



Strategic Panorama 2013

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MINISTERIO DE DEFENSA



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Introduction

Felipe Sahagún

'The most extraordinary change in the past half-century is, no doubt, the explosion of information technologies', notes Thierry de Montbrial in his introduction to the IFRI 2013.¹ 'Herein lies the origin of the waves of creative destruction that have been following after each other since the 80s, of globalisation, and even of the most intense geopolitical shocks such as the collapse of the Soviet Union.'

'Following the discoveries of writing and the printing press, as the numerical revolution spread its effects well beyond the economy and deeply transformed societies and politics, in particular forms of government and governance, the social networks –the most important innovation in the first decade of the twenty-first century– is having a huge impact on civil societies.'

On 3 January 2013, the US News daily (@usnews) posted the following message on Twitter: '*10 National Security Threats in 2013*'.²

In the article in the link, which was signed by Lamont Colucci, the author of one of the most recent studies on US national security,³ the professor at Ripon College recognised that, out of the myriad threats we face,

¹ 'Perspectives', RAMSES 2013, p. 22.

² <http://bit.ly/YXKIZo>

³ *The National Security Doctrines of the American Presidency: How they Shape our Present and Future*, 2 Vols, Praeger, New York, 2012.

ten stand out in both the short and the long term: jihadist terrorism; the risk of chaos or indefinite civil war in Iraq and Afghanistan; radicalisation or violent sectarianising of the inappropriately named Arab springs; energy insecurity in many countries; the struggle for supremacy in a new global balance of power; fragile or failed states; the risk of destabilisation of strategic pivots like Japan and Mexico; the everlasting Palestinian-Israeli conflict; the fragmentation and renationalisation of Europe; and the West's clashing interests with a Russia and China obsessed with recovering influence lost twenty years and two centuries ago respectively.

'The euro crisis morphed in 2012 from a life-threatening emergency to a chronic disease that will be with us for years to come', writes Jessica Matthews, president of the Carnegie think-tank, in *'Global Ten: Challenges and Opportunities for the President in 2013'*.⁴

Although the main research institutions predicted that Europe's GDP would shrink in 2013, Justin Vaïsse, director of research at Brookings, told the France Presse agency in December that 'the worst of the euro crisis is over'. This was not an isolated opinion.

Vaïsse was more worried at the beginning of 2013 about the risk of economic overheating in China or, more likely, the negative chain reaction caused by a drastic reduction in Europe's or the US's Chinese imports, internal social tensions or maritime territorial disputes with Japan, South Korea, the Philippines and other neighbours of Southeast Asia in waters through which more than 30% of global maritime trade passes daily and which may hold the fourth largest oil reserves in the world.

The most optimistic analysts are confident that strong economic interdependence will limit hostilities, but the reverse could also occur: that the hostilities will have a very negative effect on trade relations. Sales of Japanese cars fell by nearly 60% in China in October owing to the tension.

Although how much leeway they have will depend on the result of the June elections to the Upper House, where the DP continues to hold a majority, the return of the conservatives (LDP) to the Tokyo government in the December elections and the first gestures of the new Chinese president, Xi Jinping, do not bode well for an easing of tension – quite the opposite in fact; this will force the US to pay more attention to the Asia-Pacific area when other threats like the consolidation of Al Qaeda in the Sahel, the nuclearisation of Iran and the risk of the Syrian crisis and Egyptian destabilisation spreading to the rest of the Middle East call for urgent responses.

⁴ 'The World in 2013', *Global Ten. Challenges and Opportunities for the President in 2013*. Carnegie International Endowment. 29 November 2012. <http://carnegieendowment.org/globalten/?fa=50178>

The scheduled cuts in the defence budgets of the US and the rest of the NATO allies and the conditions in Afghanistan are forcing the main members of ISAF to speed up withdrawal from the Asian country. However, without an Afghan army capable of defending itself and without a political pact to keep Taliban attacks in check, fear is growing of another chaotic period dominated by warlords, as in the 90s. Without the collaboration of Iran and, above all, Pakistan, gradual withdrawal up to the end of 2014 will be rough sailing.

At the start of the year the Pentagon had three military options from General John R. Allen, commander of the forces in Afghanistan, for the post-2014 period. The options envisaged a US military presence of 6,000, 10,000 and 20,000 soldiers respectively and included an assessment of the risk of failure for each one: very high if only 6,000 remain; medium if 10,000 are kept; and low if the third option is chosen.⁵ The military sources that filtered the plans to the New York Times recognised that 'a more important factor in the success of any post-2014 American mission was how well –or whether– an Afghan government known for corruption could deliver basic services to the population'.

The general elections slated for September in Germany will set the pace and condition the contents of progress in overcoming the crisis in Europe. All the surveys conducted up to January predicted a win for Angela Merkel, but without an absolute majority and therefore, if this is confirmed, the future Berlin government will depend above all on the result of its current coalition partners, the liberals.

Whatever the outcome, it is unlikely that the German government, regardless of its ideology, will lift a hand in the battle over EU budgets for the coming seven years –a priority issue on the EU agenda in 2013– or on the 'road map' for overcoming the current debt crisis.

How many more weeks or months will Bashar Assad's regime hold out in Syria? The war, in which more than 60,000 people have died according to the UN, has no military solution without foreign intervention –a scenario not anticipated for the time being– or a significant increase in military support for the rebels, from which the major powers have refrained so far out of fear that the weapons might fall into the hands of groups, as occurred in Libya, or, worse still, a new jihadist regime in Damascus.

All that remained, then, was the political solution, which depended on a change in alliances or on a coup d'état in Damascus. This change in turn depended on how fruitful the intense negotiations with Russia proved to be and on the timid contacts hinted at between Washington and Teheran taking off over the past months.

⁵ BUMILLER, Elisabeth and SCHMIDT, Eric, 'Afghan War Commander Gives Options for After '14', *The New York Times*, 2 January 2013. <http://goo.gl/mfniE>

Will Iran, which elects a new president in June, back down from its nuclear programme if negotiations with the IAEA fail to progress? If it does not, will Israel attack? If it attacks, will this be with or without the US? In 2013 we will probably at last find out where the much-discussed 'red line' lies – that is, if there has ever been one.

Given their very poor relations, will Benjamin Netanyahu's expected re-election as head of the Israeli government in January and Obama's victory in November in the US facilitate reconciliation and a deal on a new strategy for dialogue with the Palestinians?

Will the Islamists who have come to power in Libya, Tunisia and Egypt after the inaptly-named Arab springs give in and provide new constitutions and consensus-based elections? If they do not –as their behaviour in 2012 indicates– what attitude will the local armed forces and major powers adopt? Is it realistic to assume that the danger of destabilisation is over in Morocco, Algeria, Jordan and other countries belonging to the arc of crisis owing to the timid reforms carried out to date?

Years of uncertainty await us in the region, with a high risk of new dictatorships that are just as or more repressive than those of Gaddafi, Ben Ali and Mubarak. Everything can worsen if the imminent transition in Saudi Arabia is not handled well.

If Hugo Chávez does not recover from his fourth operation, as is more than likely, will the Venezuelan opposition at last succeed in joining forces and ousting Chavism from power after 14 years? In this were the case, would Chávez's allies –Cristina Fernández de Kirchner, Rafael Correa, Daniel Ortega and Raúl Castro– carry on the battle they are waging in the western hemisphere against the interests of the US and its main partners? Would there be a change in the strategic support Cuba receives from Venezuela which has allowed it to survive isolation, sanctions and crisis over these past years?

While the presidential elections in Mexico and Venezuela in 2012 returned power to the PRI and ratified that of Chávez, the presidential elections scheduled for 2013 in Ecuador, Honduras, Paraguay and Chile –and possibly again in Venezuela– will keep up political interest in the region and may give rise to more important changes.

Will oil prices continue to verge on or soar beyond 100 dollars per barrel? If they rise, Europe will find it harder to recover. If they fall by between 10 and 30 points, will Vladimir Putin be able to prevent the collapse of Russia, which is being shored up by the high prices of crude oil in recent years? Will other major producers, particularly Venezuela and Iran, both currently experiencing a power transition, be able to withstand the fall in revenues without major social tension?

Challenges of the energy future

The main news of 2012 –which was excellent for the US and less so for some of today's main exporters of gas and oil– in relation to energy was undoubtedly the report published on 12 November by the International Energy Agency (IEA) acknowledging the possibility that the US could surpass Saudi Arabia as the leading oil producer by 2020.⁶

'The recent rebound in US oil and gas production, driven by upstream technologies that are unlocking light tight oil and shale gas resources, is spurring economic activity –with less expensive gas and electricity prices giving industry a competitive edge– and steadily changing the role of North America in global energy trade', state the authors of the report.

'The result is a continued fall in US oil imports, to the extent that North America becomes a net oil exporter around 2030. This accelerates the switch in direction of international oil trade towards Asia, putting a focus on the security of the strategic routes that bring Middle East oil to Asian markets. The United States, which currently imports about 20% of its total energy needs, becomes all but self-sufficient in net terms – a dramatic reversal of the trend seen in most other energy-importing countries.'

In 2012, for the first time since I began to cover US elections in the early 70s, the old debate on energy independence as a real possibility within a reasonably near future has resurfaced.

The Economist reacted to the IEA's report as follows: 'A country that once fretted about its dependence on Middle Eastern fossil fuels is now on the verge of self-sufficiency in natural gas. And the news keeps getting better.'⁷

What has happened? What about prices? New prospecting technology? Will areas that have so far been closed be opened up for operation? Might Obama approve the Keystone oil pipeline between Canada and Mexico and recover the momentum given to renewables in his early years in the White House? Will the hopes kindled in Alberta (Canada), Brazil and the Arctic be confirmed?

Who would have imagined that from 2008 the US would increase its oil production by 25% and that the IEA would seriously consider a further 30% increase in eight years to more than 11 million barrels?

What new geopolitical and energy balance would these forecasts bring about if confirmed? Given the developments in supply and demand for

⁶ *World Energy Outlook 2012*, executive summary (Spanish version at: <http://xurl.es/i34j9>)

⁷ 'America's Oil Bonanza', *The Economist*, printed edition 17–23 November 2012, p. 16.

gas and oil in the past ten years, possibly a new peaceful, stable order without a strategic agreement between China and the West on guaranteed access and purchasing in the main production areas?

With the experience gained from Three Mile Island, Chernobyl and Fukushima, what future awaits nuclear plants if the dream of fusion has not yet materialised into industrial facts? Are these forecasts compatible with the environmental limits of growth, and will the citizens allow policies that turn a blind eye to the environment as their destructive effects intensify, as evidenced in the US in 2012 with hurricane Sandy, which caused more than 50 billion dollars' worth of damage?

Ever since I took on the task of coordinating the *Strategic Panorama* three years ago, the traditional sources of insecurity have given way to new ones like cyberterrorism. In August Saudi Aramco suffered a devastating cyberattack by a virus called Shamoon that caused 30,000 of its computers to shut down. The still chief of the Pentagon, Leon Panetta, described it as 'the most destructive attack the business sector has seen to date'. Three years ago Stuxnet proved that Iran's installations were vulnerable.⁸

These attacks show that conventional wars are no longer needed and that it is possible to cause very negative effects on Saudi production for days or weeks without firing a single shot. On my last visit to Saudi Arabia I saw a special army of more than 60,000 soldiers dedicated exclusively to defending the installations. They are of little use vis-à-vis a computer virus.

Every time I travel to Saudi Arabia I ask about proven and potential reserves, which continue to be a state secret. Questions about their duration and the vulnerability of many structures –in the US alone 140 refineries, 4,000 oil rigs, 160,000 miles of oil pipelines, several thousand miles of high voltage lines, 10,400 electricity plants and nearly a million and a half miles of gas pipelines– make it necessary to continue to improve surveillance with the best technology.

If to this we add the approximately 40 million barrels of oil which are transported across the oceans by ship every day and the insecurity or instability of some of the main routes, it seems rash to think that price volatility will come to an end in the short or medium term without revolutionary technological advances.

The crisis in the US and Europe

Although, as most analysts are pointing out, the worst of the economic crisis was averted in both the US and Europe, we are still a long way from

⁸ *Panorama Estratégico 2010/2011*, p. 36–37.

reaching the agreements needed to leave behind the crisis that began six years ago, which is the first and most important of the threats to security.

Having dodged the worst-case scenarios, the Chinese economy was back to growth at the beginning of 2013 and the Eurozone seemed to have steered the collapse of Greece and the more negative effects of the sovereign debt crisis of in the southern countries back on track. The leading international organisations announced another difficult year in the developed countries, especially in the first half, and a gradual improvement in the second half.

This introduction was written only a few hours after the announcement of a partial deal between Democrats and Republicans in the US to avoid the so-called 'fiscal cliff': higher taxes and a large reduction in expenditure that would have pushed the world's leading economy into another recession in 2013, holding back the recovery of Europe and other areas of the world.

The agreement put an end to the fiscal cuts established by the George W. Bush administration for taxpayers with incomes of more than 400,000 dollars per year and for couples with joint incomes of more than 450,000, and raised their annual income-tax rate by 4.6 percentage points (from 35% to 39.6% of their income). The rate of taxes on capital gains and dividends was increased from 15% to 20%, but only for taxpayers with a higher income than the ceilings established.

The rate of property tax has also been raised –from 35% to 40%– but only from 5 million dollars. Agreement was not reached on the second part, the envisaged cut in public spending, and the new Congress set itself a period of two months, until 1 March, to design a mechanism involving more taxes and less spending that would make a huge and automatic cut in public budgets unnecessary.

This averted an immediate disaster but failed to address the uncontrollable growth of the deficit and debt: more than 1 trillion dollars per year. At the end of February it was expected to reach the established 16.4-trillion ceiling and the Republicans, who continued to hold a majority in the House following the 6 November elections, were preparing for another hard battle in what, according to some observers, are the most polarised Congress and society since the Civil War.

According to Professor Nouriel Roubini, this deal 'translates into a 1.2 per cent of GDP drag on the economy during the year'. As 'in the past few quarters growth already averaged about 2 per cent [...] the US could quite easily come perilously close to stall speed this year'.⁹ But the Gor-

⁹ ROUBINI, Nouriel, 'US Has Been Let Down by its Leadership', *Financial Times*, 2 January 2013.

dian knot of the major medium- and long-term challenge the US faces remains unresolved:

‘Neither Democrats nor Republicans recognise that maintaining a basic welfare state, which is right and necessary in our age of globalisation, rapid technological change and demographic pressure, implies higher taxes for the middle class as well as for the rich. A deal that extends unsustainable tax cuts for 98 per cent of Americans is therefore a pyrrhic victory for Mr Obama.’

Leon Panetta, when still Defense Secretary, reacted to the deal with a communiqué that made the dilemma it posed to national defence crystal clear:

‘Had Congress failed to act, I would have been required to send out a notice to our 800,000 civilian employees that they could be subject to furlough [...]. Congress has prevented the worst possible outcome by delaying sequestration for two months. Unfortunately, the cloud of sequestration remains. The responsibility now is to eliminate it as a threat by enacting balanced deficit reduction [...]. This Department is doing its part to help the country address its deficit problem [...] in accordance with our new defence strategy [...]. We need to have stability in our future budgets. We need to have the resources to effectively execute our strategy.’¹⁰

The most important effect of the fiscal deal, however limited, on US foreign and security policy can be better understood if we consider what would have happened if it had fallen off the so-called ‘cliff’ – or precipice as Javier Solana prefers to call it.

The US’s freedom to intervene externally would have been considerably reduced except in cases where its interests were seriously jeopardised. It would be an exaggeration to speak of isolationism, but its responses to the main crises would be much more reactive and selective, and bearing in mind the strategic decision to concentrate on South Asia, the Obama administration would no doubt be much less willing to invest and risk resources in other equally or more serious conflicts such as those of the Middle East.

Europe, which had been awarded the Nobel Peace Prize a few weeks previously, greeted the news of Washington’s partial deal with relief as it allowed it to concentrate its efforts in 2013 on recovering growth and employment in accordance with the limited commitments made the previous months.

The European Council of Brussels held on 13 and 14 December highlighted the most positive and negative aspects of Europe’s response to the crisis:

¹⁰ Statement by Secretary Panetta on Sequestration Delay. <http://www.defense.gov/Releases/Release.aspx?ReleaseID=15763>

- Until the beginning of 2013 it had been possible to avoid Greece's exit from the euro zone or, worse still, the collapse of the euro, which had been announced even before its birth by so many critics, who are legion in the Anglo-Saxon world. However, far from closing, the North-South gap in the euro zone and the EU is continuing to widen.
- Thanks above all to a phrase uttered by the president of the European Central Bank (ECB), Mario Draghi –that he would do 'whatever it takes to preserve the euro, and believe me, it will be enough'– the markets gave the southern countries some respite and the risk premium of countries like Spain stabilised, but the EU's Franco-German axis, which is essential to the consolidation of the EU, remains stunted. The differences between Angela Merkel and François Hollande are no less than those that separate Democrats and Republicans in the US.
- The squall of 2012 is over, but the EU remains in choppy waters –the technical default of Greece, February elections in Italy, a possible referendum in the United Kingdom, mobilisation against the austerity measures in all countries and further structural budget cuts– that continue to rock the boat, which needs the US and emerging powers to help it weather the storm and return to smooth sailing.
- The fiscal supervision mechanism of the ECB signifies progress, but it will not be up and running until the first half of 2014 and nor, for the time being, does it have the framework of political and economic integration that is required for its long-term stability.
- The 51-page Barroso Document entitled '*Blueprint For a Deep and Genuine Economic and Monetary Union*'¹¹ presented by the president of the Commission thirteen days before the summit and the 15-page Van Rompuy Document '*Towards a Genuine Economic and Monetary Union*'¹² submitted eight days previously had no effect on the conclusions. The three-phase economic governance proposed by Barroso and Van Rompuy's staggered model for establishing a European finance ministry, a common rescue fund and European taxes came to nothing. To the Federal Republic of Germany, Sweden, the Netherlands, Austria, Finland and other northern countries, the ideas contained in both documents were science fiction.

Unlike her main predecessors –Adenauer, Willy Brandt, Helmut Schmidt and Helmut Kohl– Merkel, on whom Europe's future largely depends if, as the polls indicate, she remains at the helm of the German government af-

¹¹ COM(2012) 777 final/2 Brussels 30-11-2012. http://ec.europa.eu/commission_2010-2014/president/news/archives/2012/11/pdf/blueprint_en.pdf

¹² http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/134069.pdf

ter the September general elections, either alone or in coalition, does not view Europe as a dream or a vision for maintaining peace and turning the continent into a superpower in a globalised world. Rather, she sees it as an instrument: an important and necessary one, but always subordinate to the national interests of the new reunified Germany.

Those who know her well consider her to be objective, realistic and cool-headed in her leadership of Germany and Europe, more interested in her political future, in growth and debt indicators and in demographic trends than in solidarity funds or grand long-term projects which, as she does not cease to repeat, the Germans always end up paying for.

Her political future –to ensure a win in September– explains her plans to increase benefits for families, pensioners and long-term unemployed. At the same time, the reduction in the growth rate of GDP, largely a consequence of the EU austerity policy, will force her, if re-elected, to raise taxes and reduce social services: what she has been requiring of her EU partners for years to clean up their accounts.

With the German elections looming on the horizon, we cannot expect to see major changes in either Germany or the EU in the coming months. Unless conditions are conducive to a return of investments, it will be difficult to create jobs –the most important challenge– and there is nothing to suggest an immediate and radical change in trends. Between 2007 and 2011 the investments of the 27 EU Member States fell by more than 350 billion euros according to the US consultancy firm McKinsey.¹³ This drop is twenty times that of private consumption and four times that of GDP.

As Xavier Vidal-Folch states in his assessment of the European crisis, 'the game is not yet over'. However, although 'neither the euro nor even the EU is indestructible, irrevocable or irreversible [...], there are some powerful forces which operate in favour of the survival of monetary union and its ability to overcome the situation through economic and political union'.¹⁴

- The first is the well-known theory of the lesser evil, the opportunity cost, the scenario of 'non-Europe', fear of the unknown... or of the only too well known.
- The second is that breakdown of the euro zone would affect the integrity of the internal market, and substantially so.
- The third reason for continuity and reinforcement belongs to another even more decisive area: what citizens want. 'The last two major polls, the European Parliament Eurobarometer (Directorate C, 21 May 2012) and that of the Pew Research Center of 19 May,

¹³ Cited by James Fontanella-Khan in the *Financial Times*, 2 January 2013. <http://xurl.es/ikheh>.

¹⁴ 'La crisis, acicate de un nuevo poder europeo', *Política Exterior*. Monographic issue *En defensa del euro, Europa ante su futuro*. December 2012, p. 24–25.

plainly show that Europeans are increasingly more annoyed with the Union and the euro and with how both are handled, but would not even dream of the alternatives', Vidal-Folch concludes.

As for the global economy, Eswar Prasad, who is in charge of the Tracking Indices for the Global Economic Recovery, the Brookings and Financial Times world economic index, is not so optimistic: 'The global economic recovery is on the ropes, battered by political conflicts within and across countries, lack of decisive policy actions, and governments' inability to tackle deep-seated problems such as unsustainable public finances that are stifling growth.'¹⁵

Old and new priorities

speaking at the CSIS headquarters in Washington on 15 November 2012, the US National Security Advisor Thomas Donilon explained the key aspects of the Obama administration's foreign and security policy in his first term in office and his objectives for the second term.¹⁶

He confessed that in 2008 the then Democratic candidate had assigned them the task of surveying threats and priorities of US security, concentrating on possible areas in the world where there was an imbalance. 'It was the president's judgment that we were overweighted in some areas and regions, such as our military commitments in the Middle East, and at the same time, we were significantly underweighted in some regions, including and specifically the Asia-Pacific region', he added.

On the basis of the above reflection, it was decided, as a priority target, to avert a recession and restore economic strength as the bedrock of American power, to revitalise alliances from the Atlantic to the Pacific –no country has so many or such solid global alliances, a result of half a century of bipartisan efforts– withdraw from Iraq as soon as possible and chart a path for transition for Afghanistan.

'In doing so, the president has dramatically improved America's strategic freedom of manoeuvre' and also brought 'a laser-like focus on enduring interests, whose significance can't be measured by the headline of the day', he stated. Part of this process was 'to increase our focus on the Asia-Pacific in terms of resources, diplomatic effort, engagement both with nations and with regional institutions, and in terms of policy. [...] Secretary Clinton became the first secretary of state to make her inau-

¹⁵ CADMAN, Emily and BERNARD, Steve, 'Tiger Index: Gloomy Outlook for Global Economy', *Financial Times*, 7 October 2012.

¹⁶ 'President Obama's Asia Policy and Upcoming Trip to the Region', address delivered to the CSIS on 15 November 2012. http://csis.org/files/attachments/121511_Donilon_Statesmens_Forum_TS.pdf

gural trip, since Dean Rusk in 1961, to Asia. The first foreign leader the president met with in the Oval Office was from Asia, the prime minister of Japan. [...] President Obama will embark on his first foreign trip since his re-election. He'll travel to Thailand, make a historic visit to Burma and conclude his trip in Cambodia for the East Asia Summit. His decision to travel to Asia so soon after his re-election speaks to the importance that he places on the region and its centrality to so many of our national security interests and priorities.'

According to Donilon, these decisions are grounded in a simple proposition: the conviction of Obama's team that 'the United States is a Pacific power whose interests are inextricably linked to Asia's economic security and political order' and that 'America's success' in the twenty-first century 'is tied to the success of Asia'.

He went on to list the reasons for this conclusion:

- Asia now accounts for 25% of global GDP and is expected to grow by nearly 30% in 2015.
- It will account for 50% of global growth outside the US in 2017.
- It receives 25% of US goods and services exports and accounts for 30% of US imports.
- Some 2.4 million US jobs depend on exports to Asia.
- US trade and investment in Asia will be crucial to the country's recovery and prosperity.
- The regional security of Asia, the foundation for the region's phenomenal growth in recent decades, requires the stabilising presence of the US, as constantly discussed with friends and partners in the region.
- America's renewed commitment to Asia likewise stems from the demand for US leadership from nations across the region. 'There are a lot of reasons for this', he stated, 'but the fact is today that there is a tremendous demand and expectation of US leadership in the region'.
- This growing demand is not only for traditional security but also for humanitarian security (such as after the Fukushima accident), economic engagement and trade integration, institutional support and the protection of human rights

Bearing in mind all these factors, in an address delivered in Canberra in 2011¹⁷ that was just as or more important than those given in Cairo and Prague at the start of his mandate, especially in relation to freedoms, he stated that 'our overarching objective is to sustain a stable security environment and regional order rooted in economic openness, peaceful resolution to disputes, democratic governance and political freedom'.

¹⁷ Remarks by President Obama to the Australian Parliament. The White House Office of the Press Secretary, 17 November 2011. <http://xurl.es/s4ha7>

This objective, he concluded, stems from a long-range vision that aspires to see a region where the rise of new powers 'occurs peacefully, with the freedom to access the sea, air, space and cyberspace, empowers vibrant commerce, where multinational forums help promote shared values [...] and universal rights are upheld'.

How can these objectives and the desired rebalancing be achieved? 'It's not simply about shifting military resources, although that's important', he answered. 'We're not only rebalancing towards Asia, we're also rebalancing our efforts within Asia', where the US presence was 'significantly underweighted'. 'The rebalancing posture towards Asia harnesses every element of our national power' and covers five lines of effort:

1. Strengthening regional alliances, beginning with Japan, South Korea and Australia, at an unprecedented level.
2. Closer cooperation relations with the emerging powers, beginning with India and Indonesia.
3. Active involvement in regional and global organisations such as APEC, ASEAN and the G-20 in order to foster cooperation, the peaceful settlement of disputes and respect for human rights. The 10 ASEAN countries already have more than 600 million inhabitants and altogether are the third largest economy in Asia, not to mention the importance of its trading routes and sea lines of communications. This is why Obama attended his fourth summit of this organisation in November.
4. A stable and constructive relationship with China (inevitably one of cooperation and competition), without which few international challenges –from North Korea to Iran, and including Syria, climate change and economic crisis– can be addressed today. This decision stems from the need to have good relations with all the major powers in order to deal with global challenges effectively.
5. Advancing the region's economic architecture by facilitating free and fair trade and transparent economies with clear rules that every nation plays by, for which the US is willing to devote more resources to APEC and seek a fruitful agreement in the Trans-Pacific Partnership (TPP) which already has 11 members and several more interested in joining and is possibly the most significant negotiation currently under way in the international trading system.

Early in November the OECD concluded that the Chinese economy would outperform in GDP terms the 17 members of the euro zone altogether by the end of 2012 and that of the US by the end of 2016. It added that global GDP would grow by around 3% on average over the next 50 years, with huge imbalances between countries and regions.

By 2025, it forecasted a combined GDP of China and India bigger than that of France, Germany, Italy, Japan, the United Kingdom, the US and Canada

put together. 'It is quite a shift in the balance of economic power we are going to see in the future', stated the organisation's senior economist Asa Johansson.¹⁸

The OECD's forecasts are based on three assumptions: that employment in the West will gradually return to pre-crisis levels; substantial improvements will be made in education in the emerging powers of Asia and Africa; and productivity will continue to be the driving force behind growth.

'The growing role of China is clearly the most significant challenge to the liberal international order to emerge since the shaping of the Bretton Woods institutions', writes Stephen Szabo in the *Global Trends 2030* report published at the end of 2012.¹⁹

'China is a deeper and much more serious challenge to the liberal order than was the Soviet Union', he adds. 'The West cannot contain the PRC as easily as it did the USSR because the military dimension is not the only dimension of Chinese power and its economic success has enveloped and divided the West. As its economic power grows [...] its political and soft power will grow with it. It stands a good chance of offering an alternative to the liberal international model of the West.'

In another part of the report Jeffrey Gedmin attempts to define the rise of China and its return to major power or superpower status in the new world order. 'In truth, we can't possibly know', he writes.

'To those who seek a menace, there's the rebuttal that China's rising middle class is likely to seek greater political participation in the years ahead; that as a result, Chinese politics may well become more consensual and democratic, with emerging checks and balances that will mute the more malign aspects of nationalism and diminish the appetite for foreign adventurism. To those who see China's future as a peaceful one, a rising power wrapped (and restrained) in a global web of economic interdependence, there is the fact that we've fallen prey to analogous wishful thinking before. A century ago, two popular forecasts stood out: one that the advent of international trade would soon make war obsolete; the other that the one nation poised to play a leading role for peace in the world was Germany.'²⁰

As Robert Kaplan warns, many things may change from now until 2030: 'China could collapse, it could go through severe socioeconomic political

¹⁸ MOULDS, Josephine, 'China's Economy to Overtake US in Next Four Years, Says OCDE', *The Guardian*, 9 November 2012. <http://xurl.es/c7w8a> Disaggregated data from the full report, with charts and graphs, at <http://xurl.es/671h8>

¹⁹ 'China's Challenge to the Liberal Order, India's Attraction to It, and the Possibilities for Western Revitalization in Light of the Global Embrace of Democratic Norms', *Global Trends 2030. Alternative Worlds*. <http://xurl.es/mxzd>

²⁰ 'The Rise of the Rest; Decline of the West?', *Global Trends 2030 Alternative Worlds*. <http://xurl.es/8nt4v>

strains. Japan could become much more nationalistic. I think that too long we have been taking Asia's stability for granted. For too many decades we have seen Asia as a strictly *Bloomberg*, *Fortune*, *Forbes* magazine story. It's where all the business journalists go and all the military guys to cover the Middle East. I don't believe that for an instance. I can see signs of a lot of increased instability throughout Asia and we can take this apart piece by piece.'²¹

Among these sources of instability, he mentions the difficulty China will have growing as it has done in the two previous decades, with decreasing demand for its exports in Europe and the US. 'It's unclear that this Chinese dynasty is able to deliver this second round and third round of comprehensive reforms and to maintain the same level of power as they did before', he adds. 'And if power devolves, if there is a massive political crisis, you could have unrest in Inner Mongolia, unrest in the Turkic Uighur, Xinjiang province, unrest in Tibet. You could have a military –a People's Liberation Army and Navy and Air Force– that are more autonomous and less completely under the control of civilian leaders with results that could lead to more instability, more incidents in the South China Sea in the East China Sea. And then there's Japan and Vietnam to talk about.'

Strategic panorama 2013

This is the sixteenth issue of the *Strategic Panorama* –the third I have had the honour of coordinating– and for the first time in ten years it is published under the sole responsibility of the Spanish Institute for Strategic Studies (Instituto de Estudios Estratégicos, IEEE), organisationally responsible to the Ministry of Defence) and the supervision of its director, General Miguel A. Ballesteros.

Every year we have endeavoured to stick to the three objectives proposed in the first issue (1996–97) by its coordinator Lieutenant General Javier Pardo de Santallana: to analyse current events; a non-predictive approach; and useful references to provide a better understanding and effective response to the most significant events.

Governing in 2013 requires above all knowledge, mastery and skilled handling of digital information. The number of Internet users has risen from 360 million to more than 2 billion since 2000 and it is reckoned that by 2030 Internet could account for more than 20 percent of world GDP. War and democracy, freedom and repression, terrorism and counterterrorism, education and citizen mobilisation, security and the threats posed to it increasingly pass through networks and there is thus no alternative:

²¹ Robert D. Kaplan on the Rise of Asia (Agenda), Strator Global Intelligence. 14 December 2012: <http://xurl.es/r8vn9> See also his latest book *The Revenge of Geography. What the Map Tells us About Coming Conflicts...* (Random House 2012).

it is necessary to adapt. This change is reflected in the exponential increase in Internet sources by the authors of the *Panorama*.

What has not changed is the basic working method. With varying emphasis, in each issue we have attempted, on the basis of the most important international events of the past twelve months, to note continuity and change in the field of security and international politics, analyse the direction of prevailing short- and medium-term trends and identify some of their main consequences for Spain and its main allies.

Experience shows that degree of success in anticipating a crisis is inversely proportional to degree of accuracy. The problem, as any leader is well aware, is that if correct, a forecast is all the more useful the more accurate it is.

There is no doubt that it is important to know that, as of the beginning of 2013, Assad's regime in Syria has a slim chance of survival, but this is much less important than knowing approximately how long it can survive and how his end will come. In view of these difficulties, which are routine for any think-tank that makes analyses and forecasts, the most practical option is to have a clear idea about which actions are conducive to one outcome or another, the means of carrying them out when appropriate and the consequences of each option, in order to avoid the most negative and choose the most positive.

The success of Nate Silver in his forecasts for the US presidential elections of 2008 and 2012, which so many experts considered to be very close until 6 November, is a good example that illustrates the limits of forecasting and how to reduce risks. There is no crystal ball, only thorough work, aggregation and disaggregation of data, systematic reflexion, methodology and appropriate analytical models, relevant and irrelevant variables and, above all, sceptical and well-informed minds capable of separating the wheat from the chaff in the flow of information that inundates us every day with the communication revolution and globalisation.

Why were you unable to forecast the recent economic crisis? Queen Elizabeth II asked the economists of the London School of Economics three years ago. Some spoke of the lack of models for predicting the conduct that led to the disaster. Others replied that perhaps they allowed themselves to be carried away by ideological dogmas such as the supposed perfection of a market free of any control. Some spoke of fear of going against the system due to having become hostages of the government in power at the time – in other words, of having allowed themselves to be corrupted.

'I would argue that three factors largely explain our collective failure: specialisation, the difficulty of forecasting, and the disengagement of much of the profession from the real world', states Professor Raghu

Raja of Chicago University, who in 2005 warned of the danger of a serious economic crisis in the US, quoting reliable data, but was heeded by nobody.²²

His opinion is largely based on the study by the Berkeley psychologist Philip Tetlock, who for more than twenty years (1980–2003) put 284 analysts (diplomats, academics, secret service agents, economists, politicians, military...) to a prolonged test on their forecasts. Each expert was to calculate the probability of one future or another in their own specialty areas and in others.

Some of the questions used for the test were: Would there be a nonviolent end to apartheid in South Africa? Would Gorbachev be ousted in a coup? Would the United States go to war in the Persian Gulf? Would Canada disintegrate?... By the end of the study, the experts had made 82,361 forecasts. The test also included questions designed to determine how they reached their judgments, how they reacted when their predictions proved to be wrong, how they evaluated new information that did not support their views, and how they assessed the probability that rival theories and predictions were accurate.

Most of the questions included three different futures – continuity or persistence of the status quo, less of something (due to political repression or economic recession) or more of something (political freedom, prosperity, GDP). He drew two frustrating conclusions from the results:

1. As for the probabilities of one future or the other, the experts did no better than they would have if they had simply assigned an equal probability to all three outcomes – if they had given each possible future a thirty-three-percent chance of occurring. ‘Human beings who spend their lives studying the state of the world, in other words, are poorer forecasters than dart-throwing monkeys’.
2. Specialists are not significantly more reliable than non-specialists in guessing what is going to happen in the region they study. ‘We reach the point of diminishing marginal predictive returns for knowledge disconcertingly quickly’, he adds.²³

The *Strategic Panorama* shuns future prediction and endeavours to establish the patterns or trends in each conflict analysed by examining what is known of the past and present.

²² ‘Why Did Economists Not Spot the Crisis?’, Fault Lines Official Blog. <http://forums.chicagobooth.edu/faultlines?entry=30>.

²³ MENAND, Louis, ‘Everybody’s An Expert. Putting Predictions to the Test’, *The New Yorker*, 5 December 2005. http://www.newyorker.com/archive/2005/12/05/051205cr-bo_books1. Menand’s article is an enriching critique of Professor Philip Tetlock’s book, *Expert Political Judgment: How Good Is It? How Can We Know?*, published by Princeton in 2005.

If, as Winston Churchill stated, the best way of knowing the future is to know history well, any prospective outlook must be based on past factors (historical, political, economic, military, social, cultural ...). This is what the five authors who have contributed to this year's issue have done: four civilian (a diplomatic, an economist and two international analysts) and one military.

For each issue the processes considered by the IEEE's chiefs to be the most important to the immediate future of international and Spanish security are chosen, bearing in mind their interests and priorities each year.

The subjects chosen for 2013 are the challenges faced by US foreign and security policy in the first year of Obama's second term in office; the challenges posed to the Middle East and the rest of the world by the civil war in Syria, Iran's nuclear programme, the Palestinian-Israeli conflict and the destabilisation of other countries in the region, especially Egypt, in the third year of the Arab awakening; the tensions that are threatening to destabilise the Sahel region; the sovereignty disputes between China, which has had a new team of leaders since November, and its main Asian neighbours; and the European, Spanish and international response to the economic and financial crisis now in its sixth year.

Although each author has had absolute freedom, it is surprising how many interconnections there are between their chosen subjects and how smoothly the chapters follow on from each other. I likewise wish to stress that the chapter on the United States in this year's issue is a centrepiece into which the rest of the parts fit perfectly.

Obama's Second Term in Office

In his analysis of US foreign policy under the presidency of Barack Obama, Ambassador Javier Rupérez stresses the deep rift between the friendly, multilateral, peace-loving power open to dialogue the president proclaimed in 2008 and the reality of his first term in the White House. 'What is paradoxical [...] is that [it] has ended up being fairly similar to that which was practiced and preached by George W. Bush', he writes. And 'this is tantamount to saying to that practiced and preached by America's international "establishment" in pursuit of what have been perceived as national interests almost since time immemorial'.

To show this, Rupérez compares Obama's main foreign- and security-policy decisions of 2008 and 2009 with the principles, values and objectives enshrined in the three speeches delivered in the early months of his presidency and in the National Security Strategy published in May 2010.

Speaking in Prague on 5 April 2009, in connection with Afghanistan, Obama identified NATO as an indispensable alliance and undertook to fight

actively against nuclear proliferation in a multilateral context with all the means at his disposal.

The author points out that 'the bilateral Russia-US agreements have borne a few fruit [...] as regards reducing their respective nuclear arsenals, but the more general attempt to engage the international community in a coordinated action designed to put an end to the irregular conduct of North Korea and prevent Iran from reinforcing its own has had uncertain results'. At the beginning of Obama's second mandate the 'denuclearisation endeavour seems to have been somewhat pushed into the background behind priority issues, while concern about the future of North Korea and Iran remains and is growing'.

He goes on to state that 'neither the North Koreans nor the Iranian mullahs have accepted the overtures [...]. Both cases remain as potential sources of flare-ups and conflict and it is foreseeable that a great many worries of the US and the international community will revolve around them in the coming years. They are both a cause and an effect of the limitations of well-meaning multilaterality.'

Addressing an audience in Cairo on 4 June that year, Obama lavished expressions of goodwill, described the invasion of Iraq without international consensus as an error and, in a tone that critical observers described as servile, advocated new relations with his Muslim allies based on universal human rights, peace and nuclear non-proliferation, which never materialised into concrete measures.

In his speech of acceptance of the Nobel Peace Prize on 10 December, after barely 10 months in the White House, he presented 'the most complete compendium in its scope, contradictions, nuances and dilemmas of what might subsequently be considered the Obama doctrine for US foreign policy, "Obamaism"'. This great speech was received almost with the same enthusiasm by the left and right in the US and the world.

The characteristics of the so-called *Obamaism*, which is never well defined, are outlined in the National Security Strategy. This document reiterates the commitment of maintaining military supremacy, but with a bigger and better share-out of global responsibilities. In it the president undertakes to strengthen old alliances and goes on to speak of the appropriateness of building 'new and deeper partnerships'.

To what extent have these general objectives been fulfilled? Rupérez seeks the answer to this question in the responses provided in recent years and the most urgent challenges with respect to:

- the main pending conflicts (Af-Pak, Irak, Israel-Palestine, northern Africa, the so-called Arab springs, combating terrorism, Mali and Benghazi),

- relations of cooperation and confrontation with China and Russia,
- links with what the US calls backyard areas (Europe, Latin America and Africa) and, finally,
- the complicated Spanish-US relations.

In the US's withdrawal from Iraq, his best fulfilled promise, Obama applied Bush's road map almost to the letter, leaving behind him 'a country that is deeply divided by sectarian quarrels, the scene of other battles for regional and religious hegemony' where it is easy to distinguish 'former insurgents, elements of Al Qaeda and rival Shia and Sunni groups. A cocktail that is literally explosive'.

