

A STRATEGIC OVERVIEW OF 1998

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THE OUTLOOK IN A NEW WORLD ORDER

1998 was a year of hopes and vexations—Ulster, the Middle East, Kosovo, etc. Unfortunately, many of these hopes were not realised, perhaps because preventive diplomacy worked in certain areas and not in others where the regimes or groups in question were not interested in reaching a compromise. On the other hand, the dominant trends of this decade—world-wide interdependence amid the diversity of the international scene, the growing consolidation of democracy and political pluralism, the diffusion of power and the West's inability to prevent and control events not only in unstable developing regions but also within its own spheres of influence—proved to be a constant feature.

Western Europe underwent a process of change that entailed a reversal of previous years' political trends, as conservative governments stepped down in favour of progressive parties in Germany, Sweden and Italy. Foreign policy and security criteria were not consolidated, despite the growth of collective defence structures—NATO, WEU, OSCE, the Council of Europe and the Partnerships for Peace programme—the strengthening and enlargement of the EU and the expansion of the Atlantic alliance. The birth of monetary union did not prevent solidarity among the EU member states from failing to find a foothold, as evidenced by the plans to deprive the poorer countries of the Cohesion Funds, the differences witnessed in the dispute between Greece and Turkey and lack of decision regarding Kosovo. Western Europe likewise continued to display little power to inter-

vene in the problems of the Middle East and Africa and has yet to develop a lasting partnership with the United States to prevent unnecessary struggles now that the new currency has come into force. Therefore, in order to counteract Washington's unilateralist temptations and build a multilateral economic and security system, Europe needs to be stronger, more coherent and clear-headed—since this is the only way to ensure the balance with the United States—and suitably poised to face the challenges of the next century.

Despite certain unsavoury controversies at home, America consolidated its position of superpower in all areas, from foreign to economic and military policy, gradually imposing its model on the rest of the world. This indicates that the other side of the Atlantic pursues a realistic, pragmatic policy, managing and directing its structures with continuity and a firm hand. Indeed, despite their shortcomings, its guidelines have nevertheless secured it the only leading role in world affairs, as evidenced by the US intervention in the Palestinian issue and the pacification of Ulster and the Balkans or sub-Saharan Africa.

Russia, on the contrary, was unable to rid itself of the scourge of corruption, finding itself governed by an ailing leader and plunged into economic turmoil and a moral and social crisis. These factors could have a negative effect on Europe, with the aggravating circumstance of the lack of agreement on security matters vis-à-vis NATO's enlargement.

In the Balkans, the Kosovo crisis demonstrated that the area continues to be unstable and a permanent source of violence and tension; meanwhile, in the Middle East, the hope of lasting peace seems to have arrived with the Wye accords, though it is too soon to be sure. The Iraq weapons inspection crisis, tensions between Turkey and Syria, and Turkey's collaboration with Israel also indicate that unforeseeable events can occur at any time.

Japan is experiencing moments of great uncertainty which point to the need for a radical change of economic, financial and social model. The countries of South-East Asia and Indonesia, sustained by foreign aid, continue in the throes of the serious financial crisis which had set in the previous year as a result of following a policy of economic liberalisation directed and controlled by the state.

Although moderately affected by the crisis of the Asian «tigers», China is progressing slowly but surely with its economic-financial and industrial

development, following an «eastern-style» policy of openness. Its economic and investment policy differs greatly from its social policy and the country is expected to take some time to achieve full democracy and political pluralism.

In India, the regionalist parties gained popularity, while the governing coalition members were spurned by voters. Its nuclear tests triggered a reaction from Pakistan, which followed suit, causing the tension between the two countries to mount. While the West was unable to curb reactions in Asia, Iran showed signs of opening with regard to its domestic and, particularly, foreign policy, whereas in Afghanistan and northern Africa, mainly Algeria and Sudan, radical Islam gained ground, and the world proved incapable of halting it.

The conflicts in Sub-Saharan Africa—Sudan, Eritrea, Ethiopia, Somalia, Sierra Leone, Guinea Bissau, etc—did not die down. South Africa, Uganda and Nigeria confirmed their status as regional powers whose sphere of action and influence stretches well beyond their borders.

Democracy in Latin America continued to strengthen its foothold, though authoritarian or overly personal styles of politics continue to be observed in certain areas. The world financial crisis had a moderate impact on this part of the continent, while Cuba showed certain signs of opening up, something which would have been unthinkable only a year ago.

By and large, the turmoil in Asia and Russia has caused a slow cooling-down of the world economy, as evidenced, for example, by the fact that the EU has lowered this year's growth forecast. It is not expected to be possible to halt the collapse of the Japanese economy or developments in Singapore and Hong Kong, which have been drawn into the downward spiral, and the fears that the crisis would spread to Latin America were confirmed. North America and Europe have come off somewhat better, keeping up a brisk pace of economic activity. Our government announced that Spain is able to cope with the international crisis because it has a sound economic base, though the problems should not be underestimated.

In 1998, as in 1997, the so-called Third World undoubtedly witnessed a surge of territorial disputes and territorial, ethnic, religious, economic and other types of conflict of very different political and strategic significance. It is a fact that conflicts in peripheral areas are largely due to local

conditions, and should therefore not be settled by applying formulas similar to those used to solve western clashes, and also that military force in that part of the world has come to be more important in mediators' risk calculations or when considering intervention; America's fiasco in Somalia, which demonstrated that the cost of intervention can be very high, has not been forgotten and is, perhaps, a case for not intervening in Kosovo.

The founding of the International Criminal Court to try cases of genocide, aggression, crimes against humanity, etc., is part of the globalisation process. It has taken its time, since the request to set up a court of this kind was made after the Nuremberg trials. Nonetheless, certain countries such as the United States, Israel, China, India and Turkey declined to participate; this was undoubtedly due, in the case of the first, to America's obsessive reluctance to be a member of bodies where it does not enjoy the right of veto, as in the Security Council.

SUBSTANTIAL PROGRESS IN THE BUILDING OF EUROPE

Early in the year the Fifteen agreed on the distribution of power at the future European Central Bank and on the criteria for choosing its board, thereby amending the unfavourable impression left by the debate held the previous June at the Council of Amsterdam, which seemed to indicate that the progress towards the single currency was being hindered by Germany's and France's failure to see eye to eye. Spain was found to meet the inflation criteria, and its economic growth, at 3.3%, outperformed the official forecast by one tenth of a point.

Nonetheless, since all the highest-level meetings had confirmed that the date set at Maastricht—1 January 1999—would be respected, single currency seemed to be an inevitable reality at the beginning of the year, as without the euro, the European market would continue to be weak and incomplete. It was thus necessary to abandon earlier financial policies that entailed shared monetary sovereignty and move towards the creation of a European Central Bank and a single-currency policy in order to ensure exchange-rate stability and the free movement of capital.

As a result, eleven of the fifteen countries were found to be prepared to join the euro, among them Spain. This is a remarkable achievement bearing in mind that at the end of 1995 it did not meet any of the convergence criteria. Greece, with an inflation rate of 5.4%, did not measure up, and Denmark, Sweden and the United Kingdom chose not to join during

this first round. The Commission underlined the rigour shown by the Spanish government, awarding our country one of the best scores, higher even than those of Germany and Italy, while Greece and Sweden failed to pass the test. Spain thus proved that it had successfully combined rigour, austerity, wage control and economic relaunch with a moderate cut in public spending, a rise in employment levels and maintenance of a peaceful social atmosphere, eradicating corruption and displaying a disciplined and transparent approach to economic management.

Something of a controversy arose when Germany, the Netherlands, Sweden and Austria proposed that EU enlargement should be financed by the southern European countries since, according to Bonn, Germany was paying a lot and Spain was getting too much. However, our government demonstrated that if one took the GNP of each country and the contributions made by each partner, these were more or less consistent with the weight of their respective economies. This was followed by another controversy surrounding the forthcoming appointment of the president of the future European Central Bank, for which there were seemingly two candidates, Mr Duisenberg, a Dutchman, and his French rival, Mr Trichet.

While the so-called «fast-track» enlargement negotiations were begun with Hungary, the Czech Republic, Poland, Slovenia and Cyprus—whose accession will cost 75 million ecus—and it was announced that the measures taken regarding the rest of the candidates would be revised, the draft proposals for reforming the EU farming sector, to be included in the Community's agricultural budget for 2000-2006, were presented. The reform plans benefited the produce of the countries in the centre and north of the continent and clearly discriminated against southern and Mediterranean partners.

The crisis in South-East Asia spurred the creation of a 40 million-ecu fund to aid the countries in the area. Spain proposed organising a Euro-Asian meeting for 2002 and paying additional sums into the fund, apart from its contribution. At the 15th meeting of the Fifteen with ten Asian countries in London, our government clearly stated its wish for Asia to become the new frontier for Spanish foreign policy. A variety of issues were discussed at this meeting, save, for the sake of China, human rights and democratisation.

Since Europe is not indifferent to the problems of the Middle East and Africa, it could not be so to those of Asia. The EU's participation in the ASEAN Regional Forum marked a first step in the same direction taken in London. Indeed, the threats to European security are also located near its

outer borders, from Morocco to the Near East and, further afield, in Asia, which seeks a counterweight to Chinese and American influence.

President Chirac struck a discordant note in the integration process by opposing not just enlargement and the reform of agricultural policy without prior institutional reform, but also the project to create a free exchange zone with Latin America, demonstrating his nationalist stance and forgetting that the advantages—a move towards a politically united Europe, greater weight in the world scene, security for the continent and a bigger market—outweigh the disadvantages. Among the drawbacks are the risk that the EU will become merely an economic area and the fact that it is more difficult to get 25 countries to agree than it is 15.

A historic event occurred on 1 May at the Brussels summit, when eleven countries passed the test for first-round euro membership. A debate was also held on the founding of the ECB and other important issues such as co-ordination of economic policy, since, in such an integrated area, budgetary policies have both positive and negative repercussions on the different economies and co-ordination can maximise the positive effects and minimise the negative ones. Also on the agenda were the euro exchange-rate policy, since the Council must define the guidelines in conjunction with the European Commission and the ECB and, lastly, the social situation, as the varying unemployment rates of the different countries require structural solutions that must be sought at national level.

It was confirmed at the aforementioned summit that the Maastricht criteria—2.7% inflation, 5% public deficit, 60% public debt and maximum interest rates of 7.8%—were met by Germany, Austria, Belgium, Spain (with 1.8%, 2.6%, 68.8% and 6.5%), Finland, France, the Netherlands, Ireland, Italy, Luxembourg and Portugal. The United Kingdom and Denmark also passed the test but would not be joining at the first stage, while Sweden and Greece failed to meet the requirements. In a referendum held in May, Denmark voted in favour of ratifying the Amsterdam treaty. The European Parliament pledged its support to Monetary Union two days later, while the euro's critics branded it as a symbol of globalisation and, as such, the first step towards a single world currency and, eventually, to a single world government, forgetting that for the past decade we have been immersed in the irreversible process of globalisation.

It seems certain that the euro is not only expected to oust the dollar from its dominant position, which is out of keeping both with the weight of

the American economy and its volume of trade, but also to secure Europe benefits and liquidity, cut expenditure and attract investments, among other things, making it a bigger domestic market than the United States in terms of number of inhabitants, GDP generated and volume of trade. The new currency could amount to 18% of world reserves and mark the end of centuries of bloody conflict, though we do not know if all this will occur in the short, medium or long term.

The designation of the ECB board was a laborious task. The foundation date was set for 1 June and the Dutch candidate appointed the bank's first president, with one Spaniard figuring among the six board members. It was difficult to reach agreement owing to the conflicting opinions of Mr Chirac and Mr Kohl, which cast a shadow over the summit, though the crisis soon blew over when the two statesmen met in Avignon.

Days after the summit, the Commission praised the employment schemes submitted by Spain reflecting the commitments it had made at the previous Luxembourg summit. No agreement was reached with the US to bury the Helms-Burton Act and, while on the subject, the application of the d'Amato Act banning investment and trade with Libya and Iran. Progress on this issue thus came to a standstill yet again.

At Germany's request, and with the backing of the Netherlands, Austria and Sweden, the European Parliament asked for the Cohesion Funds to be withdrawn from the countries which had joined the euro—a move with negative implications for Spain, Portugal and Ireland. Although the Parliament's decisions are not binding, this one provided Mr Kohl with a slogan for the October elections. A few months later, the European Parliament went back on its decision, leaving the issue up in the air, perhaps after realising that the European Court of Auditors supported Spain in its dispute with those four countries, which insisted that they were contributing too much to the EU's coffers and receiving little in return.

