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STRATEGIC PANORAMA

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INTRODUCTION

INTRODUCTION

It has fallen to me for the second year running to coordinate this Strategic Panorama *which brings together the efforts of analysts from the Real Instituto Elcano and the Instituto Español de Estudios Estratégicos (Spanish Institute for Strategic Studies) who, with total freedom of criteria, have contributed their knowledge and experience in different areas with the sole aim of providing a deeper analysis of complex international developments throughout 2005.*

As on previous occasions, and given the physical limitations of the publication, particular emphasis has been given to areas and circumstances that are more directly related to SPAIN, attempting where possible to draw conclusions that will hopefully allow us, in some way, to deal with the challenges of this uncertain and undoubtedly unsettling future we face.

I wish to stress that, following the criterion first adopted for the previous edition of the Panorama*, we have included a number of chapters that might be described as general. These sections are unfettered by geographical limitations and analyse emerging problems, some of them worrying, that may affect us in some way or another.*

In this connection mention should be made of Chapter 2, which analyses the role of "The Armed Forces as a significant element of the external state action. International missions", dealing both with operational aspects of missions of this kind and with the complex legal framework required to underpin them as well as their influence on the organisation of the armed forces and, very specially, the army. Finally, it underlines the importance of our participation in them from the point of view of our foreign policy commitments, both in ad hoc coalitions set up to perform specific operations and in cooperation with the international organisations to which we belong.

But perhaps the truly original feature of this year's Strategic Panorama 2005/2006 *is Chapter I, under whose broad title "New landscapes, new challenges: changes in the strategic horizon" Professors Paul Isbell and Rickard Sandell conduct a bold and rigorous study of the new strategic horizon which combines climate change and the resulting increase in the number and seriousness of natural disasters; possible pandemics in which globalisation, migratory movements, demographic growth and speed of communications may act as agents of diffusion that are difficult to stem; and the improper and difficult to control use of cyberspace by terrorist organisations which have substantially changed the ways they act as regards propaganda and dissemination of messages and recruitment and training of new members. The chapter ends with an analysis, worrying at the least, of the world economy, which, despite having enjoyed one of its most flourishing periods in recent years that has cushioned and stabilised the world strategic environment, currently faces a critical situation in which the rise in oil prices stemming mainly from the growing demand of the emerging Asian economies and possible drastic adjustments needed to maintain the deficit/surplus balance of the major powers could radically change the situation and even spark political and military tension in an attempt to ensure raw material supplies.*

As a result of the foregoing, and by way of conclusions, the authors describe four medium-/long-term scenarios which give one plenty to think about, or at least they did me, and I think they will many of our readers.

The titles of the rest of the chapters give a good idea of their content. I just want to stress that they refer to a year that began with an outlook that I would dare describe as optimistic: an encouraging result of the legislative elections in IRAQ; a new focus for Palestinian-Israeli relations following the appointment of the new president of the Palestinian National Authority that would undoubtedly receive the backing of the Madrid quartet; and the adoption of a European Constitution that would supposedly be accepted by practically all the members of the Union and would mark a great step forward politically and away from the criticised "Club for Christian merchants", as we were pejoratively branded.

But reality often surprises the most expert analysts and, following the relative success of the referendum for the ratification of the European Constitution in SPAIN, its failure in FRANCE and

the NETHERLANDS converted the Constitution into yet another problem to tackle instead of the solution to all of them.

A new whirlwind swept across IRAN in June when the ultraconservative Mahmud Ahmadineyad was elected and the country's nuclear programme was resumed with all the risks that implies, including that of becoming a "casus belli".

International terrorism, which appeared to have been weakened, showed its worst side on 7 July in LONDON, once again underlining the vulnerability of democratic societies which are calling for a worldwide cooperation effort that has a long way to go to being achieved.

And to "facilitate" matters even more, Ariel Sharon, who had just established a new political party (Kadima) as a necessary means of continuing the peace process under way, has a very serious aneurysm that has caused him to disappear, at least from the political scene, and has left leaderless the recently founded party whose future is uncertain, particularly when faced by the fact that the Islamic Resistance Movement (Hamas) achieved an overwhelming victory in the Palestinian legislative elections to which the West has yet to react.

And as if these concrete facts, which have notably perturbed our contributors' studies, were not sufficient grounds for concern, I would like to make the following brief observations, mainly to arouse readers' interest in the related chapters:

- *Tendency towards the victory of parties defined loosely as "left-wing"—many tinged with demagogic populism—in the latest elections in Latin America.*

- *Complex problems of Asia, a continent that is shifting from a period of great stability to one of growing tension that will have major global consequences in the long/medium term.*

- *Major difficulties in the reconstruction and stabilisation of AFGHANISTAN and IRAQ, despite the relative success of the elections held in both countries to date.*

- *The European Union's trouble coming to terms with enlargement to 25 members, which has made 2005 an "annus horribilis" that is going to require us to make a huge collective effort to overcome this crisis.*

And like last year, I want to end this introduction by recalling that we have endeavoured from the outset to provide an aseptic and realistic but SPANISH view that takes into account our interests and geopolitical circumstances, and this has undoubtedly influenced all the analyses.

My thanks to all the contributors for their enthusiastic participation, their flexibility and the genuine spirit of cooperation they showed at all times.

I hope that the various chapters will help provide an insight into and a better understanding—for the benefit of everyone—of the problems of this complex and worrying world in which it has fallen to us to live.

Admiral José A. Balbás Otal
COORDINATOR OF THE WORKING GROUP

CHAPTER I

NEW LANDSCAPES, NEW CHALLENGES: THE CHANGING STRATEGIC HORIZON

NEW LANDSCAPES, NEW CHALLENGES: THE CHANGING STRATEGIC HORIZON

PAUL ISBELL AND RICKARD SANDELL

INTRODUCTION

New landscapes and new challenges are beginning to emerge in the strategic environment. Traditional risks continue to pose relatively familiar political, economic, diplomatic and military challenges—for Europe in general and for Spain in particular—in several parts of the world. However, the past few years have witnessed new phenomena with significant potential to cause problems in the international environment from a strategic point of view.

During the 90s, the then new strategic environment was the end of communism. Democratic and economic transition, economic development, the end of poverty and the spread of prosperity and peace were not only hopes but real opportunities provided by the new environment. Over time we have seen how the end of history continues to be an illusion. The so-called "clash of civilisations", the rise in international terrorism (particularly radical Islamism), the spectre of failed states and the proliferation of weapons of mass destruction converged at the beginning of the new century and dominated the strategic outlook of the following years, triggering a spate of terrorist attacks, military intervention in Iraq and, now, the Iranian nuclear crisis.

In any event, although the transformation in the strategic environment has been quick to take place, it would appear that the very backdrop against which both the most traditional and the new conflicts used to develop is rebelling, giving rise to another series of challenges to which we have

scarcely managed to react. New risks such as natural disasters, pandemics and climate change (the impact of which is growing as a result of globalisation, demographic growth and urbanisation) are some of the new players that appeared on the strategic scene in 2005. But human risks also continue to proliferate in new variant forms. The possibility of a destabilising abuse of cyberspace poses challenges that were unthinkable only a few years ago, while the energy base of our local and global economy has become a new thread that links nearly all the political and economic challenges. Meanwhile, the international economy has progressively contributed to solving several of these problems and lessening the impact of others. For the time being, the international economy is running smoothly, but the good times could be coming to an end.

The aim of this chapter is to identify these new, less traditional challenges and others that are already known but are now more urgent or need to be addressed in a new light. It is appropriate to examine the new strategic challenges at length, considering when and how Spain, Europe and the international community will respond to them.

MOTHER NATURE: A STRATEGIC RISK?

When threats to society are discussed, natural disasters and biological threats are usually mentioned together with national and international terrorism. However, since the attacks of 11 September 2001, much greater world attention has been given to terrorism than to natural disasters and biological threats when evaluating strategic outlooks and designing common actions and strategies. After all, we are committed to a more or less coordinated war against international terrorism, whereas the threats posed by Mother Nature are normally dealt with in an improvised manner, with an approach focused more on reconstruction than on foresight and prevention.

Nonetheless, there are many signs that the time has come to begin to treat Mother Nature as a strategic risk whose ability to destabilise the conditions required for peace and prosperous coexistence between countries and peoples is similar to or even greater than that of terrorism today.

There are three main reasons why natural disasters are becoming a more imminent and much

more serious strategic risk than in the past: (1) globalisation; (2) demographic development; and (3) climate change.

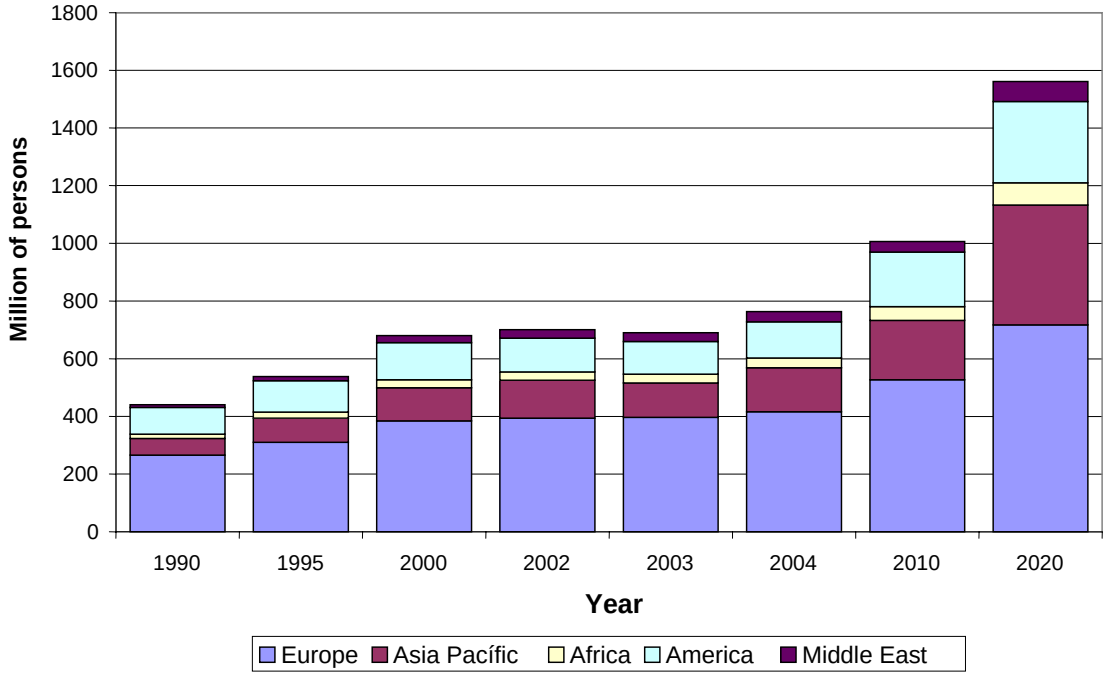
The new wave of globalisation and how it is increases the spread of infectious diseases.

New technologies are giving rise to a new wave of globalisation in which billions of people travel regularly and frequently, both as tourists or as business agents (1). The present-day *globetrotter* covers larger distances and does so much more quickly than in any other period in human history. At the same time, larger volumes of goods are transported longer distances and in much shorter times than before. Interaction and human exchange scarcely know any limits in modern society. However, these positive features also pose a threat as regards the spread of infectious diseases.

Nonetheless, the problem of the new wave of globalisation is not growing interconnectivity in itself, as this phenomenon has existed for centuries, but rather the much shorter time required for humans to make a global connection. Until fairly recently an intercontinental voyage took weeks. Today it is possible to travel to any major international destination in less than 24 hours. To give an example, Madrid-Barajas airport provides direct connections to 105 airports; with just one transfer it has connections to 1,100 and with two transfers it is possible to travel to over 2,500 national and international airports.

(1) There have been several globalising waves throughout the history of mankind. The most recent is characterised, among other things, by mass global tourism and a very significant reduction in travel times.

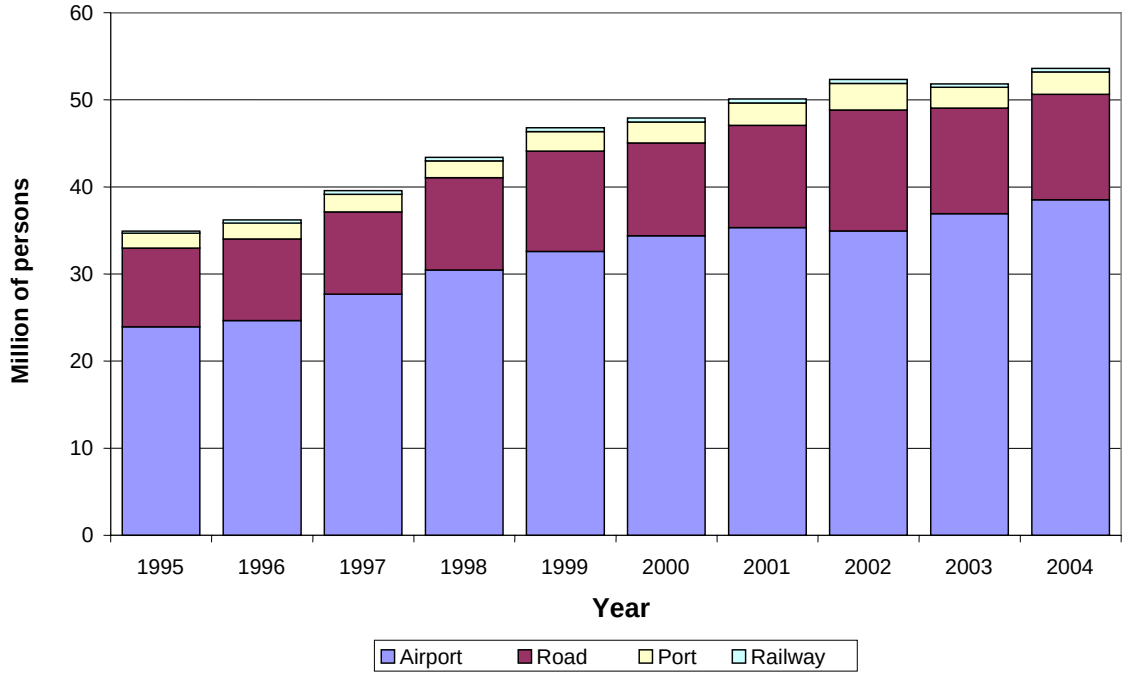
Graph 1. Tourism, international arrivals worldwide, 1990-2020



Source: World Tourist Organization.

Another problem is volume of air travel. Madrid-Barajas is the fifth largest airport in Europe, with 35 million passengers in 2003. International tourism accounts for a significant percentage of air passenger traffic and is growing almost exponentially. Some 265 million people arrived in Europe in 1990, 416 million in 2004 and the expected figure for 2020 is 717 million. After France, Spain is the country that receives the highest number of tourists in the world. Fifty million people arrived in Spain in 2004, and over 4.5 million Spaniards visited other countries that year.

Graph 2. Tourism, international arrivals, Spain, 1995-2004



Source: World Trade Organization.

The drastic reduction in the amount of time needed to make a physical connection with anywhere in the world and the spectacular growth in the volume of passenger traffic multiply the likelihood of a new disease becoming a pandemic. For example, SARS would probably never have spread beyond rural China without the current air transport network. The outbreak of SARS in 2003 extended from Hong Kong to North America and Europe, claiming a considerable number of victims, within only a fortnight. The SARS epidemic and the manner in which it spread throughout the world are a warning of one of the disadvantages of the globalisation process currently under way. Similarly, considering that the new wave of globalisation has scarcely begun and that the volume of passenger traffic is likely to increase even more and travel times to continue to grow shorter, there is no doubt that globalisation provides an excellent infrastructure for the spread of infectious diseases.

To illustrate the problem, imagine that a disease suddenly emerges that were spread with the same ease as, say chicken pox (varicella). Chicken pox is a cosmopolitan and highly contagious disease. It is transmitted by direct contact with an infected person's blisters and by inhaling

respiratory secretions containing the virus. The period of contagion lasts from one or two days *before* the rash breaks out until a crust forms on the blisters. As the virus is so contagious, just one person could easily transmit the disease to all the passengers of an aircraft without the carrier or anyone else realising. Bearing in mind that the carrier must first check in at the airport, which is also a source of risk given the large volume of travellers, the virus could be spread throughout almost the whole world in under 24 hours.

There is currently a major concern that the influenza virus known as H5N1, or more popularly as bird flu, is the most likely to display all the aforementioned characteristics. Like chicken pox, this flu is highly contagious and is transmitted by droplets in the air, although, unlike chicken pox, its mortality rate can be very high, given the type of influenza in question.

As its popular name indicates, the H5N1 virus currently affects chiefly fowl and so far has only been transmitted to humans through intense contact with infected birds. Geographically speaking, it has been present in Asia for quite some time. Several alerts were raised during 2005 and at the beginning of 2006 about the spread of bird flu, which had reached European countries such as Russia, Greece and Turkey, killing four of the 12 people infected in the latter. The seriousness of this occurrence should not be underestimated, though nor should it be exaggerated. Bird flu continues to be a disease that only spreads easily among birds, although the number of cases of transmission between birds and humans is growing, and the disease has a very high mortality rate in such cases, particularly among young people. According to the WHO, between 2003 and now (February 2006) there have been 161 known cases of people who contracted the disease after being in contact with infected birds, and 86 of them died. So far there is no indication that the virus has mutated in such a way that it can be transmitted from person to person. Nonetheless, the more the cases of transmission of the virus between birds and humans, the more likely the virus is to become transmissible from human to human.

This is not the first time a virus that mainly affects birds has also proven dangerous to humans. The most recent pandemics of 1957 and 1968 were caused by an exchange of genes between an avian and a human influenza virus. The same occurred with the 1918 pandemic. However, there is a major difference between the 1918 pandemic and those of 1957 and 1968. According to many

experts, the 1918 flu virus started out as a virus that only affected birds; however, following a series of mutations it became able to affect and spread effectively to humans, though it did not exchange any genes with a human virus. Although there is a possibility that H5N1 may exchange genes with a human influenza virus and accordingly acquire the ability to pass from person to person, so far H5N1 is following the same course as the virus responsible for the 1918 pandemic. There are other similarities: the severity of the illness and its high mortality rate; its tendency to affect young, healthy people; and the incidence of primary viral pneumonia and absence of secondary bacterial infection. Although the virus's high mortality rate of the virus would probably fall somewhat if it became transmissible between people, the fact that the subtype H5 has never circulated among humans indicates that the population would be universally vulnerable to a mutated H5N1.

Should H5N1 become capable of spreading among humans, two scenarios could occur, one mild and one severe. In the case of the first, the mortality rate would be low and the population at risk would be the two ends of the human life cycle, that is the youngest and the oldest. The WHO estimates that worldwide deaths caused by the pandemic could total between seven and eight million more than in a normal year. Even so, a large number—hundreds of millions of people—would fall ill. On the contrary, in the severe scenario the outlook would be much gloomier. Taking the 1918 pandemic as a reference, during 1918 and 1919 between 25 and 30 percent of the world's population became infected and between 40 and 100 million people died as a direct consequence of the disease. Bearing in mind that the world population at the time was only approximately 1.8 billion, that means that nearly 540 million people became ill and that between two and five percent of the world population died in approximately one year. Taking the figures for the 1918 epidemic as a reference for a severe scenario, 1.8 billion people could fall ill and between 126 and 315 million could die, most of whom would be young, healthy people.

What are the consequences for society? Although the number of deaths in the severe scenario is chilling, the main problem would be medical care, given that the number of people who contract the disease would be very high whether the pandemic is mild or severe. As there has never previously been an infrastructure that has allowed a virus to spread among a "virgin population" throughout the world in less than 24 hours, it is reasonable to expect that the first outbreak of the pandemic could occur simultaneously all over the world. The consequences could be devastating.

Within only a matter of days, hundreds of millions of people would have caught the disease, causing a widespread, simultaneous collapse of the healthcare services in all the affected countries. Simply visiting a hospital could pose a high risk of exposure to the virus. As there are no vaccines or effective treatments, society and the population would probably enter a state of shock and, most likely, panic. The security forces would foreseeably have to be prepared to maintain a minimum of order. The problem is that any institution would be affected by the disease. That is, both the armed forces and law enforcement would risk losses of around two to five percent and a high percentage of sick and convalescent—perhaps as high as 25-30 percent. This would no doubt mean that the security forces would have to perform their duties in highly unfavourable conditions and their capacity to carry out their work could even be questioned. Furthermore, when attempting to maintain order in an ailing, disintegrating society, the army and the security forces would be exposed to an even greater risk of contracting the disease.

The keys to coping with a potential pandemic are precaution, time and preparation. As for precaution, a pandemic makes society extremely vulnerable and is a very high security risk. Therefore, any measures designed to prevent the H5N1 virus mutating are a good investment in a society's security. The WHO has designed a strategy for tackling this issue. In the event the disease should become a reality, the important thing would be to stem its spread as far as possible at the site of outbreak, as this would increase the possibilities of developing a vaccine and suitable medication for keeping the disease in check. In the case of Spain, this would be particularly complicated as it is one of the most visited countries in the world. Measures may appear very drastic, but we need to be prepared to isolate an entire country from external contact and to minimise contact between people within that country in order to achieve the desired result, and even so this would not guarantee success. Finally, if the precautions against and attempts to stem the spread failed, we would need to be prepared for the worst. That is, what would the action plan of the armed and security forces be in the not unlikely case that the country were to be struck by a new illness resulting in a high number of sick and dead in a matter of only days, and which could very likely lead to a situation of chaos that would sweep over society?

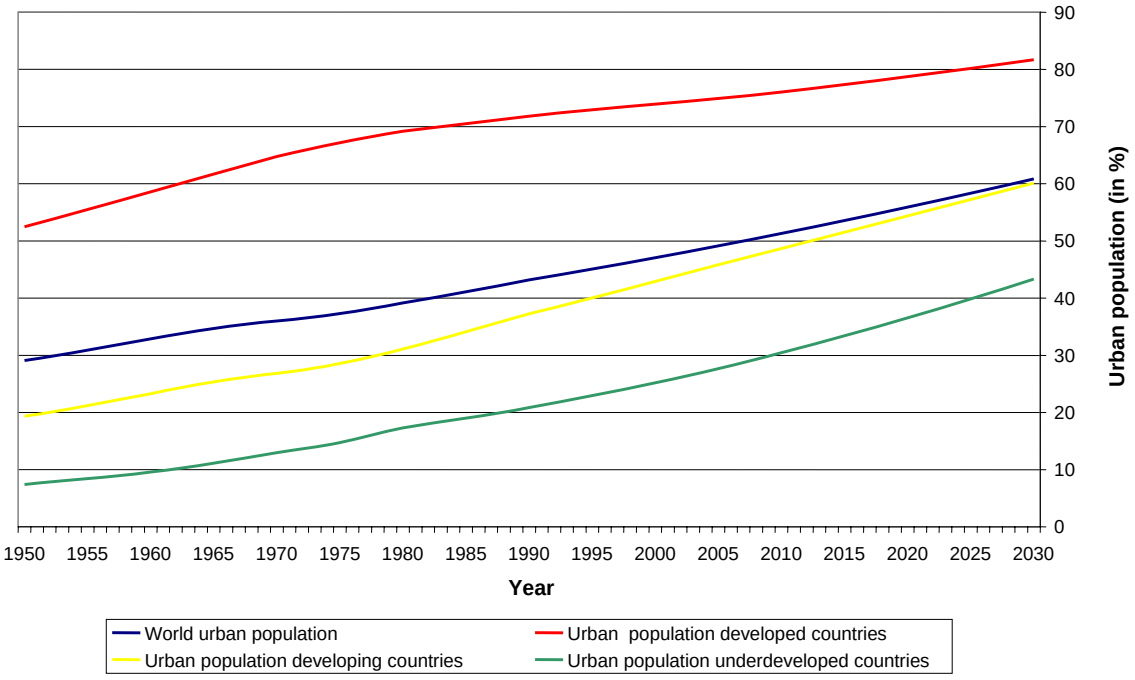
Demographic growth: the magnifier of natural disasters.

Demographic growth involves two main processes. On the one hand, there is the overall growth of the world population, which still is, and will continue to be, very significant throughout the whole of the 21st century. On the other, there is the process of urbanisation, which is taking place very rapidly in most of the world except for the developed countries. Both processes are giving rise to an increase in population density, particularly in metropolitan areas.

How does demographic growth affect the analysis of the strategic risks posed by Mother Nature? There are two main concerns. First, one may deduce that the areas with a high population density are more vulnerable to natural disasters—earthquakes, flooding or tropical storms. What is more, coastal areas are undoubtedly much more vulnerable to natural disasters. Much of the urbanisation process in developing countries is concentrated precisely in those areas. In Southeast Asia, 65 percent of cities with over 2.5 million inhabitants are located in coastal areas. In Latin America and the Caribbean, 57 of the 77 largest cities are coastal. Over one-third of the world's population lives less than 62 kilometres away from the coast and 13 of the 20 biggest cities in the world are located by the sea.

In view of the future trend for demographic growth and the increasing development of the coastal zones, it is foreseeable that the damage, both material and human, caused by an extreme meteorological phenomenon will increase in the future, even if the incidence of these phenomena remains constant.

Graph no. 3. Evolution of urbanisation, 1950-2030



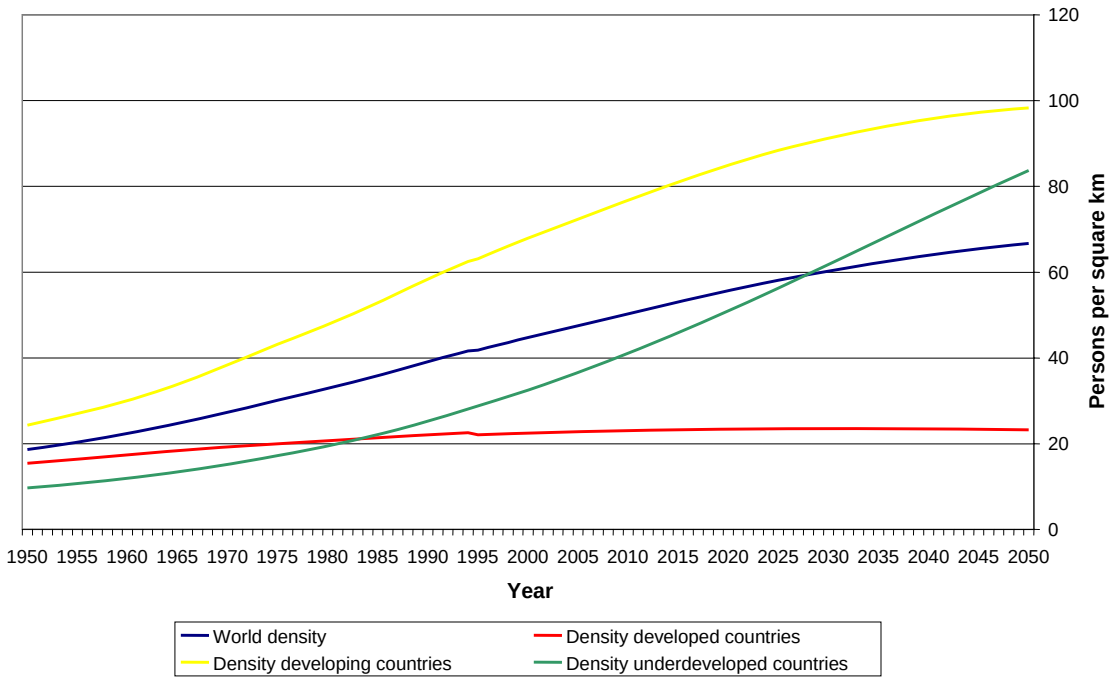
Source: UN, *World Population Prospects*, 2004.

The recent hurricane Katrina, which submerged 80 percent of New Orleans and claimed over 1,300 lives, illustrates the difficulties one of the richest countries in the world faces in preventing and alleviating a disaster in the making. If Katrina's trajectory had been different and, instead of affecting a rich country with a large population, it had struck a poor country with a high population density in the area in question, the material and human damage would have been much greater. In 1998, hurricane Mitch killed 9,000 people in Central America and caused material and infrastructure damage that has still not been fully repaired, while in 1991 the tropical cyclone Gorky left 138,000 dead in Bangladesh. More recently, the tsunami in the Indian Ocean at Christmas 2004 killed nearly 300,000 people and affected very densely populated countries in the region. In 2005 Pakistan, which also has a high population density, was struck by an earthquake that claimed 80,000 lives.

Natural disasters of this kind are not only tragedies for those affected but also require the effort of the armed forces and police to guarantee order in the region in question and, sometimes, in the country as a whole. From a military viewpoint, Katrina was a huge challenge for the American

armed and security forces. On 7 September 2005, the USA had a contingent of 63,000 military posted to the area affected by the hurricane. Of these troops, 25,000 were assigned to New Orleans. A large number of police from all over the country also assisted with rescue and security tasks. Pakistan deployed between 70,000 and 80,000 troops following the earthquake in 2005. Natural disasters often require unforeseen international participation. In the case of Pakistan, Spain sent a contingent of 370 military. The fact that demographic development increases vulnerability to natural disasters means that the armed forces should be prepared for greater requirements for troop deployment to cope with strategic risks of this type in the near future.

Graph 4. Evolution of population density, 1950-2050



Source: UN, *World Population Prospects*, 2004.

The second concern related to demographic growth is biological. While globalisation is an effective means of increasing speed of contact between people located considerable distances apart, demographic growth, and above all urbanisation, are very effective means of promoting opportunities for contact within a small area. Both mechanisms contribute to a possible faster spread of diseases both old and new. It is therefore no coincidence that the origin of the past century's pandemics was Asia.

Urbanisation and demographic growth as a whole have led to a genuine population explosion in cities. When the last major pandemic occurred in 1918, the ten biggest cities in the world had smaller populations than Tokyo in 2005. Furthermore, many of the 21st-century megalopolises are located in parts of the world with a high rate of seismic activity, in tropical and generally coastal regions, and the major concentration of population in the megalopolises makes them extremely vulnerable to any epidemic or pandemic and increases the likelihood of there being a sufficient number of infected people to make a pandemic possible.

Table 1. The ten largest cities in the world, millions of inhabitants, 1900-2015

Position	1900		1950		2005		2015	
1	London	6.4	New York	12.3	Tokyo	35.3	Tokyo	36.2
2	New York	4.2	Tokyo	11.2	Mexico DF	19.0	Mumbai	22.6
3	Paris	3.3	London	8.3	New York	18.5	Delhi	20.9
4	Berlin	2.7	Paris	5.4	Mumbai	18.3	Mexico DF	20.6
5	Chicago	1.7	Moscow	5.3	Sao Paulo	18.3	Sao Paulo	19.9
6	Vienna	1.7	Shanghai	5.3	Delhi	15.3	New York	19.7
7	Tokyo	1.5	Rhein-Ruhr	5.3	Calcutta	14.3	Dhaka	17.9
8	St Petersburg	1.4	Buenos Aires	5.0	Buenos Aires	13.3	Jakarta	17.4
9	Manchester	1.4	Chicago	5.0	Jakarta	13.2	Lagos	17.0
10	Philadelphia	1.4	Calcutta	4.4	Shanghai	12.6	Calcutta	16.8

Source: ONU, *World Population Prospects*, 2004.

Climate change: magnifier of magnifiers.

Lastly, when analysing the strategic risks posed by Mother Nature, we should not overlook the climate changes that have been observed since the second half of the 20th century. The complexity of the problem requires an analysis that goes beyond the limitations of this chapter and therefore prevents us exploring this phenomenon in detail. This analysis aims to stress the potential problems that climate change may cause.

It is generally agreed that the current climate changes are partly the result of human activity. However, there is less agreement as to the extent of these changes. That is, there is a certain amount of disagreement on how far today's climate changes can be explained by human activity and how far they are attributable to cyclical climate changes unrelated to human intervention. Nonetheless, there is a body of evidence to back the argument that global warming is the result of the emission of

carbon dioxide and other greenhouse gases stemming from human activities such as industrial processes, fossil-fuel combustion and changing land use, such as deforestation. The purpose of this section is not to judge whether climate changes are due to a greater or lesser extent to human activity, as this is a task for others. It is also the job of others to design appropriate countermeasures should human activity indeed prove decisive to climate change. From a short- and medium-term strategic point of view, it is sufficient to conclude that climate change is occurring and involves a number of consequences that require advance planning in order to face up to the challenges posed by Mother Nature.

Current projections indicate a temperature rise of between 1.4ºC and 5.8ºC (depending on the region) for the year 2100. But meteorological changes related to the increase in global temperatures and human activity are already being witnessed. For example, global warming has caused a higher incidence of periods of extreme temperatures. Apart from more heat or cold waves, global warming also entails a greater incidence and intensity of rainfall and a very significant rise in the sea level. Similarly, there is a grounded and legitimate concern than the heating of the planet may change regional climate patterns, with extreme meteorological phenomena spreading geographically; indeed, some experts even predict that these phenomena will become usual and no longer be rarities.

Given the correlation between high sea temperatures and the formation of hurricanes, it is speculated that the frequency of hurricanes will increase in a hotter world. It may be argued against this notion that there is no evidence to show that the frequency of hurricanes has risen in the long term. However, as the temperature of the sea surface has a decisive influence on the intensity of a tropical storm (the higher the temperature the greater the intensity), experts reckon that global warming is responsible for the increase in intensity of hurricanes witnessed over the past years. The hurricane seasons of 2004 and 2005 are unprecedented in their intensity. The economic damage and number of people affected have also shot up in recent years. It should also be stressed that the rise in the sea surface temperature could influence the path of hurricanes, making them more likely to reach, for example, the US coast than before. Nor can we rule out the possibility of hurricanes and tropical storms erupting in places that have so far been immune to such phenomena. Since demographic growth magnifies the impact of natural disasters, all that remains to be concluded is that if the frequency and intensity of natural disasters are increasing due to climate change, this adds

further complications to an already complex outlook of how natural disasters may play a destabilising role in society.

Extreme weather conditions are not the only worrying factor when the effects of climate change are analysed. It is very likely that the environmental impact of global warming will disrupt the ecosystem of the whole planet and in ways that are as yet impossible to evaluate. It is expected that biodiversity will diminish as rising, extreme temperatures begin to be notable. The direct consequences of such a change will be the extinction of some species. However, what is bad for some is good for others. That is, some existing species will benefit from and thrive on the changes. Nor may we rule out the possibility that new life forms will appear. What is more, there will be an imminent risk of current infectious diseases broadening their geographical scope of transmission. Diseases such as malaria and dengue fever could spread more extensively. Once changes take place in the ecosystem, a chain reaction can be expected to occur, leading to modifications in the game rules of the appearance and development of viruses. That is, it is not certain that environmental changes will make humans more vulnerable to infectious diseases, but it is highly likely that this will be the case.

In other words, when assessing the possible impact of climate change, we may conclude that: (1) it is highly likely that natural disasters—such as tropical storms, flooding, droughts and heat or cold waves—will become more frequent, more geographically widespread and, above all, more intense as a result of climate change; (2) it is highly likely that infectious diseases such as malaria and dengue fever will broaden their geographical scope of transmission as a result of climate change; and (3) as climate change becomes more evident, it is likely that major alterations will take place in the planet's biodiversity, possibly triggering new, unknown threats to human health.

Generally speaking, climate change could be described as a huge and continuous natural disaster whose effects increase what we might call the "normal" damage caused by natural disasters, whether biological or meteorological, as well as making them more frequent. A magnifier of the magnifiers of natural disasters is gradually coming into play. Paradoxically, the pace of climate change is quickening, thanks largely to globalisation and demographic growth. In strategic terms, this means that natural disasters are already capable of disturbing social order, the rule of law, etc.,

and that they should accordingly be regarded as a risk that requires some sort of mobilisation of a country's security forces. Therefore the time has come to think about reinforcing strategies, if they exist, for dealing with these types of events in the future.

STRATEGIC RISKS OF CYBERSPACE (2)

New technologies, particularly the Internet, have modified patterns of behaviour in various fields such as communication and consumption. These changes are undoubtedly largely beneficial to society. But we should not ignore the fact that new technologies also provide criminals and terrorist groups with very powerful tools.

In a sense, the Internet has become a Trojan horse for Jihadist terrorism in the West, enabling it to magnify the impact of its actions worldwide. This new tool has substantially altered the behaviour of terrorist organisations, giving rise to what has been dubbed "post-modern terrorism". The following paragraphs deal with some of the more immediate implications springing from international Jihadism's use of the Internet.

First, cyberspace has enabled terrorist groups to become independent from the traditional media as propaganda vehicles. For example, whereas the television channel Al-Jazeera was the major revelation of the second Gulf war, the Internet has taken its place in spreading horror in the war on international terrorism. Owing to its low cost and global nature, the Internet allows any terrorist group to convey its ideological message and demands and even to broadcast videos of executions and combat practically throughout the world. The language employed plays an important role. On the one hand, Arabic is used to justify and disseminate their ideology. On the other, English is utilised to spread terror and disseminate counter-information. The battle for the control of information flows has led the US to invest 62 million dollars in setting up the Arabic television channel *Al-Hurra* ("the free channel") and the terrorist group Al-Qaeda to counterattack by broadcasting television programmes such as "The Voice of the Caliphate" to convey its version to public opinion. Therefore, while the terrorists have lost strength in the battle on the ground in

(2) The authors are grateful to Natalia Sancha García for the information and first draft of this section.

Afghanistan, the creation of the Global Islamic Media Front is transferring the battlefront to the Net.

Second, the Internet is becoming a tool for recruiting people for the terrorist cause and a means of training them. The proliferation of chat rooms is making it possible to attract the attention of young potential terrorists and exercise substantial influence on their indoctrination. The dissemination of training and combat videos and manuals for making explosives is converting the Internet into an independent, distance-learning school for the recruitment and training of future terrorists. An example of the foregoing is the document entitled “How can I train myself for Jihad”, which has circulated widely over the Internet, and the video of the “Top 10” fights of the international Jihad against US forces.

Finally, the Internet has revolutionised the organisation of terrorist groups and the method of planning attacks. The vague Al-Qaeda adapts to the working of the Internet by setting up increasingly small and anonymous groups that are difficult to identify and hinder the antiterrorist fight. As for planning, access to documents on the Internet, images and information about possible targets and the anonymity the Internet provides for exchanging messages facilitate the interconnection of terrorist groups across the length and breadth of the planet.

The combination of these three factors has caused collateral damage of various kinds to both Western and Arab societies. The first is the Internet itself. Since 2001, the proliferation of laws regulating data control has been eroding individuals’ right to privacy in Western society. Furthermore, according to the *Arab Human Development Report 2004* (3), Arab societies have been subjected to greater censorship as regards Internet access and their freedom of expression has been attacked. We are consequently witnessing the proliferation of the storage of data on citizens and Western countries and also of institutions specialised in controlling Internet access in Arab countries, particularly Saudi Arabia, Tunisia and Syria.

The multiplication of terrorist groups’ websites is also sowing confusion, as they claim authorship of attacks simultaneously or disseminate clashing guidelines. At the same time, within

(3) *Arab Human Development Report 2004. Towards Freedom in the Arab World*, UNDP, New York, 2005, pp. 84-89.

international terrorism, the al-Qaeda franchise acts as a centripetal force that holds together many organisations, creating an image of homogeneousness and a consensus of Jihadist terrorism. States' inability to keep the Internet under control is giving rise to what we might call Internet militia or patriots (such as the *Internet Haganah Website* (4)), who engage in having terrorist sites shut down on their own initiatives and wage their own personal battle for information.

The question arises of to what extent terrorists have taken advantage of the possibilities Internet offers. If the purpose of propaganda is to create an environment of complicity conducive to the recruitment of new followers of the terrorist cause in the Arab world, it is reasonable to think that we are only at the initial stage. Reports on Internet use stress that only 1.6 percent of worldwide users belong to the Arab world. What is more, at the end of 2002 only three Arab countries had an Internet use rate of over 10 percent and in 14 of the 22 countries less than five percent of the population had Internet access. Over 40 percent of Arab internauts are concentrated in six countries of the Gulf Cooperation Council (5). The Arab user profile described by the International Telecommunications Union (ITU) gives an average age of 30, 70 percent with qualifications, 88 percent English speaking and 95 percent men (6). To this should be added the high illiteracy rate in the Arab countries, which varies from 13 percent in Bahrein to nearly 50 in Morocco. These data may perhaps relativise the impact of the dissemination of the terrorist ideology. But the asymmetry between the hub of terrorist dissemination and its repercussion may be due to behavioural differences. Whereas Western societies tend to prefer individual Internet access, cybercafés appear to be more popular in Arab societies, and their impact and diffusion is therefore multiplied. The continuous growth of Internet access in Arab countries raises new unknown factors regarding future landscapes in which new—and more representative—players will emerge in the Internet, leading to changes in the current situation.

Lastly, we cannot rule out the possibility that terrorists' use of the Internet and information technology may develop in such a way as to cause material damage to society. With growing economic activity between increasingly interconnected organisations, the network provided by

(4) *http://intenet-haganah.co.il/haganah/*
(5) Sebastián Cáceres, "Los países árabes y la sociedad de la información", Fundación Auna, Madrid, 2003.
(6) *http://www.itu.int/ITU-D/ict/papers/egypt2000/15-e.pdf*

technology that makes this interconnectivity possible is becoming an ideal target for financial crime but also for terrorist groups. To put it simply, the more digital doors to society and the business world multiply, the more vulnerable modern society will become to digital attacks. Although cyberattacks on society in general are less dangerous than a traditional attack, they nevertheless have an important psychological impact: they undermine faith in the stability of the system and can be very costly. A massive cyberattack could entail losses of billions of euros as a result of the financial system coming to a halt, as well as requiring reconstruction of the system after the attack. If attacks of this kind become frequent, citizens will easily lose confidence in financial systems and investors' incentives will diminish, causing economic damage above and beyond that of the cyberattack in itself. Not only financial systems are exposed to the risk of an attack launched from cyberspace, but also military systems and the air industry, to mention a few, as they depend more and more on information technology for their daily running. The computer systems of all these players are potential targets for any terrorist organisation seeking to inflict material damage on modern society.

Since the fabric of cyberspace is largely a "supra-structure" that does not depend on the frontiers that define nations, the strategic risk posed by cyberspace is an international risk. This has certain implications for the design of countermeasures necessary to reduce the threat and crack down on terrorists. In order for them to be effective, they will require a high level of international cooperation and a coordinated strategy. Therefore, one of the challenges that will have to be faced in combating the ill-intentioned use of new technologies is to manage to make an effort at an international and not simply at a national or individual level.

ECONOMIC RISKS ON THE STRATEGIC HORIZON

The strategic landscape has been relatively stable thanks to the contribution of the economy. Although different strategic challenges have arisen, as this and other chapters of this edition of the *Strategic Panorama* show, the smooth pace of the economy has made these strategic challenges manageable. However, the support that the strategic landscape has received from the world economy over the past three years springs from increasingly unstable and possibly unsustainable bases. When the world economy begins to feel the strain of adjustments and corrections, not to mention the

effects of a counterproductive or destabilising political reaction from some governments, many of the potential strategic risks will grow more significant.

In 2005 the world economy grew at a pace of 4.3 percent after recording a rate of 5.1 percent in 2004—the highest global economic growth in a generation—and 4 percent in 2003. It is generally agreed that the forecasts for 2006 point to a growth rate of 4.3 percent, making this the strongest four-year period the world economy has witnessed since the 70s. Furthermore, this growth has been synchronised in all parts of the world and in most areas the growth rates recorded over these past four years are significantly higher than the annual averages for the past 20 years.

The most optimistic scenario is for the world economy to continue with its dynamism in a sustained manner. Some will think that this is the most likely scenario, but it is becoming increasingly possible that this trend will not continue beyond the short term. Apart from the new risks on the short- and long-term strategic horizon that are dealt with in this chapter—which could easily have a destabilising effect on the world economy—there are several short-term risks that could slow down world growth, including an adjustment of global imbalances and a fresh resurgence of protectionism. Out of all these factors, we believe that the trend in oil prices is the most concrete threat.

The threat posed by the price of oil. In January 2006 the price of oil soared above 65 dollars per barrel, not far behind the record level in nominal terms (70 dollars for West Texas Intermediate and 67 dollars for Brent). The price has tripled in four years, since the beginning of January 2002. As for annual averages, the price in 2005 more than doubled that of 2002 (see table 2).

Table 2. Price of oil, West Texas Intermediate (WTI) and Brent, 1996-2005

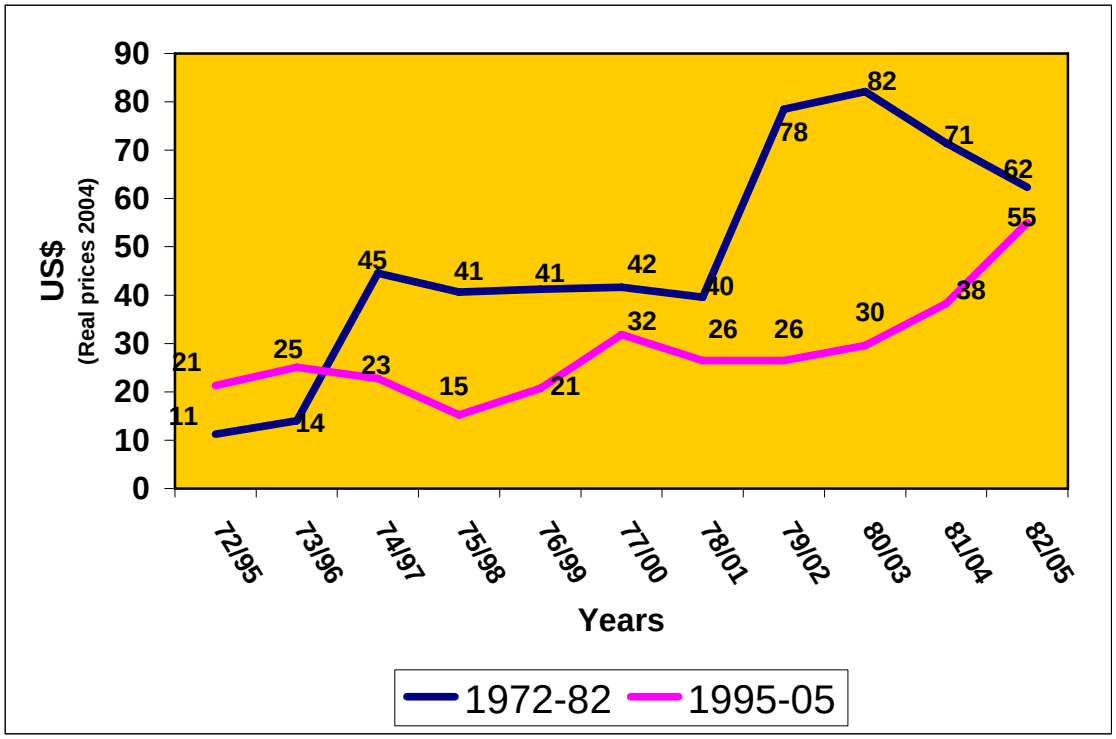
Year	WTI (US$ bbl)	% annual growth	Brent (US$ bbl)	% annual growth
1996	22.12		20.67	
1997	20.61	-6.8	19.09	-7.6
1998	14.42	-30.0	12.72	-33.4
1999	19.35	34.1	17.97	41.3
2000	30.38	57.0	28.50	58.6
2001	25.98	-14.5	24.44	-14.2
2002	26.18	0.8	25.02	2.4
2003	31.08	18.7	28.83	15.2
2004	41.51	33.6	38.27	32.7
2005	56.37	35.8	55.00	43.7

Note: annual average daily prices; 2005 until 23 November.

Source: British Petroleum *Statistical Review of World Energy 2005*, *Energy Information Agency* of the US, and compiled by the authors.

In real terms, the average price in 2005 came close to the highest recorded in contemporary history, though it would have to rise by at least 40 percent to equal this historical real level (see Graph 5).

Graph 5. The oil shocks, 1972-82, 1995-05

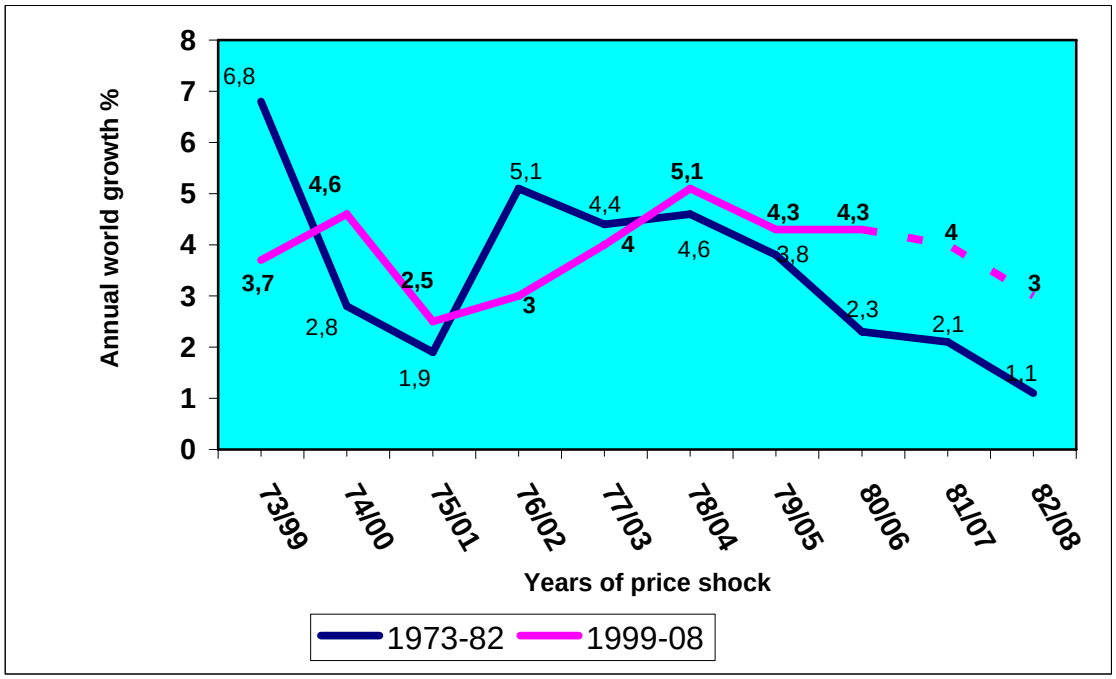


Source: British Petroleum *Statistical Review of World Energy 2005*, *Energy Information Agency* of the US and compiled by the authors.

Although oil prices began to show an upward trend in 1999 after bottoming out at approximately 12 dollars per barrel, the continuous rise since 2002 has not impaired the recovery of global growth which, on the contrary, is gaining strength. The traditional reference that each sustained hike of 10 dollars/barrel in oil prices slashes world economic growth by about 0.5 percent (and adds more or less half a percentage point to inflation) has not applied to the recent evolution of the world economy (see Graph 6).

There are several reasons why the world economy has not yet suffered the effects of rising oil prices. First, the world's central banks have achieved an unprecedented level of credibility and have managed to keep inflation at very low and stable levels for many years (under six percent since 1997 and under four percent since 2002). Therefore, the excessively inflationist forecasts made by private economic agents in the world economy in the 70s—the first price shocks triggered a sizeable and dangerous rise in inflation which soared to 14.5 percent in 1974 and to 17.2 percent in 1980—have progressively waned. This change has given the central banks leeway to maintain interest rates at historically low levels, despite increasingly high oil prices. Although the central banks have now begun to raise interest rates again, (the Fed began in summer 2004 and the ECB in December 2005), these rises have been gentler and have come much later than in the second shock of 1979-1980.

Graph 6. World growth during the three price shocks, 1973-82, 1999-2008



Note: the figures for 2006, 2007 and 2008 are projections.
Source: IMF and compiled by the authors.

Second, the economies have improved their energy efficiency. The advanced economies use only half the oil they needed 30 years ago to generate one GDP unit. The developing economies have cut their oil use by 30 percent over the same period. This reduction makes the GDP growth of the world economies less vulnerable to oil price hikes.

Third, the oil price shocks of the 70s (and the other two mini-shocks of 1990-1992 and 1999-2000) were caused by politically triggered interruptions in the supply of crude oil, whereas the current shock is largely due to rising demand (see Table 3), driven by substantial world economic growth. That is, when the rise in oil prices is due to increased demand, the economy suffers less than when the rise is caused by restrictions, whether political or natural, in supply.

Table 3. World oil demand, 1994-2004

Year	World consumption (mbd, annual average)	Growth (annual %)	Growth (mbd, annual average)	World GDP growth (%)
1994	68.2	2.2	1.46	3.8
1995	69.3	1.7	1.13	3.6
1996	70.9	2.2	1.52	4.1
1997	72.8	2.7	1.92	4.2
1998	73.2	0.6	0.44	2.8
1999	74.9	2.2	1.67	3.7
2000	75.8	1.2	0.90	4.7
2001	76.3	0.7	0.50	2.4
2002	77.0	1.0	0.79	3.0
2003	78.3	1.6	1.25	4.0
2004	80.8	3.1	2.46	5.1
2005 (e)	83.0	2.7	2.20	4.3

Note: (e) estimated.

Source: British Petroleum *Statistical Review of World Energy 2005* and compiled by author.

Whatever the case, the future impact of oil prices on the world economy will depend on what happens to prices *from now onwards*. Everything indicates that if prices remain stable at their current level, the economic repercussions will be minimal since inflation has been mild, at least so far. The overall inflation rate for Europe was the same in 2005 (2.2 percent) as the previous year, whereas in the USA the overall rate for 2005 was 3.4 percent (compared to 3.3 percent in 2004). Inflation in China, the other major source of energy demand, also continues to be low. World inflation has gone from 3.7 percent in 2003 to 3.9 percent in 2005, much lower than in the 90s.

This suggests that the rises in the price of oil have not yet had broad-ranging after-effects on prices in general in the economy. Although a cascade of after-effects on the general price level seems inevitable in view of the transport sector's almost total dependence on oil, they will be limited if the credibility of the central banks remains intact. Therefore, if oil prices remain stable at their current level, there is no reason for them to have an additional inflationary impact from now on. This would mean that the normalisation that interest rates are currently undergoing will not be so marked or abrupt and that the expected deceleration will be moderate, with world growth remaining in the region of 4-4.5 percent in 2006 and 3.5-4 percent in 2007.

