenous communities into public life. Colombia could be hurtling towards an open conflict. Venezuela has entered a phase of growing instability whose outcome seems increasingly uncertain...

However, the growing cohesion of the Ibero-American countries suggests that, looking beyond the current circumstances, an encouraging future lies in store. The envisaged creation of the *Free Trade Area of the*

(*) 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.

Americas (FTAA) in 2005, which must be compatible with other initiatives under way, will no doubt be a determining factor in these countries' achievement of the prosperity and the social progress they need.

GEOSTRATEGIC SITUATION

The diversity of the Ibero-American countries is very marked. Of their almost 20 million sq m, 1.97 belong to Mexico; the other eight countries of Central America and the Caribbean account for a mere 0.67 million; and the ten South American states span 17.33 million sq m, of which 12.63 relate to the enlarged MERCOSUR countries and 4.70 to the Andean community. The distribution of the area's 500 million inhabitants displays the same lack of uniformity.

It is important to stress the relative size of South America, which accounts for 86.7 percent of the total area of Ibero-America and two-thirds of its population, while the *enlarged MERCOSUR* represents 63 percent of this area and 45 percent of the population.

There are many more similarities than differences between the Ibero-American countries. Their most important link is their culture, inherited from Portugal and Spain and from the languages of Camoens and Cervantes, whose relationship is clear. Another link, Christian and Catholic presence, should contribute to the development of bonds between the different peoples. When he conferred cardinalships on 37 prelates on 21 February, Pope John Paul II raised the number of Ibero-American cardinal electors to 33, that is, one third of the College who will elect the next pope. In so doing he acknowledged the great specific weight of the Ibero-American clergy within the Roman Catholic Church.

There is a very large number of ethnic groups in the area, over 200. Unfortunately, according to the president of the Inter-American Development Bank (IDB), Enrique V. Iglesias, the marginalisation of the indigenous populations is very pronounced in Mexico, Bolivia, Brazil, Guatemala, Peru and Ecuador and has a very high social and economic cost. At an event held at the Casa de América in Madrid on 15 March, the Prince of Asturias spoke of the *full participation of the indigenous population* as one of the major tasks Ibero-America needs to address in the century that has just begun.

The Ibero-American countries possess rich natural resources, particularly hydrocarbons, mining, agriculture and fisheries. The least privileged

areas are undoubtedly Central America and the Caribbean, which depend excessively on the primary sector.

Central America is an area frequently beset by natural disasters, particularly earthquakes, but also volcanic eruptions, storms and floods. Over 80 percent of the seismic and volcanic energy released throughout the planet is concentrated in the circum-Pacific belt or so-called *ring of fire*. This region borders the Pacific Ocean, stretching from southern Chile, Peru, Ecuador, Colombia, Panama, El Salvador and Mexico to the United States, though it continues through Japan, Taiwan and the eastern coast of Australia.

The maritime disputes which still exist are aftereffects of the entry into force in 1994 of the United Nations Convention on the Law of the Sea. The Exclusive Economic Zone, or 200-mile wide belt adjacent to the coast, over which the coastal states exercise jurisdiction, enables them to regulate access to certain natural resources (fisheries, oilfields, etc.) and certain trading activities. In addition to the dispute in which two neighbouring countries are engaged (Suriname and Guyana) over an oilfield, a further two quarrels involve Nicaragua, Honduras and Colombia and Honduras and Guatemala.

On dry land, the border disputes between Guyana and Venezuela and between Belize and Guatemala drag on unresolved, though, unlike the past, there is no risk of military confrontation.

The main risk factors in Ibero-America are the rebel groups inaptly termed «*guerrillas*» (since this term has a basically tactical meaning) and the paramilitary militias. Both types exercise armed opposition to the government and have long track records of terrorism, kidnappings, assassinations and crimes against humanity, however much they claim to serve some altruistic aim. They are financed by activities relating to international organised crime, including drug trafficking, production of chemical precursors for refining drugs, money laundering and arms dealing.

It is reckoned that coca and opium poppy plantations, the largest of which are located in Colombia, Peru and Bolivia, span some 120,000 hectares and that the annual proceeds of drug trafficking amount to \$300 billion. The drug-producing laboratories are located in the three aforementioned countries and in Mexico. The two main drug routes are: from Colombia, through Peru, Ecuador and Mexico to the United States; and from Colombia to Europe via Brazil.

To be successful, the fight against drug trafficking requires international collaboration, both in procuring and co-ordinating the necessary military resources and in sealing borders effectively and substituting crops in order to provide the thousands of families who are economically dependent on drug cultivation with alternative means of earning a decent living. This is being done in Colombia.

THE COLOMBIAN CONFLICT

President Pastrana's tremendous determination enabled the government's talks with the Revolutionary Armed Forces of Colombia (FARC) to be resumed early in February. The result was the thirteen-point «Los Pozos Agreement» which was to be put to the test in the following nine months. It was established that delegates from both sides would meet to discuss a ceasefire and cessation of hostilities. It was also agreed to hold periodic meetings and certain humanitarian prisoner exchanges were agreed on.

The exchanges were soon begun. On 15 February the FARC released 62 child-soldiers and promised to reintegrate a further 550 minors into civilian life. According to UNICEF, some 6,000 minors were used as combatants in Colombia at the beginning of the year. In June the FARC freed 360 soldiers and members of the security forces whom they had been holding as prisoners, many for three and a half years. The talks were suspended in August after the FARC kidnapped three German citizens.

The talks between the government and the National Liberation Army (ELN) were interrupted on several occasions throughout the year owing to the organisation's demands for the establishment of a «*meeting area*», which, like those of the FARC, were unacceptable. They were resumed in November, almost around the same time as the Ibero-American Summit in Lima.

Plan Colombia continued to arouse mistrust both in the border countries and among the FARC owing to the military component of US aid. However, over time they came to realise the greater social and economic component and their fears gradually subsided. At the *Andean Summit* in Cartagena de Indias in April, Mr Pastrana had a chance to explain the Plan once again to his colleagues from the other countries. Following this explanation the Venezuelan president, Hugo Chávez, said that his doubts had been clarified and that he would unreservedly support *Plan Colombia*.

Plan Colombia appropriately links economic development to the peace process with the rebels. Of the \$7.5 billion, of which four will be provided by

Colombia and 3.5 by the international community, only 1.3 are earmarked to the *hard component*, that is US military aid, while the rest goes to the *soft component* (the peace process, alternative development, social participation, human development, economic aid and fiscal and judicial reform).

At the end of April the European Union approved a significant €338 million package, including the €105 approved in 2000 and the €100 contributed by Spain. This aid is designed to promote different economic and social development projects and projects to reinforce human rights and institutions over the next six years.

The macabre list of kidnappings and assassinations carried out by the three terrorist groups—the extreme left-wing FARC and ELN, and the extreme right-wing paramilitaries known as the Self-Defence Union of Colombia (AUC)—continued to grow longer as the year went by. The FARC, with over 16,500 men, are one of the biggest and most powerful armed organisations in the world. The ELN has over 4,500 men and the AUC some 8,000.

In April alone the FARC were responsible for 50 killings and the paramilitaries (AUC) murdered 45 people, while ELN kidnapped 34 Colombian workers employed by the US company Occidental (Oxy), whom they held for several days. A journalist, Flavio Bedoya, was also murdered, though it is not known by which group. In June the FARC prevented the Argentine football team from taking part in the America Cup and in July they kidnapped 15 people, including three German relief workers, as mentioned earlier, and a former Colombian governor travelling in a UN car. Fighting between the army and the FARC intensified in July and August, giving a death toll of 137 rebels and 15 soldiers.

In August the press reported a wave of attacks by ELN in several cities. In September the vice president of the peace committee of the lower house, Jairo Rojas, was assassinated, though it is not known by which group, and the Colombian Attorney General's wife, Consuelo Araújo Noguera, was killed by the FARC, who had been holding her hostage. And in October the Liberal congressman Alfredo Colmenares was murdered by one of the groups.

In May Amnesty International released some shocking figures for the year 2000, which showed that the conflict was becoming bloodier and bloodier: over 4,000 murders, 300 missing persons, 300,000 displaced people and 1,500 people kidnapped by the FARC, ELN and AUC. In June a report

by the United Nations revealed that over 75 percent of the massacres and human rights violations are committed by the paramilitaries (AUC). In October the US organisation Human Rights Watch (HRW) denounced the Colombian army's connivance with the paramilitary groups that are *responsible for the most serious human rights violations committed in the country* and provided a host of data proving the existing connections.

The links between the terrorist groups of different countries became apparent during the year, particularly after the savage attacks of 11 September in New York and Washington. Three IRA members who had been in contact with Marxist rebels of the FARC, whom it seems they trained in explosives handling, were arrested in Bogota in August. Days later it was discovered that the FARC had turned to the IRA and to ETA for training in urban terrorism and paid for these services with large amounts of dollars from drug trafficking. It also became known that Interpol was trying to trace in Colombia some 200 foreign terrorists who advised the Colombian organisations on training. According to the Colombian General Martín Alonso Carreño, the presence of ETA gunmen in Colombia had been confirmed; apparently, they taught the ELN to handle explosives and prepare car bombs.

Light began to be shed on the role played by *Cuba* when the Cuban dictatorship admitted that one of the people arrested in Bogota was the island's Sinn Fein representative. Shortly afterwards it became known that at least 20 Cuban instructors taught terrorists to fly helicopters in the demilitarised area controlled by the FARC (*«zona de despeje»*).

The data provided by General Tapias, commander general of the Colombian military forces, on drug trafficking in mid-March were highly revealing: 10 percent of the value of the coca grown goes to the *«guerrilla»*, paramilitaries and peasants, while the other 90 percent ends up in the pockets of the drug traffickers, who are mostly Americans and Europeans.

In October the Washington government stated that the three Colombian groups, FARC, ELN and AUC, had been added to its blacklist of international terrorist groups and announced that it would be combating head-on the financing of these groups, who thrive on drug trafficking and *are comparable to the Taliban of Afghanistan*.

INTEGRATION INITIATIVES

Different groups of countries have launched many initiatives clearly aimed at creating possible areas of economic and political convergence. These include the System of Central American Integration and the Association of Caribbean States (ACS/AEC), to which the Ibero-American countries of the area except Cuba and the Dominican Republic belong. This republic and Belize have observer status within the ACS. The second summit of ACS heads of state and government took place in Santo Domingo in April 1999. No further meetings of these groups have been held.

The *Regional Consultative Group for Central America*, which includes eight countries, from Mexico to Panama, met on 8 and 9 March in Madrid to discuss the reconstruction of El Salvador following the recent disasters. The previous meeting had taken place in Stockholm, after hurricane Mitch. The group's aims are Central American integration and co-operation, the reduction of poverty, encouraging competitiveness in a globalised economy and protecting biodiversity in the area, which accounts for 10 percent of world biodiversity.

An *Andean Summit* took place at Cartagena de Indias (Colombia) on 19 April, called by the Colombian president, Andrés Pastrana. As is well-known, Bolivia, Ecuador, Colombia, Peru and Venezuela are members of the *Andean Community of Nations* and Panama is an observer. The Summit dealt almost exclusively with *Plan Colombia*, which Mr Pastrana explained in detail to his partners.

MERCOSUR comprises Argentina, Brazil, Paraguay and Uruguay as members and Chile and Bolivia as observers. Of these two countries, Chile is nearest to joining and is therefore generally considered part of the economic area known as *expanded MERCOSUR*.

It is now over a year since the Brasilia declaration was adopted after the summit of the twelve South American countries on 31 August and 1 September 2000 during which it was proposed to set up in the Free Trade Area of South America, ALCSA. This area is to integrate the expanded Mercosur and the Andean Community from 2002, although the subsequent incorporation of Guyana and Suriname is also envisaged.

No doubt the most important initiative relates to the *Ibero-American Community of Nations*, an idea developed at the successive annual summits of heads of state and government of the 19 Ibero-American countries plus Spain and Portugal.

RELATIONS WITH THE UNITED STATES AND THE EUROPEAN UNION

The signature of the North American Free Trade Treaty (NAFTT) by Canada, the United States and Mexico in 1994 marked the establishment of the North American Free Trade Agreement (NAFTA). Seven years on, the increase in trade between members, particularly between the United States and Mexico, has been spectacular.

The *Treaty on the Free Trade Area of the Americas*, which was signed at the *2nd Summit of the Americas* held in Quebec (Canada) in February 2000, includes the commitment to set up the *Free Trade Area of the Americas* (FTAA) in 2005. At the *3rd Summit*, also held in Quebec, on 20-22 April 2001, it was stressed that the negotiations for establishing the FTAA should be finalised by January 2005 and that a democratic regime is an essential requisite for membership of the *great family of the Americas*.

Although the Bush administration gives high priority to the economic integration of the Americas, enthusiasm for this goal does not appear to be particularly strong in the United States. Furthermore, two countries have major reservations about the FTAA: *Venezuela*, which is upset by the democracy clause, and *Brazil*, which appears to find 2005 rather premature.

The *Rio Group* is an organisation set up in 1986 to promote dialogue and co-operation among the nations on the continent. It is made up of 18 Ibero-American countries (all except Cuba) and Guyana. The *13th Group Summit* was held in Mexico on 30 March 1999 and the following one took place on 17 and 18 August 2001 in Santiago de Chile. The Argentine economic crisis was analysed with concern at the latest summit.

Of the four generations of agreements signed by Europe and different Ibero-American countries since 1971, the most important are the latest ones with MERCOSUR in 1996, with Chile, also in 1996, and with Mexico in 1998. They all regulate free trade between the parties concerned.

Trade relations between the *European Union* and *Ibero-America* progressed more than ever before at the *1st Summit of Heads of State and Government of the European Union, Latin America and the Caribbean* held on 28 and 29 June 1999 at Rio de Janeiro and attended by 48 heads of state and government. The *Rio Declaration*, in addition to other issues relating to democracy, human rights, etc., included the preliminary agreement signed by the EU and Mexico on the establishment of a *Free Trade Treaty* which could enter into force in July 2000, and the commitment to

establish an interregional free trade association between the EU and enlarged MERCOSUR, for which talks on abolishing trade barriers were to begin on 1 July 2001.

How much real progress has been made will become clear at the *2nd Summit* scheduled to take place in Madrid during the Spanish presidency of the European Union. The timeframe for the development of the *EU-expanded MERCOSUR* agreement is similar to that of the FTAA—that is, it could be finalised in 2005 or 2006. The Andean community of Nations and the countries of Central America and the Caribbean are expected to join later. Possible agreements with the US and the EU are regarded in Ibero-America as complementary and perfectly compatible options.

With respect to the aid the European Union provides to Ibero-America through the *Official Development Assistance* (ODA) funds, Spain continues to play a predominant role. It also continues to co-ordinate all aspects of its position towards Ibero-America in the EU with Portugal, particularly support for cancelling the debt of the countries with the greatest economic difficulties.

POLITICAL DEVELOPMENTS

In Mexico, the most significant issue was the conflict with the Zapatist National Liberation Army (EZLN). «Subcomandante Marcos» is the name adopted by balaclava-clad Rafael Sebastián Guillén Vicente, born in 1957 in Tampico (Tamaulipas) to a Creole family. He studied with the Jesuits in Tampico and earned a degree in philosophy and letters from the Universidad Autónoma de México (UNAM). His hatred of liberalism and the system led him to frequent Marxist revolutionaries and later to become leader of the EZLN and champion the defence of indigenous peoples' rights.

Since being sworn in, President Fox attempted to settle the problem of Chiapas, the stronghold of the EZLN. He therefore conveyed to Marcos his willingness to agree to his requests if the «*Zapatists*» laid down their arms and reached an agreement. These requests were the dismantlement of seven military points in Chiapas, the release of over 100 Zapatist prisoners and the reform of the Constitution to recognise expressly native Indian rights and culture. He also allowed Marcos, with the representation of 56 Mexican ethnic groups and over 10 million native Indians, to organise and stage the 3,000 km march (not really a march as vehicles were used) to be

carried out in 15 days by a large group of native Indians to Mexico City, which was known as the «Zapatour».

The march, for which tight security measures were implemented, ended with the arrival on 12 March at Mexico City's Zócalo or central square (the biggest square in Latin America) of the Zapatist expedition led by Marcos and his 23 rebel *comandantes*. They were welcomed by over 100,000 people in what was more a folkloric than a political demonstration. As a result of the talks begun the following day, the government studied the bill on indigenous rights and culture, freed 90 Zapatist prisoners and withdrew from four of the seven military sites.

On 26 March the Senate passed the law and on the 29th it was passed by Congress, with various modifications. It was hoped, to no avail, that these would be acceptable to the Zapatists. The government enacted it on 14 August. Although President Fox considered that this episode was a closed issue, it is not really known what may happen in future. In any event, the Zapatists should realise that the law is a historic achievement and that the time has come to lay down their weapons and become involved in politics.

The meeting with the US president known as the «*Ranchers' Summit*» took place on a ranch belonging to President Fox's family in February. Mr Bush wished to grant Mexico the distinction of being the destination of his first presidential trip. Mr Bush offered to help boost the economic development of Mexico, 40 million or so of whose 100 million inhabitants live in poverty, and study a way of solving the problem of the over three million Mexican immigrants who live clandestinely in the United States. On the visit President Fox paid to the United States in September, he again expressed an interest in the desirable legalisation of immigrants. For his part, Mr Bush stated that Washington *has no more important relationship in the whole world than the one that binds it to Mexico*.

Another important feature of Mexico's foreign policy is undoubtedly Spain. President Aznar's visit to Mexico early in July had a twofold aim of commanding further support for Spain's antiterrorist efforts by extraditing ETA members from the Aztec country to Spain and fostering trade between Mexico and the European Union (EU). Mr Aznar also explained to President Fox the objectives of the Spanish EU presidency in 2002.

In October President Fox paid a state visit to Spain, preceded by an informal trip. During the latter he met the Colombian President Andrés Pastrana and the Spanish premier José María Aznar at Quintos de Mora

(Toledo) where, among other issues, all three leaders expressed their determination to co-operate in combating terrorism. During his official visit, Mr Fox met the king and attended the *Second International Spanish-Language Summit*. He also held a meeting with Spanish businessmen, during which he called for strengthening trade relations between the two countries and mutually facilitating access to the biggest markets in the world: the EU and the US.

Mr Fox's electoral promises were perhaps too ambitious. Early in May he was forced to admit that the annual growth rate would be five percent rather than the seven he had promised, that it would take time to settle the Chiapas problem for good and that he found himself obliged to renounce a significant part of his announced fiscal reform. All this led to a slight fall in his popularity, which was noticeable on 1 September when he gave his report on government nine months after taking over the presidency of the country. The report clearly reflected the gap that often exists between what is desirable and what is possible. The challenges of combating poverty (18 percent of children aged under 14 work in Mexico), corruption and drug trafficking are substantial and the goal, rather than pursuing the impossible eradication of these ills in the short term, should set different partial achievements enabling rapid progress to be made the right direction.

The opposition Institutional Revolutionary Party (PRI), which appointed a new secretary general in mid-May, lost the government of the state of Yucatan on 27 May and on 5 July won by a very narrow margin the state of Tabasco, one of its last strongholds after falling from power in Mexico last year.

In *Central America and the Caribbean* the widespread drought and seismic movements devastated several countries and worsened the problems of the already highly impoverished economies.

The most significant events in *Guatemala* were the possible trial for fraud of Efraín Ríos Montt, the former dictator who had begun the year as president of the parliament and was stripped of his parliamentary immunity, and the trial of those responsible for the murder of Bishop Juan Gerardi in 1998, in which three military were found guilty and imprisoned. Also worthy of mention is the UN's denunciation of the «*de facto apartheid*» of the native Indians of Guatemala, who account for 60 percent of the population.

Work to reconstruct the parts of *Honduras* ravaged by hurricane Mitch

in 1998 continues slowly. Spain has contributed over Pta8 billion to these efforts. However, during the year the food shortage became a serious problem owing to the severe drought which affected almost 80,000 Hondurans. Ricardo Maduro, the candidate of the opposition Nationalist Party, beat the governing Liberal Party candidate, Rafael Pineda, in the presidential election held on 25 November.

Between January and February three earthquakes caused very serious damage in *El Salvador*, killing over 1,500 people, leaving some 350,000 families homeless, and causing economic losses of nearly \$2 billion. This tragic occurrence put paid to the reconstruction undertaken following the hurricane Mitch disaster. Spain came to the country's assistance from the outset sending rescue equipment, material and financial aid. The Queen, who was touring the different Central American countries, personally visited the area worst hit by the earthquake.

The President of *Nicaragua*, Arnoldo Alemán, visited Spain in mid-March to attend the meeting of the *Consultative Group for Central America*. He was received by the King and held working meetings with the president of the government and businessmen from different sectors. Spain promised to help Nicaragua pay its debts and to grant it a Pta5.4 billion loan to relieve the serious problems of the coffee growers, the sector worst affected by the continued drought.

The presidential election took place on 4 November. Enrique Bolaños, the candidate of the (right-wing) governing Constitutionalist Liberal Party beat former president Daniel Ortega of the (left-wing) Sandinist National Liberation Front by over 13 points, while the third candidate secured only a token percentage of the vote. All this is due to the Alemán-Ortega pact, an arrangement, secret only in origin, whereby only three parties can stand for election and which in practice assures a two-party system. This measure does not seem to have done Nicaragua much good.

Costa Rica is Ibero-America's most deeply rooted democracy. During his visit to Spain in mid-April, President Miguel Angel Rodríguez spoke of the importance his country attaches to Spanish support for its development and, in particular, to its role of a bridge to the European Union, and called for increased Spanish investments in Costa Rica. He also announced that within ten years' time his nation will follow in the footsteps of Argentina, Ecuador and Panama by adopting the dollar as its currency, despite the disadvantages of such a measure.

April 2001 was the 40th anniversary of the Castro regime in *Cuba*. A few months later, in August, Fidel Castro celebrated his 75th birthday «*in the land of Bolívar*», as he had announced, accompanied by one of his few remaining friends in the international concert: the Venezuelan president, Hugo Chávez.

It has been a hard year for Mr Castro. For the 11th time in 12 years, his regime has been condemned by the United Nations Commission on Human Rights; the Russian president Mr Putin told him he would be closing down the Lourdes base, the biggest spy base outside Russia; and Cuba was excluded from the 3rd Summit of the Americas since, according to the Canadian government which was organising the summit, Fidel Castro's Communist regime is not «*part of the great family*», owing to its lack of respect for democratic rights. Neither did Canada support Cuba's presence in the Organisation of American states (OAS) or, like the United States, in the Free Trade Area of the Americas (FTAA). Mr Castro furthermore suffered a worrying fainting fit during a rally on 23 June; this may have been what led him to confirm that his younger brother Raúl would be his successor as leader of the regime, in a grotesque attempt to perpetuate a dynasty as anachronistic as it is impossible.

The support Mr Castro lent the anti-globalisation protests at the beginning of August and the statements he made at Durban the following month attempting to capitalise on the supposed antislavery stance of the Castro regime are two examples of how some leaders clamour for freedoms abroad and curtail almost all of them at home.

Cuba's relations with the United States were greatly conditioned by the embargo, that is, by the implementation of the Helms-Burton Act and by the presence of a significant number of Cuban exiles in America, particularly Miami. Several factors caused tension between both countries to mount: the conviction of five Cuban spies by the US justice in June; the attempt by ten exiles' organisations to prosecute Mr Castro in August; and the arrest in Miami of Eriberto Mederos, a former Castrist torturer who was an expert in *electroshock* techniques. However, the most important was President Bush's pragmatism in suspending, as Mr Clinton had done before him, the application of Title III of the Helms-Burton Act. This furthermore helped ease the tension of one of the thorny aspects of the US's relations with the European Union.

Spain's advocacy of free elections at the *105th Conference of the Inter-Parliamentary Union (IPU)*, held at Havana at the beginning of April, and

the appointment of Jesús Gracia as Spanish ambassador to Havana were the most salient features of relations between the two countries. For its part, Spain continued to encourage the EU presidency to relax the European stance towards Cuba.

Cuba's situation became very delicate in August when its connection with Colombian terrorist groups, to which it had been providing training, became known. Following the terrible attacks in September, Cuba joined the other Ibero-American countries in their firm condemnation and conveyance of solidarity towards the US. The sincerity of Mr Castro's words is doubtful: not only does Cuba support Colombian terrorists—dozens of ETA terrorists roam the island with all the security imaginable; Mr Castro was furthermore the only leader who did not sign a declaration condemning the Spanish terrorist organisation at the last Ibero-American Summit.

The effects of hurricane *Michelle*, which ravaged the island early in November and, according to experts, was the worst hurricane of the past 50 years, although very considerable—five people killed, 70,000 evacuated and significant damage—were nonetheless not as bad as expected, owing no doubt to the well organised preventive measures adopted.

In the *Dominican Republic* Hipólito Mejía's government continued to perform its functions amid full democratic normality. However, a major problem that needs to be solved is the many Haitian immigrants who work on the sugar cane plantations practically as slaves.