The issue raised its head again in July and October. In July, Mr Kohl warned of the danger of overheating the economies of some countries «which benefit from the EU's solidarity», again calling for the subsidies to Spain, among others, to be cut. Our government's response coincided with that of the Commission: the funds could not be the cause of overheating and «those who have the most should pay the most», as this was a criterion of equity and justice. However, in October the Commission showed itself more inclined to favour Germany's position and advised Spain to negotiate through the CAP, putting the issue on the back burner.

At the Cardiff summit in June to mark the end of the United Kingdom's presidency, Mr Kohl's offensive regarding the need for a new distribution of powers, «because otherwise the community institutions could have their room for manoeuvre curtailed» was also left in the air. Spain's prime minister retorted that what is needed is greater political and economic integration, not the annulment or curtailment of powers, though he did admit that enlargement required reforms in order to design a Europe of the future, an issue that ought to be discussed at the following summit. At the same time, examination of community budgets was postponed until spring 1999.

Mr Fischler's scheme for the subsidies to the olive oil sector had far-reaching political and social implications in Spain owing to its negative impact on employment and because it contradicted the Amsterdam Treaty. The discussion has not yet completely died down, even though the initial quotas have been improved.

On 1 June, Austria took over the presidency of the EU, thereby making a comeback to the international stage after three decades of isolation. One of its first proposals was to allow Ukraine (previously put forward by Germany as an applicant), Moldova and some of the Balkan states to join the EU.

By the autumn, Austria's idea of setting up a partnership for Europe scheme for countries which are not even candidates for EU membership had been discarded. At the Portschach summit held later in the year, the emphasis was on general principles: employment and growth policy, cutting interest rates, the European defence pillar, assistance to Latin America, creation of the figure of «monsieur PESC»—the high representative for common foreign and security policy—etc. As for the WEU, the defence and foreign ministers discussed two proposals at their meeting in Rome: France's idea to integrate it into the EU and the United Kingdom's suggestion of allocating the political side to the EU and the military part to NATO. No agreement was reached and the final decision as to whether it should continue or disappear was postponed until the Vienna summit of heads of state and government in December.

On another note, events of major importance occurred throughout the year: the problem of Ireland was solved when an agreement was signed in Stormont on Easter Friday, putting an end to the violence and hatred that had characterised relations between the two Ulster communities for 60 years; elections in Malta, won by the conservative opposition which imme-

diately announced its intention to renew negotiations with Brussels, broken off in 1996 by the previous labour government; and, lastly, the German elections in October, won by Mr Schröder who promised continuity in foreign policy and that the change of government did not mean a change of goals. Nonetheless, the departure of Mr Kohl—as a result of his long, 16-year stint in government and his succumbing to the seductive allure of power, yet failing to leave behind a clear successor—ushered in a new period in the EU characterised by the absence of an obvious leader, pending Mr Schröder's running in. During his visit to Moscow, Mr Schröder sought to free Russian-German relations from the close personal ties that linked Mr Kohl and Mr Yeltsin.

At the end of the year, France, Italy and Germany attempted to be the exclusive representatives of the euro in G7. This opinion clashed somewhat with that of Spain and the rest of the EU members, who are in favour of representation being held by the rotating EU presidency.

The Vienna summit came to its close in December without having resolved the problem of the future funding of the EU. Neither the supporters nor the opponents of the Cohesion Funds made any concessions. Spain managed to ensure that the world «stabilisation», which is synonymous with freezing of expenditure, did not figure in the conclusions, and new avenues for settling the issue other than withdrawing these funds from the poorer countries were opened. The matter will be on the agenda for the next summit in 1999.

THE NEW NATO MISSIONS

1998 began with the signature of Partnership Charters with the three Baltic republics at the White House. This was not a consolation prize for those who failed to join NATO but rather a step towards membership, although the agreement does not include the automatic intervention of the United States in the event of threats to the integrity, independence and liberty of these countries. The accord was something of a slight to Russia, which had offered the states similar treaties.

The Strait of Gibraltar once more proved to be a critical or key element of the subregional NATO command, dependent on the southern command in Naples. The subregional command will be located in Spain, the only country with operational capacity in the area, and will to an extent replace the British command in Gibraltar, which will remain as a British installation.

It was also announced that Spain will join the alliance's Early Warning

Force, thus gaining access to the information obtained by the AWAC.

At Vienna, the Supreme Allied Commander for Europe asked why Austria does not join the organisation, since it could not be oblivious to the conflicts in Europe. No doubt, he was referring to the situation of Kosovo and Montenegro, the dispute between Greece and Turkey or to the problem of Islam in Ankara. According to General Clark, this traditional neutrality, laid down in the peace treaty with Russia in 1955, is meaningless now that there are no blocs—not even the USSR—and stems more from traditional reasons than from political and strategic decisions.

For its part, Russia pointed out that it would reconsider its relationship with NATO if force were used to settle the Iraqi crisis and that Ukraine would not apply for accession. This statement was neither denied nor approved by Ukraine, which had signed a specific partnership agreement in Madrid the previous year and takes part in NATO manoeuvres and peace missions in the Balkans. Russia's basic message was that it was not willing for the alliance to expand further eastwards.

Russia's declarations were confirmed when President Yeltsin and President Lukashenka of Belarus agreed on the principles for a common military and defence policy in the event of external aggression. This move was designed to counteract the agreement between the US and the Baltic States, and was a warning to those republics that Russia condemned their rapprochement with the Atlantic alliance.

Months later, the US Senate ratified by a majority the decision to allow Poland, the Czech Republic and Hungary to join the alliance. The possibility was furthermore addressed of sending forces to Albania to prevent the Kosovo conflict from spreading. While Italy backed Tirana's request, the rest of the member states reacted with greater caution, fearing that a go-ahead could be interpreted as a step prior to intervention on Serbian soil.

In view of the growing activity of the Kosovo Liberation Army (UCK), the EU decided against any type of military intervention, preferring to focus on designing a plan to give the region wide autonomy, backed with the threat of using force. The problem lay in getting the Fifteen to reach a unanimous decision, since Greece and Italy had always been reluctant to recognise the UCK as their interlocutor and to carry out a formal intervention. For its part, the US state department underlined that NATO had an action plan should a humanitarian disaster occur in Kosovo, which had been suffering for months. The plan was ready in September and it was thus possible in October to decide to go ahead with the by then stale intervention if Mr Milosevic did not put an end to the ethnic cleansing and withdraw his for-

ces from the region. The threat led him to accept the conditions, which will be dealt with later on, and it was likewise positive to see Macedonia agree to a NATO Rapid Reaction Force being stationed on its soil.

What there is no doubt about is that NATO responded suitably to the sectors which still ask if there is any point in the survival of an organisation which no longer has any adversaries. Indeed, in 1998, once again, the alliance proved that it plays a useful role of deterrent organisation and military arm of the UN on pacification missions in its area of responsibility. It thus serves a number of purposes, such as for example, that of supervising the Dayton accords in 1995—an achievement which should by rights be attributed to the United States but has consolidated the alliance, clearing up the doubts as to its usefulness and boosting its credibility, which was enhanced by the accession of several former Warsaw Pact enemies and by the Europeans' capacity to reach an understanding to create a European defence body. This development, based on new political, military, humanitarian and mediation functions, has the effect of weakening the role of the OSCE, which Russia and other continental governments would like to see strengthened.

Although the OSCE machinery is complicated to run, since decisions require unanimous agreement, this is generally conducive to negotiation and conflict prevention rather than to resorting to the use of force. Therefore, after NATO is consolidated, it will be necessary to strengthen OSCE.

At the beginning of December, France and the United Kingdom submitted a plan to the rest of the EU allies to create a European defence with an autonomous military capacity, capable of responding to possible international crises when neither NATO nor the United States is directly involved. This would entail dissolving the WEU, integrating its military responsibilities into the EU. Washington expressed its enthusiastic support for this plan, with the reservation that such a body should be linked to, and not dissociated from, the Atlantic alliance.

AMERICA CONSOLIDATES ITS POSITION AS SOLE WORLD POWER

Although US hegemony is not new, the country, owing to a combination of factors, has still not found a rival in 1998 and continues to dominate five basis spheres: economic, diplomatic, military, scientific and even cultural.

An analysis of its macroeconomic indicators shows that its economy is the healthiest and strongest on the planet, with sustained GDP growth, an inflation rate in the region of 1.7%, no budgetary deficit and an unemployment level down to 3.1%, the lowest in 28 years. Although negative, its trade balance is offset by inflows of foreign capital. At microeconomic level, US companies account for a third of the most important world firms and dominate key industries such as telecommunications, computing, aero-space and consumer goods, while exercising determining influence in international bodies such as the UN, the IMF, the World Bank, the World Trade Organisation, G7 and military alliances such as NATO.

On the military and strategic front, the United States has yet to see the emergence of an enemy that is a match for it and has thus reduced the expenditures for defence deriving from the arms race of the seventies and eighties; these cuts been criticised, among others by former defence secretary Caspar Weinberger, who in his book *«The Next War»* accuses the Clinton administration of being too heavy-handed in trimming the defence budgets, abandoning the «Star Wars» project, making concessions to China and ignoring the new threats, in the form of fundamentalists or ethnic and religious rivalry, which will play a decisive role in the conflicts of the future. The doctrines of the past have lost much of their value, as the Pentagon demonstrated when it decided to change those that are still valid today and described the new world situation as an «expansion of uncertainty», in view of the difficulty of eliminating nuclear hazards and the simplicity of hacking the most protected computer networks. Nonetheless, it may be that those criticisms and the new strategic and military prospects have led to the appearance of special items totalling nearly 1.3 trillion pesetas in the 1999 defence budget, designed to raise alertness levels and step up the training of the armed forces.

In the nuclear field, the tests carried out by India and Pakistan in June and July demonstrated to Washington that it is of no use to impose sanctions against proliferation without the agreement of the other nuclear powers, and that no international inspection system will succeed in abolishing it.

In another respect, it seems that the concept of a «new world order» —to quote president Bush after the Gulf war—aimed at achieving peace and co-operation between nations, with America in the lead role, intervening in crisis to order to swing events whichever way most suits its interests, has not been achieved, despite the assertions of the secretary of

state, Madelaine Albright, this year. The reason why this goal has not been achieved is that events did not measure up to this lofty concept, as 1998 witnessed the continuation and intensification of nationalist movements, conflicts of all kinds and lack of peace and stability in large areas of the world.

From the beginning of the year, the United States found itself shadowed by a new Watergate and by the implacable counsel Mr Starr, who had been investigating the allegedly shady real estate dealings of the Clintons in Little Rock before moving onto the president's sexual misdemeanours, beginning with the Lewinsky saga which had wide-reaching implications in the national press. The issue reached boiling point in June, culminating in Mr Clinton's testimony before the Grand Jury in which he admitted to some of the charges, and the publication of the Starr report later in September, which was even disseminated through the Internet. The US Congress decided to set up a judicial y committee to start an enquiry and decide on possible impeachment proceedings.

Paradoxically, this situation did not damage the President's popularity as a statesman, as evidenced by the results of the Congress elections on 3 November, though it did affect his personal reputation entailing, by extension, loss of political support and the possible erosion of the powers and privileges of the office, which may affect his successors to the White House. The Republican party played a major role in this harassment, refusing to approve budgetary allocations requested by the president for social programmes and calling for hefty tax cuts. This situation was fortunately overcome when the budgets for the following year were approved unanimously.

Nobody disputes Mr Clinton's considerable achievements in home and foreign policy, though the president faced a number of serious problems over the course of the year: the eruption of a new UN-Iraq weapons inspection crisis; the impossibility of halting Israel's colonisation policy in the West Bank and Jerusalem, despite the long-awaited Wye agreement promoted by Mr Clinton; the delicate situation in the Balkans, namely Kosovo and, partially, Albania and Montenegro and the uncertain future; conflicts in Africa; and financial instability in Russia, Japan and Latin America.

The president's greatest achievement, as mentioned earlier, was undoubtedly in the economic field. It has been said that while the Japanese economic model was the myth of the seventies, that of a new and better model—the American system—has emerged at the turn of the cen-

ture. However, the Asian «tigers» and similar economies, even Japan, will not be prepared to adopt it unless they overhaul their structures and put their home affairs into shape.

On visiting Berlin, Mr Clinton reaffirmed that Europe was the focus of America's foreign policy and that this collaboration should be based on expanding NATO, boosting trade and spreading democracy by supporting weak countries such as those of the Caucasus or the Balkans, with NATO as the mainstay of a common security policy. He went on to state that although today's threats are more vague, they are not necessarily less certain. This visit coincided with a reduction in military deployment in the Gulf area, leaving only 17,000 men, though Saddam Hussein was warned that the United States would not be lowering its guard.

A major event during the year was the president's visit to China in June. America regards this country as a huge potential market, but also as a future superpower which, sooner or later, will try to dispute world dominance. It is thus necessary to hold talks and establish links in different spheres, while monitoring its development. On this occasion, China did not manage to see one of its major goals achieved, that of joining the World Trade Organization.

