

# INTELLIGENCE DIGEST

by John Laughland

## Constitution re-launched

The reports in the last *Digest* about Germany's desire to re-launch the failed European Constitution have been proved correct. On 11 May 2006, in a formal government statement to the Bundestag, the German Chancellor, Angela Merkel, called for "a new foundation" in "the European project." "We must put citizens at the centre," she said, apparently happy to gloss over the fact that when the citizens are given a say over EU affairs they generally vote 'No' as in France and the Netherlands last year. Merkel said that, in the age of globalisation, people wanted political arrangements which reflected their values. She said that it was wrong that Germany, the EU's largest economy, should once again violate the EU's Stability Pact by running too high a budget deficit. Merkel also committed her government to reducing EU bureaucracy, while at the same time saying that EU integration and harmonisation would have to continue and that states would have to get used to abandoning their sovereign powers.

She said that EU citizens wanted security and that, since terrorism and fundamentalism were the new threats, a common EU policy would have to be developed to counter them. She said that the EU had not acted swiftly enough in the Balkans and that lessons had been learned from these past failures. "Europe has learned to intervene before it is too late." This was the reason why an EU force was being sent to the Congo for the elections there. The Chancellor also said that clear borders had to be drawn, a veiled reference to her view that the enlargement process had to come to an end at some point. Merkel is known for her state's opposition to the accession of Turkey. "We will not be able to admit all the states which want to become members," she said.

It was for all these reasons, the Chancellor argued, that Europe had to be able to act. "We need the Constitutional Treaty," she said. Merkel said that the Constitution outlined clear powers and that "mixed competences always create a democracy deficit" because people did not know who was responsible for what. She said that the EU was made able to act for the first time by the Constitution and that Germany would use its presidency in the first half of 2007 to tackle the issue of the Constitution. On the other hand, she did not say exactly how she proposed to solve the EU's institutional impasse. She also warned against making any hasty decisions on the matter. In the ensuing debate, the various opposition parties attacked the coalition government generally for not doing enough to tackle the EU's outstanding issues. [*Frankfurter Allgemeine Zeitung*, 11 May 2006]

Commentators agree that Merkel's plans for the Constitution remain unclear. Even the government statement has not explained just how Germany expects to make progress with the Constitution. Instead, the speech was notable mainly for its repetition of old chestnuts about how the EU creates peace, together with the new line about how it will in future intervene militarily wherever it likes. Merkel even tried to square the circle of saying she wants less bureaucracy but more integration by saying that "less Europe can also be more." The difficulties of Germany's announced plan to rescue the Constitution are compounded by the fact that France is holding its presidential elections in May 2007, just one month before the end of the German presidency. This is no doubt why the Chancellor wants to avoid saying too much now about the various possible courses of action. These include new referendums on a revised text, the partial adoption of sections of the old Constitution by executive decision at a summit or a new decision on institutional reform and decision-making. Despite this lack of clarity, Europe experts in the

German government are confidently predicting that there will be a clear plan, with a timetable, by around this time next year. [Nikolas Blome, *Die Welt*, 12 May 2006]

## French pro-EU MPs call for new Constitution

The pro-European centre-right party in France, the UDF, has called for a new EU Constitution to be proposed and for it to be submitted to all EU citizens at the time of the European Parliament elections in 2009. The leader, François Bayrou, said that the old text should not be fiddled around with, for this is the one that was rejected in referendums in the Netherlands and France. Bayrou said that if the new Constitution were rejected, then a Constitution for "core Europe" around the eurozone should be drawn up instead, an odd suggestion since both France and the Netherlands are in this category themselves. [*Die Welt*, 15 May 2006]

## Barroso attacked over Constitution

The leader of the Social Democrats in the European Parliament, Martin Schulz, has mounted a strong attack on the President of the European Commission, José Manuel Barroso. He accused Barroso of "wholesale failure." Schulz said that Barroso had shown that he is "emphatically not the man for the job" by making statements on the Constitution. Schulz said that it was "a provocation" and "a fatal signal" that Barroso was encouraging a policy of cherry-picking. Schulz said that both the Irish Prime Minister, Bertie Ahern, and the German Chancellor, Angela Merkel, had openly discussed ways in which the Constitution could be revived. Schulz says that it was highly likely that the Constitution would be ratified by at least 20 states and that the EU states had undertaken in 2004 to reflect on the future of the Constitution if this figure was achieved. Barroso, Schulz claimed, had been saying that there was no agreement on what to do and that this made him unfit for his job. Schulz said it was Barroso's duty to act on the basis of existing agreements. "The Commission President ought to fight for the Constitution more than anyone else," said Schulz, but he had failed to make the Commission into the driving force of the EU. [*Frankfurter Allgemeine Zeitung*, 12 May 2006]