However, it seems that we are approaching a very delicate threshold as regards oil prices. It will be difficult to be confident that oil prices may continue to rise substantially from now on without putting an end to the current period of growth. If oil prices go beyond the 70 dollar per barrel barrier and soar as high as 80 dollars or more, the inflationary impact could be considerable and the foreseeable reaction of the central banks will be to raise interest rates more sharply, with the resulting negative effects on the economic growth rate.

We therefore need to ask what will happen to oil prices in 2006 and 2007. Until only recently, the outlook was relatively bright. A milder winter, an at least temporary pause in the growth rate of demand and an increase in non-OPEC production were the three factors needed to create a scenario (A) in which prices would drop to 50 dollars per barrel or, if the OPEC proved incapable of cutting production to protect this level, even lower (scenario A_1). These scenarios would have had a very positive influence on inflation and world growth. At any rate, even though scenarios A and A_1 are still feasible, several recent changes on the strategic landscape have made them increasingly unlikely.

First, winter temperatures in the northern hemisphere have been somewhat lower than forecast, leading to a higher than expected consumption of oil products. Second, the OPEC already—though not intentionally—diminished its production levels at the end of 2005 owing both to the continual interruptions in Iraq's production and to other factors that affected other member states. The unrest in Nigeria, for example, has diminished the country's production by nearly 100,000 barrels a day and it is possible that the oil workers' unions may have to withdraw from the production areas for security reasons. This is threatening to lower Nigeria's output much more sizeably, pointing to the likelihood that the expected increase in non-OPEC production will be undermined by unforeseen restrictions within OPEC itself. But in addition, the Iranian crisis is destabilising the oil markets, pushing up January 2006 prices at least 10 dollars higher than the average for 2005. Unless these two situations are resolved soon, the more favourable scenarios (A and A_1) are unlikely to occur (see Table 4).

The most favourable situation at the present would be a scenario (B) in which the average price remains at some 60 dollars per barrel throughout 2006. There are discrepancies in estimates of

the world demand and the increase in non-OPEC supply for 2006, but if conditions in Nigeria and Iran do not worsen, the most likely variations in demand (an increase of between 1.3 mbd (an increase of between 1.3 mbd and 1.86 mbd in 2006) and in non-OPEC supply (an increase of between 1 mbd and 1.4 mbd) would put the range of possible average prices at between 55 and 65 dollars per barrel for 2006.

Furthermore, if the situation in Nigeria worsens, the OPEC countries—chiefly Saudi Arabia—could set their idle capacity in production to mitigate the Nigerian impact on prices. This scenario (B_1) would be somewhat worse than the previous one, with prices remaining at between 65 and 70 dollars per barrel until Nigerian production returned to normal levels. At any rate, if Iranian oil exports drop significantly (for example, as the result of the Western countries placing economic sanctions on Iran) precisely when Nigerian output drops more substantially, or if the supply of 2.5 mbd of Iranian exports is totally cut off (as a result of an embargo placed by Iran itself on the Western countries, irrespective of what is occurring in Nigeria), we would be dealing with another scenario (C). In scenario C, the OPEC could not compensate for all the lost oil. Prices would break through the technical and psychological barrier of 70 dollars per barrel and would approach 80 or 85 dollars per barrel, bringing the average price for 2006 up to around 70-75 dollars per barrel.

Scenario C would involve a lethal price shock for the world economy. A new sustained rise over 70 dollars per barrel would probably put an end to the period of substantial world economic growth and could possibly even spark a dollar crisis and a dangerous resurgence of protectionism. Scenario C is the gloomiest from the perspective of possible developments in oil prices and its potential impact on the world economy in 2006. This scenario, triggered by mounting tension over the current Iranian nuclear crisis, would undermine the cushioning impact of the substantial world growth on the strategic landscape and would accentuate all the risks on the strategic horizon that are analysed elsewhere in this book.

Table 4. Scenarios for oil prices in 2006 and their economic impact

Potential scenarios	Demand: increase (05-06)	Non-OPEC supply: increase (05-06)	OPEC	Nigeria: export level	Iran: export level	Brent price (US$)	Economic impact (2004: 5.1% 2005: 4.3%)
A (optimistic)	1.2mbd	1.5-2.0mbd	Effective at cutting production	*Status quo*	Status quo	50	Positive 4.0-4.5%
A_1	1.2mbd	1.5-2.0mbd	Ineffective at cutting production	*Status quo*	*Status quo*	40-45	The best 4.5%+
B	1.6mbd	1.2mbd	*status quo*	*Status quo*	*Status quo*	60-65	Harmless 3.5-4.0%
B_1	1.6mbd	1.2mbd	Effective (sufficient idle capacity)	Worsens	*Status quo*	65-75	Lesser deceleration 3.0%-3.5%
C	1.6mbd	1.2mbd	Not effective (insufficient idle capacity)	Worsens	Significant drop	75-85	Greater deceleration 2.0%-3.0%

Source: compiled by authors.

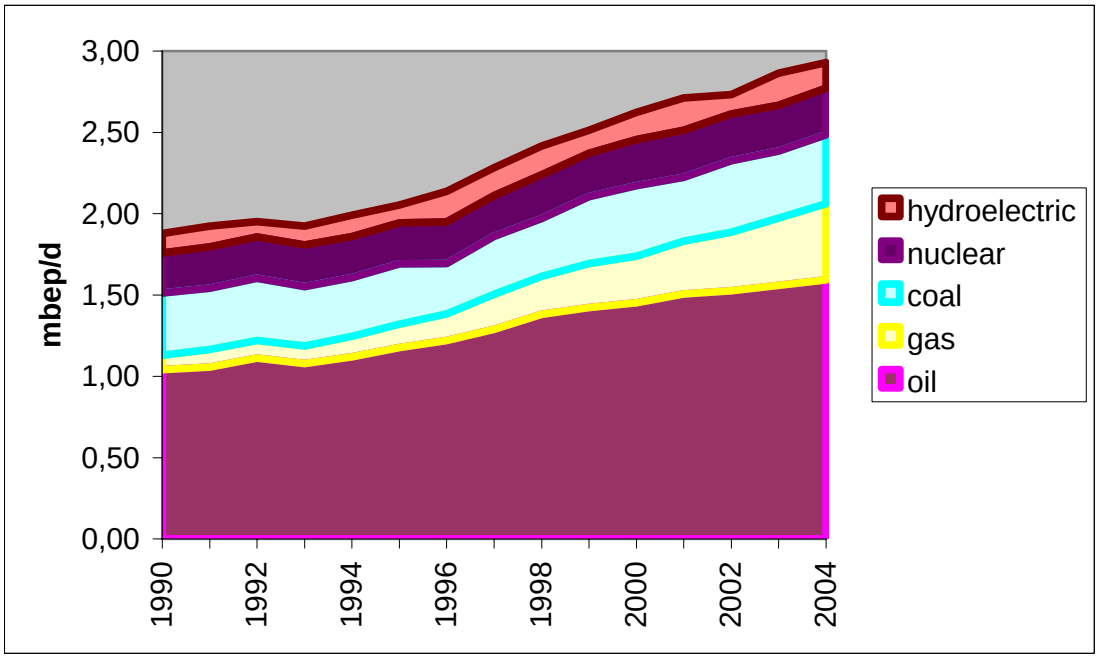
ENERGY AND SPAIN: DEPENDENCE AND "NATIONAL INTERESTS".

Spain's energy dependence poses strategic risks that are no less acute or challenging than those faced by the other advanced countries. Spain's demand for oil and gas has grown enormously in recent years. Oil consumption in Spain has increased by an average of 4.5 percent yearly, at a considerably faster pace than the world rate (2.5 percent). The differential is fairly similar for the period spanning from 1980 (1.75 in Spain compared to 1.2 percent in the rest of the world). However, in the past 10 years, the gap between Spain and the rest of the world has widened even further, with an average annual growth of 3.5 percent in Spain compared to a global growth of 1.8 percent. The same phenomenon can be seen in Spain's growing demand for gas. Over the past 10 years, Spain's consumption of natural gas has increased at an average annual rate of 15 percent. Since 1993, gas consumption in Spain has increased by nearly 275 percent and now accounts for over 16 percent of the energy mix used (more than any other traditional energy source except oil, which accounts for 53 percent).

Today, oil and gas together account for 70 percent of the primary energy consumed in Spain (compared to 62 percent in 1990), a much higher figure than the European average (64 percent) and an indicator that Spain is even more dependent on the principal hydrocarbons than the other advanced countries (65 percent in the USA, 64 percent in the OECD and 61 percent in the world).

In 2004 Spain consumed primary energy—including oil and derivatives (53 percent), natural gas (16.9 percent), coal (14.5%), nuclear energy (9.8 percent) and hydroelectric energy (5.4 percent)—equivalent to nearly 3 million barrels of oil daily, just under 1.5 percent of the total amount consumed in the world (over 205 million oil equivalent barrels a day). Bearing in mind that this proportion is far behind Spain's economic weight in world GDP (over two percent) and the fact that the Spanish economy is still growing substantially, we can conclude provisionally that unless Spain's energy policy and the consumption patterns of its companies change, Spain's demand for energy will continue to grow at a faster rate than the world average. Therefore, the energy issue is of paramount relevance to the continued smooth running of the Spanish economy

Graph 7. Primary energy consumption in Spain, 1990-2004



Note: mbep/d = oil equivalent millions of barrels per day.
Source: British Petroleum *Statistical Review of World Energy 2005* and compiled by authors.

Imports, geographical dependence and potential geopolitical risks.

Spain largely depends on imported energy, particularly for the most important hydrocarbons. Its oil and gas reserves are symbolic. Its current annual production of oil and gas, limited to a handful of small sites, covers less than 0.4 and 0.9 percent, respectively, of annual domestic consumption. Of the nearly 1.6 million barrels of oil consumed daily in 2004, over 99.6 percent were imported. Over 99 percent of the gas consumed in Spain that same year (an amount equivalent to 0.5 million barrels of oil per day) was imported.

Generally speaking, Spain currently depends on a small number of countries for its energy imports, chiefly Russia, Algeria, Nigeria, Libya, Saudi Arabia and Mexico, suppliers with at least a five percent share in the Spanish energy market (see Table 5). More than 54 percent of all Spain's energy imports comes from these six countries, and Russia and Nigeria have upped their market shares by nearly 75 percent over the past four years.

Table 5. Energy imports, Spain, January-October 2005

Position	Country	Imports (billions of Euros)	%
1	Russia	3,365	12.87
2	Algeria	2,918	11.16
3	Nigeria	2,321	8.87
4	Libya	1,842	7.04
5	Saudi Arabia	1,591	6.09
6	Mexico	1,583	6.05
7	Italy	1,248	4.77
8	Iran	1,206	4.61
9	Norway	1,069	4.09
10	Iraq	824	3.15
	Subtotal	17,971	68.71
	Total	26,154	100

Note: data taken from chapter 27 of the customs tariff. Includes coal, hydrocarbons and electricity.
Source: *Mercados Emergentes*, based on data from Estacon.

From Russia, Saudi Arabia and Mexico, Spain imports oil almost exclusively. From Nigeria and Libya it imports oil but also sizeable quantities of gas. Around 65 percent of all Spanish oil imports come from these five countries.

Table 6. Oil imports, Spain, percentage of total, 2002-05

Position	Country	2002 (%)	2003 (%)	2004 (%)	2005 (%)
1	Mexico	13.8	12.7	13.4	15.1
2	Russia	14.1	17.2	14.7	13.6
3	Nigeria	9.4	11.1	10.9	11.5
4	Saudi Arabia	12.0	12.2	11.6	11.4
5	Libya	11.5	13.3	12.3	10.5
6	Iran	5.8	7.4	6.4	8.7
7	Norway	3.9	5.4	6.2	5.1
8	Iraq	4.2	2.7	7.7	4.9
9	Algeria	1.9	2.6	3.1	3.3
	Subtotal	**76.6**	**84.6**	**86.3**	**84.1**
	Other countries	23.4	15.4	13.7	15.9

Source: *Boletín Estadístico de Hidrocarburos*, Ministerio de Industria, Turismo y Comercio, November and January 2005; *Anuario Estadístico de España 2005*, Instituto Nacional de Estadística.

Furthermore, gas imported from Algeria, which reaches Spain via the Maghreb-Europe Gas pipeline (MEG or Pedro Durán Farell) that runs through Morocco accounts for roughly half of Spain's consumption. Nigeria (15 percent), Qatar (14 percent), Egypt (8.5 percent), Norway (6.5 percent) and Libya (2.7 percent) are also important sources of liquefied natural gas.

Table 7. Natural gas imports, Spain, 2002-05

Position	Country	2002 (%)	2003 (%)	2004 (%)	2005 (%)
1	Algeria	58.5	57.4	49.8	44.9
2	Nigeria	7.6	16.9	18.0	15.2
3	Qatar	10.0	8.2	14.1	14.2
4	Egypt	–	–	0.3	8.5
5	Norway	10.8	10.0	8.0	6.5
6	Oman	5.1	2.4	5.0	5.0
7	Libya	2.9	3.1	2.5	2.7
8	Malaysia	–	–	0.9	1.0
9	United Arab Emirates	1.0	1.6	1.4	1.0
10	Trinidad and Tobago	2.2	0.1	–	0.8
	Subtotal	**98.1**	**99.7**	**100**	**99.7**
	Other countries	1.9	0.3	0	0.3

Source: *Boletín Estadístico de Hidrocarburos*, Ministerio de Industria, Turismo y Comercio, November and January 2005; *Anuario Estadístico de España 2005*, Instituto Nacional de Estadística.

It can generally be said that Spain's oil sources are fairly diversified. Furthermore, the fact that the international oil market is a fungible market with alternative sources affords Spain a certain

amount of stability, as it reduces the risk of a hypothetical cut in the supply from a particular country. Even so, Spain is heavily dependent on oil as it accounts for over 50 percent of its primary energy (compared to only 40 percent in the USA and in the world in general) and over 99.6 percent is imported. Given that the oil market is fungible and international, Spain continues to be particularly sensitive to price shocks in a market whose prices are highly volatile owing to its scant reserve production (less than two percent of world consumption).

It should also be stressed that Spain imports over 50 percent of its oil from six OPEC countries (Saudi Arabia, Libya, Nigeria, Iran, Iraq and Algeria) that are not democratically consolidated or whose regimes are not stable or predictable. A further 11 percent comes from African countries with similar characteristics. European partners (such as the United Kingdom and Norway) account for barely six percent of Spanish imports and are unable to increase this proportion much more on account of their limited output. Mexico continues to be an important partner (the second largest supplier during the 2002-2005 period and the biggest in 2005), but lacks the potential to boost its production easily. This leaves Russia, Spain's most important oil supplier in recent years, though it neither has the capacity to increase its exports in the short term nor is it the most reliable regime in terms of energy supplies, as witnessed during the recent crisis with the Ukraine and the general drift of Russian energy policy in the past years. All things considered, the fact that over 75 percent of all Spanish oil imports (equivalent to 40 percent of its primary energy consumption) comes from non-democratic or unstable regimes (those of the Middle East, Africa and Russia) rapidly leads to the conclusion that the Spanish economy does indeed face a high level of political risk.

Furthermore, although Spain is quite advanced in its use of liquefied natural gas—making its gas imports more flexible—nearly 60 percent of all imported gas (over 10 percent of primary energy consumed) comes from three North African countries (Algeria, Egypt and Libya, and nearly half from Algeria alone). Most of this gas reaches Spain via the MEG gas pipeline that runs through another Maghreb country, Morocco, and will continue to do so until the Madgaz pipeline, a joint project of CEPSA and Sonatrach that will link Beni Saf in Algeria directly with Almería in southern Spain, comes into service in 2008-2009. But even once this direct pipeline is up and running, Spain will continue to depend on Algeria and to a lesser extent on Libya for its natural gas supply. As gas continues progressively to account for a larger proportion of energy consumption, this dependence

will further underline how important stability in the Maghreb—and North Africa in general—is to Spain's fundamental interests.

Therefore, what goes on in the Persian Gulf and in North and West Africa is of paramount interest to Spain since it depends on these three regions for 40 percent of all the primary energy it consumes. More than most of its European partners and transatlantic allies (Canada and the US), Spain has a fundamental interest in the stability and development of the Arab and Islamic worlds and in maintaining good relations with these countries.

Diversification and energy policy.

To sum up, unless the Spanish economy's energy base undergoes a significant change, over time Spain will become increasingly dependent on oil imports from the Middle East, particularly the Persian Gulf, like all the world's major importers from East and West alike. This likely trend in Spain's energy dependence patterns suggests that diversifying the country's primary energy mix and reducing the economy's dependence on oil and derivatives ought to be a priority. Although gas may still come to account for a larger share of the mix, Spain's significant dependence on the Maghreb region points to the advisability of a greater effort to encourage alternatives other than hydrocarbons.

For the time being, there is leeway to increase renewable energy sources (wind and solar)—a sector in which Spanish companies are up among the world's leaders—and even nuclear energy if it turns out to be politically and economically viable. Even so, these alternatives are only capable of serving as short- or medium-term substitutes for gas and coal in electricity production, but not as alternatives to the basic use of oil in transport and agriculture. Although they would help Spain meet its obligations under the Kyoto Protocol (in this endeavour Spain is currently one of the worst offenders in Europe), they would have only a minimal impact on the country's great vulnerability to oil price fluctuations on the international market and to hypothetical cuts in the supply of hydrocarbons from the aforementioned unstable countries.

In this connection, it should be a priority for Spain and for Europe to design and implement an

energy strategy to diversify energy sources, curb the intensity of oil use and generally boost efficiency. In the medium and long term—that is over the next two decades—other non-traditional sources will need to be sought to replace oil in particular and be incorporated into the economy's energy base in an economically rational and non-traumatic manner. In this regard, the publication of the forthcoming green paper on European energy policy and the subsequent debate at the European Summit hosted by the Austrian Presidency are of great interest to Spain.

DILEMMAS OF THE MEDIUM- AND LONG-TERM ENERGY OUTLOOK

Although the scope of this chapter does not allow us to analyse the various long-term energy scenarios, we believe it would be appropriate to consider briefly the longer term energy outlook in order to underline the fact that the energy issue has strategic implications over and beyond the price scenarios for 2006 or 2007. The economic-energy scenario may seem complicated in the short term, but unprecedented dilemmas and challenges arise in the long term. The outlook for the longer term points to a shift towards a post-hydrocarbon energy system as one of the most important challenges in the history of mankind.

The medium term: geopolitical competition and challenges for the Western energy industry.

The concentration of oil and gas reserves in the Middle East and former USSR (72 percent of world oil and gas reserves) in the medium term points to greater geopolitical competition between the consumer countries (USA, Europe and East Asia) to secure sufficient supplies of hydrocarbons from the Middle East, Central Asia and Siberia. This trend is sharpening owing to the rising demand of the great emerging countries such as China and India, which are becoming increasingly dependent on oil and gas imports.

Other factors are complicating the situation even further. For example, none of the countries belonging to this "great energy crescent" (Middle East + Central Asia + Siberia) is an established democracy; indeed, many are autocracies and some are almost failed states. Furthermore, nearly all

the reserves and output of this "energy crescent" are in the hands of state companies, a factor that is an obstacle to private companies from Europe and the US, which are being forced to operate with increasingly fewer reserves and in marginal areas (which are more dangerous and costly) of the world system (such as Africa, for example). But in addition, the new Asian consumer countries—particularly China and India—also have energy sectors that are dominated by state companies, which are natural collaborators of the state companies of the producer countries of the "great crescent".

Over the past two years, China has signed "strategic agreements"—centred on energy issues—with Russia, Saudi Arabia and India. Meanwhile, China's state-run companies have entered into agreements of various kinds to develop oil production in various countries, including Canada, Venezuela, Sudan, Nigeria, Angola and Syria (in the latter in conjunction with Indian state companies). These events not only pose a huge challenge to Western energy companies but also increase the possibility that both the producer countries of the "great crescent" and the consumer countries of Asia will make energy issues central to their foreign policy, using some as a tool and establishing others as their chief objective and guideline.

To this should be added the fact that the advanced OECD countries do not have a common energy policy. Nor do they have coherent or proper national policies. Unless this situation changes, these countries' energy security will be increasingly under threat. Irrespective of whether or not an effective energy policy is designed, the greater competition for the energy resources of the countries of the "great crescent" will increase geopolitical tension and the risk of military conflict.

Four long-term scenarios: poverty, climate change, war and transformation

According to the projections of the International Energy Agency, world demand for oil in 2030 will be at least 50 higher than it is currently. Unless radical changes take place in the energy base of the world economy, a further 40 or 50 million barrels per day (mbd) will be consumed (and produced) *in addition to* the 84 mbd currently consumed—amounting to an increase of between 50 and 60 percent—not to mention the need to boost the production of other primary energy sources to

meet world demand. This situation gives rise to a three-headed dilemma that is threatening to deteriorate into a vicious circle.

Poverty, world growth and energy.

In order to reduce poverty (in which half the population of the non-OECD countries live) significantly, the world economy would have to grow even more quickly than currently (for example, at a rate of six or seven percent instead of at 4.3 percent) and maintain this fast pace for decades. This would lead to an increased energy demand that would challenge the world oil and gas industry's production capacity. Simply to meet the demand projected from now until 2030 as a result of a growth rate (as an annual average) of 3.5 percent (somewhat lower than the current rate, and the figure forecast by the IMF), world energy production would need to increase by at least 50 percent. Who will supply this volume of oil? Who will control this hypothetical rise in production? Where will the necessary resources come from? Will it be possible and what will the price be?

In order to be feasible, this increase in production would require an investment of some 17 trillion dollars over the same period according to the estimates of the International Energy Agency. Such an investment is equivalent to some 680 billion dollars per year over 25 years—that is, an economic investment in energy equivalent to Brazil's GDP each year. This challenge will put to the test not only physical resources (given that world oil production may reach its peak before 2030 and at a level less than 125 mbd) but also our technical, business and political capabilities. If we do not achieve this, world poverty will become a growing strategic risk for everyone in view of its negative impact on local ecosystems, mass migration towards advanced countries and possibly international political stability (not to mention the ethical implications). If the current situation is not sustainable (and the mere existence of the UN's Millennium Goals suggests that this is the case), the situation in 25 years' time will be even less sustainable—if political and military conflicts with almost unconceivable consequences have not already occurred.

Climate change.

But even if we manage to produce enough hydrocarbons to continue to grow on a world scale at a sufficient rate to reduce poverty, it is very likely that such consumption (at least 50 percent greater than current levels), through gas emissions, will bring about a climate change that is much more destabilising than the continuity or worsening of the world poverty situation. Without international cooperation—much more effective than has been achieved to date—in reducing carbon dioxide emissions, the levels of which will continue to rise as a result of the future increase in hydrocarbon consumption, it is more than likely that global warming will trigger explosive tensions following coastal flooding, desertification in many areas and radical cooling in others, chaotic mass-scale migrations and worldwide economic turmoil. Peacekeeping, on the one hand, and the survival of democracy, on the other, could become not so much a dream but an almost childish fantasy.

War over resources.

However, even if the most harmful effects of climate change do not materialise (as only a minority of the most qualified scientists forecast), the continual growth in hydrocarbon consumption in keeping with current levels of economic growth would lead to another scenario with an equally disastrous result. As commented previously, there is evidence that many consumer countries, particularly but not exclusively the great emerging countries like China and India, are developing strategies to ensure sufficient supply and transport of hydrocarbons for future growth. Sooner or later this trend, which shows no signs of subsiding, could easily give rise to increasingly tense military rivalry, as evidenced by the latest developments in Chinese naval strategy or even in US foreign policy. The spectre of a “war over resources” cannot be excluded from the range of possibilities.

The challenge of change.

But if we do not give serious consideration to these global challenges—and the possible ways of preventing these three different paths from leading to the same destination—and with a bit of luck

avoid their worst aspects, we will have to face another Gordian knot that underlies this triple dilemma. Over the next 25 years the world economy will need to at least double the amount of oil produced during the past 25 years (40-50 mbd compared to 22 mbd), despite great uncertainty regarding our ability to do so both in technical and political and economic terms. It would take a huge technical, economic-financial and political effort that is unprecedented in history.

Therefore, in order just to have a possibility of averting the first negative scenario described previously—continuation of the current world poverty—oil production would have to be increased at a pace hitherto never witnessed. However, to avoid the second scenario—climate change sparked by our carbon dioxide emissions—not only a significant increase in energy production in the short and medium term would be required but also a transformation of our energy system to continue to boost the production and consumption of energy without a parallel increase in the emission of greenhouse gases. And, in order to avert the third scenario—wars to obtain control over resources—not only would an unprecedented increase in energy production and a change in our energy-based economy required, but also more effective (and hitherto unseen) international diplomacy for managing the distribution of resources and warding off military conflicts.

CONCLUSION

Although some of the risks analysed in this chapter have many possibilities of playing an important role in the short term (such as, for example, avian influenza and oil prices), the effects of the others will largely be felt in the medium and long term (increase in natural disasters, climate change, new pandemics, political instability and military competition). Between now and the 2030s, both Spain and Europe, like the US, China and the rest of the international community, will have to consider the possible combinations, alternative trends and likely impacts that these risks may have on our strategic landscape. We would be better off beginning the task now, while the healthy pace of economic growth allows this and while there is still enough time to act minimally in advance.

In the short term, the potential risks come from all corners of the planet and from the international system in itself (the spread of bird flu and the impact of higher oil prices). However, in

the long term, two nearby areas look to be central to the future of Spain and Europe: the Arab-Israeli belt (Maghreb + Middle East + Central Asia) and Africa. The economic pressure and political instability that can spread to Spain from these areas through mass immigration (driven by poverty and climate change) and volatility in energy prices and supply (due to political instability or even "wars over resources") are the most direct long-term strategic risks.

To sum up, Spanish policy (designed in its appropriate area within the European Union) should concentrate on the following long-term tasks in order to mitigate the possible negative impact of these risks: (1) emergency plans, both to react to new pandemics and to combat the effects of natural and manmade disasters; (2) an energy policy based on the primary goal of diversifying the energy mix beyond hydrocarbons; and (3) a programme of democratisation and economic development both for Africa and for the Arab-Israeli world.

CHAPTER TWO

THE ARMED FORCES, A SIGNIFICANT ELEMENT OF EXTERNAL STATE ACTION. INTERNATIONAL MISSIONS

THE ARMED FORCES, A SIGNIFICANT ELEMENT OF EXTERNAL STATE ACTION. INTERNATIONAL MISSIONS

SALVADOR CUENCA ORDIÑANA

INTRODUCTION

At the dawn of the 21st century, technological advances, the fast pace of the world we live in, new conceptions of international relations, the emergence of national and supranational sentiments, the appearance of international terrorism and globalisation as a means of achieving broader and more ambitious goals in all fields have brought about a change in the strategic environment.

Our strategic landscape is undoubtedly deeply marked by the events of 11 September 2001 in United States, the attacks of 11 March 2004 in Madrid and of 7 July 2005 in London and, no doubt, by the multiplying effect of the possibility of witnessing everything that happens in the world almost in real time and from our own sitting rooms.

It seems clear that, in this environment, traditional military organisation, procedures and assets are not in themselves sufficient deterrents to this new enemy, who does not use conventional weapons and for whom neither battlefields nor direct confrontation exist.

Today's security threats are not always based on ideologies, nor do they always come from formally established estates or have geographically well-defined origins as before. They are more subtle, less predictable and, above all, global, and must be tackled through the coordinated action of

all the states' capabilities. Military action is the last resort after police, political, diplomatic, economic and social efforts have been employed without the desired success.

The current debate regarding the armed forces relates not only to their need, suitability or ability to face this asymmetric enemy but to the actual manner of designing and implementing military operations to combat it.

Over and beyond the question of what and what not armies can be used for or whether their involvement in peace operations or humanitarian assistance missions should be regarded as new armed forces missions or as an extension of their traditional missions—a question that is more appropriate for the political and academic than the military environment—there are currently a number of conflicts that the international community needs to address in order to prevent our world from deteriorating and to make peaceful coexistence between peoples possible.

It is an unquestionable fact that today's armed forces bear very little resemblance to those of a few years ago. Improved capabilities, their use as an instrument of state action abroad and, on occasions, their utilisation within the country to reinforce or assist other organisations, have brought about a deep change in the doctrines governing use, structures and engagement procedures, fostering their ongoing adaptation to ever-changing circumstances.

The following pages will provide a brief sketch of the strategic backdrop for the armed forces, the requisites for their use, what is currently demanded of them, and the steps taken—in the case of Spain—to meet these demands. Also, taking the international organisations to which Spain belongs as a reference, we will examine their current and future activities with respect to the use of military units for crisis management.

THE ARMED FORCES IN THE INTERNATIONAL CONCERT

The end of the Cold War, technological progress, the creation of a worldwide awareness of solidarity and better and faster information about everything that goes on in the world should be

factors that are conducive to stability and the peaceful settlement of conflicts. However, together with these phenomena, a great many tensions have arisen from the birth of new democracies, in addition to the reconstruction of civil societies, religious, ethnic and economic differences and endless new challenges which need to be dealt with in order to achieve stability, harmonious growth and peace among all peoples on earth.

This overall situation influences the activity of all the organisations and institutions of a state and, naturally, its armed forces, which have gone from playing a merely defensive role (territorial, of interests or of the constitutional order) to an active role wherever they are needed to protect or support national interests and, nowadays, those of the international community.

As a result of the structuring of world political relations on the basis of alliances and balances, one of the ways in which states express their international commitments, seeking the advantage of shared security and defence in their geographical area and a more significant role in the international concert, is by incorporating their armed forces into multinational military organisations.

Almost without realising, the armed forces have become a substantial element of states' foreign policy and have had to change their organisation, doctrine and procedures in order to act where governments consider that their interests lie, where the international community requires operations to defend world peace and stability and to defend human rights and international law.

Essential characteristics of modern armed forces nowadays should be ready availability and a substantial projection capability in order to meet the requirement for fast and effective use in the domestic and international spheres.

Synopsis of the current strategic environment

In order to attempt to analyse how, what for, when and where the armed forces may be used beyond our borders, it is first necessary to describe, albeit briefly, the "strategic environment" in which they operate. Such a definition would require a chapter of its own and a comparative analysis

conducted from different viewpoints, which falls outside the scope of this chapter. However, as I see it, without intending to be exhaustive and focusing on aspects that directly influence the use of military forces, some of the guidelines for their use can be pointed out:

- *Emergence of new risks and threats* which are often targeted at the civilian population.
- *Raising of international awareness* of the need to intervene in conflicts in order to defend international law and humanitarian law.
- *Assumption by the United Nations of a significant role* in peacekeeping and security in the world, by making actions legal and legitimate, increasing the number of its operations (1), authorising their implementation in "internal conflicts" and justifying the use of military force in defence of international law and humanitarian law.
- *Reinforcement of the political and military leadership of the United States of America.*
- *Change in the strategic concepts and concepts of use of multinational security and defence military organisations* (NATO, EU), by authorising the use of forces in operations outside their area of influence, normally to support the United Nations or international community.
- *States' use of their armed forces as tools for defending their interests outside their territory***,** or as a means of fulfilling their commitments in international organisations.
- *Use of the armed forces as vehicles for showing solidarity* and assisting countries struck by any type of disaster or emergency situation as a result of catastrophes not produced by armed conflict.

Today, from our European viewpoint, it is difficult to imagine the use of military units in "combat actions" against a "military enemy". The structuring of international relations on the basis of strategic balances, countries' membership of multinational organisations of different kinds, the political, economic and social interdependence of states, the existence of international mechanisms for acting in areas of actual or potential conflict, and the pressure of public opinion to come to the aid of peoples enduring conflicts have limited the likely scenarios for use of military power chiefly to peace support and humanitarian assistance operations.

(1) To cite an example, of the 58 peace operations conducted by the UN since 1948, 13 were performed during the Cold War period and the rest following the fall of the Berlin wall.

Operations of this kind, which sprang from the establishment of the United Nations as the organisation responsible for world peace and stability, have progressively evolved in order to adapt to changing needs.

Their profile and structure differ from those of only a few years ago, in which the goal was to put an end to armed conflict, and therefore only military forces were used to achieve it. Today's operations go beyond the military field and require the confluence of several components (security, reconstruction, political and democratic control, and humanitarian assistance) to achieve their goals.

Peace operations today

In today's world most conflicts do not break out between states but within states. This characteristic determines the makeup of operations whose ultimate aim is not only to put an end to the situation of armed conflict but also create the conditions needed to re-establish the basic institutions, supervise the development of the states in accordance with the rules of international law and humanitarian law, support the sustainable development of a minimum economic fabric and provide humanitarian assistance to populations suffering the consequences of these situations.

These new needs shape the organisation, goals and procedures of current peace operations and make them more complex and demanding for the international community, which is required to contribute not only military and police forces but also civilian contingents and financial resources.

The organisations with responsibilities in this field, even more so after the experiences gained in areas like Afghanistan and Iraq, structure operations with three basic components: security, civilian and merely administrative (which deals with sustaining the operation), balancing the predominance of the assets and resources employed in them in accordance with how the situation develops.

In the initial stages of an operation, when armed clashes are still present or continue to develop, greatest importance is attached to the military component, whose basic goals are to put an

end to armed actions in the area, provide security (to the population and aid agencies) and to support humanitarian assistance and disarmament actions. During this phase the civilian contingent, which in some cases includes the police, assesses the institution building needs and the different procedures for transition to democracy, sets the guidelines for reconstructing the political, economic and social fabric, and establishes the mechanisms to help both the population and the country.

As the situation develops, the combat capabilities of the military component diminish and its civilian and assistance support capabilities increase. The civilian component takes on a more prominent role and performs actions aimed at reconstruction, assistance to political and social structures and humanitarian aid.

Today's peace support missions are structured around four basic fields of action whose activity is developed in a coordinated manner as the situation evolves:

- *Security*: provided by the military and police forces deployed. Its chief aims are to achieve a stable environment and maintain security so that the rest of the activities may be performed. Normally, given the specificity of this area, it is also entrusted, as a secondary goal, with support for the restructuring of the armed forces of the country in conflict and, in some cases, of its police forces.
- *Reconstruction*: the task of international organisations with economic capabilities or formed on a case by case basis by setting up "groups of donors" who coordinate and channel the monetary resources raised to support a conflict zone and aim to rebuild the basic essential infrastructures and reconstruct the economic fabric.
- *Political and democratic development*: normally the work of one or several international organisations (UN, OSCE, EU,...), it is aimed at restructuring, and in many cases creating, the political and social fabric of the conflict zone in accordance with the standards of international law and supervising their running for a period of time in order to allow these countries to be reincorporated into the "international community" with full guarantees.
- *Humanitarian assistance*: conducted by United Nations or international "agencies" and by a broad range of governmental and non-governmental organisations which aim to provide direct

support to the population in the conflict zone, not only by supplying food but also by developing education or fostering measures to protect minorities.

As can easily be deduced, the new profile and complexity of operations requires international organisations to consider military, police, political, financial and social needs and possibilities when planning and executing operations.

The immediate consequence of a government decision to send military forces to an operation is the participation of the state bodies, as it involves the military forces, the political classes, cooperation institutions and organisations and humanitarian assistance non-governmental organisations that operate in the country.

Although we will deal with the repercussions of this structure of peace support operations on the organisation and procedures of the armed forces in due course, it is necessary to point out some of the needs to which this new profile has given rise and which they have had to address:

- Military units are not organic but designed on a case by case basis for each of the operations.
- Given the capabilities required, elements and units of more than one force and of more than one country are normally used, which complicates the planning, monitoring and control of operations.
- For the same reason, the command and control and communications capabilities should be boosted, providing the units with tactical and satellite liaison and information services.
- The essential coordination of the action of the military forces and assistance organisations operating in the deployment areas. This calls for the organisation of civilian-military cooperation units capable of coordinating the activities of all the actors involved in an operation.

These needs, together with political, social and financial conditioning factors, must be taken into consideration by states in order to adapt their armed forces to current requirements, so that their military units can operate in the international environment with full guarantees.

General conditioning factors for the use of military units overseas

Every nation and every multinational organisation has its own decision-making bodies, procedures, rules and means for participating in the international concert and all of them are based on legal documents which clearly set out the duties and rights of each of the parties.

However, it can be established that, on the basis of international law and humanitarian law, a series of modalities for the use of the armed forces have been developed, ranging from humanitarian assistance to peacemaking, the general conditioning factors of which are:

- *Need for a United Nations mandate* (through Security Council Resolutions) establishing, backing or authorising the use of the force in situations of systematic and serious human rights violations.
- *Respect for international humanitarian law and international law***.**
- *Deployment and use of the force in accordance with international rules and with the least possible gradation,* giving rise to the signature, ratification and implementation of agreements and tools such as the Status of Forces Agreements (SOFAs) and Rules of Engagement (ROE).

Military conditioning factors for overseas force participation

In addition to the general factors quoted above, the actual needs of the military units establish a series of conditions for planning and leading operations:

- *Employment decision*. This is always political and should include, at least, justification for use, force size, the timescale for action and funding procedures.
- *Complementary legal framework for the mission and forces*. Once the decision to use military units has been made, it is necessary to draft and sign a series of documents which, as a whole, provide the legal and action framework for the armed forces in an operation.

Some of the most important, at the military level, are:

- *The Terms of Reference (TOR)* laying down the general conditions for the participation of the armed forces in each structure.
- *The Status of Forces (SOFA) or Status of Mission Agreement (SOMA)* detailing the rights and duties of the military acting in another country.
- *The Rules of Engagement (ROE)* specifying the authorisations or prohibitions the military units should apply at the various stages in accordance with the development of operations and the situation in the area.
- *Technical Agreements (TAs) and Standing Operating Procedures (SOPs)* describing the administrative and operational aspects of the forces assigned to the mission, of the national personnel and of the personnel of the countries where operations are conducted.

In the event that a country's armed forces perform missions as part of "international coalitions" set up for specific cases (Gulf War, Enduring Freedom, Iraqi Freedom...), after the political decision is made, in addition to the aforementioned documents, Memorandums of Understanding are drafted and signed with all the participant countries and with all those in which the operations are to be conducted, whether tactical or support, in order to complete the legal framework of the operation. These coalitions furthermore seek, even if it is a posteriori, the backing of the international organisations, chiefly the United Nations, to reinforce the "legality and legitimacy" of their actions.

Irrespective of their operational capabilities, two basic criteria are taken as permanent references in both the planning and execution of operations: "zero casualties" and "minimum collateral damage". These conditions greatly influence national and international public opinion and can, in themselves, cause an operation to be considered a success or a failure.

THE SPANISH ARMED FORCES AND THEIR OVERSEAS PROJECTION

Although it is only recently that Spain's armed forces have begun to take part in overseas operations, the experience gained over the past 15 years and the participation of over 67,000 military in 48 different operations have afforded it a broad-ranging corpus of knowledge, lessons learned, experiences and adaptations that the military organisation has had to make to meet the requirements of each of these missions.

The involvement of military units in operations outside Spanish territory has been regulated by Organic Law 5/2005 on National Defence, which was enacted on 17 November 2005. Until then such activities had not been regulated by law and were decided and executed through a political framework based on parliamentary appearances, statements made by governments and the various "National Defence Directives" enacted by the presidents of the government.

National Defence Directive 1/2004 (2) states that the engagement of the Spanish armed forces "will take place within a context of effective multilateralism requiring that two conditions be met: first, that there be a prior decision by the United Nations or, where appropriate, by another multinational organization of which Spain is a member and, second, that the involvement of the Spanish Armed Forces be subject to the explicit consent of Parliament".

In the international sphere, this directive establishes the situations and priorities for Spanish defence policy and, in the national sphere, it lays down, as one of the guidelines for its development, the drafting of a new Organic Law on National Defence setting out the tasks and assignments of the armed forces, establishing the fundamentals of military organisation, defining the essential principles that should inspire their use and determining the way in which Parliament should express its decisions on participation in overseas military operations.

(2) A policy document which "outlines defence policy and establishes the guidelines for its development", signed by the president of the government on 30 December 2004.

Following 15 years of participation of the armed forces in overseas operations, Organic Law 5/2005 on National Defence legally regulates this reality and reflects the changes made by the forces to adapt to these missions. Owing to their novelty, we will now comment briefly on some of its provisions on the use of the armed forces in the international concert.

The statement of reasons acknowledges the change that has occurred in the strategic landscape since the previous Organic Law on National Defence (LO 6/80) and stresses the need to regulate a reality, the participation of the armed forces in the international arena.

The articles state that one of the aims of defence policy is to "contribute to keeping international peace and security in the framework of the commitments entered into by the Kingdom of Spain".

It also defines the role of Parliament in relation to the sending of military units overseas, pointing out that "in particular, it is the responsibility of Congress to authorise previously the participation of the armed forces in missions outside national territory" and entrusts the government with the task of "agreeing on the participation of the armed forces in missions outside national territory".

As regards the military organisation, it defines the armed forces as "the essential element of defence which is formed as a single entity" that is basically divided into two structures: one organic and one operational, in charge of the missions assigned to it. It furthermore assigns the planning and leadership of military operations to the Defence Staff and, for this purposes, establishes an Operations Command that is subordinate to the latter.

It gives a generic description of "armed forces missions" at home and abroad and defines the types of operations that may be performed.

The law also lists the requisites for armed forces missions overseas, namely:

- That they be conducted at the express request of the government of the state on whose territory they are performed, authorised by United Nations Security Council Resolutions or agreed on by international organisations to which Spain belongs.
- That their purpose be defensive, humanitarian, stabilisation or the maintenance and preservation of peace.
- That they comply with the United Nations Charter and not contradict or breech the principles of international law.

In short, the new legal framework establishes the regulation, rules and requirements of the participation of military units beyond Spain's borders and defines the role of the government and Parliament in relation to their use.

Adaptations made by the Spanish armed forces

The new conception of employment of the armed forces has required adaptation—which if not permanent is continuous—in order to make adjustments to concepts that clashed in some way: needs/possibilities; organisational requirement for units/integration of assets and interoperability; reduction in troop numbers/greater involvement of forces overseas; pyramidal organisation/functional use of assets.

Although these new requirements influence the army, navy and air force differently on account of their different characteristics and assets, they have affected the armed forces as a whole to a greater or lesser extent.

The first consequence of these new requirements is "the professionalisation of and reduction in troop numbers". Without wishing to establish a "cause-effect" relationship, the greater availability of units and the need for greater specialisation in handling the new materials and weapons systems the forces are equipped with have led to the professionalisation of the armed forces in our geographical environment and, of course, in Spain.

Owing to obvious budgetary and political conditioning factors, this operational requirement has involved an effort to rationalise structures and organisational changes to reduce the number of troops which in some countries, such as Spain, has been trimmed by over 50 percent.

The second consequence is the reform of the operational command and control structures, which are now "joint". It is obvious that today's military operations are not, and cannot be, specific to any of the forces, as in most cases they require the support and combined effort of them all.

In the case of Spain, the structure of the Joint General Staff has been modified by creating the "Operations Command" which is responsible for exercising command, control, monitoring and support for operations in which Spain takes part, from the proposal for the use of forces to their return to Spain and including generation, training, deployment, in-theatre use, sustenance and withdrawal.

The third area in which the armed forces have made a major adaptation effort is in their operational logistic capabilities. The use of units overseas has led to the creation of specific logistic organisations to support operations, engage civilian support and even to turn to the engagement of outsourced support provided by Spanish companies in the civil sector to cover the non strictly military demands of the operation (non-military provisions, base services, supplies, facility maintenance support...)

Another field in which substantial improvements have been made is in command and control procedures and assets. Today's headquarters consist of modular elements that can be deployed wholly or partially and maintain liaisons, intra- and out-of-theatre communications using voice, data and satellite systems, and are equipped with means of analysing information in order to provide an effective real-time assessment of everything that occurs in their deployment zone and areas of influence.

The levels of training and degree of availability of the units have also been improved. The modification of military training structures, creation of learned lessons and analysis and study units which, on the basis of current operations, propose modifications and improvements in all fields in a

cycle of continuous analysis and ensure the constant development of procedure, organisational structure, doctrines and materials.

Perhaps the current shortcomings of our armed forces, which are largely similar to those of other countries in the same geographical environment, are problems covering unit staffing needs, shortage of own capabilities (air and naval) for force projection and the absence of a stable budgetary framework to facilitate programming for the acquisition and proper maintenance of the new assets and weapons systems that are needed to maintain the military capabilities and their degree of availability.

There is no doubt that the participation of the Spanish armed forces in international missions and the integration of their units into multinational organisations have had and continue to have direct repercussions that must be reassessed on a daily basis in accordance with new situations and new challenges that need to be addressed.

From a solely military viewpoint this change has entailed:

- *Changes in doctrines and procedures for action*.
- *Strengthening of certain capabilities*. Command and control, sustenance and logistics, intelligence, projection capacity and deployment are some of the fields in which the greatest improvements have been made.
- *Adoption of standardised procedures* allowing the forces to operate in multinational environments and boost the efficiency of the units.
- *Creation of modular structures* to facilitate interoperability both among our units and with units from other countries.
- *Improved skills of units*, as a result of their employment in real scenarios and subsequent analyses.
- *Availability of new assets* that improve military capabilities and the degree of availability of units.

Today we can safely say that our armed forces are of a sufficiently high level to serve as one of the basic elements of Spanish overseas action and have become a tool for showing our nation's commitment to the international community and world security and Spain's solidarity with other nations.

INTERNATIONAL ORGANISATIONS AND THE EMPLOYMENT OF MILITARY UNITS.

Exclusively in accordance with the frame of reference for their engagement, the Spanish armed forces posted to overseas operations and missions can participate by:

- Contributing units and observers to United Nations operations.
- Placing personnel, units and resources at the disposal of the multinational organisations to which Spain belongs, both for their permanent bodies and for operations.
- Belonging to an international coalition designed for a specific action.
- Conducting missions or operations decided on unilaterally by the government.

The following sections describe the guidelines which each of these organisations are developing for the use of military units, highlighting the points that need to be improved in each from the military viewpoint in order to be efficient.

United Nations and peace operations

All multinational military organisations, coalitions of states and even states seek and need the support of this organisation in order to act outside their territory. International and national public opinion consider this support and acknowledgement to be essential to defend the so-called "values of the international community" and require the United Nations to declare these operations legitimate in order for their military forces to take part in them.

Although United Nations peacekeeping operations were initially aimed at preventing, limiting and re-establishing the security situation between internationally recognised states, the change in the strategic landscape and adaptation to reality following the disappearance of the "bipolar world" led operations to be authorised in internal conflicts and after major genocides on the African continent in the middle and end of the 1990s. Operations were likewise authorised and implemented to defend endangered minorities and human rights.

This new conception known as "humanitarian armed intervention" has progressively been adopted as a "norm" of action of this organisation. It is currently accepted internationally that there is a collective responsibility to "protect", which the Security Council may exercise by authorising military intervention, as a last resort, in the case of genocide, large-scale massacres, ethnic cleansing or serious breaches of international humanitarian law which a sovereign government has been unable or unwilling to prevent.

Although all the main United Nations organs have responsibilities and competences in world peacekeeping and security, the agency responsible for authorising peace operations is the Security Council, while the planning, monitoring and control of operations is performed by the Department of Peacekeeping (DPKO).

The United Nations currently has 18 peacekeeping operations under way, in which a total of 70,103 troops take part. Of these, nine are being performed in Africa, although in terms of troops deployed, 78 percent of this organisation's effort is focused on this geographical area.

As regards the use of military forces in United Nations operations, the reports of the DPKO state its current concerns and, therefore, its most significant shortcomings:

– *Countries that contribute to operations* (3). Serious problems generating suitable forces for each operation considerably delay implementation and, given the nature of the contingents, in many cases they lack suitable assets, particular in aspects like command and control and logistics.

(3) According to the December 2005 report, Bangladesh, Pakistsn, India, Jordan, Nepal, Ethiopia, Nigeria and Ghana and the chief contributors of troops to United Nations operations.

– *Headquarters for the missions*. The shortage of specialised command and control personnel and, especially, of proper communications hinders the implementation of operations.
– *Theatre activation units*. In the early stages of operations, in addition to projection capabilities, a large volume of logistic units, maritime and air terminals, bodies for controlling movements, engineers and healthcare units are required to allow the deployment and initial sustenance of forces.
– *Operational and strategic reserves*. In United Nations deployments all the forces are committed and there is therefore a shortage of capabilities for addressing contingencies or fresh outbreaks of armed conflict, for which it would be necessary to have reserve units both in the theatre of operations (operational) and outside it (strategic).

These questions, which have been widely debated in various forums, are addressed in the "Report of the high-level panel on threats, challenges and change" (4) presented by the Secretary General as a broad-ranging and innovative document that analyses the security problems of the 21st century. Chapter X, which deals with "Peace enforcement and peacekeeping capability", states that "the armed forces of many countries remain configured for cold-war duties, with less than 10 percent of those in uniform available for active deployment at any given time..." and that "the developed States have particular responsibilities here and should do more to transform their existing force capacities into suitable contingents for peace operations".

It also points out that the Western countries should be more involved in United Nations operations by contributing contingents, assets and financial resources, and stresses the need for states to back the DPKO resolutely in order to generate forces and reserves and establish suitable mechanisms for their effective deployment.

In our view, these comments merely state the different capabilities of modern armed forces and those that are not. Developed countries, up to a point, do not mind about the financial cost but do about the personnel cost or loss of capabilities to cope with contingencies in other scenarios or to fulfil their commitments to multinational organisations. Less developed countries show different

(4) United Nations document A/59/565 of 2 December 2004, entitled "A More Secure World: the Responsibility we Share", was adopted by the United Nations Secretary-General.

concerns, as the financial aspect and the equipment and training of their units take priority over force availability or preserving capabilities.

The fact is that the most advanced countries have the assets, units and capabilities to cover these shortages but, due to their scarcity and specialisation, they are regarded as critical resources and the countries are unwilling or unable to commit them for long periods of time—a general characteristic of United Nations-led operations.

From my own personal point of view, a possible solution to this problem could be if the United Nations were to undertake to release units of this type once deployment was over (six months) and replace them with units from other countries with lower deployment capabilities but which do not mind their forces being employed for longer periods of time.

At any rate, a key element that the United Nations should address in order that the most developed countries involve their units in UN-led operations is the establishment of a clear framework for engagement and for diverse possibilities of use on the basis of the following parameters:

- Definition of initial capabilities and degree of availability.
- Exit strategy for these units and timeframes.
- Commitment to generate short-term relief forces (six months)
- Agreements with countries or multinational organisations to establish firm commitments to make these forces available for a period of time.
- Fostering the creation of forces at the disposal of the United Nations by regional organisations.

United Nations peace operations undoubtedly constitute a contribution by the international community to world stability and will continue to be performed, though if their efficiency is to be enhanced certain reforms need to be addressed. At present, operations are too long, ineffective and display shortcomings, particularly in the initial stages, and in some cases these jeopardise the success of the operation.

NATO and out of area operations

Following the disappearance of the Soviet Union in 1991, the Atlantic Alliance embarked on a deep reform. The Strategic Concept adopted in Washington in April 1999 and its successive developments included conflict prevention and humanitarian assistance operations among the Alliance's tasks for the first time.

In the Strategic Concept the Alliance states that although the main responsibility of the United Nations Security Council is the maintenance of world peace and security, NATO can provide effective cooperation in this field and considers that the Alliance cannot perform its activity isolated from other international organisations of global or regional scope.

In accordance with these principles, with the spirit of the Treaty of Washington and with the Charter of the United Nations, NATO has pledged its support for peace operations sponsored by the UN or by regional organisations, provided that the decision to take part is made on a case by case basis and the operation is implemented using its own procedure and contributing its assets and experience to these organisations.

The assumption of the command of KFOR (the international force for establishing and maintaining security in Kosovo) and of operation ISAF in Afghanistan is simply the development of this Alliance activity in complex operations defined as "non-Article 5" crisis response operations.

Until recently, in addition to commanding the aforementioned complex operations which, owing to their characteristics, required military assets for their implementation and control, NATO participation in peace operations was limited to:

- Setting up and supporting training centres for operations of this kind.
- Sending military advisors in order to be able to constitute forces for peace operations.
- Assuming the role of "lead organisation" for the performance of certain task such as the training of the new armed forces or police in the conflict areas or the establishment and operation of the air defence system.

– Establishing support bases to assist military, civil and reconstruction contingents in conflict areas or in the post-conflict period.
– Maintaining and making available operational or strategic reserves for contingencies or as a reinforcement in specific situations.

Following completion of the structural changes, the eastward enlargement and the creation of a Response Force (NRF) capable of acting rapidly and decisively anywhere in the world, the change in the strategic environment—specifically the emergence of an asymmetric and global threat—has brought about a change in the Alliance's mentality regarding its engagement possibilities. The assumption of the role of "gendarme" at world level and the placing of its military capabilities at the disposal of other regional organisations are leading to new approaches that will require it to define the concepts of employment and perhaps of the "level of ambition" of the Alliance.

In 2005 NATO, at the request of the African Union (AU), provided support for the training of forces and experts in logistics and strategic air deployment capabilities for expanding this organisation's mission in the Darfur region in the Sudan (AMIS II).

Also this year, as a result of the request for aid from Pakistan's government following the earthquake in the Kashmir region, NATO established an airlift to deliver humanitarian assistance to the region and for the first time used assets from the Spanish-led NRF-5 to conduct humanitarian aid operations in the area.

These new tasks open up new possibilities for using NATO forces which the organisation will have to analyse.

Since these actions are recent, it is not possible to analyse them in depth, but the problems arising during the political decision making process, the difficulties of planning and deploying the military forces and the lack of a common financing procedure for these operations point to some of the questions that the Alliance will need to tackle in the short term:
– Determining the Alliance's "level of ambition".

– Improving the legal framework and engagement procedure in theatres outside the Alliance's geographic area.
– Defining the scenarios for use of the NRF and its missions.
– Establishing a budgetary framework that is different from the current one, defining the expenses that are assumed as "common" and, accordingly, are assumed by the organisation.

