

## I. Bringing in the Balkans

### Green light for Serbia & Montenegro

The European Commission has recommended that negotiations be opened with Serbia & Montenegro. The first stage of the country's accession has therefore begun. The Commissar for enlargement, Olli Rehn, said, "This is the beginning of the European road for Serbia & Montenegro. The country has achieved a lot in recent years and it is time to move ahead." While the EU says that the two main Bosnian Serb leaders, Ratko Mladic and Radovan Karadzic, must be handed over if Serbia & Montenegro is to join, this decision comes only a few weeks after the EU and the International Criminal Tribunal for the former Yugoslavia came to the decision that Croatia was not cooperating fully and that its accession process would therefore be put on ice. Croat pro-Europeans will be furious, because they had been trying to sell the EU to a sceptical public on the basis that it would save them from re-integration into a new Yugoslavia and distinguish them from Belgrade. Now, the boot is on the other foot, and it looks as if Belgrade is closer to Brussels than Zagreb. The reason for the positive report by the ICTY prosecutor is that seven Serb and Bosnian Serb indictees have voluntarily handed themselves over to The Hague in the last three months.

The Hague Tribunal now resembles Dover at the end of *King Lear*, when all the protagonists gather unexpectedly for the dénouement: recent weeks have seen the arrivals of Ramush Haradinaj, the former KLA guerrilla, and Sretan Lukic, the Serbian chief of police during the Kosovo war. But some in the Serbian media claim that the people who hand themselves in to the ICTY are doing so for financial gain, even though they then make grand statements about how they are doing it for their country. "The accused very probably get an envelope," says a journalist on Serb national TV. "The amount inside depends on their rank but it can be as high as 500,000 euros." The families of indictees get generous grants for travel to see their relatives, whence the sarcastic poster protesting against the cynicism of those who hand themselves in: "I am going to The Hague so that my family can go on holiday in Europe". [Stéphanie Maupas, *Le Monde*, 14 April 2005]

### Green light too for Bulgaria and Romania

The European Parliament has voted in favour of the accession in 2007 of Bulgaria and Romania. The accession treaties can therefore be signed, as planned, at the end of April. The votes were 522 in favour of Romania and 497 in favour of Bulgaria: 70 and 93 MEPs respectively voted against. German CDU and CSU MEPs expressed their concerns that the accession was occurring too quickly. [*Handelsblatt*, 13 April 2005]

### What's in a name?

The Macedonian Prime Minister, Vlado Buckovski, has said that he is about to reach an agreement on the official international name for his country. The agreement would provide for Macedonia to be called "Republic of Macedonia" by all countries except Greece, which insisted in 1992 that the official name for the state be "Former Yugoslav Republic of Macedonia". The name used by the Greeks would be the subject of bilateral negotiations between Athens and Skopje. The United Nations' Secretary-General has suggested that the state be called "Republika Makedonia-Skopje", and the Greeks have said that this might be a basis for negotiations, according to the Greek Foreign Minister, Petros Molyviatis. Although Greece initially forced everyone else to use the term "Former Yugoslav", some countries have peeled off and recognised Macedonia as "Republic of Macedonia", most notably the United States of America in November 2004. Greece has threatened to veto the accession of Macedonia to the EU and NATO if a solution is not reached. [*Le Monde*, 8 April 2005]

### Turkey in the dog house

Only a few months after the excitement at the decision to admit Turkey, relations between the EU and Ankara are at a low point. The enlargement Commissar admitted that he was "worried" about the state of relations. The Europeans are said to be angry that Turkey took so long to sign the customs union agreement with Cyprus and that "internal reforms" are not being passed quickly enough. The fact that police beat women demonstrators in Istanbul recently has not gone down well. Commissar Rehn suggested that the Turkish Government might be feeling a little "exhausted" after all the efforts to secure the

agreement on accession last December. In particular, a big row has erupted between Berlin and Ankara over a Turkish press in Germany which prints a newspaper whose articles are said to be anti-Semitic, and which has now been closed down. The Turkish media got very angry at this and compared the German Interior Minister, Otto Schily, to a Nazi.