## Europe in paralysis

The EU is said to be in a state of institutional paralysis as a result of the rejection of the EU Constitution in the French and Dutch referendums. But the same is true of the individual Member States. With the exception of Spain, most EU countries are in a state of political limbo. No one knows exactly what either Britain or Poland will do in relation to European policy, the Poles having recently included within the governing coalition two of the most Eurosceptic parties in Europe, the Self-Defence party of Andrzej Lepper and the conservative Catholic party, the League of Polish Families. Any project, such as that proposed by the UDF in Paris to re-launch "the European project" with the eurozone countries alone, would exclude both Warsaw and London. Tony Blair has forfeited all claim to be a leader within the EU because of his Iraq policy, which distanced him from so many influential European capitals. In any case, he is widely perceived as coming to the end of his term in office. France of course is also in political limbo, as all political energies are now directed towards the presidential election of June 2007. Little can be expected from Paris between now and then. Things are little better in Germany or Italy. The new Italian President, the Communist Giorgio Napolitano, was Chairman of the constitutional committee of the European Parliament. Like Mr Prodi, the new Italian

Prime Minister and former President of the European Commission, he is obviously very pro-European. But Prodi has only a tiny majority while the centre-right opposition in Italy contains Eurosceptic elements and may be able to frustrate the government from time to time. The German government coalition between Christian Democrats and Social Democrats gives Angela Merkel a large majority, to be sure, but all policy will be subject to friction if there is any disagreement between these two huge political formations which are used to opposing one another rather than governing together. Frictions have indeed broken out already over employment law and there is talk in the press of the coalition collapsing. [Henri de Bresson, *Le Monde*, 16 May 2006; *Süddeutsche Zeitung*, 17 May 2006]

### Juncker calls for “pause for thought”

The Prime Minister of Luxembourg, Jean-Claude Juncker, has said that the EU will need to take “a pause for thought” on the disputed questions it faces and that this pause should last until 2009 or 2010. “Even those dates are optimistic,” he told a German newspaper. Juncker has said that he does not think Chancellor Merkel has much chance of success in her declared desire to revive the moribund Constitution. “We have a pro-European German Chancellor,” said Juncker, “but with which head of government from which large Member State is she going to pull the Constitution forward?” Germany, in other words, cannot do it alone. Juncker said he thought there was “more exhaustion than enthusiasm” in the EU today and he firmly rejected the idea that further integration should be pursued between a limited number of states. “Everything we do in Europe we should do with all the Member States,” he said. [*Süddeutsche Zeitung*, 17 May 2006]

### Europe still unclear on Romania and Bulgaria

Even though they have been waiting for years for a decision, Romania and Bulgaria will have to wait until October to see if they are to be admitted as members of the European Union next January. Although it had promised to make a decision on 16 May, the European Commission has given the two countries another four months – or rather, made them wait another four months – before it decides finally on whether or not they are fit to join. When it finally takes a decision in October, the Commission could decide to recommend postponing membership for the two states until 2008. The main concern is said to be the failure to fight against corruption in both countries, although this is an extremely imprecise condition and in any case corruption is rife in Brussels itself. In the case of Romania, there is said to be delay in setting up offices for the distribution of EU farm money and technical shortcomings in agricultural and tax administration. All other areas concerning Romania – the fight against fraud and corruption, the protection of intellectual property, and preparations for Romania to join the Schengen agreement – have apparently all been cleared up.