If these problems are not solved, it is possible that in the medium term some of the so-called small countries, and even some of those considered medium sized, may not contribute units to the NATO Response Force as they do not wish to be involved in undesired operations or do not have the financial resources to meet the requirements of this commitment.

From a strictly military point of view, there is no doubt that becoming integrated into the NATO structures, adopting common doctrines and procedures, conducting joint exercises, access to shard technology and taking part in operations provide the armed forces of the Member States with significant modernisation capabilities that should be taken advantage of in order to achieve the standards currently required for armies.

The European Union security and defence pillar

So far, the European Union is the latest newcomer to operations of this kind. Seeking to develop its security and defence pillar (CSDP), it has defined the missions in which it should be capable of acting (extended Petersberg missions); created structures for the planning and command and control of its operations; established the size of the military forces available; defined the organisation of its rapid intervention forces (Battle Groups); and set out its force and military asset objectives for the short and medium term (Goals 2005 and 2010).

At Helsinki in December 1999, the European Union decided to contribute to international peace and security in accordance with the principles of the United Nations Charter, recognising that the United Nations Security Council holds the main responsibility for maintaining international peace and security. The European Council also stressed its determination to create an autonomous

decision making capability and, in military operations in which the NATO as a whole does not take part, the capability to plan and implement military operations directed by the EU in response to international crises, this not necessarily implying the creation of a European army.

Following the Feira European Council (June 2002), in order to develop its Common Foreign and Security Policy (CFSP), the EU put in place permanent structures for the planning and control of crisis management operations and defined which military forces were necessary for operations of this type. The former include the Political and Security Committee (PSC), which provides the policy and development guidelines for the European Union's security policy, the Military Committee (EUMC) and the Military Staff (EUMS), which develops operational procedures. The Council loosely defined the force volume, 60,000 troops from the three forces and police, and the force objectives in two timeframes (Goals 2005 and 2010).

The signing of a "Joint declaration on EU-NATO cooperation in crisis management" in September 2003 following the success of Operation Artemis in the Democratic Republic of the Congo and the implementation of the agreements with NATO (known as "Berlin plus") in the Balkans have opened up various channels for putting into practice the EU's commitment to support the United Nations in crisis management.

In the field of doctrine, the EU is working in close contact with the United Nations and NATO to define the modes of action, and has established the following:

Bridging model between EU and UN forces

This type of EU intervention is designed to allow other organisations time to prepare a new operation or reorganise an existing one (for example, operation Artemis in support of the United Nations). It requires rapid deployment of suitable military capabilities and an agreed duration and final situation. It is a military alternative that is also relevant to civilian crisis management operations, particularly the deployment of integrated police units.

The exit strategy for an operation of this type is the timely arrival of a force from another organisation that is capable of relieving the deployed EU force and is adapted to the mission.

Standby model of EU forces

This model would involve setting up an EU force outside the theatre of operations to support an operation under way directed by another organisation. This model would be particularly useful in an African context. Operations of this kind require an immediate reaction over a limited period of time and are therefore highly demanding.

Contribution of a civilian EU component to an operation led by another organisation.

In the event that the EU were to provide a civilian component to a larger-scale operation led by another organisation. The EU could supply a single component (for example, police) or a multifunctional component (for example, police together with experts in civil administration and in reinforcing the rule of law).

Simultaneous operations conducted by the EU and other organisations.

For crisis situations in which the EU and other organisations conduct simultaneous operations. This model requires the establishment of practical and effective agreements and secure and interoperable systems for exchanging information and communication between the EU and other organisations.

From the military point of view, the forces that should be available, their conditions and capabilities in two timeframes (2005 and 2010) and level of ambition (ability to perform two simultaneous operations in two independent theatres and sustain them for a year) have been defined and their rapid deployment forces have been generated and validated. These Battle Groups, as they are known, are conceived as high-readiness forces (between 15 and 30 days) capable of acting autonomously for three months and with a decisive combat capability for the type of missions in question.

These Battle Groups (BGs) are being generated from multinational units made available by the nations voluntarily on a similar basis to NATO's NRF: six months' availability plus a six-month period of preparation, training and assessment prior to availability. Given the previously defined level of ambition, the European Union has two units of this type available for each six-month period (four annually) (5).

(5) The BGs committed for 2006 and 2007 are:

It seems clear that the European Union will give priority to civilian, observer, treaty verification and reconstruction support missions over those in which the use of military forces is necessary, though it has equipped itself with tools and structures capable of performing the tasks entailed by the latter. For the time being, owing to the shortage of strategic projection, battlefield surveillance systems and command, control and intelligence assets, its Battle Groups need to be supplemented by some NATO capabilities, which is why the two organisations signed the Berlin Plus agreements.

Bilaterally decided missions

Another possible scenario for the use of military units overseas is following a government decision either to join operations led by coalitions formed to act in a particular area or to come to the assistance of countries struck by disaster.

In such cases the assets used, engagement procedures and use of military units remain under national control and do not differ in any way from those described previously.

Governments' awareness of the need to show solidarity to other peoples, the use of the armed forces as elements of states' external action and the improvement of military capabilities have led to the increased use of military units in humanitarian assistance missions, though it should not be forgotten that their action must complement that of humanitarian assistance governmental and non-governmental organisations and that they must supply, for a limited amount of time, the necessary assets and capabilities which the latter are unable to provide.

2006 – 1: Germany and France (led by Germany)
2006 – 1: Italy, Spain, Portugal, Greece (led by Spain)
2006 – 2: France, Germany, Belgium (led by France)
2006 – 2: To be defined
2007 – 1: France, Belgium (led by France)
2007 – 1: Germany, the Netherlands and Finland (led by Germany)
2007 – 2: Italy, Hungary, Slovenia (led by Italy)
2007 – 2: Greece, Bulgaria, Romania, Cyprus (led by Greece)

CONCLUSIONS

The change in the strategic landscape, the emergence of subtler and more destructive risks and threats that use non-strictly military assets and procedures and international awareness of the need to intervene for humanitarian reasons or when international law is breached have led to a substantial increase in the intervention of the armed forces as elements of states' and multinational defence organisations' external action.

This new frame of reference for engagement has required organisational structures and military units to adapt to new employment scenarios, the professionalisation of the armed forces in the Western countries (and the consequent reduction in troop numbers) and the adoption of unified procedures in order to be able to act effectively in a multinational environment.

Nowadays the use of military units abroad is conditioned by international and national regulations and by principles of employment which limit the military capabilities to be used and the procedures for action in operations.

From the political point of view, the armed forces have proved to be a tool for implementing commitments to multinational organisations and the wish to contribute to greater world stability. From the military point of view, this new framework for engagement has improved the armed forces' capabilities, assets and procedures.

It seems clear that this synergy is going to continue, at least in the medium term, though we should be cautious when assessing needs versus possibilities and set realistic goals as regards both when assigning personnel and units to multinational organisations and when participating in operations, so that political decisions may be carried out as efficiently as possible and with suitable security margins.

CHAPTER THREE

THE EUROPEAN UNION IN 2005: INTERNAL CRISIS, DEFICIENT INTERNATIONAL PROJECTION

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JOSÉ IGNACIO TORREBLANCA AND ALICIA SORROZA

PART ONE: THE INTERNAL CRISIS

The referendum in Spain

The central event of 2005 with respect to Spain's European policy was the consultative referendum held on 22 February on the Draft Treaty Establishing a Constitution for Europe (TCE) and the subsequent ratification of the text by parliament on 28 April.

The referendum results were as follows: with a 43.32 percent turnout, 76.73 percent of voters voted yes to the question set by the government ("*Do you approve of the Treaty Establishing a Constitution for Europe*"), 17.24 percent voted no and 6.03 percent cast blank ballots.

Table 1. Results of the referendum of 20 February

The referendum of 20 February on the TCE **Final results**		
Total voters	14,204,663	42.32%
Abstention	19,359,017	57.68%
YES	10,804,464	76.73%
NO	2,428,409	17.24%
Blank	849,093	6.03%

Source: Ministerio del Interior.

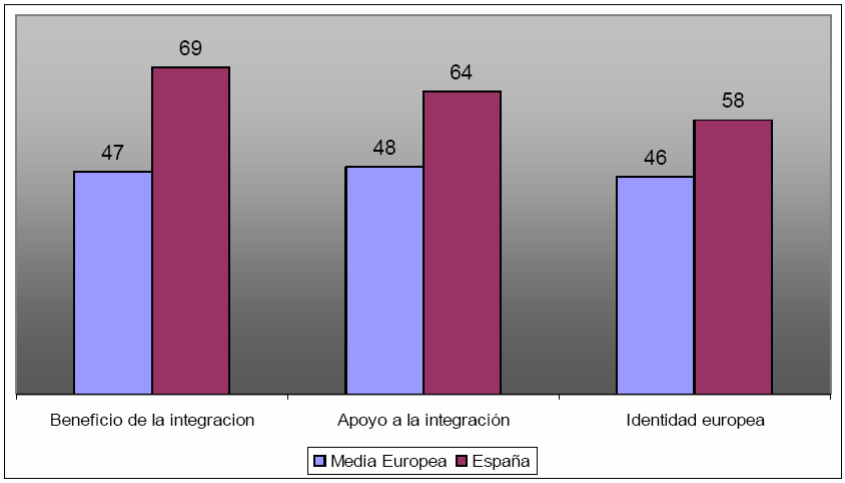
The TCE received equally massive support in its passage through parliament: 337 MPs voted in favour and 19 against. The following parliamentary forces voted in favour: PSOE, PP, CiU, PNV and Coalición Canaria. ERC, IU-ICV, BNG, EA and Na-Bai voted against it.

Following its passage through the Senate (where 225 senators voted in favour, six against and one abstained), the TCE was approved by the Cortes Generales on 20 May as Organic Law 1/2005.

The results of the ratification process attest to the extraordinary soundness of Spanish people's pro-European sentiment. For reasons related to our history of isolation and exclusion, Spain, unlike other EU member States, has no "Europhobic" anti-system parties that have made "No to Europe" the centrepiece of their political programmes. It is therefore significant that the Europeanism of the Spanish people and their political parties should be such that even those in favour of voting against the European Constitution should have campaigned for a "No" under slogans calling for "more Europe", "another Europe" or "a better Europe".

Comparatively speaking (see, for example, Eurobarometer 61/2004), Spaniards continue to stand out among the most enthusiastic Europeanists. Spanish support for the integration process is 22 percent higher than the European average and significantly higher than in some of the founding States such as France, Italy and Germany. A higher percentage of Spaniards also considers that EU membership is beneficial to their country (64 percent in Spain versus 48 percent in the European Union). Similarly, there are few countries in Europe that identify so greatly with Europe: the percentage of Spaniards who feel themselves to be both European and Spanish (58 percent) is among the highest in Europe, and, once again, above the EU average. Therefore, although the Spanish population's low levels of information on European matters allow us to speak of a support that is more intuitive than informed, backing for the integration process is nonetheless notably high in Spain, as regards both symbolic and instrumental aspects.

Gráfico 1. Principales indicadores del europeísmo de los españoles



Fuente: elaboración propia a partir del Eurobarómetro 61/2004.

The Europeanism of the Spanish political class also appears to be beyond all doubt. The percentage of parliamentary approval of the TCE (96.28 percent in Congress) is well above the two-thirds (500 Euro-MPs) received by the TCE during its passage through the European Parliament. Bearing in mind that according to article 97 of the Spanish Constitution only 176 MPs are required to ratify the European Constitution (the absolute majority threshold required for constitutional laws), we are dealing with a pro-Europe attitude that is so unanimous that it would surpass the supermajority threshold required in Spain for the so-called fast-track procedure of constitutional reform established in article 168 (which requires a two-thirds majority, that is 234 MPs, to reform central aspects of the Spanish Constitution). Therefore, despite the evident disagreement of the leading Spanish political forces in foreign-policy matters, it seems obvious that European integration in general, and the European Constitution in particular, may continue to be considered an essential part of the state consensus regarding foreign policy.

Two clarifications need to be made with respect to this very optimistic general outlook. First, regarding Spanish people's Europeanism, the referendum showed an alarming lack of information and/or interest among Spaniards. The turnout for the referendum of 20 February (42.46 percent) was the lowest for any of the referendums held in democratic Spain, including that of 1986 on Spain's continuance as a member of NATO, for which a turnout of 59.4 percent was recorded. The turnout was also lower than in any Spanish election since 1978 (including the elections to the European Parliament) and, significantly, the lowest for all referendums held in the European Union to ratify amendments to the Treaties or Accession Treaties (with the sole

exception of the Irish referendum of 2001 on the Treaty of Nice, which was negative and subsequently repeated).

Admittedly, the reasons for this high abstention rate are complex and by no means attributable to only one cause. Nor should they in any way be interpreted as a sign of rejection of the European Union, as in a sense the substantial consensus on European issues was one of the main reasons for voter demobilisation. However, it does raise a few doubts about the quality of the public debate on European matters, about the standard of citizens' information on the European integration process and, by extension, about the gap between the elite and public opinion as regards the European Union. Nonetheless, since Spain's low turnout for the constitutional referendum means that only one out of every three registered voters showed themselves to be in favour of ratifying the Constitutional Treaty, the result of the Spanish referendum should be reviewed at the least.

The second clarification about the referendum results relates to the pattern of party support for and rejection of the European Constitution. Although minority, rejection of the European Constitution was concentrated especially in the national left-wing and regional nationalist left-wing parties. The negative votes of IU-ICV, ERC, BNG, EA and Na-Bai, together with the fact that the percentages of rejection of the European Constitution in the Basque Country, Catalonia and Navarre practically doubled the national average, suggest that the legitimacy of the European project is being undermined in two environments as significant as the Left and the peripheral nationalist groups. The Spanish and European Left's slide in support for European integration, which was first witnessed in the 1990s in connection with the ratification of the Maastricht Treaty, no doubt came to a head in France, which voted "No" in the referendum of 29 May.

Therefore, although the referendum was won by a broad and comfortable majority, the result was disappointing from the point of view of the two reasons for its being held: internally, the referendum did not improve the quality of information and debate in Spain on European affairs; externally, as was seen immediately afterwards in France and the Netherlands, nor did it trigger a wave of ratificatory enthusiasm in other EU Member States. It is therefore not surprising that the French referendum had something of a retrospective effect on Spanish public opinion. According to the ninth wave of the Barometer of the Instituto Elcano (2005), support for the European Constitution in Spain dropped by ten percent as a result of the French "No", while

support for the claims of Izquierda Unida (United Left) that the draft Constitution lacks a social dimension practically doubled. With a view to the future, it therefore seems evident that citizens' low information levels and the scant interest shown in issues so crucial to the country's political and economic life should be cause for concern and action among the political class.

The after-effects of the French referendum

The loud and clear double "No" to the European Constitution in France and the Netherlands in the referendums of 29 May and 3 June has plunged the EU into a crisis of legitimacy. This crisis had reared its head some time ago in the scant agreement over priorities between citizens and the European elite. As the Eurobarometers clearly showed, whereas the EU was focusing on institutional reform and the enlargement process, citizens' priorities were centred on unemployment, the economic situation, immigration and organised crime.

It is no coincidence that opinion polls and analyses following the referendum in France (Flash Eurobarometer 153, "El 'No' francés del 29 de mayo de 2005: comprender, actuar", ARI no. 150/2005) show that the French voted almost exclusively for national, and particularly economic, reasons. The French "No" was largely left-wing, a protest at Chirac's presidency, and above all economic: a huge 83 percent of those polled stated that they had decided to vote against the Constitution on economic grounds. This explains the apparent incongruence of the behaviour of the French electorate, as over 70 percent approved of the European Constitution at the start of the campaign.

Whatever the reasons were, the fact is that the French "No", followed by a no less categorical one from the Netherlands, has completely thrown the European Union. The absence of an alternative or emergency plan or "Plan B" is easily explained: Declaration no. 30 of the European Constitution (which established that if four-fifths of the Member States had ratified the text but five or fewer States had "encountered difficulties", then "the matter will be referred to the European Council") implied that the 25 were counting on some type of rejection in some Member States in advance. However, it was taken for granted that this would occur in countries like the United Kingdom, Denmark and the Czech Republic and would allow the European Union to reach agreements enabling the integration process to carry on. On the contrary, the "No" from a founding member, particularly as it is France, has brought the process to a grinding

halt as this country is a key part of the integration machinery and the process cannot continue without it. Therefore, despite the majority intentions suggested by Declaration no. 30, the French and Dutch "Nos" have underlined the fact that, at least as regards ratification procedure, the European Constitution is an international treaty, meaning that the requirement of unanimity is unavoidable.

An added difficulty in solving the current constitutional crisis stems from the fact that the draft European Constitution is a reworking of all the existing Treaties. In other words, what was put to vote was not a complementary treaty but the whole legal corpus of the Union from the Treaties of Rome of 1957. In the past, the Danish voters were able to reject the Maastricht Treaty, just as the Irish did with the Treaty of Nice, without this being interpreted as a criticism of the 1957 Treaties of Rome, which remained in force and retained their full political legitimacy. Today, above and beyond the citizens' protest or crisis of confidence in the Union, the fact that the TCE consists of three differentiated parts (the first containing the actual constitutional novelties, the second the Charter of Fundamental Rights, which had been approved by the Member States, and the third a reworking of and improvement on the previous treaties) makes it impossible to discern the exact meaning of French and Dutch citizens' negative vote. It would not seem logical that the French "No" should express disapproval of the first and second parts of the constitutional texts, as these constitute unquestionable progress in terms of the Union's political efficiency and democratic quality, but then again nor does it makes sense for it to be a disapproval of the third part, which represents policies and treaties (Nice, Economic and Monetary Union) that are substantially in force and on which there is no going back.

Therefore, although we cannot rule out the possibility that future governments in both countries may wish to resume the battle for the Constitution after the elections in 2007, the fact is that a hypothetical repetition of the referendums in France and the Netherlands seems unlikely. After all, in the case of France, the referendum was binding; to ignore the results would trigger not only a political but also a constitutional crisis. In the Netherlands the referendum was merely "consultative", but the government promised to respect the results since the turnout (63.3 percent) was more than twice the government's initial requirement of 30 percent. Therefore, any attempt to disregard these results would have the opposite effect to what the process originally intended: to make the EU more democratic and "reconnect" it with its citizens.

It is therefore not surprising that the disorientated European leaders were able to do little more than refuse to declare the European Constitution to be dead. Until an alternative is found that is acceptable to all Member States, there is no choice but to resign ourselves to the fact that each Member States has decided unilaterally whether to suspend *sine die* or continue the ratification process and establish a "period of reflection" in order to gain time, allow the crisis to blow over and wait and see whether the economic and political situation improves, particularly after the French presidential elections of 2007. What seems obvious is that, with or without the Constitution, any attempt to solve the crisis the French and Dutch "Nos" have sparked in the European Union will continue to be pointless unless politicians reconsider in depth their manner of acting and manage to involve citizens more closely in debates on European political issues.

However, as regards the immediate consequences, the lack of consensus over strategies for overcoming the crisis proved difficult to isolate and had a cascade effect on a whole host of European policies. The first victim of the situation was the European budget, which was blocked in June 2005 by the British decision to take advantage of the leadership void to deal a budgetary blow to European agriculture. The second victim, despite the opening of accession negotiations with Turkey on 3 October, was future enlargement since, as things stand today, it seems obvious that there will be no further enlargements than those foreseen to Romania and Bulgaria until the constitutional imbroglio has been sorted out. The third victim relates to European foreign policy, as the existing political consensus regarding the bolstering of the capabilities and assets of the CFSP-ESDP has been questioned, particularly the figure of EU foreign minister and the European foreign service. The fourth is linked to immigration policy, the fight against terrorism and, in general, all aspects of the Area of Freedom, Security and Justice, which has been questioned by the paralysis of the implementation of the Euro-warrant in Germany and about whose future working method major doubts have been raised.

The British presidency: a failed attempt to steer a new course

As readers will recall, the British presidency was initially marked by the decision of the prime minister, Blair, not to allow a budgetary agreement at the Brussels European Council of 16-17 June to provide the European Union with the oxygen needed to survive the French and Dutch "Nos" to the European Constitution in May and June. Blair's refusal to accept any of the successive compromises offered by the then president of the Union, Jean Claude Juncker of

Luxembourg, made it clear that Blair, strengthened by his recently won third term in government, had decided to grab the steering wheel and secure the leadership of a European Union in the throes of crisis.

Britain's position, underpinned by a magnificent address by Blair to the European Parliament on 23 June, marked a bold attempt to secure European leadership by taking advantage of the power void left by Chirac following the referendum defeat and by Schröder in Germany following the decision to hold early elections in September 2005 as a result of the poor results obtained in the June regional elections.

Basing himself on the low growth rates in the euro zone and noting the scant progress made towards achieving the goals of the Lisbon Agenda, Blair made the main objective of his presidency the promotion of liberalising economic reforms that would allow the euro zone economy to achieve a similar dynamism to the British and US economies. For this purpose he proposed reorienting the European budget to step up competitiveness and employment, to the detriment of agriculture and regional cohesion, and to strengthen the Union's role in the world.

Blair and his foreign minister, Jack Straw, did not conceal their scant interest in reviving the constitutional process during the presidency, even though the failed TCE essentially reflected all the British demands. It is no coincidence that a significant part of the text's shortcomings stem from the famous "red lines" established by the British government during the Intergovernmental Conference that ultimately shaped the TCE. Even so, the British government was quick to announce the suspension *sine die* of the ratification of the TCE. Further proof of the United Kingdom's scant interest in institutional matters came to light during the setting of the agenda for the Hampton Court Special Council which, despite the criticisms of many partners, was unilaterally established to deal with matters relating to the social model for Europe and reforms of the welfare states in Europe. The decision not to include the debate on the ratification of the Constitution or, for that matter, the financial perspectives on the agenda of the Special Council considerably irked the United Kingdom's partners, who took it to mean that the United Kingdom was shifting the centre of community debate towards areas in which the EU has only partial competence (social policy, education and research policy and employment police) and, most significantly, in which the United Kingdom is reluctant to cede competences to the Union.

As a result, in the brief space of time between Blair's vibrant address to the European Parliament in June and the Hampton Court summit in late October, the British presidency was struck by crisis. First, the July terrorist attacks in London completely changed the United Kingdom's priorities and agenda. Other than the logical concern about problems of coexistence between Islam and British society, London did not display a European response (by fostering common antiterrorist policies and, more broadly, the Area of Freedom, Security and Justice).

Second, the goals of the British presidency were hardly in keeping with the goal of listening to citizens that Blair had advocated when addressing the European Parliament: as regards both opening accession negotiations with Turkey and the proposals for reforming social models in Europe and liberalising trade in the framework of the Doha round of the World Trade Organization (WTO), European public opinion was hostile, not favourable, to Blair's policies.

Third, determination to open negotiations with Turkey has had a very high cost in several areas. On the one hand, the decision was made behind the back of European public opinion, which is openly hostile to Turkey's candidature. On the other, insofar as Austria's linkage of Turkey and Croatia has revealed that accession requirements can be manipulated if one has sufficiently insistent "godparents" (in this case Austria), the opening of negotiations with these two countries has undermined the legitimacy of the very enlargement process. Finally, the pressure to open negotiations with Croatia, together with the spate of pending decisions about the candidatures of Macedonia, Bosnia-Herzegovina and Albania, has given rise to a wave of scepticism about enlargement that will inevitably bring the processes to an overall halt.

It is no doubt in this context of failure of the British presidency that the last-minute efforts and flexibility shown by the British government to achieve a budgetary agreement should be understood. The agreement of 17 December in Brussels saved the British presidency from failure and, by extension, freed the EU partners from the pressure of a new negotiation fiasco at a crucial time. At the very last minute, Blair ended up renouncing the in-depth revision of the Common Agricultural Policy (CAP) he had demanded as a non-negotiable condition and agreed to a cutback in the so-called British rebate secured by Margaret Thatcher in 1984 whereby the United Kingdom had been reimbursed two-thirds of its net contribution to the European budget.

The budgetary agreement of 17 December

Although the enlargement to ten new members took place in May 2004, the financial perspectives for the 2007-2013 period are the first to be designed by the enlarged 25-strong Union. The budgetary agreement reached on 17 December establishes the expenditure of the 25-member Union for 2007-2013 at 862,363 million euros. The two main items of the European budget will continue to be, as usual, direct subsidies paid to farmers, which will take up approximately 34.5 percent of the budget (293,105 million euros), and spending on structural and cohesion policies, which will account for a further 35.2 percent (298,989 million euros). The remainder of the budget will be earmarked to supporting rural development and fisheries (77,749 million euros); fostering growth, employment and innovation in accordance with the so-called Lisbon Agenda (72,010 million euros); sustaining the EU's world presence (50,300 million euros); and to the citizenship, freedom, security and justice policies (10,270 million euros). For its part, the much-reviled Brussels bureaucracy will consume 50,300 million euros in seven years (a mere 5.8 percent of the budget).

We are dealing with a budget that continues with the trend that was set in 1992 by the agricultural policy reforms and consolidated in 2002 by the decision to reduce agricultural expenditure annually by means of nominal stabilisation. At the same time, the new budget is a good reflection of the growing importance of the structural and cohesion policies, particularly following the latest European Union enlargement, and of the Union's new priorities in the fields of research, development and innovation (RDI), foreign and security policy, and freedom, security and justice. Even so, if any criticism can be made of the coherence of the British presidency, it should necessarily centre on the stiff cutbacks imposed on the amount allocated to improving European competitiveness (Lisbon Agenda), which has been whittled down from the 121,687 million euros requested by the European Commission to the 72,010 finally approved at the presidency's proposal. This is no doubt a very substantial reduction that contrasts sharply with the rhetoric displayed by the prime minister, Blair, both in his June address to the European Parliament and at the Hampton Court Summit in October, which was devoted entirely to improving the competitiveness of the European economy in the framework of economic globalisation. Similarly, the cutbacks proposed by the presidency in the EU's foreign policy are questionable, as the EU's development and neighbourhood policies can be expected to require additional funds up until 2013.

From a European perspective, the most significant aspect of the budget is its overall amount. The 2004 enlargement has added ten new members, all with special financial needs in terms of structural and cohesion policies. We are also on the threshold of a further enlargement to Romania and Bulgaria, which will mean that in less than five years the European Union will have increased its population by over 100 million, the immense majority of which (practically 90 percent of the inhabitants of the new Member States) will live in regions whose income levels are well below not only the EU average but also the 75 percent that qualifies a region for receiving structural funds. As a result, the income gap within the enlarged Union will have widened spectacularly: whereas the average income of the Union's ten richest regions will amount to 189 percent of the community average (EU 25 = 100), that of the ten poorest regions will be 36 percent. With millions of new farmers and thousands of new kilometres of external borders, the Union will have practically doubled its members. Yet this mammoth task is going to be undertaken with the same financial resources the European Union had in 1985, before Spain and Portugal joined.

As a result, although the differences between European partners did not prevent an agreement being reached, they did influence the quality of this agreement very directly. Paradoxically, the European Union is growing, but its budget is shrinking.

From Spain's point of view the budgetary agreement is satisfactory as the main goal of the negotiations was achieved: to maintain a positive balance for the 2007-2013 period, thereby preventing an abrupt loss of funds. The overall balance for the period will therefore continue to be positive for Spain: the Cohesion Fund will be extended to take into account the so-called "statistical effect of enlargement"; Spain's most underprivileged regions will continue to receive funds (though they will be reduced gradually); the Union will become increasingly involved in controlling migratory flows; and finally, a specific technological fund will be set up for Spain, something unheard of in community history. All this was achieved through a very tenacious diplomatic effort that dates back a considerable way and whose greatest success was a completely new approach to negotiations, which shifted from an initial alliance of net contributors against Spain towards a more favourable context in which Spain has secured support for and understanding of its demands from the three largest contributors to the budget (Germany, France and the United Kingdom).

Adding the payments pending from previous budgets, it is estimated that Spain is going to receive some 27,300 million euros in structural and cohesion funds, plus approximately 44,120 million euros in direct aid and agricultural subsidies, in addition to a further 19,017 million euros resulting from Spain's participation in other Union policies. Given Spain's greater relative prosperity, its contributions to the Union budget will increase by an average of 1,800 million euros yearly (practically what Spain had been receiving annually in cohesion funds), which means that Spain's contributions to the Union budget will go from 61,285 to 74,265 million euros.

This budget brings to a close a 20-year cycle in Spain's European policy. For the past 20 years, the country has undergone a major transformation: for a country that was left out of the Marshall plan and US solidarity, the net transfers from the EU budget Spain has received since 1986 clearly represent what European solidarity can signify in practical terms. During its 20 years of EU membership (1986-2006), Spain will have contributed 117,600 million euros to the EU budget and will have received 211,000 million euros (expressed in 2004 prices). This gives a total positive balance of 93,300 million euros (in 2004 prices), which implies a net transfer of 0.83 percent of Spain's GDP each year for 20 years or, put another way, an average income of 1.85 euros for every euro Spain has contributed to the budget. That means that every Spaniard has received 129.9 euros from the EU each year since 1986.

The importance of these transfers cannot be underestimated. According to studies conducted in Spain, by pushing up the country's growth rate by an average of 0.4 percent more than the expected rate had they not been received, the EU funds are probably responsible for between five and six of the 15 percentage points in relative average income Spain has gained since joining the EU in 1986 (average income at the time of accession in 1986 was 72 percent). On average, structural actions have been responsible for the maintenance of 300,000 jobs per year and additionally for 40 percent of Spain's growth in productivity and much of public investment. Thanks to the combination of structural reforms and EU reforms, the country, which started out with a per capita income of 72 percent of the EU average, has almost caught up with the average (relative income in Spain in 2004 was 97.6 percent), unemployment and inflation are at all-time low levels and for the first time outgoing investments have exceeded incoming investments.

As the latest studies on Spain's GDP show, the Spanish economy will by now have exceeded the GDP of Canada, a full-fledged member of the G-8. For the first time in its history of EU membership, Spain is thus a balanced, if not net, contributor to the European budget. With an economy that now accounts for practically 10 percent of the European GDP, Spain will contribute to the cooperative financing of eastward enlargement, in parallel to the effort made by its European partners between 1986 and 2006. This poses a challenge, but also an opportunity. When the United Kingdom joined the Union in 1973, it was the second poorest in terms of per capita income; today it is the second most prosperous and its net contributions to the budget for the 2007-2013 period will be in the region of 62,000 million euros. Similarly, the challenge Spain faces in 2007-2013 is to manage to attain and greatly surpass average community income and position itself at the head of the Union. The process seems to have begun.

PART TWO: DEFICIENT INTERNATIONAL PROJECTION

An adverse political context for foreign and security policy

The outlook for 2005 was not very encouraging a priori. The French and Dutch "Nos" to the European Constitution, together with the failure of Luxembourg's presidency in the final stretch of budgetary negotiations, boded for an inevitable spread of the internal paralysis to the area of foreign and security policy. Despite these predictions, 2005 saw the conclusion of an agreement on the European budget and also the establishment of the necessary consensus of the 25 to approve initiatives such as the European Strategy against terrorism.

In this regard, situations such as the July terrorist attacks in London, the deterioration of the situation in Africa and the problems of the European frontiers in the Maghreb, among others, exemplify the increasingly urgent need for effective European action. As in other areas, the cost of "No Europe" is high and particularly negative for Spain, as the country is especially vulnerable to instability at its border regions, chiefly the Maghreb and sub-Saharan Africa. Similarly, the delay in the implementation (or the erroneous transposition as in the case of Germany) of measures such as the Euro-warrant is holding up progress in Spain's judicial investigations in connection with acts of terrorism. These facts underline the negative consequences of delay and the EU partners' inability to support a common foreign policy, draw

up a genuine internal security strategy for the European Union and implement the European Security Strategy with the speed and force required by events.

Paradoxically, whereas many citizens appear to have reacted against the over-swiftness of the integration process in the constitutional field (including the enlargement processes), in the field of external and internal security, for the past decade or more European public opinion, and very particularly that of Spain, has shown a stable and consistent demand for greater integration, which furthermore remained unchanged throughout 2005.

In the case of Spanish public opinion, this level of support is estimated to be 70 percent, that is, a similar level to the European average, as the following data show. Support for a common foreign policy displays similar though somewhat lower levels, since the percentage of Spanish public opinion that backs this stance is 65.

Table 2. Public opinion's support for the European foreign and security policy

	Eurobarometer no. 63 September 2005			Eurobarometer no. 64 December 2005/January 2006		
	In favour	Against	DK	In favour	Against	DK
A common Security and Defence policy among the Member States (%)	77%	14%	9%	77%	15%	8%
A common foreign policy among the Member States (%)	67%	22%	11%	68%	21%	11%

Source: Eurobarometer no. 64, December 2005 (fieldwork performed October-November 2005), preliminary results.

Therefore, at a time like the present which is characterised by a major constitutional crisis that in turn reflects a confidence crisis with a substantial economic component (see the adverse data on unemployment, deficit and economic growth in the Euro area), the development of a sound Foreign and Security Policy based on the hardcore of European values and interests appears an ideal way to legitimise and bring the European project closer to the increasingly sceptical European citizens.

Nonetheless, although it is not true to say that the development of the instruments the European Union needs for a European Security and Defence Policy has come to a standstill, this area could be one of the worst affected by the non-ratification of the European Constitution, as the text incorporated a number of new institutional features that sought to give greater impetus and definition to this policy. Specifically, the sine die delay in creating the figure of EU foreign

minister could have negative repercussions on the CFSP/ESDP, as it became evident during 2005 that whereas the Union is increasing its responsibilities and action in external and internal security matters, the Council Secretary General, Javier Solana, has a tiny budget that is comparable only to the cleaning and maintenance expenses of the Commission buildings.

The same could be said of structured cooperation in the security and defence field enshrined in the draft Constitutional Treaty, since although the possibility of implementing selectively some of the advances set out in the Constitutional Treaty was toyed with, legal and political difficulties ended up advising the Union against such a course of action.

Defence and industry

Despite the adverse political environment, throughout 2005 the European Union sought to equip itself with assets and capabilities essential to the feasibility and credibility of the CFSP and ESDP. Of the measures adopted, special mention should be made of the creation of the European Defence Agency, which was set in motion in mid 2004 and managed to consolidate its structure and functioning throughout 2005. With an operational budget of 20 million euros annually, it has a workforce of approximately 80.

The armed forces of the Member States still have a considerable way to go to adapt to the new strategic landscape, to new conflicts and to new threats. This modernisation, while essential, must be carried out in coordination with the rest of the European partners. In view of the difficulties in this field, the role of the Agency could be a crucial driving force for the definition of the ESDP. Despite the enthusiasm aroused by the Agency, it faces challenges that will be very difficult to overcome. First, its goals are very ambitious, considering its labour force and budget. Similarly, the Agency needs to address cultural and socioeconomic circumstances that may be considered adverse to a certain extent. Stagnant economies are not conducive to defence budgets that meet current requirements. In addition to states' usual misgivings about losing control of these aspects of defence policy, the prevailing culture of non-use of military force in various Member States may also hinder the Agency's tasks.

The European Security and Defence Policy is framed by the significance of the European defence industry, which provides 90 percent of European military equipment and services and

approximately 200,000 jobs. With a total market of 41,000 million euros in 2004 and defence exports (to outside the EU-25) totalling 7.5 billion euros, the European defence industry is a substantial component of the European economy as a whole. The six countries party to the Letter of Intent (LOI, France, Italy, Germany, Spain, Switzerland and the United Kingdom) contribute 80 percent of total defence production and 97 percent of all investments made in research and development in defence technologies.

Although it has only been operating for a short time, so far the Agency has launched five projects: the manufacture of armoured combat vehicles; the A400M military air transport programme; the production of unmanned aircraft; improving command, control and communication capabilities; and creating a European defence equipment market.

In order to contribute to the progressive establishment of a more transparent and more open European Defence Equipment Market (EDEM) between the Member States, the European Commission set in motion an initiative at the end of 2004. The aim was to overcome the existing fragmentation and make it economically more effective and feasible. The shift towards a European-scale market is one of the elements that are considered essential to strengthening the competitiveness of the European industries while guaranteeing a better allocation of defence resources (which are generally scanty), the ultimate aim being to support the development of the Union's military capabilities in the framework of the European Security and Defence Policy (ESDP).

During the process of reflection and debate that began during 2005, some Member States backed the proposal for a Code of Conduct to foster intra-European competition. The Agency received the mandate to decide by the end of 2005 whether or not to continue implementing the Code. In the end, at a meeting of the Steering Committee of the European Defence Agency, the defence ministers agreed on a voluntary code of conduct for the acquisition of defence equipment that would foster competition in the defence market (it should be remembered that in the past the defence industry has been exempted from complying with the rules of the European domestic market, particularly as regards public subsidies). The basic principles of the code that has been adopted are a voluntary, non-binding approach, fair and equitable treatment for suppliers, transparency and mutual control, support and mutual benefit.

In principle, the aim of this strategy is to maximise the scant resources earmarked to defence, while encouraging the generation of economies of scale to help consolidate a highly fragmented sector. However, although Spain approved of fomenting this market, it stated its reservations about the Code of Conduct, as it considers it necessary to protect the position of small and medium-sized Spanish enterprises in this field, which they may have difficulties competing with the major industrial corporations at the European level. Even so, Spain is one of the European partners that has most advocated the establishment of a common equipment market: in addition to actively promoting the Agency during the Spanish presidency in 2002, Spain has taken part in major European armaments programmes such as the A400m, the Tigre, etc. and is part of the main multilateral initiatives such as the OCCAR and the LOI).

It should also be underlined that the defence industry is not the only supplier of capabilities to make up for Europe's shortcomings. Industries stemming from the civilian sector are becoming extremely important in meeting current requirements—the so-called "double use" elements. Communication, control, command and sensors are some of the areas in which non-military companies can contribute to the development of new military capabilities in keeping with the new threats. That is why in 2005 the Commission began to prepare the European programme for research on security as part of the EU's seventh Framework Research Programme (2007-2010). If we examine the projects that have been approved, we find that priority is given to creating capabilities and technologies designed to protect Europe's civilian population and various infrastructures and to adapt military technologies to police- and civilian-oriented missions and operations within Europe.

The Union's overseas missions in 2005 and the question of capabilities

Difficulties improving and securing capabilities did not prevent the European Union from setting in motion its first own military operation (having recourse to the Berlin Plus agreements and, by extension, to NATO capabilities) at the end of 2004. This mission, ALTHEA, was performed throughout the year without notable difficulties. Following its first year of operations and with the recommendation of the High Representative, it was agreed to maintain the forces for a further period of time without substantial modifications (General Gian Marco Chiarini has taken over from General David Leakey as commander of the European forces). The remaining European missions under way, that is the police missions in Bosnia and Herzegovina (EUPM)

and in Macedonia (PROXIMA), continue to be implemented in accordance with their initial mandate.

The Rule of Law mission to Georgia ended on 15 July 2005. This mission, which was begun a year earlier, ended satisfactorily, as in May the Georgian government approved its strategy to reform the justice system according to international and European standards.

In accordance with the philosophy underlying the European Security Strategy, the EU has set in motion various missions with a substantial civilian and police component. The British presidency was very active in this field as seven missions were launched during this period. Such is the case of the Police Mission in Kinshasa, the mission for security reform in the Congo, the Integrated Rule of Law Mission for Iraq, and the police mission in Palestinian territory. The EU has likewise pledged considerable support to the African Union Mission in Sudan (AMIS), thereby responding, albeit late, to the requirements of civil society vis-à-vis the atrocities committed in this country. Furthermore the EU, with the contribution of ASEAN countries and non-EU European States, is leading an observer mission to monitor the peace process in Aceh (Indonesia). The latest of these missions, which was approved in November 2005, envisions providing the necessary support to the Palestinian Authority to manage the border post of Rafah at the frontier between Gaza and Egypt.

In keeping with the National Defence Directive (1/2004) and considering that Europe is our area of priority interest ("we are Europe and our security is indissolubly linked to that of the continent"), Spain has taken and continues to take an active part in the various European missions and operations.

Table 3. Spanish participation in European Union missions

EU Missions	Spanish participation
ALTHEA (Bosnia Herzegovina)	526 troops
EU monitoring mission in the former Yugoslavia (EUMM)	4 officers
EU support for the African Union in Sudan-Darfur	7 officers
Monitoring in Aceh, Indonesia (AMM)	10 (8 military and 2 civilians)

Source: Spanish Defence Ministry, updated 12/I/2006.

With its sights set on the new *Headline Goal 2010* (June 2004), Europe has placed renewed emphasis on capabilities for fast, interoperable deployment that is sustainable for long periods. Work was performed throughout 2005 on the new Capabilities Catalogue on the basis of which the Member States will pledge their related commitments.

In the field of military capabilities, the second *Battle Group Co-ordination Conference* (BGCC) took place early in November, resulting in commitments from Greece, Bulgaria, Romania and Cyprus to cover the gap for the second half of 2007. It should be stressed that in the first half of 2006 Spain is leading one of the Battle Groups that are currently operational (with the participation of Italy, Portugal and Greece).

In the sphere of civilian capabilities, work is still under way to achieve the Civilian Headline Goal 2008. Headway has been made in rapid deployment capability and a new doctrine has been developed for the deployment of police forces. Similarly, the priority courses of action were established at the Civilian Capabilities Commitment Conference held in November 2005. The resulting Civilian Capabilities Improvements Plan was adopted at the December European Council meeting. It is also worth stressing that the development of civilian-military coordination was one of the central themes of the British presidency and will continue to receive attention over the next presidencies.

To quote the High Representative for CFSP, Javier Solana (Annual Conference of the ISS, September 2005), three key regions will deserve to be given special attention by the EU during 2006: the Balkans, with the thorny issue of the status of Kosovo; the Middle East, which is regarded as the theatre in which the EU should commit itself the most in the next few years; and finally Africa, in that this continent sums up very well the new type of threats identified in the European Security Strategy and it is there that the need to use all the available instruments and resources for attempting to improve this region's circumstances seems most pressing. In this connection, the December Council meeting adopted the strategy entitled "The EU and Africa: towards a Strategic Partnership".

Fighting terrorism: at the top of the European agenda

The fact that the terrorist attacks in London coincided with the United Kingdom's presidency of the European Union provided a window of opportunity for making considerable progress in security issues. Nevertheless, the controversy surrounding the tension between freedom and security and national misgivings (particularly those of some countries that do not perceive the threat of terrorism with the same intensity) prevented European coordination in fighting terrorism from advancing at a faster pace.

The main instrument of Europe's counterterrorism policy is the Action Plan, which originally stems from the post-September-11 initiatives. This document is of great value as it contains some 150 agreed measures in various areas such as judicial and police cooperation, money laundering, and the security of borders and infrastructures, among others. Although progress in implementing these measures continues to be too slow and incomplete, some initiatives have got off the ground. Such is the case of the Euro-warrant which, despite the problems it is experiencing in some States, is being implemented. Similarly, considerable success has been achieved with respect to measures designed to combat the financing of terrorism.

In an issue as central as cooperation in intelligence matters, it is encouraging to see that the Situation Centre (SITCEN) of the General Secretariat of the Council of the Union has been bolstered and is set to become a reference centre for assessing risks and threats from both an internal and external perspective. In contrast, measures such as setting up joint investigation groups between Member States to work on specific cases, as agreed in 2002, have yet to be put into practice by Greece, Italy, Luxembourg and Hungary.

After the events of 7 July, the Member States decided to give priority to implementing the measures envisaged in the Action Plan which had been updated only a few weeks previously rather than drawing up a new set of measures. The British presidency similarly did its utmost during its mandate to push ahead with the proposal to retain data from the Internet and telecommunications, to improve the procedure for the exchange of evidence, and to adopt a strategy designed to prevent the recruitment of terrorists in European territory.

These initiatives have been surrounded by considerable controversy and have sparked differences not only between the Member States but also between the European institutions, mainly between the Council and the Commission. In practical terms, these differences translated into the presentation of parallel, divergent proposals by the Commission and by the British presidency of the Council regarding data retention matters. Both proposals contain highly problematic and delicate aspects that have triggered much criticism as to whether they conform to the principles of proportionality and efficiency, as well as questions about whether they breach rights protected by the European Convention on Human Rights.

Finally, following a marathon meeting of the home affairs ministers on 1 December 2005, an agreement was reached on the storage of telephone and Internet data from 2007 onwards. According to this agreement, data identifying messages by senders, addressees and duration will be stored between six and 24 months. However, a court order will be required for access to the content of the messages. The regulation will apply to telephone and electronic calls and to emails, and only partly to missed calls—whose importance was stressed by Spain, since it was thanks to these that the investigations of the Madrid bombings on 11 March were able to progress. Nonetheless, this controversial aspect of missed or unanswered calls was included in the final negotiations with the European Parliament, as was a provision on sanctions applicable to companies that fail to comply with data storage requirements or misuse the information they hold. The text was approved by the European Parliament on 15 December with 378 votes in favour, 197 against and 30 abstentions.

A further measure that should be stressed is the evaluation of national counterterrorism schemes, which was set out in a final report released in mid November 2005. This document assesses the responsibilities of the ministries, government, security and intelligence services and various agencies linked to this field, as well as coordination and cooperation at national and international levels. The chief actions recommended to the Member States are aimed at improving coordination, cooperation, the assessment of threats and risks, the gathering of information and access to databases, as well as upgrading the training of security forces specifically to deal with terrorist attacks and adapt border control to this new phenomenon. Furthermore, at European level, the national governments are entrusted with the task of working more closely with Europol, Eurojust, the Situation Centre and CEPOL. As for Spain, the final report makes a positive assessment, although it identifies aspects that can be improved on.

There is no doubt that one of the main advantages the European Union possesses in the fight against terrorism is its overall approach to this phenomenon. As the European Security Strategy points out, this new threat can only be combated by coordinating all available resources, both political, diplomatic, international cooperation, police and military. In this connection, the Council's endorsement (May 2005) of an initial report on the implementation of a conceptual framework on the ESDP dimension of the fight against terrorism is of great importance. This is a dynamic document that will have to be periodically updated in order to ensure the coherence of the actions undertaken in the field of ESDP to support the fight against terrorism. Four priority areas of action are specifically identified: prevention, protection, crisis management and support for third States in combating terrorism. There is no doubt that the very fact it has been adopted implies that this conceptual framework has achieved broad consensus. Nevertheless, its implementation poses a considerable number of doubts, as some questions such as the possibility of an ESDP mission aimed directly against terrorist activities in a third State are unlikely. However, it does show States' interest in and commitment to using all the instruments at their disposal and, above all, linking internal and external security permanently.

As mentioned earlier, the EU initially promoted a whole host of initiatives, many of which have not been properly implemented. One of the measures with greatest repercussions on the press was the creation of the office of counterterrorism coordinator. Nevertheless, his action has been very disappointing as he has little power, a tiny budget and no capacity to propose legislation on this matter or to demand any related action from governments.

Finally, in December 2005, the 25 Member States managed to agree on the "European Union Counterterrorism Strategy": a comprehensive scheme for combating international terrorism that includes both preventive actions and actions to protect Europeans and European interests, pursuit of terrorists and management of the damage that may be caused. The EU undertakes to combat terrorism globally while respecting human rights and to make Europe safer, allowing its citizens to live in an area of freedom, security and justice. Although the intergovernmental and national perspective is maintained in this field, the EU offers to cooperate in four fundamental aspects: 1) strengthening national capabilities; 2) facilitating European cooperation; 3) developing collective capabilities; and 4) promoting international partnership and cooperation. The strategy entrusts the European Council with the political oversight of the agreed actions, establishes a political dialogue between the main community institutions (Parliament, Council, Commission) and makes the Committee of Permanent Representatives

responsible for monitoring its implementation periodically. In addition to this initiative, other very important documents were approved, such as the strategy to prevent the radicalisation and recruitment of terrorists in Europe, agreements for the management of emergencies and crisis coordination in the EU, among others.

Management of immigration and border control

The area of Freedom, Security and Justice is one of the fields in which the most progress had been made during the work of the European Constitution. Therefore, the uncertainty regarding the future of the Constitutional Treaty can be considered to have a very negative effect on the progress of the European Area of Freedom, Security and Justice, which had received significant impetus in November 2004 with the adoption of the "Hague Programme". The programme attempts to provide a European response to challenges such as illegal immigration, organised crime and terrorism by means of a multiyear programme (2005-2009) with a timeframe for adopting each of the measures proposed. Nevertheless, to make it even more specific, in June 2005 the Council and the Commission drafted a complementary Action Plan that was adopted at the Justice and Home Affairs Council.

This Action Plan adds to the "Hague Programme" various actions relating to the exchange of information between agencies, the fight against organised crime, the harmonisation of laws, and judicial cooperation in criminal matters. It also incorporates a system for carrying out an objective and impartial assessment of its goals to avoid repeating the experience of the first, failed plan (Tampere I, 1999). In September 2005 the Commission furthermore issued three communications on the fulfilment of the objectives of the "Hague Programme", specifically on Integration, Regional Protection and Migration and Development. In addition, the proposal for a directive on common standards in procedures for returning immigrants to their countries of origin began to be studied.

It should be stressed that Spain has been a constant supporter and promoter of initiatives in this field, as it recognised early on the importance of a European action in issues such as judicial cooperation in fighting terrorism and the necessary cooperation in combating illegal immigration. For obvious reasons, Spain is much more sensitive to these issues than other Member States that do not have extensive external borders. Illegal immigration and trafficking in

drugs, weapons, explosives and people are problems that are battled with on a daily basis at Spain's borders. This critical situation came to a head at the border posts of the Spanish cities of Ceuta and Melilla when human lives were lost owing to the avalanche of undocumented sub-Saharans who attempted to cross the fence separating them from European territory.

These tragic and pressing circumstances prompted the Spanish government, together with France, to submit an initiative at the informal Hampton Court summit (on 27 October 2005), which was later adopted at the December European Council. The European Council approved a declaration on the Mediterranean and Middle East concerning migration issues. This declaration endorses various measures aimed at fostering true practical cooperation between Member States through the European borders agency, while stressing the need to step up dialogue and cooperation with Africa. It should be stressed that it reinforces the need to give greater priority to financing issues related to migration, and analyses the possibility of allocating as much as three percent of the European Neighbourhood Instrument.

Specifically in the border control field, the main event of 2005 was the establishment of the European Agency for the Management of Operational Cooperation at the External Borders of the EU Member States. This Agency stems from the need to improve integrated management of the Member States' external borders. This does not mean that the Agency is responsible for the external borders, as its functions are limited to implementing current community legislation, while national governments continue to be responsible for control and surveillance of their own borders. The setting in motion of the borders agency was delayed by the disputes over the location of its headquarters, which were finally established in Warsaw and will be directed by the Finnish colonel Ilkka Laitinen. Despite its relative youth, the borders agency is bound to play a growing role in EU immigration policy.

CONCLUSION

To conclude, overall 2005 was a year of relentless crisis for the European Union. Admittedly, the year could have ended on a worse note if the budgetary agreement for the 2007-2013 period had not been finalised. However, the budgetary agreement reached in December has little more merit than its very existence: whereas Europe is enlarging, the Union's budget is shrinking to historic lows. Furthermore, only 5.8 percent of the budget is earmarked to fostering

growth and employment, 1.1 percent to security and justice policies and 5.8 percent to enhancing the EU's international presence, three issues that embody European citizens' chief concerns. The Union also kept its promise and cleared the stumbling block of opening accession negotiations with Turkey. However, here again it did so in a climate of pressure and threats, behind public opinion's back and leaving in its wake widespread rejection of furthering the enlargement process.

Therefore, viewed from a distance, the year 2005, which was marked by citizens' rejection of the European Constitution and stagnancy of the euro zone, contrasts starkly with 2004, a year crowned by the success of enlargement to take in 10 new members and the ratification of the Constitution. The hopes with which the Union ended 2004, which gave grounds for envisioning an internally cohesive and externally thriving Union, have not been fulfilled. The consequences are worrying indeed. On the domestic front, citizens have severely chastised the traditional way of doing politics in Europe and in the Member States. Externally, its presence and credibility as an international player and, consequently, its influence on world governance have suffered the effects.

Under these circumstances, the pending tasks on the European agenda for 2006 are by no means enviable and raise doubts as to the Union's current ability to perform them: to restore citizens' confidence, relaunch the European economy and revive the Union's international credibility.

CHAPTER FOUR

UNITED STATES

UNITED STATES

BY RAFAEL CALDUCH CERVERA

THE GENERAL FRAMEWORK OF STRATEGIC RELATIONS BETWEEN THE UNITED STATES AND EUROPE

An analysis of developments in strategic relations between the United States and Europe during 2005 should spring from a reflection on the structural context of these relations, as this is the only manner of avoiding drawing hasty conclusions due to lack of sufficient historical perspective.

The debate on the transatlantic gap, which was triggered by the Anglo-American decision to intervene militarily in Iraq, has pervaded most analyses conducted over these past two years. In Spain this is added to by the controversy sparked by the president of the government's decision to withdraw the Spanish troops deployed in that country and the diplomatic clash with the US authorities.

As the main American and European political and military documents repeatedly state, relations between the two sides of the Atlantic are underpinned by factors that are not the result of circumstances but of a long history of international cooperation. The defence of democratic values and principles throughout two world wars and the lengthy bipolar confrontation; the consolidation of the rule of law and protection of human rights; the development of a market economy with wide-ranging social protection; the progressive interconnection of transatlantic trade, financial and technological flows; the establishment of a regional alliance organisation and backing for the United

Nations' collective security system cannot be considered secondary or circumstantial elements when judging the soundness and depth of the transatlantic link.

At the same time, it would be naive to expect that the powerful cooperation sealed between the United States and Europe should imply an absence of political discrepancies, economic competition or ideological and moral conflicts. The view Americans and Europeans share of a peaceful, secure and developing international order is compatible with their different criteria and action strategies for achieving and maintaining it. Contrary to what is usually stated, the conflicts that have arisen between the United States and Western Europe in the last half of the 20th century have not only not weakened the relationship between them but have positively strengthened their international cooperation, contributed decisively to preventing and resolving wars, fostered the freedom and stability of world economic flows and promoted the processes of transition to democracy in Europe and Latin America. These are realities that neither the Bush Administration nor the French and German governments ignored during the crisis triggered by the intervention in Iraq and which the Spanish government does not question either.