Panama, whose Andean vocation has earned it observer status in the *Andean Community of Nations* (CAN), has continued on the path of political and economic stability.

As for the *Andean Community*, apart from some worrying issues, the elections in *Peru* appear to have brought a breath of fresh air to the area.

Venezuela agreed reluctantly to the «*democratic clause*» signed on 22 April by the 34 leaders who took part in the *Summit of the Americas* in Quebec. The Venezuelan president, Hugo Chávez, who had just declared he had been a fervent Maoist since he served as a military cadet, wished to make known his misgivings about the possible future adoption of economic measures against the authoritarian regimes in Ibero-America. Venezuela's increasing flirtations with countries such as Cuba, Iran and Iraq and its lack of enthusiasm for the FTAA were a permanent source of concern, particularly in the United States. Furthermore, Mr Chávez's statements of being prepared to declare a «state of exception» were the prelu-

de to an obvious deterioration in his political stance and to a progressive dwindling of the social support he still commanded. By the end of November, protests at the *Cubanisation* of the country were loud and clear, Mr Chávez had lost recent trade union elections and his popularity had declined to 13 percent. There seem to be serious doubts as to how long he will be able to remain in power.

Mention should be made of the price of oil in Venezuela in the final months of the year, which plunged to under \$16 per barrel, and the pressure Mr Chávez put on the OPEC to cut production and raise prices. It should also be pointed out that at the beginning of November Venezuela's National Assembly unanimously approved an agreement expressing support for the Spanish government in its fight against terrorism. This is something to be grateful for, particularly bearing in mind the influence of the large Basque population in Caracas, where so many terrorists hide out.

In *Colombia* the most important issue President Andrés Pastrana has had to tackle this year was the resumption of the peace process with the FARC and ELN. The lack of clear progress in the talks has greatly disheartened Colombian people. Dismantling the AUC could turn out to be just as difficult given its members' thirst for vengeance, which makes it seem doubtful that they would settle for the laying down of weapons and subsequent conversion of the FARC and ELN into political forces.

Colombia maintained close relations with Spain during the year, not only with respect to trade and investments but also to the regulation and control of migrations, on which the countries signed an agreement in May. President Pastrana's visit to Spain, where he met the Mexican and Spanish premiers at Quintos de Mora (Toledo) and attended the *Second International Spanish-Language Congress*, helped enhance the ties of friendship between the three leaders and reaffirm their collaboration in combating terrorism.

President Pastrana has a lot still to do and little time left. The main problems are combating drug trafficking (Colombia produces over 80 percent of the cocaine consumed throughout the world and two thirds of the heroin consumed in the United States), terrorism and poverty. Among other things, poverty is responsible for the fact that thousands of children are combatants, involved in drug trafficking or work in the mines. It is logical that the popularity of Mr Pastrana, who has fought on all three fronts and clashed with many interests, should have waned considerably as a result of these efforts. The Liberal Party and its presidential candidate Horacio

Serpa hope to benefit from these circumstances in the forthcoming elections.

Admittedly, there are many problems to be solved in Colombia and this is a difficult task. However, international understanding is increasing and those who attempt to improve the situation will eventually see their efforts pay off. What is more, the country has significant resources: it is the second largest producer of coffee, the fourth largest producer of palm oil and one of the biggest exporters of emeralds; and it possesses significant oilfields and a huge, attractive Caribbean coastline. It will play a very important future role in Ibero-America and in the world.

In *Peru*, the aftermath of the shady dealings of Messrs Fujimori and Montesinos did not cast too great a shadow over what was a major event for the nation and the beginning of a new and hopeful age—the presidential elections. What is to be regretted is the devastating effects of several earthquakes in the south of the country.

In February, the handing over to the prosecuting authorities of the first of Vladimiro Montesinos's video tapes that compromised Mr Fujimori triggered a wave of accusations against the former president: unlawful enrichment and misappropriation of public funds, breach of duty and the extrajudicial execution of the terrorists of the Tupac Amaru Revolutionary Movement (MRTA) who laid siege to the Japanese embassy in 1997. In April Congress filed constitutional charges against him of complicity, rebellion, conspiracy to commit offence and treasury fraud. Perhaps the evidence of these very serious accusations was what led the military high command to condemn the coup of 1992, which it had backed, and resign en masse. In May the national prosecution service announced that Mr Fujimori would be tried for the homicide of 15 civilians in November 1991. In August, the Peruvian justice issued an international arrest warrant against the former president after he failed to appear in court and the Peruvian Congress filed constitutional charges of crimes against humanity for the killings in 1991 and 1992; even so, the Japanese government stated it would not extradite Mr Fujimori.

As for Vladimiro Montesinos, once Mr Fujimori's right-hand man, all his shady dealings were gradually disclosed throughout the year. It was obvious that he was linked to high-ranking military officers involved in murky affairs, had diverted huge sums of money to tax havens and was connected with drug trafficking, of which the known criminal Chávez

Peñaherrera gave an ample account in early February. In addition to his duties as chief of security, Mr Montesinos also spied on Mr Fujimori's meetings at the government palace. On 24 June, having been charged with drug trafficking, money laundering, arms dealing, violation of human rights and terrorism, with a total of 38 pending trials and 140 enquiries, he was arrested in Venezuela and brought to Lima, after the attitude of Mr Chávez's government sparked the mistrust of Peruvians and led to the recall of ambassadors.

Days later it became known that Mr Montesinos and some military officers had been paid huge commissions on the purchase of materiel, particularly three MIG-29s from Russia. It also transpired that his video library contained a further 30,000 incriminating tapes—something that is obviously hard to imagine and justify—which their owner offered to hand over to justice in exchange for favourable treatment. On 1 August the press reported the recovery of \$6 million Montesinos had deposited in an account in the Pacific Industrial Bank on Grand Cayman, one of the tax havens he used.

Although Alejandro Toledo was the favourite in the presidential elections, a new uncertainty factor emerged on 18 January when the Supreme Court of Justice, following the recommendation of the Inter-American Commission on Human Rights (IACHR), lifted the arrest order against former President Alán García, in exile in Colombia, enabling him to stand for re-election. Mr García returned to Peru on 27 January.

There were three candidates on the election scene: Mr Toledo, Mr García and Lourdes Flores. The campaign unfolded normally and Alán García managed to narrow Alejandro's initial lead thanks to his rhetorical skills. The election took place on 8 April and Mr Toledo secured 36 percent of the vote, Mr García 26 and Ms Flores 24. Mr García managed to force a run-off, in which he was confident of winning Ms Flores's votes. However, the hope that Mr Toledo managed to instil in voters, on the one hand, and, on the other, the panic that memories of Mr García's term in government, during which inflation soared to 7,600 percent, caused investors, led on 3 June to a win by Alejandro Toledo, who beat Alán García by over five points.

At the end of June a series of violent earthquakes ravaged the southern part of Peru killing over 100 people and injuring 1,350, and causing material losses to around 50,000. Shortly after visiting the disaster struck areas, Mr Toledo made a working tour of the United States, Spain, France and

Germany, seeking support for his government and aid for the disaster victims. In Spain he was received by the king and president of the government, assured the economic authorities about the future of Spanish investments in Peru, where Spain is the biggest foreign investor, and together with Mr Aznar studied the hosting of the Ibero-American Summit scheduled for Lima on 25 and 26 November.

Mr Toledo faces many challenges. According to the NGO *Tierra de Hombres*, in Peru around 1,200,000 children under 14 work in the street or are exploited in the mines where 20 percent of face workers are under 17. And then there is the fight against corruption, insistently denounced by the former President Valentín Paniagua, the incipient outbreaks of terrorism, and poverty.

Alejandro Toledo, a 55 year-old economist and the country's first Quechua president, took oath of office on 28 July in the presence of the Prince of Asturias and representatives from 50 or so nations, including 12 heads of state and government. Mr Toledo, who afterwards made a symbolic offering to the Inca gods of Machu Picchu, swore allegiance «*to God, to my Homeland and to the poor people of Peru*»: a hopeful start indeed.

In *Ecuador*, the clashes between the government and the indigenous peasants belonging to the Confederation of Indigenous Nationalities (CONAIE), who attempted to express their uneasiness about the adjustments in fuel and transport prices, grew more violent in February. After a state of emergency, three deaths and dozens of wounded people, President Noboa agreed to begin talks.

In mid-June violent storms in Amazonia and the Andean part of Ecuador led to major landslides of mud and rock causing over 40 deaths, a large number of missing people and hefty financial damages, mainly to roads and to the petroleum and agricultural sectors.

The problem of illegal immigration in Spain was eventually settled by means of an agreement between the two governments. During his visit to Spain in July, President Noboa was guaranteed that Ecuadorian immigrants in Spain would be treated appropriately. Given Ecuador's economic crisis, emigrants' remittances account for 10 percent of gross national product (GNP) and great importance is therefore attached to them.

Bolivia continued to progress towards full democratisation during the second term of Hugo Bánzer, president since 1997, in which former errors

have been redressed. A serious illness forced him to step down from the presidency in August; his deputy president Horacio Quiroga, also from the Nationalist Democratic Action Party, took over. Spain has continued to collaborate with Bolivia through the Instituto de la Judicatura, in training and teaching skills to future judges and furthering the knowledge of exercising magistrates.

In the *expanded MERCOSUR* countries normality was the general rule except for the delicate economic situation *Argentina* is experiencing. There is little to say about *Brazil*, where democratic stability has been fully achieved this year. Both Brazil's trade relations with Spain and Spanish investments in Brazil have increased considerably.

In *Argentina*, the severe economic crisis is undoubtedly the issue which has had the greatest impact on national politics. Following the resignation of the economy minister José Luis Machinea and the short-lived term in office of Ricardo López Murphy, a former defence minister, President Fernando de la Rúa appointed Domingo Cavallo as his successor. Mr Cavallo, who is a Liberal (in a Social Democratic government) and a former minister of Mr Menem's, designed a very tough adjustment plan which, in his opinion, was essential to stop the economy plummeting.

These successive rescue attempts of the International Monetary Fund (IMF), which in August granted Argentina a further loan equivalent to Pta1.47 trillion, proved to be an effective shot in the arm as they helped to halt the recession and stop the significant flight of capital. However, in October and November there were signs that the crisis was taking a turn for the worse, no doubt owing to the extremely high national debt—some \$150 billion, over 50 percent of the country's gross domestic product—the high interests of between 14 and 15 percent it has to pay, and the difficulty of devaluing the currency as it is tied to the dollar.

There is widespread discontentment at the unstoppable fall in purchasing power and injudicious use of the money obtained from the privatisation of various companies, which was supposed to be used to reduce debt and increase pensions. This reaction was very pronounced and its most significant manifestations were the general strikes of March and July. The political price paid by the president and his party, the Radical Civic Union (UCR) was high, as witnessed in the elections to the senate in Buenos Aires in October when their candidate, Raúl Alfonsín, was easily defeated by Mr Duhalde, a Peronist, and the Peronists came to dominate both Houses.

Spanish investment in Argentina has been very substantial, amounting to Pta8 trillion over the past decade and creating over 200,000 jobs. The crisis of Aerolíneas Argentinas, a subsidiary of Iberia, triggered a number of actions and demonstrations against Spain and Spanish industry which were as unfair as they were untimely, particularly bearing in mind that Spain responded very well (REPSOL, ENDESA, Telefónica, BBVA, BCSH, etc.) to Mr De la Rúa's plea for help in July. Fortunately, the purchase of Aerolíneas Argentinas and its subsidiary Austral by the Air Comet group, which is linked to Viajes Marsans, Spanair and Air Plus, put an end to this unfortunate episode.

A very significant development was the prosecution of the repressive actions carried out during the dictatorship and the financial implications—the presumed appropriation by the military of the assets belonging to various people who «disappeared». Federal judge Gabriel Cavallo began a procedure that may lead to the abrogation of the Full Stop and Due Obedience laws preventing many members of the armed forces who took part in the repression from being tried.

An unpleasant episode obliged the Argentine government to recall its ambassador to Cuba, Oscar Torres Ávalos, owing to the affront caused by certain statements made by Mr Castro which are so base that they are not worth reproducing.

All in all the most worrying problem is the economic crisis, the future of which is not clear despite all the measures that may be taken. David Hale, global chief economist for Zurich Financial Services, published an article in the London *Financial Times* on 17 July. After analysing the problem, he gives the following conclusion, the feasibility of which is nonetheless doubtful:

The only man who can reduce Argentina's interest rates, lessen the risk of emerging market financial contagion and save democracy in the southern cone of Latin America is Donald Rumsfeld, the US defence secretary. He has to develop a strategic vision of theatre missile defence to give Argentina a role in US security policy that will lead investors to believe that the Bush administration will not let it default. Once perceptions change in such a way, there will be no need for any further official assistance because in the marketplace, perceptions are reality.

Some 300 volunteers of both sexes arrived in Madrid in the second half of June from *Argentina* and *Uruguay* to join the Spanish Armed Forces. This sparked reactions mainly from Uruguay, where left-wing groups

expressed their displeasure. In general the recruits were young people with family ties with Spain.

In *Paraguay*, former congressman Conrado Pappalardo became the political fugitive most wanted by Interpol in the whole of Ibero-America. Mr Pappalardo, who is linked to the former general Lino César Oviedo who once staged a coup, is accused of inducing the assassination of the vice president, Luis María Raúl Argaña.

It is interesting to note that in mid-September US antiterrorist personnel and equipment landed in Paraguay to collaborate with the government in combating terrorism after a number of communities and organisations connected to extreme Islamic groups related to Sheikh Osama Bin Laden were located in Ciudad del Este.

In *Chile*, the most significant event was the trial of former President Pinochet. The judge in charge of the case, Juan Guzmán, had the difficult task of handling a delicate problem of state over which the country was divided and at odds. The trial was peppered with incidents and shocks. Of the growing accusations against Mr Pinochet, particularly noteworthy was the alarming tale of General Joaquín Lagos, who attributed him responsibility for the *death caravan* crimes.

In March the Court of Appeals confirmed the indictment Justice Guzmán had issued against Mr Pinochet. However, the court dropped the homicide and kidnapping charges though Mr Pinochet could be tried for covering up the crimes committed by the *death caravan* following the coup of 11 September 1973. In July the same Court of Appeals decided to suspend the hearing temporarily after allowing the defence's claim that Mr Pinochet was suffering from senile dementia.

Relations with Spain, which had been affected by this case, were resumed when President Ricardo Lagos visited Madrid in early June. Spain, which is the second biggest investor in Chile, regards this country as an excellent future partner. Chile aims to secure the support of Spain, which will be holding the community presidency, for concluding its partnership agreement with the European Union in 2002.

It is worth mentioning that the Chilean foreign minister signed the Protocol to the American Convention on Human Rights to Abolish the Death Penalty on 11 September. Chile had abolished the death penalty in May that year, joining the 109 states who have already made this decision. This punishment is still in force in 87.

ECONOMIC PROGRESS

This section analyses some macroeconomic indicators of the Ibero-American countries and makes an overall assessment, in the short and medium term, of their country risk. As is well known, this indicator expresses the premium paid on a country's bonds over similar US securities: for example, if the country risk stands at 2,500 basis points, the premium would be 25 percent. It therefore reflects the likelihood of companies' defaulting and the degree of confidence the country inspires regarding its ability to cope with its external debt.

Mexico has significant natural resources and a reasonably developed industry and its trade is increasingly open to foreign countries. Its membership of the North American Free Trade Area (NAFTA) since 1994 has brought it many benefits. Real GDP growth has been downward adjusted over the year and is expected to close the year at zero, while inflation will be around six percent. Its debt ratios are modest, though the absolute value of its foreign debt is considerable: \$184.4 billion. The balance of trade is expected to record a deficit of \$15.3 billion owing to a significant increase in imports due to the strength of the peso. The overall country risk is fairly low.

In *Central America and the Caribbean*, drought, the slump in agricultural produce and natural disasters have again affected what are fairly impoverished economies which had begun to show a slight recovery the previous year.

Guatemala has sizeable agricultural resources and a buoyant tourist industry which, together with the remittances of emigrants, are the country's main sources of foreign currencies. It also obtains considerable aid from the international community. Since the signature of the peace agreements with the «*guerrilla*» five years ago, its economy has kept afloat. Real GDP growth is expected to be four percent, similar to the figure for 2000, and its foreign debt should remain at some \$5 billion dollars, a low figure. Nevertheless the overall country risk is high.

Honduras, the reconstruction of which following hurricane Mitch in 1998 is progressing with many difficulties, witnessed a worsening of its economic situation as a result of the persistent drought. Real GDP growth is expected to be around two percent and the inflation rate similar to the previous year, that is some 13.7 percent. The trade balance may be positive—approximately \$1 billion—and external debt, the service of which

continues to be postponed until 2002, will stand at some \$6.3 billion, although a large proportion may be pardoned. Despite other considerations, the overall country risk is very high.

The growth in economic activity in *Nicaragua* has decreased owing to the decline in its agricultural exports and lower financial aid received from the international community. Real GDP growth this year is expected to be three percent (slightly lower than in 2000) and inflation 11 percent (higher than in 2000). Foreign debt will remain at some \$6.6 billion, a very high figure which amounts to almost three times the country's GDP, and the deficit in its trade balance could be approximately \$1 billion. The overall country risk is very high.

In *El Salvador*, the fresh earthquakes that devastated the country and put paid to the construction efforts following hurricane Mitch and the consequences of the drought on the agricultural sector will no doubt act as a brake on the slight increase the country's growth had been witnessing due to strong external demand. Real GDP is expected to increase by 3.1 percent and inflation looks set to end the year at around three percent; both these figures are similar to those of 2000. The country's external debt will amount to a moderate \$4.2 billion, and its trade balance deficit to approximately \$1.9 billion. The implementation of major structural reforms makes the overall country risk only moderately high, that is, it fares somewhat better than its neighbours.

Despite the impetus provided by the establishment of microprocessor assembly plants, *Costa Rica* has also suffered the negative effects of the fall in agricultural prices. Furthermore, privatisation is being carried out more slowly than is desirable. Real GDP growth will be around four percent and inflation 9.8 percent, both figures fairly similar to those of 2000. The country's foreign debt will remain stable (\$4.3 billion) and its balance of trade positive, at some \$800 million. The overall country risk is moderately high.

Panama has a healthy services industry of which port activity and the Panama Canal undoubtedly account for a considerable part, though it has greatly felt the negative effects of the fall in agricultural prices and, during most of the year, the rise in oil prices. Real GDP growth will amount to around three percent (somewhat lower than in 2000) and inflation will remain stable at 1.8 percent, that is a very low rate, thanks to dollarisation. The country has a very high level of foreign debt, \$7.7 billion, and a trade deficit of some \$2.6 billion. The overall country risk is moderately high.

The *Dominican Republic* enjoys good economic prospects owing above all to the development of tourism and construction and to the structural reforms under way. The fall in the price of oil at the end of the year should have a positive effect on its economic indicators. Real GDP growth will be 5.8 percent, similar to last year's figure, and inflation may rise to 8.4 percent, considerably higher than in 2000 (5.6 percent). External debt has increased slightly to \$4.8 billion and the trade balance deficit has stabilised at \$3.7 billion. The overall country risk is moderately high.

Cuba continues to open up its economy, a process begun after the fall of the Soviet bloc. It possesses significant natural resources, particularly oil and nickel, as well as agricultural resources and a tourist industry, and has skilled labour, though the necessary reforms are taking place extraordinarily slowly. Real GDP growth will amount to around 5.5 percent and inflation to 3.7 percent, in both cases somewhat better than in 2000. Although stabilised, Cuba's foreign debt (\$13 billion) is high. It has a deficit of around \$3.5 billion in the trade balance. The overall country risk is very high.

The *Andean Community* countries fared very modestly owing to the world economic recession, their difficulties in achieving convergence with MERCOSUR and the political instability of some of the countries.

Venezuela has sizeable natural resources, particularly oil, gas and minerals, and has carried out structural reforms which should spur its economic development, though it continues to be excessively dependent on oil. Real GDP growth is expected to be 2.5 percent (versus 3.2 percent in 2000) and inflation 13.1 percent (compared to 13.4 in 2000). The country's external debt, \$36 billion, is high though considered to be bearable. It will end the year with a positive trade balance of some \$7 billion. The overall country risk is high.

Colombia has good natural resources, particularly hydrocarbons and mines, and a strong agricultural sector. It has furthermore carried out major structural reforms and receives financial aid from the international community. However, its high employment and poverty rates are causing considerable social tension which is worsened by the permanent instability stemming from the de facto state of civil war. Real GDP growth is expected to be 1.9 percent (compared to 2.8 percent in 2000) and inflation 7.8 percent (8.8 percent in 2000). Colombia's external debt is very high, \$40.5 billion. Its trade balance will be only slightly positive, at some \$300 million. The overall country risk is moderately high.

Peru has significant mining resources, fisheries and gas deposits, and receives financial support from the international community. Its policy of structural adjustment has been highly beneficial to the economy, though it still needs to face the challenge of combating poverty and inequality. It seems that real GDP growth will be close to zero (compared to 3.6 percent in 2000) and inflation is set to end the year at 0.8 percent (versus 3.7 percent in 2000). The country's external debt, which amounts to some \$33 billion, is very high and annual expenditure on debt service is therefore also very considerable. The trade balance is expected to stabilise at the end of the year. The overall country risk is high.

Ecuador has important natural, oil, farming and fishing resources and receives financial aid from the international community. Political instability is preventing essential structural reforms from being carried out and the population's purchasing power continues to fall. Even so, the economic indicators are returning to normal owing partly to dollarisation. Real GDP growth will amount to five percent (2.3 percent in 2000) and inflation is expected to end the year at 18 percent (versus last year's 91 percent). Ecuador's external debt has stabilised at just over \$14 billion and the deficit in its trade balance is expected to amount to a mere \$300 million dollars. The overall country risk is very high.

Bolivia possesses significant mining resources and hydrocarbon reserves which attract foreign investors and have stabilised its economy thanks to the major readjustments made some ten years ago. Its relationship with MERCOSUR affords it access to the important Brazilian and Argentine markets. The country's real GDP growth this year is expected to be zero (down from 2.4 percent in 2000) and inflation looks set to close the year at 1.6 percent (versus 3.4 percent in 2000). External debt is a very hefty \$5.7 billion and the deficit in the trade balance totals some \$200 million. The overall country risk is high.

The interdependence of the countries belonging to the *enlarged MERCOSUR* is evident and, except for Chile, whose trends differ somewhat from the rest, the economic growth of these countries during 2000 was practically zero.

Brazil possesses huge natural resources and a diversified economy. It furthermore has the backing of the international financial community. The successive depreciation of the real has brought the twofold benefit of stabilising the currency and greatly improving the country's external accounts. The reforms under way, which are not popular, could be in-

errupted due to the presidential election in October 2002. Real GDP growth for the year is expected to be 1.7 percent (compared to 4.5 percent in 2000) and the forecast for inflation is 7.1 percent (6 percent in 2000). External debt, although stabilised, is a very high \$250 billion. There is a slight surplus of \$900 billion in the trade balance. In any event the overall country risk is high.

Argentina has substantial natural resources, developed agricultural and food sectors and skilled labour. It furthermore has the financial backing of the international community, has completed a series of important structural reforms and its incipient «dollarisation» has kept inflation at bay. However, the country's very high debt ratios and the deterioration in the political and social situation have created serious problems for the future of the country's economy, despite the substantial injections of funds from the IMF and World Bank. The country is also excessively dependent on Brazil. Real GDP growth this year will be negative, around -2.3 percent, and inflation will also be negative at -2 percent, in both cases lower than in 2000 (-0.5 and -0.7 percent, respectively). Its external debt is very high, \$158 billion, and debt service is equivalent to 75 percent of exports. The surplus in the trade balance will amount to some \$6 billion. The overall country risk is very high: it reached 3,360 basis points by the end of November.

Uruguay has an open and healthy economy with large agricultural and services sectors, skilled labour and political stability. However, it has yet to complete a number of structural reforms that are essential to its future development. Real GDP growth will amount to -1 percent (compared to -1.3 percent in 2000) and inflation to 4.5 percent (5.1 percent in 2000). External debt will amount to \$15 billion and the trade balance, structurally negative owing to the preponderance of the agricultural sector, will record a deficit of \$1.1 billion this year, similar to the figure for 2000. The overall country risk is fairly low.

Paraguay's economy is also open and in good shape, with healthy agriculture and livestock sectors and major hydroelectric reserves. Its main problems are the backwardness of its structural reforms and a certain degree of political instability, which are in fact hindering the country's economic development. Real GDP growth this year will be practically zero (compared to 3.5 percent in 2000), and inflation similar to last year's figure, 13 percent. External debt has grown slightly to \$3.5 billion and the trade balance has a slight deficit of some \$500 million. The overall country risk is high.