Given that military and civilian leaders disagree about the most effective response, in Afghanistan –the war in which the US's armed forces have been involved for the longest– Obama has opted for a counterterrorism strategy and gradual withdrawal of combat troops up until the end of 2014. However, according to Rupérez, 'neither he nor his administration wants this withdrawal to signify the disappearance of US military presence from the territory' for fear that 'the Taliban might again take over the country leading to the re-emergence of the terrorist hydra under the name of Al Qaeda or similar'.

After listing the serious quarrels between the US and Pakistan, he concludes that 'the web of interests is so large [...] that neither of the two can do without the other at such critical times and in such serious matters as combating terrorism' (which is increasingly more dependent on the use of drones) 'and the possibility of the region's future stability'.

With respect to Iran, he lists the main unresolved issues related to the US and Israel's supposed 'red lines' and explores the consequences of any of the options that may be finally chosen. Would the US and the rest of the world be prepared to live with a declaredly nuclear Iran? he asks. 'An Iranian bomb would dangerously heighten the tension in the region, leading to an arms race between those who vie for primacy in the area – Egypt, Turkey, Saudi Arabia', he replies, 'not to mention the evident risks [...] to the State of Israel.'

Discussing the Palestinian-Israeli conflict, he recognises that the US is the only actor with the ability to 'force the blasters to put their quarrels behind them and sit at a table to settle their differences', but bearing in mind the precedents, he leaves all options open.

With respect to the 'Arab springs', Rupérez examines the Obama administration's initial neutrality towards the protests in Iran in 2009, his commitment to change from December 2010 onwards and the subsequent intervention in Libya, which he describes as 'decisive [...] but in keeping with Obamaism: only foreign adventures that are strictly necessary, as short-lasting as possible, with the lowest cost imaginable and following

the lines established by the rest'. In the author's view such a model of intervention, presented as a success by Obama's propaganda, does not help understand US interests.

At the beginning of December 2012, the date he submitted his survey, Rupérez, like everyone else, did not think there were serious possibilities of direct armed intervention in Syria, although –he added– 'western sensitivity towards the humanitarian situation could eventually lead to some measure of the sort that finally made it possible to overthrow Gaddafi in Libya'. The growing presence of radical jihadists in Syria and the Islami-sation of the regimes elected democratically in northern Africa call for added caution, pose a delicate problem to US (and European) diplomacy in the region and herald an uncertain future of confusion and danger.

'Flexibility and firmness in quantities that only the White House tenant will be able to gauge properly' will be required, he warns. 'But the times of Cairo University belong to a past that probably never was and certainly will never be.'

Developments in the above-mentioned countries where changes are taking place, uncertainty about the future of the countries where they have barely begun –Jordan, Morocco, Algeria, Saudi Arabia, Kuwait– and the spread of Al Qaeda in the Sahel will force Obama and his advisors to devote a substantial part of their time and resources in his second term to the so-called arc of crisis, however much they wish to concentrate on old and new sources of tension in the Asia-Pacific region.

Incidents like the attack on the US consulate in Benghazi, Libya, on 11 September in which several US agents and Ambassador Christopher Stevens were killed will not be avoided by denying the existence in the region of jihadist cells strengthened by weapons diverted from the Libyan war and by money obtained from kidnappings. Owing to its proximity to Spanish coasts, this is and will continue to be, together with the activity of radical Islamists in Spanish territory, one of the priority concerns of Spain's security chiefs.

China, the ambassador states, has become the US's main strategic competitor, but continues to be a very important partner with which it is forced to maintain intense cooperation relations. 'That the challenge to [US] hegemony lies in China is obvious, but different schools of thought do not agree on the timeframes, scopes and risks', he adds. 'Or on the size of the stakes.' The result of the foregoing is great ambiguity in both the form and the substance of what is assumed to be the most decisive relationship between powers in international society for one or two generations.

Taking a look at Spain at the end of the chapter, Rupérez, who had major responsibilities in Aznar's foreign-policy team, regrets that the latter's successor should have cut short the privileged relationship established

with the US between 2000 and 2004, but considers that following the new agreement on Rota and despite the serious economic crisis, it can be resumed in Obama's second term. 'For this purpose it is advisable to develop a policy of proximity in which Spain's multiple interests can be considerably reinforced', he concludes, adding that 'the Americans are skilled players at the game of mutual favours and reciprocal interests. Can the Spaniards be too?'

The Middle East, a Global Strategic Pivot

Analysing the present and immediate future of a region as complex and conflictive as what Francisco José Berenguer Hernández, lieutenant general and senior analyst at the IEEA, terms the 'Middle East' is quite a challenge. I stress the terminology because in Spain we traditionally distinguish between the Near East (Israel, Jordan, Syria, Lebanon and Egypt) and the Middle East (the rest of the region), whereas for the Americans Middle East usually covers the area from northern Africa to Iran.

Responding faithfully to the past year's events in the region, Berenguer focuses above all on the Palestinian-Israeli conflict, the threat of an Israeli attack on Iran unless the latter ceases or gives up uranium enrichment, the civil and increasingly sectarian war in Syria, and the troubled building of a new regime in Egypt.

The conflicts which have surfaced in the Middle East over the past two years, he warns, 'suggest that the Palestinian issue is more an instrument of these other processes [...] than a backbone of regional unrest'. This explains why many observers view the clash in Gaza at the end of the 2012 as a means of recapturing international attention (on the part of the Palestinians) and of testing new capabilities (the Palestinians in longer-range rockets and the Israelis in missile defence) and the use of social networks, especially Twitter, in crisis management.

'The ceasefire reached on 20 November has placed on the regional table a few issues that will probably become even more evident throughout 2013', states Berenguer. Prominent among them is the possibility of an understanding between Israel and the political Islam which has come to power through elections in Egypt and other Arab countries and the reestablishment of the balance within the Palestinian movement in favour of a more moderate Hamas if it manages to control the Palestinian Islamic Jihad.

Regarding Israel's new antimissile system, Iron Dome, he recognises that it has 'saved many lives [...] as it contributed decisively to preventing the invasion of Gaza by ground forces and allowing a ceasefire to be reached only a few days after the reciprocal bombardments'. This new capability, he adds, may give Israel greater room for manoeuvre vis-à-vis the nuclear threat posed by Iran.

After describing the Syrian civil war as 'the most unfortunate chapter' to date of the ill-named 'Arab springs', he points out some of the factors that set it apart from all the rest: the influence of Iran; the risk it may destabilise neighbours as important as Lebanon, Israel, Iraq, Turkey and Jordan; the struggle between Sunni and Shia; and the divergent interests of the major powers in settling the conflict.

He viewed the rebels' military actions of the end of 2012 as stemming from growing interest in cutting off the main highway between Aleppo and Damascus and, above all, in controlling the borders with Turkey in order to facilitate support from the latter and, over the months, establish a more or less safe area free of the Syrian army in which to set up a provisional government.

The political solution that nearly all observers consider necessary will be easier, Berenguer points out, the closer the sides come to 'a military stalemate', as would occur if the regime loses its impunity in the use of fighters and helicopters. The biggest danger is undoubtedly if, in its frustration, the regime were to resort to chemical weapons. As for external support, the main obstacle since the outset of the war has been the lack of unity of the opposition forces, the excesses committed by some of their members and the presence of jihadist units with links to Al Qaeda.

'Indeed, foreign jihadists are taking part to such a degree that even though no state is directly involved [...] the rebels themselves fear that the main role in the fighting –and worse still, in the post-war– will be played by these individuals, in a new version of what occurred in neighbouring Iraq', he warns. Some are already speaking of the jihadists 'hijacking the revolution' and their growing influence is evident in the increase in car-bomb attacks.

As of the end of 2012 Berenguer does not envisage external military intervention, although he regards the deployment of additional batteries of Patriot missiles in Turkey as a possible first step towards 'creating corridors and safe areas for refugees in Syrian territory'.

His first thought on the new Egypt governed by Mohamed Morsi, leader of the Muslim Brotherhood, is that 'the status of the Camp David Accords, reached with such difficulty in 1979, does not seem to be at risk'. Secondly, he holds that with Morsi's initiative on Syria, reconsideration of relations with Iran and successful mediation between the Palestinian factions and between Israel and Hamas with the help of the US, the new regime wishes 'to return to what it considers to be the role that befits it in the region'.

The author leaves open the possibility that with his controversial decree of 22 November granting him absolute powers Morsi was simply seeking a short cut to save and speed up the reforms, approve the new Constitu-

tion and consolidate the country's governance. The results of the constitutional referendum in December and the general elections scheduled for 2013 will show to what extent the Muslim Brotherhood believes in a plural system of freedoms.

Berenguer ends his chapter with an update on the Iranian nuclear threat. The misgivings of the US and the new information on the installations under dispute seem to have postponed the prospect of an attack for the time being, while the perception that the programme is about to reach a point of no return in its level of uranium enrichment for military purposes brings it nearer.

The author points out that the ideal option is the stated –and subsequently denied– negotiations between the US and Iran on the eve of the US presidential elections. He maintains that it will be very difficult to avoid a military attack without constructive dialogue. In order to be truly effective, Berenguer believes that such an attack would have to include 'the use of *Jericho 3* missiles fitted with small tactical nuclear warheads', and therefore this option must by no means be considered impossible.

The Sahel Crisis: Strategic Impact

Like Berenguer, the professor of International Relations Rafael Calduch, in his chapter on the Sahel, points to three main risks posed to Spain by the changes in the Middle East, northern Africa and the Sahel region: growing migratory pressure owing to the political and humanitarian impact of new failed states, more terrorism as jihadist forces close to Al Qaeda occupy the resulting vacuums, and greater vulnerability of energy supplies from the region.

Based on an analysis of the structure and conflicts that have ravaged the region in recent years, Professor Calduch paints a picture of a Sahel in the grip of 'a profound process of political breakdown and unrest added to the traditional factors of underdevelopment and cultural fragmentation, resulting in a high risk area from which serious threats are posed to the countries of both North Africa and West Africa'.

Spain, he adds, is doubly affected on account of its geostrategic position. Firstly, the instability the region causes in Morocco, Algeria, Libya and Western Sahara puts greater pressure on Spain's southern border and forces it to define 'a reactive policy that can only be articulated through a variable combination of cooperative, intelligence and deterrence measures whose sole purpose must be to help stabilise the internal conditions of the neighbouring countries and, at the same time, guarantee the security of the Spanish citizens who live in them together with our territorial, political and economic interests in the event of a threat or direct action against them'.

Secondly, the Sahel crisis is creating opportunities for illegal migration, piracy and jihadist terrorism which are forcing Spain, as a direct border country, to mobilise all the resources needed to reduce the risks these processes pose to its security.

'The Sahel', he warns, 'is becoming the new area from which jihadist terrorism is spreading internationally in this second decade of the twenty-first century, in the same way as Afghanistan was in the 1990s. As in the case of Afghanistan, the terrorists are associated with the Al Qaeda network and pursue a strategy of establishment and internationalisation similar to that of the previous stage except that the strategic and ideological centre is now located in countries close to the Spanish borders'. The best proof of this is the recurring kidnappings of foreign citizens in the region.

How have things got to this point? As Calduch explains, there is no simple cause whose origin can easily be pinpointed in time, but many. Some –cultural unrest, ethnic and religious diversity, political instability and economic poverty– have age-old roots. Others, such as colonisation and decolonisation, left behind them highly fragile states controlled by clans linked to the dominant ethnic groups.

Climate conditions, strategic mineral resources and the fact that with the exception of Senegal and Mauritania they are landlocked make the Sahel countries studied in this chapter (six of the nine that make up the region) 'economies territorially dependent on the neighbouring countries of North Africa or the coasts of West Africa to channel their exports'.

Demographic and socioeconomic conditions, cultural traditions and linguistic and religious diversity fuel rootlessness, unlawful activities, unrest that is often violent, and states which, if not unfeasible, are tremendously fragile.

According to the author, the responses must take into account the different nature of each conflict: regional, economic and political in Sudan-Chad; circumstantial economic interests associated with illegal activities in the north of Mali; and the conglomerate of criminal, terrorist and jihadist groups without hierarchy or cohesion that vie for control of illicit trading throughout the region.

The most recent and most violent conflicts (Algeria, Libya, Ivory Coast, Nigeria, Sudan, Mali and Chad) feed back into each other –Sahelian jihadism cannot be understood without the Algerian civil war, just as the destabilisation of Mali over the past year cannot be understood without the Libyan civil war– and, like the rise in terrorist activity, exacerbate the impact of the drought, food crises and the number of displaced persons.

Calduch sums up the strategic implications the conflict in Mali has for the region in four major risk factors:

- internationalisation of conflicts
- mass settlements of Sahelian population in other countries
- international expansion of organised crime
- establishment of new jihadist terrorist networks.

'In the absence of minimally legitimate authorities with the ability to control the armed forces effectively, international military intervention is unfeasible in practice as it could easily be held hostage to the political and military disputes between the various government factions and its operational ability against the rebel and terrorist groups based in the north would also be considerably undermined', writes Calduch.

After making a thorough survey of the jihadist groups and their origins, evolution and approximate force, he concludes that 'clashes with the troops of Mauritania, Algeria and Mali, coupled with the growing number of kidnappings of foreign citizens, have made the countries of the Sahel region a new stronghold for the internationalisation of Al Qaeda'.

The Crises in the China Seas

Growing tension in the East and South China Seas, bipolarisation, rearmament and the weakness of the regional security organisations are, according to Professor Xulio Ríos, director of the Observatory of Chinese Politics and the Galician Institute of Analysis and International Documentation, the four characteristics that best define the current and foreseeable situation of the Asia-Pacific region in the short and medium term.

What effect will the change of direction of the Communist Party and the country's government announced in November 2012 have on these trends? 'Some observers have speculated that Xi Jinping is hypothetically inclined to favour a more vigorous attitude to these disputes', notes Ríos. However, during a tour of several countries of the region at the end of 2011, Xi 'stressed his wish for peace making and Chinese diplomacy's traditional approach of giving priority to increasing economic and trade relations as the best means of defusing disagreements'.

Ríos examines the struggle to control the maritime strip of mainland China and the nearby area, through which more than one-third of world trade passes, in this context. These waters hold 30% of China's current oil reserves and the fourth largest known reserves in the world, according to official documents of Beijing quoted by the author, as well as 24 billion cubic metres of gas, according to a study by the US Geological Survey.

If we add to this the strategic void of the post-cold-war period and the region's medium- and long-term growth forecasts, the disputes over the control of the Natuna, Paracel, Diaoyu or Senkaku and Spratley islands –especially the last two– guarantee years of instability in the area and re-

quire the collaboration of the whole international community in avoiding uncontrollable escalations.

'The ambitions encouraged by the presence of abundant energy resources may at any time trigger a serious conflict with worrying destabilising consequences throughout Southeast Asia', warns Ríos.

After analysing the very different historical backgrounds of these disputes and how the different actors involved are responding to each, he sums up China's three official objectives:

1. to claim full sovereignty based on history and legality.
2. not to allow the disputes to become international.
3. to secure de facto economic control first, leaving the settlement of sovereignty issues for later.

'This means, first and foremost, that China rejects any attempt at international mediation', he adds. 'In no way would it agree to submit these disputes to the International Court of Justice or to the establishment of a High Commissioner to manage the exploitation of the area's resources technically and impartially. Furthermore, Beijing rejects outright any proposal for shared sovereignty with the countries which have claims over these territories.'

He cites as the main factor that moderates tensions the importance of economic and trade relations, especially between China and Japan. He highlights as the most dangerous variable 'nationalism, which is becoming increasingly less skin-deep', and 'seems to be the instrument chosen not only to underpin full Chinese unification and iron out the political, economic, social and ideological differences that separate the different Chinas but also to ensure that the CPC remains in power.'

If, as Ríos states, 'few are confident that the apparent solidity of the Maoist political edifice [...] can withstand the constant capitalist incorporations of recent years as a result of Deng Xiaoping's reform and opening policy', will his successors be capable of controlling this nationalism without major external and internal breakdowns?

'The very significant social pressure on China to carry out some sort of exemplary action is a constant temptation to win an applause which has not come from other channels in a context characterised by growing discontentment with complex issues that are difficult to solve, such as social inequalities, environmental disasters and the chronic presence of corruption and abuses of power', he adds.

The growing militarisation of both China and its neighbours (in the past decade defence expenditure has doubled in Asia) indicates that they all want to be prepared for the worst. For the time being, according to Ríos we are dealing with 'a buffer and indirect offensive strategy which none-

theless highlights as a weakness the coordination problems' of the five Chinese agencies involved in the operations of harassment, reprisal or response to the provocations of others in the various disputes. Another component of the Chinese offensive involves its fishermen and the wide-ranging support programmes implemented in China's coastal provinces to encourage them to modernise their fleets and venture increasingly further afield.

Firm defence of its maritime interests influences the militarisation of the country, but China's defence policy, points out Ríos, pursues three other essential objectives: maintenance of the security of its borders; reconstruction of its national perimeter (in other words reunification with Taiwan); and combating separatism and terrorism, particularly in Xinjiang and Tibet.

Although inevitable in order to reassure its allies and on account of its own interests as global superpower, the US response, with the planned deployment of six of its aircraft carriers and 60% of its Asia-Pacific fleet, is reinforcing feelings within China of being 'surrounded' and 'will undoubtedly contribute to fuelling the strategic confrontation between China and the EU in Southeast Asia, by drawing into it each and every one of the countries affected by maritime-territorial tensions with the Asian giant'.

It matters little whether the US and China consider themselves to be adversaries, rivals or enemies. What really matters, concludes Ríos, is that 'two centuries after the Great Game that pitted the Russian and British empires against each other for the control of Central Asia, a new region of the planet now seems likely to set the world's two greatest powers, this time China and the United States, against each other. The objective is domination of Asia-Pacific, the new epicentre of the global economy.'

The growing mistrust among China's neighbours since the latter redefined its concept of 'vital interest' in 2009, intensified by the many manifestations of strength witnessed since then, is proportional to the demand for a more favourable strategy of balance, with the direct involvement of the only country that can provide this counterweight, the US – which to quote the author suggests 'a growing bipolarisation of strategic interests in Asia'.

And so, 'more than thirty-five years after the defeat of the US army in Vietnam, Washington has again sprung into action by encouraging a dual strategy that takes into consideration both the business opportunities [...] and the strengthening of its alliances with the group of ASEAN countries', an organisation which 'may become a hostage –and victim– of Sino-American rivalry'.

The dilemma all this poses to international society is summed up by Ríos as follows: 'Without China's consent any hypothetical solution to these

disputes is doomed to failure. At the same time [...] China's unstoppable rise is making it increasingly difficult to reach an agreement that satisfies the interests of all the parties involved in a balanced manner.'

The Sixth Year of Crisis

The economic forecasts for 2013 released by the German Council of Economic Experts and the IMF at the end of 2012 indicated that the euro zone would lag behind the world economy and that the latter would experience a downturn in 2012 and a slight recovery in the following twelve months.

No foreseeable short- or medium-term threat is comparable to that which the collapse of the euro or, as a lesser evil, the withdrawal from the euro zone of any of its members would pose to Europe and, in particular, to Spain. In the first of the hypotheses, according to Juan E. Iranzo, professor of applied economics, vice-president of the IEEE and the author of the report on the crisis in this year's *Panorama*, a revived peseta 'would initially be devalued by between 40 and 60 percent' and Spain's total external debt –310% of GDP as of the end of 2012– 'would increase by the same proportion as the devaluation'.

To avoid such disastrous scenarios, Iranzo considers it essential to re-establish macroeconomic stability, recover competitiveness by improving productivity and promote technological development.

The announcement by the leading think-tanks of a fall in the GDP of the euro zone in 2012 and 2013, the impact of the so-called US 'fiscal cliff' –even if, as seemed likely at the time the *Panorama* went to press, an agreement were reached– and the forecast downturn in the world economy are hindering southern Europe's efforts to overcome the crisis and at the same time are worsened by it.

According to the author, in the US 'a compromise will have to be found between the two opposing strategies advocated during the election campaign: priority to raising taxes (Obama) or reducing public spending (Romney)'. The few concessions made by the two before the Christmas recess were already pointing in that direction.

After analysing the advantages and limits of the Euro Plus Pacts on competitiveness approved in 2011, the Fiscal Stability Pact adopted in March 2012, the new rescue fund (MEDE) which entered into force on 8 October and the European system of bank supervision set in motion at the December summit in Brussels, Iranzo is pessimistic about the pace and manner of building the necessary Banking and Fiscal Union.

He believes, first and foremost, that such supervision will not be effective unless balance sheets are cleared of toxic assets, a single system of regulation is put in place with the same rigorous standards for everyone,

and a European mechanism for settling bank defaults in an ordered manner comes into force. Not to include such conditions –and the December agreements adopted in Brussels do not include them– is like building a house by starting with the roof, he points out.

Citing the Lisbon Treaty, the author examines the uncertain process of a Member State's possible withdrawal from Economic and Monetary Union (EMU) –'the only possibility of pulling out of EMU is by pulling out of the EU'. He maintains that a possible expulsion would not be easy, as it would make it necessary to change the treaties– something that is impossible without the unanimous consent of all the Member States (art. 48 of the EU Treaty).

'Activity continued to slow down in Asia in the third quarter of 2012 [...] . The worsening of the EMU crisis and increase in political uncertainty in the US are chiefly responsible for this performance, as both factors have a negative impact on exports and investment decisions', states Iranzo. 'Nevertheless, we believe that it has bottomed out and that growth in the region will speed up, albeit modestly, from the fourth quarter of 2012 onwards.'

This forecast is greatly influenced by China, where, 'despite the relative resilience of the Chinese economy, everything indicates that the current growth model based on public-sector investment and exports is beginning to show signs of exhaustion'. The author adds that 'therefore growth rates of more than 8.5% (even in the most optimistic scenarios) are not expected for the coming years'.

Recognising the importance Spanish investments have in Latin America, Iranzo analyses their profitability and the main risk factors. Regulatory risk in the region, he states, 'stems above all from legal uncertainty, which exposes companies to unexpected changes in the law, lack of transparency of processes, legal loopholes in legislation... and the weakness of certain institutions'.

If we add to this the high risk premium –some 700 points– in the western hemisphere owing to uncertainty in countries like Argentina and Venezuela, and the experience gained by some of the main Spanish companies based there, the author advises maximum caution.

US foreign policy under Barack Obama: analysis and outlook

Javier Rupérez

Chapter one

Abstract

The objective of the foreign policy of President Obama has been to take distance from that practiced by his predecessor George W. Bush. In its place he has built an image of a friendly, multilateral, cooperative and constructive power in an atmosphere of national regeneration. It is necessary, therefore, to analyse to what extent this is true in its external dimension, in relation to the Arab world, Israel, AfPak, Europe, Latin America, Africa, Russia, China and, of course, Spain.

Key Words

President Barack Obama, Obamaism, US foreign policy.

Doctrine and concept: 'Obamaism'

The primary aim of US foreign policy under Barack Obama's presidency has been, and largely remains, to establish a distance from that pursued during the tenure of his predecessor in the White House, George W. Bush. Obama had built the electoral platform that earned him the presidency in 2008 from a perspective of national regeneration. This included, both externally and domestically, a new vision of America tinged less with positive terms and more with the explicit will to build a countertype to what the Democrat imaginary had offered over the previous eight years: conflict, wars, economic crisis, unilateralism, imperial imposition. Contrary to Bush junior's 'unfriendly' America, Obama's presidency wished to create an image, and eventually a reality, of a friendly, multilateral, collaborative power willing to strike up dialogue with friends and adversaries alike, pacifistic and constructive and not to be feared. The wave of universal approval with which Obama was hailed on taking up the US presidency was largely due to the aims and gestures of the winning candidate. The national and –above all– international rifts which had triggered the invasion of Iraq and the subsequent war were to be shelved in a new age of entente and dialogue. These aims naturally included, as the new administration soon showed, the explicit wish for rapprochement and better relations with the Muslim world. The catalogue of the Obama administration's new and good intentions also featured other related plans: a reconsideration of relations with Russia; a reassessment of relations with China, the major strategic competitor; greater 'civilian' emphasis on counterterrorism, which even lost the generic name of 'war on terror' with which it was christened by Bush junior following the attacks of 11 September 2001; naturally the closure of Guantanamo; and in practice –though not in theory– abandonment of the democratising aims which had guided many of predecessor's international undertakings. Although in some ways it contradicted the rest of his stated intentions, Obama did not wish to turn the world into the image and likeness of western democracy, entrusting the 'nation building' efforts so present in George W. Bush's foreign policy to the purely domestic realm. Obama's designs for US foreign policy definitely included an implicit intention of withdrawal, a non-confessed conviction, so close to America's intellectual left wing, that the United States was in decline –the 'post-American' world of which so many have been talking for some time, although it has not quite gelled– and a manifest decision to obtain the consequences: fewer foreign adventures, less involvement in other countries' conflicts, a lesser ability to carry on playing the role of universal guarantor of peace and stability. What is paradoxical, now that Obama has completed the four years of his first term and, following his re-election on 6 November 2012, is about to embark on his second and last four-year period at the helm of the country, is that with hardly any loss of international popularity –though a large loss in domes-

tic popularity— the United States' foreign policy, as a result of the ill-perceived reality or of events that are no less predictable owing to their unexpected nature, such as the succession of 'Arab Springs' in the Middle East and North Africa, has ended up being fairly similar to that which was practiced and preached by George W. Bush; this is tantamount to saying to that practiced and preached by America's international 'establishment' in pursuit of what have been perceived as national interests almost since time immemorial. They are the interests of a major power —the only one that currently still remains and is worthy of that name— which, owing to varied circumstances, has made exporting a certain sense of stability the centrepiece of both its domestic and foreign dimension.

Obama made his opposition to the Iraq war one of the main topics on his personal and political agenda from the time he was still a state senator in Illinois. On 2 October 2002, in an anti-war rally held in Chicago, the future US president said that he was not 'opposed to war in all circumstances', but to 'a dumb war'. He added that Saddam Hussein, for all his brutality and badness, did not pose a strategic threat to American interests and that he therefore opposed an 'occupation of undetermined length, at undetermined cost, with undetermined consequences'. Unlike many other American politicians, among them Hillary Clinton and John Kerry, Obama had taken an early stand that allowed him to state coherently before the presidential elections and after moving into the White House his intention to put an end to the war in Mesopotamia and to proceed to withdraw the troops stationed there. Obama's vision of the United States' war commitments that he inherited was soon embodied by the distinction drawn between wars of 'choice' (perverse and unnecessary ones which one chooses and triggers, Iraq) and those of 'necessity' (the inevitable sort imposed by foreign aggression that have to be fought, Afghanistan).

But without doubt, and very unexpectedly, where Obama was faced with the urgent need to describe his role as president of the United States of America and commander-in-chief of its armed forces was when he was awarded the Nobel Prize for Peace in 2009. In a sense, the award of the prize was a gift as brilliant as it was poisoned. He had only just moved into the White House and had not had much time to put into practice his cherished renewing and peace-making policies when the Nobel committee based in Oslo, the Norwegian capital, granted him a distinction that signified both a future commitment and, above all, a rejection of the past. It was not difficult to read into the committee's intentions a wish to punish George W. Bush's international policies almost explicitly. And in the clash between desires and reality, between the wishes of the awarders of the prize and what its recipient should describe as his obligations, Obama chose to face head on the position of president of the United States which he had sworn to serve and delivered one of his finest speeches — perhaps one that he would have preferred to avoid. It was the speech of the presi-

dent of a nation at war who, facing the professional and well-intentioned pacifists of the coveted prize and not without a certain amount of political correctness in his purpose, described with anguish the grandeur, misery and dilemmas of his job.

The Norwegian committee of the Nobel Peace Prize had spared no praise, stating that Barack Obama deserved to be recognised for 'his extraordinary efforts to strengthen international diplomacy and cooperation between peoples' ...for creating a 'new climate in international politics' ... allowing multilateral diplomacy to regain a central position ... and that 'only very rarely has a person to the same extent as Obama captured the world's attention and given its people hope for a better future'. In his speech of acceptance of the prize on 10 December 2009 Obama showed himself –as was only fitting– to be grateful, surprised and humble, immediately going on to remind the audience that he was commander-in-chief of the armed forces of a nation in the midst of two wars in which his soldiers 'kill and are killed' and that as head of state he has sworn 'to protect and defend my nation', and therefore cannot be guided alone by the examples of non-violence preached by Gandhi and Martin Luther King. Because 'I face the world as it is, and cannot stand idle in the face of threats to the American people'. He added: 'For make no mistake. Evil does exist in the world. A non-violent movement could not have halted Hitler's armies. Negotiations cannot convince Al Qaeda's leaders to lay down their arms. To say that force may sometimes be necessary is not a call to cynicism – it is a recognition of history; the imperfections of man and the limits of reason.' Involuntarily, then, in paradoxically pleasant circumstances, Obama was forced to construct a foreign policy narrative in which his initial idealism naturally stands out but which also features considerations on peace and war, on the price the United States has had to pay for maintaining stability and freedom in the world, and on human rights and their imprescriptibility. Perhaps it is the most complete compendium in its scope, contradictions, nuances and dilemmas of what might subsequently be considered the Obama doctrine for US foreign policy, 'Obamaism'. Although its guidelines have not always been those that its inspirer and his collaborators have followed, the literality of his text was greeted with almost equal enthusiasm by left and right in the US and the world. This was a sign that for the latter, the conservatives, things had not changed as much as they initially thought or feared. And a sign for the former, progressive politicians of every ilk, that hope had not entirely been lost. It was a great speech all round.

It is comparable in scope, length and purpose to the one delivered by President Obama at Cairo University on 4 June of that same year, 2009, only months before travelling to Oslo to receive the Nobel Peace Prize. In Cairo, and with transparent intentions, Obama chose to address the Islamic world and did so in an openly conciliatory tone. In the background,

and scarcely mentioned, were the misunderstandings that had arisen between America and the Muslim world over the invasion of Iraq, to which the US president devoted a paragraph that seems somewhat exculpatory: the Iraqis are better off without Saddam Hussein but America was wrong to overthrow him without the consensus of the international community.

The text features a long list of mutual interests and reproaches and does not fail to mention the hottest topics in that context: women's rights, the Israeli-Palestinian conflict, the risks of nuclear proliferation posed by Iran, the bitterness stemming from the 11 September attacks and the universal validity of human rights. But the lasting impression is not so much the content as the tone and willingness: the new president of the United States had chosen the Egyptian capital to announce his wish to ingratiate himself with the Islamic world in terms which some of his critics found excessively benevolent and even slightly servile. Childhood memories, which inevitably involve family and local Muslim-rooted aspects, repeated reverential citations from the Koran, and the fact that the trip to Cairo was not followed or complemented by another to Israel helped paint a picture in which critical observers found reason for caution. Only recently in the election debates between Obama and Romney in 2012, the latter reproached him for making a penance-seeking trip in which he had asked the Muslim countries for forgiveness for the mistakes made and of which the Cairo stage had been the main example – as well as for the fact, which was proved later, that the goodwill lavished in the speech did little to change the perceptions of Muslim public opinions, whatever their leaning, of the United States of America. Perhaps because the changes made by Obama's diplomacy in its dealings with these countries were not very spectacular. The Cairo speech, which certainly cannot have given much satisfaction to the civilian and military elite who were still governing the country under the iron-fisted guidelines of Hosni Mubarak, was delivered when Mubarak, who could not have suspected how little time he had left in power, was still considered a faithful ally of Washington and an indispensable underpinning for stability in the area. It was not easy for Obama in February 2011, when the popular uprisings in Cairo's Tahir square had become unmistakable signs of the regime's fragility, to call Mubarak to urge him to step down. Deep down time was closing in on itself: Mubarak, like the Shah of Iran before him in Jimmy Carter's day, had been the 'good satrap', the guarantor of stability, and it was worth turning a blind eye to his harsh domestic policies. The contradiction could be kept up as long as nobody denounced the substance of the deceit. It was not the first time, and nor would it be the last, that America's foreign policy had to attempt to reconcile its high principles with what was actually happening on the ground. Two years after the speech at Cairo University, Obama's well-meaning preaching, confident that the status quo would be maintained, had no choice but to respond to the demands for freedom of a Muslim people taken to the streets. Precisely the people whom he had

tried to convince of the advantages of democracy. As the saying goes, 'be careful what you wish for because it might come true'.

A third Obama speech that deserves to be examined in this attempt to establish the pragmatic intentions of his diplomatic action is the one delivered at Prague on 5 April 2009 only weeks after being sworn in. It does not have the same rhetorical and political scope of the other two but has two interesting salient points that are worth remembering. The first is the repeated allusion to NATO as an indispensable alliance both in the Cold War period and today. Naturally the context is that of the freed Eastern Europe which, after enduring the communist totalitarian dictatorships, is now fully integrated into the structures of the western world. And the emphasis on the Alliance is closely related to the role it played in Afghanistan which, for obvious reasons, concerns and worries the US president. But this is one of the few times that the mention of NATO has a leading role in the president's explanation. Naturally it would be absurd to think that Obama's diplomacy considers it forgotten or finished, but there is no doubt that it is given an accompanying role in a strategic design which has other priorities.

The second of the noteworthy aspects of the Prague speech, which has attracted and continues to attract intense interest in the period dealt with by this article, concerns the fight against nuclear proliferation in a multilateral context. Obama announced his country's intention to reduce its nuclear arsenals and invited the countries which own them to do the same, while attempting in a manner as direct as it was obvious to obtain a consensus from the leading international actors to put a peaceful end to the nuclearisation of North Korea and to curb Iranian attempts in this direction. Obama took stock of a long list of international instruments to illustrate these aims: the Strategic Arms Reduction Treaty, the Nuclear Test Ban Treaty, the only too well known and not always respected Nuclear Non-Proliferation Treaty, the Proliferation Security Initiative and the Nuclear Security Summit. Also added to these is the Global Initiative to Combat Nuclear Terrorism, which focuses on the urgent need to prevent nuclear weapons from falling into the hands of what UN terminology calls 'non-state actors' – i.e. terrorists.

The fate of this host of initiatives and proposals has been diverse and not always fortunate. The bilateral Russia-US agreements have borne a few fruit as regards reducing their respective nuclear arsenals, but the more general attempt to engage the international community in a coordinated action designed to put an end to the irregular conduct of North Korea and prevent Iran from reinforcing its own has had uncertain results. After the first four-year term in the White House, without abandoning the initial aims, the denuclearisation endeavour seems to have been somewhat pushed into the background behind priority issues, while concern about the future of North Korea and Iran remains and is growing. In both these

countries, through different routes and recipes, Washington is attempting to arrive at negotiated solutions that re-establish stability in the respective areas and prevent recourse to force. This is one of the aspects in which the initial proclamations of goodwill of the newly elected Obama have not reaped any results. Neither the North Koreans nor the Iranian mullahs have accepted the overtures of the White House. Both cases remain as potential sources of flare-ups and conflict and it is foreseeable that a great many worries of the US and the international community will revolve around them in the coming years. They are both a cause and an effect of the limitations of well-meaning multilaterality. Only North Korea's renunciation of its nuclear weapons and an announcement that Iran is abandoning the race to gain them could be considered a satisfactory result of the endless and as yet fruitless rounds of talks and negotiations.

In May 2010 the White House published the United States' *National Security Strategy*. It features a foreword by President Obama in which his switching thoughts on conducting the country's foreign policy are perceptible.

On the one hand he claims that the United States 'will maintain the military superiority that has secured our country, and underpinned global security, for decades'. But on the other he reminds readers that 'the burdens of a young century cannot fall on American shoulders alone', adding for the benefit of the forgetful that 'America has not succeeded by stepping outside the currents of international cooperation'. To the positive reference to the 'old alliances that have served us so well' is added the intention to 'build new and deeper partnerships in every region'. 'Our Armed Forces will always be a cornerstone of our security, but', he states immediately afterwards, 'our security also depends on diplomats... development experts... and intelligence and law enforcement.'

Basically, nothing new. It is all a question of emphasis. And that is where novel features can be found. Those of 'Obamaism'.

The arcs of crisis: 'Af-Pak'; Iraq; Israel and Palestine; Iran; north Africa and the 'arab springs'; the fight against terrorism; Mali and Bengazi

The first emphasis of any foreign policy is always unresolved conflicts and the United States is no exception to the rule. Rather, it abundantly confirms it: in recent times there have been no accounts of US foreign policy that do not tell of the dedication which the whole complex national security apparatus –the White House, the State Department, the Pentagon, the CIA and the rest of the national security and intelligence agencies– has shown to these issues. Come to think of it, from the viewpoint of America's interests, their origin and motivation lies in the substantial changes brought about by 11 September in the United States' conduct at

home and abroad. The ensuing crises –and chiefly those related to the phenomenon of the ‘Arab springs’– are another matter but share with the foregoing a common religious and cultural nature: they are also found in the context of situations of instability arising from some Islamic societies of the Mediterranean and Middle East.

Obama arrived at the White House in 2008 with explicit intentions for the conflicts he had inherited: to put an end to the wars in Iraq and Afghanistan; negotiate the renunciation of nuclear weapons with Iran; promote a new round of negotiations between Israelis and Palestinians; and, in the context of the implications of the war on terrorism, close Guantanamo prison.

The US troops completed their withdrawal from Iraq on 31 December 2011. Of all the promises, this is the one that has been most faithfully kept. The war had begun with the invasion of the country on 19 March 2003. The toll of casualties was large: 4,488 American soldiers died and 33,184 were wounded; 318 soldiers of other nationalities also lost their lives, including 179 Britons and 11 Spaniards. It is difficult to calculate the number of Iraqi civilians who died during those years as a result of the war and its ramifications –among them those derived from intra-sectarian violence– but it is no doubt in the region of many tens of thousands. It is equally complicated to calculate the total cost of the war to the US economy, although the figure that is commonly bandied about ranges between 700 billion and one trillion dollars.

The Iraq war has not had the same devastating political and psychological impact as the Vietnam War either in human lives or in economic cost. This is undoubtedly due in part to the fact that, unlike in the past, America’s armed forces are professional soldiers and not conscripts. But the psychological wear on the nation caused by a conflict that was never popular and seemed to be dragging on endlessly with respect to cost and time is undeniable. Equally undeniable is the relief with which news of the end of the two remaining wars, Iran and within a few months Afghanistan, was received by the average American. The fact that Obama was the president who stemmed the bleeding is something average Americans have taken into account and appreciated – among other reasons because, as was to be expected, Obama’s electoral machinery reminded them of it, somewhat insistently.

What is paradoxical about the case is that the date of the withdrawal coincides with the one established in the *Iraq Status of Forces Agreement* which was signed by the outgoing administration of George W. Bush and the Iraqi government in December 2008. The Obama administration, apparently not too convinced, was counting on reaching a renewal of the agreement, which would have made it possible to keep on a small contingent of American troops chiefly for training and security tasks, after

the combat units withdrew. The negotiations, which came up against major resistance from Iraq, failed to prosper. The United States has left behind it a country that is deeply divided by sectarian quarrels, the scene of other battles for regional and religious hegemony between Iran, Turkey and Saudi Arabia and run by a fragile and inefficient executive. The increase in terrorist attacks following the withdrawal of American troops is a serious concern. It is not difficult to distinguish, among those responsible for the violence, former insurgents, elements of Al Qaeda and rival Shia and Sunni groups. A cocktail that is literally explosive. Even so, America's presence in the country is not negligible and includes an embassy with more than 17,000 employees and nearly 4,000 'security contractors' – in other words military in civilian dress, a fair amount related to the security agencies. But post-war Iraq is an element of open instability in the area that will probably have a negative impact on the planning and management of Barack Obama's second presidential term. And the Iraqi government, whose behaviour is a sign of times to come, is not always willing to share political and diplomatic views and interests with the US State Department.

The Americans will carry on asking themselves for some time whether the adventure of the Iraq war was worth the effort, and its leaders, whatever their opinion of the unleashing of the conflict, will attempt to explain that so many lives and such expense served at least to introduce a 'modicum' of democracy to the lands where the prophet Abraham was born. Its continuity has not been entirely achieved.

The war in Afghanistan, which was waged against the country that had harboured those ultimately responsible for the terrorist attacks of 11 September 2011 and enjoyed broad international support, both diplomatic and military, has claimed a total of 3,233 lives as of the end of 2012. Of them, 2,161 are American soldiers, 438 Britons and 34 Spaniards, among other nationals. The operations began in October 2001. Since 2003 the operations, in which the US has a huge presence, are conducted under the responsibility of the International Security Assistance Force –better known as ISAF– the form under which the NATO members wishing to take part in the war act; the cost currently stands at one trillion 300 billion dollars. It is difficult to calculate the number of civilians who have been killed and injured, but it would not be hazardous to put the figure at several tens of thousands.