Therefore, our analysis of the evolution of relations between the United States and European countries, including Spain, during 2005 should take into account events that occurred during that period and weigh up their effects on the transatlantic link as a whole in the context of a basic cooperation structure that excludes any scenario of a break, which would be totally unrealistic.

CONTINUITY AND CHANGE IN THE UNITED STATES' STRATEGIC AGENDA

In the general framework of close regional cooperation, developments in transatlantic relations in 2005 were marked by the start of President Bush's second term in office. Following the election success that guaranteed his continuity in the White House and a comfortable Republican majority in the House of Representatives and the Senate, President Bush has been freed from electoral mortgages and considers that the political support received is definitive proof of the aptness of his neoconservative domestic policy, interventionist foreign policy and security policy centred on

fighting international terrorism. As a result, continuity in the main aspects of these three policies will be the general framework for American action during his four-year term.

In order to be fully effective, this principle of continuity precisely requires institutional changes together with the adoption of new diplomatic initiatives allowing the main guidelines of US foreign policy to be adapted to the changing world situation. The appointment of the former security advisor Condoleezza Rice as Secretary of State and of the Hispanic Alberto Gonzales as Attorney General are significant examples of some of these changes in the president's cabinet, while the presence of Vice-President Dick Cheney and Defence Secretary Donald Rumsfeld in the cabinet are irrefutable proof that major alterations are not to be expected in how America projects itself to the world.

Under such conditions it would have been surprising if President Bush had significantly modified his position on the main issues on the US agenda: relations with Europe and Russia; the *war* on international terrorism; the military interventions in Afghanistan and Iraq; the position regarding the Palestinian-Israeli conflict; the nuclear proliferation of North Korea and Iran; the deferment of relations with Latin America; the reform of the United Nations; refusals to ratify the Kyoto Protocol and Convention of the International Criminal Court; and the Doha Round of trade negotiations.

From a political and military perspective, the Bush Administration's international position regarding Europe continues to be marked by three important documents: the National Security Strategy adopted in September 2002 establishing the guidelines for US security policy; the Declaration of the North Atlantic Council issued in Prague in November that same year defining NATO's new goals, structure and assets; and, lastly, the Transatlantic Declaration, updated by the New Transatlantic Agenda of December 1995 defining the framework for relations between the United States and European Union, which has been continually adapted through the summits held in past years.

Since the president of the United States is sticking to the basic tenets of his foreign and security policy, it is only logical that one of his first international initiatives should have been to

ease the tension stemming from the military intervention in Iraq with his European military allies and economic partners. The presidential visit to Brussels in February attested to the urgent need for both Europeans and Americans to resume dialogue and cooperation in order to maintain the joint world leadership they have exercised for over a decade and, above all, to prevent the differences that have emerged from undermining the economic and strategic issues that link the two sides of the Atlantic.

Both Washington and Brussels are aware of the importance of the transatlantic link to international stability. Cooperation in fighting terrorism; involvement in the peace processes in Bosnia-Herzegovina, Kosovo, Afghanistan and Iraq; the development of a joint diplomacy to contribute to solving the Palestinian-Israeli conflict; putting a stop to or, at least, limiting the Iranian military nuclearisation programme; and support for the electoral processes and democratic reforms in Ukraine are unequivocal proof of the soundness and worldwide scope of the Euro-American link.

Spain takes an active part in developing the transatlantic link and, despite appearances, our participation in peace missions under the aegis of the United Nations, NATO or European Union, our proven efficiency in fighting terrorism and international crime and our solidarity and assistance to the United States following the hurricane Katrina disaster can only be interpreted as irrefutable proof of Spain's express and firm will to reconcile bilateral Spain-US relations with our European vocation, irrespective of which party is in government.

THE UNITED NATIONS REFORM AND THE POSITION OF THE US

One of the primary changes that need to be made to the world order that is guaranteed by Americans and Europeans jointly involves the United Nations and the collective security system this organisation ensures.

After overcoming the reluctance to meet its financial obligations as a member of the organisation, which it had displayed until the 11 September bombings and the failed attempts to

instrumentalise the Security Council in order to legalise its intervention in Iraq, it appears that the US Administration has clearly opted to consider the United Nations to be an organisation that is necessary and useful to its foreign-policy interests.

Indeed, the United States' support for the *Report of the High-Level Panel on Threats, Challenge and Change* has cleared the way for the establishment of the *Peacebuilding Commission* which aims to mobilise the UN's resources and capabilities in post-conflict reconstruction and stabilisation, together with the *Peacebuilding Support Office* belonging to the General Secretariat.

The US position regarding the reform of the Security Council is more problematic, as the absence of a single model and discrepancies over which countries would become permanent or quasi-permanent members in representation of the different regions are forcing it to shun the conflict of interests that would arise with some of its main allies if they were to back different candidates.

Naturally, however, the role played by the United Nations in the world order depends not only on the configuration and competences of the Security Council, even though this is a very important issue, but also on the degree of fulfilment of its resolutions and on the support granted to the whole web of specialised agencies that make up the UN system as a whole. In this respect the unilateralist tendency that underlies America's well known doctrine of *pre-emptive action* vis-à-vis a possible attack by terrorist groups or rogue states amounts to a serious questioning of the United Nations' authority and a significant limitation on this organisation's legality, added to the traditional strategy of military reprisal for the terrorist attacks that the successive US administrations have pursued for the past decades.

Nonetheless, despite the unilateralist discourse that has been taking shape since the early 90s, the experience of the past decade and a half shows that the United States is making a decisive political, diplomatic and military contribution to the peacemaking operations conducted by the United Nations, irrespective of whether the administration is Democrat or Republican. The US position on the role conferred on the United Nations in the field of international security has been as clear as it has constant since the second Gulf War of 1990: it prefers to act under, and by reinforcing, the UN system of collective security, though when this system blocks or ignores its

national security requirements, Washington does not hesitate to resort to unilateral actions to guarantee its strategic goals.

This conception lies at the root of the discrepancies that emerged between a few European countries and Washington—discrepancies that will continue in the immediate future. However, the current US Administration has realised the political price, both internationally and domestically, of such unilateral initiatives. This forced it to reconsider the necessary support of its European allies in the major international initiatives undertaken in 2005.

THE TRANSATLANTIC RELATIONSHIP: BETWEEN NATO AND THE EU

It is a proven, though not always officially acknowledged, fact that the United States' foreign policy and strategic dimension require a combination of European diplomacy, economic resources and military support in order to develop the country's power projection capabilities worldwide. At the same time, the European Security and Defence Policy (ESDP) depends on NATO assets and military capabilities to perform the Petersberg missions assigned to it. Naturally, until a partially communitarised Common Foreign and Security Policy becomes consolidated, as envisaged in the Draft European Constitution, the United Status will have to develop its link with Europe by juggling with the requirements of bilateral relations, its central position in NATO and its institutional cooperation with the EU.

The complementarity of, but also the differences between, the strategic conception of NATO and that of the European Union have contributed to increasing the political and military discrepancies between an Atlanticist Europe enlarged to the Central European countries and with the presence of the Russian Federation on the one hand, and, on the other, the strictly Europeanist countries in favour of forging an exclusively European alliance unaffected by American hegemony. The transatlantic relationship is thus torn between the strategic conception of the Atlantic Alliance, as redefined successively between 1991 and 2002, and that established for the European Union by the Solana Report of 2003.

There is no doubt that the United States gives priority to the pro-Atlantic option as it is the only one in which it plays an evidently predominant role. However, insofar as the transatlantic link is not limited to the field of security and defence but also includes the economic, political, technological and cultural spheres, Washington accepts the development of a European defence policy channelled through the European Union as part of a general interregional cooperation policy with undeniable consequences for the world order. For its part Brussels, through its constant appeals for the need for cooperation between the EU and NATO, which are incorporated in all community treaties from Maastricht to Nice, legally ratifies the necessary link with the Atlanticism embodied by the Americans.

The system of *transatlantic conferences at the EU-USA summit* is an essential element that was reinforced by the visit of the new president of the European Comisión, José Manuel Barroso, to Washington in October 2005 in response to the one paid by President Bush and the new Secretary of State Condoleezza Rice in February. However, these two meetings were interspersed by the French and Dutch rejection of the Draft European Constitution, with the consequent political impact on the development of European integration. This weakened Brussels' negotiating power against a US Administration with a fresh victory at the polls under its belt, and with which the strategies for joint action in matters of worldwide scope need to be discussed.

A core aspect of the EU's security relations with the United States is the development of the military and civilian capabilities of the European crisis management structure. The establishment of the European Defence Agency and the implementation of the Headline Goal approved at the June 2004 European Council, which envisages the setting up of battalion-sized *Battle Groups* together with support elements in order to be fully operational and able to deploy rapidly, has translated into the definition of the 13 Battle Groups that are to be fully available in 2007. However, the assessment of the military capabilities defined by the Member States in the *Capability Improvement Chart 2005* shows that scant progress was made that year with respect to the situation in 2002. Similarly, the civilian-military crisis management centre that is organisationally responsible to the High Representative for the CFSP is also at the developmental stage. This leads us to the conclusion that during the course of the coming year the EU should make a major effort to meet the deadlines and goals established in the development of the ESDP.

As already witnessed with the intervention of the EU and NATO to support the peacemaking operation in the Darfur region (Sudan), the progressive introduction of the ESDP will enhance military cooperation with the United States and NATO in the context of a political strategy of international scope which is taking shape, increasingly clearly, as the core of a new world security directorate in which the United Nations, the Russian Federations and the various regional powers also participate and in which the role to be played by powers such as the People's Republic of China and India has yet to be defined.

An essential aspect of transatlantic strategic relations is scientific and technological cooperation. In this field the inclusion of security and defence requirements in the European space programme is a new and decisive area of the strategic Euro-American agenda. The report presented in March 2005 by the Panel of Experts on Space and Security identifies the adaptations that need to be made to the European Space Programme in order to meet the military and security needs of the ESDP. In the medium term, the development of the European space dimension for military purposes will force Washington to establish compatibility and cooperation conditions with the EU, as has already occurred in relation to the GPS and Galileo satellite navigation and positioning systems. The same is true of the decision to construct the prototype ITER (nuclear fusion power) at Cadarache (France) in contrast the United States' backing of the Japanese candidature.

Neither the United States nor the EU have defined a general political and institutional framework for coordinating their long-term scientific research, development and technological innovation programmes apart from the cooperation instruments established for very important but individual projects. This shortcoming, which is largely due to the logic of economic competition and technological rivalry, is going to continue over the next years, but sooner or later the US government will have to face up to the reality that the scientific and technical gap that gave it a decisive advantage over Europe for decades has shrunk, to the detriment of its future world economic position.

Indeed, if we examine developments in trade flows and investments between the United States and the EU, we find that the transatlantic relationship is pivotal to the current economic stability and

future growth of both partners. Nevertheless, the spectacular increase in the EU's favourable balance of trade from 21,233 million euros in 1999 to 76,470 million euros in 2004, together with a greater flow of European investments in the United States compared to US investments in Europe—4,000 million euros in 2003—indicate the drive and penetration that goods, services and investments are enjoying in the American market (1). If this trend continues over the next few years, the US government will have to review its economic policy towards Europe in order to curb this trade and financial imbalance that could eventually threaten the country's own economic stability.

RELATIONS BETWEEN THE UNITED STATES AND THE RUSSIAN FEDERATION

The United States' relations with Russia are currently at a stage of limited cooperation. The consolidation of the state institutions and economy that President Putin is carrying out and which secured him re-election in 2004 runs parallel to Russia's aspirations of continuing to enjoy a hegemonic position in the countries belonging to its strategic security area, particularly the Caucasus, the Central Asian republics and their European neighbours (Ukraine, Belarus and Moldova).

US interventionism in the development of the *Rose Revolution* in Georgia, which led to a pro-Western leader, Sajasvili, becoming president in 2004 and was repeated in Ukraine with the *Orange Revolution* at the end of the same year, has revived the Kremlin's old fears of America's intentions of extending its hegemony to areas that the Russian leaders regard as decisive to their national security. Indeed, Georgia's geo-strategic position makes it a decisive area in the antiterrorist policy that President Putin is implementing in the region and very particularly for his plans to control and pacify Chechnya. As for Ukraine, its strategic importance in the European environment and heavy economic and energy dependence on Russia caused the Kremlin to interpret support for Yushenko as a Western challenge to its influence in this country.

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(1) It should be noted that as the trade data refer to 2004, the year of enlargement, and those on investments to 2003, only a minimal part of this increase may be attributed to the accounting effect of the EU's enlargement from 15 to 25 Member States. We therefore consider that most of the growth in trade is due to the increased competitiveness of European products, which has even managed to offset the rise in value of the euro against the dollar in internacional markets.

These discrepancies are casting a shadow over bilateral relations which, despite everything, basically belong to the field of cooperation. The special status granted to Russia in NATO, the progress in implementing the strategic nuclear disarmament agreements and collaboration in fighting international terrorism, especially that of radical Islamic organisations, are imposing their logic of shared interests both on the White House and on the Kremlin.

In addition, the definition of a new Russian military doctrine in 2000, which was updated in 2003 by the senior officials of the Russian defence ministry with the so-called *open doctrine for the modernisation of the Russian armed forces,* is a reaction to the American national security strategy document. The new Russian doctrine attaches renewed value to the deterrent role of intercontinental missiles and proclaims Russia's right to perform preventive military actions against its enemies, showing unequivocally that although the Russian Federation wishes to share world military leadership with the United States and European Union countries, it is not willing to sacrifice its specific national security interests.

In this context, the meeting between Bush and Putin—both of whom had been re-elected as president the previous year—in Bratislava (Slovakia) focused on issues of common interest, such as Washington's support for Russian membership of the World Trade Organisation; nuclear security, with particular reference to proliferation in Iran and North Korea; joint actions in the fight against terrorism; the necessary cooperation in maintaining and operating the space station; and cooperation in energy issues. The conclusion of the Arrangement on Cooperation in Enhancing Control of Man-Portable Air Defense Systems, which, in the hands of terrorists, would pose a serious threat to civil aviation, was particularly significant.

In the medium term Moscow has a clear and firm political will to restore Russian leadership on a world scale. Such a goal involves guaranteeing the continuity in the Kremlin of the political, military and economic sectors that support President Putin, and has led him to prepare for his succession by appointing Dmitry Medvedev, previously chief of the presidential executive office, as first deputy prime minister and Sergei Ivanov as second deputy prime minister in charge of coordinating state security, as well as continuing as defence minister. The first of these appointments signifies a clear commitment to the oil and gas industry as a source of Russia's

economic development; the second guarantees the organisation of the security services and armed forces at the highest political level and, accordingly, the country's internal and external security.

There is no doubt whatsoever that Russia's consolidation as a world-scale diplomatic and military power will cause conflicts and disagreements in strategic relations with the United States owing to rivalry of interests and goals. Indeed, such disagreements have already been witnessed over the Anglo-American intervention in Iraq and the Kremlin's technological support for Iran's nuclear programme. However, such conflicts are not expected to transcend the diplomatic sphere insofar as Washington and Moscow currently share the same view of the general principles that should underpin the world order in the throes of transformation.

From this perspective, the United States' foreign policy has yet to define clearly the role Russia should play in relation to the future international security system, the New Independent States (NIS), the Middle East, and Asia and the Pacific. Unless America defines itself politically in this respect, it will be difficult to achieve stable long-term commitments with the Russian leaders, and bilateral relations will continue to be dominated by the logic of the circumstances instead of being governed by the logic of the two powers' common aims.

IRAQ AND AFGHANISTAN: TWO CHALLENGES FOR THE BUSH ADMINISTRATION'S STRATEGIC CAPABILITY

Although many authors have associated the American interventions in Iraq and Afghanistan with the war President Bush declared on international terrorism, the two interventions were actually motivated by different goals and strategies.

Both wars have in common the overthrow of tyrannical regimes and the demonstration that the military capabilities defined by Washington in terms of being able to intervene in two wars simultaneously are fully operational. This aspect underlines a clear difference between US defence policy and the ESDP. However the causes, political and strategic goals, development of military

operations and process of post-war political stabilisation and economic reconstruction leave no doubts about the differences.

The intervention in Afghanistan was indeed Washington's first and main direct response to the attacks of 11 September 2001 and was aimed at eradicating the bases and support of the Taliban regime for Islamic terrorists, particularly al-Qaeda. In the case of Iraq, the toppling of Sadam Hussein's regime was merely one of the necessary conditions of a vast plan to establish security in the Middle East and foster peacemaking and the democratic and economic development of that region. The plan also includes the withdrawal of Syrian troops from Lebanon and the implementation of the *roadmap* by Palestinians and Israelis.

The long process of Afghanistan's political stabilisation and economic recovery is proving to be slower and more complex than initially planned, but it is increasingly irreversible. The results of the elections to Parliament and the Provincial Council on 18 September 2005, which mark the continuity of democratisation following the presidential elections of 2004, had an abstention rate of over 50 percent, proving that the delays in economic recovery are affecting the consolidation of the new political system. But the very fact that they took place without excessive violence also shows that institutional restoration is a reality that is hard to ignore.

NATO's contribution through Operation ISAF (International Security Assistance Force) and that of the US forces involved in operation *Enduring Freedom* proved decisive in maintaining public order and security during these elections. The peacebuilding stage in Afghanistan is proving much less violent than in Iraq, and this is facilitating the implementation of the reconstruction programmes and the distribution of humanitarian assistance, which will continue to be the chief source of subsistence for much of the country's society for a long time. This means that both the United States and the main powers of the international community will need to maintain their military and civil commitment to Afghanistan for at least a decade in order to cooperate with the authorities in guaranteeing the country's peace and security and consolidating the new political system permanently.

Iraq is the other side of the coin. The intelligence error the United States committed on the situation of the country after a brilliant military campaign and the resistance of substantial sectors of the old Baathist regime have triggered a general atmosphere of permanent violence that is conveniently fuelled by the insurgency and recurrent action of the terrorist groups led by al-Zarqawi. Nonetheless, the lack of unity of command and disagreements over the political and military goals of the insurgent groups has prevented the formation of a single armed front and common military strategy, leaving a broad margin for the operations of multinational troops and for the implementation of the plan for transition to the new political regime.

Indeed, there has been a shift from the combined strategy of armed uprisings and suicide attacks witnessed a year ago, aimed chiefly at international troops, to a strategy based almost exclusively on suicide attacks using car bombs carried out on army recruitment centres of the Iraqi army and police or on the defenceless civilian population. At the same time, the constant kidnappings of foreign citizens that had the French, Italian, British and Japanese governments on the rack only a year ago are now rare. The conclusion to be drawn from this trend seems evident: the operational capability of the insurgency is moving closer to that of the terrorist groups and further away from guerrilla warfare strategy. That means that its membership, social support and arsenals are becoming increasingly limited and that time is against the insurgency and on the side of the new Iraqi authorities.

This change, far from meaning that violence will die down in the country, leads us to predict that the suicide attacks will continue or even increase over the coming year and with them the number of civilian victims. The impossibility of putting an end to terrorist activities of this kind in the short and medium term is a fact that the experience of the Palestinian-Israeli conflict has proven only too well. At the same time, insofar as they are inflicted on the civilian population, these indiscriminate terrorist activities trigger a powerful reaction of political legitimisation of the authorities and transition to a new regime, which has become quite clear in the various elections held during the year. The progressive political and social isolation of the insurgents, who hail from a few sectors of the Sunni minority, makes the danger of a civil war unlikely and is shaping a scenario of indiscriminate political terrorism that will require a strategy combining occasional selective

military reprisal measures and growing, constant police intervention, underpinned by suitable antiterrorist legislation and the progressive strengthening of the new Iraqi political institutions.

Indeed, despite the military errors committed, the events show that in only one year cooperation between the Anglo-American authorities, the provisional government of President Ajil al-Yawer with Ijad Allawi as prime minister and the main Kurdish and Shia leaders such as Ali al-Sistani, has made it possible to develop the constitution process leading to elections to the new constitutional government in December 2005.

The turnout for the January 2005 elections to the Constituent Assembly, which was 59.9 percent despite the spate of violence triggered by the insurgency with the aim of increasing abstention, signified decisive national and international political backing for the transition process and created an irreversible gap among the opponents of the new system between those in favour of political participation in the constitution process and the advocates of violence as a strategy for preventing it. Subsequently, the result of the referendum for the approval of the new Constitution, held on 15 October, was even more categorical. With a turnout of 63 percent, 78.5 percent voted in favour. Without going into a political and electoral analysis, it should be stressed that the fact that the timeframe initially planned for the whole transition process was kept to was just as important as the success of the results, as it illustrates much more effectively than any other argument that Iraqi society is keen for political change and that the insurgency lacks the political and military instruments for preventing it.

The important political progress made in Iraq in 2005 is undoubtedly not sufficient to guarantee a peaceful country and sound economic recovery in the future. The new constitutional authorities must face up to the decisive challenge of guaranteeing sufficient public order so that the programmes of economic reconstruction, particularly in the oil industry, and institution building are implemented quickly and translate into substantial improvements in the population’s living conditions. Otherwise, the process of violence generated by the insurgency will end up eating away at the new political legitimacy and, with it, the opportunities for a real change in the country.

Current changes throughout the region have significantly influenced the political and military evolution of Iraq. The international environment marked by Syria's withdrawal from Lebanon, the change of government in Iran and the headway made towards a solution of the Palestinian-Israeli conflict is less conducive to the insurgent action and terrorism directed by al-Zarqawi. The recent attacks in Amman on 9 November, for which this al-Qaeda leader claimed responsibility, point to the possibility of a change in the strategy of this terrorist group, which will focus on destabilising Jordan and Lebanon in the near future, as it considers them politically weaker and socially less legitimate than the new Iraqi regime. Should this trend be confirmed, it would constitute important additional proof of the feasibility of the new Iraqi regime in the medium term.

Finally, the progressive implementation of the plan for political transition in Iraq is pivotal to explaining the Bush Administration's announcements of its plans for a partial withdrawal of the troops stationed in that country. There is no doubt that growing pressure from US public opinion together with the initiatives adopted by various congressmen, both Democrats and Republicans, to speed up the withdrawal of US troops from Iraqi territory have helped hasten the decisions adopted by the Pentagon. But this national pressure, far from being the main or only cause for the forthcoming withdrawal, is evident proof of the limited but genuine political success being achieved in Iraq, which also involves the progressive transfer of military and police competences from the Anglo-American command to the Iraqi authorities.

As in Afghanistan, the political stabilisation and economic recovery of Iraq will take up what remains of the present decade. This implies that the international troops, especially those of the United States, should maintain a number of troops in accordance with the country's internal developments, meaning that President Bush must continue to face the political wear and tear caused by the sectors opposed to their remaining in Iraq and the military cost of casualties among the troops operating in the country.

In the light of events, the assessment of the political results achieved in Iraq and Afghanistan during 2005 is positive. Since neither transition process is complete, this is a temporary assessment and is not, nor could it be, definitive. Nonetheless, the encouraging evolution of the situation in both countries is sparking contradictory reactions in the region.

Furthermore, the United States' authority vis-à-vis the Israeli government has increased and, with it, its capacity to press for the implementation of the roadmap, by facilitating the withdrawal of the settlements along the Gaza strip and, accordingly, the margin for political manoeuvre of the Palestinian leader Abu Mazen. At the same time, Anglo-American military influence in Iraq has had a decisive role in facilitating Syria's military withdrawal from the Lebanon. This action should be interpreted as proof of the internal political difficulties of the regime headed by Bashar al-Assad, who is incapable of continuing with the interventionist policy established by his father in the Lebanon in order to ensure a security area for Syria following the loss of the Golan heights.

In contrast, the rise of the conservative and populist Mahmud Ahmadinejad to the Iranian presidency after the elections on 17 and 24 June, with the support of 61.6 percent of the electorate compared to the 35.9 percent secured by his opponent Rafsanjani, underlines two facts that are significant for Iran's future: the mixture of fear and expectation that prevails among Iran's religious leaders, but also the powerful political control they exert on Iranian society, especially in rural areas.

Indeed, the political transformation processes sponsored by the United States in two neighbouring countries, Afghanistan and Iraq, have aroused serious misgivings among the more conservative sectors of the Iranian clergy headed by Ayatollah Ali Khamenei about US-Israeli influence in the region, which would bring prospects of de facto international isolation. At the same time, the influence the Shia groups enjoy in Iraq leads them to entertain expectations of a future alliance between the two countries, which would obviously change the strategic correlation in the Gulf area.

The periodic international controversies triggered by Ahmadinejad's declarations, although directed at Iranian society, nonetheless reflect the regime's ambitions of becoming the catalyst of radical Islamic groups in order to achieve a regional hegemony that was lost two decades ago.

Finally, the impacts of the consolidation of the new Iraqi regime and the United States' growing influence in the Gulf region on the absolutist monarchies in the area have yet to be

examined rigorously. Prince Abdullah, regent and brother of the late King Fahd, acceded to the through on 3 August in accordance with the country's legal and political provisions.

Although the new monarch enjoys good relations with Washington, his support of radical Islamic movements and plans to revive the cohesion between Arab and Muslim states, even his proposals for peace with Israel, evidence the serious contradictions of his foreign policy and partially clash with America's own plans for the region. His opposition to the use of his country's territory as a base for the Anglo-American headquarters in the recent intervention in Iraq has weakened the strategic position acquired during the 1991 war. Furthermore, his support for the Taliban regime and tolerance of Bin Laden's activities before the 11 September 2001 attacks have reduced the Saudi regime to the status of an unreliable ally in the White House's eyes.

The progressive recovery of Iraq's oil production will no doubt affect the future exports of Arabia, Kuwait and the other Gulf states, becoming an important source of economic competition and political rivalry which the Pentagon should not underestimate in its assessments of future regional threats and its policy of alliances in the area.

Having examined the changes that have taken place in Afghanistan and Iraq, we may conclude that regional security and the stability of the political transitions under way in both countries will be the United States' main strategic priority during 2006 after the fight against international terrorism.

LATIN AMERICA FROM THE UNITED STATES' PERSPECTIVE

During President Bush's first mandate, relations with the Latin American countries were relegated to second place on the United States' foreign-policy agenda, though the conflict with Venezuela's President Hugo Chávez and initiatives aimed at curbing his regional influence were central to a good many US reactions.

The start of his second term brought few changes with respect to the previous period. Tension with Venezuela has mounted in direct proportion to the country's chumminess with Castro's Cuba

and President Chávez's constant international denunciations of American imperialism in the region. Nonetheless, the Venezuelan president's plans to persuade regional powers such as Brazil, Colombia, Argentina and Mexico to adopt a critical stance towards Washington have had little success. So far, only the Argentine president Néstor Kirchner has followed, with a certain amount of caution, the populist and *Bolivarian* course mapped by the Venezuelan leader, while the Colombian and Mexican presidents have become the staunchest supports of America's regional policy. Midway between the two extremes, the Brazilian and Chilean leaders are attempting to act as moderators—a role that is becoming increasingly decisive to the Latin American geopolitical balance.

Indeed, growing hostility between Venezuela and the United States reared its head at the meetings of the leading regional forums such as the OAS, the FTAA and the Summit of the Americas. It needs to be accepted that while oil prices remain high, President Chávez will continue to enjoy majority support in his country and will accordingly carry on hindering Washington's projects for the region.

This situation could be worsened by the precarious political and economic conditions of the Andean triangle (Bolivia, Ecuador and Peru). The presidential resignations in La Paz and Quito, forced by popular pressure, are a forewarning of risks of coups in the Southern Cone. These risks deserve to be devoted special attention by the Department of State, whose regional initiatives have unfortunately been glaringly absent. The absence of the political leadership the US has traditionally exercised since the proclamation of the *Monroe doctrine* cannot be made up for by sporadic, well-intentioned actions of countries like Brazil and Spain at the recent summit at Ciudad Guyana on 29 March to mediate in the conflict that has arisen between Colombia and Venezuela.

Furthermore, the complicated process of electing the new OAS Secretary, the Chilean Insulza, underlined the fact that the United States' diplomatic passiveness is weakening its regional position. So far the OAS had been a multilateral instrument of Washington's regional policy, but the situation is changing, as evidenced during the organisation's General Assembly in the debate over the priority that should be given to social and economic rights as they are being defined in the Social Charter of the Americas and its related Action Plan on strengthening democracy and hemispheric security as advocated by the Bush Administration.

There is no doubt that abandonment of the interventionist policy pursued by the successive US administrations is opening up possibilities of political dialogue and a more balanced continental-scale economic cooperation, provided no new interventionism arises in reaction to the anti-American policies of populist leaders like Hugo Chávez.

Colombia continues to be one of Washington's main allies in the Southern Cone and the results of the efforts of President Uribe—who is expected to be re-elected—to combat drug trafficking and the guerrilla have confirmed Washington's need to maintain and broaden its programme of economic and military cooperation with this country.

Nor have any substantial changes been glimpsed in regional economic projects. That of greatest diplomatic though not economic significance is the signing of the treaty establishing a free trade area between the USA and the Caribbean countries and the Dominican Republic (CAFTA).

Evidently, like any multinational free-trade agreement, it is improvement on much more restrictive bilateral trade situations. However, the considerable asymmetry between the US economy and those of the Caribbean countries, together with the very similar productive structure of the latter, will end up upsetting the balances of trade, as the mass-scale entry of US products onto the Caribbean markets cannot be offset by an increase in Caribbean products on the US market. The new treaty may spur US-based companies to partly relocate in order to take advantage of wage differences, but this possibility will be very limited, at least initially, as these countries lack suitable infrastructures to support the installation of major industrial complexes.

The draft *Treaty of the Free Trade Area of the Americas* (FTAA) has failed to make any permanent progress for two years. Brazil's demands for the abolishment of American subsidies on its agricultural products as compensation for the stricter protection of intellectual and industrial property rights that the United States wants, on the one hand, and the alternative regional project submitted by Venezuela, called the *Bolivarian Alternative for the Americas* (ALBA), on the other, show the real hurdles that need to be cleared in order to achieve the goal of liberalising trade on a

continental scale. These difficulties are not expected to be overcome nor is treaty likely to be signed in the coming year.

Lastly, the United States' participation in the United Nations Stabilisation Mission in Haiti (UNMIH) with military and police contingents attests to Washington's political will to cooperate with the United Nations in an area as essential to its national security as the Caribbean basin.

THE UNITED STATES' DILEMMAS VIS-À-VIS THE STRATEGIC CHANGES IN THE INDIAN SUBCONTINENT AND PACIFIC

2005 was characterised by an accentuation of the strategic changes occurring in Southeast Asia and the Pacific, in respect of which the Bush Administration is defining its policy with new initiatives whose results will only appreciated in the medium term.

In the Indian subcontinent, the United States' *strategic partnership* with India is a key aspect of America's presence in the area, which was clearly enhanced by Condoleezza Rice's visits to the country and by Prime Minister Manmohan Singh's trip to Washington. At the same time, following the intervention in Afghanistan, the Bush Administration also opened up a channel of cooperation with Pakistan, which is making President Musharraf's regime, hitherto regarded as a political enemy in the field of terrorism, a decisive ally in combating this phenomenon. This new alliance has resulted in a military and economic cooperation programme that will amount to three billion dollars over the 2005–2009 period and underlines the United States' growing interest in consolidating the Pakistani regime in its process of limited democratisation and eradication of sources of Muslim radicalism, but above all, as a guarantor of regional security.

Washington's policy in the area has given decisive impetus to détente between India and Pakistan, whose nuclear race of previous years had made the Kashmir region one of the most critical flashpoints as far as continental security is concerned. The meetings between President Musharraf and the Indian prime minister, Singh, have established a top-level negotiation process which, if it continues, will make it possible to stabilise regional security over the next few years.

We cannot be surprised by the fact that the Iranian regime envisages developing its nuclear programme not only as a deterrent against the potential threat of the nuclear arsenals of Israel and India, but also as a means of guaranteeing its regional influence at a time when US diplomacy has spread Washington's influence to three of the four countries with which it shares the longest borders.

In relation to the Pacific area, Washington has three priority issues on its agenda: North Korea's nuclear programme; the evolution of competition between the People's Republic of China and Japan; and, finally, plans to establish an economically integrated region. US diplomacy and strategy are shifting away from a position based historically on the double alliance with Japan and South Korea, with a clear primacy of military and defence elements, towards a multilateral position in which economic and diplomatic aspects also play a specific role, together with the security dimension. These changes stem from the need for strategic definition of the regional powers and to address the new economic realities, particularly in the case of China.

As for North Korea's nuclear programme, US diplomatic pressure and military threats have facilitated the multilateral talks that took place between July and November 2005 in which the People's Republic of China, Japan, the Russian Federation and the two Koreas took part, in addition to the United States.

Despite the official declarations according to which North Korea has undertaken to limit its nuclear programme to exclusively civilian purposes, the fact is that the country has already experimented with new medium-range missiles capable of transporting nuclear warheads. Furthermore, the Pyongyang government's intentions of honouring the commitments made in the joint declaration of September 2005 should be regarded with a certain amount of scepticism. This will force the White House to seek firmer support from China and Russia to deter Kim Jong Il's regime from continuing with its nuclear programme and inevitably restoring the Nuclear Non-Proliferation Treaty as a guarantee of the continuity of his own dictatorial power.

Japan continues to be the most important ally in the area in US strategy. The programme to equip the Japanese with a ballistic missile defence system is directly linked to the potential threats posed by China and, in future, by North Korea. At the same time, the review of the bilateral military alliance stems from well defined factors: the pressure of Japanese public opinion to reduce US military presence and the Pentagon's own planning to reduce its total number of troops in keeping with the new strategic conception based on the availability of highly qualified and professionalized units capable of projecting armed force on a world scale. The 2+2 meeting of the Japanese foreign and defence ministers and their US counterparts held in Washington in October was aimed at defining the framework for this new US-Japanese strategic alliance which Tokyo perceives to be the ultimate guarantee of its national security in the face of China's growing military and economic might.

The relationship between the United States and China is more complex. Following the Tiananmen events, the US authorities established a policy of pressuring the Beijing government to democratise the political regime and guarantee the protection of human rights and fundamental freedoms, without neglecting diplomatic and trade relations. The pressure measures included an arms embargo that was also adopted by the EU countries.

A decade and a half on, China is deeply immersed in a process of economic growth, social reorganisation, administrative modernisation and professionalisation of the army, without having changed its single-party regime. This period has witnessed the advent to power of a new generation of politicians characterised by their high degree of professional qualifications and proven pragmatism. Basically, the Chinese authorities are pursuing a development model adapted to the specific conditions of a country with a population of over 1,200 million in which political and administrative centralisation are considered essential to guaranteeing economic growth and redistribution of wealth, which in turn is the chief source of legitimisation of the Communist Party.

The *Chinese model* of development and modernisation includes, as one of its central premises, pursuing a foreign policy subordinate to guaranteeing the requirements of that model, such as the Chinese economy's full trade and financial integration, energy supplies and broadening of the markets for Chinese products and services and regional political stability and China's deterrent

capability, both conventional and nuclear, vis-à-vis the potential threats of countries like the United States, Japan, India and the Russian Federation. From this perspective it is perfectly logical to think that the Chinese authorities aspire solely to exercise regional hegemony in the Pacific area and do not entertain any whims of world hegemony. This position, which will no doubt change in the medium and long term, has forced the successive US administrations to reformulate their bilateral policy with Beijing.

Washington has now come to terms with the fact that China's participation is necessary to settle the conflict with North Korea and that the process of détente between Beijing and New Delhi over border issues is contributing decisively to improving continental security. At the same time, the question of Taiwan continues to be a source of conflict between Chinese and Americans in that the Chinese authorities have not renounced using all means of pressure, including demonstrations of power, to maintain their claims of sovereignty over the island legally and politically alive. Unlike in previous periods, the United States implicitly accepts this claim but continues to actively oppose any military threat over the authorities and Taiwanese population as it would cause an escalation towards a war that would shatter the balance and security of the whole Pacific area, as well as constituting a dangerous precedent of use of force with a view to future Chinese expansion.

Europe's decision to lift the arms embargo on China places the Washington authorities in a precarious position, as one of the main instruments of pressure it has used on the country could become ineffective as US companies in the defence sector, strongly integrated with their European counterparts, will turn to the latter to dodge the restrictions imposed by the Bush Administration on the sale of weapons.

From the economic standpoint, China's growth with GDP rates of 10 percent in the past decade and the tripling of its exports and imports over the past five years are making this country an unparalleled market for American products and also a key competitor in the future of the area's emerging economies (South Korea, Indonesia, Malaysia, Taiwan, etc.). Therefore, while trade and financial relations between the United States and China have come to be of strategic importance to the growth of their respective economies in the short term, this country's economic and trade

expansion in the medium and long term will jeopardise the opportunities for economic growth and political stability of many other countries in the area.

This dilemma has a direct effect on the economic integration project that the United States is promoting for the whole area through the APEC (Asia Pacific Economic Cooperation), not only because it impairs the growth of the emerging economies but also because China is furthermore becoming a preferential energy buyer from a few Latin American countries (Venezuela, Bolivia, Ecuador, etc.) and, through its investments in Latin America, is spreading its economic influence in the area, taking advantage of the passivity of US diplomacy.

To sum up, the United States is going to have face up to the strategic dilemma in Southeast Asia and the Pacific, which basically boils down to deciding whether to continue with the diplomacy, military policy and pattern of economic relations that have prevailed in recent decades or to shape a new regional policy incorporating all these dimensions in order to address the region's new strategic and economic redistribution, knowing that the price it must pay is a reduction in its hegemony and the strengthening of multilateralism.

THE UNITED STATES' ANTITERRORIST POLICY

Since the attacks of 11 September 2001, the Bush Administration has made fighting terrorism in all forms and on a world scale the centre of its national and international priorities. Although the antiterrorist strategy was initially devised as a military response, the experience acquired over the years and the 11 March attacks in Madrid strengthened the American authorities' growing conviction of the need to develop a broad range of legal, police, financial and judicial measures not only in the United States but also internationally.

This conviction was finally backed by the *Report of the National Commission on Terrorist Attacks upon the United States* (22 July 2004), which paved the way for a number of institutional reforms and for a thorough revision of the country's antiterrorist strategy. On 17 December 2004, President Bush signed the *Intelligence Reform and Terrorist Prevention Act* establishing the post of

National Intelligence Director, which went to John Negroponte, together with the National Counterterrorism Centre. The Commission is directly linked to the president and its main purpose is to coordinate all intelligence activities, both internal and international, advising the presidency on counterterrorist measures to adopt in order to achieve a coherent action strategy. In contrast, the Centre is responsible for drafting daily reports for the president himself on terrorist developments.

In the international arena, the United States backs the initiative adopted in United Nations Resolution 1373 (2001) to set up a Counterterrorism Committee as a body linked to the Security Council and made up of the 15 Council members. At the same time, it is continuing with its attempts at establishing an international convention including a universal definition of terrorism. Washington's ultimate aspiration is for the United States to become the main instrument for developing worldwide legal measures against terrorism and an effective instrument of pressure and, if necessary, for using force against states that harbour and protect terrorist organisations, particularly al-Qaeda.

From the point of view of bilateral relations, cooperation with the EU Member States and a few other key states such as the Russian Federation, Israel, Afghanistan, China and Pakistan in police, judicial and intelligence matters is resulting in the arrest of key leaders of al-Qaeda and other Islamic terrorist organisations. The policy of economic sanctions or aid and of investigating the financial operations of the networks that support international terrorism is helping dismantle the cover that some countries used to grant terrorist finances, such as Libya, Saudi Arabia and Pakistan.

The counterterrorism assistance programme the Department of State has been running since 1983 and the policy of visas and strict border controls that the US authorities are applying, together with the activity of the Office of Homeland Security, are essential components of the United States' antiterrorist policy, which is proving to give decisive impetus to the shaping of an international front against Islamist terrorism.

Nonetheless, the renewal of the *USA Patriot Act*, passed in 2001, gave rise to a major national debate arose and a few legal initiatives were mobilised to clarify the legal, political and moral limits of the antiterrorist measures adopted by the executive. The question of compatibility between the

real conditions of the *prisoners* held at Guantanamo and US constitutional requirements has been the subject of judicial decisions that are forcing the Bush Administration to modify the policy of faits accomplis pursued until now. American society is gradually becoming aware of the need to strike a balance between respect for human rights and civil freedoms, on the one hand, and the effective implementation of deterrents and repressive measures against terrorism on the other. This balance was shattered by the political, legal and police reactions triggered by the terrorist attacks of 11 September.

POLICY ON ARMAMENTS AND WEAPONS OF MASS DESTRUCTION.

One of the primary concerns of Washington's counterterrorism policy is the risk that terrorist groups may secure access to weapons of mass destruction, as this would cause three inevitable effects: a disproportionate rise in the number of victims and the destructive capacity of terrorist attacks compared to those known so far; terrorist groups' ability to exercise political blackmail on governments—which would be difficult to shun or address; and a loss of citizens' confidence in antiterrorist policies, which would ostensibly undermine their effectiveness.

From this perspective, US initiatives to strengthen international cooperation in increasing governments' control not only of their own arsenals but also of chemical products, radioactive waste and biological substances liable to be used to produce weapons of mass destruction is proving effective, as most governments share the US' authorities same fear of an escalation in terrorist organisations' destructive capacity.

America's other strategic priority in this field is to prevent the proliferation of weapons of mass destruction, particularly nuclear, among states. The validity of the Non-Proliferation Treaty is one of the centrepieces of this strategy, but, in the opinion of the US Administration, the control function performed by the International Atomic Energy Agency and diplomatic and, as the case may be, coercive measures are also necessary to ensure that countries like Iran or North Korea do not develop the military applications of their nuclear programmes and that other countries such as Syria or Libya do not decide to implement new civil nuclear programmes.

America's strategy to combat the proliferation of weapons of mass destruction does not command the same degree of support as counterterrorism from the international community. Countries like Russia and China consider it acceptable to export their nuclear technology to third countries, provided it is developed for civil purposes. These discrepancies over the scope of non-proliferation measures are part and parcel of the rivalries between the main powers for political, military and economic hegemony over particular regions or countries.

In a period in which mergers of major multinationals in the defence sector are bridging the transatlantic gap, and innovation and technological development are rendering the distinction between military and civil use increasingly meaningless, competition to dominate growing sectors of the world market place rivalry at the centre of research and technological development, on the one hand, and of countries' foreign policy, on the other.

Contracts for the purchase and sale of weapons are accordingly technological options and political decisions that influence countries' security and defence for decades. It is not strange that the United States, as the world's leading supplier of conventional weapons, has incorporated the supply of weapons to third countries into its foreign policy and strategic world presence. The data provided in the report of US Congress on trade in conventional weapons between 1996 and 2003, which was published in August 2004, clearly show to what extent the United States' foreign policy in the Middle East has translated into growth in the share of that region's armaments market from 47.9 percent during 1996-1999 to 75.6 percent during the 2000-2003 period. During these same periods Russia became the main supplier to the Asian market, its share growing from 35.4 to 48.8 percent.

There is no doubt that, in the future, the development of the European Agency for Armaments together with projects such as the European Strategic Transport Aircraft may modify the current distribution of suppliers to the international market—a market which has furthermore substantially shrunk in volume—thereby sharpening competition. This is not a favourable context for preventing exports of Russian or Chinese dual-use nuclear technology.

DEVELOPMENTS IN SPAIN-US RELATIONS

Having outlined the United States' world strategy in 2005, we may now consider its relations with Spain during that period. The first point that needs to be made is that from America's perspective, Spain plays a significant but limited role in the United States' projection of its influence in Europe, the Mediterranean and North Africa.

With the bipolar world a thing of the past, the logistic position attributed to Spain in the 1953 agreements is still applicable, as evidenced by the recent Gulf war, though of lesser strategic scope. This, together with our full incorporation in the European Union security and defence structure, grants our country a greater degree of political and military autonomy than we possessed several decades ago, in exchange for accepting that our security commitments, as part of the UN, NATO and EU, have shifted from the narrow regional framework to a broader world scale.

In this world arena Spain's strategic relations are defined by four basic aspects: our active membership of the United Nations collective security system; membership of the EU and participation in its security and defence policy; the Atlanticist dimension, defined multilaterally by belonging to NATO; and, finally, bilateral relations with the United States as regulated by the 1998 Agreement on Defence Cooperation, the Joint Declaration of 2001 and the Amendment Protocol of 2002.

The inclusion of the fight against terrorism in all these dimensions as one of the central aspects of international security has erased the traditional boundaries between home affairs and defence responsibilities, making it necessary to organise their respective initiatives outwards, including in the United States.

In this general framework in which the soundness of Spain-US relations is hardly debatable, there is no doubt that the diplomatic and political discrepancies that arose in 2004 continued during the following year in which, as mentioned earlier, there were no changes in the White House. The efforts of both sides to ease relations were clear but insufficient. The defence minister's visit to

Washington for a meeting with Donald Rumsfeld in May 2005, the appointment of the new ambassador Eduardo Aguirre and the support and assistance granted by Spain following hurricane Katrina failed to reconcile the positions of Presidents Bush and Zapatero, and nor were they sufficient to facilitate dialogue between the Secretary of State Condoleezza Rice and the foreign minister Miguel Angel Moratinos during either of the two tours Rice made of Europe in the year.

Furthermore, the leading Spanish companies with a significant share in arms production have been part of European or American groups for some time now. The presence of General Dynamics, Lockheed Martin, Raytheon and EADS in the Spanish industry shows that any government initiative to promote technological, industrial or sales aspects of such companies must always take into account the foreign-policy implications, particularly in regard to our European and US partners.

The Spanish government's recent decision not to join the common armaments market is an example of the close interdependence between political, economic and technological decisions when addressing the country's security and defence issues.

America's long tradition in this field explains only too well Washington's diplomatic reaction to the Spanish decision to sell weapons to the Venezuelan government. Nevertheless, both parties should give serious consideration to the superfluous media debates on security and defence issues, such as the sale of armaments or the use of Spanish airports by CIA agents. Although they do not affect the essential basis of our relations with the United States, they do fuel an anti-Americanism that is rooted in the collective conscious of a majority of Spanish society and perhaps produce electoral benefits, but they also impair Spanish-US cooperation unnecessarily by eroding the diplomatic efforts made by Madrid and Washington to normalise these relations.

This situation of close cooperation in the security and defence field, growing economic and technological cooperation but diplomatic and political distancing will continue over the coming year. From the Spanish viewpoint, the scope and limits of our sovereignty in strategic affairs will be clarified by Organic Law 5/2005 on "National Defence", of 17 November 2005. This reform has regrettably yet to be carried out in the foreign service, and is limiting our capacity for international relations and, naturally, with the United States.

The United States has not changed its strategic and political assessment and is not expected to in the short term. Diplomatic mistrust of the Spanish government will continue within the limits of bilateral relations, without spreading to the multilateral sphere and without significantly affecting the general framework of cooperation. Only an essential change in the transatlantic link stemming from a final ratification of the Draft European Constitution or a serious clash between Madrid and Washington could disturb the situation. Both possibilities are unlikely in the immediate future.

CHAPTER FIVE

MAGHREB

MAGHREB

BY CARLOS FERNÁNDEZ-ARIAS MINUESA

The main world events of 2005 affected the North African region only very superficially, at least as far as economic, social and political reforms or regional stability are concerned. At the risk of appearing pessimistic, we might say that the Maghreb is currently at a standstill, as if its leaders were incapable of taking advantage of the fresh interest Europe and the United States are increasingly showing in regional stability and integration.

From the regional standpoint, the failure of the AMU summit in spring evidenced the depth of the political differences separating the five countries of the so-called Greater Maghreb. Bilateral relations between Morocco and Algeria continued to cool down for many reasons, of which the Western Sahara dispute is only one; indeed, certain analysts are wondering whether, rather than a cause of political differences, the Sahara issue is in fact merely a pretext for the two neighbours not to reach an understanding on aspects of neighbourhood policy as significant as controlling clandestine cross-border trade flows, cooperation in controlling illegal immigration of sub-Saharan origin and cooperation in combating terrorism. Inexplicably, the borders between Morocco and Algeria, two countries that ought to share more than separates them, have remained closed for over a decade. The prospects of progress in regional integration continue to be poor.

These differences between Rabat and Algiers largely dominated developments in the Western Sahara dispute during the year. The positions of the sides—Morocco and the POLISARIO Front are the only two recognised by the United Nations—have become entrenched, making any substantial progress in the peace process impossible. James Baker, the United Nations Secretary-General's Special Envoy for over seven years, resigned in spring 2004, sentencing his Peace Plan to a slow death. Baker's successor, Álvaro de Soto, hardly lasted a year in the post. At the end of the year the United Nations resumed the political initiative by appointing a Special Envoy, Ambassador Van Walsum, who scarcely managed to conduct a tour to establish contact with the parties and neighbouring countries with a particular interest in the

dispute. Meanwhile, the internal situation in the region has palpably worsened following the uprisings and demonstrations staged in the main cities of the Sahara since May.

Nor was regional stability helped by the coup d'état that took place in Mauritania—a sign of the wear and tear of a regime that blamed its governors of being incapable of guaranteeing security vis-à-vis the attack and the destabilising threats of groups whose nature remains uncertain. In that respect the increase in the activities of Salafist armed groups with a more than likely link to al-Qaeda throughout the Sahel region (Mauritania, Mali, Niger, southern Algeria) is particular cause for concern.

In addition to examining the regional outlook, we shall also analyse political and domestic economic developments in each of the countries in the region. The general observation may be made that, as in other Arab countries, the political reform processes appear to have ground to a halt throughout the region, and the announced reforms remain either mere promises or decisions whose ability to bring about change is more than doubtful. As regards the economy, paradoxically, the steep hike in hydrocarbon prices has not led to an improvement in the economic situation of the populations of the region's leading producers (Algeria and Libya), though public spending—in areas such as procurement of weapons and military equipment—has rocketed.

With this outlook, which is hardly encouraging, Europe continued to be the region's main external reference, though not the only one. European initiatives continued to offer prospects of cooperation and partnership—first and foremost those stemming from the Euro-Mediterranean Process and European Neighbourhood Policy, certain aspects of which are tailored to the capabilities of some of the Maghreb partners, particularly Morocco and Tunisia. Therefore the absence of the three Maghreb heads of state from the Barcelona Euro-Mediterranean summit in November was notable; all these absences are significant even though their causes were as diverse as the personalities of the leaders in question. At the same time, the United States is finding in North Africa ideal partners for demonstrating to the world that its policy of promoting democracy can be pursued in the Arab world.

THE REGIONAL OUTLOOK: THE CRISIS OF THE AMU

As mentioned at the beginning of the chapter, the Maghreb was characterised by lack of significant progress in regional integration during the period studied. The Arab Maghreb Union (AMU) is most probably the regional organisation that has made the least progress of all. The over 11 years of stagnation since the last highest-level political meeting show that the difficulties that existed when the Marrakech Declaration was signed in 1989 not only remain but have worsened.

For much of 2004 and the first half of 2005, a succession of technical meetings of the various committees set up by the regional organisation and several ministerial meetings announced with a certain amount of optimism preparatory work for the so often postponed AMU summit. Rabat's decision, announced by King Mohamed VI during the Throne Day festivities in July 2004, that Morocco would be abolishing visa requirements for Algerian citizens wishing to travel to the Alawite kingdom raised great expectations of a rapprochement between the two neighbouring countries. Algeria's expected response to this goodwill gesture—the opening of the borders, which have been closed since 1995—was not forthcoming. A year and a half after the royal offering, President Bouteflika continues to claim that the conditions for opening the borders have not been met. Throughout the period in question, Morocco's efforts to re-establish a certain level of normalised diplomatic and political relations with its Algerian neighbour have been noteworthy. The still recent memory of the diplomatic crisis with Spain and the messages that Paris and Washington have endeavoured to send appear to have sunk in with Rabat, but not with Algiers, which has paid no heed to all the Alawite kingdom's attempts at rapprochement. As we will explain later, Morocco wishes to normalise bilateral relations in order to pave the way for direct negotiation with Algeria over the Sahara issue. Algeria, aware of the foregoing, insists that it has no responsibility over the Sahara matter and keeps the bilateral tension alive. The meeting between the king of Morocco and the Algerian president in Algiers in March 2005 in the margins of the Arab League Summit was suggestive of the beginning of a rapprochement, though time has proved this wrong.

Everything pointed to major difficulties for the AMU summit scheduled for 25 and 26 May in Tripoli, which was finally called off. The AMU has not met at the highest level since the Tunis Summit of 1994, and attempts at reviving it in 2003 and 2004 had failed. The political differences between Algeria and Morocco, particularly the growing tension over the Sahara

conflict, were the main reason for its suspension. A few weeks before the summit, Morocco publicly expressed its malaise about the tone of the letter of congratulation President Bouteflika sent the Secretary General of the POLISARIO Front, Mohamed Abdelaziz, in late April on the 30th anniversary of the proclamation of the Saharawi Democratic Arab Republic (RASD) recalling the commitment of the Algerian government and people to the free determination of the Saharawi people and addressing POLISARIO's leader as a head of state. Shortly before that, during a tour of Latin America in connection with the country's interests in the hydrocarbon sector, the Algerian president spoke in favour of the Saharawi cause to his interlocutors. These acts, which Morocco considered offensive, prevented the meeting of Maghreb presidents. They also spurred Rabat to cancel an announced official visit of the Algerian prime minister, Ouyahia, to Rabat in July.

Algeria has continued to deploy all its diplomatic activity in favour of the Saharan cause. It has done so first and foremost at the United Nations, from its privileged position as member of the Security Council during the 2004-2005 period, and also by taking advantage of its busy external activity centred on seeking contact with other oil and natural gas producers both in Latin America and in Africa. The most striking result of these efforts was the express recognition of the RASD by the Republic of South Africa in September 2004. It was the first time an influential country in the region had recognised the self-proclaimed Saharan republic since the spate of acknowledgements of the early 80s. The last country to recognise the RASD was Timor, after gaining its independence, as a gesture of solidarity with what it considered a similar cause. Shortly afterwards in that same month of September, following an official trip to Nigeria, President Bouteflika and his host, President Obasanjo, signed a pro-Saharawi declaration that included a clear appeal for self-determination. They were later joined by Kenya following Algeria's diplomatic demarches. The African continent came down on Algeria's side in its rivalry with Morocco. In Latin America, Algerian and Polisarian diplomacy continued to garner the support established over 20 years ago for the Saharawi cause. The Secretary General of the Polisario Front made his usual Latin American tour in 2005 and attended the swearing-in ceremonies of various presidents. Hugo Chávez's Venezuela continues to be its most active mentor on the continent. Early in 2006 Ecuador recognised the RASD.