Chile possesses large mineral and fishing resources, a healthy economy and a stable political system. The relationship between the price of copper, which it exports, and the price of oil, which it imports, greatly influences its economic performance. The main problem is the unemployment rate, which climbed during the year. Real GDP growth is expected to be 3.2 percent (compared to 5.4 percent in 2000) and inflation 3.5 percent (4.5 percent in 2000). The country's external debt has grown slightly to \$39 billion and its trade balance is expected to be slightly less favourable than in 2000, around \$900 billion. The overall country risk is low.

THE MILITARY EFFORT

The information provided in this section is taken from the yearbook *Military Balance 2000-2001*. Owing to the time logically required to compile and publish this yearbook, the data, although the most up-to-date available, relate to 2000. Furthermore, the indicators cited do not take into consideration the relative size of each country's army or the structure of defence expenditure. Costa Rica and Panama are not mentioned as they do not have armed forces.

The strong demand for social welfare, the lack of conflicts except for in *Colombia*, and the appreciation of the dollar with respect to the national currencies have led defence budgets to be maintained or to shrink slightly in constant terms, despite the favourable effect of the rise in oil prices in some countries in recent years.

In *Brazil*, budgetary restrictions created serious problems of logistic support, particularly for the air force. Furthermore, in addition to the four Tupi-class diesel submarines it already possesses, Brazil has given the go-ahead to the design and production of a wholly Brazilian diesel submarine and is studying the possibility of committing itself to a nuclear submarine programme and purchasing the *Foch* aircraft carrier from France to take over from the *Minas Gerais*.

Argentina has shown the importance it attaches to frigates, which enable it to take part in United Nations and multinational operations: in 1991 it sent a frigate to the Gulf operations and subsequently participated in the Iraqi oil embargo with another of these vessels. However, owing to budgetary restrictions, it will probably have to sell the two Meko frigates it is building once they come into service.

Although it is also making fewer acquisitions, *Chile*, in conjunction with Spain, continues to construct two French-designed Scorpene diesel submarines and its Tridente frigate programme, though the number has been trimmed from eight to four.

Colombia will benefit from a \$1.3-billion US military aid package over the next two years. The most costly items are the counter-narcotics helicopters, apparently 42 Hueys and 18 Black Hawks. This sum includes other items such as the training of an extra 30,000 Colombian military by US instructors, equipment for the police and the funding of crop-substitution activities.

In defence, *economic effort* is normally greater in countries with a high gross national product (GDP) and large area. Those that earmark over \$1 billion per year to defence are considered high level, those that allocate between \$1 billion and 500 thousand are rated as medium level, and those spending under \$500 are low level. Countries classified as high level, in descending order, are Brazil (9,900), Argentina (3,800), Mexico (3,000), Chile (2,100), Colombia (2,000) and Venezuela (1,400); Peru (825) and Cuba (750) are medium level; and Ecuador (400), Uruguay (227), Bolivia (130), Guatemala (123), El Salvador (112), the Dominican Republic (105), Paraguay (83), Honduras (35) and Nicaragua (26) are in the low-effort segment.

Relative economic effort, or the percentage of GNP each country allocates to defence, reflects the importance attached to this field as a government need. Effort is considered high if it accounts for over two percent of GNP, medium if it amounts to between two and 1.5 percent, and low if it is below this figure. High-effort countries are Cuba (5%), Chile (3.13%), Ecuador (2.67%) and Colombia (2.6%). Uruguay (1.66%), and Brazil and Venezuela (1.65%) are medium effort. The low-effort segment comprises Bolivia (1.48%), Peru (1.45%), Argentina (1.34%), Nicaragua (0.90%), Paraguay (0.89%), Guatemala (0.87%), the Dominican Republic (0.86%), El Salvador (0.70%), Honduras (0.65%) and Mexico (0.62%).

Human effort in defence refers to the total armed forces personnel. A total of over 100,000 is considered high, between 100,000 and 50,000 medium, and under 50,000 low. Bearing in mind that figures are expressed in thousands of persons, the high-effort countries are Brazil (288), Mexico (193), Colombia (153) and Peru (115). Chile (87), Venezuela (79), Argentina (71), Cuba (58) and Ecuador (57) fall into the medium-effort category, while Bolivia (33), Guatemala (31), the Dominican Republic (25), Uruguay (24), Paraguay (20), El Salvador (17), Nicaragua (16) and Honduras (8) are classified as low effort.

Relative human effort expresses number of military personnel per thousand inhabitants of each country. It also reflects the importance attached to defence. In view of the figures, more than three military per thousand inhabitants may be considered a high effort, between two and three medium/high effort, and under two medium effort. The high-effort segment includes Uruguay (7.3), Chile (5.8), Cuba (5.1), Ecuador (4.5), Peru (4.4), Bolivia (4.0), Colombia and Paraguay (3.6) and Nicaragua and Venezuela (3.3). The Dominican Republic (3.0), El Salvador (2.7) and Guatemala (2.6) classify as medium/high, and Argentina and Mexico (1.9), Brazil (1.8) and Honduras (1.2) as medium.

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. An expenditure of over \$4,000 per person per year is considered high, between \$4,000 and 2,000 medium, and under \$2,000 low. Countries with high indicators are Argentina (10,700), Brazil (6,900) and Chile (4,800). Venezuela (3,600), Mexico (3,100), and Colombia and Cuba (2,600) display medium indicators. The low segment includes Uruguay (1,920), Peru (1,440), Ecuador (1,390), El Salvador (1,330), the Dominican Republic (860), Honduras (840), Paraguay (820) Bolivia (800), Guatemala (780) and Nicaragua (330).

Although in many cases there is some uncertainty regarding the data from which above indicators are calculated, the conclusion drawn from a comparison with the figures for 2000 is that relative effort, both economic and human, has fallen slightly and that, in general, the quality of equipment has not varied. The arms procurement effort is therefore moderate and similar to that of the previous year .

THE 11TH IBERO-AMERICAN SUMMIT

The 11th Ibero-American Summit of Heads of State and Government took place in Lima on 23 and 24 November. It was attended by His Majesty The King and representatives from the 21 participant countries, including Portugal and Spain. The Peruvian government adopted extraordinary security measures for the occasion, including 22,000 police to guarantee proper protection for all sumiteers.

The *Lima Declaration* contains 52 points which address different questions and can be divided into two sections: the fight against terrorism and the problems of the continent deriving from the economic and political cri-

sis. It includes agreements on issues of democracy, the rule of law, combating corruption, measures to prevent clandestine arms trading in Ibero-America, and the need to eliminate biological and chemical weapons. Its two appendices include short declarations on terrorism and international security and on the world economic recession,

The declaration against terrorism places international co-operation in this field under the aegis of the United Nations and obliges the signatories to «*combat all forms and manifestations of terrorism, wherever they occur and whoever commits them, and not to provide aid or refuge to those who commit, encourage and take part in terrorist activities*». The signatories likewise undertake to «*strengthen national legislation to prevent impunity, orienting it to these acts which threaten peace and democracy*».

The Venezuelan president, Hugo Chávez, attempted to establish a distinction between «*terrorism*» and «*guerrilla*», making a clear reference to Colombian terrorists. This did not prosper, as it was tantamount to indirectly legitimising terror. Furthermore, to cite the leader writer of a Spanish daily, there is still «manifest room for improvement» in Venezuela's attitude to Spain and its solidarity in the fight against ETA.

As for economic affairs, the participants outlined what could be a common position of all the Ibero-American countries in matters of general interest and, particularly, the need for changes in the international financial order to facilitate payment of all these countries' hefty debts and greater access for all to development assistance funds.

In the review of the achievements of ten years of summits, the countries recognised the consolidation of *Ibero-American Community of Nations* as a forum for agreement and economic and social co-operation, and that cohesion between all the countries had been greatly reinforced.

Whether common positions may be reached on all these issues will be seen at the *United Nations International Conference on Financing Development*, due to be held in Mexico in May next year, and also at the *Second European Union, Latin America and Caribbean Summit*, scheduled in Madrid two months later.

SPAIN AND IBERO-AMERICA

Relations between Spain and Ibero-America continued to be intense in 2001, similar to previous years.

The following paragraphs describe the state and official visits made by Their Majesties the King and Queen and His Royal Highness the Prince of Asturias to the different Ibero-American countries and the United States.

Between 14 and 24 February, HM the Queen visited several Central American countries: El Salvador, Honduras, Nicaragua and Guatemala. Between 27 March and 3 April the King and Queen paid a visit the United States, which was very much oriented towards Ibero-American culture. The US president, George Bush, paid a return visit to Spain in June. HRH the Prince visited Peru between 26 and 29 July, where he attended the swearing-in ceremony of the new president, Alejandro Toledo. Between 23 and 27 November the King and Queen visited Peru to attend the 11th Ibero-American Summit of Heads of State and Government and went on to pay a state visit. On their way back from Spain they made a courtesy stopover in Colombia from 28 to 29 November.

Throughout the year Spain received state visits from the Chilean president (Ricardo Lagos Escobar), the Ecuadorian president (Gustavo Noboa Bejarano), and the presidents of Costa Rica (Miguel A. Rodríguez Echevarría) and Mexico (Vicente Fox). The Argentine (Fernando de la Rúa), Colombian (Andrés Pastrana) and Bolivian (Horacio Quiroga) presidents likewise paid official or working visits to Spain.

President Aznar's agenda was packed with Ibero-American affairs. Particular mention should be made of his official visit to Mexico in early July, one of the objectives of which was to strengthen co-operation against terrorism and increase the trade flow between Mexico and the European Union.

He also played a major role in the *Ibero-American Summit* in Lima. Together with Portugal, Spain guaranteed full support for Ibero-American efforts to resume economic growth. He also recalled the \$70 billion dollars Spanish companies invested in Ibero-America between 1996 and 2000, which makes Spain the second biggest investor. Indeed, the leading Spanish companies are becoming just as Ibero-American as they are Spanish; their success will be shared by all, including Spain, since a high percentage of its GDP is invested in Ibero-America.

Four days before the summit, President Aznar had met the chairmen of the top Spanish companies with interests in the area. On this occasion he reaffirmed Spain's backing for the Ibero-American economies and said that relations with that region would be one of the priorities during the

Spanish presidency of the EU, beginning on 1 January. Precisely in order to co-ordinate this with Portugal during the Spanish presidency, a Spanish-Portuguese summit is due to be held on 20 December.

The *Second International Spanish-Language Congress* was held two years after the first one. It brought together the 22 Spanish-language academies at Valladolid and was attended by His Majesty the King and the heads of the Argentine, Colombian, Mexican and Equatorial Guinean governments. It was confirmed that Spanish is gaining great importance as a language in view of the significant rise in demand and that it is becoming increasingly widely used in the United States and Brazil. The addresses by Mexican Carlos Fuentes and Spaniard Miguel Delibes were a worthy closure to this year's congress. The next one will be held in Buenos Aires.

SOME FINAL REMARKS

The serious attacks on 11 September have spurred the democratic countries to co-ordinate their positions regarding the terrorist threat. The Lima Declaration enshrines the firm will of all the Ibero-American countries to do so.

The economic recession in the United States and Europe has had a considerable effect on Ibero-America, where some areas have recorded zero and even negative growth rates, particularly in *enlarged MERCOSUR*. The drought and natural disasters have caused serious economic damage in Central America and part of the Andean Community.

The opening of *expanded MERCOSUR* trade towards the European Union is compatible and roughly coincident with the creation of the FTAA.

The relative weight of *expanded MERCOSUR* in Ibero-America is so important that any integration initiative should concentrate on this area and progressively extend to the rest.

The full participation of the indigenous population in the region's political and economic development is a priority, as is combating poverty, corruption and drug trafficking.

The causes for greatest concern in Ibero-America are the economic crisis in Argentina and the deterioration of the political situation in Venezuela.

There are practically no border conflicts. Most countries display a slight decrease in military effort.

Spain, in co-ordination with Portugal, defends Ibero-American interests within the European Union and backs the creation of the *Ibero-American Community of Nations*.

CHAPTER SIX

AFRICA

AFRICA

By ALEJANDRO CUERDA ORTEGA

As in the previous edition of the *Strategic Panorama*, this chapter will refer only to sub-Saharan Africa or black Africa.

The year 2001 witnessed signs and initiatives of peace and understanding which raise certain hopes that this tormented continent is being steered towards pacific relations and better ways of life. The wars, violence, famine, poverty, disease, oppression, ethnic and religious tension, corruption, mass exodus and exploitation of the weakest—ills that have habitually and regrettably accompanied the painful history of the African nations—continue to be part of life in that continent and will not disappear for a long time. But unlike other years, the signs of hope have been neither isolated nor scarce; in fact, they are abundant and significant. Perhaps they are the first clear consequences of the huge, ongoing efforts of many international leaders and organisations, the intense interest of the United Nations, the patient and selfless efforts of its secretary general, Kofi Annan, massive international relief, abundant financial aid, and the goodwill of thousands of self-sacrificing members of religious orders and volunteers. They are also the result of the international prosecution of despots, the sanctions on and isolation of corrupt rulers, and the increasingly firm and valiant attitudes towards ruthless horror. The fact is that dialogue between enemies and rivals has proliferated, disgraceful attitudes are becoming publicly known and condemned, and people who were formally oppressed and silent are learning to clamour for and demand their rights.

This encouraging outlook cannot be discussed without mentioning the major progress African women have made as regards both their self-esteem and their demands for greater consideration and respect, and their

firm and brave appearance in the professional world and in small family-run enterprises. Their bravery and flair for finance makes them one of the most dynamic factors on this continent.

As for international relations, France and the United States have become the two most prestigious and influential nations in Africans' view. In the case of the first, France, this is a natural consequence of the country's traditional policy of maintaining a presence in the African world and becoming an essential link between Africa and Europe. The habitual French-African summit in Yaunde (Cameroon) in January was attended by 52 delegations and 25 heads of state and also by the United Nations secretary general. France likes to refer to this major forum as a «family reunion», though this time it was more of a continental summit owing to the large number of participant nations. Preceded by meetings with the former French president Giscard d'Estaing, the summit was attended by the current president, Mr Chirac. Behind closed doors, in a frank environment, all the important African issues were discussed. The French president announced he would cancel €500 million of foreign debt. Meanwhile, Spain witnessed how certain traditionally friendly African nations such as Morocco and Equatorial Guinea cooled off their relations and moved closer to France.

As for the United States, its significance as leading world power is also recognised on this continent. The number of African leaders who have paid visits to President Bush is considerable, as is the number of sub-Saharan nations which were quick to convey their condolences to the White House following the terrible and tragic terrorist attacks on 11 September. The states governed by the Islamic radicalism of the Shariah in the north of Nigeria—not even the whole nation—which expressed their satisfaction at the attacks were a dishonourable exception. The United States has also shown an interest in Africa: in May the secretary of state, Colin Powell, made a tour of several African countries, meeting their leaders, listening to them and giving advice and promises of aid. He visited Mali, South Africa—where he criticised the policy of the Zimbabwean president, R. Mugabe—Kenya, Uganda and Sudan.

The most salient event in the institutional field was the official establishment of the African Union (AU) which replaces the former OAU (Organisation for African Unity). This took place in July at Lusaka (Zambia) in the presence of 40 leaders of the 53 member states. An initiative and ongoing project of the Libyan president, Colonel Muammar

Qaddafi, since 1999, it is inspired on the EU and will have a parliament, an executive body, a court of justice and a financial institution. Its first secretary general was also appointed: Amara Essy, a diplomat from Cote d'Ivoire, who will be in charge of transforming the OAU into an operative, democratic and prosperous African Union—something the previous organisation failed to achieve. A transition period of 18 months was established.

A further achievement of this 37th assembly of the OAU was the approval of the document entitled «An African Initiative». This paper, which synthesises several other projects, calls on African governments to establish the rule of law, to respect democratic principles, to govern with transparency, to control their own actions, to demonstrate through their deeds that they are capable of assuming responsibility for the development of their nations and to jump on the globalisation bandwagon. It criticises many African leaders who so far have been unable to govern their countries and also appears to invalidate the hackneyed argument that the colonial period is entirely to blame for Africa's backwardness. The paper is also addressed to the Western powers, whom it asks for help to put in place the basic infrastructures that the African nations need. It is therefore an encouraging document, a sort of fillip and appeal to the 53 participant nations which adopted it to assume their responsibility and reject all the excuses used to mask ineffectiveness and egoism. It is hoped that this encouraging framework of freedom and security will attract foreign investors to sub-Saharan Africa.

These initiatives are not isolated, since very interesting regional, political and economic blocs are being forged on the basis of democracy and respect for human rights (HR); they accept the capitalism and Western ways which have enabled so much progress to be made. They also mark the resurgence of an African identity which is leading to alliances with less developed countries and providing them with a firmer say in international institutions such as the World Trade Organisation (WTO), the IMF and the World Bank (WB).

This optimistic initial overview of positive and hopeful events and circumstances should include a special mention of the end or progression towards peace of three wars which claimed many lives the previous year and caused huge suffering to the nations involved: Ethiopia-Eritrea, the Democratic Republic of the Congo (DRC) and Burundi.

ETHIOPIA - ERITREA

As is well known, after two years of war and the resulting thousands of deaths and hundreds of thousands of displaced people, a ceasefire was established in June last year (2000) and a peace agreement was signed in Algiers on 12 December. Prisoners were exchanged—220 Eritreans for 230 Ethiopians—almost immediately under the supervision of the International Red Cross. Since then peace has been maintained throughout 2001, albeit with internal tensions and frequent signs of enmity between both nations.

The main cause of this conflict was a border dispute, particularly in the Tigre area, which has yet to be settled. A neutral commission is studying the matter in Geneva and is due to present its conclusions and establish the definitive borderline within three years. But the harshness of the clashes was due to the intolerance, disproportionate pride and aggressiveness of both nations' leaders, Isaias Afwerki of Eritrea and Meles Zenawi of Ethiopia, who were at one time allies in the fight against the Marxist dictator Mengistu and subsequently became irreconcilable enemies. The disproportionate war effort had a devastating effect on both nations, particularly Eritrea, which furthermore lost the war.

The peace agreements establish a 25 km wide buffer zone separating the forces along the shared border, called the Temporary Security Zone (TSZ). This land and air corridor runs the full 1,000 km of the border and is to be occupied by the UN peacekeeping forces (UNMEE). The TSZ was to be established when Eritrean troops pulled back those 25 km into their own territory and enforced without delay. However, in January (2001), a month after the peace treaty was signed, armed incursions and attacks were still occurring. Ethiopia then rejected the TSZ on the grounds that «it could not guarantee the separation of forces», and claimed that Eritrean officers disguised as police were penetrating it with hostile intentions.

In February Ethiopian troops withdrew from the last Eritrean territories to be occupied during the final campaign, albeit not fully. Forces still remained in the proximity of the town of Zalambesse, which Eritrea claimed for itself, preventing the buffer zone from entering into force. Eventually, following several protests and refusals, after Eritrea announced it had completely abandoned the 25 km strip, the UN established the TSZ on 19 April, with 3,432 blue helmets and 150 observers, for an initial period of six months. Since then the situation has been maintained, supervised by UN forces, and the mutual distrust has continued, but the peace has not been broken.

The two nations, with huge problems and shortcomings, must now devote all their efforts to rebuilding their territorial infrastructure and injured economies; it is possible that the dedication required by an undertaking of this magnitude may cause them to forget their claims and differences for some time. Furthermore, they must take in all the people who fled during the war and are currently displaced within these territories or living as refugees in other nations; in the case of Eritrea there are some 300,000 people who wish to return to their homes and must do so across territories sown with mines.

In May the UN Security Council (SC) lifted the arms embargo on both nations. This is cause for concern. The UN organ that is responsible for security does not appear to have used this measure wisely: its application was inexplicably delayed until the war had been going on for two years, by which time Ethiopia and Eritrea were ravaged and ruined; and it has been lifted when both sides have only just signed a peace agreement, are under the supervision of an international mission, and must devote all their efforts to the difficult task of national reconstruction. Somalia protested, stating that «there are enough weapons in the Horn of Africa for the next two generations». In March Eritrea had earmarked 44 percent of its meagre GDP (\$310 million) to military expenses, and is the country which allocates the largest part of its budget to weapons in the world.

Providence came to Ethiopia's aid with an extraordinary harvest—12.6 million tonnes of grain, the biggest in five years, after three years of drought. In January it had anxiously asked for 640,000 tonnes of international relief. It is also receiving foreign aid: in April Belgium signed in agreement with Ethiopia cancelling BFr711.8 million worth of debt and undertaking to cooperate in education, food security, the environment and combating AIDS. America has offered its help to clear the country of mines and foster development. The World Bank (WB) earmarks \$270 million dollars to the reconstruction of both countries. The EU has also promised to help them.

Eight opposition parties in Ethiopia protested against the peace treaty its government had signed, which left the nation without access to the sea even though it had won the war. In September the Asmara government arrested 11 reformist politicians, former generals and ministers for publishing a letter against the policy of Mr Afwerki, who closed down eight independent newspapers, among other things.

In short, many problems have yet to be resolved and will take years of determined effort. The region continues to be unstable, and the many

unsettled differences between the main players could develop into threats and crises. However, the peace remains intact.

DEMOCRATIC REPUBLIC OF THE CONGO (DRC)

The assassination of President Laurent Desiré Kabila at the beginning of the year (2001) and the proclamation of his son Joseph Kabila as successor seem to mark the beginning of the pacification of the Congo (DR) following a devastating and bloody three-year war. The atmosphere of tension and violence which had characterised the mandate of Laurent Kabila continued in early January: 113 newspapers were suspended; violent clashes broke out in the north near Lake Kivu between Hemas and Lendus, causing the destruction of population centres and several thousand deaths, including 200 murders. These circumstances even prevented the UN Security Council from sending the first blue helmets to the area out of a total of 5,000 that month. The Lusaka agreements (July 1999) continued to be deliberately ignored by the Congolese leader.

On 16 January, Laurent D. Kabila was assassinated in his study by a companion-in-arms. It has not been established whether this was an isolated action or part of a plot, as hatred of the leader was so strong and reasons for wishing to murder him so abundant. This plunged the country into confusion and two days later the Kinshasa authorities acknowledged his death, which they had attempted to conceal, and decreed 30 days of mourning. In view of this environment of disconcertment and political vacuum, anxious not to waste time, the core group of Katangan Baluba closest to Laurent Kabila—his own ethnic group—appointed Joseph Kabila, the son of the deceased, as caretaker president in a secret ballot in which heads of government and military commanders participated. This appointment was not accepted by the opposition parties and rebel groups who claimed, not without reason, that hereditary succession does not exist in the republic and that the appointed president lacked legal legitimacy. Violent clashes broke out between supporters and opponents, with 59 deaths.

The funeral was arranged; the mortal remains, which arrived from Harare (Zimbabwe) where the body was taken immediately after the attack, were received by almost a million people. The presidents of Angola, Namibia, Zimbabwe, Sudan and Zambia attended the funeral. Eight days after the leader's demise, the provisional parliament of the DRC unanimously proclaimed Joseph Kabila president of the republic in a spe-

cial session. He was sworn in before the Supreme Court on 26 January. At this point the future of the DRC was full of uncertainty and ill-boding omens.

The young Joseph Kabila, aged only 30, inherited a ruined, warring nation a third of whose population was starving. A further seven nations were involved in the war; their leaders, veterans of authoritarian power, were distinguished by their cruelty or thirst for wealth, if not both. The country was divided into groups at war with each other. The number of Congolese who had fled and sought refuge in other nations amounted to over two million, almost the same number as those killed by uncontrolled violence. All attempts at peacemaking had failed and even the UN Security Council had decided not to intervene as it was impossible to enforce its authority.

Joseph Kabila, a shy man with no political experience whatever, a general by arbitrary designation and without loyal allies, knew from the outset of his rise to power that the opposition groups and rebel parties had announced they were teaming up to defeat him. In his swearing-in speech he promised to work towards peace, the legalisation of political parties, free elections, market liberalisation, social improvements and many other reforms related to democracy. He thanked his allies for their help and the Western nations for their efforts to bring peace to his people and expressed his wish to normalise relations with the US and the major powers, stressing the need for all these foreign forces to withdraw from his nation. His words, so far removed from his father's conduct, caused perplexity at the least and he appeared to win the people over to his side. The new president, whose mother is a Tutsi, does not belong to any hard core and, unlike his father, is not a declared enemy of the presidents of Uganda, Rwanda and Burundi. He therefore seems better placed, owing to his ethnic affinity, to hold a dialogue with the Tutsi regimes of the countries which occupy part of his nation and are the cause of so much violence and suffering.

Before even four days had elapsed, he set off on a foreign trip to explain the sad case of his nation and ask for help. He visited President Chirac in Paris and in Washington spoke to the head of the National Security Council (Condoleeza Rice), the secretary of state, Colin Powell, and President Bush. While there, he also had the opportunity—which he did not waste—to speak to the Rwandan president, Paul Kagame, who subsequently stated that «hope is reborn». At the UN headquarters he

spoke to the organisation's secretary general, Kofi Annan, on peace procedure and the pillaging of his nation by the foreign forces occupying it, for which he called for international condemnation; he also asked for UN forces to be deployed in the Congo and for the Lusaka agreements to be reactivated. He returned from America via Brussels, where he met the EU foreign ministers.