The attacks on the US embassies in Kenya and Tanzania in August, in which some 260 people died, were attributed to the Saudi fundamentalist and multi-millionaire Bin Laden, exiled in Afghanistan under the protection of the Taliban, since it was he who funded the Afghan uprising against the Russian occupation. Washington accused Sudan and Afghanistan of collaborating in the attacks, and President Clinton ordered air strikes on targets in the two countries. This action won the support of some countries, among them Spain, but was criticised by many.

Mr Clinton continued to be harassed in December, when the House Judicial Committee approved the charges of perjury before the Grand Jury and obstruction of justice and Congress. Not only was the president's resignation called for, but the Judicial Committee, controlled by the Republicans, voted for impeachment.

A project with far-reaching implications to which the American public did not pay much attention—and one which, in a sense, affects Spain—was the March debate in the House of Representatives of the Young Plan for the future of Puerto Rico. The plan entailed calling a referendum in which the islanders would decide whether or not they wished to become

the 51st state. In the 1993 referendum, 46% of the population had voted in favour of this new status, while a meagre 4.4% voted for independence and 48.6% preferred Puerto Rico to continue to be a Free Associated State. In the non-binding referendum held in mid-December, Puerto Ricans chose to maintain their current status, as 50.2% of voters ticked the so-called «fifth column», handing in blank ballot papers, versus 46.7% in favour of annexation. This result came as a harsh blow to the United States' aspirations of integration.

The president scored a personal success by getting the Palestinian and Israeli leaders to meet at Wye, near Washington, to discuss and reach an agreement which appeared to be acceptable to both parties. However, it is too soon to know what the real results will be and, indeed, subsequent events and statements are more conducive to pessimism. In December, the United States warned that the European defence plan, which examines the creation of a defence pillar between the EU and NATO in order to equip Europe with its own military resources to cope with crises within its area, should not dissociate itself from NATO. In this connection, Spain supported the idea of dissolving the WEU into the EU, in keeping with the Franco-British initiative, though this poses problems such as what would happen with Turkey, which is a NATO member, or with the neutral countries such as Sweden, Austria, Finland and Ireland, which belong to the EU but not to NATO.

A prominent issue in Canada throughout 1998 was the problem of the possible secession of Quebec, which voters had rejected in 1980 and 1995 for several reasons: the existence of a large minority of English-speaking immigrants; the federalist attitude of the indigenous ethnic groups; the indecision of a large sector of the French-speaking population, who regard themselves as Canadians just as much as Quebeckers; and because, if separation were to occur, conflicts of interests and cultures would emerge between the east and the English-speaking west, between new and old provinces. Other provinces, such as Alberta or British Columbia, seek to return to the past, that is, to validate the treaty which formerly linked them to the British crown. These provinces want to continue to be Canadian but threaten secession should Quebec achieve it. Lastly, the country cannot ignore the continual growth of the Asian communities, whose economic and political influence is increasing. China's awakening could lead to the forming of genuine cultural and linguistic communities, complicating the scene even further. In the December parliamentary elections, the Liberal Party won more votes than the secessionists, and the problem was again put on ice, though president Bouchard was re-elected

with a majority of seats.

FROM THE APPEARANCE OF NORMALITY TO INCREASED VIOLENCE IN THE BALKANS

While at the beginning of the year the UN handed over to Croatia the last of the territories occupied by the Serbs in 1991—known to Croatia as the Danube region and controlled by the United Nations since 1996—the government crisis of the Serb part of Bosnia was settled with the election of a moderate prime minister who was willing to collaborate with the West.

At the same time, the International High Representative, the Spaniard Westendorp, established a single currency after the three Bosnian communities failed to reach an agreement; this was another of a set of measures designed to make a true state of this country which already had a passport, a single flag and common citizenship, though the most successful measure was to isolate the Croat hardliners of Bosnia, who supported the interests of Zagreb, just as the Serb right-wing extremists backed those of Belgrade.

One of the Bosnian problems still pending settlement at year end was thus the future of Brcko, the only river port on the bank of the Sava river, located at the border between Bosnia, Croatia and Serbia. It has been under Serbian control since 1992 and is claimed by all three communities.

But the major issue that continues to be unresolved is the one million three hundred thousand refugees who, according to the Dayton agreements, are entitled to return to their homes; of them, 400,000 have already returned and a further 200,000 are expected to do so this year. As long as this matter, among others, continues to be unresolved, it is hard to talk of peace and reconciliation.

In the tripartite presidential elections, only the Bosnian Mr Izetbegovic was re-elected. In Banja Luka the pro-west candidate was defeated and in the republic of Spak a radical won. This victory of the die-hards raises uncertainties, since both the Serb and the Croat want secession, which would entail amending the Dayton accords.

In actual fact, Bosnia is not the only western failure in former Yugoslavia. With the exception of prosperous northern Slovenia, the rest of the

republics and regions are struggling amid uncertainty, chaos and authoritarianism. The situation of Croatia, governed by the highly individualist and intransigent Mr Tudjman, is by no means to be envied. To the north of Serbia, tension is mounting in Vojvodina, where there is a Hungarian majority. The Serbs in Montenegro are losing ground and power. The state of Macedonia, for its part, has been left «hanging in a vacuum», under harassment from Greece, Serbia and Bulgaria. Meanwhile Albania which, though not an EU candidate is of vital interest to Europe owing to its geographical location, is slowly emerging from its chaotic past.

However, the problems deriving from the implementation of the Dayton agreements were pushed into the background by the serious crisis or civil war in Kosovo.

Kosovo, the poorest of the Serb republics, which lost its autonomy in 1989, hoped to take the first steps towards a peaceful and negotiated independence or the building of a parallel state with powers in educational, health and legal matters. However, Belgrade rejected these aspirations. Following several weeks of warning and after talks between Mr Milošević and the moderate Albanian leader, Mr Rugova, failed, Belgrade launched a crackdown in that province in March, with a policy of ethnic cleansing, defying the international community and heedless of the US warning that a bloodbath would not be tolerated. The European Union's request to the Serb leader to send a mediator and restore to Kosovo its lost autonomy also fell on deaf ears, the argument being that this was an internal problem and as such had to be resolved by Serbia.

Of the Fifteen, only France, Germany and Spain were in favour of a possible military intervention as a solution to the conflict, while Greece and Italy opposed taking further action. This once again showed that, except for in the economic sphere, Europe lacks a common policy capable of guaranteeing security in the continent. Although it attempted to convey to the world an impression of unity on this issue, the EU actually adopted an attitude of utmost caution, drawing up a highly ambiguous communiqué which, although recalling the need to back a statute for Kosovo, failed to mention the word «autonomy». This furthermore came at a time when Serbia was staging a referendum to ask the population whether it wished for international mediation—pure farce, since the result, a categorical no, was a foregone conclusion. Neither did the meeting of foreign ministers in London serve to analyse the issue, since it merely led to the Security Council convening a meeting to study the crisis. A regional initiative promoted by

Bulgaria also failed.

In the face of a possible Serb aggression, in April Albania requested the deployment of NATO forces in its territory as a pressure and security factor, while the contact group described the situation in Kosovo as high-risk, agreeing to implement the following measures: to freeze Yugoslavian funds abroad; to establish talks without conditions between the two sides; and to stop new investments flowing into Serbia. These measures did not win the approval of Russia which, from the outset, openly supported Belgrade.

When June arrived, while President Clinton issued a statement reaffirming that what had happened in Bosnia would not occur again—seconded by British prime minister Blair, then president of the EU—over 100,000 inhabitants of Kosovo were roaming the woods and whole towns were set light to. These events spurred NATO to study military action. The alliance limited its action to reconnaissance flights as part of Operation «Determined Falcon» in which Spanish aircraft took part. The UN secretary-general was reproachful of this attitude, pointing out that it was dangerous to intervene without the backing of the UN, a view shared by the Spanish foreign minister at the Cardiff summit.

In summer, the Fifteen refused to negotiate a ceasefire with the UCK guerrilla, reiterating their support for Mr Rugova and, once again, their opposition to Kosovo being granted independence. According to Greece, the secession of Kosovo would be the spark that would kindle conflict in Macedonia or Vojvodina, with unforeseeable consequences.

When summer was over NATO, fearing a «human disaster», again planned to use force. At the time, the resistance being put up by the guerrilla was coming to an end, after the Serbs conquered Junik, the separatists' last stronghold. However, it can be said that this turn of events was largely due to the UCK's own errors, such as attempting to neutralise Mr Rugova, who had proposed unsuccessfully that Kosovo become an international protectorate, and to conquer Orahovac; a further error was to declare it would begin operations in Macedonia which, together with Kosovo and Albania, should make up the great Albania. By alluding to Macedonia, the separatists wished to give the impression that the conflict would unavoidably spread, thus provoking NATO intervention. What they did not realise is that the West would react by reconsidering its plans for military intervention, thus giving the «go-ahead» to Serb cleansing operations. Later, in an attempt to halt the orgy of blood and fire, US secretary of State Madeleine Albright, NATO and the architect of the Dayton agreements, Mr Hol-

brooke, relaunched the threat of military intervention, though in the knowledge that without Russia's consent and without the Security Council mandate it was impossible to carry out. For this reason Mr Milosevic did not keep his word or promises.

Nonetheless, as a result of NATO's firm decision to begin air operations, Mr Holbrooke managed to get Mr Milosevic to agree in Belgrade to withdraw his forces and to allow international inspectors to verify this withdrawal, which by all accounts has been completed. However, NATO, at Macedonia's request, will deploy forces in that country.

Despite the foregoing, it can be said that in the medium term, the solution will involve redefining the Yugoslavian framework of states, since Mr Milosevic is less fearful of the problem in that province than of political developments in Montenegro, which controls the Serbian coast that is the route for trade to and from Belgrade. In order to keep up the fiction that Yugoslavia continued to exist, Montenegro was granted excessive privileges in 1992, such as almost a third of the seats in Serbia's lower house and half of those in the upper house. This enables the current president of this republic to block any attempts by Mr Milosevic to reform the constitution to the disadvantage of the region and to reinforce his power. He is thus more dangerous than those of Bosnia and Kosovo.

There is no doubt that Montenegro will not agree to relinquishing its current status of almost a sovereign state to become a mere province as it was until 1941, and it is therefore holding on to its trump card which is ownership of the only Adriatic coast—something essential to Belgrade.

In December, Washington accused Mr Milosevic of being the cause of, rather than the solution to, the crisis in south east Europe, while Mr Milosevic regarded the international mediators' solution to allow the UCK command to take part in the peace negotiations as a «gross attack on Yugoslavia».

THE TURKISH DILEMMA

At the beginning of the year the Turkish government gave cause for concern with its decision to try former minister Erkeban and five leaders of the by then outlawed Welfare Party, who were charged with inciting the Turkish society to rebellion and banned from belonging to any association and from being parliamentarians for five years. As a result, thousands of

supporters took to the streets, though, as the accused intend, the European Court of Human Rights may refute the ruling, as it did when it condemned the disbandment of the Unified Communist Party two weeks after the Welfare party was outlawed, for violating article 11 of the European Convention on Human Rights which authorises freedom of association.

Islam in Turkey was relegated by Ataturk to a mere historical reference as it hindered secularisation and, as such, it has no place in political and legislative life. Islam supporters in Algeria and the rest of the Muslim world want political life to be governed by religious precepts or by the Koran, but without laws to develop it. But in certain countries, such as Algeria or Syria, the military did not support Islam since, although it could be, or has been, adopted democratically, they knew it would mean the end of democracy once the Islamic parties were in power and consequently, the end of the privileges the military enjoy in those countries.

In this context, the approval in parliament of the proposal to hold legislative and local elections next 18 April, two years early, led the Islamic activists regrouped under the Virtue Party to again achieve a majority. This gave rise to new concerns about the country's future and the possibility of a reaction by the armed forces.

Turkey's relations with the EU did not improve during the year. Indeed, Ankara did not send a delegation to Brussels to renew the talks which had been at a standstill since the previous December, when Turkey had accused the Fifteen of ambiguity in their statements and proposals. The situation was further worsened by the incident of the Greek veto on Turkey's receiving the 400 million dollars established by the Customs Union Treaty, which had injured Turkish pride.

In this connection, during President Demirel's visit to Spain in March, HM The King expressed his support for Turkey's membership of the EU, stating that he was aware of the country's wish to take part in the achievement of a united Europe and that Spain acknowledged, without reservations, Turkey's orientation towards Europe and legitimate aspirations of integration, and applied the same criteria as for other candidates; the national press linked this trip, partly, to the sale of weapons, provoking conflicting reactions.