Afghanistan, the war in which the armed forces of the United States of America have been involved the longest in the country's entire history, and its prolongation, as in the case of Iraq, causes fatigue and annoyance, as well as raising a host of questions from important sectors of the American public. Although it was initially greeted with understanding and support –it was about seeking and punishing those responsible for the 11 September attacks– its continuation in the form of a war of attrition

against changing and often invisible enemies accustomed to the difficult terrain, to holding out indefinitely and to unconventional guerrilla methods has ended up spreading the belief that the war has been lost. And therefore the best thing is to pull out as soon as possible with the least possible wear and without making too much noise. This would prove true the old conventional notion that the Afghans are an unconquerable species to whom the British Empire gave in and later the Soviet Empire. More than a few reckon that the same sad future awaits the American Empire.

When Obama came to the White House in 2008 the total number of US troops in Afghanistan was scarcely more than thirty thousand. Four years on, by which time he had been re-elected, the contingent had risen to nearly seventy thousand. To meet operational needs in the manner pointed out by the military chiefs, the Obama administration has decided to increase the overall number of troops to ensure at least the beginning of the defeat of the Taliban and related elements and, consequently, the country's stability and to make it difficult if not impossible for those who have made the United States and other western countries the favourite target of their terrorist actions to find refuge there again.

Decisions to step up the military presence in Afghanistan have not been easy and have triggered clashes between various sectors of the administration and with the military, with Obama from the White House presiding over a debate that was complicated by the people's lack of comprehension and by Congress's constant demands to proceed to withdraw the troops as soon as possible. But at the same time, according to the initial logic of Obamaism –Iraq = bad war, Afghanistan = good war– the president had few options vis-à-vis the opinions of the military chiefs, who made the success of their actions conditional on the presence of more troops on the ground.

There has been an evident divergence among military chiefs between those who advocated a 'counterinsurgency' tactic with abundant armed forces on the ground engaged more in civilian cooperation than in combat, and those who prefer pure 'counterterrorism', which requires fewer but more specialised troops and the use of aerial elements, particularly unmanned. At the start of his second term Obama has more of a 'counterterrorist' deployment owing perhaps to the realisation that the operation of bringing the Afghan population around to the principles of democratic and western behaviour is either impossible or requires time and resources that the United States does not have. But underlying the laborious debates and complicated process which has led to the president's decision to increase the military presence was also the Obamian logic that it had always been Afghanistan which deserved attention whereas Iraq was never more than a digression from the country's real urgencies that ended up taking away troops and resources from where they were really needed. Mentioned several times in this connection was the fact

that the persecution of Osama Bin Laden after the defeat of the Taliban regime was incomprehensibly abandoned at the end of 2001, when the Bush administration had begun to devote thought and resources to the invasion of Iraq.

President Obama is maintaining the intention, announced in 2010, to withdraw the American combat forces from Afghanistan by the end of 2014. But neither he nor his administration wants this withdrawal to signify the disappearance of US military presence from a territory so hard fought over for so many years. The fear that the Taliban might again take over the country leading to the re-emergence of the terrorist hydra under the name of Al Qaeda or similar is something that evidently worries the US institutions. At the end of November 2012 Defence Secretary Leon Panetta expressed the need to guarantee 'continued American presence' in Afghanistan beyond 2014 in order to combat terrorism, facilitate the training and assistance of local forces and bolster the capacity of the US forces in any circumstance. This would naturally lead to the conclusion with the Afghans of what could not be reached with the Iraqis: an agreement on the status of the American troops, probably accompanied by a bilateral security agreement between the two countries and another no less important one between Afghanistan and Pakistan laying down the terms of a 'strategic partnership'. As for aspects that directly affect the Americans and depend on them, Obama will centre his efforts on completing this web of agreements, which highlight both the difficulties of the past and the concerns of the future. And no less important among them is the complicated character of Afghanistan's President Karzai, whose political life should be limited to the forthcoming term of office after which his mandates expire, but in recent years he has proved to be erratic, unpredictable, volatile and prone to government methods that reek strongly of clientelism and corruption.

The most urgent pending issue is again to decide on the number of troops who, if an agreement is reached with Afghanistan, could remain in the country after 2014 and for a time that some establish as up to 2024 and others consider should be indefinite. Like the presence of American troops in Germany or Japan after and as a consequence of the Second World War. The military chiefs, always aiming high, would like to be able to count on a total of 40,999 soldiers, practically the number on the ground in 2008. Civilian sources lower these figures to 10,000 or even 3,000. Naturally everything will depend on the situation on the ground and on the missions to be performed, but it is not hard to predict that Obama will have to devote a significant part of his second mandate to this thankless and repetitious task of tying up the countless loose ends if he wishes to fulfil effectively the promise of withdrawal in the envisaged manner and timescale and at the same time guarantee –no mean feat– that Afghanistan is not left at the mercy of a new and dangerous Taliban

dictatorship. That is, that the Americans pull out of the country in a different way to the Soviets in 1989.

It is said to have been Richard Holbrooke who coined the abbreviation Af-Pak to sum up and indicate the close relationship between Afghanistan and Pakistan and their respective problems and complex relations. Indeed, in the process that US foreign policy has rapidly discovered in recent years, there is no possible solution to the issue of Afghanistan without the collaboration of Pakistan, nor is there a future for a stable Pakistan without a reasonable solution to the situation in Afghanistan. The problem, among many others, is that whereas Pakistan believes it has a certain right of possession over Afghans, the latter prefer to manage their own interests relatively autonomously, without too much foreign supervision or interference. A by no means insignificant additional issue is the permanent obsession, verging on paranoia, with which the Pakistanis always view the outside world, as if it were the result of an Indian conspiracy, and the consequent fear that the rulers in New Delhi will attempt to win the Afghans over to their side to the detriment of Pakistan. And continuing with the list of potential problems and risks, there is the Islamic nature of Pakistan, a state which perhaps harbours the crème-de-la-crème and the most battle-hardened members of radical fundamentalist Islamism in the whole world and whose endeavour to impose the sharia has led to violent and terrorist actions that have not always been cracked down on everywhere by the Pakistani authorities with the necessary strength and conviction. Of course everything has its history and Pakistan's cannot be understood without recalling the reasons for its existence, which lie in the colonial partition of India according to religious borders; without remembering its privileged relationship with the United States during the Cold War period, when India belonged to Moscow's circle of influence; without appreciating its collaboration in the fight against the Soviets by helping together with the CIA the thousands of volunteers who went to expel the infidel from Afghanistan – among them Osama bin Laden; or without bearing in mind the obscure result of such contrasting histories, which are shaped and represented by the fascinating but sinister conglomerate grouped around Pakistan's intelligence services, the ill-famed ISI (*Inter Services Intelligence*).

The United States and Pakistan have ended up developing a close love-hate relationship in which the mutual benefits outweigh the underlying tension. Washington cannot aspire to control the Taliban flood in Afghanistan without minimal cooperation from Pakistan. And the Pakistanis need military, economic and technical support to maintain the narrow feasibility of a battered economy in a country surrounded by real or imaginary enemies. Not to mention the Americans' logical concern about the existence of a country that is governed by fragile institutions yet possesses nuclear devices. A nightmare.

Even so, the best description of the relationship between America and Pakistan is the incursion of the US Navy Seals who put an end to Osama bin Laden on 2 May 2011 in the midst of Pakistan. What can be said about a relationship of alliance or simply of friendship when a belligerent incursion that obviously knows no frontiers and violates territorial integrities is conducted by one country without the other's knowledge out of fear or rather the conviction that otherwise the target of the incursion, Bin Laden himself or his cronies, would be notified? And how can we explain that the most wanted fugitive on earth should have spent his last years of life peacefully dwelling in the Pakistani town of Abbotabad, only a few tens of kilometres from the capital, Islamabad, and only a few hundred metres from Pakistan's military academy, without the all-powerful ISI being aware of his existence and reporting it? The Bin Laden affair has taken its toll on relations between the two countries, which reached their lowest ebb in many years, but Obama, who was ultimately responsible for the event and had given direct instructions for the Pakistanis not to be informed, got his calculations right: Osama was eliminated, the Pakistanis were extremely irked but relations did not reach breaking point. Indeed, the web of interests is so large, however disparate these interests are, that neither of the two can do without the other at such critical times and in such serious matters as combating terrorism and the possibility of the region's future stability. Not to mention, of course, the political and material advantages Pakistan derives from the entente. However imperfect it may be.

Take, for example, the United States' growing use of unmanned aerial vehicles to do away with terrorists who support the Taliban or are related to Al Qaeda and other radical Islamic movements. The strikes are launched from Afghanistan but the vast majority of their targets are in Pakistan or the areas along the Afghan border. These targets have not always been alien to the Pakistanis, who are interested in eliminating certain inconvenient elements of the insurgency, who were also hunted down from US bases in Pakistan in the recent past.

Drones have provided the Obama administration with an expeditious and lethal method of dealing with terrorists who operate in this no man's land, the Afghan-Pakistani border. The statistics reveal the efficiency and regularity of their use at the present time. Between 2004 and 2008, when George W. Bush was still in the White House, 52 incursions of unmanned vehicles were launched. Between 2008 and October 2012, with Obama now in power, the total number of incursions rose to 298. The results are equally revealing. The number of victims caused by incursions using unmanned craft ranged between 384 and 547 in Bush's day. Between 1,548 and 2,620 were recorded during Obama's first term in office. As will be seen, the numbers vary and civilian victims need to be included –something which has logically triggered angry protests from both Pakistanis

and Afghans— and in general seem to account for less than ten percent of the total numbers. But there is no sign that Obama is willing to stop using them or that Afghanistan or Pakistan will question their use so radically as to make it impossible.

Drones have raised various doubts in US political, legal and intelligence circles. Some view them as a modern but equally reprehensible version of the 'targeted killings' which the US administration has banned since Gerald Ford's day. Others, chiefly intelligence circles, believe they should be used less frequently, as they prevent the alleged terrorists from being arrested alive and allow no information to be gained from them. Before the 2012 elections the White House commissioned studies to provide a discernible legal framework for the use of the system in an attempt to silence some of the criticism. The study, commissioned somewhat hastily in case Barack Obama were not elected, will be published in the coming months and will bring some regulation to the activity of unmanned vehicles. Though they will not cease to be present in skies under which terrorist activity is carried out. They are safe, 'clean', do not require soldiers on the ground and have proved their efficiency in Afghanistan and Pakistan, but also in Yemen and Somalia. In a sense they are a symbol of Obama's foreign policy: they come from afar, make no noise, are cheap and allow their owner to carry on speaking of peace and cooperation.

The Obama administration has systematically maintained —supporting the legal justification for the use of drones— that Afghanistan and, to an extent, the border areas with Pakistan, are legally theatres of 'war' and therefore their use could be more justified from the viewpoint of international law. But Somalia and Yemen cannot be classified as 'theatres of war', as they are countries with which the United States is not legally at war. This clarification reveals to an extent what is usually a common feature of all US presidents: that US interests must be above any other consideration. It is precisely this attitude that usually triggers the rejection and criticism of a variety of countries all over the world, especially in Europe. What is notable about this case is that what was not admissible in other presidents owing to this legal requirement (i.e. George W. Bush) is widely tolerated in others (i.e. Barack Obama).

Iran has been giving American diplomacy a headache since Jimmy Carter's mandate and there is no reason to believe it will cease to do so in the near future. In his first inaugural speech and later in his address at Cairo University, Obama wished to hold out an olive branch to the Islamist regime with the confessed aim of achieving a peaceful solution to the 'impasse' caused by Teheran's intentions —no less evident for being denied— to obtain nuclear weapons. Attempts at fixing the problem date back to the times of George W. Bush, when the five permanent members of the UN Security Council and Germany embarked on an endless round of negotiations, still incomplete, to provide guarantees to the Ira-

nians in their declared intentions to obtain civilian-use nuclear energy and renounce military use. The first four years of Obama's mandate have witnessed the multiplication of negotiations and sanctions, the former sparing and the latter increasingly harsh. Everything indicates that Iran's economy is suffering the consequences of the sanctions, but there is nothing to suggest that work to achieve nuclear weapons has slowed down let alone stopped.

Various spokespeople of the US administration, among them President Obama himself, have repeatedly voiced ad nauseam their concern about this issue and how decisive it is for them: the notion that in this case there are 'red lines' that must not be crossed has been mentioned repeatedly. But what are those red lines? Must we wait until the Iranians explode the first of their nuclear weapons to declare this or would it be sufficient to be certain they are about to do so? And having determined that they have crossed these oft-repeated 'lines', what would the consequences be? Would the Security Council be asked to adopt more sanctions or would authorisation even be requested for military intervention pursuant to Chapter VII of the Charter of the United Nations? And in the event that multilateral diplomacy did not work, would the United States be prepared to engage unilaterally in war to put an end to Iranian nuclear resources? And to further complicate matters, now that the Israelis have also made clear the existence of their own 'red lines', would President Obama be willing to give orders for elements of the US armed forces to take part in an Israeli attack on Iranian nuclear installations? Or at the other end of the spectrum of possibilities, having ruled out military intervention for general and particular political reasons, would the United States –and indeed the rest of the world– be prepared to live with a declaredly nuclear Iran?

American diplomacy will most likely face these questions sooner rather than later during the four-year period following Barack Obama's re-election. We must assume that he is logically willing to make every effort to seek a negotiated solution which should involve juggling a mixture of offers and threats that have so far failed to achieve a definite result. There is always the solution of stepping up the sanctions but, as experience shows, not all members of the United Nations respect them with the same intensity and the Iranians are accustomed to finding ways of getting round them. And of the five permanent members, the United States cannot expect the same solidarity from China and Russia that it can from France and the United Kingdom. There are major doubts about the willingness of the first two and even one of the second two to authorise, let alone take part in, a punitive action against Teheran.

The terms of the dilemma make the Iranian issue central to US foreign deployment and its very credibility. Obama, and rightly so, has invested political prestige in addressing it both through antinuclear convictions

and through evident geostrategic considerations: an Iranian bomb would dangerously heighten the tension in the region, leading to an arms race between those who vie for primacy in the area – Egypt, Turkey, Saudi Arabia. Not to mention the evident risks that a nuclear Iran would pose to the State of Israel. But in 2012 we are no closer than in 2008 or 2004 to a peaceful solution that would allow the Iranians nuclear energy for civilian purposes, as they claim to want, and the express renunciation of nuclear weapons.

In recent history Barack Obama has been the US president who has kept more of a distance from the State of Israel in his foreign policy and who has been least willing to attempt successful negotiation between Israel and the Palestinian Authority. Leaving aside the usual rhetoric of the successive US administrations on America's indestructible support for Israel –which continues to be the basis of the approach and would no doubt become a course of action in the event of extreme necessity– Obama has criticised openly and harshly the policy of Israeli settlements in the West Bank and disagreed privately and publicly with the prime minister, Netanyahu, to an extent rarely witnessed between the heads of the two countries' executives. A conscious or unconscious result of his wish for a rapprochement with the Arab world or the result of a tactical conviction used to moderate the latter's behaviour, the fact is that Jews in both Israel and the USA are openly wary about Barack Obama's policy towards the central issue of the negotiations on achieving the existence of two states in peaceful coexistence in the eastern Mediterranean, the Middle East. Developments in the situation on the ground, with a Palestine divided de facto between Hamas' Gaza and Al Fatah's West Bank and the recent events at the United Nations, with the recognition en masse of Palestine as an observer state and Israel's response announcing the construction of the settlements, by no means facilitates the fulfilment of what until not long ago, with wide-ranging international support, was known as the 'road map' for settling the conflict.

It would be logical to expect that in his second and last term in office Barack Obama will make an active attempt to sit the parties around a table and to achieve at least what all his predecessors have sought without exception: a lasting peace agreement. On many occasions nothing more than the visual record, a photo, has come of these attempts and on this occasion the factors of the problem have added and serious complications. It is evident that the Palestinian-Israeli issue has elicited from Obama the reaction that many of his critics attribute him in many national or international matters: indifference and distance, prompted perhaps by the weariness the issue causes any lively-spirited person. But internal and external pressure, which cannot be considered unrelated to that caused by the very serious issue of Iranian nuclear weapons, could well spark a change of attitude in the president and his administration. In the

Middle East Palestinians and Israelis, used to playing with fire, currently have a time bomb on their hands that could explode at any moment and in practice only the United States, even in the post-American times of Obamaism, have the ability to force the blasters to put their quarrels behind them and sit at a table to settle their differences. It is true that Obama may play some of the cards that tuned-in observers concede him: they claim that never has economic, political, technical and military co-operation between the United States and Israel been more intense than under Barack Obama's presidency. From this viewpoint his impartiality would be no more than a feint purposely sought to appear close to the Palestinians and to the Arab world in general so as to facilitate eventual negotiations in apparent equidistance. This is a farfetched theory, albeit not completely alien to the practices of the current White House tenant. Only time –which cannot be very long now– will tell how much truth there is in this Machiavellian design.

The 'Arab springs' took the United States –and all world diplomacy– by surprise. Nobody was unaware that in the large group of countries with Arab majorities Islamised to some degree, from Morocco and Algeria to Yemen and Saudi Arabia, most leaders practiced at best a benevolent authoritarianism and at worst diverse forms of autocracy of a kind –lay or religious– that was little short of repression. With the times when the Cold War grouped countries together according to their affinity with Russians or Americans a thing of the past and with the latter established as the only major power to be trusted, practical reasons led Washington's leaders, then and now, to get on with the satrap of the moment, it mattering little whether his origins were religious or lay as long as he guaranteed domestic stability and was well-disposed towards US interests.

The reprobation, which could no longer come from impossible support for Moscow's Leninist Marxism, lay in the respective abilities to ensure that the respective territories were not used as a haven or launching pad for Al Qaeda and related Islamic terrorists. Everything else –human rights, fundamental freedoms, rule of law– was relegated to second place. Viewed from this perspective, during the first years in office Obama had practiced a cruder *real politik* than his predecessor, George W. Bush, who at least, with more good intentions than success, had attempted to spread the democratising impetus to the Arab masses through his initiative for a 'Wider Middle East'. But as this was 'nation building' and bore the Bush hallmark, Obama could not wait to throw it down the drain of history.

The first and most painful manifestation of this tendency was in connection with Iran's 'green revolution', when the opponents to the regime noisily voiced their protests at the result of the June 2009 elections. The protests were harshly suppressed while Barack Obama's White House and Hillary Clinton's State Department carefully avoided criticising the regime of the mullahs or supporting the suffering opposition beyond a

few periphrastic mentions of the virtues of democracy. The incidents ended in dozens of deaths. It was not yet known that this was the first manifestation of the democratic 'springs' in the Middle East –not Arab in this case– but the United States and the West, even during its obvious gestation, gave it no further importance than if it were a student hullabaloo. Washington no doubt thought that by visibly refraining from criticising the events it would help oil the cogs of the pending negotiations on Iran's nuclear arsenal. The Iranians do not seem to have paid that forfeit.

But apart from this minor setback, everything seemed to be going well until an unemployed graduate who wanted to sell fruit and vegetables to earn a living in a small town in northern Tunisia decided to commit suicide on 17 December 2010 by pouring petrol over himself and setting it alight after local politicians repeatedly denied him the possibility of carrying out his modest plans. The dramatic scene spread like wildfire through Tunisian society which, after widespread protests, succeeded in forcing President Ben Ali, entrenched in power for 23 years, to step down and seek exile along with his whole family on 14 January 2011.

The popular uprisings in Tunisia and their democratising success –or at least this is how they were interpreted in the West– soon spread to Egypt. The intensity and frequency of the protest marches against Hosni Mubarak forced him to resign on 11 February 2011. The United States, through Obama, had been rather slow to join in the call for him to step down and was considerably concerned. Mubarak's disappearance marked the end of what had been held to be one of the bastions of stability in the Middle East, as understood and encouraged by American diplomacy. Like Ben Ali's exit from Tunis, Mubarak's stepping down from the presidency of Egypt ushered in a period of uncertainty. And it was only just beginning.

Only a few days later, on 17 February 2011, Libya witnessed the first popular uprisings against Muammar Gaddafi, the erratic colonel who had held the reins of the country's future since the late 1960s. But unlike his colleagues in Tunisia and Egypt, the eccentric leader decided to go down fighting, marking the start of a bloody period of hostilities against an increasingly determined and well-armed opposition. The scale of the conflict soon interested international actors who, worried about its ramifications, one by one took sides against the colonel. In March the UN declared a no-fly zone to protect the rebels. In July the Arab League openly sided with the groups who opposed Gaddafi. The French and British governments, determined to participate militarily in combating the Libyan autocrat, urged the United States to do the same and Obama, in a decision that is also powerfully relevant to describing his international leadership style, not without initial doubts, authorised his country's presence but limited it to air force, intelligence and control elements and did not station soldiers on the ground. It was a decisive intervention but in keeping with Obamaism: only foreign adventures that are strictly neces-

sary, as short-lasting as possible, with the lowest cost imaginable and following the lines established by the rest. This explicit renunciation of taking the lead has come to be known and praised by supporters and criticised by opponents, as 'driving from behind'. It has many supporters among Americans and non-Americans, the former weary of wars and the latter eager not to have to come up against an over active United States. It is not clear whether this attitude results in a better understanding of American interests and their possibilities. Obama's electoral propaganda has presented Libya as a decisive contribution to international stability. But if this were the case, had it not been presented as a result of the French and English petitions in this connection and made from the back seat, modestly 'driving from behind'? The fact is that in the end Gaddafi lost the battle and was assassinated by his opponents in a horrific scene worthy of the worst kind of Mussolinian *grand guignol* –perhaps what he deserved– on 20 October 2011.

The contagion spread to Yemen too, where President Saleh, after two decades at the helm and following a confusing series of events beginning in January 2011 with the usual popular uprisings, was forced to step down –and, like Ben Ali, seek exile in Saudi Arabia– in February 2012. Saleh had been a steadfast ally of the United States in fighting Al Qaeda. And King Hamad in the small but strategic emirate of Bahrain also saw his governance challenged by the demonstrations that began in February 2011 and were barely quashed by the local police and foreign intervention, chiefly Saudi: the emirate is governed by a Sunni minority who reign over a Shia majority and instability is cause for twofold concern for the United States: on the one hand, ascertaining whether the *longa manus* of Iran might not be behind the Shia protests: and, on the other, the logical worry about the stability of a territory that hosts the headquarters of the 5th US Fleet and which in 2001 had been declared a 'major non-NATO ally'. Washington has said little about the situation in Yemen. And nothing about the known situation in Bahrain.

A special case is the situation in Syria, where the protests first manifested themselves on 15 March 2011 against the regime of Bashar Al Assad, later developing into an open civil war whose results are still uncertain, although as of the end of 2012 it had claimed more than forty thousand lives. International condemnation of the Syrian regime has come from places as diverse as the UN, the western countries, the Arab League and the Islamic Conference in a situation that brings together sectarian loyalties, economic interests and geostrategic aims. It is evident that Iran, with the silent support of Iraq, and to a lesser extent Russia are supplying weapons and munitions to the government forces. It is also obvious that the rebels receive arms from Turkey and Saudi Arabia, while France and England provide 'non-lethal' elements –communication and intelligence– and the United States also endeavours to supply information. Nobody,

least of all the United States, has so far envisaged the possibility of direct armed intervention, which would open up a new locus of war in the region, especially when important members of the international community like Russia and China would be vigorously opposed. Western sensitivity towards the humanitarian situation could eventually lead to some measure of the sort that finally made it possible to overthrow Gaddafi in Libya. But even this possibility is viewed with utmost caution by the Obama administration and the American people.

What is more –and this is why the Syrian experience should be located in the post-Arab-Spring period– radical elements close to or even belonging to Al Qaeda cells, people who would have taken possession of the semi-heavy weapons supplied to the rebels by Turks and Saudis, are known to be present among the rebels. To the caution this realisation prompts should be added the developments in the countries that have lived through the experience, all of them without exception ruled by Islamist majorities after the elections and all of them, in various degrees, in the grip of instability and chaos. What is more, an evident and violent anti-American sentiment prevails in all of them. Obama's intense attempts to get through to the Muslim masses in the first part of his mandate have failed to reap visible results. And the Islamist wave that has swept over the region since the 'springs' and the consequent elections pose a delicate problem to American diplomacy and to the western countries in general: chosen by reasonably democratic means, the force in power, professing Islam as a civil-religious guide, calls for the popular support in an absolutist manner based on ideological, political and social foundations that are radically different from those known and followed in the West. The challenge is a significant one and President Obama cannot address it merely by preaching tolerance and closeness. The least that can be expected is a time of confusion and danger that will require flexibility and firmness in quantities that only the White House tenant will be able to gauge properly. But the times of Cairo University belong to a past that probably never was and certainly will never be. And still to be mentioned in the list of 'springs' and their consequences are the countries that have scarcely experienced them, such as Jordan –where demonstrations have been staged against the king– and Morocco and Algeria, where there are only slight indications that something is going on. And what about Saudi Arabia, Kuwait and the rest of the emirates – where little or nothing has happened so far? Are they all immune to contagion or can the contaminating particles be expected to reach them sooner or later? What could American diplomacy do if anti-governmental instability were to take hold in those countries? It would not be surprising if Obama and his advisors were to devote a significant part of their time to discovering this.

More than a decade on from the attacks of 11 September, analysts and public opinion in the United States and other parts of the western world

are wondering about the real situation of Al Qaeda, its real strength, its ability to strike again, its very existence. Since then we have witnessed dramatic moments in connection with Islamic terrorism –Madrid 2004, London 2005– as well as attempts, fortunately thwarted, at causing further deaths and destruction in the United States or in aircraft bound for the country. Certainly, the incidence of the various manifestations of terrorism of this type in actions against fellow Islamists but belonging to different sects have stained with blood cities in Iraq, Syria, Pakistan and India, not to mention the attacks perpetrated against faithful and Christian churches in Nigeria and Egypt or the ever recurring but less numerous attacks endured by the Israelis. The doubt will always remain as to whether Al Qaeda is reborn or dead, whether it is an organisation or simply an inspiration, if the huge alarm triggered by the attacks of 11 September in the United States and throughout the western world is still justified or, on the contrary, if it deserves to be reassessed politically and operationally.

In its second tenure the Obama administration would like to turn the page on the fight against terrorism –another of the legacies from George W. Bush– in order to adopt a less dramatic approach more in line with the country's normal procedures and civil laws. The first attempt to close Guantanamo was thwarted by Congress's opposition to allowing American prisons to take in terrorists detained at the Cuban base, but the issue of reducing them at least has now been resumed, with the claim that many of the one hundred and sixty detainees who have spent more than ten years there can perfectly be handled by civilian jurisdiction and eventually supervised under systems applied to inmates requiring maximum security. All this is based on the argument –so welcome to the electorate's ears– that Al Qaeda is disbanding. Above all, it might be added, after and as a consequence of the elimination of Osama bin Laden.

It is this logic which explains the Obama administration's confusing explanation of the attacks that killed the American ambassador to Libya, Christopher Stevens, and three other American civil servants (two of them related to the CIA) in the Libyan city of Benghazi on 11 September 2012. If we accept the theory that Al Qaeda no longer exists, the explanation that the unfortunate incident was the result of a spontaneous demonstration to express ill ease at the dissemination via YouTube of a video originating from the United States denigrating the Prophet Mahomet makes sense. If, on the contrary –as appears to have been the case though the Obama administration did not wish to recognise this– the lethal attacks were the result not of a spontaneous action but careful planning with the involvement of Al Qaeda and its associates, the organisation is not dead and the official story does not tie in with reality.

The situation in northern Mali, which has been independent from the south in practice since April 2012, should be viewed from the same per-

spective. Terrorists of different origins are evidently grouped together there under the generic name of Al Qaeda of the Islamic Maghreb and extort money, kidnap and kill all and sundry, causing a wave of insecurity and instability to spread to the neighbouring countries and placing the Organization of African Unity and the United Nations on the alert. France has voiced its concerns on many occasions and its willingness to send a chiefly African multinational force to nip the risk in the bud. Nothing definite has come of it, but the fact is that the threat is real and the possibility of it spreading is sadly near. Nothing seems to fully support the idea that Al Qaeda has ceased to exist or that its risks can be taken lightly. How to gauge accurately the risks of terrorism and address them will always be a topic of debate. It is worth following with attention how much of what appears to be Barack Obama's new approach to the issue is practical and how much is visionary.

Strategic competition. China. The Pacific. Russia

Relations between the United States and China have entered a phase in which competition coexists with collaboration. America's conviction that the challenge to hegemony lies in China is obvious, but different schools of thought do not agree on the timeframes, scopes and risks. Or on the size of the stakes: is China for tomorrow or the day after tomorrow? Do we continue to assert America's supremacy or do we go along with what appears to be an inevitable decline? Do we bring human rights into bilateral relations or leave them for a better occasion? Do we increase financial and trade pressure –as Romney would have wanted to had he won the elections– or take the cues from common interests and risks? Do we let them have the Pacific or do we assert that we, the Americans, are there too? How far do we take military presence in the area?

These are not new disjunctives in American strategic thought and the Obama administration, continuing with particular emphasis what was begun by previous administrations, has chosen to maintain and even reinforce a position of strong territorial assertion: the southeast Pacific is also an area of traditional American interests; the Americans have been there since the beginning of the country's history and count on remaining there, with all the consequences that entails.

Like that of his predecessors, Obama's Washington could not renounce those interests without negating itself. The thick-knit network of alliances established in the area since the end of the Second World War with Japan, South Korea, the Philippines, Thailand and Singapore, among others –not to mention Taiwan– and the sovereign presence of the Americans in the area are the first and most powerful reason for maintaining this presence. This network, woven of ideological, commercial and military stakes, is vital to maintaining the notion of stability the United States has helped

create in the area, with beneficial effects on the stability of the rest of the world. China's claims to the territorial sea and its economic areas, lately expressed with traces of an unmistakable arrogance with respect to neighbours in the China Sea, have rekindled coastal states' interest in keeping good company with America – always a safe bet in uncertain times. The agreement recently established by the United States and Australia to deploy 2,500 American marines to the Darwin area in the north of the country also reflects clearly America's commitment to the area and to defending its national interests there. This renewed US military presence –added to those that already exist in Japan and South Korea– would parallel the reinforcement of economic ties with the countries in the area, with the conspicuous exception of China, through Obama's proposal to set up a free exchange area known as the '*Trans Pacific Partnership*' in which, incidentally, some of the Latin American countries with a Pacific seafront would also take part: Mexico, Colombia, Peru, Chile and Panama. Needless to say that this American presence has aroused mistrust and criticism from the Chinese authorities, who feel threatened by what they interpret as America's wish to close in on them. It will not come to anything but the terms of the dispute, which for the time being is peaceful, are very clear: the United States is strengthening its role in the southeast Pacific, thereby confirming known tendencies in the country's history. That the decision is related to China is patently obvious. That it entails reorienting American foreign-policy priorities is also evident: the reduction in the number of American troops still deployed to Germany, although not tantamount to a full redeployment to the Far East, is also irrefutable proof. US foreign policy is showing signs of being unwilling to give up easily its supremacy to the country everyone presumes to be the next imperial agent.

Contrary to those who predict that China will immediately take over from America, the observation of reality calls for us to stop and analyse the situation. It was at the end of 2012, as widely publicised by the Chinese media, that a fighter-bomber of the People's Republic first landed on an aircraft carrier belonging to the country. There is no need to point out that American pilots have been performing this exercise for dozens of years as a matter of routine. And the situation of the Chinese economy, whose volume has grown exponentially in recent years to second place in the world ranking, has not been entirely immune to the global crises and its development and distribution levels are not as spectacularly high as before. This is not a race in which everyone is shrinking except China. Nor is it the history of a country without conflict or tensions, whose gravity is not always known outside the country owing to the iron-fisted control that still characterises the Beijing regime. It will take some time and a fair amount of changes before the successors of Mao Tse Tung –or Mao Zedong, according to the most recent transliterations– take over the world sceptre. The Americans, or even 'post-Americans' like Obama, know this and are not prepared to hand over primacy for a plate of lentils.

But of course in addition to confrontation it is essential to keep up cooperation. The role China is able and willing to play in curbing the aggressive arms-related folly of the North Koreans is crucial to the United States. Maintaining economic and financial relations which, with all their ups and downs, have proven to be mutually highly beneficial, is of paramount importance to both.

And both countries share the major responsibilities of being permanent members of the UN Security Council. They do not always see eye to eye and the United States, a country that is internationally active and present in all issues that require world attention, finds China to be a rather passive partner focused on a few immediate issues, chiefly Taiwan. The Americans would like Beijing's representatives to respond more favourably to their concerns about Iran, Syria, North Korea and the international control of the production and sale of small arms, for example, and it is hard work getting any assent. But American diplomacy –and in this Obama's is no exception– has skilfully balanced the ideal and the real, especially when wrestling with the normally opaque diplomacy of the former Empire of the Centre. After all, if for the Americans it is a case of asserting and prolonging their hegemony, for the Chinese it is precisely the opposite: reminding the international community that they are the next and that their opinions and points of view do not necessarily coincide with those of the dominant power. That's the way the story goes. Incidentally, the viewpoints of Obama's Secretary of State, Hillary Clinton, are not much different from those upheld and expressed by George W. Bush's Secretary of State, Condoleezza Rice.

Another matter is relations between the United States and Russia – the Soviet Union's heir, the failed Leninist Marxist empire whose disappearance was described by Vladimir Putin as 'one of the greatest historical misfortunes of contemporary times'.

However much its leaders tell a different story, Russia is clearly not what the USSR was and its presence on the world chessboard is far from that of the regime that dominated, oppressed and subjugated millions from Moscow throughout seventy years, while for many others, despite the evidence, it embodied the hope of the revolution. Russia today is a dysfunctional country still nostalgic for the past and living in the illusion of a present in which capitalist luxury, the misery of the dispossessed and the neo-authoritarianism of a political class that has scarcely been rejuvenated since the latter days of the Soviets coexist uncomfortably. It is furthermore a country ravaged by the crisis and where the substantial earnings from hydrocarbons and other staple goods are insufficient today to pay debts and offset budget deficits. That is basically the gauge with which the United States measures the country that was its strategic opponent in the Cold War days.

But this perception needs to be qualified by two major considerations. The first is the existence of what is still a large nuclear arsenal in Russian hands, considerably smaller in number than that of the USSR but according to estimates the largest or second largest in the world. To the United States this fact, which immediately after the disappearance of the USSR prompted the US to send significant technical assistance to guarantee the security of the former Soviet nuclear weapons, continues to be a source of attention and concern in a universe marked by uncertainty regarding the capabilities of the state actors and by the attempts of non-state actors to procure nuclear devices for terrorist purposes.

Of a different kind but no less significant is the shadow that Russia attempts to cast over the countries and regions that split off from the USSR in the north and south of the current federation, today independent countries, over which the Russian leaders wish to recover the degree of influence they once enjoyed during the Soviet regime. Not to mention the never-settled conflicts with the Islamised territories of the Caucasus. Relations with the Baltic states to the north, those of Central Asia to the south and Georgia and Azerbaijan to the southeast are generally marked by mistrust and tension, if not open conflict like the one that led to the unequal clash between Georgia and Russia in August 2008. And we should not forget that to the west, the independent countries that were part of the Warsaw Pact –Poland, Hungary, Bulgaria, Romania, the Czech Republic and Slovakia– to different extents harbour bitter memories and ever-renewed fears of those who were once called Soviets and are now called Russians.

George W. Bush who, like Obama after him, initially attempted to maintain a relationship of trust and cooperation with the heir of the USSR at the beginning of his term in office, ended up with a very different one with Putin's post-Soviet Russia which was marked by displeasure and, when the chance arose, defiance. The United States openly backed Georgia in its conflict with Russia and, in order to leave no doubt about the White House's feelings, Washington announced that the new deployment of the 'missile shield' –a new version of Ronald Reagan's 'star wars'– a group of ten interceptors would be installed in Poland, not far from the Russian border. The deployment of a complex radar system in the Czech Republic was part of the same plan. The stated purpose was to allow an early response to nuclear attacks from North Korea or Iran, but the explanation failed to convince anyone, especially the Russians, who viewed the measure as a provocative gesture aimed at countering its own nuclear deployment.

Barack Obama, in an additional sign of his wish not to follow the diplomatic guidelines of his predecessor, during his first mandate soon made a significant change in the tone of relations with Russia –what was graphically called pushing the 'reset button'– to mark a new start. The

first manifestation was the signing of the equally graphically named 'New START' designed to replace the previous agreement on the limitation of strategic arms which had expired a few months earlier and entailed reducing previous nuclear warheads by 1,500. The new figure would stand at 1,700 for the Americans and at 2,200 for the Russians.

Starting from scratch –or almost– also led the Americans, with the evident wish to please the Russians, to reconsider the system of interceptors scheduled to be installed in Poland in 2010. After bitter negotiations with the Poles, who had had a hard time accepting the initial deployments, Warsaw yielded to America's wish to turn the initial proposal into the installation of a battery of Patriot missiles to do the job of the interceptors and the deployment on Polish territory of an American air force detachment, which would begin to be installed in 2012. The result has not been very brilliant. The Poles felt they had been left to their own devices by the Americans in the event of a conflict with the Russians and the Russians have yet to express their satisfaction at the change, as they consider that the Patriot missiles continue to be directed against Russian and not Iranian missiles. Which may possibly be true.

The tone of America's wish for a rapprochement with Russia was unwittingly set by President Obama when on 26 March 2012, at the nuclear summit in Seoul, during the summit on nuclear security promoted by the US president, he stated in an informal conversation with the still president Medvedev, which was recorded without his realising by the press microphone, that after the 2012 elections, presuming he won, he would have 'more flexibility'. Presumably to please the Russians in the issue of the antimissile deployments. The conversation was greeted with surprise and a certain amount of horror by Republicans and certainly in the Central European countries that had been party to the Warsaw Pact. It is easy to imagine what Poland's reactions were. But it is foreseeable to assume that, now that he has won the elections, he will carry on pressing the restart button. It is difficult to imagine how far he intends to go in his policy of seeking arrangements with the Russians. On the contrary, it is not difficult to foresee that he will not have done anything to heighten the pro-American sentiment of the Central European countries, always great and hopeful. Was it worth disappointing such faithful allies?

In the Americans' treatment of Russians, unlike with the Chinese, there is neither fear nor competition for equal status but an evident indifference easily given to conceding privileges that signify little but contribute to smoothing things over in what is always a relationship of convenience. Russia's presence in the Security Council is also something to be taken into account from this perspective, although in practice, and above and beyond the good terms of the conversation, Russia continues to behave like a difficult travelling companion: neither in Syria, nor in North Korea nor in Iran does it easily give into the pleas, suggestions and opinions of

the Americans. Barack Obama's 'reset button' has not achieved all the hoped-for effects in the Kremlin. But it was precisely the sign that with Barack Obama relations with Russia would be different from what they had been with George W. Bush.

The backyard areas. Europe. Latin America. Africa.

There is no discrediting intent in the use of the term 'backyard'. It is simply descriptive: with their clear differences, Europe, Latin America and Africa, currently devoid of serious or generalisable conflicts, deserve less attention from US diplomacy.

In the case of Europe, where it has been feared for years that the Pacific will end up monopolising the United States' best efforts to the detriment of those once devoted to the Old Continent, the prophecy is self-fulfilling in a context where the crisis and internal division of the EU members have undermined their capabilities as an interlocutor and their significance in relations with Washington. Nobody could deduce from this that the Americans do not give relations with the European countries, as both EU and/or NATO members, the attention that is deserved by the hardest and most faithful core of its alliances and its biggest trade interest. But in the current circumstances these relations do not presently suffer any visible tension aside from that arising from the different formulas employed either side of the Atlantic to stem the effects of the financial and economic recession, and from a few circumstantial disagreements over strategic deployments or voting at multilateral forums. For example, Germany's negative vote at the Security Council when intervention in Libya was debated and approved. Or the division shown by the group of 27 when the UN General Assembly voted on the proposal to admit Palestine as an observer state. Or the evident lack of defence resources in most of the NATO member states. Although on the positive side it should be acknowledged –as the Americans do– that a significant number of NATO members, among them Spain, make an important contribution to the allied effort of the ISAF in Afghanistan.