Government sources in Berlin, however, are saying that the accession of Romania and Bulgaria is ‘politically decided’, i.e. that it will go ahead in spite of the apparent delay in the final decision. Both the German Foreign Ministry and people in the Christian Democrat parliamentary party say that both countries will join on 1 January 2007. The German Foreign Minister, Frank-Walter Steinmeier, has said that the two countries will be able to join next year if they fulfil all the conditions laid down in May’s report. Steinmeier said that a delay to Bulgaria’s accession could be decided only by unanimous vote and it would need a two-thirds majority to delay Romania’s. Berlin considers that both scenarios are “extremely unlikely.” [*Die Welt*, 18 May 2006]

### West Africans continue to flood to Canaries

The flood of refugees from the West coast of Africa to the Canary Islands is continuing unabated. Spanish fishermen regularly see boats at

sea packed full of people. The Mauritanian authorities make no attempt to stop them and so they land on the Canaries and apply for political asylum. During the weekend of 13-14 May, one thousand refugees landed on Tenerife, Gran Canaria, Fuerteventura and La Gomera: this is a new record for the archipelago, where refugees have been arriving in ever greater number for months. The local authorities complain that Madrid has not sent the extra patrol boats promised and that the islands are incapable of coping with the flood. The Spanish Foreign Minister has promised to talk tough with the countries concerned and diplomats are to be dispatched to Mali, Guinea Bissau, Senegal, Mauritania, Ghana and Nigeria to sign repatriation agreements. The first repatriations are due to start soon. Because the camps in the Canary Islands are full, refugees are generally transferred to mainland Spain within forty days of their arrival. Naturally, many of them disappear while they are being processed, especially since they typically destroy their identity cards in order to make it more difficult for the Spanish authorities to know where to repatriate them. The government’s decision to naturalise 700,000 foreigners in Spain last year has sucked ever more refugees to the country, making the situation even worse than it already was. The Red Cross estimates that more than 1,200 people have died at sea since last autumn on these perilous crossings. Meanwhile, in early May, fisherman in Barbados discovered eleven mummified corpses on a boat from Senegal. The boat had originally had 37 passengers and it had evidently been drifting around the Atlantic for some three months. [El País, 16 May 2006; Ute Müller, *Die Welt*, 16 May 2006]

### Slovenia to adopt euro

The former Yugoslav republic has been judged fit to join the eurozone, which it will do on 1 January 2007. On the other hand, the Commission has said that Lithuania is not in a position to adopt the European single currency since its inflation rate is too high. The recommendations of the Commission are to be voted on by the Council of Finance Ministers in July following consultation with the European Parliament and after a discussion with the heads of state and government at the bi-annual summit in June. However, there is little doubt that the recommendations will be approved and that the eurozone will therefore have only one new member next year. Slovenia thus becomes the first and only new Member State to adopt the European single currency. [*Corriere della sera*, 16 May 2006]

### Iran rejects latest EU offer

Tehran has rejected the latest proposals made by the EU. The Iranian Foreign Ministry has said that Iran’s right to enrich uranium is “absolute and unimpeachable” (which it is, under the terms of the non-proliferation treaty) and that any proposals to prevent it from doing this were unwelcome. The EU had suggested that Iran do this in return for giving it the latest nuclear technology and building a light water reactor. China seems to be siding with the EU against Iran on this issue. [*Die Welt*, 17 May 2006] The Iranian President, Mahmoud Ahmadinejad, said, “The Europeans seem to think they are dealing with a four year-old child whom they can trick with walnuts or chocolate into giving away gold.” [*Die Welt*, 18 May 2006]

The Europeans had made the offer, which Tehran described as “generous,” with a slightly threatening note. The Europeans had reaffirmed the right of the Iranians to use nuclear weapons for peaceful purposes and had proposed a deal which would have allowed them to do so without enriching their own uranium. (Russia had previously made a similar offer.) Javier Solana, the EU Foreign Policy chief, had said prior to the Iranians’ rejection that, “If the Iranians want to build electricity generating stations using nuclear power, they can benefit from the cooperation of the Europeans and other members of the international

community and have access to the most sophisticated technology. But if they reject the proposal, then that means they are rejecting something else.” Washington and Brussels will no doubt now conclude that Iran indeed wants to enrich uranium for military purposes, even though the relevant treaties allow her to do what she says she wants. The Europeans had also expressed their “profound concern” at various human rights violations in Iran, including the continued use of the death penalty. [Thomas Ferenczi, *Le Monde*, 17 March 2006]