Similarly, the Kurdish problem constantly made the headlines in 1998, particularly after the scene of operations shifted to the north of Iraq. This conflict is kept alive by the precarious economic and social conditions in south east Anatolia. Turkey is thus preparing to implement the GAP pro-

ject in the area, which entails building 35 reservoirs and hydroelectric power stations in order to industrialise and develop the farming sector, ensuring competitiveness, and to raise the standard of living of the Kurds. However, this project has a negative impact on Syria and Iraq. The arrest of Kurd leader Ocalan in Italy marred relations between the latter and Turkey when Rome refused to grant extradition.

Another serious problem which hangs over Turkish politics is the division of Cyprus. Tension mounted in 1998 when President Demirel announced that the EU's decision to open negotiations with the Greek Cypriots had put paid to the possibility of reunification and that acknowledging only that government was the wrong way to go about holding talks. This undoubtedly led Turkey and the Turkish Cypriot government—which is not internationally recognised but controls 37% of the island and accounts for 20% of its population—to lay the foundations for political and economic integration and to join forces to press the international bodies for self-government.

This lengthy conflict with Turkey and its likely accession to the EU made the Greek zone the focus of campaigning for the presidential election, which was won by the conservative Mr Clerides, who was already in power. The predominate concern in this election was not so much a question of ideology but rather of the candidates' capacity to negotiate with Ankara on the forming of a federal state, EU membership and participation in a joint programme with Greece. There is no doubt that for years this conflict has been poisoning the envisaged enlargement of the EU and was the reason for Turkey's absence from the aforementioned March meeting set up especially to address this issue. It gives cause for concern, not only because it is isolating the country in a dangerous vacuum in Europe, owing to its convergence problems, but also because of its capacity to hinder Cyprus's accession. It should not be forgotten that Athens has threatened to veto the intended enlargement if the EU agrees to Turkey's aims, and that this warning finally prevailed. Turkey's proposal to set up a confederation of «two states» on the island was not accepted by the Greek government, which considered that such a measure would drag division on eternally, provide an institutional framework for the occupation of the northern zone and would not be in accordance with the United Nations' proposal to settle the dispute. However, Greece was hardly seeking to settle the conflict when it allowed the Kurdish PKK to establish an office on Greek soil.

Greece claims that it is not opposed to the role Turkey should play in Europe, since ethnic or religious barriers should not be established; rather, if the Turks reckon they have rights over the Aegean Sea, they should take their case to the International Court of Justice, as Greece did.

A HARD YEAR FOR RUSSIA AND ITS NEIGHBOURS

Although the economic programme designed by Mr Yeltsin to achieve sustained growth in 1998 included twelve basic goals, it was rejected by the Duma owing to the difficulties in raising the taxes needed to attain those objectives and, also, because they were unrealistic bearing in mind the state of the country's economy; the programmes and budgets, which entailed cuts of 4.6 billion dollars, were thus not passed for the time being.

In view of this adversity, Mr Yeltsin did not hesitate to dismiss his entire cabinet in March, arguing that it was necessary to deepen reforms and improve the population's standard of living. The West wondered if this would be a new window-dressing ploy to shake off the crisis no matter how, or a manoeuvre with more long-term implications.

The appointment of Mr Kiriyenko, a 35 year old technocrat, as head of the executive at the end of the month and a harsh warning to the Duma not to reject this designation seemed to settle the political crisis. The government was faced with the task of putting an end to capital flight; paying the wages arrears to the military and civil servants; swelling the coffers of the state, which, in 1997, only managed to raise 57% of the taxes budgeted; bolstering the country's GDP, which had slumped by 50% since the collapse of the USSR; and providing guarantees to foreign investors, among other objectives. These excellent plans seemed to ignore the fact that there were little or no resources available for the task. Paradoxically, the programme was presented before Mr Kiriyenko's appointment was ratified by the Duma, which was dominated by communists and nationalists who opposed both the president and his reforms.

The ratification process became a duel between Mr Yeltsin and the state assembly. It was rejected twice successively, owing largely to figures such as Mr Berezovski, who had been the president's mainstay until two years previously but had turned into an opponent on learning of the privatisation conditions of the main state-owned petrol company hitherto under his charge.

The president's threat of new elections made the members of parlia-

ment think twice, realising they stood to lose their juicy emoluments and privileges, from their dachas to official cars. Mr Kiriyenko thus came to power third time round, though Mr Yeltsin made it very clear who ruled Russia and believed that, by placing a loyal and manageable prime minister in office, he was paving the way for the presidential elections in 2000. General Lebed, currently fuelling his ambitions as governor of the vast Siberian region of Krasnoyarsk, the country's electoral barometer, is a likely candidate in these elections.

The opponents who came out of this crisis the worst were communist Zyuganov, the aforementioned Berezovski and Mr Chernomyrdin, the director of a huge economic empire based on the monopoly of state companies, while Mr Yirinovski, an extreme nationalist, had not objected to the appointment. But what the young technocrat needed to bear in mind was that in 1992 Mr Yeltsin had begun to do away with the old political system, and that the country's future was increasingly determined not by the interaction of reformers and communists, but by a struggle for real power between the different economic forces who were the arbiters of politics as they funded campaigns, granted privileges and controlled the media.

When Russia was plunged into a deep financial and economic crisis, it was thought that salvation could only come from western and IMF aid for, if it were not received, the social environment, almost collapsing under the strain as evidenced by the miners' strikes in May, could have caused the system to fall apart as had occurred in Indonesia, where Mr Suharto had been forced to step down from power. Therefore, in order to prevent bankruptcy, the IMF decided to hand over the 670 million dollar package which, though granted, had been frozen since January, while Mr Chunais, the father of privatisation and of whom too much was expected, was appointed deputy prime minister. His programmes aimed to raise more taxes, eliminate fraud, cut public spending by 7 billion dollars, adopt a new tax system, streamline government bureaucracy and save the rouble from devaluation, among other objectives, while the West, which had by then committed 72 billion dollars, grew tired of granting loans. But the spectre of nuclear warheads, together with the threat of possible social turmoil, spurred the IMF to hand over almost three trillion pesetas.

The Moscow stock market took another sharp fall in August as a result of fear of devaluation of the rouble and the flight of foreign capital, as investors became convinced that the IMF money was only used to plug holes rather than being injected into the economy. This, together with the

depreciation of the yen, led investors to take refuge in the dollar, which strengthened as a result, while the G7 issued warnings to no avail. Later that month, the rouble was devaluated by 30% and repayment of Russian debt, which stood at some 28.7 trillion pesetas, was suspended for 90 days. The United States criticised this devaluation and recommended that other economies in the area should not follow suit. However, although risky, it was a correct measure in view of the depletion of the national monetary reserves which were being poured into maintaining the currency artificially high.

As expected, August witnessed the fall of Mr Kiriyenko's government, which had proved incapable of putting the economy it had inherited into shape. Mr Kiriyenko was replaced by Mr Chernomyrdin—a move which did not go down well with the public, who remembered his disastrous government policy. Indeed, even before his appointment had been confirmed by the Duma, he introduced new price control measures, issued new currency without knowing what it would be worth the following day and went back on the reforms by renationalising the banking sector, while Mr Chubais, the previous reformer and negotiator with the IMF, was dismissed.

This chaos led Mr Yeltsin to cede part of his power and prerogatives to the Duma and the government in issues such as dismissing ministers. Meanwhile, Mr Chernomyrdin was rejected by the houses, who did however accept his successor, foreign minister Primakov. The political climate having cooled down somewhat, the Kosovo crisis provided breathing space to the seriously ill Mr Yeltsin, who again claimed that NATO's non intervention was largely due to him. But the reality at year end is that the crisis is slowly worsening, Mr Yeltsin is in hospital and the president of the IMF left Moscow without offering assistance.

As for foreign policy, Russia sought to play a leading role in the Iraqi crisis at the beginning of the year, attempting to convince the world that the situation was largely resolved due to its diplomatic intervention. Later, at a meeting with Mr Kohl and President Chirac, Mr Yeltsin proposed setting up a Paris-Moscow-Bonn axis, an idea which the European statesmen did not applaud.

In his visit to Japan, the president undertook to sign a peace treaty before 2000, though certain problems need to be solved in order for relations to be cordial, such as the dispute over the sovereignty of the Kuril Islands in the south, which were occupied by the USSR in 1945 and have

been repeatedly claimed by Tokyo.

As for its sphere of influence, Russia is currently trying to define its vital interests, declaring two scenarios, Europe and the Middle East as far as Pakistan, to be priorities, since whatever occurs in those areas has repercussions on Russian territory. Russia will find it difficult to secure more than a modest influence over the CIS since, as witnessed at the 1997 summit, the member countries are calling for a revamp of the current community machinery which they regard as useless and ineffective, given the wide variety of interests. While some consider it an unsatisfactory framework, others believe it should be a melting pot for integration. According to Russia, these points of view are none other than a «plot» to break up the community, as it stressed at the summit of presidents of the Asian republics in January 1998.

A problem that Russia has yet to assimilate is that of **the Baltic states**, which are going through a difficult transition period. Of the three republics, Lithuania gives Moscow least cause for concern. In Latvia, where the ethnic issue is more prominent—40% of the population are Russian speakers, compared with 57% of Latvians—the failure of the integration policy seemed to be overcome in 1998 when integration advocates won the referendum held in October, a fact which will facilitate the country's accession to NATO and the EU. For its part, Estonia does not have any integration problems, though relations with Russia continue to be tense and no border treaty has yet been signed.

A particularly sensitive area for Russia is the **Caucasus**, where there is a hotchpotch of nationalist groups, ethnic and religious rivalry and, above all, a conflict of economic interests. Although **Chechnya** seemed to be on the way to achieving peace at the end of 1996, relations deteriorated in May when the Chechen government put an end to its negotiations with Russia, which had failed to comply with the terms agreed. The Chechen president refused to guarantee the security of the Baku-Novorossisk oil pipeline which runs for 153 km across this secessionist territory, even though this entails a loss of income for the new state.

In **Georgia**, a second assassination attempt was carried out on President Shevardnadze. Some held former president Mr Gamanjundin responsible, while others suspected Russia. Although Mr Shevardnadze intends to make his country the focal point of Caucasian policy through an alliance with Ukraine and Azerbaijan, Georgia's complex relations with Russia regarding oil are hampering this. While Moscow wants all the Caspian oil

to be channelled along a pipeline with Novorossisk as terminal, Georgia has recently signed international contracts whereby part of the crude oil will be transferred by pipeline to Sujumi, the Georgian Black Sea coast.

Furthermore, the Georgian political scene continues to be dominated by two pressing problems: the self-proclaimed republic of Abkhazia, the separatist area which Georgia accuses of receiving Russian support, as evidenced by the unilateral withdrawal of the Russian forces stationed there under UN mandate; and the secessionist region of south Ossetia, where the negotiations to put an end to the conflict seem to have come to a standstill—a fact which shows the lack of a regional policy.

In **Armenia**, the resignation of President Ter-Petrosian during the year jeopardised the peace process in Nagorno-Karabakh, as it afforded more power to the prime minister, who firmly opposes the peace negotiations.

Azerbaijan is the Caucasian country with the best future prospects if it continues to monopolise oil and gas production in the area. The problem of getting the oil out of the country was thought to be settled in 1998 with the new pipeline that runs through Georgia, thus avoiding the need to use Novorossisk as a terminal since, until the Nagorno-Karabakh conflict is resolved, Turkey cannot be used as a terminal because the pipeline would have to cross Armenia. The dispute with Russia continues over the status of the waters of the Caspian Sea, for while Azerbaijan and Turkmenistan are in favour of considering them high seas, Russia and Iran demand they be regarded as territorial waters.

The new Central Asian republics forged ahead in 1998, asserting the independence they had not wished for and shedding the too recent past in which they endured sacrifices in the interests of the former Soviet Union's economy and defence.

Despite its apparently brilliant foreign policy, **Kazakhstan** witnessed the deterioration of its social environment and the relationships between the different ethnic groups on account of a law reinforcing the role of the Kazak language, which is encouraging the Russian-speaking population to emigrate. Spain decided to open its first Central Asian embassy in this country.

For its part, **Turkmenistan** continues to be totally under the sway of President Nyazov, who refuses to enter into conflict with the Taliban as they are needed to carry out the work on the oil pipeline which is planned to cross Afghanistan. The project to build a new pipeline towards the

Indian Ocean which could link up with Turkey was rejected by the United States since it would require investments in Iran.

Uzbekistan, which regards itself as the heir to the Tamerlane empire and aspires to become the dominant regional power, continued with its rapprochement towards the United States, shifting away from Russia. It also increased its trade flows with South Korea and Japan, while easing trade relations with the CIS and emerging as a firm enemy of the Taliban.

Tajikistan ended its civil war and found itself obliged to remain within Russia's sphere of influence as a member of the monetary union to which Russia, Belarus and Kazakhstan belong, though in 1998 it had not yet ratified it. This is a clear sign of its reluctance to become excessively dependent on Moscow.