In addition to the rivalry between Algeria and Morocco, there is another that is less known but no less harmful to regional integration: the dispute that has Libya at odds with Mauritania and is fuelled by mutual reproaches and accusations. The Islamic Republic of Mauritania is the

only country in North Africa that fully recognises the State of Israel and has engaged uninterruptedly in full diplomatic relations since then. This has secured Mauritania political recognition from the West, mainly the United States, in addition to enabling it to benefit from cooperation programmes and development aid from Israel. It has also earned it criticism and quarrels with a certain number of Arab countries, though none as harsh as that received from Colonel Gadaffi's regime, which accused Mauritania and the then president, Colonel Taya, of betraying the Arab brotherhood.

Meanwhile, Nouakchott accused Tripoli, very possibly with some good reason, of instigating destabilising movements such as those that led to the three coups d'état staged since June 2004. The criticisms referred more specifically to the funding and political support of the so-called "Knights of Change", who dealt a severe blow to the Mauritanian government by attacking the military detachment based at Lemgheitty fort near the northern border with Mali. The attack was one of the immediate causes of the August coup.

THE WESTERN SAHARA CONFLICT.

Be that as it may, the Western Sahara conflict continues to be the main argument that is preventing the development of a process of regional integration and, consequently, the laying of the foundations of the political stability that the region needs for its development. We have consciously used the term argument instead of cause so as not to rule out the theory of those who maintain that the Sahara conflict, more than the origin of the political differences between Algeria and Morocco that prevents progress in integration, is the argument that the two rivals use not to reach an agreement and to artificially fuel a rivalry that is very useful for sustaining other political battles. It allows Morocco not to implement other reformist policies, on the pretext that territorial unity is the major national issue on which the stability and survival of the system depends. As for Algeria, its defence of the Saharawi cause secures it support and international legitimacy, bolstering its desired hegemony in the North African and Western Mediterranean region.

Last November was the 30th anniversary of the signing of the Madrid agreements putting an end to Spain's presence in Western Sahara. Thirty years on, the Western Sahara issue is at a standstill and its evolution during 2005 does not leave much room for hope of a political solution

in the short term.

June 2004 saw the resignation of James Baker as special envoy to the United Nations Secretary-General, Kofi Annan, after seven years of dedication to the Sahara conflict. Some analysts took his resignation to be the death certificate of what had until then been the most imaginative and possibly the most feasible plan of those submitted to date as a solution to this long drawn-out dispute. Two months before he stepped down, the 19 April report of the UN Secretary-General confirmed the seriousness of the diagnosis, acknowledging the political impasse both sides had reached. Morocco refused to accept a peace plan that recognised the possible independence of the territory among the options for the final result of the process. This left little leeway for negotiation and forced Baker to withdraw as Annan's political mediator in the conflict.

The UN Security Council resolutions of October 2004 (1570) and April 2005 (1589) were technical resolutions that did not specifically call for the resumption of political dialogue between the sides and their reference to the Baker Plan was tangential, being limited to a general reminder of previous Security Council resolutions in the preamble. The recital clauses of both resolutions merely mentioned the need to respect the ceasefire and referred to subsequent reports of the UN Secretary General assessing the situation on the ground.

If James Baker was rejected by Morocco as political mediator, the same can be said of his successor Álvaro de Soto, a Peruvian diplomat and former chief of staff to the then UN Secretary General, Javier Pérez de Cuellar, who was never regarded as a political interlocutor in the dialogue facilitation performed by Algeria and the POLISARIO Front. In a sense, Kofi Annan's decision to entrust the same person, the administrative head of the United Nations in Western Sahara (MINURSO), with the duties of special envoy, political mediator and personal representative was in itself a further sign of the fatigue of the UN process and lack of drive that the Sahara issue had suffered since Baker's resignation.

Morocco and its rejection of the Baker plan have frequently been quoted as the main reason for the mediator's resignation and for the current impasse. However, it is unfair to blame the Alawite kingdom exclusively for the present situation. There are various reasons for the current entrenchment, among them the foreign-policy concerns of the different players. Morocco's obsession with achieving a solution that preserves the idea of national sovereignty

and territorial integration is often difficult to understand. However, consolidating the "Moroccanness" of the Sahara is a priority goal of the current king, Mohamed VI, who is eager to go down in his country's history as the reunifier, continuing the task begun by his grandfather Mohamed V, the architect of independence, and by his father Hassan II, the founder of modern Morocco. Settlement of the Western Sahara issue, which official statements by Morocco are fond of calling an "artificial conflict", would therefore be a leading source of political legitimacy for the monarchy.

The fact that the stances upheld by the sides have driven the dispute into a blind alley from which it will be hard to escape does not mean that no headway has been made. We mentioned Morocco's attempts to make diplomatic overtures to Algeria to pave the way for negotiations. Rabat has good reason for wanting to force negotiations with Algeria; indeed, almost all analysts agree that Algiers holds the key to the conflict as it not only backs the POLISARIO Front directly but also uses all its diplomatic resources to keep its claims alive.

POLISARIO has also made a symbolic but significant move by deciding to free the Moroccan prisoners of war who still remained under its custody in the Tinduf camps. Morocco accordingly achieved one of its main demands in the negotiation process and lost one of its grounds for accusing the Saharawi forces of failing to comply with the peace agreements. Actually this accusation is more rhetorical than real, as on none of the occasions that POLISARIO had freed Moroccan prisoners of war—in dribs and drabs and for political purposes—were they received as war heroes or even as former combatants. What is significant about their release as that it came about as a result of a diplomatic demarche by the United States, led by Senator Lugar, who toured the region in August 2005 visiting Algiers, Rabat and Tinduf, and bearing a personal message from President Bush to the main players in the conflict. Once again, Washington's direct intervention achieved direct, albeit modest, results, something that neither Spanish, nor French nor European diplomacy had managed in similar efforts. POLISARIO continues to put its trust in the United States as the sole guarantor of an eventual permanent settlement of the dispute.

Another phenomenon has added a new element of tension to the dispute, complicating Morocco's position and political margin for manoeuvre. May witnessed a spate of demonstrations and protest marches in Laayoune and other Western Saharan towns; they were mostly pro-independence, though the demands were also economic and a general protest against

the Moroccan administration. The most surprising thing about this phenomenon is how quickly it spread across the different towns in Sahara, from Laayoune to Smara, Dahla and others, including some in the southern Moroccan province of Tan Tan, in what was once the Spanish protectorate of South Morocco, and also through many Moroccan universities, even in the capital, Rabat. The demonstrations were characterised by their intensity over the period of time and the vehemence of their protests and also by the youth of the participants, many of whom were born after the Green March. Although spokesmen for the POLISARIO front attempted to speak of a Saharawi intifada, it is doubtful that the demonstrations were promoted by Tinduf or even organised by the Polisario groups that may be based on Saharan territory. The spontaneity of the phenomenon and its rapid dissemination over the Internet and by means of mobile telephone messages was notable. The Sahara, which has been practically cut off from the rest of the world by telephone, has recovered its ability to communicate with the outside world. The young Saharawis were thus joined by children of the first generation of Sahara-born Moroccan settlers who, like so many other young Moroccans, suffer from the problems of unemployment exacerbated by lack of prospects similar to those their parents enjoyed when the Moroccan administration displaced them to the Saharan provinces with the perks of a better salary and favourable tax treatment.

The demonstrations were harshly crushed by the security forces resulting in many arrests (some of the detainees have already been tried and convicted), dozens of wounded and even one death which the Saharawi opposition attributes to ill-treatment by the Moroccan police. The intensity and force of the phenomenon has waned, but it is still alive. The POLISARIO front has given maximum publicity to the revolt or intifada and the harsh repression has sparked criticism of Morocco by Western governments and parliaments. Several delegations attempted to travel to the region to examine the extent of the situation on the ground. Their petitions were all rejected by the Rabat authorities. In the case of Spain, as many as eight parliamentary delegations of various kinds failed in their attempts to visit the Sahara owing to the prohibition of the Moroccan authorities. Not even the Spanish government, taking advantage of the good state of bilateral relations, managed to reach an agreement with the Rabat government on organising a parliamentary delegation, as the latter requested sufficient assurance of freedom of movements during its enquiries, which Morocco did not accept. Various human-rights NGOs remain interested in the cases of repression and several Scandinavian governments, which have also attempted unsuccessfully to send diplomatic missions to Sahara to conduct assessments on the ground, wish to establish some type of EU common action with respect to Morocco, claiming

that the Rabat government is persecuting human-rights advocates in its own country, which could be grounds for action under one of the human-rights guidelines underpinning the EU's common policy in this area. These same governments, backed by others that have taken sides with the Saharawis in the past, are also questioning the legality of the EU-Morocco Fisheries Agreement if it allows Saharawi fish stocks to be tapped.

In this state of affairs, Ambassador Van Walsum, the new Personal Envoy to the United Nations Secretary-General, commenced his first tour in accordance with his mission to give political impetus to the peace process. Van Walsum, formerly the permanent representative of the Netherlands to the United Nations, was appointed in August 2005 and made his first tour of the region in mid October with the aim of establishing contact with the parties and informing the United Nations Secretary-General of the possibilities of promoting the process before the Security Council issued its decision on the extension of MINURSO's mandate at the end of October. Despite the misgivings of some of the Security Council members, particularly regarding the United States' idea that MINURSO's withdrawal would force the sides to face up to their own responsibilities and would be conducive to direct negotiation, Resolution 1634 approved a new six-month extension of the mandate, enabling the new Personal Envoy to work with the sides and propose ideas for giving impetus to a political solution to the conflict. The United Nations' presence in the area was accordingly guaranteed until April 2006 and Van Walsum was asked to submit a report to the Security Council halfway through that six-month period.

In mid January 2006, the Personal Envoy, Ambassador Van Walsum, appeared before the Security Council in a closed-door session to discuss his impressions and outline the recommendations he will be proposing to the Council before it meets again on the Sahara issue at the end of April. The Personal Envoy considers that the Baker Plan is dead in practice following Morocco's rejection and the Security Council decision not to accept any solution that does not have the consensus of the sides, according to the formula repeated in the various resolutions adopted since 2004. Van Walsum will not be proposing a new peace plan to take the place of the Baker Plan; he prefers to propose that a political solution to the conflict be the result of an agreement between the sides. Therefore, his recommendation to the April meeting of the Security Council will be to ask that the parties, Morocco, POLISARIO and also Algeria, begin direct negotiations with a view to finding an acceptable consensus solution.

The keenest observers of the dispute are aware of the difficulty, impossibility even, of achieving such a result unless sufficient external pressure is exerted to encourage a solution and guarantee its implementation. The United Nations has proved its inability or even unwillingness to impose and enforce such a solution. However, those same observers will undoubtedly agree that even before the result, it will be enormously difficult for the negotiations Van Walsum is proposing to be accepted by the parties. Morocco is working on an autonomy project that will get the go-ahead from all the national forces with which the Rabat government is seeking to establish a comprehensive pact. This will diminish the negotiation potential of any solution other than that of autonomy. Rabat will only agree to negotiate on that basis, which under no circumstances will involve ceding sovereignty over the territory. Algeria will not agree to negotiate a dispute to which it claims to be totally unrelated, as it has been repeating over the past years. For its part, the POLISARIO Front will feel betrayed by the international community and will accept no other solution than the Baker Plan, which included the option of a referendum with an open solution; by no means will it accept a solution that does not include independence among the forms of exercising self-determination.

The countries closest to the dispute are sticking to their traditional standpoints. The Spanish government has been seen to be shifting away from its consolidated position of active neutrality that has characterised its policy towards Western Sahara in recent decades. It is possible that the wish to achieve regional stability and political and economic integration has tipped the balance in favour of a political realism that calls for ensuring Morocco's stability above any other type of consideration, including the pressure of a public opinion which, in various forms of expression (press, civil society, NGOs, political parties), continues to be clearly pro-Saharawi. However, the key to Morocco's stability may not necessarily lie in a solution to the Sahara dispute, and the position of Algeria, which is growing stronger as an established regional and continental player of primary importance, makes it unlikely that a solution that does not satisfy the legitimate aspirations of the Saharawi people, which Algeria staunchly defends, will be adopted.

MOROCCO: THE SITUATION AT HOME.

Political life in Morocco during the period studied was characterised by stability. Various reformist processes have shaped Prime Minister Jettou's programme of political reforms slowly

but firmly. These reforms have no parallel in the economic field. According to analysts, in the medium or long term the high unemployment rate and failure of the economic reform programme to achieve practical results could be the main trigger of popular protests which mirror the malaise at the lack of prospects that spurred the aforementioned university students' protests in connection with the Saharan cause.

The Rabat government has honoured its commitment to the broad-ranging, ambitious programme of political reforms begun nearly two years ago. In this respect Morocco is nearly the only example (together with Jordan and Bahrain) of an Arab country engaged in a process of political modernisation whose results are starting to show, and this was acknowledged by the president of the United States in his state of the nation address at the beginning of 2005.

There are two particularly significant reforms. First, the law regulating the civil status of women, the "mudawana", has abolished traditional institutions that were incompatible with the principle of gender equality such as repudiation, the right of civil guardianship of parents and husbands over women, divorce, etc. Even the most optimistic observers know that this reform will be difficult to apply in many cases, given the conservative nature of the legal system in the Alawite kingdom, and that the gap between women living in rural environments and those who dwell in large cities will widen even further as it will be the latter who will most easily benefit from the advantages granted by the new law. Even so, this reform marks a huge step forward for an Arab and Muslim country at a time when religious radicalism appears to be on the rise.

The reform that is second in importance and political scope is the setting up of the "equity and reconciliation" commission in charge of investigating human rights violations in Morocco since the country gained its independence. The work of this body has been followed with huge interest by the Moroccan population, so much so that the president of the commission, Driss Benzekri, has become Morocco's most popular politician. The work of the "equity and reconciliation" commission is similar to that performed by other truth commissions such as those held in Argentina, Chile and South Africa, although unlike the latter, the Moroccan experience is taking place as part of a process of political reform without a violent or revolutionary change in the political regime.

King Mohamed VI decided to set up this institution in 2003 to investigate outrages and human rights violations committed during the reign of his father, Hassan II. The commission

presented its conclusions in June, and recognised serious human rights violations from the crushing of the Rif revolts to the urban rioting of the 70s, and the settling of accounts against various opponents or people who attacked the then monarch. Citizens' participation was noteworthy, with over 60,000 letters received from people with alleged grievances and, even though the conclusions of the work were the result of political compromises and complex balancing acts, they did not cause any more commotion than they would have in Western societies. This has been pointed out as an example of the maturity of a society that is keener to look to the future than to the past.

These important reforms are taking place in a country in which the "justice and democracy" (PJD) party has been the main parliamentary opposition force since it secured the most votes in the 2002 elections. Admittedly, Morocco's peculiar political system, in which formal parliamentarianism is tempered by the wide-ranging powers of the head of state, who may appoint his prime minister without necessarily paying attention to the correlation of elected political forces (we might recall that Driss Jettou is a politically independent figure) and is empowered to appoint directly and personally the so-called sovereignty ministers (foreign affairs, home affairs, justice and religious affairs), allows the monarch to establish balances. However, it is no less true that the exercise of politics, even from the opposition, by the Islamists of the PJD has enabled this party to broaden its power base, garner popular support and dispel doubts and spectres about its intentions—so much so that Morocco's major political challenge will arise after next year's elections if the PJD achieves a sufficiently large parliamentary majority as to place the monarch in the dilemma of entrusting it with government tasks. At present few fear this possibility, though it is fairly real to judge by polls on voting intentions.

It is quite possible that the experience of an Islamist party holding power in a country which has undertaken institutional reforms that have stabilised the political system and caused its political class and growing urban middle classes to mature, and which has a system whereby the head of state assumes religious leadership of the country as the "commander of the faithful", will be different from that of other Arab countries where Islamism has emerged as the leading political force. Notwithstanding this consideration, the spectre of the May 2003 attacks in Casablanca continues to fuel the Moroccan authorities' chief security concern. And even though the risk is moderate, the possibility of another terrorist cell acting in Morocco is still considered the worst threat to national security. Meanwhile, the outlawed "al-Adl wal-Ishane" (justice and charity) Islamist movement led by Sheikh al-Jassin continues to command broad popular

support. The recent appeal for a republican form of state by Nadia Bassin, the daughter and possible successor of the leader of the movement, was not considered serious enough to endanger the popularity of King Mohamed VI, who still enjoys very substantial support and respect from his subjects.

ALGERIA

Political stability, bolstered by a sizeable income from the high international price of hydrocarbons, and the growing personal popularity the republic's President Abdelaziz Bouteflika continues to enjoy, sum up the outlook for a country that has carried on strengthening its international presence and important role as leading regional actor.

Bouteflika, a player who has been at the forefront of Algerian politics since the country gained its independence, has managed to consolidate his power since becoming the leader of the National Liberation Front (FLN) and to win the presidential elections of April 2004 with an absolute majority. Since then, the president's political aims have focused on putting the past behind him and embarking on a new political period that will close for once and for all the still open wounds caused by the bloody civil war and the dark years of terrorism in the 90s. This new period is not intended as a break with any regime but rather a consolidation of his first period in government since 1999 and the national reconciliation policy he began to pursue then.

The first politically significant decision affected the armed forces—particularly the military leadership—which were traditionally regarded as the true power behind the scenes and had been exercising considerable government responsibilities since 1992. The broad majority he obtained gave Bouteflika the strength he needed to dismiss the all-powerful head of the armed forces, General Amari, at the end of July 2004. This decision was followed by the establishment of the post of delegate minister for defence reporting directly to the president, which gave the president a direct link in controlling the army. These changes have not placed certain reins of power out of the reach of the military, who continue to hold important interests in the public sectors of the economy such as banking.

Bouteflika furthermore attempted to consolidate his power and popular support with a new and decisive step forward in the national reconciliation policy begun in 2001 through the

National Consultative Commission for the Promotion and Protection of Human Rights. This time, the president has made a definite promise to turn the page on the murky history of the dirty war (150,000 dead, hundreds of thousands of displaced and exiled people and 20,000 yet to be clarified disappearances). At the end of 2004 Bouteflika announced his intention to pass a general amnesty law by means of a referendum.

The detractors of Boutiflika's policy, particularly the very active Algerian Human Rights Defence League, and other NGOs have criticised this and other decisions, just as they criticised the work of the National Commission, which went to great lengths to minimise the possible responsibility of the state in the disappearances and the investigation of the conduct of the army in possible war crimes.

Islamist terrorism and violence are the other front that remains open and active, though less virulently than in the past. The popular support that many of these groups enjoyed in the past has gradually waned and nowadays it is difficult to distinguish terrorist acts from those of small isolated groups of bandits who take refuge in mountainous areas and resort to theft and murder as their only means of survival.

At any rate, the sizeable income from oil and natural gas exports, the arrival of foreign investment attracted by the slow but constant public-sector liberalisation policies and the increasingly active diplomacy of President Bouteflika towards the leading world powers—the United States, the European Union and Russia—multinational forums such as the United Nations to whose Security Council it belonged during the 2003-3004 two-year period, and G-8, as well as in the Arab world and on the African continent, of which Algeria has become the main promoter together with South Africa and Nigeria, have afforded President Bouteflika's regime renewed legitimacy in the eyes of voters and the credibility of a leading partner and player in the eyes of the international community.

TUNISIA.

Unlike its Maghreb neighbours, President Ben Ali's regime has been characterised by a total lack of will to carry out reforms. On the contrary, the main political efforts of Ben Ali and his government were aimed at consolidating their foothold in power through the institutions

approved in the previous year's constitutional reform, which abolished the time limit for the election of the president and established a new upper house in the parliamentary system, whose members are chosen directly or indirectly by the president of the republic.

At the same time, the president remained determined to limit political opposition and freedom of the press to a minimum. The presidential elections of October 2004 resulted in the victory of Ben Ali, who secured 94.48 percent of the vote. In response to the criticism received, Ben Ali had no qualms about recalling that in previous elections he had secured nearly 99 percent of the vote and that this slight fall of over four and a half percent proved the existence of a free opposition.

The Tunisian government has been under pressure from the West, particularly the United States and, to a lesser extent, Europe, to undertake the political reforms appropriate to what has always been the most westernised of the Maghreb countries. It seems unlikely that this pressure will be successful save in the odd isolated gesture. Tunisian society, proud of the progress achieved in recent decades in education, equality and the integration of women in society and the labour market and the gradual modernisation of social customs, does not seem to be wishing for or demanding reform. The apathy of Tunisian society could be explained by the fact that it attaches greater importance to political stability and economic prosperity than to the desire for greater freedom and democracy. It is precisely the security argument that Ben Ali's government prefers to use to limit the freedom both of the press and of the opposition groups.

On the political front, everything points to a period of stability in Tunisia. However, unemployment has grown in recent years and, although foreign investment continues to flow in, in pace with the slow liberalisations, competition from the Eastern markets and lack of regional integration could affect Tunisia's economy. In the event of a crisis, the population's economic demands could be taken up by the harshest critics and force the regime to open up in the medium term. Meanwhile, rumours continue to circulate in Tunisia about a possible illness of the president and the difficulty of preparing a succession for which there are no obvious candidates.

LIBYA.

The Libyan regime remains the most enigmatic and least predictable of the whole of North Africa. In September 2005 Colonel Gadaffi completed 36 years in power and nothing or nobody seems to challenge his leadership. Who will succeed him continues to be an unknown factor, though there are increasing signs that one of sons is being prepared to take over.

Since Gadaffi's dramatic announcement of 2003 that Libya would formally abandon weapons of mass destruction and support for terrorism, and would settle the various debts claimed by different countries for its involvement in terrorist attacks (Lockerbie, La Belle discoteque in Berlin, shooting down the UTA aircraft), the Libyan leader has engaged in intense international activity attempting to direct regional initiatives in an endeavour to regain a leading international role. In this connection he organised the fifth summit of the African Union in Syrte and the failed AMU summit that was mentioned earlier.

However, the progressive rapprochement and normalisation of relations with the United States are the greatest achievement of Gadaffi's diplomacy in recent years. Although legal difficulties and political mistrust still remain, Libya is eager for American investment and Libya's crude oil reserves and quality are attractive enough to foster such a rapprochement. However, relations with the European Union have yet to progress owing to Libya's rejection of the Euro-Mediterranean process and to the lack of sufficient headway made in solving the case of the Bulgarian nurses Libya has accused of infecting a number of children of Benghazi with the HIV virus.

SPAIN'S FOREIGN POLICY TOWARDS THE MAGHREB.

From the outset, Rodríguez Zapatero's government has considered relations with the Maghreb to be one of the priorities of its foreign policy. The president of the government stressed this priority during his first trip to Morocco only a week after being sworn in, and it has been recalled on every occasion by the foreign minister and other members of the government since then. Minister Moratinos has furthermore underlined the global nature of Spain's policy towards North Africa. In this regard the policy is a continuation of the one begun at the start of the 90s, during the last terms in government of Felipe González, when the current minister of

foreign affairs was director general for Africa at the ministry. However, this global policy, which recognises the strategic significance of the Maghreb region to Spanish interests and wishes to promote the best possible relations with each of the countries that make it up, without seeking balances or tactical alliances, was pursued with varying degrees of fortune from 1996 to 2004 during Aznar's two terms in government. The only interruption in this desire to develop a global, balanced policy was the political and diplomatic crisis with Morocco which, strictly speaking, extended from the recall of the ambassador in October 2001 to the Spain-Morocco high-level meeting held in December 2003. It is true that during those two long years bilateral relations were intensified with Algeria and the other countries in the region, with which meetings were held at the highest political level, and that both President Bouteflika's state visit to Spain in October 2002 and the signing of a Treaty of Friendship, Good Neighbourly Relations and Cooperation with Algeria similar to the existing treaties with Morocco and Tunisia gave considerable impetus to bilateral relations and were interpreted as an attempt to make up for or fill the gap left by Morocco during the crisis. However, it is no less certain that both the state visit and negotiation of the agreement were projects that had been in the pipeline long before the crisis erupted with Morocco and originated from the official trip paid to Algiers in summer 2000.

The episode of the Spanish-Moroccan crisis, which we will not dwell on, is a reminder of Spain's huge difficulty of implementing a balanced and global Maghreb policy, bearing in mind the considerable weight that Morocco has had, still has and will continue to have in that policy. It is therefore paradoxical that the intentions stated by the current government have been surpassed in practice by granting Morocco an importance that other countries in the region may consider imbalanced and to the detriment of their own relations. Whatever the case, irrespective of the government's desire to strengthen a relationship as strategic as that of Spain and Morocco—even if to consolidate the normalisation of relations that was begun, as it is only fair to acknowledge, towards the end of Aznar's last term—during these first two years in power, the present government has mainly concentrated its North African efforts on Morocco, chiefly on significant political overtures such as the state visit of Their Majesties the King and Queen, the visits paid by most of the members of government, and the revival of the Averroes Committee that is in charge of presenting initiatives to enhance the mutual knowledge of the respective civil societies.

This policy has raised doubts about a possible change of direction in Spain's Western Sahara policy, but as we saw earlier, not only has this not essentially changed but room for manoeuvre for a possible change of course is limited by the positions of a markedly pro-

Saharawi public opinion and political class from the PP to IU including PSOE and the nationalist parties. Although contact with the Polisario Front has increased, and the first high-level visits (secretary of state) to the Tinduf camps have taken place, the Saharawis are increasingly sceptical and display a certain lack of confidence as they feel that the policy of political overtures to Morocco and closer relations with France have tipped the balance of the traditional active neutrality that has characterised Spanish policy since the start of the conflict. Algeria is also mistrustful of the Spanish government's true intentions, though this has essentially not interfered in bilateral relations.

However, the fact that those mainly responsible for the terrorist attacks of 11 March 2004 were Maghrebi in origin and the problem of illegal immigration that arrives in Spain from North Africa are the main security challenges that call for a Maghreb policy centred on fostering stability, development and cooperation with the countries in the region. The past months have seen the consolidation of many of the cooperation instruments with Morocco, Algeria and Mauritania for combating terrorism and migration policy. However, the challenge transcends the regional sphere and addressing it often requires a continental or global approach. This is the idea behind the plans to hold a Euro-African conference in Rabat at the beginning of next summer bringing together the main countries of origin of the migratory flows in West Africa, those of transit in the Maghreb and those of destination in the European Union. The success of this conference will largely depend on whether the two major Maghreb rivals, Morocco and Algeria, are capable of agreeing on the need to cooperate in tackling a challenge that affects everyone. If this cooperation is successful, a further step will have been made on the path to full reconciliation between our two main neighbours across the Mediterranean.

CONCLUSION.

Today more than ever it is difficult to consider North Africa from a unitary point of view. The process of regional integration which, according to many analysts, would be the key to the region's stability and economic take-off, is at a greater standstill than ever. Seldom do we find in the same region neighbours who pursue their policies without taking each other into account, if not competing fiercely with them or hindering their progress.

However, recent developments in the countries of the region point to a few features

common to them all. The most salient is each of those governments' commitment to a process of political reform and closer relations with the West, mainly Europe but also the United States, where they find their natural markets and seek international alliances. But at the same time, each of these reform processes is limited by the rulers' desire to consolidate their power and guarantee a succession for which the formula has not always been decided on.

A second common feature is the presence of the same phenomena that are threatening the stability of each of these countries in varying degrees. The most serious risk is terrorism, which has dealt harsh blows to each of the Maghreb states and the repression of which continues to be used as a pretext for delaying the implementation of certain basic freedoms enshrined by democracy. Religious radicalism is found throughout the Arab world, yet it is in the Maghreb where it appears more restrained or finds channels for political expression that are accepted by the political system. It is not surprising that the wave of popular reactions triggered by the issue of the cartoons depicting the prophet Muhammad in the Danish press manifested itself in much greater moderation among citizens and officialdom of the Maghreb than in the Middle East. The presence of over five million Maghrebi immigrants in EU countries is not unrelated to this fact.

The second threat is the unstoppable phenomenon of migratory flows from sub-Saharan Africa. For these migrants North Africa is not only a place to wait before making the leap to Europe but also a place to stay. For a long time the Maghreb has been considered a place of transit for migrants on their way to Europe and Maghreb rulers held Europe responsible for controlling these flows. Now that the surveillance of Europe's borders is becoming tighter, the North African countries have had to assume certain responsibilities for which they lack adequate instruments, as recently evidenced by the regrettable incident of the fences at the borders of Ceuta and Melilla.

Finally, the major pending challenge continues to be modernisation. The political commitments have been made and the social changes may take place gradually, but neither of the two will be consolidated into a stable success unless they are accompanied by the right economic reforms entailing not only progress in liberalising and opening up markets but also in combating the malpractice, clientelism and corruption that continue to stifle any North African attempt at achieving open systems capable of addressing the challenge of globalisation.

CHAPTER SIX

THE MIDDLE EAST: TRANSFORMATION AND CONTINUATION IN POWER IN A REGION OF UNREST

THE MIDDLE EAST: TRANSFORMATION AND CONTINUATION IN POWER IN A REGION OF UNREST

BY HAIZAM AMIRAH FERNÁNDEZ AND NATALIA SANCHA

THE MIDDLE EAST: TRANSFORMATION AND CONTINUATION IN POWER IN A REGION OF UNREST

The year 2005 was marked by much political turmoil in the Middle East. The general mood in the region at the start of 2006 is one of growing uncertainty and concern. Instead of easing, regional tensions have mounted owing to the accumulation of pressure from outside and within its borders. New sources of tension have emerged and existing ones remain or have worsened. The ingredients for greater regional instability in the immediate future are to be found, and will continue to be unless they are deactivated. To the foreign intervention and military occupation of the Palestinian Territories and Iraq must be added growing social discontent with authoritarian and corrupt political systems, socioeconomic conditions that fail to meet the expectations of the Arab populations and the thread of *Jihadist* radicalism. A few countries have reacted by attempting reforms, though most of these have been embryonic, fragmented reforms that are more a question of form than actually renewing the system. Terrorism has continued to batter the region, while the states have done little or nothing to improve respect for their populations' rights and freedoms. According to the diagnosis of the third Arab Human Development Report published by the United Nations Development Programme (UNDP) in 2005, "the acute deficit of freedom and good governance in the Arab world" is the main obstacle to Arab renaissance (1). To judge by the foregoing, there are not many grounds for optimism in the short term.

(1) *Arab Human Development Report 2004. Towards freedom in the Arab world*. UNDP, New York, 2005, p. 4.

Iraq remains the major powder keg of the Middle East, though the risk of explosion would appear to have diminished following the approval of the Constitution and holding of legislative elections in 2005. However, the United States still has a long way to go to extinguish the fuse that sparked its invasion of the Arab country in 2003. Some advocates of the war thought Iraq would become an example of democracy that would end up spreading throughout the whole Arab-Islamic world. Only time will tell, though for the time being this seems to be more wishful thinking than a reality. As things stand today, Iraq is an example of the danger of designing a foreign-sponsored political system on the basis of ethnic-sectarian dividing lines. We will have to wait until the progressive withdrawal of American troops to be able to gauge the depth of the internal and regional changes brought about by the adventure of this *change of regime*. (See the chapter on Iraq in this book).

The Middle East witnessed an event of far-reaching significance in its modern history in 2005: the assassination of former Lebanese prime minister Rafiq Hariri in Beirut. The assassination caused a political earthquake whose shock waves have spread throughout the region. Syria was forced to withdraw its troops from Lebanon in a hasty and humiliating manner, and the once privileged relations between the two countries have become a source of deep crisis and mutual distrust. The international investigation of the murder led the Security Council to pass various resolutions beginning with no. 1595, followed by 1636 and finally 1644, which have had the effect of increasing international pressure on the Damascus regime. The investigation of Hariri's assassination implicates senior Syrian security officials in coordination with former Lebanese security chiefs, despite which the spate of political assassinations in Lebanon did not come to an end. The former Syrian vice-president's declarations accusing Bashar al-Assad of ordering the assassination have further complicated Syria's position. Meanwhile, Lebanon's internal balance has become more fragile. Fresh attacks on prominent Lebanese people could revive the conflicts between the different political/denominational groups and foreign interference in Lebanese affairs. If the Syrian regime finds itself terminally harassed, an attempt to vent its anger on neighbouring Lebanon by encouraging fratricidal confrontation cannot be ruled out.

Syria's isolation became more visible than ever in 2005. Various political decisions made by the Damascus regime ended up placing it in a difficult situation both nationally and internationally, and even earned it the disapproval of a few former allies. The awkward situation the Syrian president has got himself into is now closer to removing both him and the discredited

regime of the Baath party from power as internal pressure (alliance of various opposition forces) and *lateral* pressure (loss of the Lebanese trump card and accusations of backing the insurgency in Iraq) increase. Clashes—uncommon in the past—between armed groups and law enforcement in cities such as Damascus, Aleppo, Idleb and other parts of the country claimed dozens of lives in 2005 and could increase in the future. Syria's principal remaining international ally is the Islamic Republic of Iran, a country immersed in what is so far a dialectical war with the United States and Israel.

The advent to power of the ultraconservative Mahmud Ahmadineyad in Iran in June 2005 has come at a time when the regime of the ayatollahs feels strengthened on all sides and aspires to play a powerful role in the region. The US occupation of Iraq has bolstered the power of the Shia and Iran's ability to influence internal affairs in Iraq, its archrival when Saddam Hussein governed the country. The resumption of Iran's nuclear programme—officially for peaceful ends—is causing the international community concern. Iran's leaders have already threatened to heighten instability in the region in the event its nuclear facilities are attacked, which would cause the price of oil, already high enough during 2005 and at the beginning of 2006, to rocket. The dilemmas the international community faces with respect to Iran are serious and require firm, coordinated action and a good deal of moderation.

In Saudi Arabia King Abdullah's accession to the throne following the death of King Fahd in August 2005 went smoothly. The fact that the new monarch is 82 does not guarantee the long-term continuity of the system as it is currently structured. The threats to the stability of the kingdom, the world's leading oil producer, are many and are mainly caused by the strict, radical Salafist ideology. The municipal elections held in 2005 were a novelty, though they by no means brought any major changes in the power structure dominated by the Al Saud dynasty. Egypt for its part witnessed two elections during the year. The first, in September, was the first presidential election with more than one candidate in the modern history of Egypt. As could not be otherwise, the winner was President Hosni Mubarak. The second, the legislative elections of November, enabled the Muslim Brothers to quintuple their presence in Egyptian parliament (they now hold 20 percent of the seats) despite not being a legal party and the intense crackdown campaign by the country's authorities against its candidates and followers. In both cases the turnout was very low. The future of groups of this kind in the rest of the Arab world largely depends on the ability of Egypt's moderate Islamists to adapt.

In Israel and Palestine two significant events will mark the future of the conflict and, to a great extent, of the region as a whole: on the one hand the establishment of the Kadima party in Israel and Ariel Sharon's subsequent disappearance from the political scene for health reasons; and, on the other, the resounding victory of the Islamic Resistance Movement (Hamas) in the Palestinian legislative elections of January 2006. Sharon's unexpected disappearance has plunged Israeli society into a state of disconcertment. After implementing his plan to disconnect Gaza, and on the verge of legislative elections that his recently created party, Kadima, looked set to win, Sharon has left fatherless a project shaped in his image and likeness. The results of the elections will be influenced by the results of the Palestinian legislative elections. Various countries have refused to deal with Hamas unless it renounces the use of violence and recognises the State of Israel. The standstill in negotiations until the formation of a new Israeli government in April 2006 could be considerably detrimental to the Palestinian pragmatic sectors, whose authority would be undermined by radical discourses that take advantage of the euphoria of Hamas's win. The possible arrival in power of Benjamin Netanyahu in Israel would be regarded with despair by part of broad sectors of Palestinian society and would be conducive to a return to the language of weapons as a form of communication in the Holy Land.

ISRAEL AND PALESTINE: GENERATIONAL TAKEOVER AND POLITICAL EARTHQUAKES

The Palestinian-Israeli conflict is central to any peace initiative in the Middle East. The disappearance from the political scene of the two most charismatic leaders, Yasser Arafat and Ariel Sharon, has shifted the priorities of the international chessboard towards reshaping the internal political environment, putting the peace process on ice. Two political earthquakes marked the Palestinian-Israeli conflict in 2005 and early 2006, creating many uncertainties: on the one hand the split in the Likud and formation of the new party, Kadima (Forward); and, on the other, the crushing victory of the Islamic Resistance Movement (Hamas) in the Palestinian legislative elections. Despite the unilateral withdrawal of Israeli troops from Gaza and the attempt to revive the Roadmap, the construction of the *containing* wall and settlements on the West Bank continue, while armed clashes have not ceased. Internal divisions, the difficulty of settling the thorniest issues and the uncertainties stemming from Sharon's sudden political disappearance and Hamas' unexpected resounding victory do not bode well for a short-term solution.

After Arafat and Sharon, who will the new interlocutors be?

The disappearance of both figures, who belonged to the generation of the creation of the State of Israel and of the *nakba* (catastrophe) of the Palestinian people, has ushered in a tricky period of political takeover. Political succession and internal division have destabilised both the Palestinian political camp following the death of Arafat in November and the Israeli camp before Sharon's political disappearance. The post-Sharon era is marked by the absence of the figure who embodied Israeli withdrawal from the Gaza strip and the Likud split. His legacy to Israeli politics is a project without a guide and a political party, Kadima, without a father. The consequences of Yasser Arafat's death were contradictory, as it sparked a certain hope of resumption of negotiations and drove a rift between the various Palestinian political sectors. Once the hurdle established by Israel of the *absence of an interlocutor* following the political replacement that led Mahmud Abbas (Abu Mazen) to the presidency has been cleared, the Quartet (United States, EU, Russia and the UN) attempted to revive the first phase of the Roadmap.

Since Hamas' victory in the Palestinian legislative elections on 25 January 2006 in the presence of international observers, the argument of *no valid interlocutor* on the Palestinian side has again come to the fore. The results of the Palestinian elections have given rise to two paradoxical situations. On the one hand, Hamas' win places it in the contradictory position of both being represented in the Palestinian government and featuring on the lists of terrorist organisations of the US Department of State (since 2001) and of the EU (since 2003). On the other hand, the international community, the main promoter of *democratisation* initiatives in the region, is considering resuming dialogue with this democratically chosen party.

Both the EU and United States and the acting Israeli prime minister, Ehud Olmert, oppose dialogue with Hamas unless it renounces weapons and recognises the State of Israel. The threats to withdraw economic aid to the Palestinian National Authority (PNA) could deprive Palestinian officials of the resources they need to survive (500 million euros contributed by the EU in 2005 and 150 million dollars which the US Administration planned to hand over in 2006). However, both Israel and the international community have abstained from taking any immediate drastic measures and are impatiently observing Hamas' first decisions.

Withdrawal from Gaza v. extension of the settlements and *containing* wall

In April 2004 Sharon presented the unilateral withdrawal plan that was approved by Israel's parliament, the Knesset, and culminated in the evacuation of Gaza and of four enclaves north of the West Bank following 38 years of occupation and the establishment of the first international border of the PNA. Sharon displayed his determination to proceed with the withdrawal plan, which was backed by between 60 and 70 percent of Israelis, even though it meant leaving the Likud. Since the second Intifada, Israel would have allocated over a billion euros annually to keeping 10,000 soldiers in the Palestinian Territories. The evacuation has affected 3.5 percent of all the settlers in those territories, who were occupying one percent of the Gaza strip. Both the unilateral nature of the plan and the creation of a security zone in northern Gaza allow Israel to establish the game rules. Similarly, lack of coordination over the withdrawal strengthened Hamas' position and prevented an effective takeover by Palestinian security forces.

According to many analysts, Sharon yielded in Gaza in order to subsequently secure the annexation of the most important West Bank colonies. According to the British daily newspaper *The Guardian*, the EU is delaying the publication of a report written by European diplomats and sent by the British Consulate in Jerusalem. The report refers to Israel's wish to annex the whole of Jerusalem by expanding the colonies, contravening the international accords. Demography is thus used as a weapon whereby the settlers offset the high Palestinian birth rate. Furthermore, the construction of the *containing* wall continues, part of whose layout oversteps the 1967 borders, absorbing 9.5 percent of Palestinian territory together with the settlements.

Political earthquakes: Kadima and Hamas

Ariel Sharon triggered a political earthquake in November 2005 with the announcement that he was leaving the Likud and forming the Kadima party, causing a *political drain* by attracting both Labour politicians and members of the Likud and the lay Shinui party. After Sharon suffered a stroke that removed him from the political scene, Ehud Olmert occupied the post of caretaker prime minister and could be the next candidate to succeed him. While Kadima's position continues to improve according to opinion polls, Sharon's exit has left behind

several *losers*. Saúl Mofaz and Simon Peres, former rivals of Benjamín Netanyahu and Amir Peretz, respectively, could win in Kadima what they lost in their own parties.

On the Palestinian side, the death of Arafat, a figure who held together the different Palestinian groups, has led Fatah to split between his old and trusty members (the *Tunisians*) and the *new guard* led by Marwan Barguti. Hamas has changed its priorities, turning its battle against Israel into a political battle against Fatah. By securing 76 of the 132 seats on the Palestinian Legislative Council versus Fatah's 43, Hamas has a free hand in promoting a new government. Aware of Israeli and international reprobation, its leaders have initially shown themselves to be in favour of a national unity government, though this is impaired by the resignation of the prime minister, Ahmed Qurei, and his cabinet.

This resounding victory marks a new, radically different stumbling block in the Palestinian-Israeli dispute. The Palestinians cast a protest vote against Fatah's ten years of government and in particular against the old guard and the years of corruption and inefficiency of its social policies. Hamas' popularity has grown thanks to its omnipresence in the social sphere, a firm discourse that makes it the only sound political alternative and the major role attributed to it as architect of the withdrawal of Israeli troops from Gaza. Likewise, these results cannot be dissociated from the legacy left by Ariel Sharon (iron-fisted policies, unilateral withdrawals, construction of the wall and closure of the door to dialogue).

With an absolute majority in Parliament, Hamas is aware that it must delegate the key posts in negotiations with Israel to interlocutors acceptable to the international community. Given the disappointment expressed by Fatah's followers and the cracks that are appearing, the party faces a difficult moment of political restructuring. Furthermore, Hamas' *pragmatic* sector will have to struggle with the more radical leaders of the movement and put a brake on the inertia of armed resistance. Contradictory guidelines from Hamas' leaders could be a major hindrance to greater political coherence and the cessation of violence.

Political uncertainty

Israeli-Palestinian relations over the past year have been marked by uncertainty and turmoil. Whether the new Palestinian government is considered a valid international interlocutor

will depend on the steps Hamas takes in two crucial areas: unreserved abandonment of violence, with the consequent disarmament of its militia or their integration into a Palestinian army; and recognition of the State of Israel. Matters such as refugees' right of return, the release of political prisoners, the end of the occupation and East Jerusalem as a capital continue to be part of Hamas' electoral programme. On the Israeli side, Kadima's programme envisages Jerusalem as capital of the Jewish State. Once a Palestinian government is formed and the Israeli elections are held, the battered peace process remains to be resumed. The forthcoming Israeli elections will be a battle between voters' commitment to Kadima's project and their possible radicalisation as a reaction to Hamas' new presence. The latter option could favour a candidate like Netanyahu symbolising an iron-fisted approach to the Palestinians. Meanwhile, the international community looks on as yet another opportunity for peace slips away.

SYRIA: DILEMMAS OF A HARASSED REGIME

Syria is one of the Middle East countries that have undergone the most drastic changes over the past year. Its power has been affected on the home front, as well as regionally and internationally. Following the assassination of Rafiq Hariri, the humiliating withdrawal of the Syrian troops from Lebanon after remaining there for 30 years runs the risk of depriving Bashar al-Asad's government of its best weapon for exerting regional pressure and has resulted in both regional (Saudi Arabia, Egypt) and international players (France, United States and the UN) joining the pressure. Loss of power in Lebanon also deprives Syria of an economic breathing space that provides it with a labour market for some 500,000 Syrian workers, a larger coastline and a sizeable financial market. Finally, the changes that have taken place in Syria appear to be more of a reactive measure of state withdrawal aimed at consolidating a strong power to enable the government to manoeuvre more soundly and coherently.

Change of regime or new status quo?

Bashar inherited a regime shaped over a 30-year period from the person whose captive heir he is attempting to cease to be. His father, Hafez al-Asad, established the rules of the zero-sum political game among the various power centres that make up the Syrian model of *plural authoritarianism*: the Baath party, the army, the security services and the political/economic

elite. Both options—maintain the system established by Hafez or make abrupt changes—involve risks for the regime's survival. Bashar needs to find a happy medium between reform and control. The risk of a possible resurgence of Islamic radicalism as a result of political opening is one of the arguments used by the regime, just as it is by other Arab governments, to delay making changes.

The Syrian president has managed to renew half of the senior posts in the Regional Command, removing the people who are most representative of the *old guard* and replacing them with trustworthy members of the new elite and his family. His brother, Maher al-Assad, directs the Republican Guard. The family is also present in the economic sphere. Following Hariri's assassination, the chief of the military intelligence services, Hassan Khalil, was pensioned off and replaced by Bashar's brother-in-law General Asef Chawkat. These changes attest to Bashar's fear of a possible attempt at a *palace coup*. Now that he has tightened his grip on power and freed himself from internal opposition, whether the reforms are speeded up or impaired will depend solely on Bashar's will.

The reforms that are not forthcoming

No drastic measure was taken during the 10th Baath Congress held between 6 and 9 June 2005, whose stated aim was to promote internal reform. Expectations once more turned to scepticism. The most important debate centred on the possible amendment to article eight of the Constitution ("the Baath is the governing party of society and of the State"), which could give rise to a new law on parties. Other issues discussed were limiting the application of the state of emergency, in force since 1963, to matters relating to "state security". However, the abolishment of law 49 establishing the death penalty for all members of the Muslim Brothers was not discussed. The blinkered attitude of the political sphere makes economic reforms all the more urgent. The strategic industries remain under state monopoly. The combination of deep-rooted corruption and a myriad of laws, regulations and tangled bureaucracy are an effective deterrent to any potential private investor. The Syrian economy would need to achieve an annual growth rate of seven percent (it was 2.4 percent in 2004) to offset the high unemployment rate (nearly 20 percent) and absorb the 300,000 workers who spill onto the labour market every year on average. The government is in a dead-end situation what with the need to create jobs, attract the private

investment necessary for the country to be allowed to join international organisations and find a solution to the social malaise.

Hariri's assassination: a trigger of change

The assassination of the former Lebanese prime minister Rafiq Hariri together with another 22 people on 14 February 2005 was the trigger that speeded up a series of changes, specifically the hasty withdrawal of Syrian troops from Lebanon. Whether it was agreed by the government or carried out behind its back, this event marked a setback for the Syrian regime. Pressure was soon brought to bear by regional and international allies alike. The withdrawal of the nearly 15,000 soldiers took place in a hostile climate marked by continuous demonstrations against and in favour in both Lebanon and Syria. However, it is difficult to believe that the thousands of members of the Syrian secret services (*mujabarat*) established in Lebanon for three decades have effectively withdrawn. The first conclusions of the international investigation conducted by the German prosecutor Detlev Mehlis blame "senior Syrian security officials in coordination with former chiefs of the Lebanese security service" and point to Bashar's brother and brother-in-law. The suicide of the former chief of Syrian military intelligence services in Lebanon, Ghazi Kanaan, and the series of murders of journalists and politicians who have criticised the Syrian government have further exacerbated the situation.

The declarations made by Syria's former vice-president, Abdel Halim Jaddam, became progressively more vehement until actually accusing Bashar of giving orders to assassinate Hariri. Jaddam made statements to the UN investigative commission in Paris, where he has lived since resigning in June 2005. Despite denying that his declarations stem from political ambitions in a future Syrian government, Jaddam stated that "this regime cannot be reformed. The only option is to topple it". Amid the agitation, the former vice-president dragged into the debate on Syria's future Hafez's brother Rifaat, who was expelled from the country after attempting to seize power. These declarations could lead other senior officials to abandon ship before the storm erupts, placing the Syrian regime in a serious predicament vis-à-vis the international community in general and Washington's reprisals in particular.

International pressure

Whereas the second Gulf War established Syria as a regional player and brought it closer to the US Administration during the first months, the consequences of the invasion of Iraq had the opposite effect. Relations between Washington and Damascus, with Israeli pressure as a backdrop, increasingly became a dialogue of the deaf. Washington's demands were formulated by the secretary of state, Colin Powell, in May 2003. American pressure led a clause on weapons of mass destruction to be added to the partnership agreement with the European Union in 2004. The concessions made by the Syrian regime (relative containment of armed groups and their expulsion from Damascus) and the cooperation of its intelligence services were insufficient proof for the United States, nor did Syria feel it had been rewarded.

The influential neoconservative core within the Bush administration opted to step up the economic pressure by voting on the Syria Accountability and Lebanon Sovereignty Act (SALSA) in December 2003. The economic pressure is augmented by the political pressure stemming from the inevitable comparison between what happened to Iraq's Baathist regime and the future of Bashar's Baathist regime. However, political replacement in Syria is impaired by the absence of a sound, credible alternative, even though, for the first time, the opposition took advantage of the circumstances and expressed its unity in the "Damascus Declaration". Under international pressure, internal players could make the most of the situation, confirming Bashar's fears, and push the Syrian regime either to reform or to replacement. Nevertheless, it appears that the key to reducing external pressure and fostering a rapprochement with Washington lies in Tel Aviv.

LEBANON: INTERNAL REVOLUTION AND REGIONAL RESHUFFLE

The assassination of the former Lebanese prime minister Rafiq Hariri in February 2005 was the spark that ignited the Lebanese powder keg, giving rise to what has been called the *Cedar Revolution*. Nonetheless, although the Lebanese spring initially appeared to be multi-denominational and pointed to political reform, the results of the subsequent legislative elections dashed many hopes and contributed to reshaping the Lebanese political scene and regional expectations. Set on compliance with UN Resolution 1559, the international community continues to press for the disarmament of the Shia militia group Hezbollah. The new political

players on the domestic stage are repositioning themselves in heterogeneous alliances and are somewhat mistrustful of external interference. The experience of the civil war (1975-1990) and subsequent occupation by Syria has enabled Lebanon to learn the lesson and for the time being there is a consensus on the need to settle thorny issues internally. However, there are also growing fears that, once again, in the current tense environment in the Middle East, Lebanon will become a battleground for struggles that do not concern it.

In the heat of the *Cedar Revolution*

On 5 March Bashar al-Assad announced the withdrawal of Syrian troops from Lebanon, thereby putting an end to the *pax siriana* and 30 years of occupation. The announcement of the withdrawal was followed by mass demonstrations by advocates and opponents which reached a head on 8 and 14 March. On the first of these dates the pro-withdrawal front met in Riad al-Sulh square, and on the second the opposition rallied in the Martyrs' square. While the demonstration led by Hezbollah was a clear expression of gratitude towards Damascus, it is not so clear whether it was an appeal for it to remain in Lebanon. For its part, the Future Movement headed by Rafiq Hariri's son Saad took to the streets with Christians, Maronites and Sunni, rejoicing at Syria's withdrawal and calling for an inquiry into Hariri's murder.

Several players have been catapulted into the political foreground following the latest events. Saad Hariri has joined forces with the Druze leader of the Progressive Socialist Party, Walid Jumblat. Another of the leading actors is the Maronite general Michel Aoun, who returned from his Paris exile to lead the Free Patriotic Movement. Aoun symbolised resistance to the Syrian occupation, for in 1990 he paid the price of expulsion from the country and removal from the leadership of the army, which went to the current president Emile Lahoud. Finally, Hezbollah's secretary general Hassan Nasrallah announced his entry into the political game, breaking with his traditional non-participation stance. The initial euphoria sparked by these changes aroused great expectations both among the Lebanese population, who took them to be the seed of political and electoral reform leading to a more representative and participative *deconfessionalised* government, and among the international community.

2005 elections. The end of the Lebanese spring?

The extension of Emile Lahoud's mandate in 2004 under pressure from Syria culminated in the assassination of Rafiq Hariri and triggered a revolution in the political sphere with respect to the legislative elections of May-June 2005. Given the urgency of the elections, it was not possible to overcome one of the main obstacles to a representative government: the electoral law. Drafted in 2000 under Syrian tutelage, the current electoral law is based on the demographic distribution of the 1930s and is therefore not very representative of the electorate. The different faiths of the 3.7 million Lebanese—there are a total of 17 different religious groups—make it difficult to achieve a political balance and the sizeable immigrant populations, such as the Palestinians (there are estimated to be 250,000) and Syrians (nearly 500,000), make it more fragile.

Unlike the multi-denominational demonstrations in March, the elections were preceded by opportunist and heterogeneous alliances and ended with a sectarian vote. The election result was surprising in that the opposition coalition secured 72 of the 128 seats in Parliament, fewer than expected, and Aoun's party won a significant 15 seats. The pro-Syrian coalition won 35 seats. Fuad Siniora became prime minister, while the weakened Lahoud continued as president given the absence both of a strong substitute and of a consensus of two-thirds of Parliament. The domestic political standstill is marked both by the incompatibility of the Lahoud-Siniora tandem and by the uncertainties raised by the UN investigative commission and the subsequent trial, the formula for which has yet to be established.

Lebanon: chessboard of national, regional and international strife

The internal changes that have occurred in Lebanon have altered its role both on the regional and international chessboards and have heightened distrust between the political actors. Full compliance with Security Resolution 1559, which calls for the withdrawal of Syrian troops but also the disarmament of the militia, specifically Hezbollah, has caused cracks to appear in the domestic ice. Similarly, Bashar al-Assad's possible involvement in Hariri's assassination, together with the regional instability stemming from the invasion of Iraq, has revived regional

interest in influencing the Lebanese government. Finally, with the Middle East situation as a backdrop, the international powers are attempting to take positions.