### Afrikakorps

Up to 800 German soldiers are to be sent to the Congo during the elections there. The ‘mandate’ is to begin on 30 July and last for four months. The German troops will be part of the EU military mission to the country, which is supposed to ensure the smooth running of the elections. The troops are to be under German command. The cost of the mission to Germany is some €56 million, which will be met out of the usual defence budget. [*Die Welt*, 17 May 2006]

The Congolese themselves do not seem very keen on the idea of having European troops in their country. During a recent opposition demonstration in Kinshasa, protesters held up placards saying, “*Foreigners want to rule the Congo.*” There is plenty of room for the rumour-mill to function, since there are no officers from EU states in the Congo yet, no one knows where the troops are to be sent and there are not even any interpreters yet. Albrecht Conze, Deputy Director of the UN Peace Mission MONUC in Congo, says, “*There are rumours in the capital that the troops will protect only Europeans if there are any incidents, or that they will support one candidate in particular.*” The Congolese opposition, indeed, has attacked the international community, which is paying for 100 per cent of the election costs, will simply support Joseph Kabila, the current President, and that the troops are there to back up this aim. It is not very difficult to guess which side Conze himself is on. “*It must be made clear,*” he says, “*that the EU is coming to tell bad losers to shut up and to ensure the elections.*” [Sophia Bouderbala, *Die Welt*, 18 May 2006]

### Ayaan Hirsi Ali

A Dutch MP of Somali origin has announced that she is leaving the Netherlands to live in America, where she will be a fellow of the neo-conservative think-tank, the American Enterprise Institute. Ayaan Hirsi Ali has become famous in the Netherlands as a critic of Islam. She wrote the script for a film about the ill treatment of women in Muslim countries, the director of which, Theo van Gogh, was murdered by an Islamic fanatic. Ayaan Hirsi Ali herself then had to live under permanent armed guard. Her supporters say this is because she tells uncomfortable truths and therefore has many enemies, even in Dutch society. Although she has been showered with awards for bravery and free speech, it turns out that she had in fact lied about the being persecuted in her home country (she had claimed that she was being threatened with an honour killing by her family) and her Dutch citizenship is therefore being revoked. [Jean-Pierre Stroobants, *Le Monde*, 17 May 2006]

### US imposes travel ban on Belarus officials

The United States has followed the European Union in imposing a travel ban on the President of Belarus, Alexander Lukashenko, and on other officials which it says were involved in electoral fraud during the recent presidential elections. (There is no actual evidence of fraud, but the Western-backed ‘observers’ say that the electoral climate was ‘unfair’ and have therefore condemned the poll.) [*Radio Free Europe Newswire*, 16 May 2006]

Meanwhile, the Secretary-General of Interpol, Ronald K. Noble, has criticised the European Union for not sending delegates to the

organisation’s 35th regional conference, which is being held in Minsk, the Belarusian capital. Noble said that the EU should not introduce its own rules into the activities of Interpol, which is the world’s largest police organisation and free of political influence. The choice of Minsk as the venue for the conference had been made in a transparent and near unanimous vote last year. [*Interfax*, 17 May 2006]

The European Union states have also frozen the assets of the Belarusian President and those of the other 35 officials whom they have also banned from travel to the EU. The decision speaks of freezing the assets “*of all persons who are responsible for the violation of electoral norms, for the repression of civil society and of the democratic opposition in the contest of the elections of 19th March 2006.*” [*Le Monde*, 18 May 2006]

### Whatever happened to Radovan Karadzic?

The EU has told Serbia and Montenegro that it is ready to resume accession talks as soon as the former Commander in Chief of the army of *Republika Srpska* in Bosnia-Herzegovina, General Ratko Mladic, is arrested. [*Radio Free Europe Newswire*, 16 May 2006] This follows the decision of the EU on 3 May to suspend negotiations on the basis that, “*It is disappointing that Belgrade has been unable to locate, arrest and transfer Ratko Mladic to The Hague.*” [Statement of Commissioner for Enlargement Olli Rehn, 3 May 2006]. However, no mention seems to be made any more of Mladic’s co-indictee, Radovan Karadzic, the President of the Serb Republic in Bosnia-Herzegovina. As President, Karadzic had political responsibility for the Bosnian Serb army, which is accused of perpetrating a genocidal massacre at Srebrenica in July 1995. However, his name is no longer mentioned much in EU circles and it seems that the European powers would be perfectly happy for him to remain at large. Only Mladic interests them now.