Schily retorted firmly that such insults were completely unacceptable. Relations have also been soured by the fact that the regional government of Brandenburg has put the massacres of Armenians in 1915 into school books as an example of genocide. [Johannes Leithäuser, *Frankfurter Allgemeine Zeitung*, 31 March 2005]

## II. Other European News

### French hostility to the constitution continues

Ten opinion polls have now placed the 'No' ahead of the 'Yes', (between 51% and 55%) in the referendum on the European Constitution. Pro-Europeans are therefore getting increasingly nervy. One pro-European went so far as to say that the death of the Pope had helped the 'Yes' campaign because it had interrupted the media élan of the 'No'. The President of the European Parliament, the Spanish socialist, Josep Borrell, has said that he has detected a "feeling of grave worry" all over Europe. The problem, he says, no longer comes from Britain or Poland, countries which have a tradition of obstructing EU developments, but from France itself, a founder member of the EU. Borrell said that there was "no possible discussion" with sovereigntist opponents of the Constitution, but that there were also people who were hostile to the Constitution because they think it does not go far enough. (Borrell did not give any examples of the people who are supposedly going to vote 'No' because they want "more Europe".) Borrell said that the sovereigntists were right to say that the Constitution goes far beyond the Treaty of Nice in terms of integration (federalism). He said that a pro-EU 'No' – i.e. a vote by people who wanted more Europe but think the Constitution will not deliver it – would in fact strengthen the hand of anti-federalists like Tony Blair. Borrell points out that the forces of anti-liberalisation will be strengthened by the Constitution: he claims that the countries which protested at the Bolkestein directive have only 37% of the votes in the Treaty of Nice as against 47% in the Constitution. He says that the six founder member states will have 49% of the voting power, as against 36% in the Treaty of Nice. He said that the Constitution was less free-market than the Treaty of Nice, because it contains references to full employment and social protection, and because it integrates the Charter of fundamental rights into EU law. Borrell explained French hostility by saying that opposition to Europe had been growing since the referendum on the Maastricht Treaty and that the referendum on the Constitution was a catalyst for long-term rising anti-EU feeling. He said that the crisis has been provoked by the fact that French

people have woken up to the fact that Europe now has 25 members and that France's position within the EU is fundamentally weakened. [Thomas Ferenczi & Rafaële Rivais, *Le Monde*, 10 April 2005]

### Slippery Sarkozy

Pro-European Chiracians are growing suspicious that Nicolas Sarkozy, the leader of the governing UMP Party, is not campaigning hard enough for a 'Yes' because he wants the 'No' to win. The rationale would be that if the 'No' wins, then Jacques Chirac would be politically dead and could not stand for re-election to the presidency in 2007. Sarkozy's supporters say that their man is travelling all over the country campaigning. He has also been organising teleconferences with party activists, explaining why people should vote 'Yes'. [Philippe Ridet, *Le Monde*, 9 April 2005]

### Chirac to campaign himself

With one and a half months to go, the French president is to campaign directly for a 'Yes' by taking part in a broadcast on Thursday with "the young", during which he will explain why he thinks people should vote 'Yes'. This broadcast will be the president's first direct intervention in the referendum campaign. Commentators think there is a danger that Chirac's involvement will have a negative effect, since he and the Prime Minister, Jean-Pierre Raffarin, are unpopular. Their opinion poll ratings are 42% and 28% respectively. Jacques Delors, the former President of the European Commission, has also entered the fray, although it is difficult to see quite how the appearance of a man who was powerful between fifteen and twenty years ago is going to get people excited. [*Le Figaro*, 11 April 2005]

### The Constitution explained

At least the media are doing their bit: the veteran Brussels correspondent of *Libération*, Jean Quatremer, has gone to great lengths to explain to his readers the *raison d'être* of the Constitutional Treaty. As he points out, the key intention is to counteract the influence of smaller countries, whose numbers and power were increased with enlargement. The plan was hatched simultaneously with the Treaty of Nice:

in the small hours of 11 December 2000, as the Treaty was being hammered out, a declaration “on the future of Europe” was appended. This gave rise to the process which led to the Constitution being drawn up. The actual word ‘constitution’ was used for the first time in May 2000 by the German Foreign Minister, Joschka Fischer, in a speech to the Humboldt University in Berlin when he proposed to creation of a European federation “founded on a constitutional treaty”. When President Chirac of France responded positively to what was largely a German initiative, his main goal was to permit the creation of “pioneer groups” of countries who would be able to set the pace and direction for the whole of the EU. This was his way of responding to the perceived excess power of the smaller countries: according to the Treaty of Nice, the eleven smallest countries, with 7% of the total population, have greater voting weight than the six largest countries, representing 74% of the population. Germany’s voting weight is only slightly greater than Poland’s, even though it has twice the population. Nice also introduced a highly complicated system for decision-making: for a law to pass, it needed 73.4% of the votes representing half the member states which in turn must represent 62% of the population. Under such conditions, few laws can pass. So the whole purpose of the Constitution is to correct the errors of the earlier Treaty – errors which few pro-Europeans mentioned at the time, preferring instead to make the Irish vote twice because the Nice Treaty was supposedly ‘necessary for enlargement’. [Jean Quatremer, *Libération*, 11 April 2005]

### **Poles to leave Iraq**

The Polish Defence Minister, Jerzy Szmajdzinski, has announced that Poland will withdraw its troops from Iraq before the end of this year, when the UN mandate expires. Poland has 1,700 men in Iraq, a number reduced from 2,400 after the Iraqi elections. Three other countries have also said their troops will go: Bulgaria has said that its 462 soldiers will leave before the end of December; Ukraine has confirmed that its 590 remaining soldiers will leave in May; and Italy has indicated said that its contingent of 3,200 men will probably be withdrawn from September onwards. Spain, Honduras and the Dominican Republic have also withdrawn their troops from the country. [*Le Monde*, 12 April 2005]

### **Excess deficit procedure launched against Italy**

The Commissar for economic affairs, Joaquin Almunia, has confirmed that the European Commission is to launch an excessive deficit procedure against Italy in June. He said that a report on Italy would be adopted on the basis of Article

104.3 of the Treaty, which refers to the procedure which is adopted when a country’s deficit has exceeded or is about to exceed the limit of 3% of GDP. According to the Commission’s predictions, the Italian deficit will be 3.6% in 2005 and 4.6% in 2006. Furthermore, there is a dispute with Eurostat about Italy’s national statistics: the European body is refusing to validate the public accounts presented by Italy in 2003 and 2004, which showed deficits of just under the permitted limit. Commissar Almunia also said that he would be commissioning a report on Portugal, whose deficit is due to be 4.9% this year. But he is waiting for Lisbon to present a “stability programme” in May before opening the formal deficit procedure. The Commissar is abrogating the procedure opened against the Netherlands, whose deficit has come back under 3% for 2004 after having exceeded it in 2003. The procedure against Greece is also to be stopped after Athens announced measures which will bring the deficit under 3% for 2006. [*Le Monde*, 12 April 2005]

The German Finance Minister, Hans Eichel, has promised the EU that he will introduce new “saving” measures, i.e. that he will reduce spending in order to get the German deficit down too. But Eichel did say that he would not take measures which would damage the German economy. Germany has broken the borrowing rules for three successive years but the deficit is supposed to come down below 3% this year. Commissar Almunia has said he will wait until the summer to see what, if anything, he wants to do about Germany. Eichel also repeated the German Government’s position that, given Germany’s financial situation, the EU budget could not be allowed to rise above 1% of GDP, since that would only increase Germany’s contribution and weaken her financial situation even further. Germany is the third largest net contributor but her per capita GDP is only the eleventh in the EU. [*Handelsblatt*, 12 April 2005]

### **‘No benefits’ from weakening Stability Pact**

The Vice-President of the German Bundesbank, Jürgen Stark, has said that the latest “reform” of the Stability Pact has brought no advantages to the eurozone. Stark said that the rule on deficits (3% of GDP) was especially important and he criticised the fact that the reform had introduced uncertainty and ambiguity on this point. Stark also insisted that there be no difference in the treatment accorded to existing euro states and new ones. He said that the new EU Member States should not adopt the euro too quickly, without having satisfied the convergence criteria. He said that the eurozone itself would suffer if the accession of new Member States made it economically too heterogeneous. This was why prior convergence was essential. [*Handelsblatt*, 11 April 2005]

