

I. Spain

Constitution boosted by Spanish election result

'Old Europe' has been delighted by the victory of the Socialists in Spain. Rapid progress towards an agreement on the European Constitution is now very likely, given that the victorious Socialist Workers' Party had confirmed during the campaign that it would abandon the Partido Popular's opposition to the new treaty. Poland will now be alone in its opposition to the revision of the voting arrangements in the proposed new Constitution. The new Government has also confirmed that it will seek a rapprochement with the Franco-German axis against the war in Iraq. The new Spanish Prime Minister, José Luis Rodríguez Zapatero, has issued a strong condemnation of the war in Iraq. He said that the war had been a disaster, that the occupation was a disaster, that the war had been fought on the basis of lies, and that Spanish troops would be withdrawn from the country, unless there was a specific new UN resolution authorising a continued deployment. He said that this withdrawal would force Mr. Blair and Mr. Bush to learn lessons that you could not just bomb a population and then invade the country. [*El Mundo*, 16th March 2004] Poland and Romania have already asked the new Spanish government not to withdraw troops from Iraq, while Paul Wolfowitz in Washington has said that any withdrawal would send a terrible message to "the terrorists." [*El Mundo*, 15th & 16th March 2004] Commentators are agreed that the Socialist victory will change relations in Europe considerably. José-Maria Aznar was one of the main European opponents of the Franco-German axis and the new Prime Minister is one of its main supporters. Zapatero has said he wants to "take Spain out of the Azores triangle", a reference to the Portuguese islands in the mid-Atlantic where George Bush, Tony Blair and Aznar met last year to declare war on Iraq. Zapatero has accused Aznar of having "fractured Europe" and he has said that his promise is to "work for Europe" and to make sure that Europe gets a constitution for everyone. "This country will now have a government which does not accept talk of 'old Europe' and which wants to rediscover an active relationship with France and Germany and with the other countries driving forward European construction. We will have a government which is capable of taking issue with the unilateral actions of Mr. Bush." [Arnaud Leparmentier, *Le Monde*, 16th March 2004]

There is also agreement that the Socialist victory in Spain will – paradoxically - isolate the Socialists in Poland and the Labour Government in Britain. Tony Blair had formed an especially close political friendship with the former phalangist, José-Maria Aznar, while the Polish and Spanish governments stood alone against the European constitution. Not only has Warsaw now lost its main ally in this battle, but also the Government of Leszek Miller is itself in difficulties. Like Spain, Poland has joined the coalition in Iraq. Now, Mr Miller has said that he will have to "revise his strategy" on the Constitution. For a while, the opposition to the new Constitution seemed to have prevented the collapse of Miller's popularity but the Government's opinion poll rating is now at about 11%. The strongest political party at the moment is the fiercely anti-EU "Self-defence" party, led by Andrzej Lepper, which stands at some 23% in the opinion polls. [Arielle Thedrel, *Le Figaro*, 16th March 2004]

Paris, of course, takes great comfort in the elections results in Spain. Jacques Chirac went to lay a wreath and observe three minutes' silence at the Spanish Embassy in Paris. Despite the formality imposed by the terrorist atrocities, it is obvious that France is delighted at the change of government. The French foreign minister, Dominique de Villepin, reiterated his opposition to the war in Iraq, saying, "The war was a mistake, I would even say a fault." France is hoping not to isolate Britain too much, however, since it has itself engineered a recent rapprochement with the USA (over Haiti), while Tony Blair has ingratiated himself once again with the French and German leaders. [Luc de Barochez, *Le Figaro*, 16th March 2004; *El País*, 15th March 2004]

Meanwhile, the celebrated Spanish filmmaker, Pedro Almodóvar, has confirmed that he is to make a film which will lend credence to a rumour which is apparently doing the rounds in Spain that the Partido Popular was planning a coup d'état on Saturday night, i.e. in order to prevent its loss of power to the Socialists. The PP has denounced this as "a colossal lie". [Borja Hermoso, *El Mundo*, 17th March 2004]

Meanwhile, anger has been growing among news organisations and journalists about the former Government's alleged attempts to blame ETA for the attacks, in spite of apparent indications that Islamic radicals were to blame. A criticism started by *El*

