

INTELLIGENCE DIGEST

by John Laughland

Gas war between Ukraine and Russia

Russia's gas producer, Gazprom, cut off gas supplies to Ukraine on 1 January, thereby making good its threat in the war of words which had escalated between the two countries over a price hike for the gas Russia supplies to its Western neighbour. The dispute was resolved on 4 January, when Ukraine agreed to pay the asking price for Russian gas. The issue has caused a major diplomatic rift between the two countries, with the Russian authorities accusing the Ukrainians of stealing gas from them. Gazprom's spokesman said that in the first 24 hours since Russia cut off supplies to Ukraine itself, Ukraine had stolen some 100 million cubic metres of gas transiting across Ukrainian territory and intended for the West European market.

A statement by the German gas importer, Ruhrgas, on 3 January, corroborated the Russian claims. [*Itar-Tass*, 4 January 2005] Alexander Medvedev, Deputy Chairman of Gazprom, said that the value of the stolen gas amounted to some \$25 million. [*Itar-Tass*, 2 January 2006] The Ukrainian fuel minister, Ivan Plachkov, immediately rejected these allegations. [*ForUm*, 2 January 2006] Eastern European countries like Hungary, Slovakia and Austria immediately reported a drop in their own gas pressure imports, in Austria's case "by around a third". [*Le Monde*, 2 January 2006] Germany's biggest gas importer had also reported an immediate drop in pressure. [*Handelsblatt*, 2 January 2005] Western officials and governments (including Washington) were quick to condemn Russia's behaviour, the former British Foreign Secretary Geoffrey Howe being wheeled out to say that Moscow had to show the rest of the world that it was a "responsible" power as it assumed the presidency of the G8 group of industrialised countries.

These attacks persisted in spite of the fact that Ukraine did announce that it had the right to seize a large quantity of Russian transit gas as its 'fee' for allowing it to cross Ukrainian territory: the Ukrainian prime minister said that his country reserved the right to help itself to 15 per cent of the gas in the pipes. More generally, even before the gas war started, there had been numerous articles in the press, indeed, attacking Russia as it prepares to take over the chairmanship of this organisation, all of them accusing the Russian government of clamping down on democracy.

One of the most strikingly hostile editorials was that of the German business daily, the *Handelsblatt*. It attacked the proposed construction of a submarine trans-Baltic gas pipeline which will deliver supplies directly to Germany, bypassing Poland and other transit states. The editorial says that part of this project includes building a branch pipeline which will supply gas to Kaliningrad, the former Königsberg and former capital of East Prussia, now a parcel of Russian territory sandwiched between EU and NATO Member States, Poland and Lithuania. The editorial writes that the purpose of building this branch line is so that Russia will in future be able to switch off the gas supplies to Ukraine and Belarus without disrupting supplies to Kaliningrad. "This is a part of Putin's imperial plans," the editorial says, adding that those like the former German Chancellor, Gerhard Schröder, who has taken a post on the board of the consortium building the pipeline, can no longer ignore the fact that the pipeline is part of a geopolitical project. The editorial concludes with a sinister threat: it says that the construction of the new pipeline is "pure blackmail politics" which "could eventually turn against those who are helping Russia today with its construction." Mr Schröder, you have been warned. [*Handelsblatt*, 2 January 2006]

More generally, these attacks against Russia came against a background of negative media comment about how the Kremlin has re-established control over key sectors of the Russian economy, especially over the companies which control its natural resources. These reports systematically failed to point out that the head of the Ukrainian national gas monopoly is also a political appointee: Oleksiy Ivchenko is a politician who supported Viktor Yushchenko during the Orange Revolution, who was appointed fuel minister after it, and who is now the head of the corporation.

The new anti-Russian orientation of German foreign policy became immediately apparent as the new Social Democrat Economics Minister of Germany, Michael Glos, issued a warning to Russia about the consequences of its actions. It had been one of the main planks of Angela Merkel's election campaign that she would change German foreign policy away from the pro-French and pro-Russian orientation it had adopted during the US attack on Iraq, and back towards a more traditionally Atlanticist and pro-American position.