On 7 February the UN Security Council asked Uganda and Rwanda to withdraw from the DRC. Uganda replied that it was already thinking of doing so and Rwanda stated that it wished to do so, but on certain conditions: assistance in the withdrawal and prior disarming of the Hutu militia in the Great Lakes region who, so Rwanda claims, are threatening the nation and have obliged it to deploy troops in Congolese territory for reasons of defence. The EU resumed its co-operation with the DRC—broken off in 1992—and promised to release €120 million as soon as inter-Congolese dialogue took place; it also granted the country €35 million for food and a further €28 million to reorganise and reinforce its judicial apparatus.

With notable determination and willpower, Joseph Kabila set about the reforms he considers necessary to rescue his nation from the current chaos: he appointed a commission to investigate the assassination of his father; for the first time in the Congo he met representatives of civil society, listening to them and receiving 22 proposals for improvement; he trimmed the number of public employees, including high-ranking posts, by 21,652, saving \$619,000 in wages; and he ordered audits of all public companies to be carried out, enabling him to dismiss most of the top executives in September, including those of GECAMINE, the copper and cobalt mining giant. In August the first peace talks for three years were held in Botswana between representatives of the government, the three rebel movements that back Uganda and Rwanda, the opposition parties and groups from civil society. This was a genuine inter-Congolese dialogue aimed at achieving a government of national unity leading to free and democratic elections. They are difficult and delicate talks which had failed in their first attempt in February owing to uncompromising stances and party interests; however, on this occasion they took place with the participation of everyone.

Meanwhile Kofi Annan battled ahead intensely to get the foreign forces to abandon the Congo (DR) and urged the Rwandan Hutus who had been fighting against Paul Kagame on Congolese territory to disarm or abandon

the nation. He paid a personal visit to Kisangani, the scene of fighting and terrible killings, to ask for the city to be demilitarised. The former president of Botswana, Mr Masire, who is making admirable efforts to achieve peace in the Congo, also promoted the biggest and most important meeting aimed at reconciliation and the cessation of hostilities, for which he hoped to bring together 200 representatives at Addis Ababa on 15 October. In order to raise the necessary funds he set off on a tour of Europe and America to attempt to collect the \$6 million he estimated would be needed to stage this large-scale conference.

As for the withdrawal of foreign armies, an indispensable condition for peace, part of the Rwandan troops, some 3,000 soldiers, began to retreat at the end of February supervised by UN observers, though complete withdrawal was made conditional on the promise that the abandoned territories would not be occupied by the forces of the Congolese government. Kigali also asked the Kinshasa government for guarantees that peace in Rwanda would not be disturbed by the Hutus in the Congo. Both demands seem unrealistic: the fact that Rwanda is using its soldiers stationed in the Congo to extract some 10 tonnes per month of coltan ore—the valuable metal the West needs for high technology—and gold would seem to suggest that its reluctance to abandon these territories is not due solely to security reasons. At the end of March 1,562 blue helmets of the MONUC were deployed there, and more arrived the following months, bringing the total up to 3,000; these men are to ensure that foreign troops withdraw 200 km from their initial positions. In April the Congolese rebel forces pulled back 15 km, then as much as 120 km and eventually completed their retreat. The following month Uganda withdrew 10,000 soldiers; the Kampala government justified this move by the «tiredness of the troops owing to this long war and achievement of their objectives», though it also seems to have been influenced by the accusation the UN levelled against the Ugandan government of plundering minerals.

During the first months of the year, an expert commission submitted to the UN Security Council a report on its investigation of the plundering of Congolese resources by foreign occupation forces. The report showed that all the belligerents are involved in plundering coltan, diamonds, copper, cobalt and gold, and stated that the military operations were secondary missions. Mr Museveni of Uganda denied his participation in the plundering and said he was pulling out of the peace talks. As part of his reform and national regeneration scheme, Joseph Kabila dismissed all the ministers from the previous period, ordering audits to be carried out on

them, and appointed professional managers and experts to his government. Political parties were officially established, with a view to holding free elections.

In May a UN Security Council mission met Mr Kabila and his allies at Kinshasa. In June the Congolese leader issued orders for the demobilisation of all the child soldiers (between 8,000 and 12,000); the rebel forces kept theirs. That month, at the behest of the UN, the airlines Sabena and Swissair suspended their fraudulent transport of coltan abroad. The supervised withdrawal of Ugandan troops continued. Meanwhile, the International Organisation for Migration progressively took in the militiamen who laid down their arms and reintegrated into society the several thousands it could—few in comparison with the huge number that arrived, owing to the difficulty of finding jobs for them.

On 4 July Mr Kabila and Mr Museveni met for the first time at Dar-es-Salam (Tanzania) to discuss peace. Belgium granted \$16.5 million worth of aid to its former colony and promised to help reduce its foreign debt (\$13 billion). MONUC completed the envisaged contingent of 5,537 blue helmets and 2,900 civilians contributed by Senegal, Uruguay, Morocco and Tunisia. Zimbabwe withdrew 3,000 of its 12,000 men, though R. Mugabe refused to withdraw fully, probably in order to continue plundering the Congo's mineral resources for a time. It should be borne in mind that their presence in the DRC was justified by Laurent Kabila's plea for help, though this motive no longer applied and, what is more, he had been asked to leave.

The rest of the year was characterised by the same spirit and similar actions, huge needs and many doubts and difficulties, of which repatriation of refugees—who are returning in hundreds of thousands—is not the least. All this prevents us from being able to affirm that peace has been established, though the ceasefire is being observed and there is no war.

THE GREAT LAKES REGION

This section deals with the three small nations which horrified the world in 1994 with the terrible genocide, first of Tutsis and then of Hutus, and have continued to make world news owing to their problems of ethnic hatred or involvement in the war in the Democratic Republic of the Congo. These are Rwanda, Uganda and Burundi. All three nations are mentioned here, in connection with encouraging developments and cases in sub-

Saharan Africa in 2001, because they have shown signs of peacemaking. Uganda and Rwanda have been discussed in the previous section since the DR Congo's shift away from the violence and cruel internal clashes that were strangling it has dragged them in the same direction or deprived them of one of their reasons for continuing with the war. However, it is appropriate to add some further observations.

Rwanda

Rwanda has witnessed an improvement in relations between the church and state. After six years in power, Mr Kagame has consolidated his authority and attempted to strengthen it by means of a rapprochement with the Catholic Church, which he has humiliated over the past few years. In February a mass held jointly by a cardinal, 23 bishops and 100 priests and officially represented by Burundi, Tanzania, Belgium and Germany took place at Kigali stadium.

In February Mr Kagame ordered over 5,000 soldiers to be demobilised and the process has continued with the return of troops from the DRC, where some 20,000 men were stationed. He also began to free prisoners, some 700, who are still awaiting trial for the genocide of 1994. In June he returned to their families some 600 child soldiers, who had served with rebel Hutus and were taken prisoner. He has issued a new law on the press that fosters freedom of expression and has authorised new private radio and TV stations.

Two further major signs of detente were observed. In March, the day before the presidential elections in Uganda, the Kampala press published a letter from the minister of security to the president of the parliament informing him of the list of nations considered hostile—Sudan, DRC and Rwanda—which appeared to be lending financial support to the opposition candidate. Kigali and Kampala levelled harsh accusations at each other. Nonetheless, three months later, both presidents sat down together for a long meeting and promised to help establish good relations between their countries, at odds since the Congo war. They even issued a joint statement conveying this intention. The second example came in September, when rebel Hutus from Rwanda, who were fighting in the DRC against Kigali, disarmed 3,000 of their own men in keeping with the peace-making spirit, and told the Rwandan president this was an act of goodwill designed to contribute to ending the war. The leader of those rebels asked Mr Kagame also to withdraw his soldiers from the Congo and to organise

a national dialogue for peace in which his political demands would be taken into account.

Uganda

As occurred in Rwanda, peacemaking in the Congo has also led to peace for this nation. Nonetheless, the conflict continues on other fronts: to the north, with the southern Sudanese guerrillas; and the internal strife, which often involves deadly violence, persecutions, arson and destruction. But these incidents appear to be dying down.

In February the World Health Organisation (WHO) announced the end of the epidemic of Ebola in Uganda, where it has claimed 225 lives. UNICEF likewise congratulated this country on handing over its child soldiers who had fought on the Congolese front, and the president promised not to recruit them again. March saw the holding of presidential elections, which were again won by Mr Museveni, who secured 69.3 percent of the vote, though noticeably less than his previous victories. His opponent, Mr Besigye, a retired colonel and physician, wrested 27.8 percent of the vote from him, almost one-third of all seats, and accused him publicly of fraud and misgovernment. Demonstrations against Mr Museveni, who has progressively and evidently lost prestige and support, were staged in the south of the country. In April the most serious accusations were levelled against him for plundering mineral resources in the territories he has occupied in the Congo. Mr Museveni denied these accusations indignantly and threatened to pull out of the Lusaka peace talks, though few people believe him, because Kampala is known to be one of the chief exporters of gold in Africa despite having no gold mines of its own.

Fighting on the «northern front» at the border with Sudan has improved. Uganda has been supporting the activities of the Sudan People's Liberation Army (SPLA) against the Khartoum government. As a result, it had been continually attacked by the Ugandan guerrilla fighters of the Lord's Resistance Army, who were supported by Sudan and established in the south. The foregoing was a consequence of the hostility between the two regimes, which gave rise to this worrying «northern front» that earned the Kampala government harsh criticism at home. The highest level talks held between Mr Museveni and President Bashir resulted in both deciding to suspend their assistance to the guerrilla movement. It is hard to know whether this agreement will yield a fully positive result, though it undeniably marks a significant step in the right direction.

Domestic problems remain to be solved, although the outlook for these is also good since the various flashpoints are all closely connected. In view of the continuing horror and insecurity, 110 Christian and Muslim religious leaders from Uganda and southern Sudan met in July in northern Uganda to make a joint plea for peace and asked Mr Museveni to dismantle the concentration camps—some 37 holding 50,000 people—and let the people go home. The meeting was also attended by representatives of the government and the army—a healthy sign that was inconceivable only a year earlier.

These two nations, like Burundi, face the huge problem of the return of refugees. Rwanda and Uganda say that many of these guerrilla fighters will resume action against their governments. At the end of June they were forming new groups at these three countries' borders with the Democratic Republic of the Congo. The Lusaka agreements established that they are to be disarmed and repatriated, but for the time being nobody will have them and they have nowhere to go; therefore they are unwilling to part with their weapons.

Burundi

Burundi has a terrible problem of ethnic hatred between the Tutsis, who hold power, and the Hutus, whom they persecuted. The cruel confrontations have dragged on for nearly eight years, causing thousands of deaths and the destruction of settlements. Nothing is respected; in November the Hutus abducted 350 children from schools to use them as soldiers. Their methods of persuasion are shockingly atrocious. The president, Pierre Buyoya, has maintained his grip through authoritarianism and cruelty in this country, whose progress is being held back by the permanent violence, despite the peacemaking efforts of the international community, especially Africa. Particularly praiseworthy is the magnificent mediation of the South African Nelson Mandela, who has alternated skills with harshness in a sustained and admirable attempt to bring peace to this broken nation. After so many years of efforts and patience, and of many encounters and meetings announced and failed, this year seems to have witnessed clear progress towards a provisional governability pact which is almost accepted by all parties and at last enables hopes of peace to be conceived.

The 300 civilians who died in the last three months of 2000 brought the total death toll at the beginning of this year up to 200,000—Burundi's total population is just over 6 million. These deaths were due to violence, fa-

mine and disease, the permanent violation of the most basic human rights and a government unable to eradicate impunity while 65 percent of its population live below the poverty line.

In February a summit meeting was organised by Nelson Mandela at Arusha and attended by almost all the parties involved and the heads of state of the Democratic Republic of Congo, Kenya, Rwanda and Tanzania and the deputy presidents of Gabon, Sudan and Uganda. It was therefore a highly significant event. Once again, no agreement was reached. Unsuccessful coups d'état were staged in April and July; eleven officers ended up behind bars and 320 soldiers were expelled from the army. In April, in view of the unceasing violence, the UN Security Council and the EU asked the belligerents to cease their hostilities and return to the negotiation table. In May the Arusha agreement was said to be falling apart, since it was considered to be an anti-Tutsi alliance that the rebel Hutus were waiting for to overthrow Mr Buyoya's government.

On 15 June the UN Security Council stated that a lasting peace could not be achieved in the Democratic Republic of Congo—which is being steered shakily onto the right path—unless there is peace in Burundi. Both nations began talks, encouraged by the Security Council. Once again, the Security Council called upon all the states involved in the region to convince the Burundian armed groups of the need to put an end to violence and to begin negotiations by joining in the Arusha (Tanzania) process, and urged all governments to withdraw their support for these groups. But there remain many loose ends that will be hard to tie up in these Arusha agreements. Mr Mandela insisted and met Mr Buyoya to work on a best offer, adapting the clauses as far as possible. He called another summit in Arusha for 23 July in order to relaunch the peace process, and invited the 19 participants of the yearned for agreement. Six or seven parties presented him with a list of conditions and guarantees needed to create valid institutions, though one of the main ones is the requirement that the armed groups be integrated into Burundi's new defence forces, all on an equal footing, and that the Tutsi bloc should necessarily share power. Meanwhile, the fighting continued in the capital, Bujumbura.

As a result of the last meetings and proposals the idea arose of a provisional, transition government in which Tutsis and Hutus would hold power alternately, and both would be represented simultaneously in the posts of president and deputy president. Mr Buyoya discussed this issue with the opposition leaders in August. It was proposed that this possible

government be established by 1 November. A legal committee was appointed to draw up the general transition laws; a preliminary report was submitted to the press; and a total of five draft documents were prepared on the basic law, parliament, political parties, the issue of genocide and provisional immunity.

Finally, on 11 October, all the parties involved agreed on the proposal for a transition government. Mr Mandela, immensely satisfied, announced that the different political forces had agreed to a transition government in which power would alternate for equal periods: the first would have a Tutsi president and Hutu deputy president, and the second vice versa. Mr Buyoya has had to make 11 commitments, particularly the reform of the army. He has also promised that a sufficient number of international peacekeeping forces will be stationed in the area by «D-Day». This huge project is held together loosely but it is the hope of many nations and thousands of people whose resistance has been stretched to the limit.

SIERRA LEONE - LIBERIA - GUINEA

Before making any observations on this group of nations it should be stated that this section refers to countries and circumstances which have shown an improvement in 2001 towards peacemaking in existing conflicts, and towards optimism and hope. This applies to Sierra Leone where, after ten years of uncontrolled violence producing killings and cruelties that have made the world shudder, those responsible for so many atrocities—the RUF (Revolutionary United Front)—have progressively tempered their stance, laid down their weapons and attempted to integrate themselves into society. However, the problems, persecutions and suffering have not disappeared; rather, they have shifted to two other nations, Liberia and Guinea (Conakry), whose outlook at present is bleak.

The factors and players that account for this grim outlook are: the huge number of weapons in the hands of the many violent groups; the people's discontentment with their governments, exacerbated by poverty; the impunity of the thousands of defiant guerrilla fighters and lack of hope; the political enmity between the leaders of Liberia, Charles Taylor, and Guinea, Lansana Conte, with the resulting support and stimulus of the related violent internal opposition groups in both cases; the enmity, also political but within Guinea, between President L. Conte and the opposition leader Alpha Conte who, after being imprisoned, charged and tried, was acquitted of all charges, and the evidence of political persecution; the anguishing and

heartrending problem of the hundreds of thousands of displaced people and refugees concentrated at the borders of these three countries, fleeing from the violence and savagery and abandonment of their governments, sustained solely by scant international aid; and finally, the likely main cause of all these ills, the existence of huge diamond resources which has translated into vast quantities of weapons owing to the despicable action of the presidents of Liberia, Mr Taylor, and Burkina Faso, Mr Compaore.

Life expectancy in Liberia and Guinea is 46; it is 37 in Sierra Leone where, furthermore, per capita income (PCI) is less than \$500 and economic growth last year amounted to -8 percent, even though the country is rich in diamonds.

Along Guinea's borders with the other two countries are some 130 refugee camps or pockets. It is very difficult to estimate how many people they hold, but these are assumed to number about 460,000—a huge figure for a country with seven million inhabitants. These people are literally trapped by the numerous violent groups who surround and harass them. By March a thousand or so had died in a state of utter abandonment. The Western world, the UN Security Council, and the president of Sierra Leone, Mr Kabbah, have made repeated requests, particularly to Mr Taylor, for humanitarian corridors to be opened up allowing relief to reach them from Monrovia, the nearest port. Authorisation was finally given in February, though in precarious conditions. For five months the UNHCR had to withdraw in the face of the attacks. It is reckoned that the number of displaced people in all three nations totals some 480,000.

The biggest UN mission in the world is deployed in Sierra Leone—UNAMSIL, comprising 16,664 soldiers and over 800 civilians entrusted with the task of enforcing the ceasefire agreements and ensuring the hand-over of weapons and demobilisation. By May 16,000 combatants, including 2,426 children, belonging to the civil defence forces (Kamajors) and the RUF had laid down their arms and ceased hostilities, plus 450 army soldiers; the figure should have been around 40,000. By June 10,800 heavy and light weapons had been destroyed. By October, 60 percent of RUF combatants and the pro-government Kamajor militiamen had handed their weapons to UNAMSIL. There were serious differences between the leadership of the RUF and Mr Kabbah's government but fortunately the guerrilla kept its promise and stated that it would not withdraw from the peace process, which it demonstrated by allowing the UN to continue to deploy forces, even in the diamond mining regions it had controlled until

then. In September the presidential elections were postponed to May 2002 as it was impossible to make any headway with this process. The EU promised to finance these elections (5 million) and the job creation programmes for young ex-combatants, one of the trickiest objectives of UNAMSIL which witnessed their return to the mountains with their former companions after spending a week at the rehabilitation centres and being let loose without jobs, trades or tools.

Meanwhile, Liberia has continued to import weapons, in exchange for diamonds. It is reckoned that Mr Taylor earns some €100 million annually from the exploitation of timber from forests, plus what he makes from diamonds. He has been accused of this by many African nations, including Guinea and Sierra Leone, and very harshly by the UN Security Council, which applied sanctions forbidding him to sell timber and diamonds. During the year the guerrilla leaders of the RUF have been more inclined towards peace than the Liberian president, who is continuing to make extraordinarily rich pickings while weapons are needed. But in March, the Security Council appeared to have hit on an effective sanction: it published and sent out a list of 150 Liberian leaders, including President Taylor, his ministers and military chiefs, who may not travel abroad (neither may their wives) and asked states to refuse them entry or even transit. It is essential to block and isolate Mr Taylor. He has received a fright and promised not to negotiate with diamonds again and also to ground all his planes for 120 days. The trade in these precious stones appears to have slackened but this business will always attract plenty of volunteers and scoundrels.

Finally, it should be said that the negotiations and attempts at achieving peace and improving the lot of the hundreds of thousands of desperate people have at no point been interrupted. This is even true of those conducted by the ministers of foreign affairs, security, and interior and justice of the three nations in question. In July, the UN Security Council set up a special criminal tribunal to try the war crimes committed over these past ten years. And the United Kingdom, the only member of the UN Security Council which has sent troops to Sierra Leone, maintained 600 military advisers there during the whole of the year and has over 5,000 men ready to intervene.

FINAL OBSERVATIONS

Further evidence of detente and positive signs have been witnessed and could be commented on were this chapter not only a summary of sub-Saharan Africa: the relaxation of strict Islam in Sudan; the French

RECAMP programme to equip African countries to carry out peacekeeping operations in their own continent, which brought together 35 countries; the Cairo summit in May on children's protection and rights in Africa; the Dakar Red Cross meeting of 16 Western African countries to adopt measures against trafficking in children (200,000 are exploited every year in this area); the victory in the war against the pharmaceutical companies to bring down prices and establish freedom to produce AIDS drugs; and the positive effects of Colin Powell's trips to Africa, among many others.

So far we have dealt with reasons for hope in the year 2001. But naturally there have also been conflicts, clashes, wars, hunger, and the terrible African famine which extinguish lives by the minute. 180 million Africans go hungry every day; to have one meal a day is a luxury for them. The year has also witnessed slavery, exploitation of the weak, displaced people and refugees, «Misérables» all of them; the deceitful adventure of emigrants, corruption, and diseases which only kill in Africa and are an embarrassment to the West; droughts and floods, the miseries of a continent rich in natural resources; mortal hatred and ignorance... so many ills and sufferings that they lead us to associate Africa with «drama».

Wars or bloody conflicts continued in Angola, Burundi, Sierra Leone, Senegal, Sudan, Somalia, Guinea, Burkina Faso, Niger, Mali, Nigeria, Uganda, Tanzania, Guinea Bissau, Zimbabwe, Kenya, South Africa and Liberia—a disappointing counterbalance indeed.

CHAPTER SEVEN

A S I A

A S I A

By ALEJANDRO CUERDA ORTEGA

One of Spain's greatest interests in Asia relates to the promotion of trade, though importance is also attached to culture. The greatest hindrance is currently Asia's lack of knowledge about today's Spain and vice versa. With this idea in mind, the following brief analysis of the Asian world has been drawn up.

A NOTE ABOUT THIS STUDY

The vast size and amazing diversity of the Asian continent make it necessary to limit the scope of this analysis and centre our attention on some areas, regions or countries only. The Asia discussed in this chapter has been limited to the eastern and southern regions of the continent geographically speaking. This choice is not arbitrary: the physical space which falls between these boundaries has lately been a constant focus of world attention and concern. The world turned its attention to these regions following the Cold War and, specifically, the over past three or four years.

The most significant circumstances which make it advisable to concentrate on these areas have sparked much concern about regional security in North East and South East Asia and, in some cases, have threatened the world balance. Pent-up tension, the proven risks mentioned previously, uncontrolled initiatives involving nuclear hazards, border disputes, ethnic and religious hatred, social unrest, political turmoil, the worrying military rearmament, etc., far from disappearing or at least growing more moderate, continue to pose a challenge. The analysis will be concerned specifically with these aspects, which directly influence the regional ba-

lance, stability and security of billions of humans, and the threat of world implication; these aspects moreover constitute the *raison d'être* and interest of the Spanish Institute for Strategic Studies (IEEE).

Lastly, I should mention that none of the aforementioned cases or issues has emerged during the year. They all date back to past periods and circumstances, though sometimes this is the recent past. Furthermore, Spaniards are not very familiar with the world of East and South East Asia; these areas seldom make the news, except in relation to cultural aspects or tourist attractions. It is therefore appropriate to learn what is going on in these parts, how it affects us and what we can do or expect, particularly as regards security. In this first IEEE study of Asia, this calls for analysing the causes, origins and evolutionary process in certain detail to gain a better understanding of the current picture.

SOME PRIOR CONSIDERATIONS ON THE ASIAN WORLD

Except for a handful of exceptions of a religious and missionary nature, Europe's interest in Asia has always been economic; at times it is regarded as a source of resources to be exploited and at others as a large market for Western products. Naturally Asia is considerably more than a market. It might be thought that the best thing would be to instill a Western mentality in this world and modernise and democratise it; however, such a task is practically impossible. First, because of the vastness of the continent: some of the regions we will be dealing with alone have 2.88 billion inhabitants, almost half of mankind; and second, because they are not backward nations willing to accept any teachings, but age-old civilisations and deeply rooted cultures.

Asia also has a huge variety of different peoples, races and religions and cannot be considered a unit. Unlike Europe, this marked and huge diversity makes widespread adherence to the same regulations and laws for all or the formation of coalitions and alliances practically impossible. Of the eight civilisations in danger of clashing studied by Samuel P. Huntington, six are located in Asia.

One thing that is patently obvious is the Far Eastern world's resistance to democracy, except for Japan and, only recently, South Korea (1998) and Taiwan (2000). Indeed, Europe's colonising presence in Asia does not appear to have left a very deep mark. Asia's political systems are largely authoritarian or repressive and are normally backed by strong powers.

State power is often identified and confused with that of the sole, dominant party, and this foments favouritism and corruption, which are by no means alien to these systems.

There, the concept of authority is much deeper than in Europe and tends to be linked to supernatural power; this authority is therefore accepted unreservedly, even in family life. Indeed, even a leader's failings or vices are accepted as characteristics that are inherent in this superior being. If they are furthermore Islamic countries—as so many in Asia are—this sense of authority is even more heightened. The terrorist attacks in September proved to the Western world the respect, following and even veneration some nations profess for their leaders.

Another of their idiosyncrasies is a tendency towards fatalism, which leads them to accept their sufferings as inevitable and a deserved punishment for which they themselves or their ancestors are to blame. Consequently, governors' responsibility for social ills is scarcely considered; this reinforces the impunity of leaders and explains the resignation of entire peoples who live in necessity and even misery and abandonment, governed by leaders who are surrounded by luxury and opulence.