Relations with **Ukraine** continue to be stormy. At 1998 year end the treaty putting an end to the dispute over the Black Sea Fleet and the status of the naval bases of Feodosiya and Sevastopol had not yet been ratified. Although it was the first CIS country to adhere to the NATO Partnership for Peace programme, its policy this year has fluctuated, since, in order to attract the vote of Crimean Russians, Ukraine hastily signed an agreement with Moscow to boost political consultation and trade. Whatever the case, it appears to be unstable owing to the constant power struggle between the big industrial clans of the Don and Dnieper river basins. Although the groups from the Don have disappeared from the political scene, as witnessed in the May elections, the battle is currently being waged within the Dnieper group, from which all the ministers and over 200 senior officials hail. A huge deficit is expected to appear in the 1998-99 financial year.

In **Belarus** the personal power of the president was consolidated throughout the year. His politics arouse the suspicion of Moscow's neo-liberal circles, who accuse him of subjecting the country to obsessive economic interventionism.

MEDITERRANEAN AFRICA—FANATICISM AND STABILITY

Two countries, **Algeria** and **Morocco**, played a particularly prominent role in affairs in the Muslim areas of the Mediterranean.

Owing to the secrecy and total misinformation that characterise the National Liberation Front, which merely implements the guidelines esta-

blished by the armed forces in **Algeria**, it is difficult to evaluate the true state of affairs regarding fundamentalism.

The major problem of how to achieve democratisation continued to be unresolved in 1998. For some, it will only be achieved if fundamentalism is neutralised, while for others, it is vital to establish a system of alternation, even if this initially benefits the fundamentalists. But the fact is that only three groups carry any weight in Algeria: the FAS, who are keen to hold on to their domination; the FIS, who seek to supplant them through violence; and the socialist FFS who believe that power should be allocated through electoral means; the rest are an indistinct opposition which fails to engage popular support.

The year began with 600 killings in the first week of Ramadan, the highest figure since 1992 when the conflict erupted. This rocked the Muslim world, which considered it blasphemous to carry out such actions at that time of the year and appealed to the EU and to the United States to send a commission. Algeria interpreted this request as interference in its internal affairs, though it did agree to the visit of an EU «troika», which merely ga-thered information with a view to sending subsequent aid. The authorities were, however, totally uncooperative and unforthcoming and indeed, spurred on by the press, they accused France, Sweden and the United Kingdom of allowing FIS terrorist havens in their respective territories.

In view of the scanty results obtained, the Fifteen announced that a European Parliament delegation would be visiting Algeria. The delegation fared no better, refusing to receive a message from the FIS so as not to spark any further tension.

The existence of these Islamic networks in Europe should not be confused with the Muslim presence in the continent, which is giving rise to a certain amount of concern among the population about a more than likely wave of immigration from the South. The problem lies in the fact that, whereas other minorities became integrated, acquiring full rights after centuries of conflicts, the Muslim presence goes back only two or three generations; even though the most recent generations, who were born in Europe, have partly absorbed European culture and the way of life, it is too soon for their religious, ethnic and mental references to have evolved and adapted to the western environment in which they live. Nonetheless, there new generations who are settled in Europe are endeavouring little by little to free themselves of any form of religious dependence and are even giving

rise to a lay Islamic culture that will contribute to the building of the new Europe.

Months after the visit of the Euro MPs, a UN mission headed by Mario Soares landed in Algiers. It made some progress in discovering part of what was going on in the country, since it was allowed to visit the areas where the killings had taken place.

The murder of a charismatic Berber singer triggered off serious rioting among the Berber population whose feelings were already running high following the executive's decision to impose the language of the Koran—Arabic—throughout the country, forgetting that it was introduced only in 1963 when the country gained its independence. Most Algerians aged between 30 and 60 have scarcely any knowledge of the language of the Koran, as French is more widely used; by contrast, in Kalibia, the Berber area, French is hardly spoken, and the inhabitants demand respect for their language and cultural identity which date back more than 13 centuries.

An important fact uncovered by the press was the power struggle within the armed forces, specifically, the open rivalry between General Lamari, the chief of the general staff, and General Betchine, security adviser to President Zeroual. This was none other than a manifestation of the dispute over who would stand for the next elections, which the president unexpectedly announced for 1999, the true reasons for which are unknown. General Betchine, tired of the constant harassment, withdrew from the fight in autumn, leaving the field clear for his rival, though there is also a good chance that a civilian will become head of state. Nonetheless, his resignation caused perplexity, indicating that there is a power struggle to find a credible candidate who satisfies all the parties concerned.

Morocco. It is considered that the appeal made to the king in January by the radical fundamentalists, whose leader had been held in house arrest for eight years for denying to recognise the monarch's religious authority and for calling for the opening of the country to prevent a situation similar to the one in Algeria from developing, may have been what led Hassan II one month later to undertake to establish and consolidate a democratic, pluralistic regime based on the monarchy. The king is aware that the future of Morocco hinges on his succession and on the consolidation of democracy, and also on the opposition's support for a new constitution establishing a bicameral system, and that the moderate Islamists decided to take part in the political game in the so-called «transparent» elections of

1997.

These reasons led Hassan II to take an historic decision—that of entrusting the socialist Yousoufi, who had spent most of his life in exile, with the task of forming a government, thus putting an end to an uncertain situation which had been dragging on since the previous year's elections. The Istiqlal nationalist party did not form part of the executive, since they considered that the election results had been rigged, though the king had counted on this manifest enmity between that conservative party and the socialists. Indeed, the king had demonstrated his wish to see the country grow with three main blocks—the conservatives, the centre and a tolerant and constructive left.

Although during the first part of the year Mr Yousoufi found it difficult to fulfil his electoral promises, such as the one relating to human rights, by autumn he had overcome these problems and managed to free «sheikh» Yasin, the leader of the «Justice and Charity» fundamentalists and one of the main champions of human rights. Mr Filali subsequently stated in Madrid that within six months no political prisoners would be left in Morocco.

This was the climate for the fourth Hispano-Moroccan high-level summit held in Rabat in April. The issue of Ceuta and Melilla was pigeonholed, but the forthcoming referendum on the Sahara was discussed, and Spain said it would remain strictly neutral. The Spanish premier took the opportunity to address the new fisheries agreement with the EU, which will affect over 500 Spanish vessels when the present one expires in a year and a half's time.

The future of the Sahara is a conflictive issue in which economic and geopolitical interests come into play, for it is a priority area for European security. It also directly involves Algeria, with which Morocco is basically vying for domination of the region. Spain is affected by the dispute since the Canary Islands are located in the area.

The UN mission in charge of organising and supervising a referendum initially slated for December 1998 and subsequently postponed set about taking a census, identifying 147,350 would-be voters on both sides of the border. It made the serious mistake of allowing the Polisario Front and Rabat to submit lists of possible voters, when it is known that each side will try to tailor the census to its own aims and has its own interpretation of the peace programme, which varies from self-determination and inde-

pendence to integration into Morocco as a region with wide autonomy.

So as not to damage relations with Rabat, Spain adopted an attitude of constraint, while the Arab League and OAU turned their gaze elsewhere (Middle East, Sudan, former Zaire). At the OAU summit held in Burkina Faso in the middle of the year, Hassan II tried to convince the organisation to expel the Saharawi Republic, which is recognised by 31 African countries. No agreement was reached, and Rabat continued to be deaf to Mr Mandela's pleas, while encouraging the formation of a Saharawi nationalist party, even though regionalist groups are banned in the kingdom. This was yet another ploy to ensure a favourable outcome for Morocco in the territorial dispute. Kofi Annan's visit to the area to break the deadlock on the peace plan did not seem to please Morocco, which distrusts the lists drawn up by MINURSO and has warned that the plan could trigger off disturbances in the Sahara.

The political scene in **Egypt**, which is controlled by Mubarak's National Democratic Party, was affected by permanent clashes with Islamic militants of the South, the crackdown on its political arm «Muslim Brotherhood» and the socio-economic problems arising from the liberalisation of public companies.

The security forces have clamped down on fundamentalist terrorism by setting up a tourist police force. The apparent tranquillity witnessed during the year—compared to the tragic events in 1997—evidences that, although it remains, the problem is well under control and limited to two regions in Upper Egypt.

Nonetheless, a number of factors will contribute over time to weakening terrorism under its current form: its growing unpopularity; the harshness of the crackdown, based on a state of emergency in force for 30 years; the emergence of a new party which splintered off from the «Muslim Brotherhood», is non-denominational, pluralistic and western-style, undertakes to respect the current constitution and regards Islam more as a culture than a religious denomination; and lastly, the policy of making concessions to the official religious authorities of Al Azhar, withdrawing works and publications that constitute an attack on religion and good habits.

In 1998, despite the country's considerable amount of bad debts to Spanish companies, Spain renewed its talks and high-level contacts with **Libya**, practically deadlocked since 1994. In addition, Libya and Italy clo-

sed the wounds of their colonial past by signing an agreement in July on terrorism and allowing the return of 20,000 former colonists expelled by Colonel Quadaffi in 1970.

Lastly, it should be recalled that Spain asked NATO to pay more attention to the **Maghreb**, since dialogue with the Mediterranean South is just as important as talks with Eastern Europe. At the Luxembourg meeting our premier announced that a seminar would be held in Valencia in 1999 in which the NATO countries and six from the Mediterranean basin would take part. For the time being, Egypt and Algeria will not attend the meeting, though the former has renewed its contacts by carrying out naval manoeuvres in October with NATO marines.

THE MIDDLE EAST, A PERMANENT SOURCE OF TENSION, RIVALRY AND CONFLICT

Throughout 1998 the Middle East was affected by major tensions, conflicts and clashes of very different interests. The eternal problem of Palestine and Israel continued to suffer ups and downs. In Afghanistan, civil war drew on, with a clear advantage for the Taliban and possible repercussions on the Central Asian countries. In Iran, the struggle between reformists and radical conservatives intensified, while in Iraq a second crisis with the US erupted and could have led to a new war. Jordan and Saudi Arabia faced the question of succession of their respective monarchies, and the rapprochement between Turkey and Israel, which involves four countries, is having negative repercussions on Syria. These are just some of the obvious examples of the complexity of affairs in the area.

As for the **Palestinian conflict**, it should be pointed out that Israeli nationalism has not proved itself to be any different from other nationalist movements, since its exponents do not hesitate to deny others what they themselves claim, convinced of their legitimate right to the land of their forefathers as accorded by the Bible. That is why, since 1945, Israel has pursued the political and strategic goal of keeping its borders as wide as possible, seeming to ignore that in a globalised world borders have lost much of their value as they must be permeable to economic and migratory flows and streams of ideas. Its successive annexation wars have been a source of misfortune for the Jews, ever since the occupation sowed the seeds of colonisation. This was accepted by the different governments,

who were under pressure from «hawks» such as Dayan, Igal Alon and Sharon, from the Labour Party—who, until 1977 remained loyal to the theory of not abandoning the conquered land—to the Conservatives of Likud. However, in 1993, former nationalists such as Shimon Peres and Yitzac Rabin became convinced that it was necessary to put an end to the conflict with the Palestinians, thus giving rise to two trends in Jewish society: those in favour of understanding and territorial compromise, and the extremist advocates of annexation, whose stance is orthodox and intransigent. The latter not only deny the existence of the Palestinian nationalist movement, but also think that acceptance of a dual legitimacy would undermine the very foundations of Zionism, since the Arab Palestinians have rights as individuals but not as a group. It was thus not considered that they could eventually harbour aspirations of autonomy and independence—a right which is recognised in the Oslo agreements.

The Peace Process had thus come to a halt in March the previous year and the efforts of the EU's special envoy to the area, Spaniard Moratinos, had been neutralised when Tel Aviv approved a list of vital interests for keeping 80% of the occupied territories within the West Bank. These efforts were stepped up when, in January, Mr Netanyahu did not yield to the tentative pressure of Mr Clinton, who attempted to persuade him to divide the second withdrawal into stages, with an initial hand-over of 13% of the annexed areas, which would have facilitated Mr Arafat's return to the negotiating table.

When Mr Netanyahu visited Madrid not long after the Palestinian leader, he accused the EU of being closer in its stance to Palestine interests and announced that he would like to hold a meeting with Mr Arafat in Madrid. He also promised to withdraw forces from the security zone in the south of Lebanon, which was occupied in 1985, if Beirut provided sufficient guarantees. This withdrawal was partially carried out in April, thus fulfilling one of the United Nations Resolutions. It was a unilateral decision, since Syria announced that it would withdraw from Lebanon if Israel did so from the Golan Heights.

Mr Netanyahu's intransigence, which did not ease even when Mr Weizman, who opposed his policy, was re-elected president or when the Palestinian leader showed a lenient attitude towards the Hamas' terrorist attacks, proved how difficult it was to reach an understanding. Nor was it clear that the colonisation policy was going to be put on ice, even though the process does not stem from a demographic need, but rather from a

nationalist political aim.