The only European politician with anything nice to say about Vladimir Putin was the Italian Prime Minister, Silvio Berlusconi. The Italian Prime Minister's office let it be known that the official view was that the Russian President was a responsible politician who did not want to put relations with the EU at risk. Berlusconi has said that Putin is a sincere democrat who is struggling to reform and clean up a bureaucratic system. Berlusconi has said this cannot be done simply by waving a magic wand. [Marco Galluzzo, *Corriere della sera*, 3 January 2006]

Estonia drops charges against former Nazi

The Simon Wiesenthal Centre in Israel has protested strongly against the decision by the government of Estonia not to go ahead with extradition proceedings against Harry Männil, an 86 year old Estonian man living in Venezuela who is accused of war crimes during World War II. The Centre wrote on its web site that this was a "ridiculous whitewashing of an active Nazi collaborator for political reasons". The Estonian Foreign Minister strongly denied, however, that it had received an official protest from the Israeli government. Männil is accused of being a member of the Nazi-controlled Estonian state police during the German occupation of Estonia from 1941 to 1944 and having committed torture and murder against numerous civilians. The Estonian prosecutor decided at the end of December to abandon its proceedings against Männil for lack of evidence. It is estimated that some 5,000 Jews were murdered in Estonia during the German occupation. The head of the Simon Wiesenthal Centre has often accused Estonia of not doing enough to prosecute alleged Nazi war criminals. The Estonian Prime Minister responded to these attacks saying that there were no political trials in Estonia and that he was convinced that the Estonian Prosecutor simply did not have enough evidence to bring a case.

Gerhard Schröder's new job

Many German politicians, especially on the right, have criticised the former Chancellor, Gerhard Schröder, for taking the new job with the pipeline consortium. In the middle of December, a polemic broke out which the Vice President of Gazprom, Alexander Medvedev, said was nothing but an attempt to torpedo the whole project. The Free Democrat

liberals put down a motion in the Bundestag which attacked Schröder for showing disrespect towards his former office, and which said that his decision to take the job was incompatible with the fact that he was still being paid by Germany as a parliamentary deputy. Schröder has rejected the attacks, saying that he accepted the new job without discussing pay, but saying that he expected “the normal rate” for “his costs”. The opposition demanded to know whether Schröder had had any discussions with Gazprom about his new job during his time as Chancellor. The Bavarian Christian Democrats accused Schröder of lying when he said he had been offered the job in a matter of two weeks. [Die Welt, 14 December 2005]

There has also been much comment about the fact that Matthias Warnig, the Chairman of the gas pipeline consortium, is a former Stasi agent and informer, and that he was decorated for his services in October 1989 by the head of the Stasi, Erich Mielke. He provided important information and analysis on West German energy policy to the East German government. Reports have also alleged that Warnig was sent back to Dresden when the demonstrations against the GDR leadership started in 1989, in order to work with the KGB, whose official there was Vladimir Putin. [Die Welt, 14 December 2005]

Schüssel wants to reduce role of European Court

The new President of the European Council, the Austrian Chancellor, Wolfgang Schüssel, has given a long interview at the beginning of the Austrian presidency, in which he said, among other things, that he wanted to “re-examine” the role of the European Court of Justice: “If the European Court of Justice takes decisions which are retroactive, then that must be revised.” In a previous interview, given on air, Schüssel had also criticised the “undermining of national interests” through rulings by the ECJ. In his interview with the *Süddeutsche Zeitung*, Schüssel said that the ECJ had systematically increased the powers of the European Union, even in areas where there was no community interest. He said that there was “a creeping centralising note in the jurisprudence”. He said it was wrong for the ECJ to take decisions which had retroactive effect. He said that the role and powers of the Court would have to be re-examined, perhaps by the creation of another organ which would “legitimise the attitude of the Court”. Schüssel also repeated his government’s oft-stated position that negotiations with Turkey should be conducted with an open mind as to the outcome, i.e. without them leading necessarily to full EU membership.

The interview started with a reference to *The Sound of Europe*, a big conference in Salzburg which the Austrians are organising to coincide with the 250th anniversary of Mozart’s birth. He also drew attention to the fact that this year is the 150th anniversary of the birth of Sigmund Freud, whose works on “self-reflection, discovery of the unconscious and the super-ego” were also of relevance in Europe’s search for identity.