But American diplomacy, now with Barack Obama as previously with his predecessors, continues to fail to understand the complex decision-making machinery of the European institutions, which it interprets as lack of efficiency and time wasting. Barack Obama's decision not to take part in the annual EU-USA summit, which was to be held in Madrid in 2010, was not intended to slight Rodríguez Zapatero, the president of the Spanish government; rather, it was a consequence of the previous year's tiring experience of having to sit through 27 addresses by the respective EU heads of state and government on a similar occasion. Or, from another point of view, it was not a problem of time but one of attention: the US president did not feel that the 27 had anything interesting to say. Would

he have adopted the same attitude if it had been a meeting of heads of state and government of the Pacific area?

To Washington the question that Henry Kissinger asked more than three decades ago to inquire about the telephone number of the person responsible for Europe's foreign policy remains valid today and this leads to priority being given to bilateral over multilateral relations. Even a few years ago there was speculation about how reluctant the Americans could be towards the possible rivalry a united Europe would pose today. Nobody would resort to such an argument today and many think that even in its institutional advances the Europe of 27, as praiseworthy as it is, is no more than the representation of a continent in decline. Less prosperous today than before, granted, but always peaceful and reasonably in tune with the United States' values and interests. *Vis-à-vis* this reality American diplomacy, before Obama, with him and no doubt after him, thinks that it is sufficient to continue to pay conspicuous attention to what goes on in Brussels while cultivating its web of fruitful bilateral relations – prominent among which is the very special relationship with the United Kingdom of Great Britain and Northern Ireland. Why bother with any more?

From the viewpoint of American diplomacies of the past years, the Americas currently do not give the United States' foreign policy much of a headache, despite Chávez, Castro, Correa, Ortega, Kirchner and Morales. None of them, declared anti-Americans of the old school, has ever been more than a 'tactical nuisance', a passing annoyance to their great northern neighbour. In Venezuela Chávez, possibly in his final hours, has attempted to forge complicated alliances with exotic nations such as Libya, Iran and Russia. These vicissitudes were closely followed by the US intelligence services, but could never exceed certain limits: in the end the United States continues to be the main customer for Venezuelan oil. Obama has made a couple of gestures of goodwill towards Cuba, facilitating trips, remittances and family meetings, although the ailing dictatorship of the Castro brothers has not lifted a finger in the direction of democracy. Brazil has imperial pretensions and at the least regional hegemonic designs, and it is perhaps the country that is most attentively followed by American diplomacy with a view to seeking possible synergies and avoiding clashes, but at the end of the day the distances continue to be huge and the Latin Americans are unwilling to allow themselves to be guided by one leader or another. And with Mexico, which is truly of interest to the United States for reasons of neighbourhood and emigration, relations seem to have entered a stage of calm discussion of interests and differences. The hemisphere, as the Americans call the territory that begins south of the Rio Grande, poses neither serious demands nor spatial problems.

And yet there are lurking risks: more than sixty thousand people died in combating drug trafficking between 2006 and 2012; there are clear signs that terrorist cells and criminal organisations are cooperating to make

the most of the 'drug corridors' connecting Mexico and the US; Guatemala, El Salvador and Honduras are experiencing epidemics of killings due to organised crime; the size and power of the criminal organisations in the US are growing as a result of the trafficking of drugs, arms and people in the Americas; Iran maintains very close ties with Venezuela, Cuba and Ecuador; Hezbollah cells are operating at the triple border between Argentina, Brazil and Paraguay; and China is making astronomical investments in Peru, Chile, Colombia and Brazil. All in all perhaps it would be advisable for the Obama administration, acting differently to its predecessors, to pay somewhat greater attention to a 'backyard' where, contrary to the official version and its best wishes, things are happening. Some of them potentially explosive.

The continental outlook would not be complete without mentioning Canada, which many regard as the fifty-first state of the Union with which the United States maintains extraordinarily close relations and cooperation in all senses.

Africa represents a hope for American diplomacy that is not always accompanied by the reality in South Africa, the emerging country of the group, and several security concerns: Somalia, practically a failed state, as a haven for Islamic terrorists and pirates; the continued instability in Sudan that has not been calmed by the partition of the country; and the dangers posed by separatist activism in Nigeria, with its anti-Christian demonstrations and constant attacks on the oil wells. It seemed that President Obama would pay special attention to the continent from which half his family comes; however, apart from an early trip to the west coast of Africa, no special actions have been witnessed in this respect beyond those stemming from the development cooperation policy that the State Department pursues with dedication and effort. In this respect the *Quadriennial Diplomacy and Development Report* published by the Department in 2010 is highly illustrative. And it would be surprising to discover the significant number of young Americans who, guided by the altruistic spirit that has been the nation's finest quality, continue to render their services in the Peace Corps or the specialised agencies. All this makes up the 'soft power' to which the Obama administration has decided to commit itself, continuing earlier efforts designed to show the world the readiness to cooperate and help that also guides America's foreign policy actions.

A gaze towards Spain

Spain and the United States had maintained good relations since the 1990s following the turmoil of the NATO referendum and subsequent arduous negotiations on the bilateral defence treaty that resulted in very close relations between 2000 and 2004. This favourable development brought major benefits for Spain's foreign expansion and political

and economic presence within the United States, aspects that were cut short by the sudden change in direction in Spain's domestic and foreign policy following the elections of 14 March 2004. Although this situation did not lead to any irreparable damage –bilateral defence relations followed their usual course, as did cooperation in other areas, and Spain sent military contingents to Afghanistan as part of the joint effort of the ISAF– there was an evident distancing between the two countries stemming on Spain's part from an express wish to criticise America's actions with respect to the Middle East, particularly Iraq, which was matched by America's growing mistrust of Spain's mood changes. Official Spanish sources reckoned that the situation would soon be resolved by Barack Obama's advent to the White House in 2008, which would bring a return to the previous closeness, but this has not been the case. There is no indication that either has any plans for a fresh rapprochement, although the situation can be described as normal to all effects and purposes. Mention may even be made of Spain's decision for the Rota base to house US naval elements belonging to the new 'missile shield' deployment following the changes with respect to the previous arrangements with Poland.

Meanwhile developments in the crisis and its handling by the European countries in general and by Spain in particular have had a negative influence on our country in public and private American media, to the extent that in the presidential elections of 2012 the candidates referred several times to Spain as a model of what should not be done. The news of the independence claims of some Catalan nationalist sectors, which has also had major repercussions in foreign media, has not precisely helped matters – however much diplomatic normality there is in these relations, a positive aspect of which is the economic, commercial and financial exchanges between the two countries that are important in both directions but particularly significant for Spanish companies, which are finding opportunities for expansion and profitable business in America.

There are solid foundations for strengthening relations between the two countries. In this context, bilateral and multilateral defence relations – Spain has a relationship of alliance with the United States through NATO– are of great significance to Madrid and to Washington. Economic interests are increasingly interrelated. It remains to find an opportunity for Spain, the NATO member state with bilateral relations with the USA through a defence treaty and with the highest level of anti-Americanism in the western world, to recover the sense of proportion and notion of the advantages that returning to what was once a privileged relationship would bring to common interests. Relations between the two countries cannot depend on who is in power at a particular time but on an accurate understanding of mutual long-term interests. For this purpose it is advisable to develop a policy of proximity in which Spain's multiple interests –as a European, Mediterranean and Spanish Ameri-

can country— can be considerably reinforced. The Americans are skilled players at the game of mutual favours and reciprocal interests. Can the Spaniards be too?

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The Middle East: a global strategic pivot

Francisco José Berenguer Hernández

Chapter two

Abstract

The Middle East is undoubtedly one of the pivotal points of the global strategic landscape. Owing to its influence on the world energy market the current regional conflicts have become a worldwide concern. The on-going Israeli-Palestinian conflict, the influence of the political process in Egypt, the civil war in Syria and tensions over Iran's nuclear programme will be particularly predominant throughout 2013.

Key Words

Middle East, Egypt, Palestinian-Israeli conflict, Gaza, Syrian civil war, Iran's nuclear programme.

Introduction

Surveying the regional strategic outlook for the Middle East is always a complex task. The permanent tension, if not open conflict, the many geopolitical factors involved and the huge impact the region has on the world economic balance owing to the fact that several countries in the area export energy resources make the Middle East one of the pivotal points of the global strategic landscape – a status it can be considered to have held permanently since the end of the Second World War and the creation of the State of Israel.

But this prominent presence in the work and concerns of governments all over the world is currently at an even higher level than usual.

The civil war in Syria and the threat of war hovering over the dispute between the Iranian authorities and much of the international community – particularly the United States and Israel – over Iran's known nuclear programme account for many of the daily developments on the international stage at the time of writing this chapter.

In addition, the worsening during November 2012 of the on-going dispute between Palestinians – chiefly Hamas' Gaza – and Israel, which after a series of relatively minor incidents led to the launching of hundreds of rockets and missiles against Israeli territory and a categorical military response from Israel in operation *Pillar of Defence*, yet another in the long list of peaks in a longstanding war, triggered an extraordinary effort from diplomacy to prevent a flare-up in a region that is ravaged by violence enough as it is.

These events, related to and part of the processes of political change under way in several countries as a result of the Arab uprisings, are concurrent with these processes and add to the region's traditional conflicts such as the Sunni-Shia dispute for supremacy in the Muslim world and, above all, the above-mentioned Palestinian-Israeli conflict.

The presence of all these elements makes it necessary to provide a brief overview of factors that fall outside the geographical scope of what has traditionally been regarded as the Middle East by examining a broad area which, for the purposes of this chapter, stretches from Egypt to Iran and from Turkey to Yemen. This huge area – in terms of both geography and population – has evolved from its usual status of 'hotspot' and has now reached boiling point.

Palestinian-Israeli conflict

The apparently interminable conflict continues to be an essential factor to consider when attempting to understand the dynamics of the region,

although the Syrian war and above all growing pre-war tension over Iran's nuclear programme suggest that the Palestinian issue is more an instrument of these other processes, at least temporarily, than a backbone of regional unrest.

In this connection many analysts regard Palestinian actions prior to Israel's *Pillar of Defence* as a means of diverting attention away from Iran at a time when, following the US elections, the statements of Prime Minister Netanyahu and Minister Barak were once again rekindling fears of a pre-emptive military attack by Israel on Iran's nuclear facilities.

Nor should it be forgotten that the Palestinian cause has pinned a good many of its hopes on building a particular story of the conflict¹ which needs to be reactivated regularly to ensure its impetus and repercussions on world public opinion. Proof of the awareness of the importance of the propagandistic battle is the novelty introduced by the spokesman for the Israeli Air Force ('Air and Space Arm', IAF) when he posted real-time news of the rocket strikes and other aspects of the operations on Twitter, making this popular and widespread social network another weapon in the dispute over the Gaza Strip.² Israel has thus responded in a controlled and institutional manner to the more individual and spontaneous use made of the social networks in any conflict nowadays.

Abbas' Challenge to the United Nations

However, it is necessary to underline the Palestinian initiative with respect to the United Nations. The still president of the Palestinian National Authority (PNA), Mahmud Abbas, launched a proposal that the General Assembly recognise Palestine as a non-member observer state, thereby allowing it to be part of several of the UN agencies and organisations. Evidently, above and beyond the purely instrumental aspects this status may entail, the president is hoping to secure an important political weapon that could help bring universal recognition of a fully-fledged Palestinian State closer, and forced the nations to define their stance in a vote held on 29 November 2012, which evidenced the massive support the Palestinian cause commands and above all the political isolation into which Israel has been sliding. Nor did the leading world power's diplomacy come off well as, despite its efforts prior to the voting, it secured

¹ Federico Aznar Fernández Montesinos, 'La imagen y la construcción de narrativas en los conflictos', Instituto Español de Estudios Estratégicos, http://www.ieee.es/Galerias/fichero/docs_opinion/2012/DIEEE007-2012_GuerraAsimetrica_FA.pdf

² J.M. Vera, 'Twitter se convierte en un arma en el conflicto entre Israel y Hamás', *Atenea Digital*, http://www.revistatenea.es/revistatenea/revista/articulos/GestionNoticias_10901_ESP.asp

no more than a total of nine votes against the recognition of Palestine in the UN.³

This initiative, which has undoubtedly given fresh impetus to the Palestinian cause, is also full of risks to the Palestinian nation building process and is in fact a dangerous strategy, at least in the short term. As was to be expected, Israel has opposed it vigorously, to the extent that the Minister of Foreign Affairs, Avigdor Lieberman, threatened the PNA with two reprisals of far-reaching importance. He partly carried out his threats after the vote.

The first is the freezing of the tax revenues that Israel collects and transfers to the PNA. As these revenues account for more than 50% of the PNA's budget, the Palestinian institutions would not be feasible without them, at a time when the acute economic crisis makes it unlikely that substitute nations could easily be found to provide these contributions, except perhaps for the Gulf monarchies. This circumstance would lead either to the de facto disappearance of the Palestinian pseudo-state as it has existed so far, or to its being controlled by the main architects of what is known as the 'Sunni crescent'. This process would place practically all Palestinians in the hands of Hamas, hindering the desired achievement of the peaceful existence of two states and strengthening the most radical Palestinian factions, thereby boomeranging against Israel interests.

Owing perhaps to having made a similar analysis, the Israeli authorities have decided to take action, but not with an extreme policy. The announced freezing has therefore consisted, initially at least, in allocating the 460 million shekels due to be transferred to the PNA to go towards paying what the latter owes various Israeli suppliers, such as the electricity company.⁴ The decision does not take money away from the Palestinians but places the PNA in a very tricky situation. It seems that Israel has decided to keep the PNA's next steps in check with measures of this kind.

The second reprisal announced is even more radical: Israel's unilateral annulment of the Oslo Peace Accords of 1993, which would lead to the dismantling of the tottering PNA and the same effects pointed out in the previous paragraph. For the time being it has not been carried out, although the PNA's unilateral decision with respect to the UN could allow Israel to invoke this circumstance at any time should the situation so advise. Instead Prime Minister Netanyahu immediately agreed to the construction of 3,000 dwellings in both Jerusalem and the West Bank⁵

³ Antonio Caño, 'La ONU acepta a Palestina', *El País*, 30 November 2012

⁴ Ana Carbajosa, 'Israel congela el traspaso de fondos a los palestinos como castigo por ir a la ONU', *El País*, 2 December 2012

⁵ Sal Emergui, 'Netanyahu aprueba construir 3.000 casas en Jerusalén Este y Cisjordania', *El Mundo*, 30 November 2012.

beyond the demarcation line of 1967, the well-known Green Line, paying Mahmud Abbas back in a way that inflicted the greatest harm on the Palestinian cause, through the highly controversial construction of Jewish settlements in territory the Palestinians regard as their own, thereby further hindering the possibility of a solution ever being reached between the two states.

Basically, although the closeness of the Israeli elections lends itself to high-flown statements, it seems that Abbas' initiative has crossed a red line with respect to which Israel does not intend to back down. Indeed, Israel's possibilities in the General Assembly vote were absolutely non-existent, as shown by the very graphic statements made by Prime Minister Netanyahu:

*'Whatever we do, the Palestinians have automatic majority in the UN General Assembly. Although asked to recognise that the day is night, they have a majority...'*⁶

The re-elected President Obama formally opposed the UN vote and made this known to Abbas. Abbas likens his unilateral initiative to the unilaterality of the building of new colonies in the West Bank, for which he calls on Netanyahu to resume negotiations after Palestine's recognition in the UN. To go no further, on 6 November –it is no coincidence that this was the day of presidential elections in the US– with the intention of lessening the media impact of the measure, the Israeli government approved the construction of 1,285 new dwellings in several of these colonies,⁷ in a clear warning of what would happen if the United Nations vote went ahead, as it did. Basically it is more of the usual stuff between two sides that are inflexible towards each other's failure to keep promises, which they consider sufficient grounds for failing to keep promises themselves.

A Fresh Escalation of Violence

Shortly before the above-mentioned UN vote violence peaked for the umpteenth time, focused as has been usual in recent years on Gaza. After several minor skirmishes, an increase in the usual rockets launched from Gaza to Israel and the bombardments carried out by Israel in reprisal, the death in one of the latter on 14 November 2012 of Ahmen al-Jabari, regarded as the chief of Hamas' military apparatus when the vehicle he was travelling in was hit by an air-ground missile, led to the biggest wave of rocket launches from Gaza to Israel and of bombardments of Gaza

⁶ *El Mundo*, 14 November 2012, <http://www.elmundo.es/elmundo/2012/11/14/internacional/1352890004.html>

⁷ 'Israel Approves Construction of 1,200 New Homes in East Jerusalem', *Country Risk Daily Report*, Jane's 8 November 2012

by Israeli forces for 4 years. Indeed, whereas the number of Palestinian rockets launched throughout 2012 amounted to about 750,⁸ more than 1,000 were launched within barely six days,⁹ while as many as 20 air strikes were carried out daily by the Israeli air forces and tens of thousands reservists were called up and stationed at the border with Gaza in preparation for an imminent invasion of the strip by ground forces.

These reciprocal attacks came at a particularly delicate time, barely a month and a half away from the elections in Israel, and Netanyahu's need to demonstrate a firm attitude may have been even greater than normal, triggering an energetic diplomatic reaction headed by both Egypt and the United States.

The reaction of President Morsi, which will be dealt with at greater length in a later section, was prompt. He called for urgent meetings of both the UN Security Council and the Arab League, while President Obama sent Secretary of State Clinton to Israel and Egypt equally hastily with the clear mission of preventing further escalation of the conflict and halting what then seemed the imminent entry of Israeli ground forces into Gaza.

These diplomatic efforts enjoyed considerable success – greater than on previous occasions – particularly bearing in mind the short space of time in which it was achieved. The ceasefire reached on 20 November has placed on the regional table a few issues that will probably become even more evident throughout 2013 and even in the coming years.

Technological Novelties in the Short-lived Episode of Fighting

The little more than a week that the hostilities lasted again highlighted several factors that are common knowledge – circumstances such as the disproportionate offensive measures of both sides and the consequent imbalance in the casualties suffered, although the fact that Gaza has the highest population density in the world no doubt contributes to this and makes the number of casualties among non-combatants unsustainably high.

One is Palestine's growing offensive capacity, as it possesses increasingly sophisticated and longer-range rockets which Iran has recognised as manufacturing – as Iran's parliamentary speaker, Ali Larijani had no qualms about pointing out:

*'We are proud [...] that our assistance to them has been both financial and military'*¹⁰ and as Hamas' leader, Khaled Meshaal, likewise stated in Cairo after the ceasefire agreement.

⁸ Isabel Kershner, Fares Akram, 'Ferocious Israel Assault on Gaza Kills a Leader of Hamas,' *The New York Times*, 14 November 2012

⁹ Batsheva Sobelman, Patrick J. McDonnell, *Los Angeles Times*, 20 November 2012

¹⁰ Official website of the Iranian parliament, www.ICANA.ir, 21 November 2012

Another factor is the high level of intelligence Israel has on its rivals in Gaza; this has enabled its air and naval forces to strike nearly 1,500 targets, 19 of which were Hamas command centres and headquarters.¹¹

The improvements made to the Israeli armed forces, which Jordán¹² rightly attributes to the profound national reflection that followed the failure of the operation in south Lebanon in 2006 and *Cast Lead* in 2008/2009, and to the military innovation efforts undertaken on a large scale since then, were not sufficient to defeat Gaza in 2012. Having lost the battle of narratives in the eyes of world public opinion, Israel is reaping inarguable military successes which are, at the same time, strategic and political defeats.

But over and above these facts, the events of November 2012 will probably be remembered for the 'coming out' of a weapons system that is going to have a long future and a powerful impact on the regional power balance in the coming years. Known as *Iron Dome*, this defence system tailored to Israel's needs –and considerably more sophisticated than the NATO Ballistic Missile Defence system still under development in Europe– is capable of intercepting theatre and long-range missiles in any stage of flight, including initial propulsion. Developed with the technical and financial support of the United States, the system has been defined by the Israeli defence minister Ehud Barak as '*probably the technologically most impressive achievement in recent years in Israel*'.¹³ Indeed, it played a leading role in the first mass and widespread battle of missiles versus missiles in an episode that will no doubt go down in the history of war for this reason.

With a success rate of nearly 90% according to Israeli sources, it has proved capable of defending satisfactorily the most densely populated areas within the range of Palestinian rockets, avoiding their impact in areas where they would inevitably have caused a number of victims that is difficult to calculate but much greater than the actual number, which is less than ten. However, contrary to what the name seems to indicate, the system neither aspires to and nor can it by any means guarantee the overall defence of the territory. Each missile launched costs in the region of \$40,000–\$50,000¹⁴ and providing an effective response to a high number of rockets launched in clusters from different locations at a steady rate for several days and with very short flight paths because they are

¹¹ Abigail Hauslohner, Ernesto Londoño, ' Hamas Leaders Emerge Stronger than Ever, Palestinians Say', *The Washington Post*, 22 November 2012

¹² Javier Jordán, 'Adaptación militar israelí: brillante en lo táctico, insuficiente en lo estratégico', Grupo de Estudios en Seguridad Internacional, 20 November 2012

¹³ Isabel Kershner, 'Israeli Iron Dome Stops a Rocket with a Rocket', *The New York Times*, 18 November 2012

¹⁴ Ibid.

fired from a short distance, as on this occasion, by intercepting all projectiles is wishful thinking. Indeed, the biggest problem the system has suffered is the availability of interceptor missiles as Rafael Advance Defence System Ltd, the company that developed the system, is struggling to keep up with demand owing to the hundreds of missiles launched¹⁵ since the start of *Pillar of Defense*.

It is therefore a zone-based defence system that allows highly effective protection of the areas considered to be most sensitive or at greatest risk. Evidently still under development –it came into service in March 2011– and with the huge experience gained during these days of constant functioning under extreme conditions, several conclusions can be drawn from its eruption onto the scene.

The least important but by no means insignificant conclusion at the present time is that the system is likely to become a successful export, albeit with the political limitations inherent in a system of weapons of strategic impact.

Precisely from this viewpoint, Palestine's offensive capacity –and that of Hezbollah from northern Israel– is severely limited, as most of its future rocket launches will be intercepted when directed at worthwhile targets. In addition, the Israeli ground forces will often be able to avoid having to make incursions into the launching areas to move away or neutralise the launchers, as the harm caused to the Israeli population and, accordingly, its political impact, will be limited. Indeed, it is difficult to imagine that the entry of forces into Gaza and ground combat could have been avoided during *Pillar of Defense* if, for example, Tel Aviv had suffered numerous impacts and dozens of victims. Basically *Iron Dome* can of course be considered to have saved many lives among the Israeli population, but also among Israeli military and Palestinians in Gaza, as it contributed decisively to preventing the invasion of Gaza by ground forces and allowing a ceasefire to be reached only a few days after the reciprocal bombardments.

Lastly, although the main reason for developing the system is the growing threat of Iranian theatre missiles, potentially equipped with nuclear warheads in an increasingly less distant future, this threat has been considerably lessened, especially because an attack of this kind –no less lethal for being unlikely– would necessarily involve a much smaller number of simultaneously-launched missiles than those fired from Gaza. Therefore *Iron Dome* would be highly likely to destroy the warheads of the missiles launched. Only the most advanced micro-warhead technology –*multiple independently targetable re-entry vehicle* (MIRV), similar to the sort that is

¹⁵ Dan Williams, 'Israeli missile-makers strive to meet Iron Dome demand', Reuters, 20 November 2012

able to mount Russian RT-2UTTKh Topol-M missiles— would restore the force balance between the Iranian threat and Israeli defence.

Nevertheless, although the consequences for Israel of the single impact of an Iranian missile on its territory by no means detract from Iran's nuclear and ballistic programme, the success of *Iron Dome* can give Israel more leeway and lessen the sensation of immediacy in its intentions to launch a pre-emptive attack on Iran's installations.

The Situation in Israel

The new episode of the clash in Gaza took Israel by surprise in the throes of the election process. With the elections scheduled for January 2013, Netanyahu's government's management of the crisis will undoubtedly influence the result. And it does not seem initially favourable to the prime minister, as a survey published in the *Maariv* daily shows that 49% of Israelis oppose the weakness that a negotiated ceasefire would represent and favour an invasion of Gaza by ground forces, whereas only 31% of those polled approve of the agreement reached.¹⁶ Evidently the sectors furthest to the right of Israel's parliamentary spectrum are most vehemently opposed to the prime minister's action.

The voting intention reflected in this survey shows that the group known as *Likud Beitenu* led by Netanyahu and his foreign minister Avigdor Lieberman has fallen by 6%. Even so it continues to lead the polls with 37 of 120 seats, and it is therefore likely that the alliances of the current government will be repeated, without significant changes.

As for the situation and perception of the Israeli people's security, the much-publicised success of *Iron Dome* is a highly positive factor. In this respect the overwhelming sensation is that the brief clash is largely a stage rehearsal for what could happen in the event of a war against Iran in which the country would have to cope with simultaneous launches of different types of missiles from Gaza, Lebanon and Iran, including the Shahab-3,¹⁷ in theory designed to carry Iran's hypothetical nuclear warheads. Aran¹⁸ is indeed right to consider that the main threat to Israel is the situation arising from Iran's nuclear programme and the alliances forged around it rather than the direct consequences of the Arab uprisings as was initially feared during the early stages of the latter, chiefly throughout 2011.

¹⁶ Ana Carbajosa, 'La derecha castiga a Netanyahu por el alto el fuego y celebra primarias', *El País*, 25 November 2012

¹⁷ David Sanger, Thom Shanker, 'For Israel, Gaza conflict is Test for an Iran Confrontation', *The New York Times*, 22 November 2012

¹⁸ Amnon Aran, 'Israel and the Arab Uprisings', *The RUSI Journal*, 157:5, 56–61, 19 October 2012

Although there is always the possibility that some of the new regimes dominated by political Islam may drift in a theocratic direction in the medium or long term –something that would place Israel in an even more difficult situation– the fact is that it is precisely the presence of political Islam in certain governments, particularly that of Egypt and possibility that of Syria in the not too distant future, that is making it possible for Israel to enter into dialogue with non-state militant groups, as has been obvious in the Gaza crisis. Indeed, despite the theoretically greater discrepancies, President Morsi is currently a guarantor of greater security for Israel than what Mubarak would have been under the same circumstances. Therefore Inbar's observations on Israel's greater isolation as a result of the 'Arab springs' do not seem correct.¹⁹

Notwithstanding the end result of the Syrian civil war, which is dealt with in another section, it will greatly influence not only Israel's situation with its neighbours but also Palestinian-Israeli relations, owing both to the resulting regional balance and to how Israel may perceive security threats and, accordingly, the tendency to use soft or hard power in the readjustment of power in the area. Certainly an Israel that is cornered and more vulnerable does not seem to be the best recipe for the future of the Palestinian people, because if there is anything that is crystal clear it is Israel's huge determination to ensure its security and survival.

Towards a New Palestinian-Israeli Paradigm

The United States' unconditional support for Israel since the beginning of the crisis has been explicit, but it is also true that the strengthened Obama has proved to have a greater ability to influence the Israeli government than only a few months earlier, during the pre-election period. The speed and force of his diplomatic reaction was possibly a decisive factor, but the fact is that it succeeded in stemming Israel's response more effectively than was initially foreseeable. After an excessively lax period, the Obama administration seems to be regaining awareness of its determining role in the region and to be adopting more dynamic and active policies. In a sense it is a way of recognising that its declared and almost obsessive attention to Asia-Pacific matters has been excessive and that the neglect the global major power has shown to the affairs of other regions in need of its presence and mediation is creating power vacuums that are proving to be more damaging than beneficial.

The involvement of Egypt has been equally decisive and has shown that, despite initial fears, Israel and Egypt are in a position to cooperate effectively under the umbrella of the US, a strategic ally common to both

¹⁹ Efraim Inbar, 'Israel's National Security Amidst Unrest in the Arab World', *The Washington Quarterly* 35:3 pp. 59–73, summer of 2012

nations. As Sahagún rightly points out,²⁰ Egypt is the process of replacing Turkey as Israel's privileged Muslim negotiating partner, while the United States is increasingly uncomfortable about its once essential Turkish ally. Following several years of disagreements and even a certain amount of aggressiveness towards Israel on the part of Turkey –on 19 November Erdogan called Israel a 'terrorist state'²¹– the previously smooth relations between the two countries have been destroyed in what is undoubtedly a major mistake made by Turkey in its aims to secure the role of Muslim leader in growing rivalry with Saudi Arabia and now also Egypt. In the exercise of this role it cannot ignore the decisive importance of Israel in this area, and therefore Turkey has hardly done itself a favour by closing its doors to Israel.

Meanwhile Egypt's Muslim Brotherhood president has proved his leadership ability by getting Palestine to agree to the ceasefire; this shows his growing influence on Hamas and the support the latter expects to receive from Egypt from now on. Nevertheless, this is a risky venture, as Morsi has thus become the guarantor of Hamas' respect for the truce, but Iran's influence has not disappeared or decreased enough to rule out the possibility of Iran once again using Hamas as a tool in its stormy relationship with Israel. Indeed, the leadership of Hamas, which the United States and the European Union still consider to be a terrorist group, is increasingly oriented towards Egypt, as the Syrian civil war and the very tricky situation of Al Assad have considerably lessened Iran's ability, through Syria, to support, supply to and accordingly control Hamas.

The Sunni crescent resulting from the Arab uprisings, Egyptian leadership and the more than possible defeat of the Syrian regime are leading Hamas to adopt a more moderate stance as shown by their prompt acceptance of the ceasefire, betting on what they regard as the region's winning horse in the coming years. The enthusiastic and verbally aggressive statements from Hamas' leader after the ceasefire with Israel seem to relate more to populism for domestic consumption than to an analysis of the situation by the Palestinian leadership in Gaza.

In addition to the Palestinian National Authority's loss of credit as a fitting and responsible dialogue partner after strongly challenging Israel before the United Nations, not before the international community but before Israel itself and the United States, coupled with Hamas' new direction, could tip the scales in favour of Hamas as a credible and legitimate Palestinian representative, something that seemed impossible barely two

²⁰ Felipe Sahagún, 'Ganadores y perdedores del último incendio en Gaza', *El Mundo*, 24 November 2012

²¹ Anne Gearan, 'Fighting in Gaza Leaves US in Difficult Position with Turkey, Egypt', *The Washington Post*, 20 November 2012

years ago. This would strengthen the control of this group through Egypt and would rob Iran of a decisive ally at the Israeli border.

But in order for this to happen, Hamas needs to progress in this direction. Now that its leaders have reinforced their role of standing up to Israel's power and are perhaps in a stronger position than ever, Hamas should not be oriented towards greater willingness to engage in armed struggle as previously; rather, it should focus its efforts on issues like the recognition of the State of Israel and control over other militant groups present in Gaza such as the Palestinian Islamic Jihad which, although involved in the Cairo ceasefire negotiations, are more reluctant to abandon the 'traditional' approach to Israel.

Indeed, this group has progressively gained greater prominence not only in the Gaza Strip but also in the West Bank and is alarming the PNA, which is increasingly incapable of controlling its activities. The fact that the Palestinian Islamic Jihad, specifically its armed faction known as the Al-Quds Brigades, owns long-range rockets –Iranian-made *Fajr-3* and *Fajr-5* capable of reaching Tel-Aviv, as proved, together with *Grad* rockets from Gaddafi's armaments in Libya– has boosted its influence and credibility among the more extremist Palestinian elements after years of constant casualties which its spokesman Daoud Shihab put at '*more than 1,000 martyrs [...] and over 1,500 prisoners in Israeli jails*' in October.²² Its ranks are made up of Al-Fatah elements who survived the Palestinian civil war of 2007 in Gaza and more recently by salafists who oppose the leadership of Hamas, and it is the biggest security threat to Hamas apart from its recurring clashes with Israel and possibly the biggest obstacle standing in Hamas' way of taking on its new leading role in the Palestinian tangle.

What is more –once again, according to Najib– the Palestinian Islamic Jihad has begun to be viewed by Iran as its main ally in Gaza following Hamas' abandonment of its headquarters in Damascus, its evident turn towards Egypt and its growing interest in weakening the regional presence of Iran which for years, although unnaturally, has been its main support and mainstay. Teheran's support for the Islamic Jihad is of course logical from the point of view of Iran's interest in its pressuring Israel, which appears to be confirmed by Islamic Jihad's explicit support for the Syrian regime and its presence in Damascus, but we can by no means rule out the possibility of its collaborating in some way with Assad's regime in the war waged against the Syrian opposition. It likewise appears that its relations with Hezbollah are growing stronger in what seems to be a reorganisation of the spectrum of anti-Israeli militant groups controlled by Teheran.

²² Mohammed Najib, 'Islamist Advance – Palestinian Islamic Jihad's Growing Influence', *Jane's Intelligence Review*

Therefore, although it will not be easy for Hamas as its more radical elements could split off or even join the Islamic Jihad or other related groups, a new channel might be opened up for strengthening the rapprochement of the two main, but not the only, Palestinian groups. Hamas' abandonment of its more extreme stances and its success in controlling the rest of the even more extremist groups would lead to an about-turn in expectations of the Palestinian-Israeli conflict, with a view to the future Palestinian elections in which it would not be surprising if Hamas were to oust Al Fatah as main representative of the Palestinian people and become the decisive actor of the coming years in the process towards a Palestinian State. For this to happen it is essential for it to steer itself in the direction mentioned in the previous paragraphs and, accordingly, to be crossed off the United States' and the State of Israel's list of terrorist organisations.

Syrian civil war

Developments

For the time being the Syrian civil war is the most unfortunate chapter of the so prematurely and wishfully called 'Arab springs'. Given the situation, population and interests at stake with respect to Syria, it is unfortunately eclipsing the situation of extreme violence and war that was experienced in Libya, showing the most negative side of the revolution processes and of leaders' determination to cling to power whatever the price.

Although the initial motives for this war, which has been dragging on for twenty months now, may have been fairly similar to those felt by the Tunisian, Egyptian or Yemeni people for example, there are geopolitical factors of much greater scope and complexity than in other initially similar processes, such as conducting of the Iranian-Israeli conflict through third parties, one of which is Syria, the interests of the major powers, the presence of practically all the region's significant minorities in its territory and the long drawn-out struggle for supremacy in the Muslim world between Shia –in this case Alawite– and Sunni in recent decades. Naturally the war is by no means limited exclusively to an Alawite-Sunni clash but it would be a mistake to consider that the age-old confrontation between both communities does not contribute to delimiting groups, loyalties, foreign support and even to exacerbating the levels of violence and cruelty in the course of the events.

A clear example of the influence of the existing rift between the Syrian population and their majority support for one side or the other depending on religious faith is the issue of the air force pilots and whether or not they are involved in the conflict. According to statements made by

the air force general Mohammed Fares,²³ incidentally Syria's first and once greatly publicised astronaut, who fled and joined the opposite side in August, only one-third of Syrian pilots are taking part in the air strikes against the rebel forces owing to the regime's lack of confidence in the rest. This 'active' third would be comprised chiefly of members of the Alawite minority, whereas the Sunni pilots would be confined with their families to their residences inside the air force bases. Similar episodes have been witnessed in the ground units most frequently used by the regime in its initial crackdown and in the current fighting.

As for the succession of fighting, it may be considered that it is currently widespread across the territory in a fluid situation that still has its main focus in or in relation to Aleppo, the scene of the worst sustained fighting since the protests and their repression turned into an open war. The rebels' capture of Maarat al-Numan on 11 October 2012 is proof of this dynamics. This action was aimed at isolating the regime's many forces present in Aleppo by cutting off the main highway between this city and Damascus.

The rebels' second military objective in the last quarter of 2012 is probably to gain control of the areas bordering Turkey with the twofold aim of facilitating Turkish support and possibly creating a reasonably secure zone free of regime forces in which to set up a provisional government that could be rapidly recognised by the rebels' allies, serving as a territorial base from which to 'free' the rest of Syrian territory.

Nevertheless, although this option is favoured by the errors committed by the Syrian armed forces when they accidentally bombarded Turkish territory, the latter do not yet seem to be weak enough to make it easy to create such a strip of segregated territory. The closeness of Aleppo to the area and its economic and even symbolic importance explain the virulence of the fighting in this city, which would be little short of an ideal base for the rebels in their march on Damascus, the regime's centre of gravity.

The fact is that, although apparently weakened in recent weeks, the military option continues to play the main role in the conflict. In this regard the hard-negotiated failed ceasefire agreement in October, modestly established for four days during the important traditional Eid al-Adha or Feast of the Sacrifice, was immediately violated as the air strikes, artillery fire and infantry fighting were resumed,²⁴ rendering the previous weeks' diplomatic efforts useless.

²³ Karin Laub, 'Syrian defector says most bomber pilots grounded', Associated Press, 6 November 2012

²⁴ Neil MacFarquhar, 'In Syria, Failed Truce and No Lull in Violence', Syrian Arab News Agency, 29 October 2012

The fighting during the truce in Daraa, Deir al-Zour and, of course, Aleppo, and the car bomb attacks in Damascus proved the truce to be a failure from the outset, as was recognised by Lakhdar Brahimi, the envoy of the United Nations and the Arab League. Two car bomb attacks even took place in both Aleppo and Damascus at the time of his meeting with President Al Assad²⁵ in symbolic defiance and contempt for his mediating mission.

Although, as was to be expected, both sides hurriedly blamed each other for breaking the truce, this fact seems to indicate that both sides believe it is possible to defeat their enemies using military means, and this is why the time for negotiation and agreement has not yet come. Nothing brings sides closer to the negotiating table than conviction of having reached a military stalemate. This situation may come in 2013, as the regime is showing a few signs of exhaustion, such as the use of makeshift arms, and the rebels seem to have strengthened their arsenals with man-portable anti-aircraft weapons.

This latter point is significant, as if the regime were to lose its impunity in using fighter-bombers to tip the balance of the combat in its favour, its military position would be seriously damaged. Although this has not been confirmed, Russia has accused the United States of providing or allowing surface-to-air missiles to reach the rebels, including man-portable *Stinger* missiles, although the US administration has denied this.²⁶

Meanwhile, on the opposite side there is a possibility that the regime is reinforcing its stockpile of chemical weapons to prevent a last effort at any price, in the event that conventional warfare favoured the rebel side. According to statements by members of the US administration,²⁷ numerous shipments of precursor chemicals needed to make nerve agents like Sarin have been intercepted in recent months. This should come as no surprise, as the regime itself stated in the summer of 2012, at a time when the international community was considering a possible intervention in Syria, that it would use its chemical weapons against foreign forces that became involved in the war.

Naturally such threats could materialise in an extreme situation of despair, but President Al Assad is aware that using them would dash all hopes of a negotiated solution –which might include immunity for himself and his family– and would bring him closer to ending up like Gaddafi than

²⁵ Sam Dagher, 'Bombs Hit Syria During Visit From Peace Envoy', *The Wall Street Journal*, 21 October 2012

²⁶ Phil Stewart, Andrew Quinn, 'Not Supplying Stinger Missiles to Syrian Rebels: U.S.', Reuters, 24 October 2012

²⁷ Noah Shachtman, 'U.S. Rushes to Stop Syria from Expanding Chemical Weapon Stockpile, Danger Room', 25 October 2012, <http://www.wired.com/dangerroom/2012/10/syria-chemical-weapons-2/>

in privileged exile, while the options of the Alawite community in the future Syria would be drastically reduced. Indeed, not even his main international supporters, China and Russia, would accept the use of chemical weapons, which would lead to international intervention and the military defeat of the regime. Even Pentagon spokespeople have calculated that 75,000 troops would be needed to quash the chemical threat,²⁸ while President Obama reckons that the use of such weapons would be the only reason for involving US troops directly in the conflict, spelling out a very clear message to Al Assad.

The Syrian Opposition

Throughout much of the war the term Syrian opposition has been no more than a loose definition for a disparate number of manifestly uncoordinated groups whose composition, interests and modus operandi even sometimes clash.

Although some of them already actively opposed the regime before the uprisings and the outbreak of the war, most have sprung up a consequence of the process. Their leanings are as diverse as socialist, liberal, nationalist and, of course, Islamist, which is why until the Doha meeting they had been incapable of presenting a united front against the regime and –more serious still– to their potential allies, who have chosen to support the groups closest to their own ideology or vision of the conflict, thereby contributing to the growing rift between the different groups.