Periodico has turned into a flood, with various news organisations saying that they were telephoned by senior ministers, including by the Prime Minister, in an apparent desperate attempt to put the blame on ETA. The population, it seems, was convinced that this was a ruse and that the Government was lying to it, just as it had lied over weapons of mass destruction in Iraq. Spanish journalists from the EFE news agency have called for the resignation of their boss because he, they say, lent credence to the former Government's attempts to hide the truth. Miguel Platon is accused by his critics of using "manipulation and censorship" on his employees, according to the journalists' statement. He is said to have forbidden the publication of articles which suggested an Islamic role in the bombings. [*Die Welt*, 18th March 2004] In *Le Monde*, meanwhile, an expert on Spain has alleged that "political control of the media, at the national and regional level, has made Spain one of the worst countries in Europe for transparency and objectivity of information. It has gone hand in hand with a privatisation policy which is totally oriented towards the occupation of executive positions by leaders of the Partido Popular ..." [Emmanuel Négrier, *Le Monde*, 16th March 2004]

Finally, the Democratic Party's candidate for the forthcoming presidential elections in America, John Kerry, has appealed to the incoming Spanish Prime Minister to reconsider his decision and to keep Spanish troops in Iraq. The Bush administration, meanwhile, has said that it is seeking a new UN resolution which would provide the new Spanish Government with cover for a change of mind. One option being considered is to get the UN to give NATO a mandate to control Iraq. [*El Mundo*, 18th March 2004]

Berlin ready to compromise on Constitution

In addition to the change of government in Spain, the German Government has indicated that it is willing to compromise over the European Constitution. While it has said that it intends to stick to the principle of the double-majority vote in the Council of Ministers – which gives large countries like Germany more power than they had in the Nice treaty, which will come into force on 1st May – it has also said that it is now ready for discussions, suggestions and negotiations "which build on this principle and which bring the discussion forward". In the European Parliament, the veteran CDU MEP, Elmar Brok, has welcomed the change of tone. "There is a strip of silver on the horizon," he said. It now seems likely that the voting arrangements will be slightly amended and that instead of the proposed system whereby a proposal is passed if it is supported by a simple majority + votes which represent 60% of

the population of the EU, there will instead be a "double 55%" system, i.e. 55% of the votes (instead of a simple majority) + votes which represent 55% of the EU's population. This would be a more significant concession than might appear at first because it would mean that the three biggest countries (France, Germany and Britain) would not be able to block a proposal. The proposed change is therefore a move towards appeasing the concerns of the smaller states. Elmar Brok says that this proposal has already been favourably received in Warsaw, which is now the main obstacle to any agreement following the change of government in Spain. The Irish presidency of the EU might therefore make the proposal at the summit at the end of March and then call a special summit in May. These plans, however, have not been confirmed by Berlin, although the Chairman of the Commission, Romano Prodi, did say recently on a trip to Berlin that he hoped that an agreement on the Constitution might be reached by the end of the Irish presidency, i.e. by July. The Christian Social Union (the Bavarian branch of the Christian Democrats) has, however, expressed some scepticism at this proposed solution. Ingo Friedrich, the Deputy President of the European Parliament, has said, "No other country would give up its position on such a central question without obtaining something concomitant in return." While Friedrich said that some flexibility was necessary if an agreement was to be reached, he said that for Germany to abandon a position which, only a few weeks ago, it said was non-negotiable, would only damage Berlin's negotiating credibility. The CSU representative has said that, instead, Germany should demand that any settlement be granted only in return for a guarantee on the EU's finances. "If it comes to compromise on the Constitution, then there must be some improvement in Germany's position as a net contributor," said Friedrich. [Andreas Middel, *Die Welt*, 10th March 2004]

Calls for EU secret police force

Following the terrorist attacks in Spain, there have been calls for the EU to have its own anti-terror commissar and security police force. The Chairman of the Commission, Romano Prodi, called for the new commissar after observing a minute's silence for the victims of the attacks in Madrid. The Belgian Prime Minister, Guy Verhofstadt, renewed his own call for a centralised EU intelligence force. This is something the Austrian Interior Minister, Ernst Strasser, has also called for. Strasser said the structures of Europol should be used at first but that they should later be fleshed out to constitute a fully-fledged intelligence service. But he said that military intelligence services should not be used. [*Der Standard*,

16th March 2004]