Schüssel said, “We must be capable of action in those areas in which Europe can get things moving. But we must also be able to allow powers to be given back to nations, regions, communities and civil society. The referenda on the constitution in France and Holland were a very clear signal, a writing on the wall. We must now decipher it.” He said that the text of the Constitution could no longer be revived but that Europe would have to dig deeper. “Not everyone who expresses scepticism is an enemy of Europe,” he said. “Whoever criticises a judgement of the European Court of Justice is not an enemy of the EU.” He went on to say that while Austrian courts had to respect the principle of subsidiarity and proportionality, “In recent years the European Court of Justice has been systematically extending European powers, even in areas where there

is decidedly no community law. Suddenly rulings emerge about the role of women in the German army or about the access to Austrian universities for foreign students which are clearly a matter of national law.” Indeed, the ECJ’s ruling that Austria has to open its universities, which are swamped by Germans, to foreigners on the same terms as Austrians, has proved very unpopular in Austria. Schüssel said that he regretted that the Constitution had said nothing about the role of the ECJ. He did not directly answer the question whether he wanted to proceed with the process of ratifying the Constitution, saying instead that what was needed was “a discussion phase”. He said that Europe should not frighten anyone, and that the French and the Dutch should be reassured that Frankenstein’s monster was not about to be revived. *Süddeutsche Zeitung*, 31 December 2005]

Austria’s Foreign Minister, Ursula Plassnik, has given an interview along similar lines, during which she admitted that the EU remains deeply unpopular among Austrians. When Austria last held the EU presidency, in 1997, only 31 per cent of Austrians thought EU membership was a good thing. Now the figure stands at 32 per cent. [Die Welt, 31 December 2005]

Catholic Church calms anger over Gotovina

The Croatian Prime Minister, Ivo Sanader, has apparently managed to obtain the cooperation of the Catholic clergy in calming the anger of the Croat population at his decision to facilitate the hand-over of General Ante Gotovina to The Hague, an act which has won him accolade in Brussels as it had been the EU’s main pre-condition for agreeing to let Croatia open accession negotiations. Arrested in the Canary Islands on 8 December, Gotovina has received huge moral support from his fellow Croats. His web site, www.antegotovina.com, has had some 2 million visitors, and 80 per cent of Croats think that he is innocent and a national hero. There was a demonstration attended by some 50,000 people in Split, and the European flag was burned during a small demonstration in Zadar. But generally, Gotovina’s arrest has been greeted with resignation by Croats. Commentators say that the relatively muted reaction is thanks to the alliance between the Croat government and the Catholic clergy who otherwise have been strong supporters of Gotovina. The Cardinal-Archbishop of Zagreb, Josip Bozanic, who says he is convinced of Gotovina’s innocence, has attacked The International Criminal Tribunal for the former Yugoslavia as being “politicised and in the pay of the great powers”. But, like Archbishop Marin Barišić of Split, who is also said to be hostile to the EU, Archbishop Bozanic has made several official appeals for people not to demonstrate against the government. One of the reasons why the Croatian clergy may have been co-opted in this way is that the Croatian government has offered the Church a 25 per cent stake in the main insurance company, Osiguranje, which is about to be privatised. This is worth some €65 million. [Stéphanie Raphanaud, *Le Figaro*, 31 December 2005]

Kurdish rights

Honour killings are proliferating in south-east Turkey, although media reports which deal with this ugly phenomenon generally fail to point out that this is a predominantly Kurdish part of Turkey where the EU says the Kurds should be given more autonomy. More than one man in three there is favourable to the practice of killing or torturing women who commit adultery. Recent examples include a 35 year-old woman who was found imprisoned, her hands tied, in the family home, cut off from all contact with the outside world for six years. According to a study conducted by a university, some 37 per cent of men favour execution of women as a punishment for adultery and 21 per cent say their nose and

ears should be cut off. In one recent case, two brothers murdered their sister after she gave birth to a child out of wedlock: they first inflicted serious injuries on her and then, when she was lying in hospital, came to her bed and killed her with a bullet in the head. [Marie-Michèle Martinet, *Le Figaro*, 4 January 2006]

Finnish President says EU is 'a disappointment'

The President of Finland, Mrs Traja Halonen, has said that the EU has been a disappointment for many Finnish citizens. In an interview with an Austrian newspaper, she specifically said that the situation was similar to that in Austria, which joined the EU at the same time as Finland in 1995: "People had hoped that the EU would achieve what it had promised, namely to bring prosperity and security. Finland and Austria are now the most EU-critical countries."