The failure of the meeting of the two leaders in London, which was backed by Washington and raised many expectations—though Egypt expressed its pessimism at the fifth Mediterranean Forum held in Palma de Mallorca—seemed to confirm that the schedule drawn up at Oslo had come to a standstill and was hanging in shreds.

The United States attempted to give fresh impetus to the talks by organising the Washington meetings. Tel Aviv submitted a new plan to hand over 9 or 10% and convert a further 3 or 4% of the ceded territories into a Palestinian industrial area under Israeli control in security matters. Mr Arafat, who did not talk personally to his rival, rejected this proposal. Mean-while in Israel, demonstrations to mark the 50th anniversary of the Palestinians' exodus that began when the 1948 war ended were suppressed.

In the summer, while Mr Netanyahu overcame three votes of censure and a parliament bill to dissolve the government and bring forward the elections due to be held in 2000, since the date was not binding, the other side saw the resignation of two Palestinian ministers following a cabinet reshuffle in which Mr Arafat had kept on two former colleagues from his period of exile in Tunisia. A curious fact about the Palestinian government is that it has 30 portfolios—more even than China. At the same time, Mr Arafat announced that if withdrawal did not take place within the established period, he was determined to found an independent state in 1999.

Yet another attempt at reaching an understanding succeeded in October, when President Clinton managed to persuade the two leaders to meet at the Wye Plantation near Washington in a new version of the Camp David negotiations that led to the establishment of peace between Egypt and Israel in 1979. The meeting commenced amid an atmosphere of tension and distrust and after nine days of talks an agreement was signed, which can basically be summed up as «land for security». Israel agreed to withdraw from 13% of the West Bank, though crucial problems were left unresolved, such as the future of Jerusalem, settlement policy, rights of refugees, and ports and airports, among others. The agreement was therefore not satisfactory for either of the parties and implementation even looked doubtful. The grave attack by Hamas, on 6 November, which de-layed the implementation of the agreement, drew attention to the fact that the problem continued to be practically at a standstill. Although the Israeli parliament approved the agreement, the process again came to a

halt in December as a result of bloody clashes and because of certain parts of the agreement dealing with release of prisoners, expansion of settlements, etc. Tel Aviv made withdrawal conditional on its own terms. This was rejected by Mr Arafat, and tension thus mounted shortly before Mr Clinton's arrival.

Bill Clinton's visit to Israel and Palestine in December, amid considerable street violence, achieved scanty results. Israel did not waver, even though the US president promised to grant the country \$1.2 billion if it fulfilled the Wye accords, and Mr Arafat, for his part, stated he was prepared to honour his commitments in Gaza.

A further cause for concern in the region is the **Turkish-Israeli alliance** established in 1995. Little publicity has been given to this alliance, as it alters the power balance in the area. As far as Turkey is concerned, this move can be explained by the loss of its privileged position with NATO vis-à-vis Russia and a possible fundamentalist Middle East. These reasons have led Turkey to play a new role, becoming a regional power, whose security is endangered by fundamentalism. Its alliance with Israel furthermore secures it the support of the Jewish lobby group in the US Congress, which today also acts as Ankara's spokesman in the United States. The alliance is likewise highly favourable for Israel, since it poses a threat to Syria in the north.

It is a well-known fact that **relations between Turkey and Syria** have always been tense owing to Syria's support for the Kurdish PKK. This led Turkey to issue serious warnings in October, and a new armed conflict threatened to erupt. The situation was soon resolved, when President Hafez Assad promised not to supply weapons or money and to keep the PKK under control, thus guaranteeing security at the borders.

Syria, for its part, is concerned by Turkey's GAP project for Anatolia since it affects the course of the river Euphrates which begins in Turkey and flows through Syria and Iraq. Although a treaty concerning these waters was signed in 1987, Syria's fear became apparent in 1990 when the Ataturk dam was filled; moreover, when the works are completed, in around 2010, the volume of water flowing through Syrian territory will be halved, while Iraq will lose a third. The water will furthermore be of low quality owing to the fertilisers and pesticides used to boost the agricultural development of south east Anatolia.

The state of **relations between Syria and Israel** likewise continues to

be poor, owing to the agreement signed in 1996 between President Assad and Yitzhak Rabin whereby the latter was to withdraw forces from the Golan Heights along the line of the June 1967 ceasefire and to comply with Washington's security recommendations which Israel had accepted in 1995. Mr Netanyahu demands that two conditions be met, the first being that an early warning station be kept in the Golan Heights, once the territory is returned, and that Syria install another in Israel. Syria believes this request to be unnecessary, since Tel Aviv obtains a variety of information from American satellites. The other condition is that, since the water supply to the Golan Heights comes from Turkey and accounts for almost a third of the country's consumption, Turkey be included in the negotiations. Ankara, however, refuses to participate as it considers that the problem does not affect Turkey.

Iraq's refusal to allow the UN team of inspectors to carry on with their work in October 1997 triggered a serious crisis in January, placing the world on the verge of another Gulf war. The situation worsened when Saddam Hussein reacted to the chief of UNSCOM's accusation that Iraq had weapons of mass destruction by deciding to expel all American inspectors from the country and to put a stop to the inspections. This measure led Washington to deploy large military contingents of naval, land and air forces, though it did not succeed in rebuilding the former coalition, and the mounting tension led to a meeting of the French, US and Russian foreign ministers in Paris. At the end of the meeting, Mr Primakov announced that Iraq agreed to the return of all the inspectors, including the Americans, thus warding off the threat of military action, though the crisis did not automatically die down. The Spanish government expressed its support for the Security Council's decisions, stating that it had no objections to Spanish bases being used.

This tense climate saw a stream of declarations: Riyadh implied that it would support an attack on Saddam Hussein; Israel stated its right to counterattack if it were targeted by Iraqi Scud missiles; Russia insisted that aggression towards Iraq would amount to an attack on Russia's vital interests and could trigger a third world war. However, it was not so much a problem of whether or not to attack as what to do in the wake of what was a much simpler crisis than that of 90-91, as this time no country had been invaded.

At the end of February, UN Secretary-General Kofi Annan visited Baghdad to hand over the Security Council's conditions: no presidential palace

could be a haven; UNSCOM's work could not be limited in time and space; and the Security Council should be free to form teams of inspectors without discriminating against American members. The whole world breathed a sigh of relief when Mr Annan achieved an agreement based on those conditions. Mr Clinton accepted the agreement but did not lower his guard until the conditions were seen to be fulfilled.

But it was precisely during those days that it was known that the UN agencies FAO, WHO and UNICEF had allowed medical products that could be used to develop the feared anthrax to be sold to Iraq, and that Germany and France had collaborated technologically with Iraq in the development of chemical weapons and in broadening the range of Soviet Scud missiles. Indeed, President Bush had not only blocked the passage through Congress of sanctions on Iraq but had also granted the country a new credit line. Only when Saddam Hussein occupied Kuwait did Iraq's chemical arsenal become cause for alarm in the Pentagon, and the Bathist regime was seen as a *bête noire* that had to be put in its place.

Although Saddam Hussein's position was strengthened by the crisis, the real victor was Mr Annan, since he obliged the Iraqi leader to go back to square one without guaranteeing the lifting of the sanctions.

While Mr Annan was conducting his mission, the US army War School issued a report stating that the strategy of dual contention regarding Iran and Iraq made the region chronically unstable and that Washington would be better advised to co-operate with all the countries in the area in order to increase stability and cut the costs of large-scale military deployment.

In spring, the Pentagon eased its military pressure in the Gulf area, while the UN and Baghdad agreed on completing the inspections within a two-month period. These good intentions vanished into thin air when it was discovered that at some point 95 missiles had been loaded with the lethal nerve gas VX. The crisis, which had not completely died down, again flared up towards the end of the year when Saddam Hussein once more refused to collaborate with UNSCOM unless it reconsidered lifting the embargo and changing the composition of the international commission. The rattling of sabres was once again heard, though Iraq's manoeuvre regarding the UN obliged Mr Clinton to rule out the use of force.

In 1998 the political scene in **Iran** was dominated by echoes and consequences of the presidential elections that brought Mr Khatami to power, while the failure of the radical clergy and the importance of women's vote

became evident. The new president, who controls the executive and legislative powers but not the judiciary or the Council of Guardians—which is in the hands of the spiritual guide and head of state, Ayatollah Khamenei, who continues to be the highest arbiter of the regime and enforcer of Islamic law—is attempting to reconcile religion to modernity, preventing the Koran and Islamic moral code from clashing with individual freedoms, human rights and other such principles. This is a very difficult task.

As regards external relations, the rapprochement between Russia and Egypt was consolidated during the year, as was the reconciliation of the Gulf monarchies. Relations with Syria were stable, while the situation with Turkey did not improve, despite an agreement on gas supplies. Iran cautiously monitors the developments of the civil war in Afghanistan that caused tension to mount at the border in late summer, and does not rule out the possibility of intervention. This situation, together with the appeal for dialogue with Washington launched by President Khatami at the summit of the Organisation of the Islamic Conference—to which the US secretary of state responded favourably, praising the Iranian president for apologising for taking hostages in 1979—seems to confirm that Mr Khatami, against the will of the Ayatollah, wants to bring Iran out of isolation. There is thus a lot at stake for America and Europe, since if the sanctions continue, the religious autocratic parties will be strengthened at the expense of establishing the rule of law. The fact that Washington has struck Iran off its list of drug producers may be considered positive.

The new climate, unthinkable only two years ago, was witnessed in April, when intellectuals and the media held a debate on the country's future, questioning the subordination of politics to religion and demanding the separation of the institutions. In this connection, the arrest of the mayor of Teheran, charged with financing Mr Khatami's electoral campaign with public funds, made the news. He was tried and sentenced to five years' imprisonment and barred from holding public office for twenty years. His trial was, in fact, a blow directed at the reformists.

An unforeseen event was the appointment of the minister of the interior as deputy prime minister and his dismissal hours later by parliament, who accused him of supporting the mayor of Teheran during the latter's trial. However, that same parliament approved by a majority the appointment of another of Mr Khatami's right-hand men as interior minister.

The Afghan Taliban managed to conquer **Kabul** and other parts of the country in previous years thanks to the obvious support of Pakistan,

whose designs for Afghanistan entail the establishment of a friendly regime and, to an extent, a vassal. Another contributing factor was Washington's discreet turning away its gaze by supporting UNOCAL's project to build an oil pipeline linking Turkmenistan and Pakistan, and the implication that the Taliban occupy only the east of Afghanistan. These victories moved the Taliban to ask the UN to recognise them as a legitimate government, since, so far, only Pakistan, Saudi Arabia and the Arab Emirates have acknowledged their status, while the rest of the world, including the UN, supports the legitimacy of the deposed President Rabbani.

The application of strict fundamentalism and the refusal to eradicate opium poppy cultivation gave rise to concern in 1998, as did Afghanistan's taking in of certain radical Islamists whom Washington accuses of encouraging and funding many attacks on US interests. Fear of total victory of the Taliban, who were already in control of 85% of the country and reached the border with Uzbekistan in August, spurred Russia to change its tactics with regard to Tajikistan, fearing that the Taliban would destabilise its southern flank in the medium term.

Although the Taliban and their adversaries signed a truce in April in order to begin talks in Islamabad under the aegis of the UN, the process was suspended a month later, as the two sides proved incapable of settling their differences, lacking the will to negotiate. The extreme tension with Iraq, which led Saudi Arabia and Pakistan to step in as mediators to prevent armed conflict, was due largely to mutual religious and ethnic misgivings between the two regimes, since Teheran's Shiite fundamentalists feared that their status as regional power was under threat and also, in a sense, the future oil pipelines from Central Asia which will have to cross Afghanistan.

During the year King Fahd of **Saudi Arabia**, who suffered a stroke in 1995, underwent surgery. Although he is officially the head of state, the task of governing the country falls to his brothers of the Suderi clan. Together with Pakistan, the country acted as mediator in the crisis between Iran and Afghanistan. Iran ultimately fears it may find itself trapped in a complex situation as Russia was years ago. Both countries sponsor religious studies and although Riyadh has distanced itself somewhat from the Taliban, it continues to send them arms and money, and both Iran and America accuse it of having engendered a monster that has got dangerously out of hand. The summit of the Gulf Council focused on regional security issues.

FROM THE RISE OF REGIONALISM IN INDIA TO THE COLLAPSE OF INDONESIA

In **India** both the 14-party government coalition and the most traditional parties failed in the general elections held in the first quarter of the year, thus indicating the population's growing rejection of the political class. The regionalist parties emerged as the true victors, in a proliferation of names which could be a sign of pluralism and, therefore, democracy, if they prove to be coherent and stable.