Meanwhile, it has been confirmed that the Italian security services, SISDI, had had intelligence that Islamists were planning a terror attack in Spain. Israeli intelligence services had also issued warnings. Silvio Berlusconi, the Italian Prime Minister, has also been quoted saying that Italy might be a target, if the authors of the attacks turned out to be Islamists after all. Israeli intelligence sources have said that Rome will be the next target. Warsaw, Paris, Athens and London are also supposed to be targets. [*Der Standard*, 15th March 2004]

France and Germany call for more cooperation

At an informal bilateral meeting, France and Germany have called for reinforced European cooperation in the fight against terrorism. President Chirac and Chancellor Schröder confirmed that they will call for new European measures at the Brussels summit on 25th and 26th March. President Chirac said

that the Europeans had to look at ways of pooling and sharing their intelligence and police operations, as well as their judicial systems. Although he did not completely exclude it, Chirac said that the idea of creating a European intelligence service, suggested by Austria, was still a “distant idea”. The Commission, for its part, has criticised member states for a lack of political will to put into action the commitments to which they have signed up on paper. But Brussels has suggested countering this with more bits of paper to sign, including a “declaration of solidarity” which, in the absence of any agreement on the European Constitution, would nonetheless commit member states to “act conjointly in a spirit of solidarity if a member state is the object of a terrorist attack.” This sounds like a ruse for getting key provisions of the Constitution approved through the back door. [Henri de Bresson & Thomas Ferenczi, *Le Monde*, 18th March 2004]

II. Other European News

Deficits gets worse

The Stability Pact having been abandoned, and a long-running argument having broken out between the Commission and the leading member states of the EU, it now seems that the same thing is going to happen between the governments and the European Central Bank, which has announced its firm opposition to the governments’ plans to continue excessive borrowing. Most economists regard France and Germany’s promise to reduce their borrowing as unrealistic. The total budget deficit of the eurozone as a whole is now 2.7% of GDP, very close to the originally permitted upper limit, according to the now abandoned Maastricht rules. As with unemployment figures, the statistics for the eurozone are worse than the statistics for the EU as a whole: in the 15 EU states, the total budget deficit is lower (2.6%). But both figures have risen since 2000. Overall debt is also rising: eurozone debt is now 70.4%, as against 69.2% in 2002, even though the Maastricht rules demand that debt be coming down, and even though the Maastricht rules, which have never been respected at all, say that the upper limit should be 60%. The worst offenders are the leading EU states, France and Germany, with deficits at 4.1% and 3.9% respectively. France’s debt is now also above 60%. Even the United Kingdom has now broken the pact’s rules, to which it is not subject, since it now has a budget deficit of 3.2%. The Netherlands’ deficit is also now at 3%. Despite the Commission’s sabre-rattling it has not yet launched procedures against France and Germany (underlining the fact that the Pact is a dead

letter) and it may even withdraw the sanctions procedure envisaged for Portugal in 2001. That country’s deficit has now fallen back below 3%. But the overall situation is expected to get worse in 2004, when the eurozone deficit is expected to rise to 2.9% of GDP, thanks to a continued weak economy and to Italy’s deficit, which is expected to get worse. Growth in the eurozone is expected to remain weak, at 1.3%. The latest economic indicators from Germany are bad, and exporters have revised their predictions downwards. The French deficit is expected to rise to 4.2% this year, and Germany’s is expected to decline only very slightly. Even with growth of 1.7%, the French deficit would remain around 4%, according to some economists. As if all this were not enough, the deficits of six out of the ten accession countries are well over the Pact’s rules: Malta (9.7%), Cyprus (6.3%), Hungary (5.9%), Poland (4.1%), Slovakia (3.6%). [*Le Monde*, 16th March 2004]