An opinion poll published in Finland has shown that Finns would reject EU membership if they were asked to vote on it now. The survey was conducted by Taloustutkimus, the second largest market research company in Finland, and found that 49 per cent of Finns would vote 'No' to EU membership; only 44 per cent said they would vote 'Yes'. In 1994, when Finns voted on accession, they voted by 56.9 per cent in favour of EU membership.

Greece tries to correct budget deficit

The right-wing government in Greece has adopted a rigorous budget aimed at reducing the budget deficit to 2.6 per cent of GDP. The Commission predicts that Greece, which has always broken the Stability Pact criteria, and whose previous government hid the fact by cooking the national statistics, will have a deficit of 3.8 per cent in 2006. In 2004, Greece's deficit was 6.6 per cent; in 2005 it was 4.3 per cent. State debt is no better: the total state debt in Greece is 107.9 per cent of GDP, whereas the rules say it should be only 60 per cent. The Greek economics minister says it should be reduced to 104.8 per cent by 2006, although, as with other countries, this miracle is strangely achievable even without a budget surplus. Perhaps part of the explanation lies in the fact that in 2006 Greece will receive €11 billion from the EU, or 2.1 per cent of its GDP. In the period 2007-2013 Greece will receive €20.1 billion as a result of the new budget deal. This represents some €3.5 billion a year or 1.8 per cent of GDP. However, the EU Commissar for economics, Joaquín Almunia, has previously been unimpressed by Athens' promise of jam tomorrow. In October, he said, "The situation of the public finances is still worrying and insufficient reforms means that the country is exposed to growing risks connected with the ageing population and globalisation. If adequate reforms are not put in place, spending on pensions which are currently running at 12 per cent of GDP, will reach 22 per cent in 2050. In other words, the public debt will explode." [Didier Kunz, *Le Monde*, 31st December 2005]

Kissinger's role in 1974 Cyprus events revealed

The Greek Cypriot papers have reported on British Cabinet papers, recently declassified, which show the background to the 1974 Turkish military operation which resulted in the occupation of the Northern half of the island. They show that the former Secretary of State, Henry Kissinger, was determined above all not to lose Turkish goodwill. The then Foreign Secretary, James Callaghan, produced a report in 1974 entitled *British Policy on Cyprus: July-September 1974*, gives background to the events. "I had from the first," Callaghan's report says, "been in frequent telephonic communication with Dr Kissinger. Initially, indeed, it appeared that British and US policy was identical and, certainly I and my staff were unstinting in conveying information and opinion to the

Americans. In fact, despite the appearance of confidence our policies and our actions never marched together... Throughout the summer there was doubt about the extent to which the Americans were willing to exert the pressures at their disposal to dissuade the Turks from aggressive action. The Turks themselves concluded early on that American pressure was merely a paper tiger. I was less willing to doubt their assurances to me. The events demonstrated that Dr Kissinger was more concerned with the maintenance of Turkish goodwill as a bulwark between the Soviet Union and the Arab states." The British Ambassador in Washington had lunch with Kissinger on 9 January 1975 after which he sent the following message back to London: "Dr Kissinger said that with all due respect to the special position of the United Kingdom, Cyprus was a peripheral issue from the US perspective, when compared with the importance of Turkey to the security of the eastern Mediterranean. In particular Turkey's role was crucial to US - Soviet relations over the Middle East. If Turkey's security was undermined, there would no longer be any barrier between the Soviet Union and Syria." [Kyriakos Tsioupras, *Cyprus Financial Mirror*, 4 January 2006]