These two aspects of the character of Easterners—their great respect for established authority and fatalistic acceptance of the ills around them—explain many of their actions and codes of behaviour which are scarcely comprehensible to the West. Our politicians and military should bear very much in mind the serious outrage that humiliating their governors entails for Asian societies.

Unlike in the West, where the influence of religion is scant, Asia is imbued with spirituality, which may lead people voluntarily to denial or sacrifice and even death for their ideas. They value feelings more than we do and appear to be better at intuitive perception. Our Western pragmatism evolves at the expense of principles, beliefs and values. Only too often has the West failed in its attempts to «export» its ways to the East; not much remains of European presence in Asia.

These countries have also lived and developed in isolation from European nations and culture, owing particularly to their distance and technical backwardness, which made it difficult to undertake long journeys. The geographical features of countries like China and India, enclosed by high mountain ranges or deserts, has also restricted communications. The tendency towards isolation which also defines their character

makes it difficult to convince them of the advantages of integration with other peoples and cultures if this requires them to abandon their ways; many Asians have lived in our Western cities for a long time and we know well that they tend to live in isolated groups in particular neighbourhoods and preserve their ways and customs and even clothing, language and food habits, appearing to perpetually mistrust the Western world that has taken them in.

These considerations and the so many differences between us and them raise doubts about the feasibility of fully establishing human rights as we understand them in these cultures; after all, the concept emerged and was developed in the West. Europe has had a clear notion of its ideals and fundamental values since Christianity or, to apply this to politics, at least since 1789; Asia has not. There are obviously some basic or fundamental rights that are inherent in the human conscience and cannot be avoided; however they are a minority. Many of the 30 rights enshrined in our Universal Declaration are not accepted or in many cases applicable in East and South Asia as they clash with local culture and beliefs.

A few years ago the idea emerged in the Far East of a set of supposed «Asian values» which even led Human Rights and democracy to be denied their universal nature and regarded as cultural features that are exclusive to the West and, as such, foreign to Asians. This idea, which arose as a result of the spectacular economic growth of South East Asia and was put forward by its promoters as proof that progress can be made on the basis of these values, subsequently crumbled following the financial crisis (1997-98). It is easy to deduce that those claims were merely an attempt to justify authoritarianism and prove to the West that its code of values was mistaken; however, we cannot deny that there are indeed many significant features that are peculiar to Asia and insurmountable differences between Asian and Western culture that oblige us to consider whether our dogmas and procedures are fully and equally applicable to those nations and governments.

REGIONAL SECURITY

The year 2001 was relatively peaceful in the Far East until the appalling terrorist attacks in the USA in September. The Islamic nations of Asia immediately took sides with those responsible, their leaders, and against any Western nation that joined in America's response. The non-Islamic nations waited expectantly, apparently indifferent or non-committal, stri-

king a balance between the stance of their governments, who mostly supported the US's antiterrorist statements, and their anti-Western sentiment. The usual fragile balance was maintained owing to several uncertainty factors.

Contrary to the rather superficial naive image Europeans may have of Asia owing partly to literature, it is not peaceful. There is no common unifying sentiment linking these peoples or a shared culture capable of inspiring a widespread desire for union. Instead there are many clashing civilisations, sentiments and aspirations which do not tolerate each other well. The Oriental philosophies present in society have not died out, and have scarcely evolved over the years despite wars and development. Regionalist interests and ethnic or religious differences lead to cruel conflicts not only between nations, such as India-Pakistan and the two Koreas, but also, and particularly, within countries themselves. This can be found in almost all of them: Afghanistan, Cambodia, the Philippines, Bangladesh, Myanmar, India, Indonesia, Pakistan, Sri Lanka . . . In many cases these are guerrilla wars characterised by a large number of civilian deaths, irreconcilable hatred, an abundance of light arms and a savage profusion of anti-personnel mines, the cause of terrible pain and extermination.

All these tensions give rise to a particularly significant, dangerous and widespread factor: eagerness to procure arms. This race has obsessed not only India and Pakistan, which have displayed their nuclear might, but also China, Japan, Taiwan, Thailand, Indonesia, Malaysia, the two Koreas and Singapore. Since the end of the Cold War these are the only nations in the world which have increased their expenditure on military equipment. Furthermore, their economic growth is enabling them to set up their own armaments industries, with two worrying consequences: the certainty of permanent instability in Asia and the uncontrolled exportation of weapons to third countries, a major source of income for North Korea and China.

As is well known, a further destabilising factor of worldwide scope is the drug trade, which is centred on Afghanistan and the Thailand-Laos-Myanmar «golden triangle» and is mainly run by Chinese. Exchanging drugs for arms ensures the poorest countries a supply of the latter.

From a Western viewpoint it is sometimes difficult to understand the reasons for the conflicts and different situations of prolonged violence in the Eastern countries, whose mentality and way of thinking are so remote from our own. Europe continues to classify them as «good» and «bad» as

a legacy of the Cold War, even though this Manichaeism, which it applies even to weapons sales, has been superseded in Europe. The West is unwise to stick with these simplistic and dangerous divisions, since Eastern feelings, hatreds and loyalties do not display the same patterns or processes as ours and can be misinterpreted by our mentality. This error may lead to very regrettable consequences, as we have tragically witnessed with the terrible terrorist attacks in the US in September carried out by people who were once on America's side. This appalling atrocity sparked different reactions from the Eastern countries, though we have no way of knowing for sure whether the favourable responses were sincere or inspired by fear.

Although it might be thought that these actions and reactions, which are incomprehensible to the West, are only observed in Islamic fundamentalist fanatics, this is not the case. The recent history of the peoples of the East has abundant cases that defy our logic and may cause us perplexity. There are many factors that suggest that the focus of world attention in the 21st century that is just beginning will shift to Asia and the Pacific, where this growing and worrying militarisation is occurring. And we should not forget that the military and other armed groups play extremely important roles in the Eastern world.

In view of the foregoing, it is difficult to understand why the European Union (EU) has paid such scant attention to this vast region of the world which it regards merely as a rival market and source of cheap labour. Although Europe still lacks political union and a shared definition of its overseas interests, its distancing from and indifference to the major current political, military and social issues of East and South Asia is illogical. Apart from the analyses carried out by some think tanks without decision-making powers, matters as serious and regrettable as East Timor, the Philippines, the Tamil Tigers in Sri Lanka, piracy on the China Sea, Cambodia, and the more serious issues of India and Pakistan, the two Koreas, China and Taiwan and Afghanistan before September scarcely have any impact in Europe apart from the odd mention in the press; yet all these conflicts involve weapons manufactured by our Western industry. Europe's political, formal and active presence in Asia is past history; and now, its place having been taken by America for over 50 years, it is going to find it very hard to restore its prestige there and make itself heard.

This accusation of Europe's apparent indifference towards Asian issues that bring it no economic benefits could be invalidated if it manages to

infer responsibility from the huge commotion caused by the savage terrorist attacks in America. Now it has the chance to take an interest in and move closer to this huge Eastern world where it seems—to quote a fitting American expression—«the future is», although it is not known what sort. If it decides to do so it will certainly have to follow the footsteps and the orders of the US: first, because they are the protagonists and the injured nation; and second, because they have a solid, powerful presence there.

China

This country's internal problems include: social unrest, with some serious mobilisations such as Tiananmen (1989); the huge, clanking bureaucratic structure of its administration and state industries, of which the attempts at reform are leading large numbers of population to join the ranks of the unemployed; the large and ever-widening gap between the living standards and well-being of regions (some 100 million inhabitants are reckoned to be constantly displaced, fleeing from poverty); religious persecution, including sects (Falun Gong); overpopulation and concentrations of people; the exhaustion of oil wells and corruption and political dissidence within the party. In addition to these, the following border areas continue to be focuses of tension:

Tibet

After the nation was occupied by Mao's China in 1950, a delegation headed by the Dalai Lama was forced to sign the treaty depriving them of sovereignty and allowing only a certain degree of religious freedom, with minimal autonomy.

The UN has always been favour of self-determination for Tibet, but the Beijing authorities refuse to yield the slightest sovereignty or even to address the question. In August (2001), Beijing celebrated the 50th anniversary of the «peaceful liberation» of Tibet and, precisely in order to erase any remaining vestiges of the earlier independent Tibet, celebrated the events in full pomp, decking out the capital Lhasa—for which it was necessary to get rid of all the posters and graffiti appealing for independence the night before—and sending the vice-president of the People's Republic (Hu Jin Tao) to preside at the ceremony. This same anniversary was the reason for the visit the Dalai Lama paid the US President George W. Bush at the White House in May. Mr Bush promised him «firm support»

in safeguarding the religious and cultural nature, linguistic identity and human rights of all Tibetans. Mr Bush told the Buddhist leader that he would « seek a way of fostering dialogue» with Beijing and expressed his hopes that the Chinese government would «respond favourably»; Beijing took this to be a challenge and interference in its internal affairs.

Post-Mao China has certainly transformed Tibet and this is recognised even by its critics. In the past years it has invested hundreds of billions of pesetas; it has boosted growth to eight percent, rebuilt 1,400 temples and established full freedom of worship—aware that religious intolerance would amount to fighting a losing battle, at least in Tibet; it has halved the illiteracy rate (from 95 to 42 percent); the Tibetan language is spoken, taught at schools and disseminated over television; 34 development projects have been completed in the region and China plans to invest Pta720 billion over the next 10 years. In its endeavour to modernise and solve the major problem of isolation deriving from the mountainous nature of the region, Beijing has set to work on one of its most ambitious projects: to build a 1,120 km railway with pressurised carriages which will run at an average altitude of over 4,000 m and as much as 5,072 m at some points linking Tibet to the rest of China.

But it is also true that the criticism levelled by the Dalai Lama and his followers, the persecution and destruction of all his portraits and reminders, and the regular manifestations of subversion and dissidence indicate that Tibetans have not settled for this imposed domination. The Dalai Lama has toured many nations explaining his situation and that of his people; he is willing to relinquish independence in exchange for a certain measure of autonomy and has informed Beijing of this. Beijing has not replied, but several radical Tibetan groups and the survivors of the 100,000 exiles who fled with him in 1959 are clamouring for independence.

Xinjiang

This is China's largest and westernmost region and the most sparsely populated. It has a large Uighur Muslim minority who aspire to secession. There are frequent outbreaks of violence. The Uighurs receive support from the neighbouring former Soviet republics of Kazakhstan, Kirgizstan and Tajikistan. The region is under curfew.

Its small border with Afghanistan and its Muslim rebel minority have made this region a focus of world attention, particularly that of the Chinese

and US governments since the terrorist attacks in New York and Washington in September, owing to the worrying similarities between Uighurs and Taliban. It is more than likely that Jian Zemin's clear support for the US president's anti-terrorist campaign stems largely from self-interest, that is, the wish to gain the West's acceptance of its harsh crack-down on the Muslim rebels of Xinjiang.

Inner or South Mongolia

Although a province of China, it is attempting to gain independence in order to become part of the neighbouring great Mongolia.

In addition to the aforementioned quarrels, China is also engaged in territorial disputes with most of its neighbours: with Russia, though these are of lesser importance since the presidents of both nations, Boris Yeltsin and Jiang Zemin, settled the three-centuries long dispute in 1997 by establishing the 4,300 km of common border; with the outlying former Soviet republics; with India, with which it previously waged a border war in 1962 and which it harasses by supporting internal Indian rebel groups; and with Mongolia and Vietnam. And also, beyond its borders.

The South China Sea

This is a high-risk conflict area since China regards it as a sea or lake of its own. In a unilateral declaration issued in 1992 and agreed with no other parties, it claimed sovereignty over the entire South China Sea (900 miles from North to South). It is an area of transit for important international shipping lines, particularly those carrying oil from the Persian Gulf to Japan but also between Vietnam, Malaysia, Brunei, Taiwan and the Philippines. China's dominant presence in and unilateral appropriation of that sea are probably due to the widespread belief that it contains large oil and natural gas deposits.

Also in the area are the Spratly and Paracel islands, over which China also claimed sovereignty in the aforementioned 1992 declaration. This has not been recognised and, indeed, several of the aforementioned nations protested; the tension eased somewhat in 2000, at least temporarily, when Beijing partly relinquished its claims to the southern part of the Spratly Islands. Its current absolute naval supremacy enables it to exercise dominion, with no legal basis, over these maritime areas and islands. Naval clashes occurred with Vietnam in previous years.

Taiwan

It is well known that China regards this island as a rebel province which it refuses to relinquish and over which it aims to achieve sovereignty, as occurred with Hong Kong and Macao. The worrying difference is that the latter were peaceful handovers negotiated with Western powers who were willing to give them up, whereas in Taiwan's case China must deal with the island's rulers, many of whose pro-independence stance dates from 50 years ago, in a permanent atmosphere of enmity. There are two sides: one in favour of full independence, which would make war likely, and another that accepts reunification.

Taiwan has powerful forces and the support of the US. However, since 1949, the island has experienced the anguish of a possible invasion and the worry of attaining sufficient military might to prevent this. Its current hopes as to military equipment are to join the American theatre missile defence (TMD) programme, particularly since China launched 15 missiles in nearby waters in 1996 in a naval exercise which «coincided» with the campaign period for the first democratic elections on the island. This demonstration led America to send two American aircraft carrier to nearby waters as a sign of Washington's determination to support Taipei. But Beijing has made it clear that if Taiwan were to join the TMD this would be considered frontal opposition to the reunification process and lead to military action.

Taiwan's new leader, Chen Shui-bian (March, 2000), who had formerly expressed his support for independence, spoke in a moderate and conciliatory way towards the People's Republic of China (PRC) at his swearing-in speech, rejecting the idea of «two Chinas». This, together with the authorisation for the first passenger shipping from the islands to the mainland (January, 2001)—finally achieved after various proposals from Taipei—the increase in trade and America's decision not to promote the idea of independence led to a period of reasonable calm; however, this is not enough for Beijing.

In this long, sad and festering dispute, neither of the two sides—the PRC on one, and Taiwan and the USA on the other—appears likely to give in. The situation is therefore delicate and likely to worsen at the slightest blunder or faux pas, despite the care taken. But incidents are harder to control than diplomacy, for chance does as it pleases; on 1 April (2001) an American «spy» plane (a USN EP-3 Orion) collided in the air with one of the two Chinese fighters that went to intercept it considering it had entered Chinese airspace over the South China Sea; the Chinese fighter went mis-

sing and the US plane managed to land on Hainan Island. This incident set all the alarm bells ringing. As to be expected, China made the most of this episode, insisting on describing it as a «serious affront». Following the crisis it displayed a harsh and unyielding attitude, detaining the American crew for 11 days, much longer than necessary, and keeping the aircraft to examine it before returning it as scrap.

This issue, which initially weakened America's position and which China attempted to convert into humiliation, was subsequently offset by a development which favoured Mr Bush and American prestige in East Asia. Three weeks later the White House had to decide on an important sale of weapons to Taiwan, which Mr Clinton had negotiated a year earlier. China's intransigent position regarding the recent case of the American plane, which continued to be held after the accident, enabled President Bush to respond vigorously and express his annoyance with the Chinese Communists by proclaiming his willingness to help Taiwan defend itself were it attacked. The arms sold to Taiwan included eight submarines, four destroyers, 12 P3-Orion aircraft, amphibious vehicles and other minor elements, all of which will considerably reinforce its military capability. However, to prevent things coming to a head, the Arleigh Burke-class destroyers fitted with the Aegis anti-missile system, which China considers clearly offensive in design, Harm missiles, Apache helicopters and tanks were struck off the arms list.

Taiwan's arsenal has therefore been considerably reinforced, but only its defence capabilities; the United States warned the PRC clearly that it is on Taiwan's side—actually it has been since 1979 («Taiwan Relations Act»)—and that China should therefore avoid any initiative aimed at taking its principle of «a single China» beyond a patriotic proclamation. Naturally, Beijing protested at this arms sale, which it regarded as an unfriendly attitude and unacceptable interference in affairs pertaining to Chinese sovereignty.

In May (2001), the Taiwanese president, Chen Shui-bian, travelled to America on a US visa, which sparked further tension between Beijing and Washington. He went on to visit Guatemala, Panama, Honduras and Paraguay; this also displeased China, which protested at what it considered an attempt to afford this trip the status of a state visit, which was not appropriate.

But this delicate situation in spring was followed by a period of calm and peaceful relations, perhaps the smoothest in the history of Taiwan and

China. Business activity increased greatly, benefiting both countries. Admittedly, China's and Taiwan's prospects of joining the World Trade Organisation (WTO), which entails a ban on restrictions on foreign trade, made it advisable to start opening up market relations between both. Nevertheless, this is still a positive and hopeful development.

The announced legislative and local elections in Taiwan at the end of the year are enabling us to discover the different movements of the pawns on the electoral chessboard and their future intentions. The so-called «New Party» in favour of immediate reunification with China has emerged. Despite its small size, it looks set to play a major role in the coming months. By teaming up with the powerful Kuomintang (KMT) back in February (2001), it managed to get President Chen Shui-bian to refrain from paralysing the construction of the island's fourth nuclear plant. But its big break came on 12 July, when the party's representatives met the Chinese deputy prime minister, who privately informed them of the seven-point plan for reunification which would give Taiwan a wide measure of autonomy. According to the plan, the island would be authorised to have its own currency, army, political system (without intervention from Beijing) and the status of independent customs area; the Chinese government would also protect the property of citizens of the island and the integrity of Taiwan's finances—provided that the principle of «a single China» was not violated.

The seven-point plan for reunification included a number of awards or concessions that were unthinkable years ago—particularly regarding maintenance of the army—and which will surely have raised doubts among many independence advocates and led the more indecisive to entertain hopes of peace, thus creating an opinion favourable to the idea of «one country, two systems».

In order to cast a shadow over these encouraging prospects, the «Taiwan Solidarity Union» staunchly defended its proclamation of «two states». It recommended that the island's businessmen take greater precaution on the mainland and avoid making commitments that could hinder their possibilities of returning without delay to the island at a particular point. It advocated that Taiwan and China should maintain «state to state» relations, sparking particularly harsh criticism from Beijing.

Amid the world commotion following the terrorist attacks in the US, the Taiwanese premier Chen Shui-bian, in favour of peaceful relations, asked Beijing to continue to take firm steps towards peace between the two nations. However, at the meeting of Asia Pacific Economic Co-operation

Forum (APEC) heads of state in Shanghai (October 2001), the Taiwanese delegation decided to abandon the forum, to which the country belongs, owing to the series of humiliations to which they had been subjected by the Chinese representative, who had not invited them. Finally, the most important development conducive to detente came when China and Taiwan were finally accepted as full members of the WTO at the fourth ministerial conference held in Doha (Qatar) in November: the habitual restrictive stance regarding new members had been relaxed in order to give impetus to world development in view of the incipient economic crisis that has yet to abate.

Japan

The lengthy and cruel wars in which China and Japan were engaged in the 20th century have consolidated the historical enmity between the two. Relations between them are currently tense for two reasons: both nations' claims of sovereignty over the Senkaku/Diaoya Islands northwest of Taiwan and, particularly, the immoderate activities of Chinese warships in the Sea of Japan and the East China Sea, which both countries share. In the first case—claims to the islands—the governments seem keen to ward off confrontation and long periods of calm are being witnessed, but Chinese and Japanese nationalists, who are more aggressive, could force a conflict.

The other issue, activities of the Chinese fleet in those seas, has certain more delicate and even dangerous aspects. Chinese ships engage in reconnaissance campaigns both sides of the median which, according to Japan and pursuant to international maritime law, separates both countries' exclusive economic zones (EEZ).

As for the Sea of Japan, isolated ELINT (electronic intelligence) ships belonging to the PRC regularly sail around Honshu, Japan's main island, only a short distance from the coast. Their intervention is obviously to keep the country under surveillance regarding possible rearmament using American materiel.

All these activities carried out by Chinese naval units are unfriendly and inconsiderate and even verge on hostility; Japan has repeatedly protested through diplomatic channels, but to no avail. Tokyo has even cancelled development loans to China until a written and final agreement is established regulating both nations' maritime reconnaissance.

The Korean Peninsula

The situation of risk between the two nations which make up this peninsula must be described in some detail due to its complexity and to the fact that it is probably the most dangerous in Asia. We should, perhaps, in summarised form, recall the background of these two nations, the People's Democratic Republic of Korea (PDRK), or North Korea, and the Republic of Korea (ROK), or South Korea, since the war of 1950-53. The Korean peninsula, as we know, has been divided into two since 1945, when it was liberated from Japanese domination. The present dividing line runs close to the 38th parallel, which initially separated the two parts that later became nations in 1948. There is only one border crossing point at Panmunjon.

North Korea, with a surface area slightly larger than one fifth of Spain, maintains a force of 700,000 men, 8,000 artillery systems and 2,000 tanks within 100 miles north of the dividing line. The South Korean army totals 560,000 men and the nation covers a surface area equivalent to one fifth of Spain. In the South we must also add on the 37,000 Americans who remained in the country after the war ended (1953). The border between the two Koreas holds the greatest concentration of troops anywhere in the world.

American presence in South Korea over these almost 50 years has sparked permanent protests from North Korea and also criticism from China. Nor are the people of South Korea particularly pleased about this American presence, for two main reasons: first, the treatment received by their military personnel, particularly in court cases, due to the protection clauses the Status of Forces Agreement (SOFA) accords them, which the Koreans consider to be a privilege; and second, the difficulty of getting the US to help South Korea acquire a bigger and better set of weapons to enable it to counter the threat of North Korea's massive arsenal. Both nations will continue to be technically at war, unless they replace the armistice signed in 1953 with a peace agreement or treaty.

The Stalinist-style political regime of North Korea is possibly the most hermetically sealed in the world. Since the invasion of South Korea and the ensuing war, the country has devoted practically all its attention and efforts to military rearmament, equipping itself with an army of one million men out of an estimated population of 23 million—i.e. a proportion of armed citizens not to be found anywhere else in the world. At the same time, their arsenal of weapons of all types, including nuclear, is impressive and has

kept South Korea under the fear of a devastating invasion for 50 years. To maintain this anxiety, throughout this entire period acts of provocation and spy incursions into the South of the peninsula have been unceasing, as well as insults and demonstrations of hostility to each other. Forty-eight years of active enmity between brothers, without actual open war, give some idea of the difficulty of reconciliation between these Asian peoples.

It might be thought that the country's impressive military preparedness could be explained by the North Korean leader's fears of being attacked by South Korea, in view of America's presence and aid. However, such an idea must be rejected, at least at the current time, given North Korea's missile-based arsenal which surpasses any concept of defence, since its size and capabilities do not only threaten the South but also maintain Japan and part of the US within its range.

This massive military effort, sustained with huge financial contributions, has had a devastating effect on the nation, which has slid into economic and social turmoil, plunging the population into a state of impoverishment and extreme need. Scarcity of the most basic foodstuffs is further exacerbated by the agricultural devastation the country has been suffering from.

The resulting dilemma faced by the governments of the nations the refugees arrive in seeking political asylum should also be pointed out. Granting these people refugee status prompts irritation and protest from Pyongyang in a very delicate atmosphere of tense relations; and handing them over weighs on their conscience, as the North Korean authorities' stance is extremely tough. In many cases these governments set them free, failing to recognise them and ignoring their existence.

This year, 2001, it seems that this situation has abated somewhat; although the people are still hungry and in great need, there have been no cases of death from starvation. Without doubt, the hundreds of thousands of tonnes of rice and wheat received from abroad are the cause of this improvement.

It is important to underline the extreme isolation in which the leader of North Korea, Kim Jong-il, finds himself when facing his people's plight, as a leader of an anachronistic political system in a country that is clearly at odds with its neighbours and the rest of the world and continues to amass huge amounts of weapons of mass destruction. While the Cold War lasted, North Korea had the help of the Soviet Union and China but today it stands alone: the USSR has disappeared, Russia is a nation which is pro-

gressing in freedoms and development, and China, a leader in development and economic and industrial drive, has trade routes open all over the world which have opened the WTO's doors to it.

The aforementioned circumstances and world pressure must have made an impression on the closed mind of the North Korean leader who, as a first step, agreed to «negotiate» the country's nuclear potential. In 1994, after 16 months of negotiation and several years of tension and threats from the US, a «Framework Agreement» was signed in Geneva between the two nations (precisely when Kim il-Sung, the «Great Leader» and father of the present head of state, died). Pyongyang agreed to stop developing nuclear weapons, not to withdraw from the Treaty on the Non-Proliferation of Nuclear Weapons (TNP), to accept the nuclear safeguards of the International Atomic Energy Authority (IAEA), and to start dismantling its graphite reactors from 2003 onwards. In exchange, two light water atomic reactors—which do not permit plutonium to be obtained—were to be built for North Korea enabling it to produce electrical energy by 2003, later postponed to 2008. For this purpose a consortium has been created, led by Japan, the US, South Korea and the European Atomic Energy Community (EAEC). KEDO (Korean Peninsula Energy Development Organisation), as it is called, will be in charge of the construction work, which is valued at \$4 billion and entails no cost for North Korea.