Inside the country, there appears to be a consensus on two delicate issues. On the one hand, despite accepting the work of the investigative commission, it does not aim to grant greater powers to the international community in order to put pressure on Syria; on the other, the possible disarmament of Hezbollah is regarded as an internal affair. Hezbollah's attacks on the Israeli army in recent months have led to increased pressure for disarmament. However, at home Hezbollah has been considered a defender of the nation and its prestige has heightened following Israel's withdrawal from south Lebanon in May 2000. Its demands continue to centre on the Chebaa farm area, over which Lebanon claims sovereignty. The Israeli and Syrian withdrawals affect Hezbollah differently; over the past few months it has taken a stand more as defender of the Shia population than of the Lebanese population as a whole. Nonetheless, given the fear of the possible confrontation of an US-led coalition against Syria, Hezbollah's disarmament seems to some Lebanese to be a concession to Israel. After a long track record of resistance against Israel, Hezbollah has managed to form part of the Lebanese government. Its possible disarmament and political normalisation could set a precedent for groups that aim for a political victory through armed resistance. In the case of Hezbollah, it so happens that it is a key group in the fight against Israel and has the support of Syria and Iran, countries classified by the United States as belonging to the *axis of evil*.

On the regional level two camps are being established. On the one hand, both Egypt and Saudi Arabia are developing closer relations with Lebanon in order to counter the Shia presence represented by Iran, Syria and the new Iraqi government. For their part, both Syria and Iran could use Hezbollah as an instrument for sowing chaos in Lebanon and diverting international attention towards the Palestinian Territories at a time of growing pressure against their regimes.

On the international front, pressure is shifting towards the dismantling of the Hezbollah militia groups. Resolution 1636 (point I-4) increases the pressure on Syria's links to, and support for, terrorist groups. Nevertheless, the possible sanctions are not explicitly stated. While the invasion of Iraq sowed discord between France and the United States, the case of Lebanon has had the opposite effect. Whereas Paris would be interested in protecting its influence in Lebanon and its economic interests, Washington is persisting in its fight against terrorism and its own

private battle against Syria with the intention of converting Lebanon into a democratic model for the region.

EGYPT: REFORMS OR NEUTRALISED DEMOCRACY?

The Egyptian political landscape was disrupted by several events of different kinds in 2005. The series of attacks suffered by Egypt has led to growing fears of a possible rise in Islamic radicalism. In addition to the international pressure headed by the United States, there has been a proliferation of internal protests. Following 24 years in power, Hosni Mubarak announced the review of article 76 of the Constitution. The amendment of this article allows independent candidates to stand for elections. However, in order to do so, they must obtain the support of 250 members of the representative bodies: 65 of the 454 members of Parliament, 25 of the 264 seats on the Consultative Council, and in 14 of the 26 provinces. Although this measure goes further than those established in 1976 by Sadat, who opened up the political sphere to a *symbolic multi-party system*, the accompanying reform package neutralises its effects by establishing tough conditions for the election of candidates. Nonetheless, now that the lid is off Pandora's box, and in view of the relative success of the Muslim Brothers in the legislative elections of November 2005, Mubarak's new candidature may become a period of transition towards a real multiparty system. Everything will depend on the intelligence and soundness with which the political opposition acts, over and beyond social protest movements, and whether they manage to consolidate their parties by means of concrete political programmes and by strengthening their social base.

Pressure and social unrest

The October 2004 attacks rocked the country, affecting the tourist sector and paradoxically increasing cooperation between Israel and Egypt. The United States has proven its ability to exert pressure on the regime, but does not appear willing to force the Egyptian machinery beyond its limits. Egypt has managed to establish itself as indispensable negotiator in the various regional conflicts and as the host of many Arab agreements and summits, and therefore remains an important ally in the area.

The few protest movements that were made public concerned international issues. These movements have witnessed the gradual metamorphosis of international slogans into domestic demands. Although initially led by the alliance of Nasserists and communists, the Egyptian Movement for Change, more commonly known as Kifaya (Enough), has managed to bring together the al-Wafd and al-Ghad parties and members of the Muslim Brothers—despite the cautious distance kept by its guide Mohamed Mehdi Akef—in the protest demonstrations expressing common demands. Despite the fact that these demands are political in nature (cancellation of the state of emergency in force since 1981, freedom of the press, separation of powers, release of political prisoners, etc.), social malaise is substantially fuelled by socioeconomic problems. The movement is likewise opposed to a fifth mandate for Mubarak and to the idea of his son Gamal taking over as his successor. The crushing of the demonstrations and arrests of opposition members contradict the opening measures announced by the regime. However, this protest movement has made possible a climate of debate and political criticism within society.

Reform measures and laws that neutralise them

The new measures announced could involve a series of real reforms in the next presidential elections of 2011. So far the initial euphoria has not brought about the consolidation of a united front capable of establishing a sound political party and competing with the ruling National Democratic Party (NDP). The laws specifying the review of article 76 of the Constitution toughen the eligibility requirements for candidates, who need to secure the support of five percent of Parliament (controlled by members of the NDP). Likewise, the election campaigning period has been trimmed to 21 days and the holding of presidential elections to one day, thereby preventing effective judicial control. The September 2005 presidential election was waged against another nine candidates and characterised by a turnout of only 23 percent. Mubarak's victory, with 88.5 percent of the vote, was tarnished by the denunciation of electoral fraud by NGOs and independent judges and by the absence of international observers. However, for the first time since 1981, Mubarak had to go out and earn the vote of the electorate.

The political alternative

As independent parties are excluded from the political field, it was the sphere of social organisations that acted as a catalyst for the protests. To the lack of political freedom is added the continuous devaluation of the Egyptian pound, the shortage of housing, the inefficiency of the educational system, the high unemployment rate and the rising poverty in the most populated Arab country that has nearly 77 million inhabitants (one-quarter of the total Arab population). So far the Muslim Brothers have proven to be the soundest alternative. The support base of this tolerated but illegal movement is reckoned to vary between 30,000 and two million people. The islamisation of society, which could associate the Islamist movement with the transparency necessary to stem the current corruption, is becoming increasingly palpable. An important factor in this process is the broad network of mosques and associated centres capable of catering to people all over the country and of partly filling the social void left by the state. Their sizeable financial resources suggest that their support is not limited to the grass roots but extends to the wealthy classes. The Muslim Brothers have managed to capitalise on their social support in the political field, securing a historic presence in Parliament in the November legislative elections with 88 seats compared to the 17 they obtained in 2000.

On account of his age (77) and state of health, Mubarak may take advantage of this mandate, perhaps his last, to improve economic conditions and secure a certain legitimacy that will enable him to gain a foothold for his son in the fight for succession. A positive scenario would be the consolidation of a lay political coalition offering a political alternative to the Muslim Brothers, thereby breaking the new *political bipolarism*. Given the prospects of reform, the worst scenario would be a fragmentation of the political parties, which would favour the interests of the ruling PND. Progress towards a democratic system will depend on the government's chosen attitude to the Muslim Brothers—legalisation or greater repression to remove them from the scene. Similarly, now that they hold seats in Parliament, the Muslim Brothers may opt to continue their strategy of moderation and political opening up, though they could also tend towards islamisation of the social sphere, as it is their religious component which distinguishes this group from the lay parties.

SAUDI ARABIA IN 2006: CHALLENGES AND THREATS TO STABILITY

Until only a few years ago, Saudi Arabia was considered one of the most stable countries in the world. The combination of police control, an ultraconservative regime, a buoyant economy and its strategic alliance with the United States guaranteed the stability of the kingdom and its continuity as the world's leading oil producer. However, as things stand today, four simultaneous trends are threatening to shatter that stability: 1) on the domestic front, there are serious socioeconomic problems linked to demographic pressure and unemployment among the native population; 2) the *Jihadist* threat is hovering over the Saudi kingdom, as evidenced by the attacks and frequent armed skirmishes all over the country; 3) at the regional level, the new configuration of forces following the invasion of Iraq has strengthened the role of Iran—Saudi Arabia's archrival—in the Persian gulf, and that of Iraq's Shia community; and 4) at the international level, relations between Saudi Arabia and the United States have deteriorated since the 11 September 2001 bombings, 15 of the 19 perpetrators of which were Saudi Arabians.

New monarch and continuity of the system

The most salient event of 2005 on the domestic scene was the death of 84-year old King Fahd in August due to illness. The advent to the throne of his stepbrother Abdullah—the de facto ruler of the country for the past decade—went smoothly. However, the continuity of the system as we know it today is not guaranteed in the long term owing, among other factors, to the old age of the new monarch (82). Although he is a charismatic figure and has promoted liberalising measures on a limited scale, King Abdullah is regarded as a *caretaker monarch*. Other princes seem unlikely to challenge him for the throne—the three most influential are aged over 70—although a more or less covert struggle is being waged between them with a view to the next succession. When this moment comes, there is a risk of shattering of the balances between the various factions of the royal family that for the time being allow him to exercise his absolute rule on the basis on internal consensus. The generation of the grandsons of the dynasty's founder, Abdelaziz Al Saud, will play a decisive role in this transition and the diversity of stances within the regime will become more visible.

King Abdullah needs to undertake deep reforms, particularly in the power distribution system, though before that he will have to face up to the hardcore of the royal family, who will

not hesitate to use the threat of *Jihadism* to put a brake on measures that could undermine their shares of power. So far the reforms have been limited to security issues, with the establishment of a new National Security Council to which the prominent members of the royal family will belong. Internal and external pressure made it necessary to hold municipal elections across the nation between February and April 2005. These could be considered a historic landmark and a sign of the gradualism in political reform that will be witnessed in the country. However, women were excluded as candidates and voters, the turnout was low and the powers transferred to the local councils very limited. The conservative Islamists fared the best. It remains to be seen how these changes will fit in with the need to advocate a less radical and rigorous view of Islam in Saudi Arabia.

Socioeconomic problems

Saudi Arabia has proven reserves of over 264 billion barrels of oil (a quarter of world reserves) and a daily production of over nine million barrels of crude oil. With the price per barrel at around 65 dollars, Saudi Arabia has obtained a huge income from hydrocarbons (150 billion dollars in 2005, 30 percent more than the previous year), and ended 2005 with a surplus of 57 billion dollars. However, according to some calculations, 30 percent of the working population aged under 30 is unemployed. On top of this nearly 50 percent of the population is aged under 18.

It is hoped that Saudi Arabia's recent accession to the World Trade Organization (WTO) after 12 years of negotiations will help liberalise the kingdom's markets and encourage foreign investment. The most pressing problems the Saudi economy faces continue to be job creation, particularly among young people, and diversification of the productive sectors. It is also overly dependent on foreign labour, which is less costly and more flexible than local workers and accounts for 90 percent of the private sector. All this is giving rise to growing social malaise, which is taken advantage of by the Salafist preachers, who are denouncing the corruption of the royal family and struggling to impose their *truth* on the world by force.

Jihadist threat

Saudi Arabia is undoubtedly one of the most fertile seedbeds for the spread of the radical Salafist ideology. The political force of this ideology has not ceased to grow in recent years. Its followers are accusing the Al Saud regime of betraying the *umma* (Islamic nation) and Islam with its support for the United States in the so-called "war on terrorism". The Saudi police's elimination of half a dozen al-Qaeda military leaders on the Arabian Peninsula over the past two years has put its members on their guard. As a result they feel pressured to prove they are still a military force to be reckoned with. We might see a period of relative calm during while the Saudi branch of al-Qaeda attempts to recover from the harsh blows dealt by the changes made to its structure, leadership and methods. Nonetheless, the *Jihadist* phenomenon can be expected to remain present in the cradle of Islam for a long time and even to achieve greater notoriety.

The Saudi *Jihadist* movement may be strengthened by the return from Iraq of experienced, battle-seasoned combatants like that of the "Arab Afghans" in the 1990s after fighting against the Soviet army. Internet use is facilitating communication between radicalised elements and there are believed to be many sympathisers of al-Qaeda and its global strategy among the Saudi officials and security forces. The fact that anti-American sentiments are widely shared by the population contributes to this. The price the Saudi government would have to pay if it decides to launch an offensive against *Jihadist* Salafism on all fronts would be very high. It could even seriously undermine the support that the regime receives from the country's tribal, religious and business structures. The threat the radical Salafists currently pose to the regime's stability is the result of the ultraconservative educational and social policies of the regime itself. Only time will tell whether it is capable of reforming itself and surviving its own contradictions.

Regional role

The Saudi authorities are wary of Iran's regional plans and worried about Teheran gaining disproportionate influence on post-Saddam Iraq. This led the Saudi foreign minister, Saud al-Faisal, to state in September 2005 that the United States' policy in Iraq was exacerbating sectarian divisions to the point of "handing the whole country over to Iran". Any possible regional destabilisation could spread to the Shia population living in the eastern regions of Saudi Arabia and in some Arab Gulf states, thereby bolstering Iran's capacity to interfere in their

internal affairs. Iran's nuclear aspirations and the fact that its main nuclear power station is closer to several Arab capitals than it is to Teheran it not reassuring to the Gulf Cooperation Council (GCC) countries, as they expressed at the December 2005 summit. This links up with the statements made by King Abdullah II of Jordan at the beginning of the year warning of the formation of a "Shia crescent" in the Middle East stretching from Teheran to Beirut.

The Saudis regard it as inevitable that Iraq's new political system will have things in common with the Teheran regime, but wishes to prevent, at all cost, it from becoming an instrument of Iran's geopolitical calculations in the area. In order to achieve this, the Saudis will need direct assistance from the United States. Saudi Arabia currently supplies 15 percent of America's imported crude oil, though Washington is trying to lessen this dependence. President George W. Bush's absence from the funeral ceremony of King Fahd and Washington's threat of imposing sanctions on the Saudi kingdom under the pretext that its authorities do not guarantee freedom of religion are further proof that the US-Saudi alliance has been seriously damaged by the neoconservatives' arrival in power in Washington and subsequent 11 September bombings.

IRAN: THE HARDLINERS TIGHTEN THE ROPE

The June 2005 presidential elections saw the rise to power of the ultraconservative candidate Mahmud Ahmadineyad. For the first time since the death of Ayatollah Khomeini, the main powers in the Islamic Republic are dominated by hardline wing of the regime that is heir to the fundaments of the 1979 Revolution. This trend dominates the Council of Guardians, the judiciary and Parliament, and both the Supreme Guide and the new prime minister are of the same leaning. Ahmadineyad's campaign centred on poverty, social justice, the distribution of wealth and maintenance of subsidies, and the reasons for his victory are largely the best diagnosis of the state of Iran's society and economy. On the international front, Iran's relations with other countries, specifically the United States, continue to be difficult. Its regional role has been reinforced by the US invasion of Iraq and its stated nuclear ambitions give the international community cause for concern. Failure to act could lead Iran to acquire a deterrent, though also offensive, nuclear capability, whereas an attack on its nuclear facilities would cause great regional instability. The dilemma is a serious one and we may expect to witness important developments one way or the other in 2006.

New leadership in Teheran

Mahmud Ahmadineyad is a 49-year old politician with limited experience in public management (he was mayor of Teheran for a short stint) who represents the youngest and most politically active ultraconservative sectors that were marked by the Iran-Iraq war in the 1980s. Since his arrival in power, Ahmadineyad has devoted himself to exalting Iranian nationalist spirit, presenting himself as an austere leader and "friend of the people" who is not part of the political and clerical elite. At the same time, he has implemented restrictive policies with respect to society and public freedoms. His inflammatory declarations, among them an appeal to erase Israel from the map, place Iran on a collision path with the US superpower, while depriving him of possible sympathisers and supporters. By adopting these extremist stances, Ahmadineyad aims to win popular support in the internal battle he is waging against reformists, technocrats and certain sectors of the clerical establishment. Society's disheartenment at the failure of the "reformists" led by former president Muhammad Khatami to improve the population's living conditions is playing into the hands of the current president, as are the external threats Iran is receiving on account of its decision to resume its nuclear programme.

Iran's wrestling match

The Iranian leaders feel they are in a position of strength on both the domestic and regional fronts. This explains their decision to resume research to acquire nuclear technology "for peaceful purposes" according to the official version. On the one hand, the Iranian leaders feel threatened, both by the United States—for Washington does not conceal its wish to change the regime of the ayatollahs—and by Israel, which it regards as an enemy nuclear power that is geographically too close. On the other hand, the international community has reason to mistrust Teheran's true intentions, and Ahmadineyad's declarations are not precisely reassuring. The Iranian rulers base their strategic calculations on the perception that greater Iranian influence in Iraq and in the region as a whole makes them an essential element in any regional equation, as evidenced by Washington's requests for them to pacify Iraq and promote the political process. In order for this it is necessary, among other things, to neutralise the Shia militias that remain on good terms with Teheran. Although the US occupation of Iraq has favoured them indirectly, the ayatollahs will only contribute to US withdrawal once they have consolidated their influence in

Iraq. Nonetheless, before doing so they will want assurance that the occupation forces will pay a high price, so that the United States does not throw itself into a new adventure to change a regime in the region, in case they should be the next target.

Future scenarios

The removal of the IAEA seals on the Iranian nuclear plants after two years of suspension of activities showed the weakness of the so-called European *troika* (United Kingdom, France and Germany). Iran's nuclear *dossier* can expected to be put before the Security Council, though such a decision is not without its risks. A division between the permanent members with right of veto could become visible again. Lack of enthusiasm about increasing pressure on Teheran could come from Russia, which supplies Iran with nuclear technology and seeks to enhance its presence in the Middle East and, to a certain extent, from China, which has considerable economic interests in Iran and wants to guarantee the supply of crude oil to cover its growing needs (Iran is the world's fourth biggest oil producer, with over 4.2 million barrels daily). Similarly, imposing international sanctions would have undesired effects on the countries that maintain trade and economic relations with Iran, including a few European states. The Teheran authorities are aware that only sanctions imposed on the country's energy sector would be harmful, but also that the world economy cannot afford this. Indeed, it is in the interest of some oil producing countries, whose income is rising owing to high prices, to maintain a certain amount of controlled tension in the Persian Gulf region.

Another scenario would be an attack led—or consented to—by the United States on Iran's nuclear plants, which are scattered all over the country. This would be an extremely risky decision, for which the Iranian authorities have already made provisions. The Islamic Republic knows it could heighten the instability of the whole Middle East, which is already considerable. New sources of tension could emerge and the existing ones in Iraq, Lebanon and Saudia Arabia, among others, could worsen, and the transportation of oil via the Strait of Ormuz, through which 25 percent of the world's daily consumption passes, could also be disrupted. Any US or Israeli attack on Iran's nuclear plants would strengthen the regime's most belligerent and radical sectors. It should not be forgotten that Iranian society is practically unanimous in its belief of the right to possess nuclear weapons, like other neighbouring countries such as Israel, Pakistan and India. A further point to be taken into account is the sympathy that would be shown by sectors of

Arab societies, which would regard a possible attack as a further chapter in the clash between Islam and the West. The differences between Sunni and Shia would fade and the sensation of collective humiliation would be even greater if Israel were to intervene in a similar military operation.

The lesson that Teheran seems to have drawn from the American adventure in Iraq is that the invasion took place because Saddam Hussein did not manage to acquire weapons of mass destruction as a deterrent. Furthermore, to yield to international pressure in nuclear affairs would amount to sending Washington the message that such pressure is effective and would lead to greater demands in other issues and would be seen in Iran as a humiliation of the ultraconservative sectors in power. However, the Iranian regime could err in its calculations if it continues to tighten the rope with further extremist statements and provocative manoeuvres. This could cause it to lose allies and supporters and drive it away from the position of strength it feels it holds.

EUROPEAN POLICY ON THE TENTH ANNIVERSARY OF THE BARCELONA PROCESS

The Mediterranean region is of strategic importance to Europe owing mainly to four factors: trade relations, energy dependence, political and security issues, and immigration. In November 1995 the EU and twelve southern Mediterranean countries set in motion the Euro-Mediterranean Partnership (EMP or Barcelona Process), which embraced a broad range of economic, social, cultural, political and security issues. The founding text of the Partnership, the Barcelona Declaration, stated that the ultimate aim was to create a Euro-Mediterranean “area of peace, stability and security”. Ten years after its launch, there is a widespread feeling of disappointment stemming from the EMP’s inability to help the southern governments promote their development and transition to democracy, or to provide the civil societies with the support and means needed to give impetus to reforms from inside. Some of the most common criticisms are that the Barcelona Process is too focused on security aspects; that the participation of the southern partners is scanty; and that it displays a major social deficit and is excessively bureaucratised. The main achievement with which the EMP is credited is having generated a socialisation process by setting up a network of institutional and personal contacts. It has

likewise succeeded in bringing together Israel and its closest Arab neighbours at the same forum for debate (2).

The hopes that the tenth-anniversary summit held in Barcelona under the British presidency of the EU in late November 2005 would succeed in relaunching the process were not entirely fulfilled. Not only did it take place in an unfavourable climate fuelled by the omnipresent Palestinian-Israeli conflict, but the debates centred on thorny issues such as immigration, international terrorism and liberalising trade, including the agricultural sector. These factors, together with the absence of almost all the Arab heads of state and government, limited the impetus that it was wished to give to the Barcelona Process. On the positive side, the 35 partner states stressed the mutual benefits of legal immigration and approved a Code of Conduct on Countering Terrorism. The presence of many European leaders attested to the growing importance the EU attaches to this instrument of foreign policy.

New circumstances and new challenges

The EMP was started up at a time of optimism regarding the future of the southern Mediterranean. However, the standstill in the Middle East peace process and mounting regional tension, together with the internal inertia of an EU in the throes of expansion, ended up ushering in a troubled period for the EMP. The human development of the southern Mediterranean countries continues to face major challenges and the economic gap between the two shores has but grown over the past decade. The internal situation of the EU has also influenced the development of the EMP. On the one hand, the EU's eastward enlargement in 2004 has also brought demographic and geopolitical changes. On the other, the French and Dutch rejection of the Constitutional Treaty has plunged the building of Europe into crisis, while the EU budget for 2007-2013, a period of vital importance to the future of the Barcelona Process, has been trimmed. The *Jihadist* attacks on European soil have sharpened the need to combat illegal immigration and international terrorism.

(2) For further information see Haizam Amirah Fernández and Richard Youngs, *La Asociación Euromediterránea una década después*, Real Instituto Elcano de Estudios Internacionales y Estratégicos and Fundación para las Relaciones Internacionales y el Diálogo Exterior (FRIDE), Madrid, November 2005, 187 pages.

In view of the new international landscape, the United States and Europe have positioned themselves in favour of common goals in the Middle East: to reduce instability in this region, which has the potential to destabilise the international system as a whole; and to speed up political reforms towards greater democratisation of their regimes. The EU's commitment to long-term change has led it to be extremely cautious in its initiatives and to give priority to stability over rapid change. Its reluctance to use negative conditionality as an instrument of political pressure, and its low level of incentives, have prevented the EU from achieving greater progress and led it to settle for *minimum agreements*. Despite recognising the insufficiency of the MEDA funds (of which 45 percent was paid out during 1995-2003), the slow path to democracy and difficulty of creating an area of free trade by 2010, the EU Member States underline the validity and effectiveness of the EMP. In contrast, the United States has declared that its support for reforms in the Arab world entails a shift away from the maxim of guaranteeing stability at any price, including support for authoritarian regimes, towards the quest for a democratic political alternative, even if its involves dealing with moderate Islamist parties.

Over half the population of the southern Mediterranean countries is aged under 25 and it is reckoned that the number of people of working age will grow by 4.2 million annually during 2000-2010. If this figure is alarming given these countries' inability to create sufficient jobs, the lack of a political replacement capable of addressing the important challenges and representing the new social realities and necessary generational change seems just as or even more worrying. The reforms carried out in the Middle East and North Africa appear to be cessions made in areas that pose less of a risk to the Arab regimes and arouse particular interest in the Western countries (issues of gender, education, sustainable development, inclusion of minorities, etc.), but by no means allow the establishment of new power centres able and willing to compete with those regimes.

European Neighbourhood Policy

Some European countries, specifically France, Spain and Italy, have shown particular interest in involving the EU more closely with the southern countries and incorporating them into the European Neighbourhood Policy (ENP). This policy was initially conceived as an initiative directed at the states on the EU's new eastern periphery and is based on the idea of promoting closer, enhanced cooperation with states willing to adopt a series of key reforms.

However, the fact that the EU has extended the ENP, which differs from the EMP in substance and form, to its southern and eastern Mediterranean neighbours implies a recognition that the mechanisms established with the ultimate aim of creating an area of peace and stability were neither the most appropriate nor sufficient. The ENP changes the nature of regional relations as it shuns the multilateral sphere and promotes bilateral negotiations on *à la carte* bilateral action plans in order to generate a "competitive dynamic" between countries wishing to attract a larger volume of European resources. As proposed by the European Commission, from 2007 onwards the range of budgets earmarked to the new neighbours will be merged into a single European Neighbourhood and Partnership Instrument. As a result of the foregoing, there is a considerable degree of uncertainty about the significance of the ENP and how it will complement—or supplant—the Barcelona Process.

TOWARDS AN ARAB *SPRING*?

The Middle East is currently at a crossroads. The urgent need for reform constantly comes up against the obstacles placed by the diehard sectors that fear they will lose their privileges and lifestyles. The Arab world as a whole is living under the effects of a long drought that has deprived them of freedom and good governance. The authoritarian regimes, which are largely discredited in their citizens' eyes, resort to religious, nationalist or purely tribal discourses in seeking legitimacy. They also use their country's security apparatus and judicial systems, whose independence is dubious, to silence opponents. Tolerated corruption is used to co-opt some and to punish or reward others. Meanwhile, the development levels of Arab societies are lower than their human and economic potential.

Some Middle East regimes use the possible arrival in power of the Islamists as an excuse not to embark on democratisation, presenting themselves as a lesser evil. No doubt some discourses pronounced in the name of Islam are incompatible with democratic practice. Nonetheless, the Islamist movement is broad-ranging and very varied and among its followers are those who act pragmatically. Turkey is a good example of this, though there are others in the Arab world and in the non-Arab Muslim world. The democratic governments should engage in dialogue—indeed, some already do—with these moderate groups, which have broad social bases, on clearly defined bases that guarantee respect for human dignity.

Engaging in dialogue does not necessarily imply thinking the same way, but it does serve to broaden the list of interlocutors and give rise to trust. It can also help the moderate Islamists and Arab liberal reformists agree on common principles on the political functioning of their countries. This is indispensable if democracy is to come to the Arab world. Not so many decades ago some Anglo-Saxon intellectuals believed that Catholic societies were incapable of democratisation, claiming that the values were incompatible, and that the Catholic Church was change resistant. The experience of Spain and other countries is the best proof of how mistaken essentialist and deterministic explanations of this kind are. Is not something similar occurring in a few Islamic societies? It is sufficient to note these societies' preferences for democratic systems and good governance that is reflected in the World Value Survey. Widespread appeals for reforms in the Arab world have been made in recent times. It is early days yet to speak of an *Arab spring*, but some recent events may indicate that the long winter is drawing to an end.

CHAPTER SEVEN

IRAQ

IRAQ

BY JOSÉ LUIS CALVO ALBERO

GENERAL EVOLUTION OF THE CONFLICT

The year 2005 witnessed very important events in Iraq, such as the legislative elections of January, the formation of a new government in spring, the constitutional process culminating in the referendum of 15 October and the new legislative elections held in December. But none seems to have influenced the development of the conflict decisively. Hopes that a democratic government and a constitution accepted by the majority would weaken the insurgency irreversibly by normalising the country's political life have not been fulfilled, at least not for the time being.

However, in most conflicts, trends are usually more important than isolated events. If the development of the conflict in Iraq is studied as a continuous process, several opposite trends can be detected which, together, paint a fairly complex picture that does not yet allow the most likely outcome of the conflict to be guessed.

Generally speaking, compared to those of the previous year, the events of 2005 were much more favourable to American interests and also to those of the Iraqis who genuinely support political normalisation. The successive steps taken towards the building of a modern and democratic state, although not without setbacks, have afforded the presence of foreign forces greater legitimacy both within the country and in the eyes of international public opinion. Although the insurgents continued to be very active, they proved incapable of boycotting any of the political processes under way or indeed of undertaking major operations like the occupation of Fallujah and Mosul the previous year.

The Bush administration, relieved of the pressure of the presidential election of 2004, enjoyed greater freedom of action to steer the conflict. And previous mistakes have been recognised and generally learnt from, resulting in a more rational strategic management. The American forces on the ground benefited from the increased number and better training of Iraqi police and soldiers, and this enabled them to release units from routine tasks and devote them to offensive actions against the rebel areas. The succession of these offensives throughout the year probably prevented the insurgency from organising itself enough to launch large-scale operations. They also managed to cause significant losses among mid ranking commanders of the insurgency and even a few high ranking leaders, making it more difficult for the rebels to engage in coordinated actions.

But this optimistic outlook, although based on real events, remains a partial view. These encouraging trends coexist alongside others that are very worrying. The political process has proven the complexity of Iraqi society, and religious and ethnic differences have heightened almost to the point of a violent outburst. The constitution that was adopted in October, stemming from a fragile consensus between Shia and Kurds that has not been joined by most of the Sunni groups, leaves many question marks hovering in the air about the kind of state to which the different groups aspire.

The insurgency has not managed to grow significantly stronger, though it is no weaker either. It is now clear that it is composed of Sunni, backed by foreign “Jihadist” volunteers. Precisely the growing presence of the latter has sparked tension in the rebel groups resulting in internal armed clashes on occasions. But the rebels’ capacity to keep up their devastating daily activity sprinkled with suicide terrorist attacks, car bombs, sabotages and ambushes remains as great as ever. A particular cause for concern is the foreign volunteers’ determination to plunge the country into chaos by provoking a civil war. Indeed, this civil war is already taking place on the ground with an ethnic cleansing that is being carried out by all parties and every week leaves dozens of corpses with their hands tied strewn by the roadside.

Western public opinions, including that of America, are also beginning to show signs of weariness of the conflict. Although the antiwar movement in the USA is not even remotely comparable to the one that emerged during the Vietnam War, it has not ceased to grow stronger over the past year. Most of the allies with troops on the ground have slashed their numbers

significantly or have pulled out of the country. Even in the US and Great Britain many people are calling for a precise timeframe for the withdrawal of troops from Iraqi soil which, according to President Bush's latest declarations, will begin in 2006, depending on events on the ground.

It could be said that at present (end of 2005), both sides are implementing a strategy of attrition. The American and Iraq governments are waiting for political progress and constant military pressure to undermine support for the insurgency, forcing the more moderate Sunnis to join the political process and marginalising the foreign armed groups. For their part, the insurgents are continuing with their slow but inexorable terrorist campaign in the hope that the constant attacks, sabotages and murders will make it impossible for the country to return to political and economic normality and will end up provoking the withdrawal of the disheartened and exhausted American forces. The most dangerous aspect of the insurgency's strategy is the intention to provoke a civil war in order to plunge the country into chaos and favour the destabilising interests of the "Jihadist" groups as part of a global strategy aimed against the West and the moderate regimes of the Muslim world.

THE JANUARY ELECTIONS AND THE FORMATION OF GOVERNMENT. CONSEQUENCES ON THE CONFLICT.

The elections held on 30 January 2005 were considered a decisive landmark in the country's return to political normality and the Bush administration had pinned great hopes on them. The results were, in principle, much better than expected. Nearly 60 percent of registered voters cast a ballot and the insurgents were unable to interrupt the process by staging a spectacular coup, even though they were determined to try. Over 120 coalition soldiers died in January together with 120 Iraqi police and soldiers and hundreds of civilians; on 30 January alone 40 people were killed in acts of violence. But the different groups that make up the insurgency had been weakened by the American offensive in Fallujah, (November 2004) and by being forced to maintain a very high level of activity since the previous September.

Shia and Kurds turned out massively to vote; in some places the turnout was over 90 percent in response to the appeal of the *ayatollahs* to vote as a religious duty. The turnout was much lower in the Sunni areas. In some provinces, such as the conflictive Al Anbar in West Baghdad, it was practically impossible to organise elections; in others abstention was the

prevailing note among Sunni voters owing either to conviction or to fear. However, given that together the Kurd and Shia populations account for over 75 percent of the Iraqi electorate whereas the Sunni total less than 20 percent, the overall results were more than acceptable for a newly established democracy in a precarious security situation.

But the enthusiasm aroused by the moderate success of the elections was soon dampened by the difficulties in forming a government and by the Sunni population's progressive sensation of isolation.

The United Iraqi Alliance, the coalition that brought together most of the Shia parties and enjoyed the explicit support of Grand Ayatollah Ali Sistani, secured 48 percent of the vote. The main Kurd parties, Jalal Talabini's Patriotic Union of Kurdistan (UPK) and the Kurdistan Democratic Party (PDK) led by Masud Barzani, also joined forces for the election and between them obtained 26 percent of the vote. The alliance of lay and moderate parties led by Prime Minister Alawi was the main loser, with only 14 percent of the vote. The United Alliance won 140 of the 275 disputed parliamentary seats, giving it an absolute majority. However, in Iraq's complex political machinery, which is designed to prevent one group from dominating the rest, that majority was of little use either in forming government or in the drawing up of the constitution. The Transitional Administrative Law of 2004 establishes parliamentary backing of at least two-thirds of the assembly as a requisite for the approval of both processes, which forced the alliance to team up with the Kurd groups, which had secured 75 seats.

The relationship between the Kurd and Shia political groups was tricky from the outset, in addition to causing the Sunni community's alarm and hostility towards the new government to soar. Shia and Kurds shared the torture suffered under Saddam Hussein's regime, during which they were repressed, persecuted and massacred on many occasions. But that is all they have in common.

The Kurds wish for maximum autonomy within the state of Iraq and have not forgotten their old dream of an independent state unifying the whole Kurdish population now living in Iraq, Turkey, Syria and Iran. Their ambitions in the shorter term include gaining control of the rich oil deposits around Mosul and Kirkuk and restoring the latter city as the capital of Kurdistan following the Arab colonisation policy pursued by Saddam. The Kurds are not Arabs and,

although mostly Sunni Muslims, they are not enthusiastic about a state excessively weighed down by religious principles.

However, the goal of the Shia groups that formed the United Alliance is to create an Islamic state, though the extent to which they wish the Sharia or Islamic law to be applied varies greatly from one group to another. Unlike the Kurds, the Shia believe in a united Iraq and disapprove greatly of separatist whims. Paradoxically, in one of those complex games of affinities and enmities that sometimes occur in the Middle East, the Iraqi Shia, who are ethnically and culturally Arabs, are much closer to the Sunni Arabs than to the Kurds.

Given these differences, the formation of the government dragged on for a month and a half and was not partially effective until mid April. Even so, the lack of agreement between Shia and Kurds left five ministries provisionally vacant, among them Defence and Oil, together with Industry, Electricity and Human Rights. The insurgents took advantage of the relative power void to stage a comeback and, practically by the time the new government was sworn in (end of April), they were in a position to launch a devastating campaign of attacks lasting until well into May.

The agreements between Shia and Kurdish groups envisaged the appointment of the Kurd Jalal Talabani, leader of the UPK, as president of the nation—a chiefly representative post—while the Shia Ibrahim Al Jaafari, until then spokesman of the Al Dawa party, was made prime minister. Jaafari's appointment was regarded with suspicion by Sunni groups and Americans alike. In the past the Dawa party has been linked to support for Iran and engaged in active combat from Iran against Saddam's troops during the lengthy Iran-Iraq war. After the Gulf War the Dawa militia continued to operate from bases in Iran, carrying out forays and terrorist acts in Iraq. The presence of a member of Al Dawa as head of the executive cast the long shadow of the Iranian regime over political events in the neighbouring country.

One surprise was the appointment of Ahmed Chalabi, first as interim oil minister and then as deputy prime minister. Although Chalabi has been discredited by a series of financial scandals—he has been persecuted by the CIA, which he deceived before the war regarding Iraq's production of weapons of mass destruction—and is furthermore considered an unscrupulous charlatan by practically the whole Iraqi political class, he found a way of occupying and holding

on to important posts in the new government. Some attribute this astounding ability to survive to his contacts in Iran.

Hajim Al Asan, one of the moderate Sunni belonging to Alawi's coalition, was appointed government spokesman. But there were no further Sunni representatives in the new government, even though there was speculation about the possibility of offering the post of defence minister to a member of this minority. The Sunni community interpreted the formation of this government as the materialisation of all its fears: the permanent loss of any political influence in an Iraq dominated by Shia and Kurds. A few Sunni leaders blamed this situation on the refusal to take part in the legislative elections, but others pointed out that, even with a full turnout, little could have been done given the massive demographic advantage of the other groups.

The elections brought hopes that a new Iraq was possible but also increased the hostility of the Sunni minority and revealed the disparity of the different political groups' points of view on the country's future. Although the insurgency initially appeared to have been weakened, Sunni resentment about the formation of the new government probably helped fuel it.

THE US OFFENSIVES AND REACTIONS OF THE INSURGENCY.

Evolution of the situation for the multinational forces.

The number of Iraqi police and military in active service at the beginning of 2005 totalled over 120,000. Although rather unreliable, some units had displayed acceptable conduct in the American offensives launched at the end of 2004, such as Samarra and Fallujah. The existence of this force enabled the Americans to release part of their units from routine patrol and control tasks and employ them in more offensive activities.

The chief goal set by the American forces was to weaken the insurgency in Al Anbar, a province bordering with Syria west of Baghdad, where the insurgents had organised a complex network for training, logistics and trafficking in personnel and weapons across the porous Syrian border. The capture of Fallujah had already weakened the insurgents' regional structure, but many had taken refuge in the neighbouring city of Ramadi, practically taking control of it. Furthermore, many towns located in the Euphrates basin near the Syrian border such as Qaim,

Husayba, Karabila and Haditah were under the control of the insurgents, apart from the important strategic hub of Tall Afar, which lies further northwards, near Mosul.

Aware of the insurgents' mobility, which allows them to abandon the area when they detect preparations for a major offensive, the American forces decided to launch smaller operations that were more easily concealed. Operations of this kind were typically conducted by Task Forces, a combination of infantry, battle tanks, artillery and sappers comprising some 1,000 combatants. One or two battalions from the Iraqi army were always added to the Task Force. The offensive against Tall Afar in September brought together over 3,500 American soldiers and marines and a similar number of Iraqis.

The aim of the American offensives in Al Anbar was to be fast, to cut off the insurgents' logistic routes, to locate and destroy the workshops where car bombs were made and to eliminate the intermediate insurgent leaders. Their success was notable on some occasions and more moderate on others. In general the American forces came up against the same problem as in Vietnam. The insurgents would fight briefly and then abandon the cities under attack or mingle with the population. When the American troops pulled out of the city and were replaced by Iraqi forces, the insurgents returned, murdered the police or military commanders, broke up the units and regained control of the place.

Despite this problem, the American offensives caused the insurgents serious problems. The logistic chain for the manufacture and transport of car bombs was badly weakened on occasions, leading to a significant reduction in the number of attacks of this kind. Many intermediate and even a few high-level commanders were killed or captured. And, above all, the continual attacks forced the insurgents to remain dispersed and constantly on the move, preventing them from reorganising themselves in order to launch major offensives. Nevertheless, the insurgency managed to hold on to its main redoubt in Ramadi and to infiltrate most of the towns and cities previously occupied by US troops.

A second American objective was to maintain security in Baghdad, where the attacks of April and May reached hitherto unseen levels, making normal life in the city practically impossible. June saw the launch of a major clean-up operation (Operation Lightning), which was given much publicity by the Iraqi government and in which some 40,000 policemen and soldiers allegedly took part. The attacks died down for a few weeks but subsequently returned to their

usual tragic pace. The US forces concentrated on the districts practically controlled by the insurgents to the west of the capital, though their efforts have yet to achieve appreciable results.

The American troops enjoyed greater success at Mosul. After recapturing the city, they managed to dismantle much of the insurgents' infrastructure, including a number of al-Qaeda cells. Even al-Zarqawi complained of the disorganisation of the insurgency in Mosul in a few letters that were captured. In the south of Baghdad and in cities of the "Sunni triangle" such as Baquba, Samarra and Balad, the situation remains very similar to that of the previous year, with the insurgents controlling large areas, albeit with the also habitual presence of government forces.

The situation in the Basra area, which is under British control, deteriorated moderately during the year. The British troops had to deal with fresh revolts by the Mahdi militia headed by the cleric Moqtada al-Sadr and, above all, with a spate of attacks using highly sophisticated improvised explosive devices that caused an unusually high number of victims. The British government even attributed the manufacture of these devices to Iran, as it seems unlikely that al-Sadr's poorly trained militiamen would have been capable of constructing them.

The contingents of the US's allies diminished in size and importance throughout 2005. Some countries, such as the Netherlands, decided to withdraw their forces after two years; others, like Ukraine and Bulgaria, are in the process of doing so; and others still, such as Poland, have sizeably reduced their military presence. Even in the United Kingdom and Italy, the US's staunchest allies with the largest military presence in the country, rumours and denials about troop reductions and withdrawals are constant. On the eve of elections, Italy's President Berlusconi is up against public opinion's scant support for presence in Iraq. In the United Kingdom the government and military leaders appear to be focusing their efforts on Afghanistan, where a favourable solution still seems possible, whereas there are few possibilities of straightening out the conflict in Iraq. In November the prime minister himself, Tony Blair, announced a possible reduction in the British troops stationed in Iraq in 2006, though this would depend on events on the ground.

The situation is also deteriorating in the eyes of US public opinion, though not as much as the media sometimes imply. Following President Bush's easy victory in the 2004 presidential election, his popularity slumped to its lowest at the end of October 2005, though events in Iraq

are only one of the reasons for this phenomenon. The latest surveys show that the percentage of Americans who consider that the war was a mistake is progressively growing, and some polls put it at over 50. Even so, open opposition movements are still a minority, though in August Cindy Sheehan, the mother of a soldier killed in Iraq, led a series of protests that had major repercussions among the population. In general, most Americans are disheartened by the progress of the conflict, but do not want to see a repeat of the situation of the Vietnam War, when fierce protest movements ended up causing a national rift. This moderation is partly explained by the fact that American losses, despite totalling nearly 2,200 at year end, are still at a relatively tolerable level.

The strategy and procedures of the insurgents

The activity of the insurgent groups dwindled slightly in February and March, though terrorist acts and attacks aimed at Iraqi security forces remained moderate in frequency and intensity. The fierce combats in Fallujah, Samarra and Mosul at the end of the previous year, together with the US offensives in Al Anbar, probably weakened what we might call the "native insurgency", that is, the mixture of groups close to the Baath and Sunni tribes of Iraqi origin, which are attempting to gain control of certain cities and territories. However, the "foreign" insurgency, that which is made up of foreign Jihadist volunteers and mainly uses mass-scale terrorism as a weapon, was not only not weakened but increased its relative importance within the insurgency movement.

The makeup and exact nature of the insurgency is still difficult to establish. A distinction is generally made between "native" and "foreign" insurgents, though it is difficult to ascertain the relative importance of each group and their connections and organisation, even approximately.

During the early months of insurgent activity Ezzat Ibraham, one of Saddam's right-hand men (1), was usually held to have masterminded the movement, and it was assumed that there was an insurgent core composed of former members of the *Baath* party. Financing was secured through funds previously siphoned off by the regime and donations made by many prosperous Sunni businessmen linked to Saddam's regime who are now in exile in Syria and Jordan. The

(1) In mid November 2005 news spread of the death of Ezzat Ibrahim, though its authenticity is not clear. Ibrahim was suffering from cancer and earlier rumours pointed to a serious worsening in his health over the past year.

Sunni insurgent groups adopted different names, but *Ansar al-Sunna* soon emerged as the organisation that was most powerful and representative of this sector of the insurgency. Nevertheless, the insurgency is structured into a host of semi-independent groups.

Of the groups of foreign volunteers that came to combat the US, that led by the Jordanian Abu Mussab al-Zarqawi, known as *Tawhid and Jihad*, soon stood out. Zarqawi, who is also known as "the lame" owing to a war wound, was in Afghanistan leading a training camp when the Americans attacked. He was wounded but managed to flee, and a legend was fabricated around him, partly fuelled by the Americans themselves. The fact is that at times reports from the US appear to presume that the whole insurgency is in al-Zarqawi's hands, though his real influence is somewhat debatable. *Tawhid and Jihad*'s habit of systematically claiming responsibility for any attack of a certain size and the public beheadings of a few Western hostages have helped earn the group notoriety. At the end of last year Osama Bin Laden himself acknowledged al-Zarqawi to be al-Qaeda's representative in Iraq.

Actually the foreigners captured by the US have always accounted for less than eight percent of all prisoners and the highest figures suggest that 10 percent of the whole insurgency may consist of Jihadi volunteers. But the importance of these groups is great in different aspects. Perhaps the most significant is the recruitment of volunteer suicide bombers. Here the statistics are inverted, as it is reckoned that only 10 percent of the suicide attacks have been carried out by Iraqis. Considering that over 500 suicide attacks were conducted in the first eight months of 2005, there is a substantial and worrying source of suicide volunteers from different parts of the Muslim world. The fact that some also hail from Muslim minorities in Europe has set alarm bells ringing among the governments of the Old Continent.

No less important is the military experience that the Jihadists provide the insurgency. Although many scarcely have any military training, there is a minority of highly skilled "technicians" with experience gained in other conflicts such as Chechnya, Kashmir, Afghanistan and Palestine. The teaching and training performed by these specialists and by Saddam's former soldiers is one of the mainstays of the insurgency that enables it to survive and adapt to combat against an army as powerful and sophisticated as that of America.

The insurgency has perfected its procedures over time and as a result of the sobering experience of facing the devastating US firepower. Generally speaking, in 2005 the insurgents

proved less willing to engage in combat of certain intensity, even in urban areas. The experience of the second battle of Fallujah, in which they sustained severe losses, has led them to adopt a more cautious attitude.

In their confrontations with US troops, their procedures have focused on distance attacks using improvised explosive devices (IEDs (2)) and snipers. IEDs were responsible for over half of the deaths in combat of US troops in 2005 and have become a problem that is proving very difficult to solve.

An IED is normally an explosive, usually an artillery grenade or mortar scavenged from the abundant pre-war arsenals and fitted with an electrical detonator. The device is concealed by a roadside and detonated when any patrol passes using either a wire and battery or, more commonly, by remote control—which may even be a mobile telephone or a garage remote control. The use of these devices allows the attackers to remain hidden and at a distance during the attack, protecting them from an enemy response and enabling them to flee.

The US forces soon adopted countermeasures to combat these devices. These ranged from increasing distances between vehicles to using frequency jammers to disable remote activation systems. But the insurgents have managed to perfect their IEDs faster than the Americans their countermeasures. They have done so by using a combination of different activation methods, increasing the explosive charge and designing them to penetrate even the thickest armour plating.

The defence secretary himself, Donald Rumsfeld, found himself in an embarrassing situation during a visit to the area of operations when an annoyed soldier asked him why the world's most powerful army was forced to rummage among scrap iron to protect its vehicles from IEDs. Complaints from the front led to a costly programme for the overall reinforcement of army and Marines' armoured vehicles, including the purchase of over 20,000 new armoured *Humvees* (3). Even so, losses from attacks of this kind continue to rise, sometimes dramatically. IEDs are a problem that is difficult to solve and was experienced by Israel during its fight against

(2) IED is the acronym of Improvised Explosive Device.
(3) *Humvee* is the nickname for HMWV (High Mobility Wheeled Vehicle), a US Armed Forces regulation light vehicle.

Hezbollah in southern Lebanon during the 90s, though no fully effective countermeasures were found.

In 2005 snipers became increasingly frequent among the insurgency. This is also a worrying phenomenon, as snipers require highly specialised training and their emergence in combat means that the insurgency is in a position to provide such training somewhere. Although the number of snipers must be small and their actions limited, their appearance has dealt a harsh blow to the US forces. The civilian population, tired of brutal, indiscriminate attacks, furthermore regards snipers as the "clean" and precise side of the insurgency.

However, the usual style of the insurgency continues to relate to terrorist attacks. Suicide and car bombs were responsible for the worst massacres in the country during 2005. Suicide attacks have become devastatingly frequent. Nearly a hundred suicide attacks were reported in May, after the new government was sworn in. Iraqi army and police recruitment centres, together with police stations and highway checkpoints, have borne the brunt of this brutal terrorist onslaught. But on most occasions the vast majority of the victims are civilians, even when the target is police or military premises.

The number of attacks aimed at simple civilians increased dramatically during the year. The Shia areas near the Sunni triangle, such as Hilla, Baqba and the al-Sadr district in Baghdad, were particularly hard hit by suicide and car bombs, which massacred the civilian population in markets or outside mosques. The Jihadist groups' strategy of provoking the Shia in order to trigger a civil war underlies these actions, which are a particularly worrying trend in the conflict.

But more worrying still is the phenomenon of hostage taking and mass-scale killings in areas inhabited by populations of different ethnic groups and religions. The phenomenon emerged on a large scale last year in Mosul, when the city was practically occupied by insurgent groups in November. Every day the city's streets began to be strewn with dozens of corpses with their hands tied and bullets in the head. Most of the victims were initially soldiers or policemen, and later Kurdish or Shia civilians.

The phenomenon spread to areas inhabited by Sunni and Shia, particularly south of Baghdad, and has not ceased to grow stronger since then. A day rarely passes without the bodies of murdered people appearing in the outskirts of some city, by riverbanks or on rubbish tips.

Most of the dead were initially Shia, but Sunni victims soon began to appear, indicating that the Shia militia were reacting. Indeed, both religious groups have accused each other of ethnic cleansing, and this is a fact in some areas. Open confrontation has been witnessed on occasions, as in October when a group of militiamen led by al-Sadr who claimed they were going to rescue various hostages clashed with insurgent groups south of Baghdad, resulting in over 20 dead.

Although the Shia population has generally shown a very restrained attitude to these acts, owing partly to the religious leaders' appeal for calm, some voices have been raised calling for the reinforcement of the militia given the police's inability to put an end to the situation. Such a step would undermine the legitimacy of the government and place security in the hands of the more extremist groups, leading inevitably to a civil war and serving the most sinister aims of the international Jihadists.

THE CONSTITUTION PROCESS AND THE LEGISLATIVE ELECTIONS OF DECEMBER

Sunni hostility towards the new government reached a head in mid May when the new parliament chose the commission in charge of drafting the Constitution. Of the 55 members, 28 were Shia, 15 were Kurds, eight belonged to Alawi's group and the other four were a Christian, a Turcoman, a communist and a Sunni.

The Sunni therefore had two out of 55 representatives on the constitutional committee (one member of Alawi's alliance was a Sunni), and held 17 of the 275 seats in Parliament. This situation was obviously not at all satisfying to the Sunni community, which has traditionally played a dominant role in the country's politics. Such scant representation ensured with absolute certainty that the Constitution would be rejected outright in the provinces mainly inhabited by this ethnic community.

US diplomacy was aware that, unless it at least partially involved the Sunni, the Constitution would be doomed. A "No" from two-thirds of voters in at least three Iraqi provinces in the referendum due to be held after the draft was passed by Parliament would result in the annulment of the text put to referendum. Washington therefore pressed more strongly for a larger

Sunni representation and maintained the requirement that the draft constitution be ready by 15 August.

The fact is that America subsequently came up against harsh criticism for exerting pressure in connection with the Sunni representation and the deadlines for drafting the text, even from the Iraqi government itself. But Washington's conduct was also justifiable. Without this pressure, the Sunni would have been pushed into the background and the talks on the text would have dragged on indefinitely, providing the insurgents with a useful timeout for stepping up their activities.

Finally, after some cut and thrust, the Kurd and Shia majority agreed to include a further 15 Sunni representatives on the constitutional committee, bringing the number up to 17. Another 10 Sunni representatives were also included, but with the role of observers. But the choice of these representatives was by no means easy, partly because Sunni political representation is highly fragmented and weakened following the disappearance of the Baath party, partly because of the possible candidates' fear of triggering reprisals from the insurgency, and partly because the Shia groups accused several of the representatives of having been members of the Baath. The fact is that their appointment was delayed until July and a few days later two of the chosen representatives were assassinated by the insurgency. The rest of the representatives withdrew from the committee until their protection was assured and it was impossible to convince them to return until the end of July.

All these difficulties, together with the disagreements between Shia and Kurds, delayed the drafting of the constitutional text. In August the presentation of the draft to Parliament was almost delayed six months, but American pressure prevented this. The Kurds were demanding a measure of autonomy that approached the limits of what was acceptable and some Shia groups proposed establishing a similar federation in the South, much to the horror of the Sunni representatives. The subject of religious influence was also particularly controversial and the format that was finally accepted was similar to that of the Afghan Constitution, which states that no law may contravene Islam and its precepts.

As it was impossible to meet the deadline of 15 August for the drafting of the final text, a week's extension was granted followed by another until 28 August. That day Parliament approved a text containing ambiguities and lacunae (the exact definition of federalism, for

example) which, it was agreed, would be dealt with in subsequent debates. The Sunni parliamentarians opposed the constitutional text in varying degrees and, in general, recommended a negative vote in the referendum scheduled for 15 October.

The Iraqi citizens did not have much time to study the constitutional text, which furthermore failed to clarify many points. Even so, on 15 October an even higher percentage than in the January elections turned out to vote, including voters in many Sunni areas. A few days before the referendum the USA and UN had to put more pressure on the Iraqi government, which was aiming to pass an amendment to the Electoral Law whereby the Constitution would only be rejected if it received negative votes from two-thirds of registered voters in at least three provinces rather than of actual voters.

This attempt revealed the government's fear of rejection in the Sunni areas; indeed, this occurred and nearly put a spanner in the works of the constitutional process. The Sunni majority provinces of Al Anbar and Sala Ah Din voted overwhelmingly against the constitution—as many as 97 percent of voters in the former. In Ninive, negative votes accounted for 56 percent of the total, meaning that with 11 percent more (some 80,000 votes), the constitutional text would have been rejected. At the national level 79 percent voted in favour and 21 percent against; these figures mirror quite closely the ratio of Shia and Kurds to Sunni.

As was only to be expected, the insurgents increased their activity as referendum day drew near, though on this occasion their attacks were centred less on the electoral organisation than on the US forces. Ninety-six US soldiers died in October, making this the second bloodiest month of the year.