US embassy rejects CIA accusations

The American embassy in Athens has rejected accusations by a Greek Member of the European Parliament who claimed that there was a secret US prison on the island of Crete. "This information is false," the embassy said. The MEP, Giorgos Karatzaferis, had claimed in a letter to the Greek Foreign Ministry that the United States was holding at least twenty terror suspects at the US base in Souda in the West of Crete. Katzaferis said that he had received this information from journalistic sources. The Greek Foreign Ministry said that it had no information about this but the claims were being investigated. [*Die Welt*, 31 December 2005]

French Commissar proposes salvaging parts of Constitution

The French EU Commissar, Jacques Barrot, has proposed that bits of the EU Constitution be retained in a bid to push through ratification of a new institutional system for the European Union. Meanwhile, the Dutch Commissar, Neelie Kroes, has suggested that the number of EU Member States be limited to 27. These remarks contradict the policy of the Commission itself, which officially thinks that the constitution should be preserved in its entirety, and which supports Turkish membership. (An EU of 27 would be the present 25 plus Romania and Bulgaria.) Jacques Barrot told the Austrian daily *Kurier* that the sections on the reform of the EU institutions and the Charter on Fundamental Rights should be removed from the Constitution and the amputated text submitted for ratification. However, Barrot said that he thought the extension of majority voting should be retained, as should the new formula for Member States' voting rights and the new post of an EU Foreign Minister. Mrs Kroes said that 27 Member States was the limit: "You would not even consider putting a 27-member management on a company, in my experience," she said. [*Kurier*, 2 January 2006; Dutch News Agency ANP, 1 January 2006]

The polluter is paid

Following the reform of the Common Agricultural Policy, according to which subsidies are no longer paid proportionally to production alone, French cereal farmers, who for years have lived off the vast profits the CAP generates for them, realise that the game is up. One of them has been quoted saying, - rather melodramatically - "This is the end of our profession: we have no use any more in society." French agriculture will continue to receive some €8 billion in subsidies from the EU every year,

at least until 2013. But the subsidies are no longer paid for production alone. One representative of a farmers' union said, "We are being asked to change our behaviour." Brussels, indeed, wants to reduce production. The average drop in subsidies paid to farmers is only 3 per cent, however, the new rates being calculated according to the average paid over previous years. There will be slightly less money in 2006 (4 per cent less) and 2007 (5 per cent). Some French cereal farmers think that the new system will not last much more, and that it will be abolished under pressure from the British and Nordic countries after 2008. One of them said, "If there are no more subsidies, then I will shut up shop." Organic farmers claim that the new regime is punitive against them, and that the French government has done nothing to help France develop its burgeoning organic sector. An organic farmer said, "We are in the same situation as before, in which the same people go on receiving subsidies, in this case those who pollute the most." [Régis Guyotat, *Le Monde*, 5 January 2006]

Explosion in immigration from Morocco rises

Italy is getting worried: for some time, one illegal immigrant out of three stopped on Italian coasts came from Morocco. The proportion of Moroccans among illegal immigrants has risen from 2.4 to 32.4 per cent in a matter of weeks. The Italian authorities believe that the explanation for this sudden rise lies in the bloody events which occurred on the borders of the Spanish enclaves in Morocco, Ceuta and Melilla, in October 2005. The Italian Minister of the Interior, Beppe Pisanu, has said, "The reinforcement of the double barrier of barbed wire around the two Spanish enclaves has meant that the a part of the traditional flow of clandestine immigration which went from Morocco to Spain has now re-directed itself towards Italy, via Libya." The Moroccan ambassador to Italy was summoned to the Ministry of Foreign Affairs to discuss the situation, and to hear the Italian government's "very serious concerns". The two countries have not been able to sign an agreement on the repatriation of illegal immigrants, despite attempting to do so for six years. Inevitably, this has given rise to calls for a pan-European approach to the problem. The Italian Commissar in Brussels, Franco Frattini, has said that the strategy must be the same across Europe. "Governments must allow us [i.e. the Commission] to coordinate matters both with regard to the agreements with Morocco, Libya and Algeria, and also in organising patrols by naval units in the Mediterranean." In Sicily and on the tiny island of Lampedusa, which lies halfway between Sicily and the coast of North Africa, the situation has gone from bad to worse. The number of illegal immigrants has doubled with respect to 2004. In 2005, some 23,000 illegal immigrants arrived on the coast of Italy. This is 10,000 more than in 2004. These figures might just be the beginning of the larger wave of illegal immigration: the Italian Interior Ministry now fears that hundreds of thousands of immigrants are waiting to come from sub-Saharan Africa. However, the number of immigrants arriving by sea is only 14 per cent of the total: some 29 per cent arrive by train or plane. 67 per cent of illegal immigrants arrive legally in Italy and then stay after their visas have expired. But Italy expels only 10 per cent of the illegal immigrants it catches. [Salvatore Aloïse, *Le Monde*, 5 January 2006]