A brief survey of the most significant groups, according to the classification made by Morales,²⁹ indicates that the Local Coordination Committees organised the initial protests in their own areas, with poor coordination in the war. When the uprisings against Assad's regime began in March 2011, these Local Coordination Committees sprang up in different Syrian cities and took responsibility for planning and organising the protests in their own communities. Over time they have managed to improve their coordination, as proved by the common website featuring video recordings of the fighting and the atrocities committed by the regime's troops.

More important regarding its ability to present an alternative to the regime for governing the country, the National Coordination Committee for Democratic Change brings together many Arab and Kurdish parties and has proved capable of attracting notable dissidents and renegade chiefs. Their belief in the need to negotiate with Al Assad to prevent chaos has

²⁸ David E. Sanger, 'Pentagon Says 75,000 Troops Might Be Needed to Seize Syria Chemical Arms', *The New York Times*, 15 November 2012

²⁹ Alberto Morales González, 'Siria: ¿es la oposición actual una opción viable?', IEEE, http://www.ieee.es/Galerias/fichero/docs_opinion/2012/DIEEE053-2012_Oposicion-Siria_AMoralesGlez.pdf

sparked criticism from the rest of the groups, some of which have even branded the Committee as a mole that is manipulated by the regime to seek a negotiated solution if necessary. Nevertheless its leader Abdul Azim is a dissident with a long track record of connections with the Muslim Brotherhood.

Possibly the most important group, the Syrian National Council, was established in Istanbul in August 2011. It brings together parties and independent opponents and therefore is the broadest based of all the opposition groups, although it has possibly has a majority Islamist presence. Its greatest achievement is to have been the most reliable and recognisable negotiating partner representing the opposition at Doha, to the extent that it has been acknowledged as the legitimate authority by the United States, as legitimate negotiating partner by Spain,³⁰ and as official negotiator by other nations, among them Turkey and Italy.

The Syrian Muslim Brotherhood has been subjected to harsh persecution by the Syrian regime for decades. Since the more than 20,000 deaths in the Hama uprising in 1982, any member detected by the regime has been eliminated, and they therefore have a broad culture of subversion and opaqueness. With a state model similar to that of its Egyptian coreligionists, its main role is difficult to assess to date, as its members are present in all the other opposition groups in an unknown proportion. What may be deduced from this is that they enjoy significant influence in the opposition bloc and will undoubtedly do so in the future Syrian authorities established after the war.

And lastly, there is the Syrian Free Army, the best known and most active in the military field. Made up chiefly of deserters from the Syrian armed forces, it has its rear guard in Turkey, and despite its thousands of combatants it is at a clear disadvantage to the Syrian army, which is why it resorts to irregular and itinerant warfare. It has lately moved closer to the Syrian National Council, practically becoming its armed faction and contradicting the Council's initial opposition to the use of arms.

The discord between these and the many smaller groups has made it difficult from them to provide orderly and widespread support to the opposition. What is more, their actions, which often mirror the atrocities committed by the regime's forces, have ended up sickening much of the Syrian people on account of their incompetence and improvisations, the destruction caused, the abuses committed by their combatants and the very widely publicised executions of prisoners.³¹ As a result they have

³⁰ 'Margallo reconoce al Consejo Nacional Sirio como interlocutor', agencies, 28 November 2012, <http://www.laverdad.es/murcia/rc/20121128/espana/margallo-reconoce-consejo-nacional-201211282237.html>

³¹ Anne Barnard, 'Missteps by Rebels Erode Their Support Among Syrians', *The New York Times*, 8 November 2012

fallen into disrepute to the eyes of the people, who ended 2012 condemning the abuses committed both by the regime and by many of the opposition fighters.

But the chaos of the opposition may have begun to be resolved or at least considerably improved with the three-day meeting held in Doha, as stated, at the beginning of November 2012. Aware of the unsustainability of the previous situation and pressured, among others by the Secretary of State Hillary Clinton, the leaders of the main groups have put aside their differences –apparently, at least– and have signed a unification agreement which has the potential to end the war or at least bring about decisive progress towards a military stalemate that would force the regime to seek a negotiated solution.

It has not been easy to reach this agreement, but the perception that continued and increased foreign assistance in the coming months could depend on the opposition forming a single, united front and on more effective control of the combatant groups on the ground, and the need for this assistance in order to continue the fight outweighed the major disagreement between the different factions. The former imam of the Umayyad mosque of Damascus, Sheikh Ahman Moaz al-Khatib, has been chosen as the leader of the coalition, called the National Coalition of Syrian Revolutionary and Opposition Forces,³² although it includes figures such as Riyadh Farid Hijab, former prime minister and so far the highest-ranking deserter of the regime.

Reactions to the agreement were immediate. Spain recognised the National Coalition of Syrian Revolutionary and Opposition Forces to be the sole legitimate representative of the Syrian people shortly after its creation,³³ as did many nations, among them the leading western powers. This has bolstered the opposition's possibilities of foreign support in what could be the definitive, albeit not immediate, turning-point in the war.

However, the way forward is not obstacle free. The first of these obstacles is the Coalition's ability to liaise and exercise its authority with the groups of combatants scattered all over Syrian territory.

In this regard one of the first issues that need to be solved is the growing hostility between the rebel combatants and the Kurdish militias. Some actually belong to the opposition, but other Kurds are fearful of losing the regime's support for their pressure on Turkey and, at the same time, their autonomy in their own areas. This clash led to an armed conflict in late October and early November of 2012 in what may be only the first

³² Neil MacFarquhar, Hala Droubi, 'With Eye on Aid, Syria Opposition Signs Unity Deal', *The New York Times*, 11 November 2012

³³ Luis Ayllón, 'España reconoce a la coalición opositora a Al Assad como único representante sirio', *ABC*, 29 November 2011

step towards a broader post-Assad conflict in which the Kurds seek a permanent place in the new regional landscape. As Sly rightly states, this conflict would necessarily have consequences in neighbouring Turkey,³⁴ but also no doubt in Iraq and even Iran.

The second challenge is to create a sort of Military Staff capable of coherently planning and directing military operations against the greatly superior Syrian armed forces and of distributing the material that is finding its way into the hands of the opposition in some way or another. Although countries like the United States and the United Kingdom only provide non-lethal material, others are less timid in their support and the creation of the Coalition will facilitate the arrival of both support and combat material, possibly including the so necessary air defence weapons.

In third and last place but most likely the most important challenge, the Coalition must impose its will on the more fundamentalist or openly jihadist combatant units that fight independently for the establishment of a radical Islamic regime in Syria with their own aims. In this connection we cannot rule out the possibility of the situation developing along the lines of Libya, and the end of the war could therefore cause the fighting to continue, this time between the different factions that are potential victors.

Support for the Syrian Regime

But not only the opposition enjoys significant foreign support. On the contrary, unlike in Libya, President Al Assad's regime has many powerful allies on a both regional and world scale. This is one of the reasons why the conflict has been dragging on for nearly two years and why the Syrian government has by no means given up hopes of a military victory, at least for the time being.

It seems clear that Damascus's allies, to cite Perazzo,³⁵ *'have always had clear ideas'*. Indeed, chiefly China and Russia, dissatisfied with the western allies' implementation of UN Security Council Resolution 1973 allowing the intervention in Libya –which according to these powers was implemented erroneously and well beyond what they approved at the Council– have not hesitated to state unequivocally that Syria was going to be a very different case and that they would never consent to an intervention similar to the one that put an end to Gaddafi's regime.

³⁴ Liz Sly, 'Fighting Erupts Between Syrian Rebels and Kurds', *The Washington Post*, 1 November 2012

³⁵ Nicolás Perazzo, 'El conflicto sirio y los apoyos de sus aliados', IEEE, http://www.ieee.es/Galerias/fichero/docs_opinion/2012/DIEEE091-2012_ConflcitoSirioApoyosAliados_NicoloPerazzo.pdf

And so, their blocking of UN decisions to this effect has been joined by actions designed to achieve a ceasefire and negotiation between the two sides, but without ceasing to support the Syrian president or consenting to his being overthrown. To their traditional defence of the concept of national sovereignty and the international community's lack of right to interfere in nations' internal affairs are added in this case powerful interests largely shared with the Syrian regime in the area.

A good example is the Russian naval base in the Syrian port of Tartus, which has made this enclave even a symbol of 'resistance against NATO', as shown on different websites supporting the Syrian regime.³⁶

Of course the fact that it is an excellent client of Russia's military industry, including some of the most advanced anti-ship or anti-aircraft missiles, influence this support.

Like Russia, China is linked to Syria not only by a shared ideology but also by trade interests, chiefly in energy matters –as could not be otherwise– to which Syria corresponds by systematically supporting China on what are sensitive issues for the Asian giant in the United Nations and the rest of the international forums. Indeed, the common stance towards the Syrian crisis in recent months has catalysed the progressive rapprochement Russia and China are achieving.³⁷

This shared stance has given rise to the Chinese proposal for a four-point peace plan designed to achieve a ceasefire in different stages and a process of political transition leading to lasting peace.³⁸ However, this plan does not specify the future of Al Assad –undoubtedly a key doubt in the conflict resolution– and it therefore seems that his future is similar to the one envisaged in the different plans drawn up by the United Nations and the Arab League. What is more, both sides are still convinced of their military options and the time has not yet come for negotiation.

Nevertheless, although Russian and Chinese support evidently provides essential international protection to President Al Assad, in a closer and more immediate and instrumental manner Iran's role in this war is even more important. As Syria's main ally in recent years, Iran has had and aspires to continue to have Syria as its most important pawn in the by now long struggle that Shia Teheran is waging with the Sunni crescent

³⁶ Al Mukawama – 'Resistencia, La flota militar rusa en apoyo a la independencia gloriosa de Siria frente a la OTAN', Agencia de Noticias de la Resistencia de los Pueblos, <http://resistencialibia.info/?p=2326>

³⁷ Nicolás Perazzo, 'El conflicto sirio y los apoyos de sus aliados', IEEE, http://www.ieee.es/Galerias/fichero/docs_opinion/2012/DIEEE091-2012_ConflcitoSirioApoyosAliados_NicoloPerazzo.pdf

³⁸ Neil MacFarquhar, 'China Presents a Four-Point Proposal for Resolving the Civil War in Syria', *The New York Times*, 1 November 2012

led by Saudi Arabia and more recently also by Turkey, not to mention the emergence on the scene of Qatar and, of course, the 'new' Egypt.

As a result, the two countries maintain a relationship of a certain amount of mutual dependence, which since the beginning of the uprisings in Syria has alerted Iran to the possibility of seeing its regional strategy thwarted in the event Al Assad is toppled, as the Syrian regime has been essential to connecting the Palestinians and Hezbollah with Iran. Indeed in the demonstrations staged in Lebanon in favour of or against Syria and its influence on the country since the beginning of the Syrian crisis, banners have been seen displaying the slogan '*No Iran, no Hezbollah*'³⁹ – proof of the awareness of Syria's role in the strategic alliance between the Shia group that has such great influence on the Lebanese scene and Iran.

Therefore the Teheran regime is supporting Al Assad however it can. Following a couple of absurd incidents such as the kidnapping of Iranian soldiers on a supposed pilgrimage in Syria,⁴⁰ the Iranian government has at last recognised what was obvious. General Mohammad-Ali Jafari, commander of the Revolutionary Guards, has recently recognised that his guards work in Syria providing 'intellectual and advisory help and exchanging experiences'⁴¹ with the Syrian regime, but that this does not extend to military involvement. We are dealing with a new episode of the only too well known figure of military advisors and the vague boundaries between financial, technical, logistic and advisory support and the possible involvement in at least directing the fighting if the situation so requires. Hardly new or surprising.

More vague still is the role of Iraq, which despite its Shia majority and government needs to maintain a very delicate balance between Iranian influence, economic links with the United States and the ever potentially explosive Kurdish question. Accusations about Baghdad's permissiveness regarding the supply of Iranian arms to Damascus across its territory and air space, pressure from Washington, denial and events such as detaining Iranian aircraft to search them for contraband weapons⁴² – an action that incidentally can easily be manipulated to silence protests from the international community – with a negative result highlight how the Syrian war has placed Al Maliki's government in a delicate position and how it is seeking to strengthen its position by establishing closer trade relations

³⁹ Ángeles Espinosa, 'Irán e Israel observan con inquietud las turbulencias en Damasco', *El País*, 31 March 2011

⁴⁰ 'Irán reconoce que algunos de los capturados en Siria son militares retirados', Efe, 8 August 2012

⁴¹ Najmeh Bozorgmehr, Michael Peel, 'Iran Acknowledges Elite Troops in Syria', *Financial Times*, 16 September 2012

⁴² 'Irak obliga a aterrizar a un avión iraní con destino Siria para buscar armas', Efe, ABC, 2 October 2012

with Russia and China while supporting Al Assad, diplomatically at least, and attempting to keep growing internal instability in check.

The action of North Korea is also significant, as a panel of UN experts confirmed in a report submitted to the Security Council in July 2012 that it exports arms to Syria. These relations cannot be new, as North Korea and Syria seem to have been clearly linked in the attempt at developing nuclear weapons⁴³ that was nipped in the bud by Israel in September 2007. Given the economic situation of the Pyongyang regime, different analysts are speculating that these weapons could be financed by Iran as part of its unconditional support for Damascus.

Other allies or at least sources of support –perhaps fewer in comparison to the previous ones but capable of contributing significantly to the survival of the Syrian regime– are Hezbollah, which nevertheless cannot pin its hopes of survival on that of the Syrian regime and it is therefore acting much more coolly than might be expected after so many years of intense collaboration; and a few nations outside the region that are part of the ‘anti-US crescent’ and do not waste the opportunity provided by the Syrian crisis to further their policies.

This odd category includes President Hugo Chávez’s Venezuela, which supports Al Assad both politically and with its main resource, oil – and more specifically diesel fuel of which *Petróleos de Venezuela S.A.* has been sending shipments for months, helping alleviate the effect of the sanctions on Syria. Cuba, Nicaragua and even Ecuador also belong to this group, which received a visit in November 2012 from the Syrian deputy foreign minister Faisal Al Mokdad, bearing personal letters from President Al Assad to the respective presidents⁴⁴ in what has been speculated as being an attempt to put out feelers for a safe haven in the event that the Assad family and their closest circle had to leave Syria. We cannot rule out the possibility that this was the reason for the letters, but at the time of writing it seems premature to think that the war will suddenly end with the regime being overthrown and Al Assad fleeing. The letters may therefore have been focused more on requesting additional support from leaders with similar ideologies who may be important in the critical months to come in 2013, a year that will necessarily witness decisive events in the Syrian crisis.

The Turkish Question

Turkey, formerly an ally of the Syrian regime, is currently one of the main supporters of the opposition, to the extent that it sometimes finds itself

⁴³ Ricard González, ‘La CIA muestra los vínculos nucleares entre Siria y Corea del Norte’, *El Mundo*, 25 April 2008

⁴⁴ ‘Presidente sirio envía carta privada a Hugo Chávez’, *El Diario de Caracas*, 27 November 2012

on the verge of open conflict with Syria. The shooting down of a Turkish reconnaissance aircraft by Syrian anti-aircraft batteries in the Mediterranean or the sporadic exchange of artillery missiles across the border have aroused fears of this circumstance.

Turkey's worries about a war in its neighbourhood, its aspirations to become an alternative to Saudi Arabian leadership in the 'Sunni crescent' arising from the Arab uprisings, the weakening of Iran through the defeat of its chief ally at a time of serious concern about Iran's nuclear programme, Syrian cooperation with the Kurdish minority –always a particularly sensitive issue for Turkey– and other chiefly economic questions that may be less significant than the previous ones have made Turkish territory the main refuge for the Syrian opposition and also a logistic base for launching the operations of many rebel groups of combatants.

Turkey, strengthened by the unequivocal support of the NATO countries when border incidents occur with the Syrian armed forces, as the secretary general Rasmussen emphatically stated,⁴⁵ looks set to be the most likely platform for a hypothetical but currently unlikely international intervention in Syria, while seeking to secure an advantageous position with respect to the new authorities that may emerge from the end of Assad's regime.

It has even taken the first steps towards the possible creation of a security zone in Syrian territory and along their shared border, which would serve humanitarian aims and establish a no-fly zone that could mark the beginning of the military end of the regime.

In this connection it has enlisted the collaboration of some of the NATO countries equipped with the *Patriot* air and missile defence system, such as the Netherlands and Germany,⁴⁶ in order to reinforce the deployment of its own batteries at the Syrian border and prevent the conflict spreading to its territory, as the Turkish president Abdullah Gul has stated.⁴⁷ However it seems that the size of the threat that might require the intervention of the *Patriot* systems is not sufficient to necessitate such a deployment except in the highly unlikely event of a Syrian attack using missiles with chemical warheads, which would activate article V of the Treat of Washington in defence of Turkey and would signify the suicide of the Syrian regime; it is therefore more likely that the necessary conditions will be established for creating a no-fly zone up to

⁴⁵ 'NATO Backs Turkey as Syrian Bombs Again Fall Near Border', *Jane's Intelligence Weekly*, 13 November 2012

⁴⁶ Gilbert Kreijger, 'Netherlands, Germany May Send Missiles to Turkey', Reuters, 18 November 2012

⁴⁷ Lale Sariibrahimoglu, 'Turkey May Request Patriot SAM Deployment to Counter Syrian Threat', *Jane's Defence Weekly*, 8 November 2012

a certain distance into Syrian territory, which is the option Turkey has been favouring for months.

The Russian authorities, who opposed a similar militarisation of the Syrian-Turkish border through the spokesman of the Ministry of Foreign Affairs, are of the same opinion.⁴⁸ This is not the first Russian-Turkish clash in connection with the Syrian war, as it comes after the incident of the Syrian Airlines Airbus flying from Moscow to Damascus that was intercepted and forced to land on Turkish soil,⁴⁹ following which Russia made the Turkish government acknowledge that the plane's cargo was legal in what was evidently a false move by the Ankara government.

In any event, what is evident is that Turkey is a key actor in the war and its outcome and that from Turkey's perspective what may be at stake is not only the possible end of Al Assad's regime but Turkey's credibility as the new leader of the Sunni world.

Possibility of Foreign Military Intervention

At the beginning of the Syrian eruption a parallel was established with the intervention in Libya, which was only logical bearing in mind the reasons given for this intervention and the Syrian regime's violent repression of the protests. A comparison of both conflicts and the different response of the Security Council and the international community in general has even rekindled the old debate on whether military interventions are ethical and, consequently, the theories on just war.⁵⁰

However, it became clear from the outset that on this occasion it was going to be impossible to reach a consensus or, at least, the non-opposition of some of the permanent members of the Security Council, and that therefore a resolution similar to 1973 making possible the NATO operations in Libya was not going to be achieved.

As a result the Syrian war may be regarded as a civil war without foreign intervention in the strict sense of the word, although the support both sides receive through different means make it necessary to take this statement with reservations. In addition to the above-mentioned 'indirect' participation of the Iranian Guardians of the Revolution, the arrival of international jihadists to fight alongside rebel units –among them Span-

⁴⁸ Gabriela Baczynska, Martin de Sa'Pinto, 'Russia Clash over Missile Deployment in Turkey', Reuters, 22 November 2012

⁴⁹ Lucas Farioli, 'Turquía presiona para lograr una zona de exclusión aérea en Siria', *La Gaceta*, 19 October de 2012

⁵⁰ Niamh Maria O'Sullivan, 'The Moral Enigma of an Intervention in Syria: A Just War Analysis', *Istituto Affari Internazionali*, August 2012

iards, as occurred in Iraq⁵¹ – make it necessary to relativize the conventional categorisation of conflicts.

Indeed, foreign jihadists are taking part to such a degree that even though no state is directly involved, as would be required by the above-mentioned classical taxonomy of conflicts, foreign participation may be considered a fact. And so it is, to the extent that the rebels themselves fear that the main role in the fighting –and worse still, in the post-war– will be played by these individuals, in a new version of what occurred in neighbouring Iraq. Some rebel leaders speak of Islamist terrorists 'hijacking the revolution',⁵² while the successive car bomb episodes in Damascus and other places like Yarmala are consonant with this terrorist logic.

What is more, as could not be otherwise, the powers with interests in the area differ as to their action in the conflict, although it should be recognised that they have striven to limit diplomatic confrontation and keep the framework free of excessive tension. For example, Russia has accepted America's claim that it is not involved in the possible procurement of *Stinger* missiles to the rebels,⁵³ while it is accusing the United States of coordinating supplies of weapons to them – something which the US administration denies, reaffirming its declaration that the support it provides is exclusively non-lethal material.

At any rate, direct military intervention backed by the UN has been out of the question from the outset, and it is not the time for ad hoc coalitions acting outside this umbrella, as might have been more plausible in the previous decade. Speculations about the formation of this coalition –naturally led by the United States– therefore have had little substance until November 2012.

Around this time General David Richards, Chief of the Defence Staff of the British armed forces, warned the Syrian regime of a possible limited operation aimed at creating corridors and safe areas for refugees in Syrian territory if the humanitarian situation worsened.⁵⁴ This declaration comes on top of Turkey's repeated requests for implementing a no-fly zone to prevent Syria from using aerial warfare, and according to various media the United States appears to have given serious consideration to an intervention of this kind.⁵⁵ This would be the purpose of the recent agreements for the deployment to Turkey of additional *Patriot* missile batteries from NATO countries.

⁵¹ José María Irujo, 'Guerreros de Ceuta', *El País*, 24 June 2012

⁵² Bradley Secker, Ruby Russell, 'Syrian Rebels Worried al-Qaeda Co-opting Revolution,' *USA TODAY*, 23 October 2012

⁵³ 'Russia Suggests U.S. Coordinating Arms Supplies to Syria Rebels', Reuters, 25 October 2012

⁵⁴ Christopher Hope, 'Britain Could Intervene Militarily in Syria in Months, UK's Top General Suggests', *UK News*, 11 November 2012

⁵⁵ Hadeel Al Shalchi, 'U.S., Turkey to Study Syria No-fly Zone', Reuters, 11 August 2012

Evidently it is necessary to take into account the pressure that these manoeuvres and statements put on President Al Assad. The president has not ignored this pressure and has responded by warning of the global consequences of western intervention in his country,⁵⁶ threatening to use his chemical arsenal against the invading troops. An unspoken pact seems to have been established implicitly at the end of the year whereby, on the one hand, there will be no intervention unless Al Assad uses his chemical weapons; and, on the other, if there is an intervention, the Syrian regime, which would have nothing to lose, would use chemical weapons.

Large-scale intervention under these conditions seems unfeasible, but the establishment of a strip of Syrian territory along the Turkish border and perhaps also close to Lebanon and Jordan to take in the growing number of refugees is a greater though not imminent possibility. It would necessarily have to be limited in depth so that the Syrian government would not interpret it as the first stage of an invasion and muster its full military potential against the international? Turkish? Arab? troops that guaranteed the security of the enclaves. Should this possibility materialise it would probably do so in a scenario of widespread fighting across the territory with a violence level much higher than the current one, with hundreds of thousands of displaced people and refugees, a circumstance that would force the international community to intervene. In a scenario of this type it would not be strange, as occurred in the Balkans, for Russia to agree to the establishment of the safe area and at the same time take part in the operation with a military contingent.

Whatever the case, although it has not yet happened, the so often cited option of a military stalemate will probably be reached during 2013. The support of the Gulf monarchies and, in other ways, of United States and the EU countries, is too explicit to allow the defeat of the rebels and a return to square one. Furthermore, the regime's military might, as long as China, Russia and Iran do not turn their backs on it – something that seems unfeasible – is preventing the rebels from achieving a military victory.

Only negotiation and the transition to a new regime seem to be the possible way ahead. The guarantees to Al Assad and his unconditional supporters, the power shares in the new regime and the struggle against the jihadist elements, both those already present and those yet to arrive in Syria, will require foreign intervention, both diplomatic and in the security field. Otherwise a chaotic post-Assad period is guaranteed.

⁵⁶ Babak Dehghanpisheh, 'Assad Warns West Against Military Intervention', *The Washington Post*, 8 November 2012

Developments in Egypt and its regional influence

By far the most important Arab revolution of all those that have taken place to date is that of Egypt. This is due chiefly to the major influence that everything related to Egypt has had on the Arab world for centuries. More recently its population, its cultural influence, the Suez Canal, its position as a bridge between the Maghreb and the Mashreq and its determining role in the change in Arab-Israeli relations in recent decades make it necessary for any analysis and attempt at predicting the future of the political process under way in the region to take into account the consolidation –for the time being– of the Muslim Brotherhood’s political project as one of the most significant milestones.

During his first months in office Egypt’s new president, Mohamed Morsi, has been involved in highly significant actions both at home and abroad. Coinciding in time with the Syrian civil war, the Iranian-Israeli dispute that sometimes seems imminent, and the escalation of violence between Hamas’ Gaza and Israel, they place Egypt, no doubt voluntarily, in a new position not only in the region but also, through its undeniable global influence, in the international strategic landscape.

The victory of the president, the leader of the Freedom and Justice party founded by the Muslim Brotherhood, has highlighted the social reality of the Egypt of our time. Although he secured his political victory over Shafik by just 3.8% of the vote, this, coupled with the very large Salafist-Islamist majority in the previous legislative elections, has entailed firm support for political Islamism, making up the cornerstone of what has been called, as an evident counterpoint to the much earlier term of ‘Shia crescent’, the ‘Sunni crescent’ experienced socially for a long time and politically since the beginning of 2011.

This power share has largely caused a wave of concern about the political direction in which a key country is moving, but the fact is that President Morsi’s first months in office have been characterised by a pragmatism that is a far cry from the heavily ideologised stances that might initially have been expected. The status of the Camp David Accords, reached with such difficulty in 1979, therefore does not seem to be at risk. Balancing the force of the large population sectors that support him, the political leanings within the broad-ranging movement he represents, Salafist influence and the above-mentioned realistic and pragmatic policies pursued both at home and abroad in such a complex region is no easy task, as General Shafik stated honestly on congratulating him after the elections.

The Islamist Threat to President Morsi

The Council presided by Marshall Tantaui attempted to place both the legislative power and responsibility for planning and budgeting in Egypt in

the hands of the military junta, leaving both Parliament and the figure of president without substance and real power. But President Morsi has rejected outright the limitations imposed by the Council and is genuinely exercising his mandate;⁵⁷ this has by no means signified a sharp change of direction in Egypt's position in the regional power balance.

Therefore, not totally breaking away from the previous stages indicates a sensible and realistic vision which, given the economic and security challenges Egypt faces, makes unlikely the perspective of a radicalised government which could pose a risk to regional instability. On the contrary, in the troubled environment of the present, the current Egyptian government is proving to be a moderate and moderating element on which many hopes of an improvement in the situation of the area analysed here are pinned. Indeed, one of the immediate consequences is the confirmation of the annual military aid the United States has been granting Egypt, amounting to around 1.5 billion dollars.⁵⁸

Proof of the disheartenment of the most radical elements is the reactivation of the activities of Islamist militiamen and even local Bedouins converted into jihadists⁵⁹ in the north of the Sinai peninsula. Their attack could harbour hopes of provoking a worsening of Egypt's relations with Israel, following President Morsi's announcement that he intended to respect the international agreements and treaties entered into earlier by Egypt, prominent among which is the Egyptian-Israeli peace agreement.

Despite these agreements, the need for confidence-building measures with Israel has meant an overly weak presence of the Egyptian army in Sinai, which has fostered the proliferation of Islamist elements in the peninsula. This circumstance, which has been so conducive to the reconstruction of Hamas' 'military' power in Gaza, should be given attention by both governments; Egypt needs to be able to control Sinai more effectively without this being perceived as a threat by Israel, which would do well to consider, above and beyond ideological and historic stereotypes, where its real enemies and potential allies currently lie.

With respect to this more intense cooperation, it should be stressed that Egyptian military actions have taken place in which aviation has been very actively involved, striking Islamist positions even in Sheikh Zuwayed, a town close to the Rafah border crossing to Gaza; this has undoubtedly required knowledge and coordination with Israel, which is ever watchful of any flight path that comes near to its vulnerable territory. This spirit,

⁵⁷ Moataz El Fegiery, 'Crunch Time for Egypt's Civil-Military Relations', *Policy Brief* 134, August 2012, FRIDE

⁵⁸ *Informe Semanal de Política Exterior*, 6 August 2012, Política Exterior

⁵⁹ Mohammed Najib, 'Bedouin Jihadists - The Rise of Extremism in Egypt's Sinai Peninsula', *Jane's Intelligence Review* 2012

which is due to the existence of common enemies and the overcoming of rigid ways of thinking of the past, ought to foster greater mutual confidence, thereby remedying areas of state fragility that the more radical regional elements can use to their advantage.

The United States has explicitly backed Egypt's military actions; therefore, although defined as a routine visit to the US troops belonging to the MFO (Multinational Force and Observers) deployed in the area since the 1979 accords, the fact is that Admiral Harward, second-in-command of the US Central Command, met Egyptian military leaders in November 2012⁶⁰ in what seems to be an action designed to facilitate developments in confidence-building between the two nations, Egypt and Israel, in Sinai, especially after the demonstration that President Morsi is not going to allow Islamist radicals to dictate the new government's policies.

A Foreign Policy Both Old and New

After strengthening its relationship with Israel and the US-led West, Egypt has embarked on a number of initiatives directly related to the three main problems in its close environment.

The first is designed to help put an end to the Syrian tragedy. Although it is most likely doomed initially to the same failure as the efforts of the United Nations and Arab League, the Egyptian initiative envisages the involvement of four regional actors with significant but clashing interests: Iran, Saudi Arabia, Turkey and Egypt itself, which is attempting to put an end to the Manichaeism of pro- or anti-US countries in the area. Although to date it has not been possible to stop the fighting, this committee is nonetheless an excellent forum for achieving a negotiated end to the war, which increasingly seems to be the only reasonable solution possible. In view of the recent reorganisation of the Syrian opposition, the population's weariness of the situation and the outrages committed by both sides, which are merely adding to fear of the hypothetical victor resulting from a military victory of either of the sides, the committee may come to play an essential role in the path towards a negotiated transition and even in the future of the Assad family and its entourage.

The second refers specifically to Iran. Despite being set at odds by a long-standing enmity dating from the Iranian revolution of 1979 and separated even more by their sympathies and support for the two Syrian sides, the fact is that the initiative described in the previous paragraph and the presence of Morsi in Teheran for the summit of the Movement of Non-Aligned Countries seem to indicate that these two great nations are start-

⁶⁰ Ashraf Sweilam, 'US Military Delegation Visits Egypt's Sinai', Associated Press, 5 November 2012

ing to steer their relations along the path of normalisation. It is true that Morsi's involvement in the above-mentioned summit was stormy, with the Syrian delegation leaving the room and the evident annoyance of the Iranian authorities, but differing is still a form of relationship which in this case signifies progress with respect to a situation that had been at an impasse until the beginning of the new period in Egypt.

The third and last is directed specifically at mediating between the Palestinian factions with the aim of achieving a reconciliation between Al Fatah and Hamas with a view to the forthcoming elections and decisive progress in the process of building a Palestinian state, the only possibility for achieving some degree of stabilisation of Palestinian territories. The Palestinian attacks on Israel and the response of the latter, currently under way, seem designed specifically by the most radical factions to render this means of pacification and stabilisation impossible.

Nevertheless, Egypt's successful mediation between Israel and Hamas with firm US support through the presence in Cairo of Secretary of State Clinton, which at the time of writing has just put an end to the bombardments in Israel and to operation *Pillar of Defence* through a ceasefire announced by the Egyptian foreign minister Mohamed Kamel Amr, has significantly strengthened Egyptian leadership. It also makes it in a sense a guarantor of the ceasefire, and to ensure Hamas sticks to it is therefore both a challenge and a test of the reliability of Egyptian influence vis-à-vis the leadership of Hamas, which seems to be betting on the winning horse by gradually accepting Egyptian protection and moving away from Iranian influence exercised through Damascus.

Basically Egypt wants to return to what it considers to be the role that befits it in the region – that of backbone and referee of relations of Israel, Iran, the Arab world and the western powers. This rapprochement with regional geopolitics may prove decisive in the coming years, contributing to Egypt's own internal stability.

In this regard the presidential decree of 22 November issued by President Morsi might be a move in this direction. His assumption of absolute powers, which has triggered a new wave of protests in Egypt, in an increasingly authoritarian attitude, is no doubt based on his foreign success. At least temporarily, until parliament is renewed, as Morsi himself hastily stated. But it is common knowledge that with situations of legal exceptionalism in the Arab world it is known when they begin but not when they end, and therefore the decree has been fiercely challenged, leading the country to the verge of sectarian clashes, to the point that the Egyptian armed forces have warned that they will not tolerate this violence; this seemed to be more of a warning to the president than to the street demonstrators vis-à-vis the possibility of being ordered by the

president to take violent action against the demonstrators opposed to the Muslim Brotherhood.⁶¹

Although it is most likely that, given Egypt's difficult economic and political situation, the president has decided to 'take a short cut'⁶² in order to continue with the reforms, approve the Constitution and, basically, achieve further progress and make it possible to govern a country with huge basic and instrumental problems in its day to day affairs, in a move that recalls the dictator of the Roman Republic, suspicions that it may be a step towards establishing a new authoritarian regime have foiled this initiative.

And so, President Morsi finally found himself forced to back down, cancelling the aspects of the decree that granted him almost absolute powers⁶³ in what is probably his first major failure since he has been president. It would be desirable for the domestic situation to be normalised as it may easily be deduced from the foregoing that Egypt is set to become a key element in regional stability in the coming years.

The iranian question

Notwithstanding the foregoing, out of all the Middle East issues Iran has the greatest potential for war. It illustrates the old dichotomy, well known by General Staff officials from all over the world, between the most likely and the most dangerous option. Indeed, a large-scale confrontation between Israel (and probably the United States) and Iran is probably not the most likely confrontation in the region at the present time, as shown by the Gaza episode in November, but if it were to occur it would certainly be the most serious one as its implications would be global in scope.

Accepting the above, and as it is an issue that goes back a long way, it is appropriate to examine the current parameters of this conflict, which in fact cannot be classified as in progress or latent but rather as potential.

In a general framework in which the longstanding sanctions on the Teheran regime and their handling have placed Iran in a very tricky economic situation –heavily dependent on its energy exports which, following the embargoes by the western nations, are aimed chiefly at the Asian markets– the question is obviously whether Israel will decide on and finally launch the much-announced pre-emptive strike that could inflict signifi-

⁶¹ 'Mursi saca los tanques a la calle mientras siguen los enfrentamientos,' Efe, Europa Press, 6 December 2012

⁶² Enrique Rubio, 'Mursi polariza a un dividido Egipto al empujar sus poderes al límite,' *Diario Vasco*, 23 November 2012

⁶³ Ricard González, 'Morsi cede y deroga el decreto que le concedía amplios poderes,' *El País*, 9 December 2012

cant damage on Iran's nuclear programme and thwart or at least considerably delay Teheran's possibility of possessing nuclear weapons.

This question is evidently difficult to answer, but two factors that might be an indication have recently manifested themselves. The first is evidence that Iran's most sensitive nuclear facilities have been concealed more efficiently than previously thought. According to recent information, the Fordow uranium enrichment facilities near Qom are so deeply buried in the mountainside that they are immune to air strikes carrying the most advanced weapons against targets of this kind.⁶⁴

What is more, the United States' misgivings about this pre-emptive strike are considerable. The argument used by spokespeople from the Defense Department is that this Israeli action would signify the impossibility of continuing with US policies for thwarting Iran's plans with the support of its Gulf allies, which would presumably react against Israel and its American ally,⁶⁵ thereby putting an end to a collaboration built over the decades and making it impossible to weaken, harass and topple the Iranian regime from inside, which is the United States' first option.

This led Prime Minister Netanyahu to resume his verbal aggressiveness a few days later and claim he would attack the Iranian installations without US aid.⁶⁶ This statement, which could be taken in the context of the preliminary stages of the election campaign as aimed at further increasing international pressure on Iran, nevertheless shows Israel's readiness to do what it takes itself to stem the Iranian threat against its security, even going against the opinion of the international community if necessary. He even argued against the US statement that an Israeli attack on Iranian facilities would be positive for the Arabs.⁶⁷

This statement deserves attention, because the Israeli prime minister was not mistaken in claiming that the Arab governments, in particular the Gulf monarchies, would stand to gain from a weakening of their age-old adversary. What is more, much of the regional tension stems from Iran's nuclear programme and such a setback ought therefore to lessen this tension, contributing to greater stability in the area. But it is equally true that, despite these arguments, it is necessary to take into account the feelings of the population of the Arab countries which, faced with an attack by Israel on what is, after all, a Muslim country, would most likely react angrily; in the current context where the established governments

⁶⁴ Uzi Mahnaimi, 'Rivals Fear Israel's Binyamin Netanyahu is Plotting Nuclear Strike on Iran', *The Sunday Times*, 11 November 2012

⁶⁵ Julian Borger, 'US Warns Israel off Pre-emptive Strike on Iran', *The Guardian*, 31 October 2012

⁶⁶ Jodi Rudoren, 'Netanyahu Says He'd Go It Alone on Striking Iran', *The New York Times*, 5 November 2012

⁶⁷ 'Netanyahu Says Strike on Iran Would Be Good for Arabs', Reuters, 30 October 2012

are being challenged amid a climate of widespread social unrest in the Arab world, this could place the governments that stand to 'benefit' from the Israeli attack in a serious predicament. It therefore does not seem to be the best time to invoke this argument or to get the Arab governments to agree to the often-cited pre-emptive strike.

But it should furthermore be borne in mind that Israel's perception of the moment of the 'point of no return',⁶⁸ as the defence minister Barak called the deadline for the attack, varies depending on the information gathered on the Iranian nuclear programme and Israel's own achievements regarding its missile defence system.

While the news of 3,000 additional centrifuges in Fordow –as commented on, buried deep in the mountainside and apparently safe from conventional attacks– brings this point of no return closer, the Iranian authorities are doing what is needed to keep up the tension but preventing it from making armed conflict inevitable. This occurred in May 2012, when approximately one-third of the enriched uranium was used for civilian purposes, specifically to produce fuel rods for Teheran's research reactor according to the International Atomic Energy Agency,⁶⁹ so that Teheran itself delayed the date it would be ready to produce its first bomb. Once again, to cite Barak, this decision probably avoided conflict, delaying the decisive moment by 'eight to ten months'.⁷⁰ What is more, as stated previously, the success of *Iron Dome* has increased Israel's confidence in its security margin vis-à-vis a distant and hypothetical attack launched by Iranian missiles against its territory.

The foregoing has delayed Israel's critical moment to the present year, 2013, in which unless the situation changes substantially –basically if Iran renounces continuing with the programme, something that seems unconceivable– there are two ways to go.

The first, suggested by Mohammed Javad Larijani, secretary of the Iranian High Council for Human Rights⁷¹ and backed by the reappearance in public of the moderate Rafsanjani in one of those gestures that reveal so much about the highly complex domestic policy of the regime, is negotiation –even directly with the United States– in order to achieve a balance that could avert the conflict. Such negotiations, which were one of the strong points of the debates of the US election campaign between both

⁶⁸ Deborah Haynes, Richard Beeston, 'We Must Deal with a Nuclear Iran Before Point of No Return, Ehud Barak warns', *The Times*, 31 October 2012

⁶⁹ Jeremy Binnie, 'Barak Says Israeli Attack on Iran Postponed', *Jane's Defence Weekly*, 1 November 2012

⁷⁰ David Blair, 'Israel Says Iran Has Pulled Back from the Brink of Nuclear Weapon - for Now', *The Telegraph*, 30 October 2012

⁷¹ Jason Rezaian, 'Iranian Ministry Suggests Openness to Nuclear Talks', *The Washington Post*, 7 November 2012

candidates, have been denied by both the White House and the Iranian foreign minister,⁷² but there is no doubt that they are the only means of preventing war.

The second option –unless Israel finally accepted a nuclear Iran as the lesser evil, though this does not seem to be on the Israeli government’s agenda– would involve the greatly feared military invention as the only means of avoiding, in addition to the direct threat to Israel’s survival, a nuclear Saudi Arabia in the short term and a nuclear Turkey and Egypt in the medium term, according to the Israeli government,⁷³ which is probably quite right.