The process of adopting the constitution combines positive and negative aspects. On the one hand, the very implementation of the process is in itself a success, and for the first time serious efforts have been made to include Sunni political representatives in the political institutions. But the constant problems arising over the wording, the ambiguity of the final text and the confusion and lack of soundness displayed by the Iraqi political institutions raises serious doubts about the possibility of establishing a minimally democratic and modern regime in the country.

The October referendum was followed rapidly by the dissolution of Parliament and preparations for the December legislative elections. The insurgency's activity level remained much the same, though on this occasion attacks on the electoral infrastructure slackened. Indeed, some insurgent groups openly proclaimed they would not attack electoral colleges or voters. The underlying reason for this apparent moderation was the wish of many Sunni leaders to take part in the electoral process in view of the disastrous consequences of their abstention from the January elections.

Some Sunni parties joined the Iraqi Accordance Front coalition led by Adan al-Dulaimi with the intention of standing for election. These groups' relationship with the insurgency is ambiguous. On the one hand, they have been threatened, and some of their members attacked; on the other, they justify the insurgency as a national resistance to the occupation. This apparent contradiction springs from the diversity of the insurgent groups. Many native groups feel that, together with armed action, the Sunni community should engage in political activity to secure a certain degree of representation within the organs of government. However, the foreign Jihadi groups and native groups more closely linked to the latter maintain that armed conflict is the only option vis-à-vis the occupation and puppet government.

On the Shia side, the United Alliance continues to enjoy majority support. The backing it receives from religious circles has been decisive, even though during the months prior to the elections the Grand Ayatollah Ali Sistani publicly withdrew his support for the group, which he accused of being inefficient and corrupt. In these elections the Shia found themselves facing a much more complex outlook, as the greater turnout of Sunni citizens could apparently cause them to lose many votes to the Iraqi Accordance Front or to the moderates of former prime minister Allawi, who again stood for the elections. As for the Kurds, Barzani and Talabani maintained their Alliance, though in practice the differences between the two leaders and their respective groups continue to be substantial.

The voters went to the polls on 15 December in an atmosphere of unusual calm. As usual, the turnout was huge in the Shia and Kurdish areas, but also substantial in some Sunni areas, even in the cities of the conflictive Al Anbar region where it was possible to vote. With the final results yet to be announced at the time this article was written, the first vote counts indicate that the United Alliance may be close to repeating its absolute majority. This has caused indignation among the Sunni, who were hoping that their vote would make a dent in the Shia majority. The

indignation has turned to accusations of fraud and demonstrations, which have been joined by the supporters of Allawi, who has again emerged as the biggest loser.

This tense situation is evidently not very conducive to stemming the insurgency which, following a relative truce in December, returned to the attack with unusual force at the beginning of January. On the 5th of the month alone 143 people died, including 11 American soldiers, in various attacks. As usual, the Shia communities and recruitment centres came off the worst. But the insurgents furthermore displayed their force by causing Iraq's leading refinery in Baiji to close by threatening its workers. The shutdown triggered yet another fuel supply crisis, particularly in the capital. When the government convinced some workers to return to their posts and attempted to get a convoy of 60 tankers to Baghdad, the insurgents appeared by the dozen and destroyed 20 of the tankers along with three escort vehicles. This caused the refinery to close again and sparked a fresh spate of protests.

The episode illustrates the unsettling degree of control that the insurgent groups are able to exercise over the country's economy and daily life. As a result, Iraq's oil exports dropped to their lowest for several decades in December, showing the fragility of the hopes pinned on a rapid reconstruction financed by the profits obtained from crude oil.

Despite their initial protests, the Sunni groups will probably adopt a pragmatic approach, attempting to forge alliances with Allawi and the Kurdish groups in order to break the foreseeable Shia majority. The group led by Moqtada al-Sadr, for which the initial vote counts foretell excellent results within the United Alliance bloc, has even been hailed as a possible ally of the Sunni. Whatever the case, the rise of radical groups such as al-Sadr's and the weakening of the more moderate groups, like that of Allawi, does not bode for a peaceful future in Iraq.

In all likelihood, the December elections will not be the decisive event that puts an end to the conflict either. But if the Sunni gain something of a foothold in the institutions, and are not marginalised by the foreseeable resounding Shia and Kurd majority, this could be a positive development. The main goal of the Sunni politicians is to do away with the Shia's absolute majority in order to broaden their freedom of movement enough for them to forge alliances with the Kurdish parties and Allawi's moderate supporters so as to play a role of greater significance than their expected parliamentary representation. If the Sunni political groups achieve a certain amount of success in these negotiations they could drag some insurgent groups into the political

game, helping isolate the Jihadist sector. However, it is most likely that the majority of the insurgent groups would prefer to play a double game, enjoying a certain degree of political representation but retaining the brutal ability to exert pressure that the armed struggle affords them.

Hopes that Iraq will become a Western-style democracy continue to be naïve, at least for the time being. Although the heroism of Iraqi citizens in going to the polls is praised, and rightly so, it is forgotten that most do not act out of a well-established democratic spirit but faithfully follow the instructions of their leaders, which on occasions have the strength of a religious precept. As in any state lacking in a democratic tradition, it will take many years for democracy to become minimally consolidated. However, the current political process is a valid first step in that direction.

CONCLUSIONS AND FUTURE PROSPECTS. THE INTERNATIONAL DIMENSION OF THE CONFLICT.

As occurred with other apparently local conflicts, such as Vietnam, the Iraq conflict is underpinned by a complex web of international players and interests, and its consequences therefore transcend what occurs in the country and even in the Middle East region.

The conflict is waged on three levels. First, the USA and international Jihadists, whose best known representation is al-Qaeda, regard Iraq merely as a battle in a global war. The Bush administration conceived the operation in Iraq as part of a complex counterterrorist strategy possibly combined with other interests that predate the 11 September attacks. For the Jihadists, Iraq is an opportunity not to be wasted.

The fall of Saddam Hussein and the replacement of his regime with a Western-linked democracy could bring the USA many benefits: prevent Iraq's experience in manufacturing weapons of mass destruction from falling into the hands of terrorist groups; change the pattern of alliances in the region, keeping a tighter control on Saudi Arabia, which has been under suspicion since 11 September; break up the possible Syria-Iraq-Iran axis, a major concern of Israel, by keeping both Damascus and Teheran under control; and, in the medium term, temper the upward trend of oil prices by weakening the OPEC and allowing Iraq's substantial reserves

to meet demand. Lastly, the experience of a democratic Iraq could set an example in a region plagued by dictatorships of varying kinds, leading to the fall of hostile regimes and the emergence of a more pro-Western sentiment among the area's population.

For al-Qaeda and the international Jihad, Iraq has provided an opportunity to make up for defeat in Afghanistan, opening up a front that enables them to fight against the American forces directly with the related propagandistic effect; to attract and train new members; and to enjoy a powerful influence on the political future of an area as strategically important as the Middle East. Aware that a victory over the US in conventional terms is unthinkable, their strategy focuses on plunging the country into chaos by rendering the presence of foreign forces useless and converting Iraqi territory into a "black hole" that terrorist groups can use as a base from which to destabilise the entire region.

Intermingled on the second, chiefly regional, level, are the reactions and political and strategic guidelines that the countries in the area have adopted vis-à-vis the intervention of the US and Coalition forces. For Syria and Iran, indirect targets of US intervention, the situation is of great concern. The Syrian regime in particular has been badly weakened both by US accusations of permissiveness with the Iraqi insurgents and by those of complicity in the assassination of the former Lebanese prime minister Rafiq Hariri.

Damascus, which had to withdraw its forces from Lebanon, faces the danger of UN-imposed economic sanctions and a veiled threat of US military intervention. Nonetheless, the regime is also aware that the possibilities of military intervention are becoming increasingly remote, and that if it endures the pressure in the short term, which means keeping a tight rein on domestic affairs, it will probably save the situation. Backing for the Iraqi insurgency seems to have cooled down lately, as a tactical measure, but if the regime feels cornered it may decide to give maximum support to the insurgency as a counter-pressure measure.

A similar case is Iran, which has witnessed a dramatic increase in pressure on its nuclear programme. However, Iran has reacted differently by promoting the ultraconservative mayor of Teheran, Mahmud Ahmadinejad, to the post of prime minister and sending the West a blatantly defiant message. While US intervention in Syria seems unlikely, it would be practically unthinkable in Iran. With a population and territory practically three times the size of Iraq's and a religious and ethnically more homogenous population, an attempt to occupy Iran could end in

disaster, even for the US. Aware of this, but also of the fact that Washington's eyes are on them, the Iranian leaders would appear to have decided to step up their nuclear programme as a preventive measure, even though they have always officially denied the military nature of the programme.

The Iraq conflict is not only a source of problems but also of opportunities for Iran, as a rise to power of the Shia majority would put an end to a historic enemy and heighten Iran's possibilities of influencing the region. However, the Iraqi Shia's alleged link with Iran, although certain, has been greatly exaggerated. Many of them are deeply distrustful of their powerful neighbour who, although Shia, is not Arab. Indeed, terrorism and violent actions in the Arab areas of Iran have increased over the past year, a sign that sometimes ethnic and cultural differences are deeper than religious differences.

Other players in the area are following the conflict with equal interest. Almost any outcome of the Iraq conflict will be unfavourable to Saudi Arabia. A democratic regime dominated by the Shia would lead to greater Iranian influence in the area and would set an example that could destabilise the regime. But Iraq's conversion into a terrorist haven would be even worse for a country that already has serious problems with al-Qaeda at home. Turkey views with growing irritation the consolidation of a Kurdish political entity in northern Iraq, particularly now that it appears to be associated with the resumption of actions by the PKK (4) in the south and east of the country, causing hundreds of deaths over the past year. Finally, for Jordan, the Iraq conflict is a time bomb whose initial consequences appear to have taken the form of the November attacks against Western interests in Amman. The large percentage of Palestinians living in the country, the many Iraqis who have settled there, the Jordanian nationality of Abu Mussab al-Zarqawi and the fact that Jordan is a logical stepping stone that would allow Jihadists to take direct action against Israel from Iraq are not precisely reassuring for King Abdullah's regime.

Finally, on the strictly national level, the interests of several different players clash in Iraq. First there are those of the Sunni minority, who are deeply alarmed by their loss of power and the political rise of the Shia and Kurds. It is here that the base of the insurgency is located, intermingled with the interests of a few neighbouring countries that are keen for the US

(4) The PKK is the Kurdistan Workers' Party, a Kurdish guerrilla and terrorist group that led a bloody fight against the Turkish government during the 80s and 90s.

intervention to fail. And then there are the interests of the two communities that are united solely in their opposition to Sunni domination: the Kurds, who are in favour of exploring all possibilities of federalism to the full, and the Shia, whose motivations are very diverse and complex. The majority are in favour of an Islamic regime similar to that of the neighbouring Iran, whereas other groups are closer in their stances to Arab nationalism. Finally, mention should be made of the moderate groups, those that sincerely believe in a democratic, moderately Islamic regime on peaceful terms with its neighbours. Regrettably, as in all civil strife, the voice of the moderates is progressively being drowned by the rise of the more radical factions.

This densely woven web of interests at various levels makes for a hugely complex situation whose consequences are difficult to predict, though it will probably influence the course of history decisively in some way or another (both for the Iraqi nation and for the Middle East) the global fight against terrorism and even the balance of power in the world. Although Iraq is not among the bloodiest conflicts of the past decades (with perhaps some 50,000-60,000 deaths to date (5)), its repercussions will undoubtedly be very important.

For the USA, the situation remains unfavourable, even though the developments of this past year have been moderately positive. The materialisation of the political transition, which has more or less gone as envisaged, has marked an important success. Nonetheless, this process has also revealed the problems, internal tensions and tendencies lying in store for Iraq, even if the insurgency were to be defeated in the medium term. As things stand, Washington's initial strategic goals appear difficult to achieve fully and the Bush Administration would probably be satisfied if a minimally stable and not decidedly anti-Western political regime were established in Iraq.

The opposite scenario (if the country were to be plunged into chaos) would be a strategic disaster of colossal proportions, much worse than the Vietnam War. The whole of the Middle East would be destabilised without remedy for at least a whole generation and, worse still, the conflict would not have ended. North Vietnam and the Vietcong ceased hostilities against the US

(5) It is difficult to establish the number of deaths in the conflict owing to contradictory reports. It is usual to quote the data published in the Iraqi Body Count, which is posted on the Internet by a private organisation and puts the number of civilians and police killed until November 2005 at between 26,000 and 30,000. The losses sustained by the Coalition are better known and number 2,354 (of whom 2,153 are Americans) as of 15 December. Data referring to losses among the Iraqi army point to some 3,000-6,000 deaths during the 2003 attack and around 2,000 in the new, subsequently formed Iraqi army. Finally, it is impossible to calculate the losses sustained by the insurgency. This figure is probably very high, maybe as many as 20,000.

as soon as they gained control of Vietnamese territory and their leaders never thought of bombing Washington and New York. But the intentions of the Jihadists and al-Qaeda would be very different and they would use Iraq as a stepping stone for future actions in their global war against the neighbouring regimes, Israel and the Western world.

The intention to transform the Middle East by establishing democratic regimes has enjoyed acceptable successes, bringing about changes of varying significance, in Lebanon, the Palestinian Territories, Egypt and even Saudi Arabia. But the results achieved so far indicate that these changes are facelifts rather than deep transformations—not because there is not a real wish for change in the societies of the area, but because there are multiple conceptions of the direction that this change should aim for. In this regard the USA has failed to convey an image of liberator to the Arab public opinions. On the contrary, its image deteriorated as the Iraq conflict developed, and it was often portrayed as a manipulator and aggressor that despises Arab culture. This failing has played into the hands of the Jihadists, who present an alternative model of changed based not on Western patterns but on a return to the more conservative Islam.

The evolution of the conflict is also far from satisfactory for the latter. The struggle in Iraq has revealed the limits of the American armed forces but also those of al-Qaeda and related groups, which have suffered considerable wear. More worrying still from their point of view is the fact that the native Iraqi insurgency is beginning to reject the foreign groups, sometimes violently. And although they may sympathise to an extent with the international Jihadists, Arab public opinions are becoming increasingly horrified by the possibility of their provoking situations similar to that of Iraq in other countries in the region. As has occurred in previous conflicts, the Islamic terrorists' brutality is often their own worst enemy.

At the time of writing this article, following the holding of the legislative elections of December with relative normality, the Sunni attitude to the political process appears to be one of the keys to the country's future. The Sunni leaders' sensations of having been pushed into the background during the electoral process and the fact that the Constitution was almost not approved in the referendum owing to the negative vote in the Sunni areas dampened the attempts to bring this minority closer to political life. On the contrary, the turnouts for the constitutional referendum, and above all, for the December legislative elections are positive points. But the repercussions of the former appear to be much greater than those of the latter. Indeed, the moderate Sunni politicians would only succeed in presenting themselves as an alternative to the

insurgency if they were to secure very important political concessions disproportionate to the percentage of the population this minority represents. And neither the Kurds nor the Shia appear willing to make concessions of this kind.

Hopes that the December elections will mark the beginning of the end of the insurgency are probably illusory, like those that preceded the swearing-in of Allawi's government last year, the January elections and the constitutional referendum in October. It will take time and determination together with a conciliatory policy that is more than just words to weaken the insurgency. It seems that this is the opinion of Washington, which is going to great lengths to integrate the Sunni into the political process and to prevent the Iraqi government from making decisions that could be interpreted as discriminatory. This about-turn in US policy evidences greater maturity in the political and strategic management of the conflict and perhaps points to the hand in the shadows of the new secretary of state, Condoleezza Rice, in whom the president has greater confidence than her predecessor Colin Powell and who also enjoys more room for manoeuvre for implementing moderation measures.

But this new US approach is perhaps a little late. After two and a half years of hostilities, the Sunni insurgency seems to have become consolidated as a stable, well organised force that is hard to defeat. Furthermore, both the Shia and the Kurds have had a taste of power and do not seem likely to want to share it with the minority who oppressed them so harshly for decades. Apart from this, the country is in the throes of confusion, with insurgents, militiamen, international terrorists and criminals running amok. And tiredness is taking its toll, both on US public opinion and on that of its allies.

Given this state of affairs, American leaders may feel tempted to make an excessively rapid withdrawal; but no rapid solution is envisaged for Iraq. The US will have to continue to face up to considerable costs and human losses, apart from deepening its new, more realistic and moderate view of the conflict, before thinking about leaving the country's security in the hands of forces which, at present, can be easily challenged both by the insurgency and by the militias. All in all, the US Administration cannot afford to rush into ending the conflict with the same lightness with which it began it.

CHAPTER EIGHT

LATIN AMERICA

LATIN AMERICA

BY CARLOS MALAMUD

The last quarter of 2005 saw the holding of the 15th Ibero-American Summit in Salamanca and the 4th Summit of the Americas in Mar del Plata, Argentina, only a very short time apart. Despite the criticism of the excessive number of summits—summed up by President Uribe's remark about "presidential tourism"—and their radically different nature, the result of both meetings allows us to make a good diagnosis of the international situation in the region. This is possible on account of the significance of the participants in both events, a fair number of whom are leading actors in both. We might list off-hand among Latin America's concerns: the difficulties of the FTAA (Free Trade Area of the Americas) in taking off on the continent; the image problems of the United States and, especially, of President George W. Bush vis-à-vis Latin American public opinion; China's unstoppable rise; the regional prominence Commander Hugo Chávez aims to achieve in relation to a series of somewhat imprecise proposals stemming chiefly from the high price of oil on the international markets; closer relations between Venezuela and Cuba, which, added to the growing militarization of the Bolivarian regime, are heightening the fears of many governments in the hemisphere; the triumph of Evo Morales in Bolivia and the significance of the questions it raises; Spain's good relations with Latin America as a whole and the establishment of the Ibero-American General Secretariat (SEGIB) as the permanent management body of the Ibero-American system; and, to end the list, which is not exhaustive, the Cuban government's determination to maintain a political system with no prospects that is jeopardising relations with all the countries in the region without exception.

But the two Summits and their more or less controversial results also provide grounds for discussing some of Latin America's main political and economic problems based on the fact that, at least in theory, the Summit of the Americas should have focused on job creation and its

contribution to the economic and democratic consolidation of the Latin American countries. But that is not all. At both Summits it became evident that many of the leaders taking part would soon be bidding farewell and will not be attending the next events, in view of Latin America's packed election calendar for the coming months (see Chart 2). Honduras and Bolivia elected presidents in the last stretch of 2005. Meanwhile, the outcome of the first round of voting in Chile called for a run-off ballot in mid January which resulted in victory for Michelele Bachelet, who was leading all the opinion polls; and Haiti's tricky internal situation prevented it holding the elections scheduled for December 2005, which have been postponed time and time again.

Brazil, Mexico, Peru, Colombia, Costa Rica, Nicaragua and Venezuela are due to vote in presidential elections in 2006. In the countries where re-election is possible (and the number is growing in Latin America), the election result is not always clear, even to the boldest opinion pollsters, who, as we have seen, failed miserably in the case of Bolivia. Aside from the fact that citizens have the last word on the day of the polls, the truth is that whereas President Uribe, following the favourable ruling from the Constitutional Court, fares well in surveys thanks to his considerable popularity, the situation of President "Lula" is marked by a high degree of uncertainty surrounding the latest stages of his tenure. This became more evident when the cases of corruption that have hit his close circle, both in the party (the PT) and in government, began to be uncovered. In Venezuela, unless the opposition miraculously recovers its lucidity, President Chávez's chances of being re-elected for a further term are considerable, even though the results achieved by the government and accompanying political movements were not entirely satisfactory when it came to mobilising their most loyal followers, as was evidenced by the low turnout in the December legislative elections.

At the same time, it was witnessed throughout the length and breadth of the continent how some social movements opposed to the "neo-liberal" reforms and globalisation developed and gained force. Their agendas include a highly varied assortment of demands ranging from ethnic to regional and tinged with considerable nationalism, populism and even ethnicism. Many of these movements, such as the Argentine *piqueteros* or road-blockers, the Bolivian and Peruvian coca growers and Brazil's "landless" peasants, are very close to the "21st-century socialism" that is proclaimed, but not defined, by Commander Hugo Chávez.

THE STATE OF PUBLIC OPINION

According to the 2005 *Latinobarómetro* report, no significant progress has been made in essential aspects of democratic culture in the region as a whole. In general, citizens' mistrust of their principal institutions, political and non-political alike, is increasing or is the same as previous years. Meanwhile, in parallel to the weight of clientelism and corruption (dominant features of a particular style of doing politics), we find that civic culture and perception of the rule of law are not improving among the citizens of the various Latin American countries. At the same time, midway between economic recovery and the throes of the latest crises and their devastating consequences on employment, people's expectations are growing of a rapid improvement in their situation, living conditions and access to a job, all of which hinders the governance of their countries and the implementation of public policies more conducive to the promotion of general well-being.

Therefore, on the basis of these initial considerations, it may be safely said that Latin Americans' interest in politics has remained practically unchanged over the past 10 years, even though criticism of politics, and especially of politicians, is persistent and very widespread among the region's inhabitants. As a rule, the authors of the study are highly critical of what are generally journalistic statements about public opinion's growing hostility towards politics in the different countries. Indeed, this is coherent with the fact that approval of the government ("how the president is running the country") has increased from 36 percent in 2002 to 49 percent in 2005. The reply to this question largely reflects the influence of presidentialism throughout the region. It is also consistent with the fact that presidents tend to be judged positively, though it is not strange that, in general, governments are rated more highly than presidents' image.

During the 1995-2005 period, the president and the government, together with the municipalities (councils), police and banks, are the institutions which inspired greater confidence among the population, while people progressively lost confidence in the Church and television, the two institutions that are most highly valued by citizens, although they still top the list of people's preferences. The rest of the institutions that were taken into account, including Parliament, justice, the political parties and the armed forces, fare the same as usual. In general, support for the institutions in the region as a whole is fairly low and indicates a significant lack of confidence on the part of citizens and the difficulties of consolidating democracy.

A sizeable majority of the population, 70 percent, believes that democracy has its problems, but is the best political system that exists, and 66 percent thinks it is the best system for achieving their country's development. In 2005, for the third year running, support for democracy in the region was 53 percent, while 19 percent of the population, a by no means insignificant number, does not care what type of political system it lives in. Given the magnitude of this phenomenon, it is obvious that Latin American governors need to make a serious effort to convince these more change-resistant groups to accept the virtues of democracy in order to strengthen support for this political system.

Satisfaction with democracy is considerably lower than support for democracy and stands at 31 percent. As for the idea of how democratic each country is, the regional average, on a scale of one to 10, stands practically in the middle, at 5.5. Whereas Venezuela, Uruguay, Costa Rica and Chile regard themselves as the most democratic of the 18 countries analysed, the perception of those which are less democratic is greater in Paraguay, Ecuador, Nicaragua, Peru and Guatemala. Bolivia, for its part, which has witnessed the violent overthrow of two presidents (Sánchez de Losada and Mesa) in recent years, is rated above average, at 5.3. Therefore over the next few years, particularly in countries which have elected presidents defined loosely as "left-wing", it will be important to monitor the influence of the state of public opinion on the health, recognition and approval of democracy. Many societies' expectations of overcoming the backwardness and inequality that characterise them and the excessive promises made by politicians during the election campaigns, which are subsequently difficult or impossible to fulfil, hinge on this. Accordingly, in the 2006 surveys, it will be significant to examine the behaviour of Bolivians, Venezuelans, Brazilians, Argentines and Uruguayans—the population of countries where there is talk of a "leftward swing". To what extent will the measures adopted be valued by the population or will frustration be the prevailing note, knowing that national differences will be of great importance?

However, the good news in this respect is that most of the region's population, 62 percent, opposes an authoritarian military government under any circumstances, while only 30 percent "would support a military government if things become very difficult". Rejection of authoritarianism is less than 50 percent in Paraguay, Honduras and Peru (it is only 51 percent in Ecuador). It is particularly telling that 66 percent of Venezuelans reject a military government, even though it is patently obvious that Commander Chávez plans to shape a civic-military

regime in his country and daily life is becoming increasingly militarised, particularly schools. In Peru, the low percentage of rejection of authoritarianism is consistent with the high expectations the polls give to Ollanta Humala.

Uruguay, the Dominican Republic and Chile are the countries with the greatest perception of the rule of law, whereas in Ecuador, Peru, Brazil and Bolivia this perception scores the lowest of all the countries studied. This classification ties in with the existing civic culture, as the greater a population's civic culture, the greater the perception of the rule of law. The exception is Colombia which, despite its weak civic culture, values the rule of law highly. In the case of Colombia we should bear in mind the major achievements accomplished by President Álvaro Uribe's policy of democratic security, which has not only considerably lowered the number of crimes and terrorist actions, particularly homicides and hostage taking, but has also bolstered significantly the sensation of security among Colombians, who in recent years have ceased to live like hostages crammed together in cities which they are unable to leave except by air. It is this reality which largely accounts for the high rate, over 70 percent, of approval of Uribe's government.

According to regional public opinion, the power of the state and of the public and political players has waned in recent years to the benefit of certain private actors. This is a worrying perception, as it alludes directly to government loss of control and is a further obstacle to the implementation of coercive formulas for the enforcement of laws if necessary. Whereas in 2003 fifty-seven percent of the region's population reckoned that it was the government who wielded the greatest power, this figure had slumped to 49 percent by 2005. A similar phenomenon has occurred with the political parties, which slid from 39 to 34 percent. Conversely, the number of people who believe it is the major companies that have the greatest sway has risen, whereas perception of the power of Parliament remains practically unchanged. This feeling contrasts with some of the new political trends which require a more powerful state.

In recent years corruption has become one of the population's chief problems and accounts for a good part of the political agenda of the principal media, which devote almost permanent attention to this issue. This situation further fuels citizens' feelings about the negative impact corruption has on their daily life. However, the perception that progress is being made in the fight against corruption has grown from 26 to 30 percent in Latin America during the past year. Whereas in Argentina, Brazil, Bolivia, Chile, Ecuador, Mexico, Uruguay and Venezuela it is believed that major headway has been made in this fight, the opposite is true of Colombia,

Costa Rica, El Salvador, Guatemala, Honduras, Paraguay and Nicaragua. Along with corruption, unemployment and insecurity are two of the chief concerns of most Latin Americans today.

ELECTIONS AND POLITICS

Tabaré Vázquez was sworn in as Uruguay's president in March 2005, marking a switchover from the traditional Blanco and Colorado parties to another party, actually an alliance of parties—the Broad Front-Progressive Encounter (FA). Vázquez's advent to the Uruguayan presidency had an added significance, as it increased the number of leaders considered left-wing in the region. Amid this confusing conglomeration which calls itself the Latin American Left and includes such figures as presidents Kirchner (Peronist) and Chávez and Evo Morales (clearly populists), special mention should be made of presidents Lula (Brazil), Lagos (Chile) and Vázquez (Uruguay). The last three are seasoned politicians with experience in public management or trade-union work and belong to parties that have been around for at least three decades, such as the Brazilian Workers' Party (PT) and Uruguay's FA. We are not dealing with newcomers to politics or candidates belonging to heterogeneous movements that embrace a broad political spectrum, such as the Justicialist Party, or unstructured movements that rely on the charisma of their leaders, as occurs with the Movement for the Fifth Republic (MVR) and the rest of the conglomeration of Bolivarian forces of Venezuela. In Bolivia, the Movement for Socialism (MAS) is more the product of social movements than an organised party. On the contrary, in Uruguay the political weight and hegemony of the FA was confirmed in the local and departmental elections in which it achieved important victories, while the Blanco and Colorado parties slipped further into crisis.

Political life on the subcontinent, particularly in the turbulent Andean region, was again rocked by street movements that led to the fall of the Ecuadorean president Lucio Gutiérrez and the resignation of Carlos Mesa, and gripped by road blocks and social protests. Mesa handed in his resignation to Congress for the first time in March, but withdrew it after securing popular support to remain in power. However, his accumulated political support did not last long and in June he handed in his final resignation after serving as president for 20 months. While Mesa's position was badly weakened by his shortage of political and social backing, particularly among parliamentarians, his successor Eduardo Rodríguez, found himself in an even weaker position. However, his most important and greatest strength was leading the call for the election that chose

his successor and renewed the national assembly in December 2005. Rodríguez, president of the Supreme Court, was the third in line after the president of the Senate and president of Congress and landed the job following the renunciation of the two high ranking parliamentarians, who were questioned by several social and political movements headed by Evo Morales' MAS for belonging to the so-called "traditional parties" and being identified with political corruption. It remains to be seen to what extent the overwhelming result of the December election will be capable of triggering an about-turn in the country's political situation and influencing its immediate future above and beyond the ritual and ceremonial gestures and fiercely confrontational rhetoric of which the new president is so fond.

Alfredo Palacios, Gutiérrez's successor who took over in April 2005 when Congress decided to remove his predecessor from office for "neglecting his duties", is also in a very weak position. It is curious that both of the new presidents, Mesa and Palacios, who arrived in power under exceptional circumstances and lacked the legitimacy afforded by an election victory, should have attempted, albeit unsuccessfully, to promote far-reaching institutional reforms and stage referendums on issues as significant for future public life as hydrocarbons and constitutional reform. In a sort of leap in the dark, attempting to make up for lack of political support with measures designed to win over the masses, both are jeopardising the country's governance. Admittedly, the institutional weakness and permanent crisis that have struck the party system in both countries are conducive to solutions of this kind which are adopted, among other questions, to gain time.

Meanwhile, in Peru, another of the more conflictive Andean countries, President Alejandro Toledo has survived the social protests, parliamentary enquiries and harsh criticism by the media of his running the country. Owing to this shower of criticism and the perception of his serious failure to fulfil most of his electoral promises, despite the good progress of the economy his mandate has been characterised by low confidence among Peruvian citizens, so much so that on more than one occasion the opinion polls put his popularity at under 10 percent. Even so, Toledo is approaching the end of his mandate and is willing to hand over the baton peacefully to whoever is elected new president in May 2006.

2005 witnessed the emergence in Peru of *etnocacerismo*, a movement promoted by brothers Ollanta and Antauro Humala combining ethnic elements with fierce nationalism and populism and incorporating its own set of symbols with many fascist elements. So far Ollanta

Humala, who is standing as a candidate in the presidential election, has garnered popular support that some polls put at around 20 percent, although it remains to be seen how the candidate progresses, particularly when he becomes more actively involved in the campaign. A fact that will no doubt be of great importance is the repercussion of Evo Morales' victory and its effect on the native population of Peru, and also the strong backing received from Commander Chávez. The pre-election atmosphere became heated during the last months of 2005 owing to the arrival in Chile of Alberto Fujimori, his imprisonment in Santiago and Peruvian justice's request to the Chilean government for his extradition—an issue to be dealt with by Chile's judges—but also to the resurgence of the narcoterrorism of Sendero Luminoso and the coca growers' demands.

After a lengthy deliberation period, Colombia's Constitutional Court declared the legality of the reform of the 1991 Constitution approved by Congress allowing the president to be elected for consecutive terms. The question of whether or not re-election was possible had become the main topic on the political agenda as it fuelled certain expectations of likely candidates other than the president, but was also conditioning not only the demobilisation of the paramilitaries, reinforced by the passing of the Justice and Peace Law, but also the pace of the very antiterrorist fight. Following the announcement of the Court decision, many analysts are speculating about whether the Revolutionary Armed Forces of Colombia (FARC) will launch an offensive to "spoil the party" for what they consider their main enemy. The process of demobilising the "paras" has already affected over 10,000 people and remains alive despite the many criticisms received and its own contradictions. The government has strengthened its position with the tentative progress achieved at Havana in the pre-negotiations with the National Liberation Army, whereas humanitarian exchange talks with the FARC remain deadlocked.

Chile's constitutional reform made it possible to eliminate the authoritarian enclaves remaining from the constitution drawn up by Pinochet's dictatorship years ago. There will be no more senators for life; the president of the republic may now dismiss commanders in chief of the armed forces; and the National Security Council (COSENA) has ceased to enjoy its past importance having become merely an advisory organ to the president. The system of double election districts that characterises Chilean parliamentary elections has yet to be reformed by drafting a new electoral law, which continues to come up against fierce resistance from the Right. In Chile the process of choosing the candidate to represent the Coalition, the alliance in power that draws together the Christian Democrats and Socialists, came down in favour of the Socialist candidate Michele Bachelet, the country's new president. Unlike others, the Right stood

for the election divided, as Joaquín Lavín's candidature was followed by that of Sebastián Piñera for the National Renewal (RN) party. This formula, as it turned out, failed to achieve results and proved detrimental to its main promoter, Sebastián Piñera. The result of the December election left the governing Coalition, which was able to put its control of both houses into effect, with ambivalent feelings. However, while the left-wing parties clearly gained ground, the situation of the Christian Democrat (DC) party is somewhat more delicate. Furthermore, on the presidential front, the first round proved inconclusive and maintained the confrontation between Bachelet and Piñera, which ended in a resounding victory for the Socialist candidate, who secured an advantage of nearly seven percent.

Chart 1: 2005 election calendar in Latin America

Date	Country	Type of election
6 February	**Mexico**	**State of Baja California Sur** (Governor/Congress/Municipal) **State of Guerrero** (Governor/Congress/Municipal) **State of Quintana Roo** (Governor/Congress / Municipal)
20 February	**Mexico**	**State of Hidalgo** (Governor/Congress/Municipal)
27 February	**Argentina**	**Province of Santiago del Estero** (Governor)
17 April	**Cuba**	**Municipal** (First round)
24 April	**Cuba**	**Municipal** (Second round)
5 May	**Venezuela**	**Municipal** and Parish Boards
8 May	**Uruguay**	**Municipal**
3 July	**Mexico**	**State of Mexico** (Governor) **State of Nayarit** (Governor/Congress/Municipal)
25 September	**Mexico**	**State of Coahuila** (Governor / Congress / Municipal)
September	**Paraguay**	**Municipal**
23 October	**Argentina**	**Legislative**
13 November	**Haiti**	**Presidential** (First round) and **Legislative***
27 November	**Honduras**	**General**
4 December	**Venezuela**	**Legislative**
11 December	**Chile**	**Presidential and Legislative**
11 December	**Haiti**	**Presidential** (Second round)*
18 December	**Bolivia**	**Presidential, Legislative, Prefects**

* Not held

As regards the election calendar, 2005 did not witness a significant number of elections as is due to occur in 2006, although presidential elections were held in Chile (first round), Honduras and Bolivia during the last quarter. Even so, the trend in many countries, which was particularly

visible in the largest of them, was to poise themselves for the presidential elections in 2006, as witnessed in Mexico and Brazil. Mexico completed the long drawn-out process of defining the candidates, resulting in the choice of Andrés Manuel López Obrador (AMLO), who so far has the greatest chances, to represent the Democratic Revolution Party (PRD); Roberto Madrazo for the Institutional Revolution Party (PRI), following an alarming string of expulsions and desertions from the election race; and Felipe Calderón Hinojosa for the National Action Party (PAN), despite not being President Fox's favourite candidate. If the elections for governor in the various states proved anything it is that the PRI is not entirely on its last legs, despite the problems of image posed by Madrazo's candidate, and has still got plenty of go in it, while the polls favourable to López Obrador are somewhat less encouraging now that he has stepped down as mayor of Mexico City and following the end of his legal dispute with President Fox, who sought to have him stripped of his privileges and expelled from the presidential race. In this case the role of victim, together with his populist conduct and considerable public profile, had increased López Obrador's popularity. Nor should we rule out the possibilities of Felipe Calderón, who in only a short time has consolidated his position in the opinion polls and looks set to be López Obrador's rival.

Chart 2: 2006 election calendar in Latin America

Date	Country	Type of Election
8 January	**Haiti**	**Presidential** (First round) and **Legislative**
15 January	**Chile**	**Presidential** (Second round)
5 February	**Costa Rica**	**Presidential and Legislative**
15 February	**Haiti**	**Presidential** (Second round)
5 March	**Haiti**	**Municipal**
12 March	**Mexico**	**State of Mexico** (Congress/Municipal)
March	**Colombia**	**Legislative**
2 April	**Costa Rica**	Possible second round of presidential election
9 April	**Peru**	**Presidential and Legislative**
March	**Colombia**	**Legislative**
16 May	**Dominican Republic**	**Legislative and Municipal**
May	**Colombia**	**Presidential**
2 July	**Mexico**	**Presidential and Legislative** (National)
		-**Federal District** (Governor/Congress/Municipal -**State of Guanajuato** (Governor/Congress/Municipal) -**State of Jalisco** (Governor/Congress/Municipal) -**State of Morelos** (Governor/Congress/Municipal) -**State of Campeche** (Congress/Municipal) -**State of Colima** (Congress/Municipal) -**State of Nuevo León** (Congress/Municipal) -**State of Querétaro** (Congress/Municipal) -**State of San Luis Potosí** (Congress/Municipal) -**State of Sonora** (Congress/Municipal)

20 August	**Mexico**	**-State of Chiapas** (Governor)
1 October	**Brazil**	**Presidential, Legislative and Governors**
19 October	**Mexico**	**-State of Tabasco** (Governor)
29 October	**Brazil**	Possible presidential second round and Governors
October	**Ecuador**	**Presidential**
5 November	**Nicaragua**	**Presidential and Legislative**
December	**Venezuela**	**Presidential**

In Brazil, just when nobody was disputing President Lula's leadership, notwithstanding some dissent from the left of his party, and when the progress of the economy was pointing to an uncomplicated re-election of the president, the corruption scandals broke out and have already claimed several victims from Lula's close environment. In the government, the worst affected was José Dirceu, minister of the Civil Household of the Presidency, a sort of chef de cabinet, who was forced to resign in June. The treasurer, Delubrio Soares, and the secretary general, Silvio Pereira, of the PT also had to step down amid a continuous string of scandals that tainted the image of the governing party. The PT, which has appointed a new president, has made a serious effort to isolate the president and keep him out of the scandals, though it succeeded only partly, and the president's image is starting to be tarnished. This explains the great deal of uncertainty about Lula's possibilities of re-election.

The Argentine legislative elections, which President Kirchner presented as a plebiscite in order to enhance his legitimacy after arriving in power with only 22 percent of the vote, were won by the governing party, which secured nearly 40 percent of the vote. Although the result does not grant him an absolute majority in Congress, where he must negotiate with other parliamentary groups in order to go ahead with his projects, President Kirchner and his Peronist Front for Victory enjoy a strong position owing to the weakness of the opposition, as witnessed in the controversial parliamentary debate on the reform of the Council of Magistrates (the Council of the Judiciary). In the parliamentary elections, the Centre Right secured no more than nearly 10 percent of the vote altogether, as did the Centre Left (the ARI led by Elisa Carrió and the triumphant Socialists of the province of Santa Fe), while the radical groups won scarcely more than nine percent and the Peronists who had not teamed up with the president (Duhalde in Buenos Aires, Menem in La Rioja and Rodríguez Sáa in San Luis) won over 15 percent.

THE ECONOMY

The IMF reckons that the world economic situation will continue to be favourable to Latin America. Although world economic activity grew more moderately in 2005, the short-term outlook both for the world as a whole (a world GDP growth of over 4.25 percent for 2005 and 2006 is expected) and for Latin America (a four percent increase in GDP in 2005 and 3.75 in 2006) is very sound. The current expansion seems more firmly based than previous ones, as many countries have made structural adjustments in tax matters. However, after the figures recorded in 2004, the highest of the past 24 years, the region's growth is easing, although the rates expected for 2005 and the following year continue to be above the historic average. Everything would seem to indicate that we are looking at a more stable expansion than the previous ones owing to the implementation of correct macroeconomic policies, though a few threats remain that could affect growth, such as higher oil prices, the weakening of raw materials and increased risk in the emerging markets which have so far benefited from the low world interest rates. It should be remembered that the average rise in Latin America's real GDP since the early 1980s had been 3.5 percent and growth per capita less than 1.5 percent, lower than the figures recorded in other emerging countries, particularly in Asia.

In 2005, most countries in the region continued to consolidate their tax position and managed to lower their public debt to GDP ratio. By the end of 2005 Latin America's debt will account for 45.9 percent of GDP, a considerable drop of over 15 percent from the maximum recorded in 2002, when it amounted to 61.3 percent of regional GDP. The factors underpinning the reduction in external vulnerability are improved primary fiscal surpluses, economic growth, the restructuring of debt and the appreciation of the national currencies against the dollar.

Growth in Latin America is largely driven by the rising prices of raw materials, making for improved terms of exchange and higher income from exports. Another important factor that underpins growth is domestic demand, which remains strong (it has received considerable impetus in Brazil). Mexico and the South American countries have benefited from the increase in the price of fuel, foodstuffs and metals, though in Central America and the Caribbean the fuel price hike could eventually jeopardise growth. The price of oil, the most typical case, rose from 45 barrels per dollar to 65 dollars (by nearly 45 percent) between August 2004 and the same month in 2005. But oil was not the only commodity, as the price of copper climbed from 1.29 dollars per pound to 1.75 dollars (over 35 percent) during the same period.

Despite the oil price hike, inflation has stabilised. In Colombia it dropped from 6.5 percent in 2003 to five percent in September 2005, the lowest in decades. A very similar figure is expected for 2005 in Brazil, and inflation in Chile and Peru is somewhere between two and three percent. Although regional inflation is expected to decrease from 6.5 percent in 2005 to 5.5 percent in 2006, Argentina has reached two digits and Venezuela is fluctuating between 17 and 18 percent. The balance of payments surplus, together with an increase in foreign currency reserves and the better conditions secured by governments for the repayment of foreign debt, makes them less dependent on flows of foreign capital. The investment ratio has also improved, currently standing at 20 percent of GDP, although some countries such as Argentina and Uruguay are reaching the limit of their installed capacity following a period of fast growth and would need fresh investment in order to keep up their current pace.

In 2004, Latin America and the Caribbean received over 56.4 billion dollars of foreign direct investment (FDI), 44 percent more than the 39.1 billion that went into the region's coffers in 2003. Spanish investment in the region during 2004 totalled over 9.1 billion, accounting for more than 16 percent of all investment and marking a 71 percent increase with respect to 2003. Mexico, with 5.2 billion euros, was the biggest recipient of Spanish investment and the acquisition of Bancomer by Spain's BBVA accounted for 4.2 billion dollars. Spanish FDI stock in Latin America currently stands at some 90 billion euros, the main recipients being Argentina (30 billion euros), Brazil (25 billion), Mexico (14.5 billion), Chile (10.5 billion), Peru (3.1 billion), Colombia (3 billion), Venezuela (2.4 billion), Uruguay (2.4 billion) and Cuba (836 million). Spain continues to be the biggest foreign investor in Argentina, is the second largest in Brazil, Chile, Colombia, Peru and Venezuela and the third largest in Mexico.

The strengthening of economic policy and climate of greater confidence are reflected in the rise in the exchange rates. Indeed, in six important countries (Argentina, Brazil, Chile, Colombia, Mexico and Peru), the exchange rate climbed by nine percent in the first half of 2005 without affecting exports. At the same time, reserves continue to grow. Argentina's reserves total nearly 26 billion dollars, equivalent to nine months of imports, whereas in Peru reserves account for over 270 percent of foreign debt falling due in the short term.

The positive economic environment has led to an improvement in employment and real wage increases. According to the International Labour Organization (ILO), the urban

unemployment rate slid from 10.9 to 9.6 percent in the first half of the year as a result of falling in seven of the nine countries for which statistics are available. When analysing the unemployment rate for those six months, we find that joblessness fell in Argentina (from 14.6 to 12.5 percent), Brazil (from 12.3 to 10.3 percent), Chile (from 8.9 to 8.3 percent), Colombia (from 16.5 to 15.0 percent), Ecuador (from 11.3 to 11.1 percent), Uruguay (from 13.5 to 12.2 percent) and Venezuela (from 16.6 to 13.2 percent), whereas it rose slightly in Mexico (from 3.7 to 3.9 percent) and Peru (from 10.1 to 10.5 percent). However, the figures for economic growth contrast with the persistence of poverty and extreme poverty, and of the major inequality in the region. Headway is being made in Chile, but progress is slow in most countries.

OBSTACLES TO REGIONAL INTEGRATION

We pointed out at the beginning of this article that the results of the two Summits held, the Ibero-American Summit and that of the Americas, allowed us to diagnose the international situation on the continent. This diagnosis obviously does not reflect all the region's problems, but it does mirror the main trends. If there is something the two aforementioned meetings have revealed it is the region's difficulties in making headway in the regional integration process. If the breakaway proposals of Commander Chávez in his statements at the counter-summit of the Peoples in Mar del Plata ("*we have come here to bury the FTAA*") are anything to go by, the chief obstacle to the progress of regional integration is the iron-fisted opposition of the United States, good old American imperialism that supports the theory of "divide and you shall conquer". Today the United States, like Great Britain in the 19th century, would seem to be the greatest enemy of regional integration, as this would allow the Latin American economy to properly take off and mark the end of neo-colonial domination. But a careful reading of the Salamanca and Mar del Plata summits as references to the events that are currently occurring in Latin America allows us to detect a series of bilateral tensions that point to the location of the true hindrances to integration: within Latin America, not outside it.

Once again, the differences between Chile and Peru emerged at Mar del Plata, this time over the endorsement of a Peruvian law establishing the sea borders between the two countries. The squabbles between Argentina and Mexico over the organisation of the Summit and between Argentina and Uruguay over the construction of two paper factories in the Uruguayan region of Paysandú also surfaced. Argentina opposes the project on environmental grounds, but Uruguay

stresses the hundreds of jobs this investment will create. These problems are joined by others, such as the rivalry between Brazil and Mexico for regional leadership and for a permanent seat on the United Nations Security Council that will be reformed one day; the differences between Brazil and Argentina over Mercosur; between Bolivia and Chile over gas; between Colombia and Venezuela over the alleged favourable treatment Venezuela grants to the Colombian terrorists of the FARC and ELN; between Ecuador and Colombia over the glyphosate fumigations carried out by the army on coca plantations at the border area; and between Cuba and any Latin American country that dares criticise its human-rights policy. However, at Mar del Plata a new, hitherto latent situation was experienced intensely: the harsh confrontation between presidents Fox And Chávez over what the former called "idealogised" attacks of the latter against free trade and its possibilities of progress for the region as a whole.

Of the main three obstacles standing in the way of regional integration, we might point to excess rhetoric and nationalism, added to a significant deficit in leadership. Excess rhetoric has influenced the entire process of regional unity since its beginnings, by shrouding it in nationalist mystic. The idea is basically unity for unity's sake, without clear political goals, and is presented to the people as one of the best recipes for overcoming backwardness and all the region's ills and problems. The best proof that the point of regional integration is not known is the fact that Simón Bolívar, José de San Martín and José Martí are now being hailed as the three major forerunners of this unity. It would not be a bad thing to recall the authoritarian, oligarchic and anti-liberal nature of Bolívar or the monarchic tendencies of San Martín—figures who, incidentally, bear little relation to the history of Mexico and Brazil, two key countries in the process of Latin American unity. The rhetoric promotes the creation of new integration institutions, shaping a real scramble of letters in which it is difficult to make any headway, as proven by the scant achievements of the South American Community of Nations, the latest proposal in this area which is promoted by Brazil, though the difficulties currently being experienced by its government, which has been hit by corruption cases, are holding it back. Excess nationalism, for its part, prevents any sovereignty being transferred to supranational bodies, which are need to give impetus to any process of regional or subregional integration.

Then there is deficient leadership. Neither Mexico nor Brazil, Latin America's two great giants, has decided to play the role that befits countries of their size and political and economic might. Argentina did not even try when it was in a position to do so. What is more, Brazil and Mexico not only do not exercise the leadership they ought to, but are actually at odds with each

other, creating a situation which impairs any coordinated action in this respect tremendously. While Brazil prefers to speak of South America, for some time Mexico had its sights set more on the north of the continent, on Canada and the United States, than on the south, though it is now attempting to return to its roots. Therefore, it is significant that most Latin Americans have greater confidence in Brazil than in Mexico, but at the same time Mexico, according to the *Latinobarómetro*, is the Latin American country most in favour of regional economic integration, which is backed by 92 percent of the population, whereas Brazil has the least confidence in this project, with 80 percent.

This contrasts with the experience in Europe, where the Franco-German engine became a clear driving force behind the unity of what eventually became the EU. Meanwhile, we are witnessing an attempt at filling the power void by the Venezuelan Chávez, who, thanks to the growing importance of the energy factor in economic growth policies and to high oil prices, possesses a very powerful weapon for promoting unity, which in Europe largely revolved around the Coal and Steel Community. However, given the lack of clear political proposals, the significant doubt that arises is how sustainable can a process be that not only inspires great passions among the multitudes but also arouses considerable misgivings among governments and sectors that are equally important in the region's societies.

While President Chávez is presenting the ALBA (Bolivarian Alternative of the Americas) as the alternative to the FTAA, the latter is advancing in fits and starts. Having ruled out 2005 as the date for launching the great American market stretching from Tierra del Fuego to Alaska, the countries involved opted for bilateral or subregional negotiations with the United States for the signing of free-trade treaties. This is what Chile did and is what was expressed in the CAFTA (Central America Free Trade Agreement), which also includes the Dominican Republic. Meanwhile, Colombia, Peru and Ecuador continue their negotiations with the United States to reach a similar agreement, while the talks with the Andean Community of Nations (CAN) as a whole proved impossible given Venezuela's reluctance to negotiate with the United States and the domestic turmoil in Bolivia, which made it totally unadvisable to include the Andean country in the negotiation group.

The FTAA project is most categorically opposed by the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) and Venezuela, though their reasons are not similar. Venezuela is against the FTAA for strictly ideological reasons, since oil, its main and almost its sole export

product, does not need trade agreements of any type to enjoy access to markets. The reluctance of the Mercosur countries stems from the US government's policy of farming subsidies and its attempt to put an end to the state apparatus of the Latin American countries' protection in the services market and purchasing process. However, not all the Mercosur countries share the same stance. Brazil and Argentina are the most belligerent and to an extent maintain the unity of Mercosur owing to the possibility of negotiating en bloc (4 + 1) with Washington. Meanwhile, Uruguay has signed a Treaty for the Promotion and Protection of Investments with the United States (Paraguay is attempting the same), which has distanced it from its two main Mercosur partners. As for Paraguay, its failure to recognise the jurisdiction of the International Criminal Court over US troops that may be stationed on its territory, and the facilities given to the FBI to conduct surveillance on the Triple Border (Argentina, Brazil and Paraguay), which is constantly suspected of harbouring dormant or finance al-Qaeda cells, has also caused deep ill ease among its neighbours. Venezuela's accession to Mercosur and Bolivia's attempts to follow suit rapidly will require a lengthy process of adapting Venezuelan and Bolivian legislation to Mercosur regulations in order for them to become fully fledged members. This process is expected to take no less than five years.

Under current circumstances, and in view of some of the election results in the region, the United States government is experiencing increasing difficulty tuning in with Latin America, as evidenced by the difficulties that have arisen with Mexico in the project to build a wall along several sections of the border between the two countries. These problems are added to those that already exist with Cuba and Venezuela, and Bolivia could also join the list if some of Evo Morales' plans for coca production or the nationalisation of energy resources go ahead. This lack of understanding with the leading regional actor is causing China's role in the region to grow. The expectations aroused by President Hu's trip to Latin America were disproportionate, but we should not forget the growing role of exports of ore and other primary products to the Chinese market (and the Asian market in general), and their impact on raw material prices. At this rate it is not outrageous to think that in a short time China may become the leading extra-regional actor, ousting Spain from this position. However, the growing role of Chinese interests in Latin America should be seen by Spanish companies and interests more as an opportunity than as a threat to the foothold they have secured.

Meanwhile, negotiations between the European Union and Mercosur remain deadlocked. The various rounds ended in new frustrations owing to the inflexibility of both sides, which

prevented any substantial progress from being made. In this respect, the results of the Hong Kong meeting of the World Trade Organisation (WTO) were not as satisfactory as expected from the perspective of the Latin American countries. Here too agricultural subsidies, linked to the Common Agricultural Policy (CAP), are the main, but not the only, obstacle to progressing in this treaty. In this respect the United States' proposal to lower agricultural subsidies in parallel to the EU were considered insufficient by Brazil and Argentina.

SPAIN AND LATIN AMERICA

Spain's policy towards Latin America throughout 2005 revolved around preparations for the Salamanca Summit. Apart from that, relations with Cuba and Venezuela were a focus of attention and even caused a break in the consensus on this important aspect of Spain's international presence. José Luis Rodríguez Zapatero put great effort into organising the 15th Ibero-American Summit in Salamanca, considering it to be a particularly ideal opportunity to give fresh impetus to the Ibero-American project which had experienced moments of serious impasse. The centrepiece of the Spanish project was the proposal to set up an Ibero-American General Secretariat (SEGIB), which José María Aznar's government had presented at the 2003 Summit. The overall result of the Salamanca meeting was positive and precisely one of its main achievements, though not the only one, was the establishment of the SEGIB, headed by the former director general of the Inter-American Development Bank Enrique Iglesias. Although Spain will continue to contribute 70 percent of the SEGIB's budget and the approved statutes, which substantially diminish the political capabilities of the Secretariat, are not the most appropriate, there is considerable optimism about the real possibilities of the SEGIB, which is expected to become the voice of Ibero-America at leading international forums. There is obviously a need for understanding and coordination with the OAS, but it is also evident that the personalities of the two general secretaries, Enrique Iglesias and José Miguel Insulza, will facilitate things enormously.

The high expectations pinned on the Salamanca Summit have probably obscured its achievements, which are important and sufficient. One such expectation was the attendance of all the leaders, as if a greater or lesser presence were synonymous with success or failure, even though it is evident that this should not be used as a gauge for measuring its results. Days before the summit began, it seemed that the goal could be met, except for the permanent uncertainty

regarding Fidel Castro. However, the elements, specifically hurricane Stan, conspired to cause the presidents of Guatemala and El Salvador to drop out. They were joined by the presidents of Nicaragua (threatened by an unnatural liberal-Sandinist pincer movement) and Ecuador (in a very weak position vis-à-vis the return of Lucio Gutiérrez). Added to this was Castro's defection. Of the five absences, the most inexplicable was that of the Ecuadorean Alfredo Palacio, who has a colony of hundreds of thousands of compatriots in Spain.