### Mass emigration from Baltic states

According to official figures, some 300,000 East Europeans have emigrated to the United Kingdom and Ireland since 2004 when the EU expanded to include ten new Member States. Of course no one knows the true figure, since the British Prime Minister has admitted that the government has now idea how many illegal immigrants there are in the UK, and the official figures for the new EU states rely on a voluntary system of registration by Poles and others, many of whom work on the black market. The true figure is therefore undoubtedly much higher.

Irish officials from the state employment agency have been travelling around the new Eastern European states handing out information leaflets including the phone numbers and addresses of job agencies so that people can try to find work before they leave their home countries.

This mass migration of people is having a very negative effect on the countries that supply the cheap labour. The Baltic states are particularly badly hit. Despite Stakhanovite official figures, which suggest absurdly that their economies are growing – Latvia, for instance, is said to have the highest growth rate in the EU, 10 per cent in 2005! – the Baltic states are in reality an economic wasteland. The population of these countries has therefore collapsed. Latvia had a population of 2.66 million in 1991 but the official figure now is only 2.3 million. According to Eurostat, Latvia is facing the sharpest demographic decline in the whole of the EU, with the population predicted to fall by 19 per cent between now and 2050. 18,000 Latvians have made their way to Ireland in the last eighteen months: the figures for the UK will be many multiples of that. In the Latvian capital, Riga, people speak of a massive exodus: it is estimated that between 40,000 and 70,000 people have left the country to go and work elsewhere in the EU. [Olivier Truc, *Le Monde*, 18 May 2006]

### Prodi calls Iraq war 'a grave error'

The new Italian Prime Minister, Romano Prodi, has said that the Iraq war was "a grave mistake" and has promised to withdraw Italian troops from Iraq. The war was very unpopular in Italy and the previous Prime Minister, Silvio Berlusconi, was heavily criticised for his support for the US position. Prodi, who was previously President of the European Commission, also said that Europe needed "a Constitution." Other appointments to the new Italian government are evidently intended to stress Rome's pro-European orientation. The Foreign Minister is Massimo d'Alema, a Communist, who has served as an MEP and who will also be co-deputy Prime Minister. The Interior Minister is Giuliano Amato, former co-chairman of the European Convention that drew up the now defunct European Constitution. The new Finance and Economy Minister is the veteran European banker, Tommaso Padoa Schioppa, who until a year ago was the Italian representative to the European Central Bank. The Europe and External Trade Minister is Emma Bonino, a former member of the European Commission. [*Corriere della sera*, 18 May 2006]

### Israel protests against Ahmadinejad visit

The Israeli ambassador in Germany, Shimon Stein, has called on the German Interior Minister to prevent a visit to Germany by the Iranian President, Mahmoud Ahmadinejad, who might come to the country for the world football championships. Stein said that a visit would make absurd the championships' slogan, "Inviting the world as friends." "By his tirades of hatred, Ahmadinejad has excluded himself from the community of states," Stein said, "and therefore has nothing to find in the civilised world." The Interior Minister, Wolfgang Schäuble, started the polemic in April when he said that there was no problem with the Iranian leader's presence. "If Ahmadinejad comes, then he comes." As a head of state, Ahmadinejad does not need a visa to come and watch the football. Unless there is a decision by the UN or the EU, Schäuble said that German law provided that he could come. [*Handelsblatt*, 19 May 2006]

### El-Masri appeal rejected

A US judge has rejected a lawsuit brought against the CIA by a German citizen of Lebanese origin, Khaled El-Masri, who was abducted by American forces in Macedonia and kept captive and tortured in Afghanistan for several months before his captors realised that they had got the wrong man. The federal judge in Alexandria ruled that the appeal could not be brought because state secrets would be revealed if there was a trial, and that was not allowed. The judge said that the case would not be fair unless state secrets were revealed, and that could not happen. The judge therefore ruled that the US's national security had to take priority over El-Masri's "private interests." The judge emphasised that his ruling was not on the substantive claim but that if El-Masri wanted compensation he would have to obtain it directly from the government and not via the courts. [*Handelsblatt*, 19 May 2006]