But the surprise India had in store was its three underground nuclear tests, the first it had conducted since 1974, followed two days later by a further two sub-kiloton blasts in the desert of Rajasthan, allegedly marking the completion of its nuclear programme. The international community was unanimous in condemning the tests and while China argued that they jeopardised peace in the region, the United States announced sanctions and asked Pakistan not to respond with similar tests. It became clear that although the former bipolar world had vanished, the risks of limited nuclear war were greater. Ten days later Pakistan carried out five tests with fission bombs, just as India had done, and was similarly condemned for such acts by Spain, among other countries.

India claims that its failure to sign the Non-Proliferation Treaty is due to the discriminatory nature of the treaty, which enshrines the monopoly of the five major powers. It therefore advocates linking the ban on this type of testing to total disarmament, although there is doubt as to whether this is what India really wants or whether this argument is merely an excuse for it to enjoy its own nuclear option, as Pakistan has, for in September it stated its intention to sign the treaty, which needs still more signatures in order to come into force.

Both countries' tests showed that if the UN merely condemned, the West was incapable of halting the arms race between enemies with little stability. Mr Clinton was heavily criticised in his own country for the United States' loss of influence in Islamabad, which had been a faithful, loyal ally during the cold war. However, this was due to Congress, which put an end to military collaboration in order to go ahead with its nuclear programmes.

The tests are a reminder that, although we are immersed in a process

of globalisation, certain geopolitical realities can damage this professed universality. Furthermore, it is a well-known fact that other countries aspire to equip themselves with such weapons in the knowledge that condemnations and sanctions have little effect and because they feel threatened by more powerful neighbours with bigger resources and populations, and see building such an arsenal as a means of survival, since it can provide them with a credible deterrent.

The tension between India and Pakistan escalated to dangerous extremes in August, with very violent outbreaks at the Kashmir borders. This violence suddenly died down after a month, though the two sides continued to issue declarations that fuelled their opposition, despite the subsequent meeting of their respective heads of state.

Further eastwards, in **Indonesia**, the serious fires in Sumatra, economic turmoil and the drought caused by El Niño gave rise to famine in the western part of the archipelago, while the ageing president was re-elected in March for the seventh time. Mr Suharto appointed his protégé Bucharruddin Jusuf Habibie vice-president in a move that was interpreted as defiance of the IMF and the scheduled reforms and led to an escalation in social tensions, while the rupee plummeted to its lowest level since 1987. It was paradoxical that in January the government should have turned to the international institution and announced the cancellation of 150 projects, dismantling public companies controlled by relatives and friends, cutting subsidies and establishing an adjustment policy only to back out and reject the January agreements, presenting an unrealistic budget with artificial exchange rates. As a result, the country was expected to end 1998 with inflation soaring above 50% and negative growth.

A new agreement signed with the IMF in April—the third in six months— included 117 measures to ward off social chaos. As proof of the government's good will, 14 banks were closed, though such measures would not prevent the social explosion, which began on 4 May and reached a climax on the 12th, when the army fired at rioting students from Trisakti university in Jakarta, killing six. The following day violence flared in the capital, taking a death toll of over 500, particularly among the Chinese community, who account for 3.5% of the population and control 70% of commercial assets. Meanwhile, President Suharto attended the summit of the G15 in Cairo. These events, which rapidly spread to the other islands, led the students to invade parliament, at which point the army and the US forced the president to resign, which he did on the 21st. The loyal Mr

Habibie took over from him, but the powerful figure in the background was General Wiranto, the head of the military, who set about organising a purge of the armed forces. Some of the victims were General Subiarto, the former president's son-in-law and head of the intervention forces. The atmosphere again reached boiling point in November, leading to investigations of Mr Suharto's fortune and the announcement of elections in June 1999.

In February the King and Queen of Spain visited the **Philippines** to take part in the celebrations to mark the centenary of Philippine independence. The king reiterated Spain's commitment to the future of the archipelago. Three months later the presidential elections were won by the populist Mr Estrada, a well-known film actor-turned politician with a huge talent for attracting popular support.

The bloody-handed Pol Pot, responsible for the death of a third of **Cambodia's** population between 1975 and 1979, died in a remote corner of the jungle to which he had been confined by his former comrades for life. It was thought that they had assassinated him in order to avoid the public trial that the United States insistently called for, fearing they would be implicated in the genocide. In the elections held late in August—transparent and honest, according to observers—the opposition complained that the results had been rigged, sparking off fears of a fresh outbreak of civil war.

In February, the Constitutional Convention of **Australia** declared itself in favour of severing the historic ties that link the country to the United Kingdom and making the country a republic by 2000. The prime minister promised to hold a referendum to this effect in 1999, stating that the president would be elected by parliament. However, the majority of the population want the choice of head of state to be decided on at the polls, otherwise they would prefer the country's current status.

THE QUEST FOR NEW MODELS IN THE FAR EAST

After 23 years of steady growth, **Japan** officially slid into economic recession in 1998, its annual GDP falling 0.7% in financial year 1997-98, which ended in March. This was only to be expected, since the Japanese economic model, which had been outworn for some years, was further debilitated by the serious financial crisis that swept across Southeast Asia. The crisis was of both an economic and a structural nature, with problems

inherited from the speculative period adding to the adjustments caused by the chaotic state of the financial system. The reasons for the negative growth rate of the second biggest economy in the world were thus plain.

The economic stimulus package presented in March, with a cost of 1.16 trillion yen, was accompanied by a request to parliament for lower taxes. This petition was challenged by the opposition, who called for strict adherence to the budget. It was therefore feared that if the package failed, the yen would be further devaluated, triggering a new financial crisis that would drag down the rest of the Asian currencies.

However, it was in June when banks' bad loans and plummeting share values put the financial system on the ropes. To remedy this chaos, it was agreed to launch a new restructuring plan that included setting up a bank rescue agency.

Having failed to resolve the financial crisis, prime minister Hashimoto stepped down in July in favour of foreign minister Obuchi. The yen continued to slide to its lowest level against the dollar for eight years, pushing up unemployment and giving rise to new crises in sectors such as real estate, while domestic consumption slowed down. The IMF's recommendation that the government take a bolder stance to combat the recession and consider that boosting demand was the only way of halting the crisis was to no avail, as when internal demand slumped, companies' inventories grew and many enterprises collapsed.

Over the summer it became clear that the medium-term solution would require Japan to speed up its structural reforms, as called for by the United States and the governors of central banks, among them that of Spain as a member of the Bank for International Settlements, since the measure adopted in July to nationalise the banking sector temporarily through state-supervised bridging institutions was proving insufficient. But as well as the reform packages, Tokyo needed aid from the IMF, the World Bank and the Federal Reserve or G7, all of which made their support conditional on Japan's solving its financial problems, particularly those relating to the banks' burdens of bad loans, and a tax cut to stimulate consumption and revive the economy.

The uncertainty hovering over the Japanese political scene worsened the situation of the foreign exchange markets and the world stock exchanges, causing the yen to depreciate further and recession to set in. Analysts contended that all Japan could contribute to the Asian crisis was

more problems. In October a further—10 billion yen were injected into the extraordinary budget for 1998 when it became known that the economy would shrink 1.8%. The year ended without any concrete agreements for giving the economy a proper boost, though the World Bank and the IMF believe that the recent measures taken by Japan can improve the situation, thereby helping East Asia achieve economic growth of 4.8% in 1999.

However, with no cold war or threats from China and North Korea in the short term, Japan seeks a weightier role in the region than one of mere subordinate to American strategy. While the dispute with China continued over the oil-producing island of Sankaku, and Japan refused during Jiang Zemin's state visit in November to sign a statement apologising for occupying China from 1931-1945, it also fears North Korea's possible nuclear arsenal, which made the news in summer when a long-range missile flew over Japanese air space. As for Russia, the conflictive issues have been mentioned earlier.

In 1998, America pondered cautiously over **China's** future, asking itself when it would take Japan's place as commercial superpower and become a major military power. There is no doubt that China is currently attempting to secure itself international prestige and world power status in the political, economic and military spheres by implementing a growth model based on a shift from a system based on agriculture and small enterprises to a so-phisticated industrial model with leading-edge, dual purpose technologies such as aerospace, electronics and computing, which are the basis of a military capability. In order to achieve this, it needs to turn to the big western multinationals, realising that they can become useful pressure elements. General Electric, Ford or Boeing are capable of standing up to the protectionist whims of Congress and of neutralising the objections of the human rights advocates, supporters of non-proliferation and ecologists, as well as providing China with technology and experience in return for access to the huge Chinese market. This could even lead to the creation—if there is not one already—of a lobby group similar to the Israeli one in Washington. Nonetheless, there is still a long way to go and it seems reasonable to think that China will not fully close the economic gap and totally overhaul its structures until at least 2050, a century after the People's Republic came into being.

As for its role in the international scene, in 1998 Beijing continued to diversify its relations so as to ensure that Washington—with whom relations have improved considerably following the visits of Al Gore in 1997

and President Clinton the following year—is not its only interlocutor. It regarded the Tokyo-Washington axis with suspicion and kept the issue with Taiwan on hold, even though, paradoxically, trade with the island increased sharply. As far as Tibet is concerned, China will never negotiate its independence. Under Chinese control this area enjoys greater development than it did during the times of Dalai Lama, with a per capita income of nearly 3,000 dollars, above the national average. A further problem is the Muslim region of Sinkiang in western China, where mass colonisation has led the Uigur ethnic minority, of Turkmen origin, to be pushed into the background, thus fuelling separatist movements.

In March the National Assembly approved the restructuring of the central government, trimming the number of ministries from 40 to 29 in order to streamline the complex bureaucracy and guarantee the effectiveness of decisions and the full development of a market economy, having realised that the huge and useless communist structure was expensive, difficult to control and a breeding ground for corruption.

During those sessions the hitherto prime minister Li Peng, known for his suppression of the students' protests several years ago, was appointed President of the Assembly. He thus became the second in power, after Jiang Zemin was ratified as President of the Republic for a further five-year term, Secretary-General of the party and President of the Military Commission, while Zhu Rongjin, Jiang Zemin's technocrat protégé and likely successor, became Prime Minister. His programme promised to deepen the reforms begun by Xiaoping and to eliminate the last traces of central planning; to restructure public companies, cutting eleven million jobs; to reform the administration he himself had built; to industrialise the country as Korea had done; to give priority to the reform of the banking sector, eliminating the current dispersion—a measure that will come up against resistance from the political bosses of the provinces who control the local banks; to trim inflation; and to achieve the parity of the yuan and have the currency join the WTO. He will no doubt try to create a modern socialist government, far removed from past models, though the appointment of Li Peng shows that the reformists have not been able to weed out the last of the hardliners who hanker after the past.

Mr Clinton's visit in June, nine years after Tiananmen, marked the end of the political and commercial boycott Washington wanted to apply to China. Indeed, improving these relations was one of the re-election objectives of Mr Clinton, who stated that «we cannot isolate China». In his visit,

the American president underlined shared responsibility in shaping the future of the world, «cordially» reminding Jiang Zemin of human rights, freedom of religion and the situation in Tibet. The trip ended in a 47-point agreement in which security and defence are priority issues.

The problem of the two Chinas will undoubtedly grow more acute in the near future, since the influence of the Kuomintang is waning in Taiwan, while that of the progressive democratic party, which groups together Taiwanese and supporters of independence, is growing. Nonetheless, the visit of a delegation to Beijing in November to renew the talks that were broken off in 1995 was a positive development; and even though both sides, deep down, wish for reunification, they have different ideas regarding how to go about it. The Kuomintang's relative victory in the December elections will be conducive to the reunification that Beijing is pressing for.

The opposition won the elections in Hong Kong, though, because of the complicated electoral system, the democrats did not come to power. This shows that although China controls Hong Kong, the spirit of democracy is alive and could serve as a stimulus and an example to the rest of China. However, the port is gradually losing its former international function and Shanghai is taking its place as the driving force behind China's development —a fact which became clear to our finance minister when he visited the country in November.

At the beginning of 1998, President Kim Young Sam of **Southern Korea** announced the sorry state of the country, which he described as at risk of plunging into the most serious crisis since the 1951-58 war, and did not conceal from his people the sacrifices they would have to endure. The crisis may result in negative economic growth, subjecting the country to violent social tension, although parliament, which is controlled by the opposition, allows little room for manoeuvre. Relations with Northern Korea continue to be difficult and the issue of territorial waters has yet to be settled with Japan.

In January, **Northern Korea** acknowledged for the first time the extreme situation of its people, who were stricken by famine as a result of the major flooding of previous years and the typhoons of 1997. Moreover, in March, Kim Jong Il called for a renewal of quadripartite talks with a view to reunification, after the previous ones held in Geneva had failed, although he requires oil as a condition for terminating his nuclear programme, as he had promised Mr Clinton. However, the provocative laun-

ching of a ballistic missile, which flew over Japanese air space and plunged into the Pacific, raises the fear that these good intentions will again come to nothing.