This option would have to be worth the huge consequences it would bring, and it would therefore need to be forceful and effective in dismantling Iran’s programme. Bearing in mind that the use of special operations forces alone is by no means a guarantee of success against installations which must necessarily be heavily protected, and that a conventional air strike would leave much of these installations unharmed, especially the most critical ones that are shielded against this possibility as the situation is very different to that of the Yarmouk plant outside Khartoum that was bombed by Israeli F-15s on 25 October 2012,⁷⁴ it seems increasingly clear that the only option that would guarantee a result consonant with the can of worms opened by the pre-emptive strike is the use of *Jericho 3* missiles fitted with small tactical nuclear warheads.

The prospect of using nuclear weapons for the first time since the end of the Second World War is terrifying in itself, but the Israeli government’s perception of the threat that the Iranian nuclear programme poses to the State of Israel at least makes this an option to consider. In the event of having to choose between allowing a nuclear Teheran or a military action, the likelihood of this extreme option is greater if the second is chosen. A failed or insufficiently effective attack would lead to an escalation of violence on the part of Iran, as is only logical, and also by the latter’s allies who harass Israel, a disruption to the world energy market that would have serious consequences on the weak western economies, mass protests across the Arab world that could lead to radicalisation of its governments and a new Arab-Israeli war, as well as shattering the confidence and support of the US administration, which could be even more important to Israel. As to world public opinion, Israel has little to fear, as after the UN vote on admitting Palestine as an observer state it is difficult

⁷² Brian Knowlton, ‘Thomas Erdbrink, U.S. and Iran Deny Plan for Nuclear Talks’, *The New York Times*, 21 October 2012

⁷³ Deborah Haynes, Richard Beeston, ‘We Must Deal with a Nuclear Iran before Point of No Return, Ehud Barak Warns’, *The Times*, 31 October 2012

⁷⁴ ‘Israel’s “Dry Run” for a Strike against Iran: Two Killed as Jets Bomb Sudanese Rockets Factory’, *Daily Mail*, 28 October 2012

to imagine a situation of even less popularity and support in the concert of nations. Therefore, to trigger this cascade of very serious and long-term consequences in exchange for partial damage that failed to prevent Iran's nuclear programme from continuing and achieved at most a delay difficult to quantify, does not seem to be worth the trouble, although the use of nuclear weapons would no doubt plunge Israel into almost total international diplomatic isolation.

Iranian overtures aimed at easing tension, such as the commented-on use of enriched uranium for peaceful ends or the contradictory messages about willingness to negotiate, may be due to the fact that the possibility of such an extreme reaction by Israel is also envisaged by the regime and that the resulting state of affairs is not desired by Teheran. Therefore the possibility of negotiation, especially following the re-election of President Obama and the holding of Israeli elections in January 2013, seems to be gaining ground and dominating the landscape in 2013. Or at least it is preferable to think so and to hope that the rationality of the leaders of two great nations like Iran and Israel will prevail over the prospect of a conflict of enormously far-reaching consequences from which nobody stands to gain.

Consequences for Spain

In this survey of the most outstanding geopolitical points of the Middle East, although many will have to be left out for reasons of space, it is necessary to reflect briefly on the impact that the rapid pace of events in the region is having on our country.

As the area of utmost interest to Spain extends, for obvious reasons, to northern Africa, Calduch rightly⁷⁵ places the risks in two main categories: the feasibility of the 'new' countries that emerge from the Arab uprisings and the expansion of the jihadist terrorist networks owing to the political void left by the fall of the old regimes. Libya is a paradigmatic example, but Syria is a similar case, and the turn Egypt's domestic situation is taking continues to be worrying.

Evidently the presence of failed or at least weak states in the Mediterranean is not good news for the coastal states of the north, among them Spain. If, furthermore, any of them were to develop in the direction of Somalia and if post-Assad Syria is at risk of moving in that direction in addition to the abovementioned Libya, what have so far been unthinkable effects could occur, such as a security risk to shipping routes and a negative economic impact on the area.

⁷⁵ Rafael Calduch, 'De las rebeliones árabes a la violencia islamista yihadista', *Infodefensa*, 24 September 2012

The greater presence of jihadist and terrorist groups on the banks of the Mediterranean signifies greater closeness and ease of operating, both against European interests and in Europe itself. For some years it may have seemed that the effort made, among other places in Afghanistan, was weakening international jihadism, which was limiting its areas of activity to around Pakistan, Afghanistan and the surrounding area. However, unfortunately the recent events in the Sahel, north Africa and the banks of the East Mediterranean must convince us that this favourable situation, if it ever existed, is no longer true as jihadism is an undesirable neighbour that will be around for a long time.

It is also essential to consider the consequences of a large-scale humanitarian crisis that would necessarily entail international intervention, with a prominent role of the most greatly affected countries in the area, once again among them Spain. This circumstance would necessarily lead to possible military intervention from NATO, the EU or both. Given Spain's economic situation, it is not currently well placed, nor will it be for years, to take on new peace operations at a time when withdrawal from Afghanistan and Lebanon is beginning and when the restructuring of the Spanish armed forces is under consideration.

Lastly, but no less importantly, especially for a country like Spain that is so dependent on foreign energy, it should not be forgotten that instability in the Middle East poses security risks.

One of the most effective measures for combating energy insecurity is diversification of both the energy sources used and their suppliers, but also of the means and routes along which the energy flows from its producers to its main consumers. Therefore, and referring specifically to hydrocarbons, the progressive construction of oil and gas pipelines which, together with existing projects and those yet to take shape, will create a much denser transportation and distribution network than only a few years ago. This network should allow the establishment of alternative routes for hydrocarbons that avoid countries or areas that are unstable or involved in conflict. But this unquestionable reasoning is challenged by the existence of a producing area that is also a gateway to the Mediterranean ports: the Middle East, an area in turmoil and with a more or less widespread high risk of conflict.

Coupled with this situation, which is harmful as it is to our country's energy situation and undoubtedly contributes to keeping oil prices high, is the possibility of conflict, whether internal or international, specifically in a major oil and/or gas producing country, which would trigger a world economic crisis with far-reaching consequences on top of the current one. It would be more than the weaker economies such as that of Spain at the present time could bear.

In this respect the prospects of a possible conflict in Iran, the hypothetical closure of the Strait of Hormuz –even temporarily– and a diminished sup-

ply of oil and gas on the international market are particularly worrying. If, in addition to this, Saudi Arabia, the only country with the capacity –both technical and as regards availability– to compensate temporarily for the fall in Iranian production, becomes involved in the war and incapable of offsetting the supply dip, we would be facing an energy shortage scenario that would affect Spain very directly. We should not be deceived by the fact that currently, owing to the sanctions and embargos, Spain is not purchasing hydrocarbons from Iran, because the countries that are supplied substantial amounts by Teheran, in the event that these exports fell sharply, would immediately turn to other suppliers –i.e. Spain’s– and a struggle would ensue for what would then be a resource in scant supply. If we bear in mind, to cite only one example, that China is one of those countries, it is easy to imagine to what extent prices could rise and who can afford to buy a good part of the output.

We will end by considering that developments in the Middle East and also Mediterranean Africa directly affect the security, well-being and prosperity of the Spanish people; therefore we must not only pay attention to what goes on in the area but be prepared to make the necessary efforts to safeguard our interests. Especially bearing in mind that these concerns, far from being circumstantial or minor, can be classified as vital interests to Spain.

Strategic impact of the Sahel crisis

Rafael Calduch Cervera

Chapter three

Abstract

An analysis of the structural characteristics and the conflicts that have ravaged the Sahel in recent years indicates that the region is undergoing a process of dislocation and political conflict in addition to the traditional conditions of underdevelopment and cultural fragmentation, resulting in a high-risk area that currently poses serious threats to both African countries and the Mediterranean region.

Key Words

Sahel, Al Qaeda, North Africa, West Africa, Sahelian jihadism.

Structural characteristics of the Sahel countries

The Sahel is a semi-arid geographical region located between the edge of the Sahara desert and the savannahs of West and Central Africa. According to its broadest definition, it stretches from the borders between Mauritania and Western Sahara to Somalia, spanning a total of 11 countries (Mauritania, Senegal, Mali, Burkina-Faso, Niger, Chad, Sudan (North and South), Eritrea, Ethiopia and Somalia) and an area of approximately 9 million square km. Nevertheless, according to the more restrictive definition, this region includes only the countries of the Western and Central Sahel. In this study Sahel will be taken to refer to Mauritania, Senegal, Mali, Burkina-Faso, Niger and Chad as these are the countries that most directly affect the political stability and security of the Arab countries of North Africa and the countries of West and Central Africa.

The Geopolitics of the Sahel

Historically the Sahel was the cultural and political frontier between the Islamic Arab world and the heterogeneous and fragmented reality of Black Africa. This means that over the past centuries the predominant characteristics of this region have been cultural unrest—especially in the form of religion—ethnic diversity, political instability and economic poverty. In such conditions the process of decolonisation could only give way to failed states where the institutions and state power are controlled by clans linked to the dominant ethnic group and therefore prone to rivalry with the rest of the clans into which the societies are divided.¹

The climate conditions, the very low soil fertility and absence of water resources have prevented a phenomenon as universal and decisive as the sedentarisation of societies that began with the Neolithic revolution more than ten thousand years ago from taking root in these countries; this is a constant cause of social rifts between the nomadic communities who live from shepherding and trade on the one hand and the sedentary groups based on subsistence agricultural economies on the other.

Furthermore these countries, despite their poverty, possess raw materials and strategic resources (gold, oil, iron ore, uranium and phosphates) which they need to export to the rest of the world, as this is one of their main sources of income together with the financial remittances resulting from the emigration of surplus labour.

¹ For an analysis of the geopolitical characteristics of the Sahel, see: TAJE, Mehdi, 'Vulnerabilities and Factors of Insecurity in the Sahel', *West African Challenges*, no. 1 (August 2010), 8 pp. www.oecd.org/swac/publications/45830109.pdf (accessed 06/12/2012)

The fact that most of these countries except Senegal and Mauritania are entirely landlocked makes their economies territorially dependent on the neighbouring countries of North Africa or the coasts of West Africa to channel their exports. This need, coupled with the absence of well-established state structures, means that their borders lack effective security control. It also facilitates the trafficking of people and all kinds of goods, including arms and narcotic drugs, and an economy based on this illegal trade and controlled by the local clans; this entails a high degree of organised violence and conflicts that are often masked and justified under the appearance of ethnic or religious disputes.

All these factors make the Sahel region a geopolitical area dominated by instability and violent conflicts and lacking in the established state institutions needed to underpin a minimum degree of social and economic development that would allow its populations to improve their living conditions.

Socioeconomic Conditions

From the social and economic viewpoint, the structures of the Sahel countries have four closely interrelated characteristics in common: demographic expansion; intense migratory mobility; a dual economy; and a high degree of poverty affecting most of the population.

Indeed, despite the high mortality rates, particularly among children, the countries of the Sahel have annual demographic growth rates that vary between 2.5 and 3% as a result of which their population is due to increase by between 50 and 70% between 2011 and 2030.² This population is mainly rural with a high rate of geographical dispersal as livelihoods are based on agricultural or shepherding activities.

This hinders the establishment of basic public policies such as health, education, transport and communication and the adoption of agricultural reform programmes, all of which are essential to improving the living conditions of the Sahelian societies. As this substantial population increase is not accompanied by an increase in the countries' wealth, annual income per capita is low, fluctuating between 1,000 and 2,000 dollars in terms of purchasing power parity, and human development rates are among the worst in the world.

The result is dual economies in which most of the population lives close to the poverty line with labour-intensive and non-cost-effective production systems associated with the primary sector (agriculture, farming, mining), whereas a small sector of the working population which remains

² UNDP *Human Development Report 2011*, 2011
http://hdr.undp.org/en/media/HDR_2011_ES_Complete.pdf (accessed 06/12/2012)

linked to the exporting sectors or state institutions, especially the armed and security forces, is concentrated in cities and has a higher income.

This duality is also highly prevalent in legal and illegal productive activities alike. Indeed, corruption, theft, kidnapping, extortion and trafficking in people, arms or drugs are an important source of income for most of the local clans, especially those in the areas bordering on the North African countries.

Conflicts of economic interests thus spill over into the political, ethnic and religious sphere and trigger recurring armed conflicts within and between the countries of this region. These in turn are conducive to the population displacements caused by migrations, as waves of refugees flee from tribal clashes or the famine caused by droughts.³

The result is a social outlook dominated by poverty and rootlessness and economies based on the cultivation of raw materials and strategic resources on the one hand and, on the other, on illegal activities.

Cultures and Religions in the Sahel

It is often attempted to explain the structural crisis that prevails in the countries of the Sahel by attributing it to a variable combination of climate causes, paltry resources and religious clashes.

No doubt the fact that in the past this region has been a border between the relative cohesion of the Islamic-Arab cultures of the north and the diversity of ethnic and linguistic groups of the south, coupled with the demographic mobility of their populations and the period of European colonisation, explains the religious division which characterises the Sahelian societies which, although chiefly Muslim, have large Christian and animistic minorities in some countries like Burkina-Faso, Chad and Niger.

Furthermore, as to language, the variety of local dialects has ended up making French, the colonial language, the official language of these countries, together with Arabic in some cases. The adoption of French not only guarantees a minimum amount of national linguistic cohesion that breaks through the barriers of dialect, but facilitates the mobility of these populations between the countries of the region and their North African neighbours.

A third characteristic of the Sahel countries is that traditional values are predominant in their cultures; that is, the primacy of social organisation, forms of life and social rules of conduct which are considered legitimate

³ UNITED NATIONS ENVIRONMENT PROGRAMME, *Livelihood Security. Climate Change, Migration and Conflict in the Sahel*, 2011 http://postconflict.unep.ch/publications/UNEP_Sahel_EN.pdf (accessed 06/12/2012)

as they have prevailed for generations. The heavily traditional nature of these cultures is directly associated with the existence of a social structure based on groups organised around blood relations (clans, tribes, ethnic groups) which accordingly have misgivings about any kind of cross-breeding –not only demographic but also cultural– and this is particularly apparent in the religious sphere.

But this powerful cultural traditionalism also extends to ways of life and the rules that govern social relations, making it difficult to establish more advanced and cost-effective production systems and legal and political institutions enabling the foundations to be laid for states that are minimally effective at guaranteeing the security of their citizens and territories.

The difficulty of modernising the states and societies of the Sahel, which stems from their cultural roots, is impossible to address by simply transferring technology –in the field of telecommunications, production systems or of political systems– simply because this triggers cultural reactions that range from mere imitation to violent rejection.⁴

Basically the cultural diversity that exists in the countries of the Sahel fuels unrest, often violent, that comes on top of that caused by economic, territorial or ethnic factors and contributes decisively to the fragmentation and unfeasibility of states.

Armed conflicts in the Sahel

Unrest in the neighbouring countries of the Sahel region combined with the above-mentioned structural factors has helped keep tension high in the area over the past years. Indeed, the long drawn-out Algerian civil war (1991–2002) has been followed by the recent armed conflicts in the Ivory Coast (2011) and Libya (2011) and social violence in Nigeria (2012). This has fuelled clashes in Mali and Chad and the spectacular rise in the activity of terrorist groups such as *Al Qaeda in the Islamic Maghreb* (AQIM), *Ansar al-Islam* (Warriors of Islam) and the *Movement for Unity and Jihad in West Africa* (MUJWA), which are capable of operating in the territories of Niger, Mauritania or Western Sahara.

All these conflicts have exacerbated the effects of the food crisis triggered by the drought, prominent among which is the mass movement of

⁴ On the diverse forms of intercultural relations see: CALDUCH, Rafael, 'Las relaciones internacionales culturales entre el Islam y Occidente'; ABU WARDA, Najib (coord.), *Diálogo de Civilizaciones: El Islam y Occidente*. Madrid, Instituto de Estudios Islámicos en Madrid. 2008, pp. 101–31.

CALDUCH, Rafael, 'Conflictos internacionales culturales y violencia terrorista', *Derechos humanos y conflictos internacionales. Cursos de Derecho Internacional y Relaciones Internacionales de Vitoria-Gasteiz 2006*, Bilbao, Servicio Editorial de la Universidad del País Vasco. 2007, pp. 23–80.

border populations in recent years. According to the United Nations High Commissioner for Refugees (UNHCR), the number of displaced people in 2012 amounted to 211,655, of whom 208,523 are from Mali and 3,132 from Niger.⁵ These displaced people in turn are distributed among the border countries: Mauritania (108,953 people), Niger (65,012 people) and Burkina Faso (37,626 people).

This makes it necessary to adopt humanitarian assistance programmes, which are impossible for the authorities of the receiving countries to implement and must therefore be run by intergovernmental bodies such as the United Nations or the European Union, with the support of non-governmental organisations. The security of the civilian personal involved in these programmes must be guaranteed by the national authorities or, alternatively, by international missions entrusted with imposing, keeping or restoring peace.

The civil war in Sudan and Chad (2005–12)

The civil war, which has drawn on with varying degrees of violence for more than five years, is part of a struggle for regional hegemony in which Sudan, Libya and France itself have also been involved in the past two decades.

The mobilisation against the Yamena government by diverse rebel groups promoted and supported militarily by Sudan's Islamist government was staged in retaliation for the assistance the government of Chad granted to the rebels of the Sudanese region of Darfur.⁶

The permanent instability of the Chadian-Sudanese border owing to the incursions of rebel groups and mass displacements of refugees was further exacerbated during 2011 by the effects of the civil war in Libya and the fall of Colonel Muammar Gaddafi's regime, resulting in a situation of absolute insecurity and lack of control at the three countries' borders.

The independence of the Republic of South Sudan in July 2011, far from contributing to pacifying the region and stabilising the political regimes, is proving to bring new uncertainty and risk factors throughout the centre and east of the Sahel region.⁷

⁵ UNHCR, *Mali Operation*, <http://data.unhcr.org/MaliSituation/regional.php> (accessed 07/12/2012)

⁶ The rebel groups operating in Chad include the *Janjaweed*; the *United Front for Democratic Change*; the *United Forces for Development and Democracy* and the *Rally of Forces for Change*. The rebel groups that oppose the Khartoum government were part of the *Justice and Equality Movement*.

⁷ GARCÍA SÁNCHEZ, Ignacio J., 'Sudán del Sur. Año I', *Documento de Análisis 31/2012* (18 July 2012) www.ieee.es/Galerias/fichero/docs_analisis/2012/DIEEEA31-2012_Sudan_del_Sur_Ano_I_IJGS.pdf (accessed 07/12/2012)

Although the armed conflict in Chad does not attract the attention of the media, the United Nations reports clearly show that it is far from ending. Violence against the civilian population, especially the refugees, continues to be the main instrument used by the rebel groups to pressure the Yamena government and it is obvious that until a lasting solution is found to the Darfur crisis it will be impossible to pacify the border areas of Northeast Chad and, accordingly, for the Chadian and Sudanese refugees to return to their places of origin.⁸

Civil Armed Conflicts in Mali (2011–12)

Unlike in Chad, the origins of the armed conflicts in Mali do not stem from hegemonic interests of the regional powers but are rooted in domestic processes of tribal and religious clashes, exacerbated by the intervention of terrorist groups. The initial trigger was the rebellion of the Tuareg *Ifoghas* and *Idnan* clans, which vied openly for local power –and, accordingly, the monopoly of drug smuggling along the border with Mauritania and Algeria– with the *Lamhar* and *Berabiche* clans that were directly supported by the government, a few high-ranking military commanders such as Colonel Mohamed Ould Meydou and the *Imghad* Tuareg.⁹

We are thus dealing with a conflict whose roots are more widespread than strictly political, although economic interests also evidently conceal social motivations and the age-old rivalries between clans for local and national power. The diverse aspects of the armed conflict need to be taken into account in order to understand its development, without losing sight of the general outlook that allows us to predict how it will develop in the future.

Indeed, the guerrilla organisation of the Tuareg rebels, grouped around the *National Movement for the Liberation of Azawad* (NMLA), and its con-

DÍEZ ALCALDE, Jesús, 'Sudán y Sudán del Sur: Desafíos para una convivencia pacífica', *Documento de Análisis 51/2012* (27 November 2012). www.ieee.es/Galerias/fichero/docs_analisis/2012/DIEEA51-2012_Sudan-SudandelSur_ConvivienciaPacifica_JDA.pdf (accessed 07/12/2012)

⁸ According to the forecasts of the United Nations High Commissioner for Refugees, there will be a total of 400,000 refugees in Chad by December 2013, 83,000 of whom will come from Central Africa and about 253,000 from Sudan. UNHCR, *2012 UNHCR country operations profile, Chad* (January, 2012) <http://www.unhcr.org/pages/49e45c226.html> (accessed 07/12/2012)

⁹ This would be the third Tuareg rebellion in Mali following those staged in the 1950s and in 1990–92. KEITA, Kalifa (Lieut. Colonel), *Conflict and Conflict Resolution in the Sahel: The Tuareg Insurgency in Mali*, Strategic Studies Institute (01 May 1998), pp. 48. <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=200> (accessed 07/12/2012)

LACHER, Wolfram, 'Organized Crime and Conflict in the Sahel-Sahara Region', *The Carnegie Papers* (September 2012), pp. 11–13 http://carnegieendowment.org/files/sahel_sahara.pdf (accessed 07/12/2012)

nection with some of the jihadist terrorist organisations that operate in the country, such as AQIM, can only be explained by the common circumstantial economic interests associated with the illegal activities carried out in the northern areas of Mali by both groups and by the need for mutual logistic support.

The success of the attack launched by the NMLA on the town of Kidal in January 2012 allowed it to reinforce its position militarily against the Bamako government and facilitated a fresh offensive on several cities in the province of Gao, while also fuelling the rebels' aspirations of independence. Naturally these military operations spurred a mass exodus of the population and an estimated 130,000 people were displaced to the neighbouring regions and bordering countries, forcing the UNHCR to request humanitarian assistance for an initial amount of 26 million dollars.

One of the more immediate and direct consequences of the armed conflict was the military coup of 22 March 2012, which led political power to be transferred from President Amadou Toumani Touré to a military junta headed by Captain Amadou Sanogo which goes by the name of the *National Committee for the Restoration of Democracy and State*. In addition to dismissing the president, one of the military junta's first decisions was to secure popular and international support against the Tuareg rebels. However, the leading world powers, headed by France and including organisations as important as the United Nations, the European Union and the Economic Community of West African States condemned the military coup, leaving the rebellious military in a precarious position until President Touré stepped down on 9 April 2012.

The counteroffensive launched by the army of Mali against the rebels, despite having succeeded in regaining control of the province of Gao, has left the country immersed in a chaotic situation with an evident fragmentation of political power. For their part, following their military defeat, the Tuareg rebels have abandoned their aspirations of independence for the time being and are negotiating with the provisional government in Ouagadougou, the capital of Burkina Faso, for the recognition of wide-ranging autonomy in the northern regions to allow them to strengthen their local power in an open clash with the jihadist terrorist groups.

The Spread of Jihadist Terrorism in the Sahel

In Algeria the military defeat of the *Armed Islamic Group* (GIA) and the outlawing of its political branch, the *Islamic Salvation Front* (FIS), facilitated the pacification of the country but also caused the most radical jihadist sectors to disperse throughout the neighbouring countries. Indeed, the jihadists succeeded in establishing autonomous groups or 'cells' in Mauritania, Mali, Niger and possibly Burkina Faso with the twofold purpose of spreading the Salafist interpretation of Islam and overthrowing what

they consider to be weak, corrupt and above all *kafir* (apostates of true Islam) governments. The best organised and most operational, the Salafist Group for Preaching and Combat (GSPC), on establishing itself in Mauritania and Mali developed close connections with the Al Qaeda network which had been in place since the 90s in Sudan and later spread across Kenya and Tanzania, coming to be called *Al Qaeda of the Islamic Maghreb*.

However it is not the only jihadist Islamist group that operates in Mali. The existence of other radical Salafist movements has prompted the emergence of groups such as *Ansar Dine* (defenders of the faith) formed by Iyad Ag Ghali. It is often mistaken for that of sheikh Ousmane Madani Haidara, which has more than a million followers in Mali and is openly opposed to the use of violence as a practice of the jihad advocated by Ghali's followers.¹⁰

A new jihadist terrorist group, the *Movement for Unity and Jihad in West Africa* (MUJWA), became known in connection with the kidnapping of an Italian and two Spanish aid workers from the Saharawi camp in Tinduf on 23 October 2011. Some authors hold that it is an offshoot of the AQIM and others regard it as a group created by the *Lahmah* clans of the Gao region to control certain drug smuggling routes and also gain a hand in the profitable business of kidnappings.¹¹

There is therefore a network of jihadist Salafist Islamism established in northern Mali whose wide-ranging connections with local clans and leaders extend to Algeria, Mauritania and Niger and, as recently seen, also to southern Libya and the Saharawi camp at Tinduf. These groups have no qualms about trafficking in arms or people and above all kidnapping western citizens to finance their jihadist cause in the countries where they are based.

However, despite the personal links between the leaders of the terrorist groups, criminal organisations and local and/or state authorities, it would be a mistake not to take into account in our assessment the important conflicts of interests, the different aims and the clashes, sometimes even violent, between all these actors on the Sahelian stage. There is no single criminal-terrorist network in the Sahel and much less so a cohesive hierarchized organisation capable of pursuing a single political, economic or religious strategy. Far from facilitating efforts to combat terrorism and organised crime in this region, this hinders it to the extent of making direct operations unfeasible, as shown in the operation carried out on 7

¹⁰ A broad-ranging and thorough analysis of the various Islamic trends in Mali can be found in MAZARRASA, Pablo, 'Raíces profundas del conflicto en el Sahel', IEEEE, *Documento de Opinión 89/2012* (21 November 2012) http://www.iecee.es/Galerias/fichero/docs_opinion/2012/DIEEE089-2012_RazonesConflictoSahel_PabloMazarrasa.pdf (accessed 08/12/2012)

¹¹ LACHER, Wolfram, op. cit. pp. 15–16.

January 2011 by the Nigerian armed forces to free the two French citizens kidnapped the previous day.

Although there are no reliable data, it is reckoned that the number of citizens kidnapped by the terrorist groups operating in the Sahel has risen since 2003, when the GSPC kidnapped 32 European tourists in Algeria, to the current 42. More speculative still are the sums of money they have managed to raise through kidnapping. What there can be no doubt about, because they are borne out by facts, is that a) the terrorist groups that carry out the kidnappings are in connivance with the criminal contraband organisations and the local and/or state authorities, especially of Mali, which provide information and operational and logistic support; b) that the regions of northern Mali have been the main haven of the kidnapers; c) that ransom money has been paid out, either by governments or by private entities, to free the kidnapped citizens; d) that certain local leaders or jihadist Salafist organisations such as Iyad Ag Ghali have been involved as intermediaries in freeing the hostages, a fact which proves their close connection with the operating terrorist groups; e) that the practice of kidnapping has spread not only to the countries of the Sahel but also to those of North Africa, such as Algeria; f) that the funds received have strengthened the terrorist groups by allowing them to extend their religious proselytising and the task of recruitment; and h) that there is no single network either among the jihadist terrorist groups or with the criminal organisations that operate in the Sahel but a complex web of personal ties and provisional or operational collaborations between groups.¹²

The strategic implications of the Sahel crisis

As stated above, there is a close social, economic, political and cultural link between the Sahel and the surrounding countries: of both North Africa and West Africa. This link is clear with respect to the terrorist groups and also in relation to the criminal organisations. It is therefore only logical that the civil war in Libya should have had a destabilising effect on this area.

The outbreak of the Libyan civil war initially spurred the exodus of a large number of Sahelians who had emigrated to this country attracted by the

¹² EL HAIBA OULD Sheikh Sidati, *SAHEL: Real Dangers, Repeated Threats* (January, 2012) http://www.centre4s.org/index.php?view=article&catid=45%3Aarticles&id=77%3A-sahel-dangers-reels-menaces-recurrentes&tmpl=component&print=1&layout=default&page=&option=com_content&Itemid=63 (accessed 09/12/2012)
GOITA, Modibo, 'West Africa's Growing Terrorist Threat: Confronting AQIM's Sahelian Strategy', *Africa Security Brief*, no. 11 (February 2011).
http://africacenter.org/wp-content/uploads/2011/03/AfricaBriefFinal_11.pdf (accessed 09/12/2012)

expansion of its energy industry and increase in wealth. According to the official statistics of the International Organization for Migration (IOM), the number of returns amounted to 209,030 people, 95,760 of whom returned to Niger; 82,433 to Chad; 11,230 to Mali; and 780 to Mauritania. However, bearing in mind that many migrants returned to Libya unmonitored by this organisation, the government estimates bring the figures up to a total of 420,000 people of whom 200,000 entered Niger, 150,000 Chad, 30,000 Mali and 40,000 Mauritania.¹³

Secondly, Gaddafi's regime mobilised a large number of mercenaries who returned to their countries of origin after the armed conflict ended.¹⁴ Lastly, the power vacuum left by the fall of Gaddafi's regime encouraged illegal arms trading with the surrounding countries, especially of the military arsenals, many of which were uncontrolled for several months; this facilitated the rearming of both Tuareg rebel groups and jihadist terrorists and undoubtedly spurred the offensive of the first months of 2012.

However, much less attention has been paid to the major strategic implications of the armed conflict of Mali for countries like Mauritania, Algeria and the territories of Western Sahara, as well as the region of West Africa. Basically these strategic implications entail four major risk factors: 1) the internationalisation of armed conflicts; 2) the massive settlements of Sahelians in other countries; 3) the international spread of organised crime; and 4) the establishment of new jihadist terrorist networks.

The Internationalisation of Armed Conflicts

Armed conflicts in countries of the Sahel have come to be of decisive importance to regional security. This has made it necessary for worldwide or regional organisations such as the United Nations, the European Union and the Economic Community of West African States (ECOWAS) to intervene, as a result of which the armed conflicts become international and with consequences that are difficult to predict. This phenomenon was

¹³ UNITED NATIONS. SECURITY COUNCIL, *Report of the Assessment Mission on the Impact of the Libyan Crisis on the Sahel region (7 to 23 December 2011)*, S/2012/42 (18 January 2012)

<http://reliefweb.int/sites/reliefweb.int/files/resources/N1220863.pdf> (accessed 10/12/2012)

MARIN GEORGE, Princy, *The Libyan Crisis and the Western Sahel: Emerging Security Issues*, Institute for Defense Studies and Analyses (August 14, 2012), 11 pp. http://www.idsa.in/backgrounders/TheLibyanCrisisandWestAfricanSahel_140812 (accessed 10/12/2012)

¹⁴ GWIN, Peter, 'Former Qaddafi Mercenaries Describe Fighting in Libyan War', *The Atlantic* (August 31, 2011) <http://www.theatlantic.com/international/archive/2011/08/former-qaddafi-mercenaries-describe-fighting-in-libyan-war/244356/> (accessed 10/12/2012)

witnessed in relation to the Darfur crisis and may be very clearly seen in the armed conflict currently being waged in North Mali.

On 5 July 2012 the Security Council adopted Resolution 2056 calling for the reestablishment of constitutional order in Mali following the military coup, including the deployment of an ECOWAS stabilisation force. On 26 September 2012 the United Nations secretary general held a high-level meeting during the annual General Assembly to discuss the situation in the Sahel and adopt decisions on the armed conflict in Mali. The political agreement was immediately translated into Security Council Resolution 2071, adopted on 12 October 2012, which, in addition to the request for humanitarian assistance from the neighbouring countries and international organisations such as the EU and ECOWAS, provides for the possibility of deploying a military force to back the Mali authorities in regaining control of the northern part of the country.¹⁵

Nevertheless, the major differences of opinion that remain, both internationally and among the military and civilian authorities of Mali, are seriously hindering the implementation of the Security Council measures. On the one hand France, with the backing of other European countries, supports the need for the intervention of a multinational military force organised and deployed by the ECOWAS, probably with its logistic, operational and intelligence support, to regain control of the regions of northern Mali in order to prevent the armed conflict spreading to the border areas of Niger and Mauritania.

France's stance, which politically speaking is widely supported by the international community and Mali's neighbours, is difficult to put into practice owing to the conditions laid down by Washington, but above all to the internal rift between the senior officers of Mali's armed forces and also between the country's civilian leaders. The recent resignation of Prime Minister Modibo Diarra on 11 December 2012 and his subsequent kidnapping by the *Yerewoloton* group that is supposedly linked to Captain Amadou Yaga Sanogo, the architect of the military coup to topple President Traoré, highlight the deep divisions between the country's authorities.

¹⁵ UNITED NATIONS. SECURITY COUNCIL, *Resolution 2056 (2012)*, SC/10698 (5 July 2012) <https://www.un.org/News/Press/docs/2012/sc10698.doc.htm> (accessed 11/12/2012)
UNITED NATIONS. SECURITY COUNCIL, *Resolution 2071 (2012)*, SC/10789 (12 October 2012) <https://www.un.org/News/Press/docs/2012/sc10789.doc.htm> (accessed 11/12/2012)
UNITED NATIONS. SECRETARY GENERAL, *Chairman's Summary of High-Level Meeting on the Sahel at United Nations Headquarters*, SG/2186 (New York, 26 September 2012) <http://www.un.org/News/Press/docs/2012/sg2186.doc.htm> (accessed 11/12/2012)
DÍEZ ALCALDE, Jesús, 'Reunión de Alto Nivel en Naciones Unidas sobre el Sahel: consenso internacional sin soluciones concretas', IEEEE.- *Documento de Análisis 45/2012* (10 October 2012) http://www.ieee.es/Galerias/fichero/docs_analisis/2012/DIEEEA45-2012_CumbreSahel_NNUU_JDA.pdf (accessed 11/12/2012)

In the absence of minimally legitimate authorities with the ability to control the armed forces effectively, international military intervention is unfeasible in practice as it could easily be held hostage to the political and military disputes between the various government factions and its operational ability against the rebel and terrorist groups based in the north would also be considerably undermined.

Furthermore, it cannot be ignored that this complex situation is threatening to spread to the neighbouring countries unless it is addressed quickly and resolutely, with the use of force, so that the authorities to regain control over all of Mali as a prerequisite for the return of the refugee populations to their areas of origin and the progressive disbandment of the smuggling and terrorist networks.

Mass Settlements of Sahelian Population in Other Countries

The second risk factor in the region is directly linked to the mass population settlements not only in other countries of the Sahel but outside this region. Nevertheless, it should be stressed that there are two main causes of these population displacements: the cyclical famines due to climate causes and internal armed conflicts. As in the cases of Chad and Mali, both causes can combine to accentuate the scope and seriousness of these population displacements.

According to the information supplied by the United Nations High Commissioner for Refugees (UNHCR) in his report of 1 November 2012, the domestic situation of Mali has led to the exodus of 208,306 refugees, 108,953 of whom have settled in Mauritania; 61,880 in Niger; and 35,859 in Burkina Faso. To these figures should be added those of the displaced persons in Mali, which the United Nations Office for the Coordination of Humanitarian Affairs estimated at 198,558 as of 6 December 2012. As for the situation in Chad, the UNHCR figures for December 2012 give a total refugee population of 495,450, chiefly from Sudan (281,000) and the Central African Republic (79,000), together with a further 80,000 people displaced within the country.¹⁶

As the size of these figures shows, mass population displacements, both internal and international, are serious risk factors in the region as a whole as they can trigger three main effects: a) increased political in-

¹⁶ UNHCR, *Mali Situation Update*, no. 12 (1 November 2012) <http://www.unhcr.org/50a35d509.html> (accessed 12/12/2012)

OCHA, *Mali Population Movements*, (06 December 2012) <http://reliefweb.int/map/mali/mali-population-movements-6-dec-2012> (accessed 12/12/2012). The OCHA figures give a lower number of Malian refugees in neighbouring countries, 156,819.

UNHCR, *2012 UNHCR country operations profile, Chad*, <http://www.unhcr.org/cgi-bin/texis/vtx/page?page=49e45c226&submit=GO> (accessed 12/12/2012)

stability owing to the settling of large populations that scarcely submit to the authorities of the receiving countries; b) difficulty of economic growth for these countries, some of which are among the poorest and least developed in the world, and c) the ease with which criminal and terrorist networks can spread across the region.

a) Increased political instability of the receiving countries

As these are socially and politically fragmented countries with governments that are lacking in legitimacy and a civil service equipped with the necessary resources to guarantee public order and citizen security, it is evident that the settling –generally in refugee camps– of mass population flows lacking in the basic means of subsistence from other countries, ethnic groups or religions and without a well-defined authoritative structure to organise them is a source of tension and conflict with the local population but also among the refugees themselves.

Under such circumstances the law enforcement agencies and, ultimately, the armed forces of the receiving countries find it very difficult to guarantee public order among the refugee populations and often subject them to abusive conditions that hinder the very existence of these populations, taking advantage of their inadequate legal situation that is not always covered by the attribution of refugee, exile or stateless status, as in most cases this requires the involvement of international organisations.

At the same time the presence of these foreign populations usually triggers reactions of support or rejection from the social and political forces of the receiving countries, heightening existing tension before these influxes of displaced persons.

b) Difficulty of economic growth for the countries of the countries of settlement

Owing to the precarious conditions of the displaced populations and the scant development of the receiving countries, these settlements are hindering their economic growth, especially in the areas where they are concentrated.

The receiving countries are often unable to provide the humanitarian assistance these populations of refugees or displaced persons need. This forces their authorities to request international support through organisations such as the UNHCR or OCHA, which belong to the United Nations, and the European Community Humanitarian Office (ECHO), as well as from other non-governmental organisations that operate locally. According to UNHCR figures, the budget for aiding refugees and displaced persons in the Western African countries amounted to 168 million US dollars in 2012 and the figure is due to be slashed to 7,156.2 million US dollars in 2013.¹⁷

¹⁷ UNHCR, *2012 Regional Operations Profile. West Africa*, <http://www.unhcr.org/cgi-bin/texis/vtx/page?page=49e484e66&submit=GO> (accessed 12/12/2012)

This involves assigning and deploying diplomatic and technical staff whose security must be guaranteed by the respective countries' governments. The teams who perform these humanitarian tasks thus become priority targets for the parties to the disputes and do not necessarily receive suitable protection from the national authorities.¹⁸

A dilemma thus arises for the international community, which is urged to take responsibility for the protection and security of the international aid workers deployed on the ground, either by agreeing to international peace missions or by modifying the aims of already approved missions; this causes serious operational difficulties to such missions or requires a substantial part of the funds to be allocated to private security groups whose legal status is always complex and debatable.¹⁹

c) Ease with which criminal and terrorist networks can spread across the region

The precarious living conditions of the populations displaced to other neighbouring countries and their concentration in large settlements provide excellent opportunities for jihadist terrorist groups to recruit new members, gather information enabling them to extend their activities to new areas and obtain cover or support from the groups operating in the areas of these settlements, giving rise to havens for illegal activities that are beyond the control of the local authorities.

The International Spread of Organised Crime

Organised crime is one of the main causes of the social, political and economic instability of the Sahel countries and also grows stronger and expands owing to the weakness of the state structures and underdevelopment of countries with substantial natural resources. This is a vicious circle which so far has proved impossible to break, despite the projects for governance and regional development assistance promoted by international organisations.²⁰

Unlawful trafficking is rooted in history and society as a result of the trading tradition of many nomadic communities of the Sahel, which for centuries have provided a commercial and cultural link between the areas of Central Africa and trade channelled through the coasts of West Africa or

¹⁸ From this perspective it is not surprising the most of the foreign citizens kidnapped in the Sahel countries since 2003 have been members of cooperation and humanitarian aid teams or employees of multinationals.

¹⁹ This dilemma is one of the chief strategic problems in *peace enforcement* or *peace building* missions that has not yet been satisfactorily solved.

²⁰ See in this respect EUROPEAN UNION EXTERNAL ACTION SERVICE, *Strategy for Security and Development in the Sahel*, http://eeas.europa.eu/africa/docs/sahel_strategy_en.pdf (accessed 12/12/2012)

the countries of North Africa. The only effect of the borders that were established as a result of decolonisation but are totally lacking in any kind of effective control by the national authorities was to illegalise the trade in people and some goods, resulting in the emergence of a black market and bigger profits for the groups that continued to trade in them.