Other salient aspects of the Summit, apart from the setting up of the SEGIB, were the reduction in size of the final communiqué and the transformation of the public and open sessions plagued with grandiloquent addresses into three discreet working sessions of the leaders and their foreign ministers, which should mark the start of a new way of doing things. There is also the work of the "pre-summit", particularly the civic and business forums. It would be good if they continued to be organised at the next meetings (Uruguay, 2006, and Chile, 2007) and if a dialogue were established between them in the near future.

As for Cuba, the government initiative to promote a change in Europe's common position on the Castro dictatorship and its policy of human-rights violation was contested by the Popular Party (PP), the main opposition group that regarded this attitude as a gratuitous concession to Fidel Castro's government. Actually, it may be said that Spanish policy towards Cuba in recent years has been marked by continuity and that beyond adopting a stance of greater confrontation or greater dialogue, little can be done given Castro's blinkered attitude and scant or zero willingness to promote negotiation or dialogue. Indeed, any human-rights-related criticism levelled against the Cuban government is taken to be blatant interference in the country's internal affairs. Venezuela was another conflictive point following the Spanish government's decision to sell military aircraft and vessels to Commander Hugo Chávez. This decision was made after the advance of authoritarianism in the country following the victory of the governing party in the recall referendum and amid the manoeuvres to rearm the National Armed Force (FAN) and create a major military reserve. If to this we add the growing tension with the United States government, the ingredients for controversy are assured.

The position of the Spanish government stems from the need to maintain good relations with all the Latin American governments and countries. This necessity also explains the efforts to balance the situation by clearly backing President Uribe of Colombia in his fight against terrorism. However, aside from the obvious errors of selling a product that is too complicated,

the fact is that Spain should adopt a much clearer position with respect to defending representative democracy and human rights, especially at a time like the present in which populism is plainly gaining ground. Therefore, the government faces a clear challenge in its endeavour to promote its Ibero-American policy, though episodes such as the radio hoax played on Evo Morales hardly help improve Spain's image in the region and re-establish the consensus in Latin American policy. At times like the present, when many countries in the region are undergoing changes, Spain needs to be clear about what it wants, is able and has to do in order not to lose a political influence that is highly significant to its overseas action as a whole.

CHAPTER NINE

ASIA

ASIA

BY FERNANDO DELAGE

INTRODUCTION

Asia's fast-flowing strategic environment quickened its pace notably in 2005. The year revealed a number of trends which, altogether, are bringing about a shift in the regional power balance.

Perhaps the most significant is the United States' response to the new Asian motor that is driven both by economic regionalism and by the rise of China. This renewed interest in the region was confirmed at the beginning of Bush's second term in office. The visits paid by the secretary of state, Condoleezza Rice, to South and East Asia in March and July (and to Central Asia in October), defence secretary Donald Rumsfeld's trip to China in October and President Bush's tour in November should be interpreted in connection with this effort to restore Asia to a central position in US foreign policy.

In this regard Washington has particularly "rediscovered" China's growing power, which has led—and this is one of the most important novelties of the year—to a change in America's perception of the rise of the People's Republic. As readers will recall, before the start of his second mandate, Bush and his team referred to China as a "strategic competitor" of the United States. However, during the four years that ensued, relations between Washington and Beijing improved, while the US administration focused its attention on Afghanistan, Iraq and fighting terrorism. Nor was China a subject of debate during the 2004 election campaign. This appears to have changed in 2005, confirming that Washington is reassessing the implications of the "Chinese challenge".

The harshening of America's attitude towards Beijing in recent months reflects a series of concerns. Some are economic, ranging from the growing bilateral deficit with China to the debate over the import of Chinese textile products, including pressure to revalue the Yuan. Special attention was given to several attempts to purchase American companies, particularly the third largest Chinese oil company CNOOC's bid for Unocal, America's ninth largest oil firm. Congress vetoed the operation for security reasons.

A second concern is the spread of China's diplomatic and economic influence across the planet. In need of oil and other resources, China has extended its influence in Asia, Latin America, Africa and the Middle East. Washington noted with particular concern the appeal by the Shanghai Cooperation Organization (SCO) for the USA to set a date for withdrawing its forces from the bases it occupies in central Asia and the joint Russian-Chinese military manoeuvres conducted in August, for the first time since the Korean War.

But the factor that has most contributed to Washington's new attitude is China's military modernisation. Beginning in February, both the defence secretary and the directors of the CIA and the Defense Intelligence Agency drew attention to China's rising defence expenditure, the increase in the number of missiles deployed opposite the Strait of Taiwan and the strengthening of its navy. These statements implied that the US could be reconsidering the idea that China is not a threat to the global power balance.

China warned that remarks of this kind are a provocation. For Beijing, the most worrying indication of this change of attitude was the joint statement made by Japan and the US in February referring to peace in the Taiwan Strait as one of their "common strategic goals". Apart from the fact that this is the first time Japan has referred explicitly to Taiwan in this manner, the Chinese authorities have been wondering since then whether the strengthening of the alliance between the US and Japan and the latter's enhanced role in regional security are ultimately aimed at keeping China in check.

In view of the foregoing, we should not be surprised by another of the most salient events of the year: the diplomatic clash between the People's Republic and Japan. Both countries are rising simultaneously, modifying the balance of East Asia. It is a spiral that is difficult to stop, in that each believes it is simply responding to the other's actions. Some analysts have begun to add Chinese-Japanese hostility to the three traditional sources of conflict in the region—Taiwan, North Korea and Kashmir—as a new cause of instability in Asia.

The Chinese factor also affects another of the most interesting aspects of the new Asian geopolitical game: the emergence of India on the scene. Its rapprochement with China, which is sought by New Delhi but even more by Beijing, and the about-turn in US policy towards South Asia hold important long-term implications given India's determination to become a major world actor. From a strictly subregional perspective, India and Pakistan carried on with their diplomatic process concerning Kashmir, though doubts remained at year end as to how the October earthquake and terrorist attacks in New Delhi that same month will affect negotiations.

Terrorism and separatism continued to dominate the Southeast Asian security agenda. Indonesia witnessed fresh suicide attacks in Bali, although there was also the good news of a government agreement with the pro-independence guerrilla of Aceh, marking the end of a conflict that had dragged on for several decades. The Philippines is up against various separatist groups in the south of the archipelago, some of them linked to al-Qaeda. In contrast, the outbreaks of violence in the Muslim provinces of southern Thailand appear to be locally rooted. Nonetheless, the whole subregion remains on the alert for the Jemaah Islamiyah network, al-Qaeda's arm in Southeast Asia, and in relation to piracy in the Malucca Strait.

Finally, the year closed with the end of the deadlock in the North Korean nuclear crisis. The fourth round of negotiations opened in July led on 19 September to the adoption of a declaration of principles providing the framework for a final solution. The details—notably whether Pyongyang can have a civil nuclear energy programme—were left for the fifth round held in November. However, these points remained unsolved. Nevertheless, the last months of the years evidenced the US's new flexible attitude, North Korea's apparent decision to abandon its nuclear armaments programme if offered the security guarantees it is asking for, and China's decisive role in the process.

CHINA

Three years after his advent to power, President Hu Jintao has been consolidated as heading China's fourth-generation leadership. This was confirmed at a plenary meeting of the Communist Party Central Committee in October, during which the agenda began to be prepared for the next Congress (autumn 2007). It was the first plenary attended by Hu as leader of the

party, state and armed forces since his predecessor Jiang Zemin stepped down as head of the Central Military Committee in March.

In 2007, once his term in office is renewed until 2012, Hu will be able to change the government and party teams he inherited from Jiang in 2002. So far, in his style of leadership and political priorities, Hu has been doing things differently to his predecessors. The current leaders advocate a more balanced concept of growth (the term used is "scientific concept of development") enabling a "harmonious" society to be shaped. The authorities do not conceal their concern about the increase in social protests (according to official figures, these rose from 53,000 in 2003 to 74,000 in 2004) and about the inequalities between the country and urban centres. In connection with this endeavour to bridge inequalities to prevent greater social strife, in March the annual session of the People's National Assembly discussed a number of proposals aimed at trimming farming taxes and improving education and healthcare in rural areas. When approving the 11th five-year plan in October, the plenary of the Central Committee stated that the plan will settle the "still pending contradictions" that have led to the current social malaise.

It was above all on the international front that Chinese growth attracted world attention in 2005. In the economic sphere, the rise in China's exports and foreign investments, and its demand for resources afforded China decisive influence on the energy markets and on raw material prices. Nor should we omit to mention China's role in financing American foreign debt through the purchase of US treasury bonds. China's new international role was also reflected in its continued diplomatic activity on various continents. The main new developments of the year were witnessed in relations with the US; in the diplomatic clash with Japan (examined in the following section); in the management of the North Korean nuclear crisis (analysed in the section on Korea); in the debate on Europe's embargo on the sale of arms to China; and in the adoption of an anti-secession law aimed against Taiwan.

Relations with the United States

As mentioned in the introduction, the change in America's perception of China's rise is perhaps the most important aspect of the Asian strategic landscape in 2005. The transformation of the atmosphere of bilateral relations probably marks the end of the rapprochement that

followed 11 September. Although a series of economic and political difficulties explains the USA's position, the main target of its criticism is China's military modernisation.

In mid January, during the Senate hearing to confirm her nomination as new secretary of state, Condoleezza Rice implied that her country's policy towards China would be characterised by continuity. The United States, she said, is "building a candid, cooperative and constructive relationship with China that embraces our common interests but still recognises our considerable differences about values". However, a couple of weeks later Washington's concerns began to surface. The defence secretary Donald Rumsfeld stated at a hearing of the Senate Armed Forces Committee that he was alarmed by China's growing military muscle and by the role that its "dictatorial system" may play in Asian affairs. A few days later it was the CIA's director, Porter Goss, who warned the Senate that China's military modernisation is not only disrupting the power balance in the Taiwan Strait but is a threat to US forces in the rest of East Asia.

On 19 February Beijing came up against a joint declaration of the US-Japan Security Consultative Committee in which both countries mentioned the problem of Taiwan among their "common strategic goals". The Chinese ministry of foreign affairs described the reference to Taiwan as a provocation. In China's eyes, by declaring its strategic interest in Taiwan, Tokyo had crossed a red line (Japan had always avoided adopting a public stance in this respect). But Beijing was also concerned by the role of the US, as the communiqué led it to question whether Washington was seeking in some way to worsen Chinese-Japanese relations. The very fact that the US and Japan discussed strengthening their alliance did not go unnoticed to the authorities of the People's Republic, who believed that Washington attaches key importance to cooperation with Tokyo vis-à-vis a rising China.

During her March tour of six Asian countries ending in Beijing, Rice gave six of one and half a dozen of the other in her statements on China. At her first point of call, New Delhi, she warned that the USA would respond to China's growing military might by reinforcing its own capabilities and its alliances with South Korea and Japan. The secretary of state nonetheless added that Washington is not seeking confrontation with China, a country that "can emerge as a constructive force in Asia". In an address delivered at Sofia university in Tokyo, Rice stressed that the US welcomes the rise of a "self-confident, peaceful and prosperous China". Nonetheless, she mentioned that there are matters that "are complicating" bilateral cooperation with China, especially, Taiwan.

Fresh bilateral tension was sparked by Donald Rumsfeld's address at the Shangri-La Dialogue in Singapore on 5 June. Rumsfeld pointed out that the US seeks "to cooperate with China in many fields: diplomacy, economics, global security", but also stated that "a candid discussion of China, however, cannot neglect to mention areas of concern to the region". Rumsfeld was referring above all to the military modernisation programme underpinned by the "third largest military budget in the world, and clearly the largest in Asia". Rumsfeld wondered what the reason for this budget was, since "no nation threatens China."

On 19 July the Pentagon published its long-awaited annual report on the Chinese armed forces. Although, given the previous months' declaration, a particularly harsh tone was expected, the report was in fact moderate and avoided making any statements on Beijing's ultimate interests. It neither defined China as an imminent threat to the security interests of the US and its allies nor assumed it would necessarily become a threat to regional stability as a consequence of its growing power. The study concluded that China is currently at a "strategic crossroads" and that its future is not yet decided one way or the other. Even so, Beijing reacted negatively to the report and Washington had to stress very explicitly that it does not regard China as a threat.

During the last months of the year, bilateral relations were also affected by a series of diplomatic moves made by Beijing in relation to certain countries that the US regards as conflictive. Such is the case of Iran—Washington came up against Chinese opposition to putting its nuclear programme before the Security Council; Sudan, where China, the biggest investor in its oil industry, opposed the adoption of sanctions as a consequence of the atrocities committed at Darfur; and Central Asia. Early in July the summit of the Shanghai Cooperation Organization (SCO, made up of China, Russia and the four Central Asian republics) held in Astana (Kazakhstan) appealed to the USA to set a date for withdrawing its military presence from Kyrgyzstan and Uzbekistan. On 29 July the Uzbek government gave Washington 180 days to withdraw its troops from the Karshi-Khanabad base. America doubts that such a move would have been made without the consent of Beijing and Moscow. (The Uzbek leader, Islam Karimov, visited Beijing in May, two weeks after the massacre at Andijan; and Hu Jintao himself visited Uzbekistan a month later). In the case of Kyrgyzstan, late in July Rumsfeld paid his second visit in five months to Bishkek to ensure the base at Manas, which was promised by the new president, Kurmanbek Bakiyev, who was elected at the beginning of the month. Rumsfeld also

visited Tajikistan, where the US does not have troops stationed but it does have an agreement allowing it to fly over that country's airspace.

Washington decided to embark on a new diplomatic process in order to prevent its relations with China from being drawn into a negative spiral. The US deputy secretary of state, Robert Zoellick, and the Chinese deputy minister of foreign affairs, Dai Bingguo, established the so-called "Senior Dialogue" in Beijing on 2-3 August with the aim of placing bilateral relations in a broader context. The setting in motion of these meetings marks the Bush administration's recognition of China's increasingly important international role and of the need for a response to the global implications of its rise as a power. Both parties met again in Washington on 8 and 9 December to manage their differences and help China develop its new power in a constructive and positive manner.

This process confirms the existence of different approaches towards China in the US. Whereas the Pentagon appears to be concentrating on military aspects, the department of state seeks to prevent China being treated as an enemy. Zoellick delivered an important address in New York on 21 September, which was directed both at Beijing and at those who advocate an open policy of containment towards China, a strategy which in his opinion is senseless in the 21st-century world. The idea is that China should come to terms with its new responsibilities with respect to managing the international system. Halfway through October it was the defence secretary, Donald Rumsfeld, who paid his first official visit to the People's Republic. Rumsfeld accused Beijing of concealing its true military budget (which according to him amounted to 90 billion dollars instead of the acknowledged 30 billion), which his Chinese counterpart Gao Gangchuan categorically denied. Rumsfeld stated that this lack of transparency reinforces suspicions of China's true intentions and also pressed for greater political openness.

The highest-level meetings helped keep all channels of dialogue open. Hu Jintao's first official visit to the US, scheduled for September, was postponed due to hurricane Katrina, but he met Bush in New York during the United Nations anniversary summit. The two met again in South Korea at the annual forum of the Asia-Pacific Economic Cooperation (APEC), and also in Beijing during Bush's official visit to the People's Republic. On the eve of his arrival in China, Bush delivered an address at Kyoto which was expected to announce America's new Asian policy, but merely defended the idea of the spread of democracy, stating Taiwan as an example.

The EU and the embargo

As pointed out in the previous edition of the *Strategic Panorama*, China is giving increasing priority to relations with the European Union. The 8th bilateral summit held in Beijing on 5 September marked a new step towards the consolidation of their strategic partnership. The EU is now China's main trading partner and China is the Union's second largest. However, over and above trade statistics, the summit adopted a new framework agreement that seeks a greater institutionalisation of political relations; enhanced cooperation in science and technology; cooperation in labour, tourist and emigration matters; and joint talks on climate change and energy security. Bilateral cooperation in space is already a reality insofar as China participates in the development of the Galileo system.

China gave rise to fresh divergences in transatlantic relations. This time the reason was none other than Europe's decision to lift the embargo on the sale of arms to the People's Republic that was imposed in 1989 following the events of Tiananmen. On 17 December 2004, the European Council invited the Luxembourg presidency to conclude the agreement in the first half of 2005. It was stated then that the embargo would be replaced by a code of conduct which would pay special attention to human rights and regional security and would not, according to Brussels, amount to a quantitative or qualitative increase in the volume of sales of arms to China.

However, at the beginning of the year, the US started to issue warnings against ending the embargo. On 2 February the House of Representatives passed an almost unanimous resolution (411 votes against three) demanding the EU to maintain it. President Bush stated in Brussels that "there's deep concern in our country that a transfer of weapons (…) would change the balance between China and Taiwan". During her Asian tour in March, the secretary of state, Condoleezza Rice, recalled that it is the US which guarantees the security of Asia and that Europeans simply take advantage of this. On 5 April, the deputy secretary of state Robert Zoellick stated in Brussels that the Union would seriously endanger transatlantic relations if it lifted the embargo.

China sent its foreign minister, Li Zhaoxing, to Europe in mid March. Li described the embargo as a measure that was "discriminatory and obsolete", as well as being inconsistent with China's relative position with the Union. According to Beijing, abolishing the embargo would

open the doors to a genuine strategic partnership between Europe and China, allowing their bilateral relationship to be developed in all areas.

The strength of US opposition and the reluctance of some European governments made it necessary to go back on the idea that the embargo could be lifted before the end of the Luxembourg presidency in June. The debate was provided with a new argument when China adopted its anti-secession law aimed against Taiwan. However, Europe's stance is that the lifting of the embargo is a matter of time and this was stated by the Union's high representative, Javier Solana, during his visit to China in September. The matter was discussed again during President Hu Jintao's trip to the United Kingdom, Germany and Spain in November.

The debate evidenced the existence of different European and American perceptions on the rise of China, and proved to have a growing impact on transatlantic relations. It will not be easy to reconcile these two different points of view, though Solana and Rice established a new strategic dialogue on the emergence of China (and India) as new powers in Washington in May for this purpose. Unless the US and EU are able to overcome their differences and effectively manage their "new strategic triangle" with Beijing, China's rise will affect transatlantic relations above and beyond the dispute over the embargo on arms sales.

Taiwan

The anti-secession law, which was announced in spring 2004 after Chen Shui-bian was re-elected as Taiwan's president, was intended by Beijing as an instrument of pressure on the island's pro-independence forces. The legislative elections held in Taiwan in December 2004, in which the opposition achieved a majority, nonetheless maintained the status quo and failed to spark the political outcome Beijing was hoping for. However, it cannot go back on adopting the law.

Indeed, the first weeks of 2005 began with an encouraging outlook after the two parties agreed to establish direct contact by air to mark the Chinese New Year. The first flight of a People's Republic airline since 1949 landed at Taipei international airport on 29 January. When the flights ended on 20 February, Beijing and Taipei expressed their satisfaction and wish to progress in the field of direct transport linking the two sides of the strait. Chen stopped talking

about a reform of the Constitution and the new prime minister, Frank Hsieh Chang-ting, who was appointed on 25 January, stressed his eagerness to cooperate both with the opposition and in relations with Beijing.

On 4 March, President Hu Jintao said that China would welcome any step taken by Taiwan towards accepting the consensus on "a single China" and expressed his willingness to seek new channels of communication. On 14 March the People's National Assembly passed the anti-secession law, which was received with an alarm that was, however, out of keeping with a detailed reading of the text. It proved to be a brief document consisting of 10 articles which underlines the People's Republic's wish to achieve reunification in a peaceful manner, though it reserves the right to resort to "non-peaceful means" to defend Chinese sovereignty and territorial integrity. The law did not include many of the elements feared by the USA and Taiwan, such as a timeframe for reunification or a definition of the circumstances under which China would be obliged to resort to the use of force. The law simply codified some aspects of China's position which had existed for years, if not decades, and in this respect it did not significantly modify the status quo. This is why, despite the initial warnings, the law failed to trigger a new spiral of tension.

Shortly afterwards Beijing even extended invitations to a number of Taiwanese opposition leaders. At the end of March the deputy general secretary of the Kuomintang (KMT), Chiang Ping-kun, headed the first official visit to the continent of a party delegation since 1949. The meetings served to prepare for the visit of the former prime minister and current president of the KMT, Lien Chan, at the end of April. The leader of the other main opposition group, James Soong of the People First Party, was also invited to visit China early in May.

It has therefore not been a bad year from Beijing's viewpoint. President Chen lacks the parliamentary majority needed to be able to progress towards independence, economic ties between the two sides of the strait continue to grow and the visits to the mainland of the Taiwanese opposition leaders have helped create an atmosphere that can facilitate dialogue.

JAPAN

The election on 11 September ushered in a new era in Japanese politics. In August the prime minister, Junichiro Koizumi, dissolved the lower house of Parliament after senators from

his own party (Liberal Democratic Party, LDP) voted against his proposal to privatise the postal service. The calling of early elections posed the risk of a split in the PLD, which might have opened the doors of government to the opposition after half a century of parliamentary hegemony of the liberals. However the opposite occurred: Koizumi achieved the best results in his party's history: 296 seats (84 more than in 2003). If we add the 31 seats of Komeito—who continues to be his coalition partner—Koizumi controls over two-thirds of the house. This facilitates his reformist agenda, as he enjoys more than a sufficient majority to prevent the senate from vetoing government bills as far as possible.

Perhaps the most important consequence of the elections is that Koizumi has led the Japanese to believe in the need for reform. His decisiveness and leadership ability, breaking the traditional rules of consensus, attracted the support of many voters. But the margin of defeat of the main opposition group, the Democratic Party of Japan, which lost one-third of its deputies (from 177 to 113), was overwhelming. The elections put an end to expectations that Japan was moving towards a two-party political system.

In October the Senate gave the go-ahead to the reform of the postal services, but Koizumi has not said what he will do afterwards, particularly being in mind that he will be standing down in September 2006 when his second mandate as president of the LDP ends. Issues as important as foreign policy were glaringly absent from his campaign, though the trend towards greater strategic ambition can be expected to continue. In this regard, relations with the United States were deepened during 2005—one of the reasons for the deterioration of Chinese-Japanese relations—while Tokyo actively sought to become a permanent member of the UN Security Council.

As analysed in previous editions of the *Strategic Panorama*, the new impetus of Japan's foreign and security policy gradually became apparent following 11 September. Hyperterrorism (we should recall the sarin gas attack on the Tokyo underground in 1995), the threat of North Korea and the rise of China have shaped a new security environment to which Japan has been responding since then with new legislation and measures such as sending personnel to Iraq. In this connection, on 10 December 2004 the government approved two important documents: on the one hand, the new National Defence Programme establishing the country's strategic doctrine for the next 10 years; on the other, the Military Defence Buildup Plan for the 2005–2009 period.

The strategic review points out that Japan should have the necessary capability to respond to new threats, and should promote initiatives of its own to improve the international security environment. The document likewise states that Japan will maintain an active strategic dialogue with the US on a broad variety of matters, such as the division of responsibilities between the two countries and the restructuring of US forces in Japan.

The military defence buildup plan is designed to develop the "multifunctional, flexible and effective" structure required by the strategic review. The proposal examines the organisation of the three forces and identifies the main projects related to improving the existing capabilities of the Self-Defence Forces. Although Japan's defence budget will be slashed by one percent for the second year running, redesigning its security policy is much more than an exercise in cost reduction and includes new initiatives such as the establishment of a Rapid Reaction Force to deal with national emergencies and terrorist attacks. The participation of the Self-Defence Forces in UN peacekeeping operations will be explicitly added to its traditional role of preserving the nation's territorial integrity.

Together with these novelties in the security field, in September 2004 the Japanese government launched an initiative directed at securing permanent membership of the Security Council. On 16 May, together with Germany, India and Brazil, Japan announced a proposal for reforming the Council, underlining its weight as second biggest financial contributor to the organisation (indeed, except for the US, it pays more than the other four permanent members together). China categorically opposed Japan's ambitions and although the USA supported it—which it did not do with India despite their new strategic relationship—it does not appear to defend any formula for reform. In mid October Tokyo announced it will be requesting a fairer system of budgetary contributions for the 2007-2009 period.

Although hopes of seeing its UN ambitions fulfilled were dashed, Japan's relations with the US continued to grow deeper throughout the year. The reason for this was stated in May by the Pentagon deputy defence undersecretary for Asia, Richard Lawless, in a congressional hearing in May: "Our relationship is in the process of being transformed, and it is transforming itself from its traditional regional focus to a focus that reflects more closely the global interests that we share with Japan." The result, he said, "will be an updated and truly transformed security relationship with Japan that both countries will see as clearly encompassing their respective visions of their national interests in the 21st century."

The adaptation of bilateral cooperation in defence matters to the new times had been confirmed in practice on 19 February at the Washington meeting of the American and Japanese foreign and defence ministers (known as "2+2"). The two countries signed a declaration laying the foundations for the future of the alliance. In it they stated their agreement on the need to address jointly the security problems linked to North Korea and China, and—as mentioned previously—the problem of Taiwan. Their willingness to speak so frankly about these issues marked an important novelty for Japan, as did the identification of its national security interests with the development of global and regional events. Whereas up until then the Japanese definition of national security had been limited to defence of its territory, the declaration stressed "Japan's active commitment to improving international security".

The declaration likewise underlined the need for greater coordination between the two countries' forces. It is within this context that we should consider the US Global Posture Review, which envisages trimming by 10,000 the 42,000 forces currently deployed in Japan over the next two years. Both governments have been discussing restructuring their military cooperation since 2003, including the size and location of the US bases, in order to facilitate a better and more flexible response capability. Washington complained regularly about the lack of a clear Japanese response owing above all to the reluctance of the local political forces of the provinces or municipalities where the bases are located. On 26 October an agreement was finally reached on relocating a US air force base in Okinawa, thereby eliminating the main obstacle to talks on redeploying the US troops in the country. It was accordingly hoped that a global agreement would be reached before President Bush's visit in mid November.

Whereas with the USA progress was made towards deepening the alliance, Japan's relations with its neighbours—China and South Korea—witnessed a new spiral of confrontation. The declaration of 19 February was one of the main causes of the clash with Beijing, which should be added to China's complaints about Japanese history textbooks and opposition to Tokyo's aim to become a permanent member of the Security Council. The ninth of April saw the start of anti-Japanese demonstrations in Beijing, which spread days later to Shanghai and other cities. The demonstrations included acts of vandalism against Japanese companies and diplomatic representations. The incidents can be described as the moment of greatest tension between the two countries since the normalisation of their diplomatic relations in 1972 and make Chinese-Japanese hostility a new cause for concern from the perspective of regional security.

The Chinese foreign ministry's initial reaction to the protests in Beijing was to blame the Japanese government for its treatment of the history between the two countries, Koizumi's visits to Yasukuni temple where tribute is paid to war victims—including 14 war criminals—and for the aforementioned inclusion of Taiwan in the communiqué of the "2+2" meeting. Following an emergency trip by the Japanese foreign minister Machimura Nobutaka to Beijing on 17 April, President Hu and Prime Minister Koizumi met in Indonesia on 23 April during the commemoration of the anniversary of the Bandung summit. Koizumi openly apologised on behalf of Japan for the suffering caused during the 1930s. For its part, the Chinese government denounced the anti-Japanese protests. But these attempts to promote a return to normal were interrupted when, at the last minute, at the end of May, Beijing cancelled an already scheduled visit of the deputy prime minister Wu Yi with Koizumi during her visit to Japan.

Koizumi visited the temple of Yasukuni on 17 October (for the fifth time since 2001), once again opening up Pandora's box. China cancelled a scheduled visit by the Japanese foreign minister intended to discuss bilateral problems regarding the East China Sea and as an attempt to pave the way for a meeting between Koizumi and Hu. Indeed, territorial issues were an added source of tension between Japan and China throughout the year. The main problem is prospecting for gas and oil resources at the limits of what Tokyo considered its exclusive economic area, but which China does not recognise as such (it defines its zone more extensively, in keeping with its continental platform). Following successive incidents, in October Japan proposed seeking a joint solution to the dispute, though the talks held to date have failed to reap any results.

Koizumi's visit to Yasukuni not only complicated relations with Beijing. Singapore and Taiwan also protested firmly, but South Korea went further, announcing that the visit President Roh Moo-hyun was due to pay to Japan at the end of the year would also be cancelled. This tension with Seoul, which in spring also expressed its opposition to Japan joining the UN Security Council, arose on the 40th anniversary of the normalisation of relations between the two countries and, in addition to Roh's visit to Japan, a possible visit by the Japanese crown prince to South Korea had even been suggested. But the main reason for this hostility is territorial: the claims on some small islands that the Japanese call Takeshima and the Koreans Tokdo, and which Japan has controlled since 1905. The announcement by the prefecture of Shimane that 22 February would be designated "Takeshima day" aroused a strong emotional reaction in both countries.

The year therefore ended with Japan politically isolated in Asia and increasingly involved with its American ally. This situation is complicating Tokyo's strategic movements with respect to regionalist dynamics and vis-à-vis Chinese diplomatic activism in Southeast, South and Central Asia.

THE KOREAN PENINSULA

North Korea's nuclear ambitions were the main security concern in the region for yet another year. The crisis erupted in October 2002 after the USA showed Pyongyang proof that North Korea had breeched the Framework Agreement of 1994, which settled a previous crisis, by maintaining a uranium enrichment programme. The lack of military options and the intermediation of China were conducive to a diplomatic approach to the problem through the six-party talks (involving Seoul, Tokyo and Russia in addition to Washington, Beijing and Pyongyang) in progress since August 2003.

In the third round (June 2004), the United States presented a new proposal with a view to denuclearising North Korea (see the previous edition of the *Strategic Panorama*). According to the proposal, Pyongyang would undertake to dismantle its nuclear armaments programme in exchange for immediate energy assistance from China, South Korea and Japan. When it made this commitment, the USA would provide it with a "provisional security guarantee" that it would not attack it or seek to change the regime. Washington would likewise begin bilateral negotiations with North Korea in order to lift the economic sanctions and remove it from the list of countries that sponsor terrorism. Pyongyang would then have a three-month "period to prepare for dismantlement" during which it would freeze its nuclear programme by shutting down its installations. Once these three months were up, whether North Korea continued to receive energy aid and a firmer guarantee of security would depend on whether it met a series of deadlines for providing a full listing of all its programmes, removed all nuclear materials from the country and allowed the return of the International Atomic Energy Agency (IAEA) inspectors. An agreement would then be reached on normalising relations with the USA and Japan.

The proposal required Pyongyang to take the first step, while the incentives offered by the USA were reserved for later; this is why Pyongyang demanded that the actions be simultaneous. Pyongyang subsequently distanced itself from the process, continuing to do so after the new Bush administration was inaugurated. Early in 2005 Kim Jong-il's regime stated it would not return to the negotiating table unless the USA abandoned its "hostile policy" of which it found further examples during the weeks that ensued. For example, in her confirmation hearing before the Senate on 19 January, Condoleezza Rice described North Korea as an "outpost of tyranny".

At the beginning of February, Hu Jintao received Bush's personal envoy, who conveyed the urgency of resuming talks and increasing the pressure on North Korea. On 10 February Pyongyang announced it possessed nuclear weapons and declared it was suspending its participation in the negotiations for an indefinite period of time, citing US "hostility" as the reason. North Korea nonetheless stressed that its "end objective is a nuclear-free peninsula". Following this announcement it was the US ambassador to South Korea, Christopher Hill, sworn in soon afterwards as new assistant secretary of state for East Asian affairs, who visited China and met a high-ranking Communist Party official, Wang Jiarui, just before the latter departed for Pyongyang, where he conveyed a message from Hu to Kim Jong-il.

On 21 February the North Korean leader told the Chinese envoy that an "indefinite suspension" is not the same as a permanent withdrawal and that it would consider returning to the negotiating table if the "right conditions" could be established and if the USA were to display its "sincerity". The conditions had been described days earlier by the North Korean ambassador to the UN: "If the US promises it will not interfere in North Korea's internal affairs and guarantees a substantive result of the talks, we are willing to participate in any form of dialogue". This same message was conveyed by North Korea's prime minister, Pak Pong Ju, during his visit to Beijing from 24 to 27 March, which in turn was preceded by that of the US secretary of state, Condoleezza Rice. Rice discarded the adjectives used in January and now referred to North Korea as a "sovereign state" in a demonstration of respect, which helped improve the diplomatic atmosphere.

At the beginning of June, Pyongyang started to send out messages that it could return to negotiations if the US were to "recognise and respect" the country. The announcement was made by the South Korean minister of unification, Chung Dong-young, after talks with Kim Jong-il at what was the first meeting of a member of the Seoul government with the North Korean leader for over three years. Kim even spelled out what he would do should the negotiations prove

successful: allow the return of the IAEA inspectors and return to the nuclear non-proliferation treaty. Kim even said that if the security of his regime is assured, there is no reason to have a single nuclear weapon.

The impasse was finally broken on 9 July. A meeting between Hill and the North Korean ambassador Kim Guye-gwan in Beijing put an end to the long 13-month pause in negotiations. By then Washington had ceased to criticise the North Korean regime, had resumed contacts with the country's diplomats at the United Nations and had even announced the sending of food aid. The US had recognised the failure of its previous strategy and Hill was granted the authority and go-ahead by his administration to explore a new approach and act bilaterally with the North Koreans. On 19 July it was announced that the fourth round would take place in Beijing on the 26th of the month.

Just before the opening of the round, South Korea offered the North an important incentive for abandoning its nuclear weapons: two million kilowatts annually from 2008, equivalent to the total electricity that would have been provided by the two light water reactors that were promised by the 1994 Framework Agreement and whose construction was stopped in 2003 when the nuclear crisis erupted. As it happened the offer was made personally by minister Chung to Kim Jong-il during their meeting on 17 June.

The fourth round was interrupted on 7 August after 13 days—never had talks drawn on for so long, as the previous ones lasted no longer than two or three days—and were due to be resumed several weeks later. The main novelty of the fourth round is that the plenary format, which did not satisfy any of the parties, was replaced by repeated bilateral meetings were held between the six participants, particularly between Americans and North Koreans. The talks were resumed on 13 September, with the main hurdle still to be cleared: North Korea's insistence on its right to maintain a civil nuclear programme even if it renounces its nuclear weapons.

This request was rejected by the USA, but after the parties refused to agree to the terms of four successive draft statements presented by China, Beijing forced the adoption of a fifth text, which was announced on 19 September. According to the statement, Pyongyang committed to "abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on the Non-Proliferation of Nuclear Weapons and to IAEA safeguards". In exchange, North Korea would receive a guarantee of security, a promise from the US and Japan

to normalise relations, and a South Korean offer to supply two million kilowatts of electricity. The question of whether Pyongyang can develop civil nuclear energy and its demand for light water reactors was left for a following meeting. The statement also underlined the commitment to promote an agreement on permanent peace on the Korean peninsula and to establish a multilateral security system in northeast Asia.

The details were accordingly left for the fifth round, which was opened in Beijing on 9 November and ended only two days later, though the September statement may facilitate the beginning of the end of the agreement. When Hu Jintao first visited Pyongyang on 28 October (the first visit paid by China's supreme leader since that of Jiang Zemin in 2001), he stressed the goal of a nuclear-free peninsula, to which Kim Jong-il apparently committed. The change in attitude of Washington and Pyongyang and the intermediation of Beijing achieved this agreement in principle after over two years of crisis.

SOUTHEAST ASIA

Two major issues defined the strategic context of Southeast Asia in 2005: on the one hand, terrorist and secessionist violence in Indonesia, the Philippines and Thailand, in addition to the threat of Jemaah Islamiyah, the group linked to al-Qaeda; and on the other, competition between the US and China for influence in the subregion.

Indonesia

At the beginning of the year the Indonesian armed forces continued with operations to combat the separatists of Aceh (Free Aceh Movement, GAM), a conflict that has claimed over 15,000 lives in 30 years. Following his election as president in 2005, Susilo Bambang Yudhoyono stated his determination to settle the conflict and spoke rather vaguely of the need to establish a new social, economic and religious agenda for Aceh, but the possibility of peace talks between Jakarta and the GAM—which continued to insist on the independence of the territory—seemed remote.

At the end of 2004, the tsunami caused by an earthquake whose epicentre was located near Aceh claimed some 250,000 victims on the west coast of the province—including hundreds of members of the security forces—and left more than 600,000 people homeless. While the

government was paralysed by the magnitude of the disaster, the GAM declared a ceasefire and the government forces were able to concentrate on providing humanitarian assistance, but the armed clashes were resumed within a few days. Jakarta began to draw up plans for the reconstruction of Aceh and in late January 2005 peace talks were held in Helsinki, though neither side showed any flexibility: the rebels continued to demand independence, while Jakarta offered no more than a "special autonomy".

However, the situation triggered by the tsunami made it possible to continue with the talks which on 17 July, after seven months, led to an agreement between the Indonesian government and secessionist guerrilla of Aceh on putting an end to the conflict. The agreement, which was mediated by the former Finnish president Martti Ahtisaari, was signed at Helsinki on 5 August. Indonesia granted broad autonomy to Aceh, which will have a regional government, a flag and an anthem. The GAM could become a political party and stand for election after renouncing the goal of independence. The agreement, whereby the GAM undertakes to disarm its 3,000 combatants by the end of the year, is supervised by the European Union—with Spanish participation—and by the Association of Southeast Asian Nations (ASEAN).

Despite the good news about Aceh, Indonesia did not escape terrorism in 2005. A simultaneous attack in three restaurants in Jimbaran and Kuta (island of Bali) on 1 October left 19 dead (plus the three suicide bombers) and over 100 wounded. The perpetrator was Jemaah Islamiyah, which was also responsible for the attacks in Bali in October 2002 (202 dead); the Marriot hotel in Jakarta (12 dead) in August 2003; and the Australian embassy in Jakarta in September 2004 (10 dead). The organisation's alleged spiritual leader, Abu Bakar Bashir, had been arrested in relation to the first two attacks. However, he was exonerated from direct responsibility for the acts and sentenced to only 30 months' imprisonment for "knowing the perpetrators".

Philippines

Since the end of 2004 it had been hoped that negotiations between Manila and the Moro Islamic Liberation Front (MILF), which had been suspended since 2001, could soon be resumed. Apparently, the MILF could abandon its demand for an independent state and accept a federal solution whereby the territory would enjoy considerable autonomy. Although the ceasefire was again violated in mid January when members of the MILF attacked an army post in

Maguindanao province, south of Mindanao, the resumption of the peace talks took place in April as scheduled.

The government faced a double threat simultaneously: that of the communist New People's Army (which has some 8,000 members) and that of a splinter group from the MILF which is formed by followers of the leader of the Moro National Liberation Front (MNLF), Nur Misuari, and linked to the terrorist and crime group Abu Sayyaf. In February Abu Sayyaf and Misuari's faction of the MNLF attacked a Philippine armed forces convoy in the south of Jolo island, triggering the biggest reaction of the armed forces witnessed in the past three years. The offensive, which included air strikes, led to the displacement of over 50,000 civilians, but succeeded in crushing the rebellion.

That same month of February, three bomb attacks by Abu Sayyaf killed 13 people in Manila's financial district and in the cities of General Santos and Davao in the south of the archipelago. Members of the group arrested in connection with the bombings revealed fresh plans for attacks. Several prisoners from the group attempted to escape from Manila's high-security prison where they were being held, resulting in 28 deaths, including three of Abu Sayyaf's top men, after the security forces intervened. Following this incident, the group's chief of operations, Jainal Antel Sali ("Abu Suleiman"), threatened to "bring war to Manila". The worsening of the terrorist threat led the government to pick up the threads of its antiterrorist initiatives—there are 17 pending bills—which nonetheless remain paralysed as of year end.

The political situation does not help. Mid July saw the outbreak of a new crisis over corruption cases and election fraud. Ten members of President Gloria Macapagal-Arroyo's government handed in their resignations. Macapagal proposed replacing the current presidential system with a parliamentary system, but this requires a constitutional reform. Fears of a coup d'état or declaration of martial law, or merely of disorder, led the US to remind the government of the need to respect the game rules in order to ensure political stability.

Thailand

In February Prime Minister Thaksin Shinawatra's party, Thai Rak Thai (TRT), chalked up a spectacular election win with 70 percent of the vote and over three-quarters of the seats in parliament, which allowed him to form the first single-party government in the country's history. Thaksin benefited from the favourable economic situation and from his management of the

impact of the December 2004 tsunami on the tourist enclave of Phuket, where 8,000 people died. However, his party did not enjoy any success in the three southern provinces with an Islamic population, where it failed to secure any seats.

The separatist violence in these provinces, which had been resumed in 2003, continued to escalate throughout the year, with a final death toll of nearly 600. Although Thaksin announced the arrest of the main four leaders of the violent groups at the end of 2004, the attacks continued at the beginning of 2005. Mid February saw the first car bomb attack in south Thailand, in the city of Sungei Golok, which killed six people.

On 28 February the US department of state published its annual report on human rights in which it criticised Thaksin's government once again. The main reason this time was his response to the separatist violence in the southern provinces. The government denounced the US's interference but apparently decided to adopt a new approach to the crisis. That same month of February the former prime minister, Anand Panyarachun, was appointed as head of a National Reconciliation Commission made up of members of parliament, high-ranking officials, members of the security forces and representatives of the Islamic community of the south.

When Condoleezza Rice visited Thailand in July, she supported the government insofar that the insurgency is an internal issue unrelated to international terrorism and promised to strengthen cooperation in the police and intelligence fields.

United States and China

America's security role in Southeast Asia in the context of the counterterrorist war is currently its greatest since the end of the Cold War, and this has caused it to clash with some countries in the subregion that do not share the same approach. At the end of 2004 the natural disaster of the tsunami provided Washington with the chance to lead the reconstruction efforts and convey a new image. While the US faces the challenge of maintaining its regional influence, China continued with its strategy of becoming an important strategic actor in Southeast Asia.

At the beginning of May the deputy secretary of state, Robert Zoellick, visited Thailand, Vietnam, the Philippines, Indonesia, Malaysia and Singapore to lay the foundations for closer ties with the ASEAN during the second Bush administration. Zoellick, who announced new aid packages for reconstructing the area following the tsunami, underlined the need to remain on the

alert in the terrorist fight and also placed emphasis on development and economic cooperation. Although his visit to Indonesia and the Philippines came shortly after that of China's President Hu Jintao, Zoellick denied there was a connection. When asked about this, Zoellick replied that it is entirely natural for China to play a bigger role in the region and added that it would be a mistake to think it may be limited. He nonetheless emphasised the differences between the two countries, stating that after the tsunami the US showed that no other country's humanitarian contribution to reconstruction has the same global scope.

During his trip, Zoellick assured his hosts that the secretary of state, Condoleezza Rice, would attend the annual summit of the ASEAN regional forum (ARF). But what was to be her first time at the forum was cancelled (Zoellick went in her place). This gesture did not go down well with the ASEAN members, and took place in this context of concern about China's growing influence in the area.

Beijing indeed kept up its active regional diplomacy. On 20 April President Hu Jintao embarked on a week-long trip that took him to Indonesia, Brunei and the Philippines, for clearly strategic reasons. On the one hand, by attending the 50th anniversary of the Afro-Asian summit in Bandung, Hu reaffirmed China's identification with other developing countries. On the other, Beijing sought a means of deepening relations with the ASEAN by furthering bilateral relations with the three countries he visited.

In Indonesia, Hu signed a strategic partnership agreement. The two countries established the goal of boosting bilateral trade from 13.5 billion dollars in 2004 to 20 billion in 2006. A significant increase in Chinese investments, which already amount to 1.2 billion dollars in Indonesia's energy sector, is also expected. But aside from the increase in trade and investment, the most important aim of the trip was to put an end officially to the mistrust that has marked bilateral relations between Jakarta and Beijing since the attempted communist coup d'état of 1965. It will now be easier to extend and deepen relations between China and the leading ASEAN countries in the economic, political and cultural fields. The Chinese authorities maintained this approach during President Susilo Bambang Yudhoyono's visit to Beijing at the end of July.

Hu also made an effort in the Philippines to keep up the new encouraging pace of bilateral relations that was likewise promoted by President Gloria Macapagal-Arroyo's visit to China at

the beginning of the year. Hu predicted that trade between the two countries would double over the next five years, reaching 30 billion dollars. As in the case of Indonesia—and Thailand, whose prime minister visited China at the end of June—Chinese-Philippine relations are developing in a new political and economic context. Hu's presence in Manila confirmed the growing importance the Chinese authorities attach to the archipelago and their keenness to strengthen contacts in all spheres.

SOUTH ASIA

As if the Kashmir conflict were not complex enough, a natural disaster (an earthquake in October whose epicentre was close to the capital of the Pakistani part) and terrorism (a series of attacks in New Delhi, also in October, claimed by a separatist group) again dashed hopes of peace. In other respects, like Southeast Asia, the Indian subcontinent was also the subject of diplomatic rivalry between the US and China, but in a context that reveals the growing sophistication of the foreign policy pursued by India, a country that aspires to recognition as a major power.

Kashmir

From the beginning of the year India and Pakistan kept up the diplomatic process that was established in 2003 and received fresh impetus following the change of government in Delhi in 2004. In the context of an improved security environment—a ceasefire that has not been broken and the reestablishment of a bus service between the two parts of Kashmir after 60 years—both countries have engaged in the broadest and most open talks for decades, including highest-level contacts.

In addition to the repeated meetings of the Indian and Pakistani foreign ministers—Natwar Singh, who resigned in November in relation to the UN investigation on the programme of food for Iraq, and Mahmud Kasuri—the prime minister Manmohan Singh and General Musharraf, who met for the first time in New York in September 2004, met again in Delhi on 18 April. During the Pakistani president's visit to India, the two governments stressed that the peace process was now "irreversible". Perhaps the most significant measure they adopted was opening to trade the "control line" dividing Kashmir.

On 5 September, Singh announced that India would withdraw a good part of its troops from Kashmir if the infiltration of activists and violence are curbed. The announcement was made two weeks before both countries' leaders met in New York for the UN summit, where they reiterated their commitment to settle all pending issues peacefully, including Kashmir, naturally.

On 8 October the province suffered a terrible earthquake whose epicentre was near Muzaffarabad, the capital of Pakistani Kashmir, and which killed over 75,000 people and left three and a half million homeless. The disaster posed General Musharraf one of his biggest domestic challenges since he came to power in 1999. From the outset humanitarian organisations implemented assistance plans, and NATO sent an aid mission—the first of this kind ever—in which 370 Spanish soldiers (of a total of 814) are taking part. The mission is financed by Spain, which is in charge of the operation on the ground. A more delicate issue for Pakistan was how to react to India's offers of assistance. Eventually, Islamabad accepted the offer of food packages and medicines, but rejected any participation of Indian military and helicopters in the rescue operation. Nor did it wish to open the control line to help the assistance teams reach the victims, though it went back on this on 19 October.

That same day, while negotiations were in progress over the opening of the border—which had been sealed since 1949 until the bus service was set in motion in April—three terrorist bomb attacks killed 62 people in New Delhi and were claimed by the Inquilabi Mahaz (Islamic Revolutionary Group) organisation, a little known separatist group. It is believed that Lashkar-e-Taiba (Army of Purity) is behind this, a powerful group of Pakistani origin that wants the Indian part of Kashmir to be independent or annexed to Pakistan. The aim of the attack was none other than to hinder the dialogue between the two countries, but the governments stressed their wish to continue with it and there was no better reflection of their determination than the commitment to open the control line.

Relations with the US and China

From a geopolitical perspective, one of the most important events of the year was the about-turn in US policy towards South Asia. Since the beginning of 2005, the Bush administration had been sending out messages that one of the main changes in the foreign policy of its second mandate would involve India. It is not difficult to guess one of the reasons for this

reorientation: China. And, as could only be expected, Beijing also progressed in developing a new relationship with Delhi.

On 16 March Condoleezza Rice's visit to New Delhi, the chief destination of her first trip to Asia as secretary of state, was the occasion chosen to give impetus to this process of rapprochement between the world's two largest democracies. On 25 March, after she returned to Washington, President Bush phoned Prime Minister Singh to inform him personally that the US would be lifting the ban Congress had maintained for the past 15 years on selling F-16s to Pakistan. At the same time, in anticipation of India's foreseeable criticisms, the Bush administration announced that it had allowed its manufacturers to offer F-16s and F-18s to the Indian air force and promised to back India's future requests for defence equipment. But, above all, he informed him of an initiative with respect to India: the United States had made the decision to "help India become a major world power in the 21st century".

This new policy towards South Asia is the biggest change witnessed in bilateral relations in over 50 years. The Bush administration thereby adopted the strategy advocated by various circles for some years of dissociating India and Pakistan and designing individual policies towards each of them. America's goal is to allow India to rise to major power status, at the same time guaranteeing Pakistan's security and stability.

Rice's visit to Delhi was followed by a trip by her Indian counterpart, Natwar Singh, to Washington in April, and by a June 29 meeting at the Pentagon of the defence ministers, Donald Rumsfeld and Pranab Mukherjee, who signed a 10-year agreement, the first formal defence arrangement between the two countries since the US imposed sanctions on India in 1998 following its nuclear tests. The "new framework for defence relations between the US and India" promises enhanced military cooperation, including joint armament production, technology transfers, joint patrols of Asian sea routes and missile cooperation.

The confirmation of this new stage in bilateral relations came when Prime Minister Manmohan Singh visited Washington (and was followed by Bush's visit to India early in 2006). On 18 July, Singh and President Bush announced a "global partnership" between the US and India. New Delhi failed to secure Washington's support for its ambition of becoming a permanent Security Council member, though it did receive backing for its nuclear status. Having abandoned the policy maintained since the Clinton administration, the US said that India's "anomaly" in the framework of nuclear non-proliferation would not be a hindrance to the

development of this new relationship. Washington stated that "as a responsible state with advanced nuclear technology, India should acquire the same benefits and advantages as other nuclear states".

The US's treatment of India, a country that has not signed the non-proliferation treatment, comes as a harsh blow to the international legal order, but it reinforces New Delhi's international status and paves the way for cooperation in nuclear energy between the two parties, which India is seeking due to its insufficient energy supply. In exchange, Delhi promised to assume the responsibilities of nuclear states, including access to its installations by IAEA inspectors and observing its moratoria on nuclear testing. Nonetheless, this agreement will need to be endorsed by US Congress, and it is not entirely clear whether Bush will be able to achieve this.

The US's interest in India was shared by China throughout the year. At the end of January, Beijing and New Delhi established a strategic dialogue. Without a set agenda, the two parties want to go beyond a mere bilateral relationship and coordinate their points of view on major regional and global issues (such as terrorism, energy and the reform of the UN) and seek new balances in the international system. The visit paid by the Chinese prime minister, Wen Jiabao, to India sealed the commitment of the two Asian giants to the announcement on 11 April of a "Strategic partnership for peace and prosperity".

Both countries are keen to put an end to their border disputes (which have existed since 1962) and promote trade and economic relations. During Wen's visit an agreement in principle was signed on the settlement of the border dispute, while China explicitly recognised Sikkim to be part of India, and India recognised the autonomous region of Tibet to be part of China. Bilateral trade amounted to 13.6 billion dollars in 2004 (compared to just three billion in 2000). The aim is to bring it up to 20 billion in 2008, a figure that is equivalent to current trade between India and the US but represents only one percent of China's foreign trade and nine percent of India's.

Naturally this spirit of cooperation should be understood in the context of two emerging powers that seek to reshape the world order on the base of multipolarity but are still somewhat wary of each other. Their economic growth, large populations and strengthened military capabilities will make China and India two major world powers in the coming decade, but while they are willing to cooperate in a broad range of political, economic and technological issues,

they are also aware of their potential as rivals for access to energy resources in central Asia and the Persian Gulf, and of the risk of a clash in their maritime interests in southeast Asia and the Indian Ocean. To cite an example, New Delhi notes that China is building an important harbour in Pakistan and engaging in close relations with Burma. Beijing, for its part, wants to make sure that India does not lean too far towards the US.

In this new geopolitical setup Delhi is not simply a partner of China or the US: India is emerging as a major power that is pursuing its own strategy to maximise its international position. It has succeeded in being courted by Washington and Beijing and operates autonomously with respect to both, though the implications of this new strategic triangle are not yet entirely clear.

CONCLUSIONS

The year 2005 revealed a series of changes in the Asian geopolitical landscape which will undoubtedly have global long-term consequences. The main factor of change is China's rise as a superpower. The implications of its economic growth and military modernisation sparked reactions from Japan, India, Russia and the ASEAN, among others, in response to China's new power. Not to mention the US, naturally: growing competition between Washington and Beijing for their respective influence in Asia is one of the main driving forces of strategic change in the region.

China and the US are attempting to redefine their bilateral relationship. Washington has no choice but accept the emergence of the People's Republic, but is trying to ensure that it takes place without disrupting global and regional stability. Nonetheless, American suspicions about China's ultimate intentions, and China's own suspicions about America's are triggering moves from each which in turn are complicating their respective strategic calculations.

This context, of which the mounting tension between China and Japan is also part, made it necessary to lower the expectations of the first East Asia summit held in Kuala Lumpur (Malaysia) on 14 December. Sixteen countries representing over half of mankind met at this unprecedented forum which was aimed at taking the first steps towards shaping an East Asia Community. This term was not included in the final declaration of the summit, which failed to

agree on the ultimate goal, and greater priority was given to discussing who should take part and the absence of the US. Nevertheless, despite the political obstacles to integration, we should not undervalue this process, which symbolises Asia's determination to secure a global position comparable to that of America and Europe.

When reviewing the year we cannot omit to mention Spain's progressively closer relationship with Asia. In addition to Spanish presence on the ground in Afghanistan, Aceh (Indonesia) and Pakistan, countries that are traditionally unrelated to Spain's national interests, Rodríguez Zapatero's visit to China in July and the trip paid by the Chinese president, Hu Jintao, to Madrid in November, made 2005 a truly exceptional year for Spain-Asia relations. The culmination came on 22 December when the president of the government presented the 2005-2008 Asia-Pacific Action Plan, whose initiatives for the remainder of the presidential term are aimed at making Asia one of the focal points of Spain's foreign policy instead of the last frontier.

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