### **Fight goes on for Security Council seat**

The German Government is continuing its campaign to win a permanent seat in the UN Security Council. Berlin is targeting Eastern European states, smaller EU states and the fifty-three members of the African Union, in an attempt to gain their support. Diplomats from Germany, India, Japan and Brazil are optimistic that their combined efforts will be fruitful, and that their countries will get permanent seats. They hope that they will receive the support of the General Assembly when it meets this summer. But the tensions between Japan and China have cast a shadow over their optimism: Tokyo's partners fear that the Japanese are relying too much on American support to achieve their goals. Berlin is trying to ensure that all European states support its campaign, or at least all the East European ones. The Germans are saying that their seat will be "more European" than the British or French ones are. [Andreas Rinke, *Handelsblatt*, 12 April 2005]

### **Gross resigns**

As has been expected for several weeks, the Czech Prime Minister, Stanislav Gross, has announced his resignation. He has come under pressure following revelations about the purchase of a luxury villa. Although he won a confidence motion, five ministers have said they are resigning from his cabinet. The Czech President, Václav Klaus, has indicated that he will ask the Social Democrats to again form the next government. The likeliest candidate for the premiership is the Finance Minister, Bohuslav Sobotka. [*Die Welt*, 9 April 2005]

The fragility of the Czech Government is relevant to the ratification of the European Constitution. It is not yet clear whether it will be ratified by referendum or in parliament, but there is no majority in Parliament in favour of the text. The opposition Civic Democratic Party is openly hostile to the Constitution, like the President himself. Klaus, indeed, has just published a 20-page foreword to a pamphlet written by the veteran Irish sovereignist, Anthony Coughlan, explaining the reasons why he is against the text. Such open campaigning against the constitution makes Klaus the only European head of state to adopt a clearly sovereignist position. It has naturally infuriated the Czech political class, the majority of which is pro-EU and pro-Constitution.

### **Haider soap continues**

The Freedom Party, which Jörg Haider led to power in 2000, has finally collapsed into two warring factions, as Haider himself plans his return to the

national political scene. He has created an "Alliance for the future of Austria" which the Carinthia branch of the Freedom Party has now joined. (Haider is Governor of Carinthia.) Haider has now been expelled from the Freedom Party by the very man whom he expelled two weeks previously. The pattern of expulsions and counter-expulsion was repeated throughout the parties at all levels and the Freedom Party in Vorarlberg now wants to be independent. Apparently one of the main reasons for this mutual factionalism is money: the Freedom Party has debts of three million euros and no one wants to take it over. [Petra Stuibler, *Der Standard*, 11 April 2005]

### **Disagreements over Boeing and Airbus**

The ongoing argument between the United States and the European Union over subsidies to the aircraft industry shows no sign of abating. No agreement has been reached despite intensive negotiations. On Monday, a 90-day "cease-fire" between the two sides came to an end: during this period, no new suits were to be filed with the World Trade Organisation and no new subsidies were to be granted. A spokesman for Peter Mandelson, the trade Commissar, said that there was still room for negotiation. According to the EU, Boeing has received some \$23 billion in state aid since 1992. The US says that Airbus also gets billions in subsidies. [*Handelsblatt*, 11 April 2005]

### **Italian Government in crisis**

Following a severe defeat for the right in the recent local elections, the Italian Government has been forced to consider holding an early general election. Silvio Berlusconi has said that he has nothing against an election in October. He also said that cabinet reshuffle might be on the cards. In eleven out of thirteen regions, the governing "House of Liberties" failed to win a majority. The idea of holding an early general election seems to have come from the deputy Prime Minister, Gianfranco Fini: it is rumoured that he threatened to resign. There are also tensions between Fini's National Alliance, much of whose support is in the poorer South, and the separatist Northern League. Berlusconi had previously dismissed all talk of early elections, saying that it would be suicide. The big winner in Italian politics is now the former President of the European Commission, Romano Prodi, whose Rainbow Union has scored 8% more than in 2000, and the centre-right won only 45% of the vote, its worst result in ten years. [*Die Welt, Le Monde*, 9 April 2005]