The revolution in means of transport and communication, coupled with the intense migratory processes of the past decades, have boosted the operational capacity of these groups, allowing them to extend their networks into the heart of Europe and diversify their activities by incorporating new illegal trades such as cocaine from Latin America or illegal immigration, as well as the recent addition of seizing foreign citizens as hostages and piracy in the Gulf of Guinea.

The conditions of failed states and high degree of corruption that characterise some of the countries of the Sahel and West Africa make these regions ideal areas for criminal organisations of Latin America and Asia to use as launch pads for their drugs, arms, rare materials and even people smuggling activities. According to the United Nations Office on Drugs and Crime (UNODC), there are clear indications that the trafficking in and consumption of drugs (heroin, cocaine and amphetamines) have increased in these regions, in addition to the traditional cannabis.²¹

As for human trafficking, the main characteristic of this area is the shortage of information and official statistics on which to base an estimate of the scope of this criminal activity. The United Nations Office recognises this information deficit, which is exacerbated by the armed conflicts and major movements they trigger of displaced persons. However, the scant information available for Africa and the Middle East is sufficiently revealing of the seriousness and scope of this activity. A total of 6,300 victims are recorded for both regions as a whole during the 2007–10 period, 68% of whom were children aged between 8 and 16 years. To this should be added the problem of children recruited as soldiers by the various rebel groups which have sprung up in the Sahel countries over the past decade.²²

Lastly, an increase in piracy activities in the Gulf of Guinea has been witnessed in recent years and is directly associated with the expansion of criminal networks between the Sahel countries and those of West Africa.

²¹ NACIONES UNIDAS. OFICINA CONTRA LA DROGA Y EL DELITO, *Informe Mundial sobre las Drogas 2012*, New York, 2012; pp. 48–60.
http://www.unodc.org/documents/data-and-analysis/WDR2012/WDR_2012_Spanish_web.pdf (accessed 12/12/2012)

²² UNODC, *Global Report on Trafficking in Persons 2012*, New York, 2012.
http://www.unodc.org/documents/data-and-analysis/glotip/Trafficking_in_Persons_2012_web.pdf (accessed 12/12/2012)

The statistics of the International Maritime Organization (IMO) indicate that acts of piracy or armed attacks on vessels during 2011 numbered 544, and that 61 took place around West Africa, considerably more than the 47 reported in 2010.²³ As can be seen, piracy is starting to be a growing threat to maritime traffic operating in the Gulf of Guinea.

In short, the international criminal networks are not only growing stronger in the Sahel countries but are also establishing connections with those that exist in the North African and West African countries, creating a high crime risk area. And we cannot expect –in the short term at least– the state law enforcement agencies to provide an effective response owing in part to the high rate of corruption among the political and military leaders of these countries but also the lack of resources and operational training with which to address the new networks and types of crime which have been developing in recent years.

The Influence of Jihadist Terrorism

As stated above, new jihadist terrorist organisations have sprung up or settled in most of the Sahel countries as a result of the spread from Algeria of the so-called *Salafist Group for Preaching and Combat* following the end of the civil war and also owing to the Moroccan and Libyan authorities' persecution of the Salafist groups that have emerged in their respective countries.

However, this process of settling, which began in 2003, has also witnessed quarrels between the leaders and splits in the jihadist groups. Furthermore, the relationship with the authorities of Mauritania, Mali and Niger, which initially tolerated or harboured them, not without bribery and corruption, has ended up developing into open conflicts as the jihadist groups have boosted their operational capability to carry out kidnappings or armed attacks and at the same time the European powers, especially France, have stepped up their pressure on these countries' governments.

In fact the leaders of the Salafist group based in the Azwad region in northern Mali were *Ammar Alsaifi*, also called '*Abdul Razzaq El Para*', and *Mujtar Balmujtar*, known as '*Jaled Abu Abbas*' and also by his nom de guerre '*Bal'ur*'. The first was arrested by the guerrillas of the *Movement for Justice and Democracy in Chad*, who handed him over to the Algerian authorities with the mediation of Libya.

However *Bal'ur* managed to establish a Salafist group in the Azwad area, recruiting followers from the Tuareg, Arab and black Songay clans, re-

²³ INTERNATIONAL MARITIME ORGANIZATION, *Reports on Acts of Piracy and Armed Robbery against Ships. Annual Report 2011*, (1 March 2012).
http://www.imo.org/OurWork/Security/SecDocs/Documents/PiracyReports/180_Annual2011.pdf

sulting in what he called the *Sahara Emirate of Al Qaeda in the Islamic Maghreb* or also the *Emirate of the Desert*. The kidnappings of foreign citizens and attacks on the Mauritanian forces such as the one in 2005 against a garrison in Lemgayti contributed decisively to spreading the leadership of *Bal'ur*.²⁴

AQIM is basically divided into two battalions (the *Masked Battalion*, led by *Bal'ur*, and the *Tariq ibn Ziyad Battalion*) together with two squadrons (the *al Furqan Squadron* and the *al Ansar Squadron*).

Nevertheless the clashes with the Algerian emir *Abdul-Malik Dorkdal*, known as '*Abu Musab Abdul Wadud*', since 2006 help explain not only the decision to become directly linked to the Al Qaeda organisation and its transformation into *Al Qaeda in the Islamic Maghreb*, but also the fragmentation of the jihadist movement and the emergence of other groups such as *Ansar al_Din* and the *MUYAO* group which is operating in the Gao region.

According to recent estimates, it is calculated that in the area between North Mali, West Niger, South Algeria and East Mauritania some 2,000 combatants have grouped together, whose breakdown is as follows: about 600 in AQIM, 700 linked to Ansar Din, 300 or so in the Tawid and Jihad Movement with volunteers from the Boko Haram group and a further 300 from Asian countries like Pakistan, Afghanistan and India.²⁵

Clashes with the troops of Mauritania, Algeria and Mali, coupled with the growing number of kidnappings of foreign citizens, have made the countries of the Sahel region a new stronghold for the internationalisation of Al Qaeda.²⁶

²⁴ ABU AL-MA'ALI, Mohammed Mahmud, *Al-Qaeda and its allies in the Sahel and the Sahara*, Al Jazeera Centre for Studies (1 May 2012)

<http://studies.aljazeera.net/ResourceGallery/media/Documents/2012/4/30/2012430145241774734Al%20Qaeda%20and%20its%20allies%20in%20the%20Sahel%20and%20the%20Sahara.pdf> (accessed 13/12/2012)

²⁵ MAMADOU BAH, Abdullah, *Prospects of the Security and Political Situation in North Mali*, Al Jazeera Centre for Studies (1 October 2012)

<http://studies.aljazeera.net/ResourceGallery/media/Documents/2012/10/1/2012101125210282580Prospects%20of%20the%20Security%20and%20Political%20Situation%20in%20North%20Mali.pdf> (accessed 13/12/2012)

²⁶ JOURDE, Cédric, 'Sifting Through the Layers of Insecurity in the Sahel: The Case of Mauritania', *Africa Security Brief no. 15* (September, 2011).

http://africacenter.org/wp-content/uploads/2011/09/AfricaBriefFinal_15.pdf (accessed 13/12/2012)

ZOUBIR, Yahia, *Algeria and the Sahelian Imbroglia: Preventing War and Fighting Terrorism*, Al Jazeera Centre for Studies (25 November 2012)

<http://studies.aljazeera.net/ResourceGallery/media/Documents/2012/11/25/2012112595728720580Algeria%20and%20the%20Sahelian%20Imbroglia.pdf> (accessed 13/12/2012)

There is no doubt that time is on the side of these terrorist organisations becoming established locally and increasing their strength through religious legitimisation, social support and the recruitment of new militants in the regions where they operate.

Consequences of the Sahel crisis for spanish security

It may be clearly inferred from the above analysis that the Sahel region is currently in the grip of a profound process of political breakdown and unrest added to the traditional factors of underdevelopment and cultural fragmentation, resulting in a high risk area from which serious threats are posed to the countries of both North Africa and West Africa.

Spain's national security is strategically affected on two levels. On the first, by the effects the Sahelian crisis is having on countries with which it shares borders or from which essential energy supplies come – i.e. by the instability it is causing in Morocco, Algeria, Libya and Western Sahara.

The processes of political and social transition under way in these countries are in themselves creating an uncertain strategic outlook with respect to which the Spanish authorities are finding themselves forced to define a reactive policy that can only be articulated through a variable combination of cooperative, intelligence and deterrence measures whose sole purpose must be to help stabilise the internal conditions of the neighbouring countries and, at the same time, guarantee the security of the Spanish citizens who live in them together with our territorial, political and economic interests in the event of a threat or direct action against them.

But the Sahel crisis is also directly affecting its national security in three ways: 1) illegal migratory flows; 2) drug trafficking and piracy; and 3) jihadist terrorism. Over the past years the combination of these three threats has made the Sahel a priority region for Spain's security and defence policy.

Indeed, the illegal migratory flows from the coasts of West Africa and Morocco are becoming one of the ways organised criminal and Salafist groups enter Spanish territory. Although the border and maritime control measures, together with forced expulsions, have succeeded in easing the pressure of illegal population movements, these movements are not expected to die down in the coming years and this means that a percentage of these immigrants will continue to succeed in establishing themselves in the country without any control over how many and where they are. Once they manage to take up residence in Spain, even if illegally, the substantial black economy, the fragmentation of regional regulations and the measures for the protection of healthcare and education measures will

facilitate their incorporation into Spanish society and even, as occurred in previous decades, their regularisation over time.²⁷

The difference with respect to these earlier periods is that today the populations from the Sahel are not subjected to any type of control in their countries of origin owing to the critical conditions some of them are in. This means that in addition to the many immigrants who flee from famine and armed conflict, others who arrive are linked to networks of drug traffickers or Salafist groups. The need for strict control of land and sea borders is thus a priority, not only for legal or social reasons but also for reasons of Spain's own security and that of the rest of the Schengen countries, especially France.

Secondly, the connection between the Sahelian drug trafficking networks and those that operate in North Africa, especially from Morocco, have reinforced Spain's position as a preferential means of access to the European market.²⁸ But the activity of organised crime has also extended to attacks and hijackings of vessels, that is piracy, off the coasts of the Gulf of Guinea, posing a threat to commercial shipping routes and a real risk of spreading to the Saharan waters where part of Spain's fishing fleet operates. Therefore the direct threat organised crime poses to national security is becoming more intense and diversified in its makeup and actions.

Finally, the threat of jihadist terrorism has grown dramatically in recent years as a result of its establishment in the Sahel area. The recurring kidnappings of Spanish and French citizens in the areas where they operate are proof that the jihadist terrorist groups are growing stronger, as they are capable of staging attacks in the heart of Moroccan and Algerian cities, as well as establishing links with the Muslim population based in Spain.

The Sahel is becoming the new area from which jihadist terrorism is spreading internationally in this second decade of the twenty-first century, in the same way as Afghanistan was in the 1990s. As in the case of Afghanistan, the terrorists are associated with the Al Qaeda network and

²⁷ As for the illegal trafficking in persons, the number of illegal immigrants who arrived at the Spanish coasts by boat in 2011 amounted to 5,443, which confirms the downward trend observed since 2006. Of these, 3,992 were rescued at sea by the maritime rescue services. During 2011 the ministry of the interior repatriated 30,972 illegal immigrants.

United Nations Office on Drugs and Crime, *Global Report on Trafficking in Persons*, February, 2009; pp. 282–83.

Ministerio del Interior, *Anuario Estadístico 2010*, Madrid, 2011

²⁸ According to the information published by the ministry of the interior, 25.2 metric tonnes of cocaine, 384.3 of hashish and 0.2 of heroin were seized in 2010. Of these amounts, 43% of the cocaine, 24.8% of the hashish and 50% of the heroin were seized from organised criminal groups. Ministerio del Interior, *Balance 2010 y Estrategia Española 2011–2014 contra el crimen organizado*, September 2011

pursue a strategy of establishment and internationalisation similar to that of the previous stage except that the strategic and ideological centre is now located in countries close to the Spanish borders.

These terrorist groups still lack sufficient cohesion to form a united front and succeed in establishing a radical Islamist regime in Mali, Niger or Chad, which is why they are attempting simultaneously to become embedded in the fragile institutions of North African countries like Libya, Tunisia and Morocco which are engaged in their complex processes of political transition. If they achieve this aim Spain's security will be under serious threat and, as in the case of Afghanistan, the dismantling of the jihadist terrorist networks will be long and complex and will require the use of force, even if through selective operations of the kind the French authorities are already performing in Mali and Niger.

It is evident that there are still appreciable strategic differences between France, Spain and some North African countries like Algeria on how to succeed in addressing the growing threat of jihadist terrorism which is spreading from the Sahel, but what is certain is that unless a strategy of joint action is adopted by the armed forces and law enforcement agencies of the countries on either side of the Mediterranean in the coming years, jihadist terrorist attacks in Europe will increase.

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The crises in the China seas: geopolitical and security implications

Xulio Ríos

Chapter four

Abstract

The increasing tensions in the East and South China Seas evidence the scope of the Asian giant's ambitions and also the security weaknesses that threaten many of the countries of the Asia-Pacific region. Stemming from diverse interests, the US strategy of returning to the area is shaping a new landscape marked by a clear trend towards polarisation. The role and ability of regional institutions, such as the ASEAN, to provide measures for confidence building and the peaceful settlement of disputes is being called into question, while military budgets are continuing to rise year after year. Economic interdependence has a powerful moderating effect within the area, but it must be dissociated from security goals that are moving in the opposite direction, seeking a balancing diversity.

Key Words

China, US, Asia-Pacific, maritime territorial disputes, ASEAN.

Introduction

The 18th Congress of the Communist Party of China (CPC), held in Beijing from 8 to 14 November 2012, saw the takeover of the fifth generation of leaders.¹ The substitute of Hu Jintao, at the helm of the CPC from 2002 to 2012, is Xi Jinping, who has also taken over as chairman of the Central Military Commission (CMC). He is due to be confirmed as the country's new president in March during the annual sessions of the People's National Assembly.

The early assumption of the presidency of the CMC, of which he was already vice-president, is a significant fact in the dynamics of succession in China. It should be remembered that Hu Jintao, who was elected in 2002, did not succeed in overcoming the resistance of his predecessor Jiang Zemin until 2004 and after combating the epidemic of Severe Acute Respiratory Syndrome (SARS), which required the thorough involvement of the army's human resources. Xi Jinping was personal secretary to General Geng Biao, defence minister from 1979 to 1982. This facilitated his peculiar rise in the military environment, as did the fact that he is a member of the revolutionary aristocracy (his father Xi Zhongxun [1913–2002] belonged to the Politburo), albeit a disobedient one (he condemned the suppression of the Tiananmen protests); indeed, in the early years of the People's Republic he was criticised by Maoism, which attributed him 'anti-party' tendencies.

In view of the composition of the Standing Committee of the Politburo of the CPC (which also includes Li Keqiang, Zhang Dejiang, Yu Zhengsheng, Liu Yunshan, Wang Qishan and Zhang Gaoli), Xi Jinping will also be personally responsible for international affairs. Both areas of responsibility – security/defence and foreign relations – place him directly in charge of how the pending territorial disputes develop, especially those involving China's maritime periphery, which he had the chance to explore closely at times of certain tension following a tour of several countries in the area (Vietnam and Thailand) at the end of 2011.

A few weeks after taking up office, during his visit to the province of Guangdong, Xi Jinping planned a specific military agenda with visits to the Zhuhai, Huizhou and Shenzhen units. He also went on board the Hainan missile destroyer belonging to the South Sea fleet in the operational theatre of the South China Sea. Xi warned of the risks of instability in the adjacent maritime area and called for being prepared for any contingency.

The months prior to this 18th CPC Congress were marked by major tension that was not only internal (the Bo Xilai case) but also external, especially with Japan in relation to disagreements over the Diaoyu-Senkaku

¹ Various analyses of this Congress, its context and consequences can be found in the special section of the Observatorio de la Política China, www.politica-china.org

islands, and also with the Philippines and, to a lesser extent, Vietnam owing to quarrels over the sovereignty of certain archipelagos of the South China Sea. In both cases, but particularly the first, various demonstrations and incidents took place in several cities, all calling for the government to adopt a more forceful attitude in defending national interests. Some observers have speculated that Xi Jinping is hypothetically inclined to favour a more vigorous attitude to these disputes. Nevertheless, during the above-mentioned international tour he stressed his wish for peace making and Chinese diplomacy's traditional approach of giving priority to increasing economic and trade relations as the best means of defusing disagreements.

This tension was a reminder that much of the coastal strip of continental China and its surrounding area is one of the potentially most explosive parts of Asia and the world² – to the extent that uncontrolled development of these minor crises could undermine and dash the favourable development and growth expectations of this part of the world. More than one-third of the world's trade crosses the China Seas. This route is of considerable strategic value and coveted by all states with maritime interests. Control of the area's many islets and archipelagos can ensure greater control of the shipping and air routes that cross these waters and skies. Japan, the world's third biggest economic power, cannot ignore the fact that it receives a considerable part of the imports and energy supply that keeps its industry running via this route. China is not unaware that this coastal strip is the weakest flank of its defence (the invasions by Japan and the western nations that plunged the country into a sharp decline from which it has not yet entirely recovered arrived by sea).

In addition to the abundant fishery resources in many areas of these waters, much of the subsoil holds large oil and gas reserves, most of which are potentially highly profitable and an added stimulus to all these emerging nations which urgently require energy resources to fuel their growth more comfortably. According to official Chinese documents, the reserves of the South China Sea as a whole, which is as vast as the Mediterranean, account for 30% of its current oil reserves and are the fourth most important known reserves in the world. China expects to extract 50 million tonnes from this area between now and 2020. This production will offset the decline in the inland oilfields of Daqing and Shengli, whose profitability is falling by 3% annually on average. In general non-Chinese experts consider these estimates to be exaggerated.

² A substantial overview can be found in: 'Laborie Iglesias, Mario, Tensiones en el Mar de China meridional', http://www.ieee.es/Galerias/fichero/docs_analisis/2012/DIEEEA33-2012_TensionesMarChina_MLI.pdf; also in <http://theinternationalpolicy-spanish.com/2012/09/20/los-nuevos-conflictos-geoestrategicos-el-mar-del-sur-de-china/>; or <http://www.eurosur.org/acc/html/revista/r69/69geop.pdf>

The South China Sea also possesses large gas reserves whose size is not well known. A US Geological Survey puts them at 24 billion cubic metres (50% of Chinese reserves). Competition for these resources is growing fiercer as oil prices rise.

The Petroleum Institute of China reckons that, in view of the country's energy needs, Beijing should involve itself actively in developing these sources. The CNOOC (China National Offshore Oil Corporation), China's leading offshore producer, recently acquired the capability to explore to a depth of 2,000 metres; this indicates that Chinese explorations will not be limited to shallow coastal waters but will attempt to go further, evidencing a technological capability and ambition that is of concern to competitor countries. Indeed, in May 2011 the CNOOC announced that an oilrig would be coming into service in the exclusive economic zone (EEZ) that is claimed by the Philippines. At the same time, Beijing required the multinationals Exxon-Mobil and BP to abandon their exploration projects in the areas awarded to them by Hanoi in its EEZ close to the Paracel and Spratly islands. BP agreed but Exxon did not. In the following months, during the summer of 2011, several incidents occurred with Vietnam and the Philippines not only over the hydrocarbon deposits but also in the fishing areas where Vietnamese and Philippine vessels are frequently boarded. The Indian company ONGC Videsh Limited, which Vietnam had authorised to carry out explorations in its waters, was officially threatened by Beijing to keep away from the area while the conflicts continued.

Lastly, to these circumstances should be added the combination of other no less significant factors such as the strategic vacuum left by the end of the cold war rivalry, the anxiety of the main countries inside and outside the region to project their influence beyond what is necessary for strictly economic or trade purposes, the need for most countries in the area to position themselves as soundly as possible to cope with the growth forecasts of the coming years, and awareness of the determining role Asia can play in the world in the present century. All these factors shape the global coordinates of the disputes that are stirring the waters of the China Seas.³

Current territorial conflicts in the China seas

Aside from the Taiwan-China problems, which have basically been steered along the path of negotiation since 2008 following the under-

³ An overview of the geopolitics of the area can be found in Soppelsa, Jacques, *Géopolitique de l'Asie-Pacifique*, Collection l'Orient politique, Ellipses, 2001, Paris; Tailleur, Christian (dir.), *Intégrations régionales en Asie orientale*, les Indes savants, 2004, Paris; Delamotte, Guibourg; Godement, François, *Géopolitique de l'Asie*, éditions sedes, Paris, 2007

standing reached in 2005 between the CPC and Kuomintang (KMT), there are four main sources of conflict in these waters which involve many and powerful actors, practically all the coastal states:

- The dispute over the Natuna islands

The dispute over these islands, which are located to the south of the Spratley islands, is pitting China against Indonesia and is currently characterised by its low intensity. Nevertheless, we should not ignore the fact that one of the world's largest gas deposits is apparently located nearby. These resources are currently being exploited by Indonesia in collaboration with the US company Exxon.

- The dispute over the Paracel islands (Xisha in Chinese)

These islands are located opposite the island of Hainan, one of China's principal special economic zones. China, Taiwan and Vietnam are vying for control of them. Actually this group of small islands and reefs was occupied almost entirely by China in three phases: the first in 1974, the second in 1988 and the third in 1991. It has already built two ports (on Woody and Duncan islands) and an airport (on Woody Island) there. China spared no expenses to succeed in occupying them. In 1988 its dispute with Vietnam resulted in 72 deaths and the sinking of three of Hanoi's vessels. A further 70 deaths and the sinking of another ship were reported in the action of 1991. China's military actions came at a particularly delicate time for Vietnam, which was badly weakened by its fragile relations with the former Soviet Union (in 1988, a critical moment for perestroika and the new direction of its relations with the Asian countries; and in 1991, when the USSR was in the midst of disintegration).

In August 2012 China announced a new twist of the screw: the establishment of the municipality of Sansha on the disputed island of Yongxing, one of the largest of the archipelago.⁴ Beijing also expressed its firm intention to set up a military garrison there. The decision to establish a town in such a sensitive area shows its willingness to accept the cost of adopting a unilateral measure that came after the failure of negotiations in the ASEAN framework and sets a very negative precedent for similar disputes. Indeed, the organisation's July 2012 summit at Phnom Penh was the first time since its founding in 1945 that it ended without a joint statement, despite the numerous attempts made by the Cambodian presidency, a faithful ally of Beijing.⁵

⁴ 'China's Newest City Raises Threat of Conflict in South China Sea', in <http://world.time.com/2012/07/24/chinas-newest-city-raises-threat-of-conflict-in-the-south-china-sea/#ixzz2DV9Zx9B4>

⁵ 'Diferencias territoriales con China hacen fracasar cumbre de la ASEAN', in <http://es.globedia.com/diferencias-territoriales-china-hacen-fracasar-cumbre-asean>

- The dispute over the Diaoyu Islands (or Senkaku, as Tokyo calls them)

They are located some 150 miles from Taiwan, 200 from continental China and also 200 from Okinawa. This dispute has pitted Taiwan and China against Japan, which has de facto control over them.

- The dispute over the Spratley Islands (Nansha to the Chinese)

This is by far the most complex dispute owing to its particular characteristics and the large number of countries involved.

Two relatively recent factors are heightening the significance of these quarrels. On the one hand, the entry into force of the amendments to national legislations to adapt the scope of the territorial waters and the so-called exclusive economic zones to the new law of the sea adopted by the United Nations.⁶ Accordingly, both China and Japan delimited the territorial extension of these concepts. The Chinese law of 25 February 1992 includes all the islands under dispute and their adjacent waters under its territorial sovereignty. Some of these areas are currently controlled by other countries such as Indonesia, the Philippines and Japan itself. They all protested at Beijing for making this decision unilaterally and for including a provision for use of force when deemed necessary to safeguard this area from any incursion considered unlawful or unauthorised. By claiming all these territorial areas Beijing was sending out a clear message of its unwillingness to negotiate. The other factor that can act as a catalyst for crises is the existence of growing rivalry over the award and control of concessions for exploiting the oil and gas resources which exist in these waters and were revealed in 1968 by the United Nations Economic Commission for Asia and the Far East.

We will now take a look at the two most vulnerable flanks.

The Dispute over the Diaoyu/Senkaku Islands

In this dispute Taiwan (Republic of China) and China (People's Republic of China) hold similar stances. To Beijing and Taipei, the Diaoyu islands are Chinese from both a geological and a historical viewpoint. It appears that the existence of a deep-sea trench several thousand metres long separating these islands from the Okinawa archipelago is proof that they were geologically linked to Taiwan. From a historical viewpoint, there are various arguments: 1) in documents belonging to the Ming dynasty (1368–1644) these islands are included on the maps showing the territory of

⁶ Available at http://www.un.org/Depts/los/convention_agreements/texts/unclos/convemar_es.pdf

the Chinese nation and it may be deduced from them that in 1372 these islands were discovered by its navigators who used them to aid them on their crossings; 2) they are also referred to as being Chinese in a book from the reign of Yong Lee (1403–24) entitled 'A Calm Voyage with Sails to the Wind', and during this entire period the Diaoyu islands were under the administration first of the province of Fujian and later of Taiwan; and 3) in 1556 they were incorporated into the maritime defence of China. For more than a hundred years they were frequented by the aborigines of Taiwan and others who used them for fishing and above all to gather several species of herbs used in traditional Chinese medicine. Beijing furthermore claims to possess reliable documentation (maps published in Japan in 1783 and 1785) that proves indisputably that the islands were part of Chinese territory and argues that this would explain why Japan never questioned this sovereignty until the 1894–95 war.

Precisely this war and its disastrous outcome for China turned this situation around. In the Treaty of Shimonoseki (also known as Ma Guan) China ceded to Japan sovereignty over Taiwan and the surrounding islands it formerly administrated, among them the Diaoyu. This fact is important because it is used by China to argue that the future of the Diaoyu islands should parallel the return of Taiwan. It was decided at the Cairo conference (1943), in which the United States, England and Chiang Kai-shek's China took part, to return to China all the territory which had been misappropriated from it in the past by Japan, including the Pacific islands. Later, in the San Francisco Peace Treaty signed by Japan and the Allies in 1951, the Diaoyu islands were assigned to Japan, albeit temporarily, and administrative, legislative and judicial power over other territories was exercised by Washington (article 3). The Chinese governments of both Taiwan and Beijing never officially recognised this treaty.

Japan, for its part, avoids the geological and historical questions and bases its rights to the ownership these islands primarily on the strictly legal exercise of the occupation of a 'no man's land' and secondly on the fact that the area has been controlled by the Japanese army for more than a hundred years. The Ministry of Foreign Affairs summed up Japan's position in a note published on 3 August 1972: 1) the Qing dynasty never actually administered this territory; 2) the disputed islands were totally uninhabitable owing to their volcanic nature; 3) in a ministerial decision adopted on 14 January 1895 the Japanese government provided legal cover for their occupation and placed them under the administration of the Okinawa district; 4) under the Treaty of Shimonoseki, China could not have ceded these islands as they did not belong to it and were not part of its territory (unlike Taiwan or the Penghu islands); and 5) therefore these islands were not included in the Treaty of San Francisco as part of the territory Japan was to return to China and were placed temporarily under the authority of the US administration.

There is therefore no reason to link the issue of Taiwan with that of the Diaoyu islands, the Japanese authorities claim. But it is undeniable that when Tokyo decided to occupy these islands its relations with China were highly conflictive (openly warlike) and that they were administratively dependent not on Okinawa but on Formosa while the annexation to the current Republic of China lasted. It should be borne in mind that the annexation of the Ryukyu archipelago had taken place in 1879, only a few years earlier. To the Chinese governments, returning Okinawa to Japan does not imply that the Diaoyu islands should follow suit. To Taiwan and China, the continued Japanese occupation of the Diaoyu islands is the result of an arrangement between Tokyo and Washington. When the agreement to return Okinawa, the Daito islands and the Ryukyu archipelago – territories the United States had been administering since the end of the Second World War – to Japan was signed on 17 June 1971, the Diaoyu islands were also included in the arrangement.

During the 1960s the US presence kept the problem on ice. The Peace Treaty signed by Taiwan and Japan in 1952 says nothing about the Diaoyu islands. As it basically deals with the abolition of the clauses of the Treaty of Shimonoseki, the two Chinese governments hold that the return of these islands should be taken to be implicitly included as both territories are indissolubly linked. The Beijing government claims that in 1958 the prime minister Zhou Enlai made a statement in favour of the return of the Diaoyu islands.

The situation changed in the late 1960s and early 1970s. In 1968 it became known that there were large energy reserves near the islands and since then it has been one crisis after another: Japan-Taiwan in 1970, 1972 and 1990; Japan-China in 1978 and 2011–12. In July 1970 Taiwan granted a concession to two US oil companies to carry out drillings in the area. The next step was the attempt to place a flag on the largest of the islands, which was quickly removed by the Japanese. Lastly, Taipei confirmed that the Diaoyu were included in the area under its administrative control as set out in the Treaty of Shimonoseki, and three members of the National Assembly visited the islands. Tension with Japan has not only kindled nationalism in Taiwan but a timid pro-independence opposition to the Kuomintang (KMT) is gradually taking shape around these claims, based mainly on the so-called 'Movement in Defence of the Diaoyu' (Bao Diaoyutai Yundong) which was established in 1972 during the second crisis and would be an important reference in the democratisation of Taiwan's political system. In 1990 the attempt by part of a Japanese extreme right-wing group to restore a lighthouse built in 1978 triggered new and forceful protests from Taiwan.

From a pragmatic and immediate point of view, Taiwan's main concern is to guarantee the fishing rights it has long and regularly exercised in this area. So far Tokyo has consented to these activities, but the inse-

curities and conflicts that may arise from the application of these new delimitations of territorial waters and exclusive economic zones have aroused many fears in Taipei. Both countries are currently negotiating an agreement, though the process is experiencing frequent ups and downs depending on the seriousness of the situation.

When rivalry initially surfaced between Japan and Taiwan over the Diaoyu islands and they were still recognised as belonging to Taiwan and, accordingly, to China, Beijing's attitude was fairly moderate. This conduct is probably inextricably linked with the process of rapprochement with the international community and the need to come out of its isolation. In 1971 the People's Republic of China joined the UN. In 1972 it resumed diplomatic relations with Japan. The claims to the islands were also dodged when both countries signed the Treaty of Peace and Friendship in 1978. The mutual decision to put this dispute on ice is the result of a minor crisis triggered just before the signing of the treaty when a fleet of fishing boats came close to the Diaoyu islands, evidencing the existence of claims that China was not willing to relinquish.

Japan considers that the growing intensity of Taiwan's and China's claims to the Diaoyu islands is closely connected with the discovery of energy resources in the area. Some oil companies reported the existence of the equivalent of between 10 and 100 billion barrels of oil and equally large gas reserves in the vicinity of these islands. It was this circumstance and not other minor considerations that sparked China's interest and claims. Tokyo stresses unsuccessfully that if no claims were made during the period of US administration, it is only logical that when it expired all the territories held in trust should be returned to Japan. Without going into the underlying causes, Beijing blames Tokyo for increasing the tension with its attempts to change the status of the dispute by consenting to and protecting the actions of right-wing groups. Energy ambitions don't come into it (!).

But the fact is that the crises and claims have been occurring repeatedly and with increasing intensity since 1970 to the present day, making this another extremely sensitive area. It is known that relations between China and Japan have not been easy in the past. The Chinese people cannot forget the millions of deaths recorded during the Second World War, among other reasons because Japan neither fully recognises its responsibility (loose ends were left such as the cleaning of chemical weapons that still remain in northern China or compensation for sex slaves) nor internalises it socially and insists in worshiping military chiefs who can only be regarded as war criminals from the standpoint of Beijing or Taipei. Economic and trade relations within this triangle have intensified in recent years, but the political quarrels have not ceased. Japan is a main trading partner of China. And to Taiwan it is more than a major customer. But despite this, their political relations are somewhat fragile.

Furthermore, the most recent escalation⁷ stemming from the announcement of Japan's 'purchase' of the islands at the behest of Japanese right-wing leaders amid a political and election crisis that seems endless (indeed, Shintaro Ishihara, former governor of Tokyo, has confirmed the establishment of a new group to stand for the early elections in December) has led to expressions of rapprochement between citizens of Taiwan and China. Thousands have taken to the streets with their respective flags in some cities of the United States, Asia and Europe, revealing a hitherto unknown fact, while Taipei continues to be wary of mainland China's offer to coordinate their stances against Japan.

It should likewise be pointed out that for the time being this build-up of tension does not seem to be hindering progress in the economic talks between Japan, South Korea and China,⁸ but this is not true of the efforts to establish a framework of political and strategic confidence that could prove essential to giving them the necessary credibility. Both processes seem to be moving in different and even opposite directions.

The question of the Diaoyu/Senkaku islands is becoming a domestic-policy issue of considerable importance and periodically returns to the forefront of news. The instability of Japanese politics in recent years contributes to the exploitation of this problem internally in order to favour certain electoral choices. And although we might say the same about China with respect to the opportunity it provides for obscuring other tensions, excessive exposure in an environment highly sensitive to expressions of arrogance and inflexibility may prove extremely damaging to the credibility of its 'peaceful rise'.

The dispute over the Spratley/Nansha islands

This is the largest-scale and most complex dispute. The Spratley/Nansha archipelago is made up of more than one hundred islets and reefs which altogether span about 534,000 sq. km, slightly more than the whole of Spain. They are located 1,500 km from the Chinese coasts, 400 km from Vietnam and 300 km from the coasts of Malaysia and the Philippines. A total of six countries are vying for their sovereignty. China, Taiwan and Vietnam claim practically all of them. The Philippines and Malaysia only a part. In 1984 the sultanate of Brunei established an exclusive economic zone which included the so-called Louise reef but so far has not made

⁷ Zhai Xin, 'Motives of the Japanese Democratic Government's "Nationalization" of the Diaoyu Islands', in *China International Studies*, Volume 36, September/October 2012, pp. 36-50

⁸ 'China, Japón y Corea del Sur firman Acuerdo Trilateral e inician conversaciones sobre el TLC', in <http://www.china-briefing.com/news/es/china-japon-y-corea-del-sur-firman-acuerdo-trilateral-e-inician-conversaciones-sobre-el-tlc.html/>

any specific claims. Four airports, a port and several naval stations have already been built on the Spratley/Nansha islands. It is difficult to provide exact figures, but roughly speaking the Philippines occupies seven or eight of the main islands of the archipelago; Taiwan controls the island of Itu Ala; Vietnam has the most (between 21 and 25); while China controls 6 to 8 and Malaysia 3.

Fishery resources are important in Spratley/Nansha, but there is a firm conviction that these islands also hold large gas and oil reserves. A dozen concessions for drilling with a view to operating have been granted so far. Powerful international groups (Exxon/Pertamina, Crestone, British Petroleum, Pedco Consortium, AFDC/Nobil, Petronas, Mitsubishi, Total/Marubeni, Vietsovpetro...) wrapped their tentacles around these enclaves and the tension was very soon felt. In some areas such as Wan'an Bei Block and Thang Long, the Chinese and Vietnamese became involved in open confrontation by granting concessions to different business consortia at the same time. Beijing, which is embroiled in another serious dispute with Vietnam over the Paracel/Xisha islands, has reiterated its willingness to use all the means at its disposal to exercise its prerogatives over those of the others, while protests are increasingly being exchanged over the presence of warships or the erection of lighthouses and similar constructions on islands that are claimed.

Whereas the conflicts between the different parties to the disputes are ratcheting up, the same cannot be said of the expectations of bilateral negotiations or global agreements. The efforts of different organisations (the ASEAN promoted a regional security forum in 1994) and, in general, the results of the promotion of platforms for discussing this matter cannot be described as minimally satisfactory. The mediation possibilities of Indonesia, which does not harbour any claims to the Spratley/Nansha islands, were limited when China claimed the Natuna islands, which are currently controlled by Jakarta. For the time being formal progress towards commitments not to use force or to demilitarise the area, and the adoption of codes of conduct with a view to freezing the current status quo and the respective sovereignty claims does not suggest sufficient confidence levels. On the contrary, the ambitions encouraged by the presence of abundant energy resources may at any time trigger a serious conflict with worrying destabilising consequences throughout Southeast Asia.

China's handling of the crises: internal interpretations, proposals and courses of action

The Chinese world plays a key role in all these disputes. Whereas Taiwan, a de facto but not a de jure state, is finding its possibilities reduced and limited to statements that are well-intentioned but hardly effective and

listened to, the People's Republic of China seems to be preparing *de facto* to incorporate and take over its protests and requirements, adopting the role of representing China as a whole with greater emphasis than ever. Ma Ying-jeou, the current leader of Taiwan, is attempting to differentiate his discourse with the added aim of not being dragged along by a nationalist dynamic that provides a unifying veneer *vis-à-vis* third parties in a context where the irresistible economic appeal of the continent could be complemented with an oblique unification strategy that undermines his negotiating power *vis-à-vis* Beijing.

In some earlier crises the Chinese ministry of foreign affairs came to criticise the lukewarm protests of the Taiwanese president Lee Teng-hui (1996–2000) with respect to Japan, a country for which he always showed particular devotion. Now, in the new context of closer bilateral relations in which political negotiation and a peace agreement are looming on the horizon, social mobilisation has grown stronger in places where there are Chinese communities, whatever their flag – a reason of inestimable value for pushing into the background the undeniable differences of all kinds that still separate Taiwanese and mainlanders. Nevertheless, efforts to cultivate this rapprochement in terms of a common claim so highly charged with nationalism could gain ground in the actual cross-strait agenda and could prevent Taipei from putting up truly effective resistance, even causing it to verge on discomfort in its fishery negotiations with Tokyo.

The activation of the dispute over the Diaoyu islands allowed Beijing's leaders to reach a hitherto unseen degree of unanimity. Citizens and groups of Hong Kong and the diasporas present in third countries mobilised actively in support of pan-Chinese nationalist claims. The Hong Kong press called for the adoption of vigorous measures and the abandonment of so much indifference or faint-heartedness. Paradoxically, in Hong Kong these claims were taken up by the democratic media – repeatedly accused by Beijing of lack of patriotism and of covertly serving foreign interests in the area – which stood out as the most fervent protester. And so Japanese action achieved what seemed impossible: it even spurred the reconciliation of the Chinese authorities and their less indulgent opponents.

On another note, the Chinese navy is increasingly involved and present in the vicinity of the conflict areas; this points to a gradual hardening of China's position owing perhaps to the constant need to show a firm and confident stance both externally and domestically, coupled with the technological progress that provides it with better access to deep water exploration. The very significant social pressure on China to carry out some sort of exemplary action is a constant temptation to win an applause which has not come from other channels in a context characterised by growing discontentment with complex issues that are difficult to solve,

such as social inequalities, environmental disasters and the chronic presence of corruption and abuses of power. But this is no simple matter. There is no absolute unanimity over the direction China is taking in these issues. Although foreign policy in these matters is followed very closely by those responsible for the PLA, they currently accept the commitment to giving priority to economic reprisals (namely reduction in banana imports from the Philippines or exports of rare earth elements to Japan) as opposed to strictly military reprisals, with the clear aim of avoiding counterproductive alarms.

China's official position in relation to all these disputes is based on the following pillars: 1) Claiming full sovereignty based on both geological and historical/legal arguments; 2) Opposition to the internationalisation of the problem by supporting the negotiation of bilateral agreements; 3) Concentrating now on the development of economic resources and leaving solving the problem of sovereignty for later. This means, first and foremost, that China rejects any attempt at international mediation. In no way would it agree to submit these disputes to the International Court of Justice or to the establishment of a High Commissioner to manage the exploitation of the area's resources technically and impartially. Furthermore, Beijing rejects outright any proposal for shared sovereignty with the countries which have claims over these territories. China is willing to negotiate bilateral agreements, but announcing in advance that the only 'cession' it will agree to is in relation to operating rights and that it will never agree to renounce or restrict its sovereignty.

In any event, it should be pointed out that, unlike the conduct displayed in the disputes over the Paracel/Xisha and Spratley/Nansha islands, caution and moderation tend to prevail in the quarrel over the Diaoyu/Senkaku islands. The importance of economic and trade relations between the two countries has a powerful influence and it should not be forgotten that, strategically speaking, the economy remains 'central' to Chinese concerns. An extensive anti-Japanese movement for which a broad social base could be mobilised at any moment would damage these relations. And although it is stated in the People's Liberation Army Daily that it is preferable to lose a thousand ounces of gold than an inch of territory, the fact is that China cannot ignore the fact that today Japan is an important partner at all levels. Although it cannot remain indifferent, the repercussions of the crisis suggest that there are greater levels of response in the strictly diplomatic sphere than in other areas. Nevertheless, political relations could deteriorate even if this is not wished.