North Korea's position during the period the Framework Agreement has been in force has been characterised by continuous demands and threats of abandoning the Nuclear Non-Proliferation Treaty (NPT) and returning to its original programme; it has also continued to sell missiles to several clearly anti-Western nations—an attitude that could be identified as blackmail. In January (2001) North Korea resumed its inconsiderate complaints, with renewed threats, due to delays in the KEDO programme.

When Kim Jong-il came to power in the PDRK (North Korea) as president of the national defence committee in 1993, the nation was bogged down in the very deepest economic crisis and practically isolated from the rest of the world. In the summer of 1998 North Korea launched a missile which flew over Japan before becoming lost in the Pacific, 1,600 km from its launching point. Naturally, this alarmed all nations and very particularly the US, Japan and South Korea. It is not easy to establish the exact reasons which prompted the North Korean leader to take such a dangerous and provocative decision; at the time relations with the US were tense, the

Framework Agreement was not being met fully, and Washington had imposed economic sanctions on the country. Very probably North Korea did so to attract world attention and provoke new fears which would secure it continued benefits.

At the end of 1998, in view of this critical situation, President Clinton appointed William Perry, former defence secretary, as special envoy. Mr Perry went to North Korea in 1999 and after several negotiations, issued his criteria for action («The Perry Report», September 1999). The document offered two options: if Pyongyang observed the 1994 Framework Agreement, abandoning the development of heavy water nuclear reactors, froze its nuclear weapons programme, agreed to inspection by the IAEA and showed a co-operative attitude, as well as putting a stop to long-range missile testing, the US and the other nations involved would meet their commitments for aid, including food and financial loans. Moreover, diplomatic and trade relations with America and Japan would be resumed. Should they refuse, the political co-ordination between Washington, Tokyo and Seoul would be reinforced to increase the pressure on and isolation of North Korea.

Following William Perry's advice, Mr Clinton lifted the economic sanctions that had been imposed on Pyongyang on account of its aid to world terrorism. Kim Jong-il responded by giving way and returning to the Framework Agreement negotiating table and regular talks on missiles and terrorism. In October 1999 high-level bilateral visits began. North Korea received considerable food aid in wheat and hundreds of thousands of tonnes of rice from Japan; Tokyo was very much in favour of normalising relations after many years of tension and contained hatred since it was within range of the North Korean missiles. It was also keen to try to get North Korea to return the Japanese citizens in prolonged captivity in North Korea and promised to provide aid for the construction of infrastructure if this came about.

As regards South Korea, for the first time in democratic elections, an opposition candidate, Kim Dae Jung, a liberal democrat, came to power in February 1998. He was taking on a nation in full economic recession as a result of the 1997 crisis. He was conscious of the need for reconciliation with North Korea and to put an end to 40 years of confrontation purposely maintained by the previous «Great National Party» (GNP). Kim Dae Jung's effort to achieve of peace and reunification, his tenacity and patience in the face of his northern neighbour's show of provocation, and the criticism

of the opposition GNP as well as of a significant proportion of his people earned him the Noble Peace Prize in 2000.

With his «sunshine policy» of peace and reconciliation, his continuous invitations to his northern neighbour to hold talks, putting up, with unusual patience, with scorn and even provocation in the form of endless spying incursions, and continuing to send frequent and massive deliveries of food and economic aid, Kim Dae Jung finally succeeded in June 2000 in meeting with Kim Jong-il in Pyongyang and agreeing a peace plan with him and a blueprint for reunification of the two Koreas, after 53 years of tense relations and threats.

Admittedly, North Korea was in a desperate situation and in the end gave in to a golden opportunity to save its people and break out of the intolerable isolation from the outside world; but it is also true that Kim Jong-il was facing a very difficult situation which still poses a threat to him, since he knew that opening up would probably lead to the collapse of his dictatorship. After two days of talks, both parties issued a joint declaration with the commitment to work towards national unification in some form of federation, making a joint effort to achieve a balanced economy and promote humanitarian exchanges of families separated by the war in the Fifties, as occurred in August before an expectant world.

The thorny question remained of the presence of the American forces which earned Pyongyang the toughest criticisms and accusations of imperialism. At the June summit mentioned earlier, Kim Jong-il agreed to the presence of US forces. Nevertheless the North Korean Press, contrary to the opinion of its leader, published an article referring to this military presence as an insurmountable and inadmissible obstacle, and stating that everything which had been agreed should be made conditional upon these forces leaving the Korean Peninsula. There is no doubt that this was not the isolated opinion of a newspaper, in a country with such strict censorship; behind this there had to be high level members of the de facto powers; this gives an idea of the prevailing climate of resentment and even indignation in Pyongyang.

There were also other signs of mistrust, proposals by Kim Dae Jung which were not accepted, and even returns of prisoners from the South to the North which were not compensated for and triggered strong protests and disturbing demonstrations by the South Koreans. However, in spite of the resentment and the initial difficulties, there was no doubt that a clear horizon of hope had opened up. Shortly afterwards, Kim Jong-il expressed

to President Putin his willingness to abandon his missile programme in exchange for concessions from the US. In October (2000) a meeting took place between the North Korean foreign minister and the US secretary of state, M. Albright, in Bangkok. That same month, North Korea sent a vice marshal to the US, where talks were held in a atmosphere of harmony and understanding, ending with a joint declaration of good intentions, mutual respect and, at the repeated insistence of the Koreans, a pact on non-interference in the internal affairs of the other nation. A visit to Pyongyang by M. Albright followed and there was even talk of a visit by the US President himself, then Bill Clinton, although this did not come about owing to certain American misgivings and the Washington presidential campaign.

The opening up of North Korea to the outside world brought with it visits and meetings between other high-ranking international dignitaries and their North Korean counterparts. In 2000, diplomatic relations were established with Italy, Australia, the Philippines and the UK, and North Korea joined the ASEAN Regional Forum (ARF), in spite of Myanmar's initial opposition. In January (2001) Kim Jong-il's second visit to Jiang Zemin took place in Beijing, where he received fresh praise and encouragement to forge ahead with the process of reunification, apart from being once again amazed by China's substantial development.

The advent of George W. Bush (20-01-01) to the American presidency, a man considerably more suspicious and distrustful than his predecessor, Mr Clinton, brought the opening process to a standstill and state of expectation. The following month, Pyongyang threatened to resume missile testing if the US did not involve itself in negotiations and KEDO did not speed up the construction of the nuclear plants. In March (2001), when the South Korean leader visited Mr Bush, the US president manifested his scepticism about North Korean good faith, since North Korea had refused to allow the requested verification inspection, to destroy the long-range missiles—which even threatened American territory—and to provide a weapons inventory, adding that negotiations had been broken off for this reason.

There is no doubt that there were reasons for mistrust; there had been many years of difficult or artificial relations with a staunch dictator who, despite his apparent physical frailty, was known for his cruelty. America openly distrusted him and these suspicions proved to be grounded last May (2001) when a man who seemed most certainly to be the son of the North Korean leader was detained at a secondary airport in Japan carrying a false pass-

port and accompanied by two women and a child, claiming they intended to visit Disneyland. This is all very odd—the son of the leader of North Korea does not need to resort to a false passport for such an innocent visit. The explanation that this was simply an ingenuous attempt to conceal a possible double life was countered by the fact that this individual was a key figure and held a high position in the intelligence service, which fuelled suspicions of espionage. Nobody wanted to «make a meal» out of this case given the circumstances and it was passed over with no greater consequences.

In spite of the aforementioned difficulties and doubtful and even provocative attitudes, Kim Dae Jung has refused to abandon his «sunshine policy». Washington has also shown considerable patience for the sake of peace. And it seems that, even with reservations, Kim Jong-il is giving in, adopting a middle-of-the-road and woolly stance of neither harassing nor opening up fully.

In February (2001), the president of North Korea once again informed his opposite number in the south that he agreed to the presence of American troops on the peninsula; he even went as far as declaring that he considered it advisable for the stability of East Asia. One has to ask oneself whether the needs of his people, who are fleeing from and dying of starvation, are the cause of such a drastic change of opinion; or whether it is the recognition that his policy has become outdated and is getting him nowhere, while the nations around him are progressing and achieving enviable levels of well-being—especially China, also a Communist country—that were hitherto inconceivable to his mind. Such explanations are similar to those which led to the fall of the USSR. But there is also the doubt that this may be yet another example of his game of deception consisting of giving only to back down.

In March (2001), Vladimir Putin paid a visit to Kim Dae Jung in Seoul. Apart from congratulating him on the third anniversary of his rise to power, Mr Putin pledged his full support for the process of reunification. In May, Spain established diplomatic relations with North Korea; the Spanish minister of foreign affairs, who was there at the time, discovered to his surprise that the country wished to introduce the teaching of Spanish. That same month, a EU delegation headed by the rotating president visited the country. Up till that point Europe had played a pitifully insignificant role in that nation. Kim Jong-il assured them that he wished to continue the talks on reunification with South Korea, then at a standstill, and that he would respect the moratorium on missiles till 2003, as agreed. The European dele-

gation visited South Korea afterwards and delivered a personal message to Kim Dae Jung from the North Korean leader with these commitments.

At the end of July (2001), Kim Jong-il set off on a 10-day, 10,000-km train journey to Moscow—he seems to be afraid of flying—to repay Mr Putin’s visit. Days before his arrival, the Kremlin publicly lamented the deadlock in the dialogue between the two Koreas and invited North Korea to participate in the Russian-American talks on defence. The North Korean leader stayed in the Kremlin, avoiding his embassy where, he was informed, pro-human rights demonstrations were being staged. Kim Jong-il said that his missile programme did not, as the US had declared, pose a threat to world peace, stressing that it was a «peaceful» programme and that no nation should feel threatened «if it respected North Korea». He also confirmed the moratorium agreed up until 2003.

As a conclusion to the talks, a joint declaration was issued on the following points: co-operation between Russia and North Korea in favour of a new, fair world order guaranteeing the safety of the international community; peaceful settlement of conflicts within a non-confrontational framework; a greater role for the UN on the world stage; a reaffirmation of the importance of the ABM Treaty (1972) between Russia and the US, as a basis for future negotiations on reduction; and finally—and very significantly—they declared that «all states have an equal right to equivalent levels of security», which must be interpreted as a criticism of America’s NMD (National Missile Defence) project. Also, as could only be expected, North Korea joined Russia and China in their frontal opposition to the other US programme, the Theatre Missile Defence programme. (TMD). And once again, in the game of contradictions, the Russian president expressed his support for the North Korean request to withdraw American troops from the peninsula.

A few further references to North Korea to end this section: GDP displayed a downward trend for the previous nine years until 1999, when it was slightly positive, due no doubt to external aid. Since 1996 the contributions the country has received from the US, China, Japan, South Korea, the European Union, Sweden and Canada have amounted to around \$200 million per year. Nevertheless, according to the press itself, its economic situation is still critical, even though the impetus this aid is giving to the country’s industrial, agricultural and infrastructure development is very considerable.

Its military development and capability does not appear to have diminished in the least; the disproportionately large armed forces are the

mainstay of the regime, the pride of its government, the justification to the people of their economic efforts, and a clear argument to dissuade its citizens from foreign influence or any trend that strays from the closed Stalinist ideology which inspires them and is not decided on and controlled by the government. It is known that the country has enormous underground military installations and an immensely powerful stock of nuclear, biological and chemical weapons which, it is suspected, it continues to develop and pass on to other nations.

In this new period of opening up, whenever the US is about to carry out military manoeuvres on Korean soil, it informs Pyongyang as a unilateral safety and confidence measure, which is not reciprocal. Indeed, during some recent exercises in which two US Air Force planes entered North Korean air space by accident, the North protested immediately, describing this as «serious military provocation»; South Korea hastily explained that this was an accident and not intentional.

As regards South Korea, Kim Dae Jung has gone down in the estimation of his people; the euphoria of the summit in June 2000 has ebbed owing to lack of clear progress in relations between the two nations and the high cost this involves, although their battling president is still trying, and in September reached a new agreement to resume the reunions, albeit limited, of separated families. Moreover, the presidential elections planned for the end of the year have made him the target of criticism from the opposition, and the economy is not quite managing to recover, with some spectacular company closures such as Daewoo. In October, Kim Dae Jung offered Washington his assistance in the fight against terrorism. Mr Bush took this offer into consideration, agreeing to hold a meeting of the heads of the two nations in Seoul.

In spite of all the resentment and difficulties discussed in the previous paragraphs, the outlook for the Korean peninsula is now much calmer and more hopeful than it has ever been for the past 56 years. The personal involvement of Kim Jong-il in the reconciliation process and his enthusiasm for the Chinese model of reform, which he wishes to imitate, suggest that it will be difficult for his generals and ministers to try to turn back.

India and Pakistan

India and Pakistan have gone to war against each other on three occasions since gaining their independence from Great Britain in 1947; two of

these were over control of the region of Jammu and Kashmir, two thirds of which belong to India and one third to Pakistan. The aspirations of both countries to sovereignty over this region is the cause of permanent conflict. Islamabad (Pakistan) is calling for compliance with the UN resolutions which establish that a referendum is to be held for the population of Jammu-Kashmir—most of whom are Muslims—to decide whether to join India or Pakistan; in Pakistan 95 percent of the population are Muslim, while in India the majority are Hindu. The result of this referendum would doubtless be favourable to Pakistan, and this is why India refuses to allow a referendum, claiming that Kashmir is part of its national territory and is not a debatable issue; not even mediation by a third country is acceptable.

India, like the USA, accuses Islamabad of terrorist action in the region since 1989, which has claimed 20,000 lives to date. Pakistan says that all these terrorist actions were carried out by the inhabitants of Kashmir themselves, who do not wish to be part of India. Actually the guerrillas are pro-independence Muslims who infiltrate Kashmir and attack Indian soldiers. New Delhi accuses Islamabad of backing these movements, which the latter denies, while claiming the right to self-determination. The fact is that serious incidents occur continuously; there have been 200 deaths in less than four months.

But the hostility of these two countries is not a recent thing, nor is it related only to the region of Jammu and Kashmir. As is common knowledge, hostility between them dates back to the times of British colonisation. When the British arrived, the Muslims were dominant in India, but felt they were relegated to second place by the British' preference for the Hindus, who were given all the best jobs and posts in administration. This gave rise to the religious hatred that led them to be partitioned into two separate nations. There has never been peace between them since.

The Western world managed to ignore that permanent source of discord between the two countries until they procured atomic weapons in their arms race. In May 1998 India carried out five nuclear tests which were also intended to warn China, their other old adversary, that they too possessed that powerful weapon. Pakistan responded to this with six tests that same month. This provocation with nuclear weapons caused worldwide alarm. The international community realised the enormous risk of not intervening and quickly manifested its condemnation, imposing economic sanctions on both countries. India stopped its nuclear development pro-

gramme, but not the weapon delivery missile programme. Pakistan was spending 26 percent of its budget on defence at that time. Both initially reduced their apportionment to military weapons, India from 3.3 to 2.5 percent of GDP, and Pakistan from 6 to 4.5 percent, but naturally the two nations still preserve their nuclear capability and 60 year-old enmity. In February this year, the Indian prime minister, Mr Vajpayee, announced a 13.8 percent increase in the defence budget.

This is happening between two nations which are characterised by immense poverty, an overwhelming problem of demography (the population density in Pakistan is three times higher than that of Spain and India's is five times higher), outdated social structures, a political structure which is difficult to control—the coalition which governs India is made up of 23 parties—and enormous ethnic and linguistic complexity, with marked social differences and a high degree of corruption. In India a scandal that erupted over corruption in the government and Armed Forces in March cost the defence minister and party leader their jobs, and the supreme court opened up 4 months of enquiries. Nor is Pakistan free of corrupt practices, of which its leaders are regularly accused. All this has given rise to a worrying internal social unrest which, in India, goes hand in hand with the insurgent and separatist trends of many different groups which constantly harass the government, not to mention the already mentioned dangerous and deep-rooted hostility between the two nations that stems from religious differences.

Muslims in the mainly Hindu India may account for only 12 percent of the population, but that percentage represents over 120 million harassed and despised followers of Islam, although their situation has improved with the arrival of Prime Minister Vajpayee, a man of a conciliatory nature. Social tensions can be expected to increase, though not due to religious differences—rather, for political and, in particular, economic reasons.

The presence of nuclear weapons in both nations, as has already been pointed out, is a serious risk and instability factor and, undoubtedly, the greatest world-wide concern, particularly in the case of Pakistan, ally and defender of the Afghan Taliban at the time of the 11 September terrorist attack on the US, which centred the world's hopes on General Musharraf in the days that ensued. This will be discussed later, but at this point it should be mentioned that the major powers traditionally involved in this area of South Asia—the US and China on Pakistan's side, and Russia on India's—have acted as a peacemaking element in this case. Apart from

many ills and an enormous loss in human life, the terrorist attacks against America have brought hopes of a solution to the long drawn-out confrontation between India and Pakistan. Washington's need to secure the support of the nations bordering Afghanistan and, most urgently, to guarantee the confinement of Pakistan's nuclear weapons, led to an early alignment with the US, in spite of violent internal opposition. This spurred the US to lift the remaining economic sanctions on the two countries originating from their nuclear testing, much to the great relief of both, particularly Islamabad. Spain, which had sent the Prince of Asturias to the Pakistani capital for an international trade fair in February, also backed Islamabad by cancelling its debt.

Pakistan and the Afghan War

The attacks perpetrated by radical Islamists on the US have put Pakistan at the forefront of world news. The 11th of September shook America, creating profound commotion, but all the alarms must have gone off in the government of Islamabad. That day Pakistan was the only declared supporter of the Afghan Taliban, was where Osama Bin Laden's terrorists had trained, and had been acting against US interests for years. The nation's leader, General Pervez Musharraf, knew that his behaviour had frequently been censured by the US, which classified Pakistan as a «rogue state», that the country was closely monitored and that its international relations were tense on account of its nuclear arms programme, developed with the help of China and North Korea. He was also aware of the sanctions the UN had imposed on the Taliban government of Kabul, which was not recognised as legitimate. Thus, he faced the greatest political crisis of his life.

Nevertheless, Pakistan sided with the US; the intense diplomatic efforts, Washington's promises of aid and international pressure achieved this miracle of such a radical change of position. As a first measure, General Musharraf, conscious of the seriousness of his stockpiles of nuclear arms in the event of a possible uncontrolled reaction amongst the pro-Taliban masses of his people, put the weapons in a safe place two days later, according to his declaration, making any type of operational use impossible. Pakistan's situation should be remembered, when the events which brought the entire world population to their television screens took place.

The Pakistanis are difficult to govern and subdue; they are arrogant, quick to protest and commit aggression, and greatly lacking in opportuni-

ties and hopes—ideal candidates for responding to any call to rebellion or suicidal heroism which, according to the yihad, takes them to paradise. Several of General Musharraf's predecessors were assassinated. Operating inside the country is the Harakat ul-Mujahidin terrorist group made up of several thousands of armed combatants (many of them suicide fighters) who back Saudi Arabia and other Islamic Gulf states, Pakistani sympathisers and many inhabitants of Kashmir. This group which has maintained close links with Osama Bin Laden since 1998 when it joined his *fatwa*.

General Musharraf has not achieved the economic reforms which he announced and which were essential for him to be able to gain the firm support of the International Monetary Fund (IMF). He has a budget deficit of 6.4 percent of GDP and national debt amounts to over 50 percent of GDP. Less than one percent of the population pays taxes due to the insufficient tax system. In Pakistan there is virtually no written law. Up till November last year, the sale of arms was unrestricted, so virtually all men carry weapons. Street violence, including terrorist bombs, is rife. In March the government was forced to arrest 22 leaders of the opposition and more than 1,500 activists after a national uprising in more than 20 districts which were appealing for democracy. In August 15 people were injured in another terrorist attack.

Against this backdrop came 11 September and the terrorist attacks in New York and Washington. The reaction and choice of side for the Pakistani president, hitherto Afghanistan's main ally, was enormously complex; whatever he did the risk was huge. Sixty three percent of the population declared themselves in favour of helping Afghanistan if, as announced, the US attacked it. The alternatives were: to assist the Western world or back the Taliban regime. If he chose the first option he risked massive and violent internal revolts, destabilisation, possible attacks by the Taliban themselves, terrorist action, resignations and desertions in his own ranks and the probable reprobation and isolation of the Islamic world. His previous Afghan counterpart was dragged through the streets and hanged by the Taliban. The other position, alignment with terrorism and Osama Bin Laden, amounted to opposing the US and the whole international coalition which was already preparing to send a powerful military force to the area; apart from making himself a target for the American military machine, it was political suicide. The choice was not easy. He had one year of government left and could go down in history as a hero or a villain.

As a first measure, in his indecisiveness, he attempted to act as go-between with the Kabul authorities for the surrender of Osama Bin Laden, but even with this attitude he came across his first difficulties: his secret service (ISI) chief, General Mamud, whom he had sent to Kandahar (Afghanistan) to negotiate with Mullah Omar, the Taliban religious leader, in connivance with the radical Islamic group, took the opportunity of being there among them to organise a defence plan against the expected attack by the US. General Musharraf was forced to dismiss him.

Washington's intense negotiation campaign with General Musharraf produced positive results, securing the backing of Islamabad. Operational support, in the form of permission to use airspace and airbases—though only for logistic and humanitarian actions, which Mr Bush understands—barracking of troops and, above all, the most valuable thing for the Pentagon, intelligence on the enemy. The ISI (Inter Services Intelligence), which has around 40,000 men devoted to intelligence gathering, knows virtually everything about the Taliban, their bases, resources, procedures and organisation, although it will be risky for America to say what side the ISI is on and how reliable the information they supply is.

Washington had to offer a lot, since it had an overwhelming need for this ally, the only one in the area of its kind, and it played its cards well, which were not good ones. General Musharraf, a skilful and practical soldier, made a virtue of necessity and chose the most advantageous option, joining the West with all the risks this involved. His difficult situation both internally and externally had to be weighed up: the sheer size of the international antiterrorist coalition, including the UN Security Council, horrified by those attacks at the very heart of the Western world; the pro-US stance adopted by his protector, China; Saudi Arabia's and Egypt's similar decision; his financial needs; his prolonged conflict with India, for which he could now find backing in Washington, which had earlier turned its back on him due to his support for Islamic terrorism while giving credit to Mr Vajpayee; etc. There seemed to be no other solution or moral option than to join the US, in the hope that his valiant and risky decision would rescue him from isolation and relieve the needs of his nation.

As was to be expected, General Musharraf's decision caused furious, menacing crowds of pro-Taliban Islamic radicals to take to the streets of Pakistan, particularly in the frontier towns of Quetta and Peshawar. They burned American flags and symbols, and proclaimed adherence to Osama Bin Laden and the holy war (yihad) against the infi-

dels. Western governments advised their citizens to abandon the country or to adopt all kinds of security measures. The government of Islamabad also organised its own demonstrations in the streets to defend the decision adopted and advocate a non-terrorist Islam. The president appealed to the population for calm and justified his decision to the people as the «lesser evil for Pakistan», telling them, «we must be convinced of supporting the right cause», and inviting them to meditate on the advantages.

In his own nation, General Musharraf thus found himself caught between Islamic extremism and moderate Muslims; an ally of Mr Bush and branded a traitor by Osama Bin Laden and his followers; and heading a military government with many fundamentalist sympathisers (approximately 30 percent of 750,000), although the moderate majority supported him. On 12 October he dismissed several generals who had supported him two years earlier to bring him to power—an extremely delicate situation. He also disagreed with the US over some points: he did not sympathise with American support for the «Northern Alliance», which was fighting in Afghanistan against the Taliban who had driven it out years earlier since, if this force eventually seized power, it would oppose the 16 million Pashtuns in Pakistan, as they belonged to the same ethnic group as the Taliban. This would bring many setbacks and would prevent him from playing a major role in Afghanistan's future. Nor was he in favour of a prolonged war, as Washington was announcing, since this could trigger greater chaos and internal violence than there already was, apart from interrupting the holy month of Ramadan (Nov-Dec).

But General Musharraf received valuable political backing from the US with successive visits from its envoys, high ranking officials, to Islamabad; this support from the great power was probably decisive in cooling down the radical masses. The widespread commitment to the cause was favourably looked upon and also brought visits by leaders and high ranking officials of Western nations—amongst them the Spanish foreign minister—and the EU itself, which no doubt will have calmed General Musharraf's supporters.