German state imposes political correctness test

The German state of Baden-Württemberg has introduced a citizenship test for Muslims who wish to acquire a German passport. Questions include, "What would you do if your son was gay?" and "Would you allow your daughter to take swimming lessons?" Another question is "Some people maintain that the Jews are responsible for all the evil in the world

and they insinuate that they are behind the 9-11 attacks in New York. What do you think of opinions of this kind?" These questions are categorised as *Gesinnungsprüfung*, or 'test of a person's convictions'. This test replaces the previous requirement that an applicant for German citizenship sign a statement saying that he accepts the principles of the German Constitution. The answers given during the tests will be kept on file and, if the applicant's subsequent behaviour is inconsistent with the answers given, then this might be grounds for withdrawing the passport and expelling the person from Germany. The initiative for this was taken by Heribert Reich, the police minister of Baden-Württemberg, who has expressed doubt that Muslims are being truthful when they say they respect the German Constitution. His fears were sparked in part by an opinion poll that showed that 47 per cent of immigrants of Turkish origin believed that "We Turks must be very careful not to become completely German."

Other questions on the list are: "Would you allow yourself to be visited by a female doctor (for men) or a male doctor (for women)?" "How do you stand with respect to the claim that all women must obey their husbands and that husbands have the right to beat their wives if they do not obey?" "Do you think it is right for a man to lock his wife or daughter at home in order not to bring shame on the family?" "If your daughter or sister came home and told you she had been sexually molested, what would you do as her father or brother?" "What would you do if one of your children wanted to marry someone of a different religion?" "What would you do if you knew someone who was planning a terrorist attack?" "Who do you think carried out the 9-11 attacks in New York and Madrid?". The questionnaire has been attacked by Muslim organisations in Germany, by secular Turkish community groups, and by the former Minister of Justice, Sabine Leutheusser-Schnarrenberger. Other *Länder* governed by Christian-Democrat governments have also distanced themselves from this decision, with Bavaria for instance saying that it is quite happy with the procedures which have been in place for the last 30 years. [Paolo Valentino, *Corriere della sera*, 5 January 2006]

Human Rights Watch alleges CIA prison in third EU country

Following its claim that the CIA was operating secret prisons in Poland and Romania, Human Rights Watch has now said that there is another secret detention centre in another EU country. Lotte Leicht, the director of the Brussels bureau of Human Rights Watch, told the European Parliament of her group's belief, but refused to say which country they suspect. She said that Human Rights Watch would pay a surprise visit to the presumed detention centre. Both Poland and Romania have denied that they hosted secret CIA prisons; a Greek MEP has alleged that there is a secret prison on Crete. [*Agence France Presse*, 4 January 2005]

Chirac more unpopular than ever

At the beginning of his last full year in office, Jacques Chirac's popularity rating is lower than it has ever been – a mere 21 per cent of people approve of him, according to *Figaro Magazine*. This is 5 per cent fewer than when the last poll was published. 77 per cent of those polled said they were dissatisfied with Chirac's record. Nicolas Sarkozy, the Interior Minister, has dropped 9 per cent to a 45 per cent approval rating and is now only the fourth most popular politician. The most popular is the former Socialist minister, Ségolène Royal: with 49 per cent, she got three more points than the Prime Minister, Dominique de Villepin. Her strong showing means people are now speculating that she might run for the presidency in 2007.