Haider wins again

The political fortunes of Jörg Haider are on the rise once again, following his resignation as leader of the party he led to power in 2000, the Freedom Party. In regional elections in Carinthia and Salzburg, the ruling People’s Party (Christian Democrat), who govern in coalition with the Freedom Party in the federal Government in Vienna, fared very badly. The leader of the People’s Party (ÖVP), the Austrian Chancellor Wolfgang Schüssel, has said that his party will have to learn lessons from the defeat. Even though Schüssel claimed to think that federal Government policy was not responsible for the

defeat, other commentators say that the Socialists and the Freedom Party had indeed profited from public dissatisfaction with the Government. Recent cuts in pensions were said to be an especial cause of discontent. Voices of protest are being raised within the ÖVP, especially because recent tax changes seem to benefit big businesses more than small and medium-sized companies (*der Mittelstand*). In Carinthia, where Haider is regional governor (*Landeshauptmann*) disappointed ÖVP voters simply chose the FPÖ instead, even though he had himself been implicated in negotiating the new tax package behind the scenes. Haider had promised to pay the shortfall in pensions with money from his own regional government. The FPÖ victory is important for Haider personally because it is only in Carinthia that the party's 1999 score was maintained. He has thus consolidated his position as the leading figure in the party which he no longer leads. In Salzburg, by contrast, the FPÖ lost 10.9%. The Party is due to elect a new leader in the autumn: it might well be Haider again. [Petra Stuber, *Die Welt*, 9th March 2004]

Many were surprised, and others claimed to be shocked, when the Austrian Social Democrats agreed tacitly to support the election of Mr. Haider as governor of Carinthia. An agreement has been reached whereby although the Social Democrats will not vote for Mr. Haider, five of their members of the regional assembly will leave the chamber so that the vote can pass. This agreement will result in the SPÖ getting some key jobs in the regional government which would otherwise have gone to the Christian Democrat ÖVP. This agreement means that the consensus among the establishment parties to exclude the FPÖ at all costs has now definitively broken down, with the Freedom Party now having alliances or agreements with both the main establishment parties. [Joëlle Stolz, *Le Monde*, 16th March 2004]

Kosovo in crisis

Reports from the news agency B92, which Western powers quoted universally when Slobodan Milošević was in power as a source of “independent” news, say that Kosovo has been plunged into crisis as gangs of Albanians have gone on the rampage in Kosovo against Serbs and against Serb targets. UN administrators have spoken of a “Kristallnacht” of attacks, which have left at least six Serbs dead and several churches in flames. A UN official has said, “What is happening in Kosovo must unfortunately be described as a pogrom against Serbs: churches are on fire and people are being attacked for no other reason than their ethnic background.” UN offices have

been abandoned in Gnjilane, Prizren and Pec, as UN officials flee the Albanian violence. UN officials have themselves been attacked by Albanians, and in one case returned fire on Albanian paramilitaries. The Serbian Orthodox Seminary in Pec has been razed, according to the UN reports, and Albanians celebrated its destruction by setting fire to the local church. [17th March 2004]

Tensions rise in Georgia

Tension is also on the rise in Georgia, where Western powers recently supported a coup against the incumbent President, Edward Shevardnadze. The new President, Mikheil Saakashvili, tried at the weekend to visit the autonomous republic of Adjara accompanied with a large security unit and he was repulsed at the border by local militias. It seems that he wanted to attend a local political rally, which many suspect was intended to light the touchpaper for a “revolution” of the kind which installed him in power last November. The Government in Tbilisi has responded by imposing a blockade on the autonomous republic, closing its air space and ports. Deliveries of oil to Georgia have been blocked. [*Rosbalt News* (Russia), 17th March 2004] Oil exporters from the Caspian have also said that the closure of the port is costing them two million dollars a day. [*Agence France Presse*, 17th March 2004] The President of the autonomous region, Aslan Abashidze, has warned that civil war will break out if the Government in Tbilisi continues with its aggressive attitude. The regional government has declared a state of emergency and has issued guns to the local population in order to forestall an invasion. Russia has told the Tbilisi Government to keep its hands off Adjara, where it has a military base. A Russian politician, Dmitri Rogozin of the Fatherland party, has warned that an attempt may be made on the life of Abashidze. [*RIA Novosti*, 16th March 2004] Abashidze has attacked Saakashvili for the blockade, saying that the Georgian President wants his own people to die of starvation. [*Baku Today* (Azerbaijan), 16th March 2004]

Croatian PM says he is optimistic

The Croatian Prime Minister, Ivo Sanader, has said that he hopes that the trial in The Hague of two Croat generals will advance the cause of Croatia's admission to the EU and NATO. Sanader said that Berlin was “one of our good advocates”. Sanader also said that he expected to be given the green light by NATO at the Istanbul summit in June. [Interview with Stefanie Bolzen, 13th March 2004]