Afghanistan and Pakistan quickly deployed their forces along the common border (1,400 km): on Kabul's side 25,000 Mujahidin (Islamic fighters), with land-to-land Scud missiles with a range of 300 km (Islamabad is positioned 200 km away); they also closed their air space, announcing they would shoot down any plane which violated this, except those of the UN

and the Red Cross, provided they had requested authorisation to fly over. Added to this dangerous situation was the enormously pitiful plight of the Afghan refugees; already, before the war, 2.5 million people had fled from the confrontation between the Taliban and the Northern Alliance in Pakistan. Despite the bold efforts of the UNCHR and International Red Cross, it was extremely difficult to come to the aid of these poor people, cooped up in refugee camps the size of small towns, with no water, electricity, or amenities of any type; the UNHCR wished to take in all those who continued to arrive, completely destitute, but Islamabad was forced owing to saturation to close the border to all healthy men. Some of them have been there for 20 years, since the Soviet invasion of their country. Nor were they all fleeing from war; some, driven by hunger, arrived from lands devastated by drought.

On 7 October the American air strikes began on Afghan territory and not long afterwards at least 15 US planes—including Hercules C-130s for troop transport—arrived at different bases in Pakistan. This military presence gave rise to the expected protest demonstrations and violence and confrontation with the police, which the government responded to with increasing toughness. On the 15th of that month Colin Powell arrived in Pakistan to inform General Musharraf of the progress of the war; this triggered a general strike with violent demonstrations outside the Jacobabad airbase. The protest had been called by the Jamiat Ulema-i-Islam, who were acting by openly haranguing the masses to rebellion and protest. Peshawar and Quetta, close to the border, were the most violent scenarios, but there were also skirmishes in Islamabad. Mr Powell also visited Delhi, in an attempt to achieve peace between the two nations over the Kashmir problem.

On the 28th the Christian church in Bahawalpur was attacked by various armed fanatics during a protestant religious ceremony and 18 people were killed; the only explanation for this attack was hatred of the West, centred this time on innocent compatriots, but of Christian religion. At the beginning of November Pashtun and Arab Pakistani volunteers enlisted to fight in Afghanistan against the US; Kabul stated from the start that it did not need them and that they should remain prepared. However, after a few days around 1,500 armed men gradually began to enter the country each day; in one week there were some 10,000. These forces obviously did not pose any risk to American operations, which were limited to air strikes, but they did to the Northern Alliance soldiers who were preparing to advance on the Taliban in power.

On 3 November the first anthrax cases appeared in Pakistan, followed by others days later. This was a new problem for General Musharraf, who lacked the resources of the US, but stood steadfast to his pro-Western position. Shortly afterwards normality was resumed. The following day, the US secretary of state for defence, Donald Rumsfeld, arrived in Islamabad on a tour of Russia, Tajikistan, Uzbekistan and India. Apart from backing his ally, he wished to inform him on the progress of operations and the Pentagon's plans for the coming weeks before Ramadan and the tough Afghan winter, when the land offensive was to begin. The Pakistani leader once again stressed the advisability of curtailing action and respecting Ramadan, but Mr Rumsfeld told him that the attacks would continue, since the terrorist acts and threats continued. Regarding the refugees who were still pouring into the country, General Musharraf reaffirmed his decision not to take in any more and proposed that they be attended to on the other side of the border, in Afghan territory; he himself would guarantee the safety of the humanitarian convoys, as was, indeed, the case.

After a period of sizing up the situation and showing an obliging attitude, the Pakistani leader began to adopt a firmer stance and toughen his action. On 8 November, after closing down the Taliban consulate in Karachi, he suspended the Taliban ambassador's afternoon press conferences in Islamabad in which the ambassador harshly criticised the US, branding it «a murderous regime». The Pakistani leader also passed him a note reminding him of the limits of his diplomatic activity and put an end to his public declarations. This measure was followed by the closure of all the Taliban diplomatic offices in Pakistan and finally the embassy. On the 9th the city of Mazar-i-Sharif, in the north of Afghanistan, fell to the Northern Alliance. That day, while General Musharraf was away attending the UN General Assembly, a general strike staged in Pakistan incited people to civil disobedience. Although it had a moderate following it was accompanied by extreme violence, with sticks, stones, shots and an attempt to hold up trains. The government, who had announced that the Code of Military Justice would be applied to those who were involved, stood firm; one of the most influential mullahs, who was under house arrest, was imprisoned, and other radical leaders confined to their homes. Four people were killed and over 200 arrested.

On 10 November, General Musharraf, addressing the UN General Assembly, once again appealed to Mr Bush for the need to shorten the duration of the war and respect Ramadan, but also reaffirmed his collaboration with the US in the fight against terrorism. Mr Bush, for his part,

thanked General Musharraf for his loyalty and, from the Assembly podium, granted him one billion dollars, but was equally firm about the continuation of the attacks. On his way to the UN, General Musharraf also visited Washington, Istanbul and London. He responded to the international concern over the violent internal reactions in his country by stating that this was not cause for concern, that violence was on the decrease, and that those involved numbered only one or two thousand out of a population of 150 million.

The devastating and continuous American bombardments and the euphoria of the Northern Alliance (United Front), who enjoyed international support, brought about the progressive collapse of the Taliban regime on Afghan soil. On 13 November, Kabul fell after being abandoned by the Taliban and occupied by forces of the Northern Alliance, in spite of the fact that they had been requested not to take the city until a form of provisional coalition government had been established, which they had seemed to agree to. The UN and the entire international community feared that a government comprising solely victors—Tajiks, Uzbeks and Afghans—and excluding all the other ethnic groups, particularly the Pashtuns (13 million on the Taliban side) would lead once again to ferocious internal struggles, repression and revenge, as has so frequently occurred in the history of Afghanistan. For General Musharraf, who was very familiar with the excesses of the victors and aware that the Pashtuns were likely to be excluded, this was a reason for special concern. He therefore firmly backed the idea of a coalition government, even if provisional, until democratic elections controlled by the UN could be held. He needed to rehabilitate himself in the eyes of the Pashtuns, his old traditional allies, of whom he had 16 million in his territory and whom he wanted to help integrate into a peaceful Afghanistan, freeing himself of internal enemies and making amends for his alignment with the US.

With the fall of Kabul and most Afghan territory in the hands of the United Front, Pakistani demonstrations in favour of the Taliban virtually ceased and Islamabad broke off relations once and for all with the regime of Mullah Omar. All the ethnic groups were successfully represented in the talks held in Bonn on 27 November to decide on a national coalition government; the presence of the Pashtuns did not pose any special difficulties, particularly since very many of them had joined the the Northern Alliance, including high ranking officials who were accepted without reservations, as a tribute to the victors. The problems of those who had fled to Pakistan's border with Afghanistan are worsening; General Musharraf is

adamant not to accept those who betrayed him by enlisting in the Taliban forces, nor does he wish them to establish a barracks again on Pakistani soil, repeating history. His police therefore greet them with volleys of stones.

Indonesia

Indonesia is a country of key importance in South East Asia on account of its size (around two million sq km), huge population (210 million inhabitants), rapid growth up to the 1997 crisis, intensive trade, the fact it is the largest Muslim state in the world, and, very particularly, its geographically strategic position. However, its importance also lies in its internal instability and fragility, since it is home to more than 100 different ethnic groups with 200 languages and dialects and a non-conformist, aggressive population with a tendency towards violent and even cruel street protests. After it gained independence in 1949, the country's first two governments, which lasted half a century, were dictatorships with full military backing. When they ended in 1998 with the fall of Suharto, they left behind a nation with enormous social differences and deeply rooted corruption under the control of military power. To all this we must add separatist movements, bloody ethnic confrontation, and cruel religious intolerance with increasingly fundamentalist Islamic tendencies (70 percent of the population is Muslim and 5 percent Christian).

These characteristics and peculiarities occur in a nation made up of 17,000 islands, which gives an idea of the difficulty of controlling it and explains—although it does not justify—the rigour and violence with which the army and the state security forces attempt to contain dissidence and disorder.

In July (2001) Megawati Sukarnoputri, daughter of Mr Sukarno, the nation's first leader, came to power. This 59-year old woman, on her third marriage, had no special knowledge or profession and little education, was a conservative, moderate, lacking a defined ideology or religion, and her only personal merits appear to be her surname and her patience. The four leaders who preceded her fell from power: Mr Sukarno, her father, through a coup d'état; Suharto, due to the prevailing chaos and the pressure of popular revolts after the economic crisis of 1997-98; Yusuf Habibie, after heading a transition government during which he lost the province of Timor and was rejected by both the military and the people; and Abdurrahman Wahid, ailing, almost blind, and incapable of filling the

power vacuum left by Suharto. Having failed to solve existing problems or curb the excesses and corruption, Mr Wahid ended up harassed by the military and himself accused of corruption.

The fall of Mr Wahid, the first Indonesian president elected by the people, 21 months after coming to power, appears to signify such a total failure of democracy that it raises serious doubts as to the viability of this system of government in this country with 17,000 islands. However, without ruling out the idea that the country may, in fact, be unready to take on such a radical political change, it does seem appropriate to consider whether Mr Wahid was the right person for this first democratic experience.

At first it seemed that the leader was successfully running the armed forces (AF) under civilian control, but this initiative did not continue. The military had accepted their representation in the lower house being reduced from 75 to 38 seats, as well as some major changes in the highest ranks. They even accepted, without any great trauma, the removal of the minister who co-ordinated political affairs and security, and former commander-in-chief of the AF, General Wiranto (February 2000), in spite of tenacious resistance from the general himself. Certainly his pitiless action and responsibility for the bloody revenge against the Timorese people—for having chosen independence in a referendum—had put him in an awkward position, and his departure was accepted. It seems, however, that this change was the last straw as far as military impatience was concerned. Mr Walid had replaced General Wiranto with another general who was more favourably inclined to the reforms but, five months after his appointment, the military leaders replaced him with yet another (General Ryacadu) without giving any explanation to Mr Wahid or to the defence minister (a civilian, Mr Sudharsono), and one month later, the army made yet another change (Mohammed Mahfud), using the same expeditious procedure. Neither of these two defiant actions triggered the crushing response that Western ways would conceive.

Meanwhile, separatist and revolutionary movements continued to develop without any suitable action being taken by the government. In September (2000), a car bomb at the Jakarta Stock Exchange killed 15 people; at the end of that year radical Islamic movements attacked the Christian churches, which were celebrating Christmas, with 18 bombs at seven different points, five of them in Jakarta, killing 14 and injuring 95. Nobody claimed responsibility, and the perpetrators were not identified (the armed forces were suspected, due to the availability of explosives and

the precision of the multiple attack). Clashes between Christians and Muslims in the Moluccas had already raised the death toll to 5,000 over the previous two years. Whether through negligence or weakness, Mr Wahid was incapable of enforcing the Rule of Law. All this gradually dampened the hopes the people had pinned on the first democratic government. The vice-president, Mrs Sukarnoputri, gradually moved more closely over to the military institutions, either motivated by sympathy towards those who had backed her father, or as a political manoeuvre. The fact is that the military leaders, discontent with Mr Wahid, joined ranks with her and began to plot the president's overthrow.

In February (2001) the People's Consultative Assembly censured Mr Wahid for two financial scandals amounting to \$6 million and granted him three months—later extended to four—to prepare his own defence. By spring, the government was teetering in the face of economic difficulties, episodes of violence, the disaffection of the military, and the accusations of corruption against its president. Mr Wahid's supporters, or the enemies of the AF, which amounted to the same thing, took to the streets in violent protests by workers and students to prevent the trial; during one of the parliamentary sessions held to deal with this issue, they surrounded the building intending to storm it, with such a show of violence and determination that the building had to be defended by 9,000 soldiers and police. In May and June Parliament rejected Mr Wahid's rebuttals of accusations of corruption and summoned him to an extraordinary session in July where a vote was to be taken over his removal or continuation. The president considered that the house had acted illegally and dissolved Parliament, calling elections for a year later.

On 23 July (2001), 57.5 percent of the People's Consultative Assembly voted to dismiss Abdurrahman Wahid and appointed the vice-president, Megawati Sukarnoputri, as president. Mr Wahid refused to recognise the validity of the decisions of this parliament, which had officially been dissolved, and after 21 months of government, now almost blind and unable to move as a consequence of two strokes, suffering from high blood pressure and diabetes and all alone, retired to the palace with only the domestic staff for company. The resulting situation was confusing, with two presidents, since neither the newly elected president nor the state authorities wished to force him to leave. Miss Megawati continued in her vice-president's office dealing with urgent matters and the formation of the new government. In the end, four days later (27 July), Mr Wahid emerged from his confinement and set off on a trip to the US for medical treatment, with-

out recognising his dismissal. As a consequence of his departure, the dissolution was announced of his party, the Golkar, in power up till then. This triggered further rioting and violent disturbances, including the explosion of two bombs in two Christian churches in Jakarta, injuring 59 people, many of them seriously.

Although Megawati Sukarnoputri's party, the PDI-P, won a majority in the 1999 elections (34 percent), the Consultative Assembly disregarded this, electing Mr Wahid as president. Miss Megawati had patiently waited out the 21 months of her predecessor's mandate to reach the presidential palace. The PDI-P is a set of moderate political groups, both Christian and Muslim. She has the support of the military class, which took sides with her to topple Mr Wahid; she enjoys a certain degree of sympathy from the people for having been the enemy of Suharto, the dictator who overthrew her father; and her vice-president (Hamzah Haz) is the leader of the first Muslim party—a sign of moderation in the country. But Miss Megawati has no easy task; Indonesia, unlike other countries in the area, has still not emerged from the economic crisis of 1997, which has turned into social discontent, a regular cause of public violence, and an increase in crime; Indonesia lacks democratic experience and has the following major problems apart from the scenario described:

- Separatist movements in Aceh, to the north of Sumatra, of a clearly radical Islamic nature; these separatist leanings go back a long way and an attempt to assuage them with the signing of a treaty in May 2000 in Geneva failed to reap any results after 20 years of fighting. The previous year had ended with violent incidents that claimed 10 lives. In January (2001) the truce was extended but the violence has continued in spite of the reinforced presence of the army. It is possible that the granting of a wider measure of autonomy may defuse the tension but there is not much hope.
- *Armed separatist movements in Irian Jaya (New Guinea)*. These are largely ethnic and therefore based on nationalistic racial distinction in a region whose population is Melanesian in origin. The government security forces in charge of stifling them regularly act with extreme violence.
- *Large-scale communal strife between Muslim and Christian religions in the Moluccas*, where over the last two years there have been 5,000 deaths. This violence has extended to the islands of Lombok, Sulawesi and Sumbawa. Back in June 2000 a state of civil emergency was decreed. The UN Security Council considered the possibility of inter-

vening, in view of the inability of the Indonesian government to impose peace.

- *Resurgence of Islamic fundamentalist activism* which, naturally, took the form of violent support for Osama Bin Laden and the Taliban during the Afghan war in October and November.
- *Brutal confrontations in Borneo*, in the region of Kalimantan, between the native Dayak, former cannibals and still head hunters, and the immigrants taken there by the government from the island of Madura (around 30,000). The Dayak, who do not want the Madurans on the island, attacked them with the greatest cruelty, causing 400 deaths, many from decapitation. The army has been incapable of containing these killings and had to resort to confining around 25,000 in protected camps until they were evacuated by navy ships.
- *Java*, due to its demographic weight (60 percent of the total population) and economic, political and cultural importance, has been the dominant island in Indonesia and received preferential treatment from the government in its policy and budgetary expenditure. This has sparked discontent in the other larger islands, giving rise to *federalist movements*.

Finally, apart from having to fight against established corruption, consolidate the incipient democracy and curtail the influence of the military, the new president faces the aforementioned serious problem of economic recovery. The IMF has recommended a thorough reform of the banking and business sectors, restoring investors' confidence—particularly foreign—and paying off the massive private debt. This must go hand in hand with a reform of the constitution in order to reinforce the parliamentary facet of the regime, as opposed to the presidential system that still predominant today.

Megawati Sukarnoputri, whose ideology and ways are so similar to those of Mr Wahid, will also come up against political and religious problems; and it would not be far-fetched to venture that she will lack the decision and energy to reform the army. Nor does she seem willing to negotiate with the separatists in Aceh, Irian Jaya or other places. She does seem more responsible, more efficient in bureaucratic aspects, more conscious of the importance of Parliament and a more competent diplomat than her predecessor; but it remains to be seen whether she will tackle the necessary reforms with the speed the circumstances require.

CLOSING REMARKS

We have examined the most serious conflicts which threaten regional security in South and South East Asia and seriously affect international stability. The advisability of describing their backgrounds in some detail and the limited space available for this analysis require us to end at this point. Unfortunately, there are other focuses of tension in these regions which, in spite of the cruelty and lengthy duration of some, have not been included in this summary as they are of lesser magnitude and do not threaten the international balance, and may only be briefly quoted: Bangladesh, Myanmar, Sri Lanka, Cambodia, the Philippines and the piracy on the seas of the South East.

EPILOGUE

EPILOGUE

A STRATEGIC OVERVIEW OF 2001-2002

By RAMÓN ARMENGOD LÓPEZ

More or less 100 days after the attack on the Twin Towers and the Pentagon which caused over 3,000 victims, the year 2001 has ended with a victory for the United States in the Afghan war after two months of bombarding Taliban and al-Qaeda positions, though naturally the fight against terrorism is not over: Mr Bin Laden and Mullah Omar have not yet been captured.

Many of the ills presaged at the beginning of this 21st-century crisis have not come about: the Pakistan and Saudi Arabian regimes have not been toppled; the international coalition against terrorism is holding together; Russia has moved closer to the West; China has joined in the antiterrorist coalition and Afghanistan appears to be heading in a less conflictive direction. It is also been proved that, except for Iraq, the so-called «rogue states» were not the active enemies they were believed to be. By contrast, it has been proved that the foreign policy of the Saudi ally has bred terrorism and it has been discovered that, through the internationalisation of markets, governing families, multinational companies, banking groups and supposed NGOs were supporting terrorism.

The United States has restored its image of superpower: while 11 September revealed its weaknesses, the Afghan war demonstrated its ability to keep on winning wars.

The attacks of 11 September have put a different perspective on many things, primarily for America, which no longer feels that its prosperity is

protected by high-tech security; it has become obvious that unsolvable crises such as those of the Middle East and the negative effects of globalisation can be as a breeding ground for terrorism.

But the most fundamental change required is for Washington to reflect deeply on the roots and after-effects of 11 September and act in accordance: to involve itself in settling conflicts, starting with those of the Middle East; to be more co-operative in solving problems of general interest (environment, arms trafficking, international justice, the fight against the perverse effects of globalisation, etc...), rather than entrusting the course of history to its ability to win wars, whether alone or in coalition. It needs much more from others to achieve peace, and its superpower status, which nobody denies, requires it to keep its own negative interests in check—the egoism of its pressure groups, and allies like Israel, which use American protection to hinder the achievement of peace.

It cannot ignore the growing impoverishment of many peoples and the efforts of other cultures to continue to exist in a world that is developing in an increasingly unsustainable manner, rocked by an unstoppable globalisation that is increasing both wealth and poverty levels and, worse still, considers them necessary consequences of the trends in technological innovation and the achievement of new goals for human beings and human knowledge.

Furthermore, following 11 September the international society is obliged to ensure a balance between security and freedom. Internal and international security vis-à-vis terrorism, and respect for fundamental human rights as part of the fight against terrorism. As President Bush has stated, terrorism has taken advantage of liberties to combat Liberty; it would be a perverse triumph if freedoms were to end up being eroded as a result of the fight against this evil power.

Nor should it weaken current international law, with all its imperfections, through unilateral decisions emanating from US internal law or from the exercise of legitimate defence, because this would damage certainty in international law. Promotion of a series of reforms in the framework of the United Nations to adapt international rules to the new situation and successfully combat not just terrorism but other global ills is a different matter.

Only in this way will the imperial power wielded by the United States be based on the principles of freedom, democracy and justice to which it

owes its existence as a country and which are more convincing than its economic and technological superiority and cultural «soft power». The United States should not forget that, in order to triumph in the long fight against terrorism, the conviction of other peoples and states is at least as important as their adherence or recognition, grudgingly, of its supremacy: winning is not only a question of force but also of setting an example.

THE BUILDING OF EUROPE

By JAVIER PARDO DE SANTAYANA Y COLOMA

The Laeken summit on 14 and 15 December was marked by the commotion caused by the terrorist attacks on the United States and also by the tragedy of the war in Afghanistan and extremely serious situation in the Middle East. All this on the eve of a historic landmark for Europe: the circulation of the euro.

On this occasion the omnipresent shadow of 11 September was conducive to the Belgian Presidency's most resounding success. Indeed, the determination to address the terrorist threat jointly enabled the European Union, as promised, to make spectacular headway towards establishing a common judicial and law-enforcement area. The «suspense» was provided by Italy, which refused to approve the European search and arrest warrant if it was also considered applicable to the offence of corruption. The Italian president eventually gave in after the situation became so awkward that he risked isolation and, in a sense, being put on the spot for his attitude.

Another major landmark of the Laeken summit was the go-ahead given to the Convention that is to prepare the Intergovernmental Conference for the year 2004, and the appointment of a team of veterans, led by Valéry Giscard d'Estaing as president and with an Italian and a Belgian (Amato and Dehaene) as vice presidents, who will be responsible for directing it. Their mandate will allow them to work with as few ties as possible and the document they draw up should merely present recommendations when there is a consensus and «options» otherwise. As a result swords are still drawn over this issue—some countries, such as Germany, would like to make «revolutionary» changes, while others would prefer an approach more in accordance with the agreements of the Nice summit. The

Convention will set to work on 11 March 2002 and is due to complete its task by June 2003. It is hoped that the proposals it comes up with bring the process of building Europe closer to citizens' sensitivities and shake it out of the lethargy witnessed at the Nice summit.

The share-out of the headquarters of a number of European agencies degenerated into haggling to which the Belgian president put a stop by postponing the discussions for another occasion. Bearing in mind the proximity of elections, France did not wish to appear satisfied with the presidency of the convention and with the headquarters it already had, and Italy's uneasy conscience regarding the attitude its government had shown to the «euro warrant» did not, as might have been expected, curb this country's hopes either. Spain was therefore lumbered with another problem to solve, with the added circumstances that it will be difficult to propose itself as candidate while holding the presidency of the Union.

The success of the effort promoted by Britain and America to overcome the hurdle Turkey had placed in the way of EU use of NATO assets was immediately followed by disappointment when Greece immediately took over its role, blocking the desired agreement. In short, another issue that is pending solution though it did not prevent the EU from declaring this mechanism «operational», though aware that this was more of a gesture than a reality.

A notable achievement of the Belgian Presidency in the field of security and defence was the holding of the «capabilities improvement conference», which enabled 31 shortcomings of Europe's current military capability regarding completion of the so-called headline goal to be identified. The Spanish presidency will have to study a way of remedying these shortcomings through concrete programmes.

For reasons of timing, one of the «star» themes discussed at Laeken was Europe's military participation in transforming Afghanistan into a governable country once the Taliban regime had been overthrown. There was initially a certain amount of confusion regarding the nature of national contributions, but it finally became clear that these were individual decisions to be made by the EU members albeit in the framework of a common spirit of European solidarity. This formula was coherent with the real situation, since the development of the EU's military capability has not yet reached a point in which intervention of the type required by the situation in Afghanistan is feasible, and it is questioned whether or not Petersberg-type missions are appropriate in this case. It was also clear that London wished to express with deeds its loyalty to the United States while assu-

ming the role of European leader in security and defence matters. Spain from the outset strove to display its total commitment to the fight against terrorism by sending a delegation to the Tampa headquarters and involving itself militarily as soon as possible. For the phase of political reconstruction, Spain offered units specialising in major logistic support needs. It would thus commit itself to meet the requirements that are hardest to cover, responding to the requests of the British commander of the operation. The simultaneous presence of land contingents in missions performed in three different regions away from our borders, two in the Balkans and the third in Central Asia, gives an idea of the force projection capability our armed forces have acquired and of the flexibility they give Spain's external action.

The deterioration in the situation in the Middle East in December forced the EU to define its position regarding the Arab-Israeli conflict. The EU took the leadership in backing Mr Arafat as a legitimate interlocutor while Mr Sharon launched an aggressive campaign to discredit him. Brussels also announced its determination to promote concerted political action with the United States and the UN.

As for the Union's adoption of the Galileo project, referred to earlier in this edition of the *Panorama*, once again it emerged wounded, perhaps mortally. It is likely that the pressure exerted by the United States is not unrelated to this fact. In contrast, the legislation designed to lay the foundations for a future single telecommunications market in the Union was approved, and will boost the competitiveness of its economy.

We have already examined the backlog of issues that remain to be addressed and, if possible, should be finalised during the Spanish presidency. In order to rekindle the «Lisbon spirit», Mr Aznar announced his intention to give maximum priority to the antiterrorist fight and to promote structural reforms in the fields of transport, communications, finance and energy. With respect to energy, he pointed out the appropriateness of extending the Spanish-Portuguese model to Europe. Furthermore, the Spanish minister of foreign affairs recalled the urgency with which the establishment of a European military capability should be addressed. The emphasis should be on momentum rather than «originality». In this connection it should be pointed out that the Laeken mandate merely entrusts Spain with the tasks that the country had already set itself, as well as that of identifying national and multinational general headquarters and ensuring preparedness and interoperability.