GRADUAL CONSOLIDATION OF DEMOCRACY AND DEVELOPMENT IN LATIN AMERICA

Although the greatest economic progress witnessed for a quarter of a century was achieved in 1997, the same cannot be said for 1998. The end of state protection and the arrival of foreign capital that favoured monetary supply increased the risk of inflation, and at the beginning of the year the overall current account balance showed a deficit of \$60 billion. This downturn sparked off growing fears that the financial situation of the area was very similar to that of the South-East Asian countries. As a result, unemployment increased, adding to the tensions caused by guerrilla warfare, drug trafficking and crime—factors which, undoubtedly, influence foreign investors' decisions. On the whole, it is estimated that the GDP for Latin America and the Caribbean will grow by 0.6% next year, owing particularly to the Brazilian crisis, versus 2.5% in 1998 and 5% in 1997.

At the summit of the Americas held in Santiago de Chile in April, the 34 leaders confirmed their wish to give impetus to the setting up of a free trade area from Alaska to Tierra del Fuego. This led, in August, to a renewal of talks in Miami with a view to creating the biggest trade zone in the world around 2005, though the project will be kept on ice unless the US Congress gives the go-ahead to Mr Clinton's demands. Like the trade unions and other sectors, it fears that such a treaty would have a negative effect on US workers and companies, who would not be able to compete with the cheap labour.

But it is thought that what Washington really wants is to transform the hemisphere into a huge free economic zone, which would entail eliminating the customs tariffs that still protect Latin American productive sectors and the disappearance of Mercasur, which recently signed an agreement with the European Union that was not to the United States' liking.

In 1998, **Mexico** was shaken by a number of events, including fresh outbreaks of violence in Chiapas, speculation on the peso with a fall in oil prices and the end of the political monopoly of the PRI. To make matters worse, cuts were made in the federal budget in January and many public projects were cancelled.

The region of Chiapas is rich in timber, petroleum and mineral reserves. Its proximity to Central America and the total marginalisation of the indigenous population make it a strategic enclave whose situation is characterised by a combination of actions of the Zapatist guerrilla and paramilitary groups, on the one hand, and the strategy of dialogue and negotiation aimed at seeking peace and the re-establishment of order, on the other.

In view of the EU's proposal to file a complaint with the WTO, in January President Clinton once more delayed the entry into force of the most controversial part of the Helms-Burton Act, promising to reconsider the sanctions on **Cuba** if Mr Castro proved willing to respect human rights. The law continues to be a source of tension between America, the European Union, Japan and Canada.

That same month witnessed an historic event—the visit of Pope John Paul II to Cuba. Washington monitored the visit closely, while the Spanish government announced that it would mark a «before» and an «after» and that neither the visit of President Aznar nor that of the King and Queen would follow immediately. By and large, Fidel Castro's speech of welcome was considered impertinent and inappropriate, as was the false version of

the Spanish conquest of the Americas he portrayed, since it was not the occasion either for remembering such events or for addressing the Pope on the subject of the crusades, the inquisition or Galilee.

John Paul II naturally gave a suitable answer, furthermore criticising the violation of human rights, asking for the release of political prisoners and calling on the United States to reconsider the embargo. He reminded Mr Castro that democracy was the most humane political option, that the Church did not identify with any culture in particular and that the embargo was not the island's only hardship.

Although Spain had opened a cultural centre and appointed a military attaché, it did not announce the appointment of a new ambassador until April, thus putting an end to an abnormal situation which had been dragging on for 16 months. After the Pope's visit, our relations improved, as evidenced by Mr Castro's meeting with a delegation of business people from the Spanish Confederation of Business Associations; the stopover of the training ship «Juan Sebastián de Elcano» at Havana from 2-5 June—such a stopover had not been made since 1953 and Mr Castro even visited the ship; the visit of the industry minister and the co-operation agreements in the fields of energy and vocational training; Mr Castro's meeting with King Juan Carlos and the president of the government in Oporto during the 8th Ibero-American Summit and subsequent visit to Madrid, where the reconciliation was confirmed; and, finally, the Spanish minister of foreign affairs' trip to Cuba to prepare for the visit of the King and President Aznar next year.

At the 14th San José Conference of Central American Countries in February, the role of the EU in supporting peace and reconciliation in the region and fostering democratisation was underlined. Indeed, since 1984, Brussels has granted the region over 1.5 billion dollars of non-reimbursable aid. The EU considers that political dialogue is an essential element of these relations, since, as well as aid and opportunities, these countries need just as much to find common ground in the issues over which they are divided. For this reason, the European parliament requested that the general system of preferences be extended to industrial products, taking the first step in that direction by allocating aid for that purpose in its budget for 1998. However, after suffering the devastating effects of hurricane Mitch, the region is facing acute problems, particularly Honduras and Nicaragua which have asked for their debt to be pardoned and urgent international aid, since the damage has unfortunately set their develop-

ment and welfare situation back 30 years.

In **Nicaragua**, one of the least wealthy countries in the area, tension with Costa Rica mounted after San José ratified a border treaty with Colombia recognising Colombia's sovereignty over the Caribbean islands of San Andrés and Providencia, which are claimed by Nicaragua; this dispute came on top of another—the issue of navigation rights for the San Juan River which flows along the border.

As for **Panama**, the main issue was the future of ownership and American presence in the canal. Since, by virtue of the 1977 Carter-Torrijos agreement, Panama will regain control of the canal in 2000, the evacuation of the US bases will leave 5,000 Panamanians jobless and deprive the country of \$30 million revenue per year. Furthermore, since the country has no army, it cannot guarantee the security of this sea pass as laid down in the treaty. In view of this, Washington has planned to set up an international counter-narcotics centre, but without paying any type of rent, even though it would keep forces in the area. The Panamanian president reacted by stating that he sees no advantages in the continuation of the American presence.

In **Colombia** the conservative candidate Mr Pastrana came to power after winning the presidential elections. In his first statements, he offered to meet the guerrilla and then go immediately to Washington, where he would establish a new type of relationship.

For some time, the FAR, ELN and ELP had announced their intention to negotiate a ceasefire, though without binding themselves to any conditions, truces or promises to lay down their arms. Former president Samper conveyed this possibility to our government during his visit to Madrid in February which led to the signing of the Viana outline agreement a month later, though it was immediately put on ice.

These contacts were renewed in Mainz as a result of the German and Colombian Episcopal Conferences and, as expected, in July the paramilitary groups opposed to the guerrilla asked to take part in the talks. Although more meetings took place in August and October and the ELM tabled proposals to Congress to call a national convention as required by the armed group before they will discuss peace, there were new outbreaks of violence towards the end of the year and no progress was made. Indeed, it is thought that both the FARC and the ELN aspire only to continue to control much of the country.

Throughout the year **Venezuela** witnessed growing social malaise which led to the election of Mr Chávez, who had led a coup in the past, as president of the nation. This evidenced the serious crisis of the traditional parties and spread alarm across Latin America, whose democracies had already seen the rise to power of Messrs Fujimori, Bucaran and Cubas.

In **Peru**, the peace accord with **Ecuador** continued to be a permanent agenda item in talks during the first half of the year. The difficulties lay in Qui-to's request for free and sovereign access to the Amazon and in the border adjustment laid down in the Rio de Janeiro Protocol of 1942. The precise borders along this 78 km strip of land were never established and in 1995 violent clashes broke out on an alarming scale. The tension heightened again in August and with it the danger of fresh hostilities. Fortunately, the matter was settled in autumn, when the two presidents accepted the borders laid down in the aforementioned protocol, thus putting an end to the historic dispute. The agreement was signed in Brasilia in the presence of the King of Spain.

The other issue was related to the possibility—not provided for in the Constitution—that the current president, Mr Fujimori, might be elected for a third term in office in 2000. In view of the situation, it was surprising that Prime Minister Valle Riera, who took up the post in June as an independent following what was considered to be a bold decision on the part of Mr Fujimoro bearing in mind that Mr Riera was a critic of his, announced in July that the re-election of the president would be decided by referendum and that the army would withdraw from the universities they had occupied the previous years as a measure to strengthen democracy. He also threatened to resign if his requests were not granted, which he did in August once the second crisis with Ecuador had been overcome, having realised that the president did not back his proposals for democratisation. Congress eventually rejected the aforementioned referendum after an act interpreting the 1993 Constitution was amended so as not to take into consideration Mr Fujimori's first term from 1990 to 1995.

In **Brazil**, where President Cardoso was re-elected amid economic chaos, Spain's Telefónica was awarded the most important fixed and mobile telephony companies in the country.

In August, Mr Mahuad became president of Ecuador, while Mr Cubas came to power in **Paraguay**. The latter's decision to release General Oviedo, responsible for a coup and a close friend, political ally and driving force behind the president's rise to power, was condemned by Congress

and gave rise to the comment that «Cubas governs but Oviedo rules». The leader's attitude was described as a «legal coup», and an appeal was made against the decision on the grounds that it was not constitutional. In December, the supreme court ruled that Oviedo return to prison, though the president refused to obey the court order.

The struggle for the succession of President Menem dominated the political scene in **Argentina** for several months, ending when the president stood down.

In **Chile**, lack of support from the Senate prevented the constitution from being amended to put an end to the influence of the armed forces, which hold nine seats. But without a doubt, the biggest event of the year was the arrest of General Pinochet in London at the behest of a Spanish judge as a preliminary to his extradition. The arrest could, however, complicate and even set back Chile's transition. Although Britain's High Court ruled against extradition, the judicial committee of the House of Lords decided that General Pinochet should be extradited to Spain and this decision was ratified by the home secretary. The affair led to new pressure being brought to bear on London. The outcome will be known in 1999.

Lastly, at the **8th Ibero-American Summit** held in Oporto in 1999, support was given to the talks in Colombia and to the agreement between Peru and Ecuador, though the event was clouded by General Pinochet's arrest.

POWER STRUGGLE IN SUB-SAHARAN AFRICA

A major event of the year was Mr Clinton's tour of a continent to which the United States had formerly paid little attention. The president visited Uganda, Rwanda, Botswana, South Africa, Ghana and Senegal, following in the footsteps of president Carter twenty years ago. The visit was marked by Congress's approval of the Growth and Opportunities for Africa Act, which establishes the possibility of signing advantageous treaties with 28 sub-Saharan countries and extending the free trade zone in the future. The act will lift the trade barriers on 1,800 products from that continent.

During his visit, Mr Clinton announced his intention to boost imports, step up technical assistance, offer incentives to US investments, cancel the bilateral debt of the poorer states and set up an economic forum and organise annual meetings with leaders, no doubt on realising that Africa

offers a market of nearly 700 million inhabitants that is still largely unexploited and has a great wealth of resources.

But the visit also had a political and strategic purpose—that of taking over from France as traditional guardian of much of the continent. France's predominance was called into question when it proved incapable of preventing genocide in Rwanda and Burundi and allowed Mobutu and Lissouba to remain in power, and was powerless to halt the devaluation of the African franc. Suffice it to recall Mr Clinton's statement that a new generation of Africans are trying to rid themselves of old policies that have not achieved results, and his efforts to create an Inter-African peace force, or the gradual establishment of US multinationals in the oil and mineral industries in Angola, Cameroon, Gabon and Nigeria. Without this change of roles, which is becoming increasingly pronounced, Mr Kabila's victory would have been unthinkable, as would Mr Lissouba's falling into General Sassou-Nguesso's hands with Angolan support, as a chastisement for Mr Lissouba's support for the separatists of the enclave of Cabinda, Angola's great source of petroleum. However, Mr Clinton did not visit Angola, perhaps because it was still in the throes of civil war with UNITA, although Washington is aware that Angola has become an important geopolitical element in the region.

It was, no doubt, this line of US action that led Mr Chirac to hold the 20th Franco-African summit in December, which was criticised since it was attended by heads of state such as Mr Kabila, accused of genocide, pre-cisely at a time when General Pinochet was being tried in London on the same charges.

The United States currently regards Botswana, Ghana and Mozambique as safe partners, some on account of their economic achievements and others for their democratic efforts. Also on the list are some French-speaking countries such as Senegal and Mali, owing to their strategic importance, and Rwanda following the genocide. The US also has its traditional allies such as Uganda, whose President Museveni is one of its main pawns in the area and has considerable influence on the policies of neighbouring Eritrea and Ethiopia since he contributes to keeping the Islamic regime of Khartoum in check, even though the countries are engaged in a semi-open war. Of particular importance is South Africa, which Mr Clinton aims to make a privileged partner, thereby enhancing the Washington-Pretoria axis. Mr Kabila, however, who came to power with the help of the United States but has proved to hold less democratic attitudes

than the overthrown president of Zaire, is not included on the list, though it is not forgotten that the former Zaire has the power to consolidate or destabilise half of the continent.