### Montenegrin leader accused of smuggling

As the European Union tries to work out what to do with the question of Montenegro's independence from Serbia, a German customs official in Augsburg believes that he has proof of what everyone in the region believes, namely that the Montenegrin strong-man, Milo Djukanovic, wants independence so that he can better pursue his activities as one of Europe's biggest cigarette smugglers. The official, Günther Herrmann, and a state lawyer, Jans-Jürgen Kolb, have been collecting information for a decade about cigarette smuggling from Montenegro, especially during the 1990s when Djukanovic's activities were tolerated because he was an opponent of Slobodan Milošević and when Montenegro became one of the main centres of cigarette smuggling. Djukanovic claims now that the 'goods' left Montenegrin ports in a fully legal way and that the

Montenegrin authorities merely charged a transit fee. On the subject of whether these 'goods' made their way onto the European black market, the Prime Minister says, "I can neither confirm nor deny that." Hermann has a slightly different take on the matter. "Djukanovic version is a lie," he says. "What happened there is fraud, tax evasion to the scale of millions. We have watertight proof that immense quantities of cigarettes were smuggled through the port of Bar in Montenegro to the immense detriment of the European Union, and we know how it was done." Hermann's investigations go back to 1992 when sanctions were imposed on Yugoslavia (Serbia and Montenegro). The import and export of various goods were forbidden, with the exception of food and medicine. At this time, the customs officials discovered that more and more cigarettes were being exported from Switzerland to Montenegro using letterbox companies. Hermann says, "Every week 25 trucks with cigarettes would leave Switzerland for Montenegro. That just did not make sense. What were the people there doing with them all? Besides, these transport operations had receipts which anyone could see were falsified." Hermann speaks of 'Mickey Mouse companies' registered in Switzerland, the Virgin Islands or in Panama. At the end of 1993, the customs office examined the matter. The state prosecutor also got involved. In 1994, two French citizens with false papers were arrested on the German border and imprisoned for three years and six months in connection with the smuggling. 170 other people were also given lesser sentences. But these people were only the small fish. Kolb and Hermann were therefore not satisfied with their catch. "We said to ourselves that we cannot catch only the small people and let the big fish get away," says Kolb. Thus began an enquiry which was to change their lives. Hermann travelled to Montenegro and looked at the ports and was amazed to see the smugglers going openly about their business, usually driving Porsches ostentatiously up and down the quayside. Together the two men realised that the smuggling system was very simple. The front companies bought masses of cigarettes, ostensibly for consumption in Montenegro. Because Montenegro is not in the EU, the cigarettes were not subject to tobacco tax, duty or VAT which make up the bulk of the price to the consumer in the EU. Thus duty free cigarettes poured into Montenegro from all over the world and the Montenegrin state would take a 'transit fee' before the cigarettes were smuggled to Italy using high-speed boats which made the short trip across the Adriatic. There the Italian Mafia would distribute them on the black market across the EU. When Günther Hermann went to Montenegro in 1995 and asked the dockers where the huge quantities of cigarettes were headed, they laughed and pointed across the sea towards Italy. He saw countless high-speed boats on the coast at Kotor. "They worked day and night. At peak times there were 120 boats in operation," he said. But in spite of the simplicity and openness of the smuggling, it turned out to be very difficult to do anything about it. The buyers of the cigarettes in Switzerland said they were doing nothing wrong; the truckers said they were just transporting them; the government in Montenegro said it was merely allowing transport and storage. "Djukanovic and his people let the smugglers use Montenegro as a basis for their operations," says Hermann, "and they got a lot of money for it." Djukanovic says that this was the only way the population could escape the effects of the UN sanctions against Yugoslavia, but these were lifted in 1995 and yet the smuggling continued. According to the investigations, from 1995 to 2001 between 6,000 and 8,000 lorry-loads of cigarettes were delivered to Montenegro. Hermann says that everyone knew about this and he is under no illusions why it was allowed to continue. "Djukanovic was supported by the EU after he broke with Milošević in the hope that he could construct a democratic country. So nothing happened." [Michael Martens, *Frankfurter Allgemeine Zeitung*, 15 May 2006]