The Spanish-US convention which, as mentioned earlier, was not progressing at the desired pace, received definitive momentum at the end of the year from President Aznar's visit to Washington. The signature of this agreement marks, above all, the achievement of an objective whose interest lies in its possibilities of making future progress. This objective is the establishment of a political forum at two levels: presidential and the high-level bilateral defence committee.

As regards economic aspects, statements made in December by the president of the European Central Bank pointed to a slow recovery of the euro zone, for which the growth forecasts for 2002 are no higher than 0.7 to 1 percent. Spain, for its part, also trimmed its growth forecast, which will nonetheless continue to be the highest in the EU, and modified the job creation and budget scenarios. As a whole, the Fifteen expressed their conviction at Laeken that Europe is able to overcome the situation on its own, conveying the idea that we are merely experiencing a «bad patch» and giving further proof of their faith in the stability economic union provides.

CENTRAL AND EASTERN EUROPE AND EURASIA

By MARÍA ANGUSTIAS CARACUEL RAYA

The year 2001 has ended with the chronicle of a death foretold: the Anti-Ballistic Missile Treaty (ABM), signed by Richard Nixon and the former Soviet Union in 1972. Actually, the US President has taken advantage of the climate of insecurity at home caused by 11 September to pull out of the ABM treaty, thereby justifying a decision he had already taken at the beginning of his mandate.

The US withdrawal from the ABM treaty in December took place at a moment of euphoria in Russian-American relations following the rapprochement spurred by 11 September, and although Mr Putin described this decision as a «mistake», he also assured that the measure was neither a surprise nor a threat to the Federation's national security. Nonetheless, the Russian president has expressed the need to strengthen international law regarding disarmament through a new agreement, which could be signed when President Bush visits Moscow in the middle of 2002. By then the ABM treaty will no longer be in force, according

to the clause which establishes that six months' notice must be given for withdrawal.

The American administration's skilful treatment of this issue is borne out by the fact that the decision was announced to the media shortly before the much-awaited video tape proving Bin Laden's responsibility for the 11 September attacks, and the broadcast of this recording therefore eclipsed any reference to Mr Bush's decision regarding the ABM treaty. The debate will re-emerge as the meeting of the US and Russian political leaders towards the middle of the year draws nearer.

Meanwhile, the Atlantic-Eurasian community continues to work towards adopting measures to address the major twenty-first-century threat: terrorism in all its forms. In this connection, all the European states and international organisations are co-operating closely in the global fight against terrorism, which is directly linked to other transnational threats such as organised crime, illegal arms trafficking, drug trafficking and the proliferation of weapons of mass destruction.

In particular, the OSCE's «silent diplomacy» continues to achieve substantial results. On one hand the summit held in Bucharest on 3 and 4 December has resulted in an action plan to combat terrorism, including proposals to support principally the countries of Central Asia that face this threat. The conference organised by the OSCE and UN at Bishek (Kirgizstan) in the middle of the month marked the first step towards implementing this action plan, since all the participating countries undertook to adopt a set of measures aimed at strengthening national institutions and the rule of law, promoting sustained economic development, reinforcing the role of civil society and paralysing the financing of terrorism.

The OSCE has also welcomed the document on Article 5 of Annex 1-B of the Dayton Peace Accords—negotiated since 1998—on the need to provide security and stability «in and around the former Yugoslavia». This article constitutes a stability agreement as such, since it is aimed at controlling armaments in an area that is not covered by the Conventional Armed Forces in Europe (CFE) Treaty.

Spain has played an active part in these negotiations in the framework of European shared security, demonstrating its commitment to stability in the former Yugoslavia. In this connection it continues to encourage the countries in the region to progress in their political, economic and social development with a view to achieving integration in the family of free and

democratic European nations, a goal which other European states have pursued and are about to achieve.

The Laeken declaration, adopted by the European Council on 15 December, expressly states that if the progress and reforms continue in the candidate countries, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovakian Republic, the Czech Republic and Slovenia could be ready to join the European Union. The declaration also mentions the efforts of Bulgaria and Romania, with which it hopes to begin accession negotiations from 2002.

The main challenge the first group of countries will have to overcome, according to a preliminary report by the Commission, is to incorporate EU legislation, while the second group, in addition to this challenge, must be able to hold their own in a highly competitive market economy.

The EU will undergo the biggest transformation ever over the next few years, as it will take in ten new countries and increase its population from 375 to 450 million inhabitants. This new wave of enlargement will mark the definitive disappearance of the «arch of instability» that emerged in Europe following the collapse of communism and the culmination of a major aspiration: the establishment of a commonwealth of nations united by strong ties of solidarity and committed to the pursuit of a more just and stable international order.

At the same time a crack has appeared in the geographical area analysed in this chapter, starting in the Caucasus and Caspian Sea, where conflicting US and Russian interests converge, and stretching to the southernmost Central Asian republics, which are also experiencing different endogenous and exogenous instability factors.

THE MEDITERRANEAN

By MARÍA DOLORES ALGORA WEBER

The Middle East Peace Process

During December the burning Mediterranean issue continued to be the situation in the Middle East. We have witnessed a progressive deteriora-

tion of the Peace Process of which it can be said that all the players, except the Israeli government, are losing control and their ability to influence the course of the process.

The United States found itself powerless to resume negotiations on account of the lack of agreement. At the same time, to an extent, the events in Afghanistan have altered the US government's traditional objectives in the Asian region; the European Union continued with its enormous effort to support peace, but differences of opinion are beginning to be glimpsed between the European representatives; Mr Arafat has had to contend with serious Israeli-promoted attempts to discredit his leadership, in addition to a major crisis among Palestinians. Therefore, the only person who so far appears to be holding his own in these regional and international circumstances is Ariel Sharon who, despite the criticism and condemnation of the whole of international society, is acting with increasing impunity in the Middle East.

We mentioned earlier that the United States' new representative in the area, Anthony Zinni, was sent with a difficult goal: to achieve a ceasefire and re-establish an atmosphere conducive to negotiation. At the beginning of December, a couple of weeks after he arrived, he had to issue an ultimatum to both sides, threatening to leave the area unless they reached an agreement. However, this did not appear to impress anyone very much. Indeed, halfway through the month he returned to the United States empty-handed. The cooling off of American diplomatic efforts has translated into increased Israeli pressure on Mr Arafat.

The European Union has also come up against serious difficulties during the course of its mediation and witnessed the disdain with which the parties appear to have become accustomed to treating the international community. In December signs of a division between the European representatives themselves appeared to be glimpsed. The harsh criticism and requirements that Javier Solana demanded of Yasser Arafat would seem to stray away from the backing and «good offices» that Miguel Angel Moratinos has always offered the head of the Palestinian National Authority. The Palestinian leadership regarded this new approach as a betrayal, for as Mr Arafat stated, the European mediators are perfectly aware of his internal difficulties as regards meeting the requirement of putting an end to the offensive of the Islamic groups; furthermore, far from encouraging peacemaking, Israeli acts of violence on Palestinian territory are making the fundamentalist sectors even more radical and prolonging

the intifada. For their part, the Fifteen have tried to strike a balance by demanding Mr Sharon to reconsider his attitude towards the campaign to discredit and weaken Mr Arafat, and by asking for withdrawal of military forces from the territories, the end of extrajudicial executions, the lifting of restrictions on the Palestinian people and the end of the policy of settlements. However, these requests fell on deaf ears. In this connection the Palestinian leader turned to José María Aznar, who had recently visited the area, to ask for a more forceful backing from the European Union during the Spanish presidency.

The United Nations General Assembly in December approved six resolutions on the Middle East conflict. These included: resumption of negotiations, the declaration of Israeli jurisdiction over Jerusalem as illegal; a request for withdrawal from the Golan Heights; and the need to provide humanitarian assistance to the Palestinian people. The United States and Israel voted against them. Halfway through the month, Washington again backed the Israeli government by vetoing a resolution for the sixth time since 1990, this time from the Security Council, to mediate in the conflict.

Yasser Arafat found himself on the ropes following the wave of suicide attacks perpetrated by the fundamentalist Hamas and Islamic Jihad groups. These sectors are threatening to shatter the unity of Palestinians regarding the achievement of a state of their own. This explains why the leader does not act very forcefully against them in the eyes of the international community and is afraid of triggering a civil war, although there are some Palestinian sectors that do not share this catastrophist view. Nonetheless, a number of members of these radical groups were arrested on Palestinian territory during the month. Some Palestinian leaders are beginning to question Mr Arafat's policy and ability to put an end to the scourge of terrorism, which no possible successor would want to inherit.

Israel's policy has been focused on the campaign to discredit the Palestinian leader. Ariel Sharon came to dismiss Yasser Arafat as «irrelevant» and totally ignored the *rais* and his government. Even the heads of the Israeli secret service (department of military intelligence), the foreign minister, Simon Peres, and the European Union have had to reprimand Mr Sharon to convince him of the need to maintain the Palestinian leader as a valid interlocutor in the peace process. As regards direct action, Israeli bombings and incursions of the army into Gaza and the West Bank have intensified. The police headquarters and several buildings of the Palestine

National Authority have been destroyed. And there have been clashes between the Palestinian police and the Israeli army.

The situation at year end is not only unresolved; it is looking increasingly pessimistic and will end up deeply affecting all Mediterranean projects and prospects.

Morocco

The international stir caused by the monarch's visit to the Sahara at the end of October has died down. However, the Moroccan government continues to experience internal problems for which it is still blaming Spain. This explains why at the United Nations General Assembly in December, minister Mohammed Benaissa claimed that Ceuta and Melilla were Moroccan cities and made the resumption of co-operation and friendly and good neighbourly relations conditional on recognition of his country's sovereignty over these enclaves. The Spanish foreign minister, Mr Piqué, was forced to remind him that these were Spanish cities and as such are represented politically within the Spanish state institutions. However, this was not the first time they were referred to as «occupied cities»; in mid-October the Moroccan foreign minister had used this expression when addressing his parliament. On that occasion there was no opportunity for Spain to answer back.

But Morocco also had its share of nasty surprises when six Nobel Peace Prize winners (José Ramos-Horta, Rigoberta Menchú, Oscar Arias, Adolfo Pérez Esquivel, Máiread Maguire and Cora Weiss) sent the United Nations secretary-general a letter on the neglect of the referendum on the Western Sahara. The letter stated that this issue had jeopardised the credibility of the international organisation, since the referendum is the only path to a lasting and fair peace in the Maghreb.

Other Mediterranean affairs

Turkey was allowed to take part on an equal footing with other aspirants at the convention held in Belgium to study the future enlargement of the European Union. Ankara was granted a post for ceasing to oppose the rapid reaction force. However, it has not achieved its aim, as the European Council which met at Laeken some days later did not include Turkey among the ten possible future members. Cyprus was on the list.

Fundamentalist groups carried out further killings in Algeria in the month of Ramadan.

The United States sent a state department delegation to Iraq to mobilise the Kurds and other sectors that oppose the Saddam Hussein regime. This operation will take several months.

IBERO-AMERICA

By MARCELINO DE DUEÑAS FONTÁN

Events in Argentina were particularly significant in December. The difficulties of the economy minister, Mr Cavallo, in servicing the country's huge external debt and halting the massive capital flight led him to adopt a drastic measure: to freeze bank deposits. The population's immediate indignation forced Mr Cavallo to temper this measure. Furthermore, the International Monetary Fund suspended its aid to Argentina as the country had failed to implement the zero-deficit programme agreed upon and to achieve a national pact to overcome the crisis. A major demonstration was staged on the 10th of the month to protest against the government's economic policy and on the 13th Mr De la Rúa witnessed the seventh general strike in his two years in power. The Peronist opposition offered Mr De la Rúa a support that was more symbolic and opportunist than real, acting in an underhand manner to worsen the political situation in order to regain control.

By the middle of the month the situation had degenerated into total chaos. Workers stopped receiving their wages and rioting and civil disobedience broke out. Widespread robberies of supermarkets began to take place, carried out by an irked and uncontrolled population egged on by activists of different origin keen to foster disorder and by braggart trade unions with anachronistic ideas, who added fuel to the flames.

On the 19th Congress repealed the superpowers it had granted to Mr Cavallo and the government decreed a state of siege for 30 days. On the 20th Mr De la Rúa, and with him the whole government, was obliged to resign, leaving the country in a state of undeclared financial collapse, with a total debt, including private and local corporations, of \$200 billion, a

country risk of over 5,500 basis points, an unemployment rate of 20 per cent and almost half the population living in poverty. His last measure was to lift the state of siege.

Analysts generally agree in their very harsh diagnosis of the situation in Argentina. They attribute it primarily to the high level of corruption among political parties. The privatisation carried out in the last decade brought revenues equivalent to some Pta4 billion, most of which was diverted to the current accounts of the political lobbies in tax havens. Furthermore, pegging the peso to the dollar has led to a slump in the competitiveness of the country's exports and consequently a deficit in the balance of trade, which it was unable to remedy by resorting to devaluation. Although very high at some 50 percent of GDP, the country could cope with its external debt if the fiscal policy were appropriate: the real reason for the collapse of the economy stems from the irresponsible increase in public expenditure (\$31 billion in 1991, \$81 billion in 2000) and from systematic ignorance of the basic rules of a market economy. This has led from a growing fiscal deficit to a major increase in the country risk, rising interest rates, annual increase in the deficit, etc, in an unstoppable spiral.

Following the obligatorily provisional stints of the presidents of both houses of parliament, both with a Justicialista majority, it was the turn of the short-lived mandate of Adolfo Rodríguez Saá, who was initially accepted by the party but forced to resign on the 30th after the very serious saucapan banging incident and the assault on Congress on the 29th and resulting loss of Peronist support by trying to stay on in power longer than that was reasonable. Eduardo Duhalde, former governor of Buenos Aires, was appointed his substitute. Mr Duhalde is due to be sworn in at the beginning of January with a mandate lasting until 2003, the date Mr De la Rúa's mandate was due to end. Argentina will thus have had five presidents in two weeks.

Mr Duhalde seems to be in favour of ending the parity of the peso with the dollar, devaluating it by a significant 40 percent or so, adopting strict measures of fiscal austerity and postponing payment of external debt. These measures, provided they are based on a firm social commitment that is difficult to achieve, could rescue Argentina from this very severe crisis. They would undoubtedly cause Spanish companies very substantial losses.

The progressively waning popularity of the Venezuelan president, Hugo Chávez, was evident in the demonstrations and strikes held on the 9th and

10th in which businessmen and trade unions surprisingly teamed up to express their firm disapproval of the government, the set of laws passed by decree, including those on fisheries and lands, and the «Cubanisation» to which he is subjecting the country.

According to some experts, there is a risk that Mr Chávez, in an attempt to secure the popular support he lacks, may provoke a war with Colombia through his obvious backing of the FARC, a group with which he has a lot in common. Meanwhile the group's leader, «Tirofijo» («Sureshot»), hopeful of this occurring, systematically hinders the peace talks with the Colombian government.

Actually, Venezuela has a legitimate government which enjoys parliamentary majority and has won the disapproval of the people who chose it. According to an analysis by Carlos Alberto Montaner, the four possible scenarios are negative. In the first, the people resign themselves to the destruction of their freedoms and the productive mechanism as the price to pay for the huge mistake of having chosen Mr Chávez. In the second, Mr Chávez's mandate is revoked in two years' time, if by then this constitutional possibility continues to exist. The third is civil disobedience promoted by trade unions, businessmen and other social forces obliging Mr Chávez to resign and call new elections. The fourth and last is a military coup similar to the one staged by General Pinochet in Chile following the overthrow of Mr Allende. The future is grim and meanwhile Mr Chávez continues to cultivate his friendships with Castro, Qadaffi, «Carlos» Ilich Ramírez Sánchez and «Tirofijo» and to impose his «*revolution*» using means that are far from democratic.

The first summit meeting of the Association of Caribbean States (ACS) took place on Isla Margarita on the 11th and 12th. It was attended by leaders from 30 countries and was not particularly significant except for the joint spectacle of Messrs Chávez and Castro: the threats and boasting of the former and the *patriarchal* complacency of the latter.

At the meeting of the Organisation of Petrol Exporting Countries (OPEC) on 28 December in Cairo it was decided to cut the production of crude oil by 1.5 million barrels daily for a period of six months from 1 January. This measure will undoubtedly have repercussions on the economies of all the Ibero-American countries in 2002.

AFRICA

By ALEJANDRO CUERDA ORTEGA

Burundi. After over five years of complicated negotiations which ended in the signing of the Arusha accords, the new transition government was sworn in on 1 November in the presence of five heads of state.

These agreements provide for a three-year transition government divided into two equal periods of one and a half years and made up of 26 ministers, 14 Hutus and 12 Tutsis. The president and vice president will be from different ethnic groups, and will change over for the second period. The first president is General Pierre Buyoya, a Tutsi, who has held this post in Burundi since 1996; the vice president is a Hutu, Domitien Ndayizeye. The army is mainly Tutsi and attempting to change this is the most delicate and dangerous task, even though it is established in the Arusha accords. In view of the long drawn out negotiations, it was considered advisable for the government to set about its task without waiting for a parliament to be appointed. Elections will be held when the three years of provisional government have elapsed, provided that transition has been achieved.

A positive consequence of the foregoing is the EU decision to resume relations with Burundi and economic aid (65 million in three years). Two hundred and forty South African soldiers are now stationed there to protect the leaders, since many hail from conflicting factions; this contingent is being joined by others from Ghana, Nigeria and Senegal.

Zimbabwe. In view of the proximity of the presidential elections (March 2002) in which the current government is likely to be ousted, President Robert Mugabe has taken a number of measures to secure re-election. These have sparked protests both internally and from the nearby nations belonging to the Southern African Development Community (SADC, 14 member nations) and the EU, which has threatened to impose economic sanctions. Mr Mugabe has prohibited postal voting—there are some 3 million citizens living outside Zimbabwe. He has established the requirement of producing proof of residence for the population living in rural areas; this proof must be issued by the village chiefs, almost all of whom belong to Mr Mugabe's party. He has banned churches and citizens' organisations from disseminating information and advising citizens about

voting, which may only be done by the supervising electoral commission, an organisation appointed and controlled by the president himself. And he has refused to authorise the presence of international independent observers at the elections and has begun to openly harass journalists and the free press.

Cote d'Ivoire. On 18 December the forum for national reconciliation ended after two months of deliberations and meetings between the main representatives of all the country's political and social forces. This is the first time an assembly of this kind has been held and was an initiative of its president, Laurent Gbagbo, aimed at putting an end to the instability and international crisis the country has suffered over the past few years. It was an open forum in which everyone could express complaints and make claims and settle their differences.

The most significant politicians taking part in the forum asked for a constitutional reform and new elections to try to establish a government of national unity. The forum unfolded in an atmosphere of frankness and also self-justification. The results remain to be seen.

Democratic Republic of the Congo (DR Congo). Since the meetings held on 15 October on «inter-Congolese dialogue» prior to the announced Addis Ababa forum, good intentions have been progressively forgotten and morale has sunk. They proved to be a mere formality, as all the important figures were absent, and the participation of delegates and the duration of the talks were very limited owing to lack of available funds. Joseph Kabila had publicly announced his intention to hold free, clean and democratic elections as soon as possible, supervised by an inspection committee and with international aid. However the scant dialogue, in addition to scarcely raising any hopes of solving definitively the serious problem of the Congo (DR), has also blocked the way for subsequent dialogue, and President Kabila returned to what he considers the only solution: international aid. He made another trip to the United States, France and Belgium to ask for aid for disarmament and the expulsion of foreign forces from his country, particularly those from Rwanda. He also approached the IMF.

Angola. Fresh hopes of settling the long war. In November President Dos Santos announced that his government and the UNITA rebel movement had reached an agreement to draw up a new peace treaty; it seems that this will be based on the 1994 treaty agreed with the UN and broken two years later.

ASIA

By ALEJANDRO CUERDA ORTEGA

India and Pakistan. The most serious event occurring at year end was on 13 December. The Indian Prime Minister, Atal Vehari Vajpayee, immediately blamed Pakistani Islamic terrorist groups which he claimed had acted with the co-operation of the Pakistani army, specifically the Lashkar-e-Tayyaba and Jaish-e-Mohammad groups, which Islamabad and the groups themselves denied. India then threatened to invade Pakistan to eradicate these Islamic activist groups unless the prime minister, General Musharraf, eliminated them. America's decision to add these two groups to its list of world terrorist organisations increased the pressure on Mr Vajpayee's coalition to declare war.

For the next two weeks, during which time General Musharraf failed to take any measures against the aforementioned terrorist groups, the tension between the two nuclear powers was extreme and thousands of people fled from the Kashmir region. New Delhi announced that it was breaking off communications with the neighbouring country, including buses, railways and airlines, and a week after the attack recalled its ambassador in Islamabad and sent tens of thousands soldiers to the border (1,800 miles), ordering the biggest concentration of forces since the 1971 war. Pakistan denied its participation in and responsibility for the incidents, but also concentrated its troops at the border. The atmosphere of tension triggered clashes with Muslim extremists in several parts of Kashmir, leading to deaths and casualties on both sides, as well as exchanges of gunfire between troops of both nations.

America has distanced itself somewhat or shown excessive caution, as if to avoid singling either country out. Washington made a tentative attempt to defuse the situation by offering to send FBI personnel to New Delhi to investigate who was responsible for the assault on Parliament, but Mr Vajpayee turned down the offer. President Bush is hoping that General Musharraf will take forceful action against the terrorist groups and that India will not exacerbate the crisis with its categorical condemnations, even though there is no conclusive evidence that Pakistan is to blame. If India continues with these threats and military mobilisations, Islamabad could find itself forced to withdraw its troops from the border with Afghanistan to bring them face-to-face with Indian forces. Apart from

adding further fuel to the flames, this would clear the way for the entry into Pakistan of the Taliban who, fleeing from harrassment, are arriving at the mountains of Tora Bora (Afghanistan), their only possible place of refuge and barracks where they may reorganise themselves and start all over again.

By the end of the year the tension had eased somewhat after General Musharraf took measures to control the military groups who were active in Kashmir and both leaders declared that recourse to nuclear weapons was out of the question and that diplomatic channels had not been exhausted. On 13 December the Pakistani authorities announced they had arrested one of the main Islamist leaders wanted by New Delhi for inducing the attack on the Indian Parliament. Meanwhile, the Islamic guerrilla fighters continued their secessionist campaigns and violent actions.

A meeting of the South Asian Association for Regional Co-operation (SAARC) is due to take place early next year. Both leaders will attend this meeting together with those of the other nations. This is cause for hope, although Mr Vajpayee has already rejected the proposal of a private meeting with General Musharraf.

As for Pakistan's relationship with the Afghan war, now that Kandahar has surrendered (6 December) and only the Tora Bora mountains remain to be captured, leading to the disbandment of the Taliban, the border between the two nations is witnessing a concentration of people who have fled and is also the scene of continual quarrels and violence, particularly against the Arab Taliban, who are unwanted everywhere. Islamabad has deployed its military forces to prevent as far as possible al-Qaeda terrorists from entering the country; however, wounded Taliban fighters have received medical treatment at two hospitals in Peshawar near the border, partly financed by the EU—this is no secret to anyone—in accordance with Red Cross rules of attending to war casualties. After being released, they were taken to the border by the Pakistani police; some merged into the population waiting to enter the country and others returned to the battlefield.

North Korea. The hopes of an opening up of Pyongyang and an improvement in its relations with the rest of the world have progressively faded in view of the passive, closed, cold, indifferent and impolite stance of Kim Jong-il. On top of this the other countries have reduced their food aid to this nation, owing either to the urgent need to help the recovered Afghanistan or to the lack of response from North Korea. Its harvest has

not been a bad one, but it is estimated that one million and a half tonnes of aid are needed. The regional director of the UN World Food Programme has stated that unless further consignments arrive, the country's stocks will be exhausted by January 2002. A third of the population depends on this aid for survival.

Tokyo, one of the main donors, has announced cuts for the coming year as it is disappointed at not having even obtained a response to its continual requests for the return of ten Japanese citizens kidnapped over 20 years ago. Even Kim Dae Jung, the architect of the «sunshine policy» and a tenacious fighter for reconciliation, says he is disappointed at Pyongyang's indifference and the «icy» pace of negotiations. In view of the passive and inconsiderate attitude of his northern neighbour to his requests, he has cancelled the delivery of 300,000 tonnes of rice due to be sent at the time of the forthcoming ministerial meetings.

Taiwan. On 1 December the Kuomintang (KMT) lost its parliamentary majority in the legislative elections. President Chen Shui-bian's Democratic Progressive Party, which opposes reunification with China, won a majority 87 out of the 225 seats; the KMT obtained 68 compared to its previous 110. The People First Party secured 46 seats in its first elections. For the first time a coalition government could be formed in Taiwan. This is not good news for China.

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