If a social movement of these characteristics were to gel spontaneously – as in Tiananmen in 1989 – Beijing could even find itself forced to take a more vigorous stance to avoid being trampled on by a society which could use patriotism as a driving force for other types of discontentment that are more difficult to externalise without the risk of being drastically

suppressed; today these sources of discontentment are undoubtedly disguised by a certain economic and social hope that conceals a host of obscure aspects. Basically the idea is to guarantee calm at all costs in order to be able to progress step by step to recovering the lost greatness of old. In order for this to be possible, a peaceful environment is also essential.

Nationalism, which is becoming increasingly less skin-deep, seems to be the instrument chosen not only to underpin full Chinese unification and iron out the political, economic, social and ideological differences that separate the different Chinas but also to ensure that the CPC remains in power.⁹ Very few are confident that the apparent solidity of the Maoist political edifice, which remains barely unchanged despite the constant allusions to a potential political reform, can withstand the constant incorporation of capitalist 'peculiarities' in recent years as a result of Deng Xiaoping's reform and opening policy (*gaige* and *kaifang*). Nationalism, whether as an instrument of mobilisation or a strategic pillar for withstanding the ultimate consequences of true democratisation – the possibility of alternation in power – is too strong a temptation. But at present the Chinese leaders can only be interested in a nationalism that they can naturally control (certainly not one that is beyond their control); that serves the purposes of international political stability and, accordingly, can be handled flexibly depending on the situation; that is conducive to achieving full territorial integrity (after the return of Hong Kong and the transfer back of Macao, Taiwan would remain); and is moderate, to avoid unnecessary tension with the West and prevent the worsening of relations with third countries from spiralling. The CPC harbours the hope that such an approach could make it possible to renew and extend revolutionary legitimacy in accordance with new parameters, without major cracks or breakages.

From the viewpoint of the rest of the countries involved, which are alien to this peculiar Chinese universe and its internal constructs, it is recognised that without China's consent any hypothetical solution to these disputes is doomed to failure. At the same time they are all aware that China's unstoppable rise is making it increasingly difficult to reach an agreement that satisfies the interests of all the parties involved in a balanced manner.¹⁰ The precedent of the occupation of the Paracel islands and the military modernisation programmes under way – with special emphasis on the strengthening of the Navy and aeronautics or cyberwar – are fuelling misgivings and becoming the ideal argument for justifying an increase in

⁹ An overview of the rise in nationalism in China can be found in: Hays Gries P., *China News Nationalism. Pride, Politics and Diplomacy*, Berkeley University of California Press, 2003

¹⁰ Yoichi F., *Reconciliation in the Asia Pacific*, United States Institute of Peace Press, Washington, 2003

military expenditure and modernising the armed forces in general. To a lesser or greater extent all the countries in the area, from Japan to Indonesia, Malaysia, Thailand, Brunei or Japan, are attempting to secure and improve their current positions and therefore espouse the same trend spurred by the withdrawal from the area of the Russian troops stationed at the Cam Ranh base (Vietnam) and of the American troops from their Subic Bay base in the Philippines. As for US withdrawal from Okinawa, popular demands are to an extent mitigated by reservations about the attitude of China, which reacted with evident aggressiveness to the Philippines when the United States closed down its naval base.

At the meeting of the ASEAN regional forum held in July 2010 in Hanoi (Vietnam), Yang Jiechi exclaimed in reaction to the open criticism of a good many of the member states against China: 'China is a large country. And the other countries are small countries. Those are the facts.' But being the strongest is not necessarily tantamount to being absolutely right. This expectation, which invites everyone to carry out an exercise in realism, does not seem sufficient to calm down the situation.

The stand-off between the Philippines and China in April 2012 over the Scarborough Shoal, a chain of reefs largely below the water, reveals China's strategy. Scarborough (or Huangyan Dao in Chinese), located more than 1,200 km from the Chinese coasts, is not part of the vast area over which China claims to hold 'historic rights'. But its military involvement is intense: the Hainan island, which is located to the north of the South China Sea and overlooks the Gulf of Tonkin, houses the major base of missile submarines, future guarantors of the PRC's nuclear deterrent capabilities.

Of the three major groups of archipelagos and reefs located in the South China Sea, China has de facto control over only a small part, but claims to all of them. For the time being it does not appear to intend to change the status quo of the land occupation. Rather, it seeks to occupy the maritime areas that correspond to it, by promoting a policy of *faits accomplis* and being careful about intervening using military means: the Chinese navy strictly speaking is never involved in these actions; instead it chooses to send paramilitary agencies, forces that are sometimes equipped with light weapons.¹¹ These agencies, a total of five, are well equipped and reflect how quickly its fleet is being modernised with a view to regularly intervening in disputes involving these seas. They are the China Marine Surveillance, which is organisationally responsible to the oceanographic administration and the ministry of land and resources, and the fisheries control service, which is responsible to the ministry of agriculture. The other three are customs, coastguards and also the maritime security department which is attached to the ministry of transport.

¹¹ Liu Feng & Liu Ruonan, 'China's Maritime Strategy: Retrospect and Prospect', in *China International Studies*, Volume 36, September/October 2012, pp. 69–84

The Marine Surveillance boats lend protection to fishing vessels, invading what the Philippines considers to be its exclusive economic zone. The most sophisticated patrol vessel belonging to the fisheries monitoring service, the Yuzheng 310 (10 metres long), is very active in the area and another four weighing more than 3,000 tonnes are due to come into service by 2015.

Relying on such agencies to occupy maritime space is risky, argues the International Crisis Group, as intensive use of these paramilitary forces and police in sovereignty disputes increases the danger of confrontation (12). Generally speaking a naval vessel will conduct itself more prudently, aware of foreign-policy implications of a rash action. Paramilitary agencies often fail to calculate the consequences of their actions.

We are therefore dealing with a buffer and indirect offensive strategy which nonetheless highlights as a weakness the coordination problems of these agencies, which often vie with each other and do not tend to fit in with the dynamics of integrated management.

Another component of the Chinese offensive involves the deployment of its fishermen. Taiwan also backs this procedure. It is no coincidence that hundreds of fishing vessels tend to become fully involved in official battles and can even play a prominent role in keeping them up, to the detriment of satisfying other ambitions such as in energy matters, which are handily relegated to second place. There are extensive support programmes in China's coastal regions to encourage the modernisation of fishing vessels and fishing in increasingly distant waters. China thus has its eye on its neighbours. The province of the island of Hainan, whose jurisdiction in theory extends to the Spratley and Paracel islands, plans to deploy the Hainan Baosha 001, a 32,000-tonne factory-ship where 600 workers would process the fish, in the South China Sea.

Since 2002, China and the ASEAN countries have signed a code of conduct that proposes progressing in devising peaceful solutions without impositions. Attempts to establish a united front of the ASEAN countries in general are quashed by Beijing, which brings to bear its huge economic, commercial and financial might. China wants to keep the dispute on the bilateral level and shuns the involvement of any multilateral organisation or mediators, while stepping up its presence and influence in the area. Everything indicates that it will continue in this direction in the coming years.

The claiming of the above-mentioned historical rights – which the coastal states call 'hysterical' – brings to mind the imaginary of an all-powerful China that recalls the period of the tributary system. Others refer to China's interest in applying a sort of de facto Monroe doctrine in the regional seas. Be that as it may, the other countries involved face a complex situation as it is difficult to reconcile their economic interests, which clearly

depend on the opportunities provided by a continent-state on the brink of becoming the world's leading economic power, with strategic divergences that advise them to keep a distance.

The military modernisation of China and other countries in the region

since the start of the reform and opening up (1978), defence has been part of what are known as the four modernisations (together with industry, agriculture, and science/technology). In recent years, as the country's economic might has grown, China has ostensibly improved its military equipment, especially in the air-sea and aeronautical sectors, in a context where all the observers pay special attention to the tensions perceived in its maritime periphery – which is precisely where the new battleships and aircraft with which the PLA is equipping itself would be ideally suited in the event of conflict.

The efforts to modernise China's navy, a task begun back in the 1980s by Admiral Liu Huaqing, a member of the CPC's Politburo until 1997, are beginning to pay off, at least as regards the quality of the resources and the amount of equipment. The annual budget of the PLA has soared over the past decade. According to the Pentagon, it currently stands at 90 billion dollars, six times more than in 2000 (but well behind the United States' approximately 650 billion dollars).

China's defence policy officially pursues three main objectives: maintenance of the security of the country's land and sea borders; reconstruction of its national perimeter – i.e. reunification with Taiwan; and combating terrorism and separatism, in particular in its diverse forms of opposition in Xinjiang and Tibet. On top of these objectives there is an increasingly intense perception of China's maritime interests in both Southeast Asia and the Indian Ocean.

On 25 September 2012 the first Chinese aircraft carrier was launched at Dalian (Liaoning), although it is not fully operationally effective as it is regarded as a platform for training and tests and not for teams equipped to take part in combat operations. There will soon be a further two or three units. It should also be pointed out that in August a new 6000-tonne Luyang III-class guided missile destroyer entered the final phase of construction; it is due to come into service in 2014 and will bolster the capabilities of the Chinese navy. Taiwanese sources claim that a further 10 vessels are under construction together with two aircraft carriers; this points to an acceleration in the programme for the overall increase in China's naval construction capabilities. By 2020 Beijing's assets could make it the second largest navy in the area after the USA with a modern fleet (including catamarans, air defence frigates, conventional and nuclear submarines) and a vastly improved deterrent capability.

There have also been many improvements in equipment and much technological progress in the field of aeronautics, especially regarding the design of sea patrol devices. China has incorporated new assault helicopters such as the Harbin-manufactured Z-19, the WZ-10 and the J-15 fighters. In addition to its interest in drones, it has made progress in complete surveillance, detection, target acquisition and assault equipment, and in stealth aircraft. It should furthermore be pointed out that China's strategy has been to steadily multiply the funds allocated to research. The list also includes the impetus given to its own navigation system, the Beidou, with a network that will feature a total of 35 operational satellites in 2020.

China is not an isolated phenomenon. Defence expenditure has doubled in Asia over the past decade. In 2012, for example, all the defence budgets increased in the area. The biggest increases are in those of China (17%), India (17%), countries of Southeast Asia (13% on average) and South Korea (11%). Only Japan (0.6%) has kept a low profile. Vietnam and the Philippines are reinforcing their naval capabilities through the acquisition of submarines in Russia, a strategic rapprochement with the US and the organisation of joint patrols with Indonesia. This trend is being spearheaded by China, which has already left behind Japan in this respect too. Beijing challenges these figures, which it regards as hugely exaggerated, although it admits being engaged in a modernisation effort which it justifies both by its backwardness and by the need to equip itself with assets proportional to its new dimension in other areas and also the demands for greater responsibility in international affairs.¹² But the risks of unexpected incidents are increasing.

Finally, it should be pointed out that 60% of the US fleet and no fewer than six US aircraft carriers sent by the Pentagon will be positioned in the Asia-Pacific in the near future. The new system announced inevitably brings to mind a strategy of 'surrounding' which can only be aimed at countering China's growing influence in the ASEAN environment by thwarting its so-called 'string of pearls' configuration strategy of securing the most important shipping routes for energy supplies. These developments reveal an attitude that will undoubtedly contribute to fuelling the strategic confrontation between China and the EU in Southeast Asia, by drawing into it each and every one of the countries affected by maritime-territorial tensions with the Asian giant.

Although according to the Pentagon's classification China cannot be said to be considered an 'enemy' – indeed, US strategists refer to it more as 'a competitor or rival, challenger' – the fact is that the semantic disquisi-

¹² Kleine-Ahlbrandt, Stephanie, 'High Stakes in the South China Sea', in <http://www.crisisgroup.org/en/regions/asia/op-eds/2012/kleine-ahlbrandt-high-stakes-in-south-china-sea.aspx>

tion, although significant, fails to conceal Washington's concern about the security dilemmas posed by the expansion of China's military capabilities and the strength of its economic and financial presence in the region and the world. To the world's leading power – a status it naturally wishes to preserve – a return to the Asia-Pacific region with renewed willpower is of vital importance. The large-scale deployment of US forces would be aimed chiefly at countering its Chinese 'competitor'.

The ASEAN and China-US relations

Two centuries after the Great Game that pitted the Russian and British empires against each other for the control of Central Asia, a new region of the planet now seems likely to set the world's two greatest powers, this time China and the United States, against each other. The objective is domination of Asia-Pacific, the new epicentre of the global economy.

Compared to his deference to Europe, the attention Obama paid to Asia in his first mandate is quite indicative of the change in the US's economic and strategic direction: the Pacific has taken the place of the Atlantic. This shift in interests stems from the logic of the global economy: crisis-stricken Europe is not a market of the future, whereas Asia is generally enjoying a boom in growth, with a rising China and an additional population of 600 million inhabitants in Southeast Asia alone, which give it unquestionable appeal. Hillary Clinton recognised this straightforwardly in *Foreign Policy* magazine at the end of 2011.¹³

This wish to gain access to new markets is reflected in President Obama's proposal to progress in designing economic integration structures based on respect for the rules of international trade, especially environmental rules and the elimination of export subsidies – criteria repeatedly used to press for the adoption of certain reforms in countries like China, which are still very reluctant.

Above and beyond economic interests, as already pointed out, the US has enjoyed a large military presence in the area since 1945. This presence, which is currently being reorganised, is perceived by China as an expression of a commitment to regional security. Nevertheless, as its importance increases and strategic containment responses are provided, its concern and hostility may increase in parallel.

China and the US have common interests in the area: one-third of the planet's trade routes and half of the world's gas and oil supplies cross the Pacific. Both seem to regard the importance of freedom of navigation and the security of shipping routes as indisputable. Furthermore, both

¹³ During the 18th CPC Congress Hu Jintai reaffirmed China's wish to accelerate the modernisation process in defence matters

are attempting to put together a network of military facilities with a view to protecting their respective interests and those of their allies.

Since 2009 China has been asserting its power at a regional level, chiefly but not only by making use of its economic capabilities. Although its relations with its neighbours have been strengthened as regards trade, they have grown tenser in other areas owing to fear that the Chinese leaders are aiming to consolidate their power in Asia by returning to a strongly hierarchized imperial model of leadership that is difficult to accept. The contrast between this vision of the world, largely at the service of the CPC's goal of survival, and the reality of the expectations of the neighbouring countries as a whole is potentially conflictive and should incorporate other more integrative and flexible scenarios that are more in keeping with the new models of conduct in international relations.

These concerns are fuelled by China's increasingly determined discourse, coupled with the improvement in its military capabilities, which are not always sufficiently transparent or accompanied by additional guarantees of security in the design of integrative and complex frameworks. The statement of its concept of 'vital interest' in 2009 (which includes defence of the political system, unification with Taiwan, rejection of the separatist movements in Tibet and Xinjiang and also its territorial rights in the maritime periphery) suggests a possible inclination towards use of force to preserve it and a requirement of absolute respect that is difficult for third parties to accept. The huge capabilities a giant of this kind can deploy in an environment where only a couple of countries would be able to withstand them heighten the anxiety, even when it limits itself to using the economic weapon to express a warning instead of constructive dialogue. To the extent that interests regarded as vital are affected, all the parties involved should be committed to an approach based on extreme caution. Nevertheless, it remains to be seen how unquestionable these statements are, as they are apparently categorical but might be short-lived. Beijing, for example, has agreed to progress with Hanoi in the delimitation of territorial waters and negotiate the joint exploitation of the Paracel area. There is speculation about the possibility that China could relinquish its claims to 80% of the disputed territory in this area.

This procedure calls into question China's image of an irresponsible power incapable of weighing up the strategic costs of a policy that is uncompromising in matters of such importance. The process of harmonious regionalisation around a beneficial economic power which everyone praised when the financial crisis of 1997 was threatening the stability of the area's economies seemed to be shattered in 2009. The more flagrant tone witnessed since then seems to have brought the process to a standstill, and at the same time the conditions are in place for paving the way for strengthening the US involvement that is desired by a good many of the countries of the region in order to have a protect-

ing ally. Increased mistrust of China's growing power is proportional to the demand for a more favourable strategy of balance, with the direct involvement of the US, which suggests a growing bipolarisation of strategic interests in Asia.

More than thirty-five years after the defeat of the US army in Vietnam, Washington has again sprung into action by encouraging a dual strategy that takes into consideration both the business opportunities offered by the area's thriving development and the strengthening of its alliances with the group of ASEAN countries. Even Hanoi cherishes Washington's investments (especially in the Mekong delta), which are progressively and steadily increasing. In 2011 the US was confirmed as the fifth biggest investor in Vietnam with a capital of 1.9 billion dollars. In Cambodia, an ally of Beijing, its progress is also visible, and its combination of economic and soft-power strategies is bearing important fruit in Myanmar, until not long ago a staunch ally of China. There is thus no doubt that the US is 'back' in the region – the 'Pivot to Asia', as secretary of state Hillary Clinton had announced in 2009 to the ASEAN, which is considered the cornerstone for building a unity capable of facing up to Beijing and, accordingly, of strengthening US influence in the area.

Nevertheless, the ASEAN may become a hostage – and victim – of Sino-American rivalry.¹⁴ Beijing and Washington presage fierce competition for influence in Southeast Asia, a reflection of other more global competition that uses either human rights, freedom of navigation or economic and trade links. The political initiatives promoted by the White House since the end of 2011 to balance Chinese proposals with respect to the area have the enthusiastic support of Manila, which strongly rejects any possibility of direct negotiation with China and Hanoi. The biggest difficulty encountered by what critics describe as the US's 'strategic entryism' stemming from the urge to keep China in check, is the economic, trade and military pressure that Beijing is in a position to exert on each country separately. For the time being Obama's successes have been fully visible in the tour of Myanmar and limited in the case of Cambodia, although China stresses that its ambitions do not match its capabilities.¹⁵

US trade offensives are no less forceful. Washington countered the huge China-ASEAN free trade area that came into force in January 2010 for six countries (Singapore, Brunei, Malaysia, Thailand, Indonesia and the Philippines) and will extend to a further four (Vietnam, Laos, Cambodia, Myanmar) in January 2015 with its project for the Trans-Pacific Partnership

¹⁴ Clinton, Hillary, 'America's Pacific Century', in *Foreign Policy*, November 2011: www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century

¹⁵ 'Ansiedad estratégica' lleva a EEUU por un camino peligroso', in <http://spanish.peopledaily.com.cn/31619/7882481.html>

(TPP), which involves free trade agreements with the countries around China's periphery but excludes China.¹⁶

Furthermore, Washington can be expected to carry on strengthening its military alliances and the presence of its naval force in the western Pacific. November 2011 saw the announcement that the US was bolstering its military presence in the region with the naval base in Australia (on Cocos island) and the installation of patrol boats in Singapore, heightening Beijing's concerns.¹⁷ Washington wants to reach an agreement with Manila on enhanced military cooperation and the pre-positioning of its forces in the archipelago, where the US navy had bases until the early 1990s. Every fresh incident, whether or not weapons are involved, provides additional arguments and incentives for reinforcing this strategy. Even apparently administrative decisions such as the above-mentioned establishment of the town of Sansha suggest to some that diplomatic means are close to exhaustion in relation to the South China Sea and clearly herald further confrontations, whether over fishing or with the marine surveillance patrol vessels or other naval forces, which could sooner or later develop into skirmishes with unpredictable consequences.

In such a context the United States' position is delicate and can hardly manage to keep up an appearance of fragile neutrality. On the one hand, it cannot turn a blind eye to the existing conflicts in the area for several reasons: first, it is part of the problem of the Diaoyu islands and Japanese sovereignty claims (the defence treaty signed by Tokyo and Washington includes protection of these islands); second, it cannot ignore the fact that several American companies have interests in the areas, especially the Spratley/Nansha islands; lastly, it cannot forget the strategic importance of the route that crosses the China seas. Actually Washington provides major military support to the Philippines, Thailand and naturally Japan and Taiwan, but it remains to be seen to what extent this policy will survive the – to an extent privileged – dialogue with Beijing, to which it is also bound by powerful trade interests. Its possibilities of involvement are limited and managed from a controversial equidistance, but it will be difficult to avoid being drawn in sooner or later.

On the other hand, in view of the renewed and increased powers of nearby China, a great many doubt the US's abilities to win over to its side a community of countries that are culturally, politically and economically so different. The alignment of the group distinguishes, at the least, between the trade (China) and security (US) aspects. And China has a powerful diaspora network throughout the region which acts as an influential ally in its strategy.

¹⁶ Friedrichs, Jörg, 'East Asian Regional Security: What the ASEAN Family Can (Not) Do', *Asian Survey*, Volume 52, Numer 4, July/August 2012, pp. 754-776; Boisseau du Rocher S., *L'ASEAN et la construction régionale en Asie du Sud-Est*, L'Harmattan, Paris, 1998

¹⁷ An overview can be found at <http://ictsd.org/i/news/puentes/111475/>

Similarly, we should not ignore the fact that only too often democracy and respect for human rights are somewhat uncertain in a context where political ambiguity is powerfully present and which favours the extension of Chinese connections, in addition to the civilising similarities that grant Beijing added influence. Indeed, the human rights declaration adopted at the summit held at Phnom Penh on 18 November 2012 is far from satisfying the demands of the international community, which has misgivings as it opposes an interpretation that is based on particular regional and national contexts (Asian values) and grants governments the role of guarantor not only of security but also of the order and public morals to which the exercise of human rights will be subject.¹⁸ There are two communist parties in power in the area (Laos and Vietnam) and a tendency towards a single-party system (Singapore, Malaysia and Cambodia), in addition to de facto military authorities in Indonesia, Philippines and Thailand which enjoy considerable power and autonomy with respect to the governments.

This lack of internal cohesion and diversity as an unavoidable reality at many levels, coupled with the exacerbation of sino-American rivalry, may give rise to well-differentiated policies tailored to each case, which China would be in a better position to implement. Chinese diplomacy will continue to mobilise in order to counter US influence so as to defuse tension and prevent the consolidation of anti-Chinese sentiment that is burgeoning in some countries.

The ASEAN, which was created in 1967 but has now moved considerably away from the foundations that marked its beginnings, is nonetheless a reference in the region. The product of a particular historical circumstance, today it is undergoing deep changes. While the ASEAN Regional Forum was set up in 1994 to deal with security issues (confidence-building measures, preventive diplomacy, military negotiations, etc.), the participation of China and the US confirmed its validity as a conciliatory forum for bringing divergent security concepts closer together and providing negotiating tables in order to ensure a useful channel for communication. Granted, it is not equipped with the means for intervention or reprisal and similarly lacks a permanent structure, but the countries that belong to it defend the idiosyncrasies of this structure despite its limits, as they regard it as an expression of their game rules and not just a forum subordinate to foreign interests and models. And it should thus be respected for what it is.

Ever since 1997, when Beijing held its first dialogue with ASEAN (Asean + 1) in a framework of growing trade relations, this forum has gained significance and a bigger role. Since the ARF conference on regional se-

¹⁸ <http://www.rtve.es/noticias/20111116/estados-unidos-aumenta-su-presencia-militar-australia-para-contener-china/475755.shtml>

curity in 2004, it has proved to have a certain ability to dispel mistrust, bolstering the value of a statement on a code of conduct in the South China Sea that has now been in force for ten years. Admittedly it has shown its limits and shortcomings during this time, but whereas rivalry between Beijing and Tokyo is hindering the affirmation of a clear leadership in region-building, the ASEAN, with its abilities to strengthen and take advantage of regional interdependence, has the potential to progress towards a minimum degree of agreement, drawing on existing complementarity and interdependences on the ground.

Spain, on the sidelines of these disputes?

the overall conflict situation created by these disputes has direct and indirect repercussions on European and Spanish interests. If unleashed, a regional conflict of this magnitude could lead to diverse breakdowns and radicalisations, fuelling the race for weapons of mass destruction or nuclear proliferation, in addition to affecting the normal course of trade relations. It is therefore important for Spain to monitor these conflicts, acting under the umbrella of the EU, supporting initiatives aimed at achieving reconciliation between the parties and common positions for establishing a context of peace. Furthermore, guaranteeing the security of our citizens, who are increasingly present in Asia, requires an active commitment to the conflict resolution policy.

Conclusion

is it possible for a serious incident to occur in these waters? In general, China's strategy has been marked chiefly by prudence and pragmatism. Opening up and economic development continue to be the two main priorities of the CPC. But public opinion is very keen on historic rights and equating them with the humiliations inflicted in the past, and any calculation error could have unexpected consequences. In January 2012 a survey conducted by the Global Times, a daily newspaper belonging to the Renmin Ribao group, stated that 83% of the 20,000 people polled were of the opinion that the disagreement with Japan over the Diaoyu islands should be settled using military force. If the domestic context becomes complicated, the temptation to seek support in nationalist sentiments could be irresistible. The significance of the slightest incident cannot therefore be underestimated.

The possible scenarios, including the worsening of conflicts, in a region not inclined to accept the supremacy of the People's Republic of China can affect the process of regional economic integration. For a start, everyone seems to be prepared for the double hypothesis of deterring from open confrontation and taking any opportunity to progress towards achieving

their aims. Since 2009, the PLA has run amphibious operations aimed at establishing positions on the islands under dispute in order to secure points of support. Nevertheless, the high strategic cost of confrontation with the nearby countries may lead China in the short and medium term to reconsider its policy and adopt a more prudent attitude.

For the time being neither has substantial progress been made towards an overall solution nor does it seem that confidence-building measures are being adopted in line with a preventive diplomacy to ward off the risk of conflict. Commercial offices, foreign investments and progressive regional economic integration act as deterrents from open conflict. China is not prepared for war and not can it by any means wish for it, but this does not mean to say that it will moderate its increasingly ill-concealed desire for hegemony. They all need peace and good relations with neighbouring countries in order to make economic progress. A war could put an end to their growth and to overall prosperity. But at the same time, none of these countries seems willing to forsake the resources under dispute. Proposals for joint extraction are not at all acceptable. China and Taiwan have agreed to an operation in Hong Kong, but not with Japan to do so in the Diaoyu islands even though Tokyo was in favour of an initiative already proposed by Deng Xiaoping himself in 1978 during a visit to the Empire of the Rising Sun.

The diplomatic, strategic and even economic concern of part of Asia's public opinion with respect to the emergence of China is conducive to alignment with the US. The main factor for re-establishing the strategic balance in the region is due to China and the developments it prompts in its neighbours. Its military and diplomatic capabilities and international influence place the country at the forefront of Asia's regional powers, even ahead of Japan.

The US's Asian strategy is keen to promote a stability and balance that prevent the appearance in the region of hegemonies likely to affect its interests; to avoid being excluded by a state or group of states hostile to its presence in Asia; and to preserve freedom of navigation and the protection of shipping routes. The US has been playing a substantial diplomatic and economic role in the area since 1945, although this role has decreased – even in cultural aspects – in recent years, a fact that is heightened by its indifference to regional institutions and loss of political influence. But its network of alliances and bases, the role of the dollar as a reserve currency, and the importance of the US market and its universities grant it significant power. These bases preserve its influence as a counterweight to China and as an ally for ensuring the future.

What is more, the United States maintains five military alliances in the western Pacific. Without the go-ahead from Washington it is not possible for confrontations to take place between the sovereign states of the

area. Its Pacific Command takes part annually in nearly 2000 bilateral or multilateral exercises with countries of the region. China has also joined in this race.

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Assymetry in the world economy

Juan E. Iranzo

Chapter five

Abstract

The globalisation of markets requires us to be more competitive – not, however, through traditional mechanisms of artificial devaluations or protectionist policies, but by emphasising the real factors influencing competitiveness: cost, quality, innovation, productivity etc. Moreover, macroeconomic stabilisation policies are the preconditions for ensuring strong and lasting growth in the long term.

Key Words

Globalisation, competitiveness, economic growth, unemployment, European Union.

Introduction

The turning-point in our economy's recession –that is, negative real GDP growth– may come in the second half of 2013 if two of our fundamental assets are strengthened: the irreversibility of the euro and the export potential of our companies.

Indeed, a considerable part of our 'risk premium' is due to exchange risk – meaning the possibility of the euro collapsing. Were this to occur, our national currency would record an initial devaluation of between 40 and 60%. As our external debt accounts for 92% of Spain's GDP, it would increase by the same proportion as the devaluation; we would not be able to cope with such an increase and would face a solvency crisis. If we were to reconvert the debt into our currency, we would also be defaulting on our debt, which is why foreign exchange risk in our country has a high solvency component. In the event the euro were to collapse or any country were to exit, this could have an extremely serious effect on Spain, Europe and the international economy as a whole.

Spanish families, companies and the public sector are bearing an overall debt that stands at 310% of Spain's GDP, which is why deleverage is necessary, making it very difficult for consumption and investment to increase significantly. Therefore growth recovery needs to be through our companies' exports. Over the past year Spanish companies have proven their considerable export capacity, which has restored the current account equilibrium. In order to gain further momentum in 2013–14, it is necessary to analyse the potential of the international markets for our business investments overseas and the economic-policy measures that need to be implemented in Spain to boost our competitiveness and reactivate financial flows.

The globalisation of markets, the greater opening-up of economies, the increase in competition on a world scale and the free movement of capital makes it necessary to be more competitive – not, however, through the traditional artificial mechanisms, devaluations or protectionist policies but by emphasising real competitiveness factors such as cost, quality, innovation and productivity, etc. In turn macroeconomic stability, a situation characterised by low and predictable inflation levels and sustainable, reduced and stable public deficits, together with market liberalisation and deregulation, makes it possible to cushion the effect of cycles and to ward off turmoil in the international financial markets. Therefore, macroeconomic stabilisation policies are one of the prerequisites for guaranteeing a path of intense and lasting long-term growth that creates jobs and well-being, as only the most balanced countries bear lower interest rates and enjoy better foundations for economic development in terms of investment and saving.

A stable macroeconomic environment reduces uncertainty and creates confidence in the sustainability and intensity of the expansion stage of cycles; this in turn stimulates domestic saving and investment and allows us to appeal to external financing without excessive costs. Immediate demand-regulation policies are only effective in the short term, and only if they are credible and coherent and succeed in taking agents by surprise – something that is increasingly difficult owing to the globalisation of the economy and of the reactions of agents, which anticipate the effects of economic policies through the rational configuration of their expectations. Similarly, to the extent that economic agents are capable of anticipating economic-policy measures and adapting their conduct accordingly, a time lag appears in public-sector intervention, as the optimal action changes over time. These policies are therefore ineffective in meeting their stabilising objectives and therefore their compensatory approach is shunned in favour of one aimed at stability. What is more, they reinforce not only long-term economic growth but also short-term growth by influencing the expectations of the economic agents as to the future performance of the main economic variables. Globalisation signifies more opportunities, but also greater competition, and therefore in order to make the most of the advantages of globalisation it is necessary to be more competitive.

Competitiveness is a concept that is defined as the ability to secure a share of domestic and foreign markets over a sustained period of time and in a manner that leads to an increase in the real income of the population – that is, the ability to increase economic well-being, raising the GDP and creating jobs. It also serves to increase the share in world markets, thereby improving the balance of payments and favourably affecting the real exchange rate. In the long term competitiveness usually entails stable and sustained growth, either as a result of an improvement in the productivity of its factors or of an increase in their provision or use. This is why competitiveness is said to occur when organisations translate growth into processes.

The problem of the Spanish economy's loss of competitiveness is not new. For many years now changes have been called for in various areas of the economy and society to correct the downward trend of the different indicators of this variable. In order for Spanish products to be more competitive, it is necessary to determine which State policies –such as education, energy, trade and foreign promotion, the institutional framework and market unity, innovation policy, labour policy, the functioning of the government and basic services like justice– should be implemented in order to cease to lose ground in this area and be able to overcome the recession successfully.

Competitiveness may be said to be determined by several main components: the economic environment and infrastructures, productivity, technology and product quality, as we shall see. The environment is one because, as enterprises are the key factors in competitiveness, their decisions are affected by the level and quality of the existing productive

factors and by the macroeconomic environment; both factors are greatly influenced by the action of the public sector and are common to the companies that operate in a country. Infrastructures are also a key factor in that they help boost the productivity of the private sector, and this relationship is especially significant in the case of transport and communications infrastructures. Infrastructures are a necessary condition for economic growth in that their absence creates bottlenecks in the form of congestion; these raise production costs and prevent companies from being able to adopt new, flexible production systems.

Productivity is another important aspect as the chief means of boosting competitiveness is by increasing productivity at a faster pace than costs or by achieving a differentiated product whose competitiveness is based on attributes other than price. Many factors influence productivity. Investment in human capital contributes to improving it, as reflected by the greater wages earned by people with better qualifications. What is more, new technologies are more easily adopted and disseminated when workers are highly skilled. Production costs also affect the productivity of firms, especially those which produce goods in which price is the decisive variable. These firms produce internationally saleable goods with scant differentiation that require a low or intermediate level of technology and are intensive in unskilled labour. Spain's low productivity rate, which is well below the European average and even lower than that of the United States, is the main burden that is undermining the growth possibilities of the Spanish economy. Economic theory bears out the fact that the free market ensures the maximum efficiency of economic agents in allocating resources.

It should likewise be stressed that a sufficient degree of technological development is required and for this it is necessary to invest in research, development and innovation activities. There is a direct link between advances in technological research and ability to compete, in that the elasticity of the demand for exports increases to the extent that the country improves its technology. Nowadays how a country's international competitiveness evolves depends on whether its technological level grows more or less than that of its competitors, and this depends in turn on R&D efforts. Furthermore, it has been proved that the R&D&I investments made by private firms have a much more specific direct and positive influence on the growth of production and income per capita than investments of the same kind made by the government. Improving the productivity of human resources and the availability of skilled labour require an efficient education system.

The problem lies chiefly in the euro zone

After more than four years of crisis in the euro zone a light has yet to be glimpsed at the end of the tunnel. On the contrary, what started out as

a public and private debt crisis has developed into a bank crisis and a macroeconomic crisis of recession and rising unemployment. A 'vicious circle' has been established between these three crises, mutually worsening them.

Economic Forecasts

The *economic forecasts* for the *euro zone* have been downwardly adjusted in all analyses, even for Germany, which was acting as a driving force. The 2012–13 Report of the German Council of Economic Experts (submitted to the Federal Government on 7 November) expects the real GDP of the euro zone as a whole to slide by -0.7% in this year and by -0.1% in 2013 (2011: 1.4%); excluding Germany, the forecasts for rates of change are -1.1% and -0.4%, respectively (2011: 0.9%). The growth rates forecast for Germany are 0.8% for both years (2011: 3%). Of the other crisis-stricken countries, Greece will fare the worst (-7.9% and -2.3%, following rates of -7.1% in 2011) and Ireland the best, with positive growth rates (0.4% and 1.4% in 2012 and 2013, respectively; 2011: 1.4%). Ireland is providing a good example of how it is possible to overcome the crisis. Portugal, Italy and Cyprus are not yet in such a position and will experience a more intense economic downturn than Spain in both years.

At the same time, it is highly likely that the labour market situation will worsen. Expected unemployment rates for the euro zone as a whole are 11.3% in 2012 and 12% in 2013 (2011: 10.1%); and 13.6% and 14.5% respectively without Germany. Unemployment rates in Germany are estimated to be 5.3% and 5.2% respectively; they are only expected to be lower in Austria (3.9% and 3.6%). The unemployment rate in Spain will continue to be the highest in the area and with an upward trend (25.4% and 26.5%, respectively), together with a huge youth unemployment rate (it stood at 49.3% in Spain, compared to 8.3% in Germany, for example). Spain's youth unemployment rate includes a large component of hidden unemployment (young people who are not seeking jobs but furthering their studies with masters' degrees and similar courses). Nevertheless, many well-qualified young people without job prospects emigrate, for example to Germany, with the known adverse and beneficial effects this has on growth potential.

The current forecasts of the IMF are along the same lines. Given this state of affairs, the euro zone is expected to lag behind the world economy. Nevertheless, the *world economy* is also set to slow down this year (to 3.3%, from 3.8% in 2011) and will record only a slight improvement in 2013 (3.6%), according to the IMF. *World trade*, in real terms, will record a growth of 3.2% and 4.5% respectively (2011: 5.8%). The IMF forecasts a growth of just 1.9% this year for the industrial countries as a whole and of 1.6% for next year (2011: 2.7%).

Risks for EMU

A major risk, the so-called 'fiscal cliff', comes from the US. As is known, many fiscal measures recently adopted by the government to stimulate demand –reduction of taxes and Social Security payments, prolongation of unemployment benefit, among others– were due to expire at the beginning of 2013. Significant cuts in public spending were furthermore due to be made in accordance with the agreements adopted last year on raising the public debt ceiling. The question is how this will affect the US economy. The Congressional Budget Office (CBO) reckons that mass fiscal consolidation would trigger a recession, with GDP falling by 0.5% in 2013 –public deficit would drop from 7.3% in 2012 to 4% in 2013. But if the stimulus measures were mostly extended there would be growth, estimated at 1.7%– public deficit would stand at 6.5%. The issue has not been settled, but the 'cliff' has been avoided with temporary measures at the beginning of the year; specifically on 1 January a compromise was reached in the Senate and in Congress.

The two main parties will probably reach an agreement in Congress to extend the stimulus measures, as neither wants to be responsible for a new rise in unemployment. The challenge of fiscal consolidation remains for the recently re-elected President Barack Obama, given that government deficit stands at around 8% of GDP and accumulated debt at more than 105%, well beyond the 90% threshold envisaged by the Reinhart/Rogoff rule. Here a compromise will have to be found between the two opposing strategies advocated during the election campaign: priority to raising taxes (Obama) or reducing public spending (Romney).

Another downside risk is that fiscal adjustment in the European countries will be accompanied by an economic shrinkage that is more intense (in depth and time) than assumed. The *negative multiplier* of a cut in expenditure seems greater now than before: between 0.9 and 1.7 instead of 0.4 and 1.2, according to IMF estimates. It is not really known why, but there are three possible explanations:

- One is that, apart from fiscal adjustment in the areas of public administration, *the private sector too* (banks, firms, households) *is necessarily reducing its debt*: banks are not lending each other money, companies are not requesting loans, and families are increasing their savings, especially if further cuts in benefits and rises in taxes are expected. Obviously the huge liquidity that the ECB has been injecting into Europe's financial system does not reach the real economy to the desired extent in all countries. And nor do low interest rates stimulate activity as they would under normal circumstances (cyclical weakness of domestic demand).

- Another explanation is that the necessary *internal readjustment* in Europe's peripheral countries, which is *under way* (primary budget balance is improving, current account deficit is falling, private debt is shrinking, wage development is becoming more moderate, redundant public sector jobs are being cut, financial institutions are increasing their core capital), is not perceived as sufficient by the markets. This is because time and time again significant incoherencies, ambiguities and delays and even serious omissions have been reported in government action, especially in Greece.
- And thirdly, the serious structural problems that remain in the southern countries are preventing the development of the 'confidence effect' that fiscal consolidation, if credible, normally triggers. There are two main causes of the structural problems: on the one hand, entrepreneurial activity is hindered by excess regulations and administrative obstacles (in Spain this is exacerbated by regional regulations which are heterogeneous and often contradictory and distort market unity). Furthermore, the lack of productivity and competitiveness of the enterprises in the southern countries is patently obvious, as highlighted by the *Global Competitiveness Report 2012–2013* published by the World Economic Forum of Geneva on a sample of 144 countries: Greece has the least competitive economy in the euro zone, ranking 96th in the world and 17th and last in the euro zone; the crisis-stricken European countries do not fare too badly, but hold modest posts (Ireland 27th / 8th, Spain 34th / 10th, Italy 42nd / 11th, Portugal 49th / 13th, and Cyprus 58th / 15th) well behind the most competitive countries in the euro zone (Finland 3rd / 1st, the Netherlands 5th / 2nd, Germany 6th / 3rd). Incidentally, Switzerland ranks first in the world, followed by Singapore. And this is despite the fact that the most competitive countries have higher labour costs per hour worked than the countries in crisis. For example, in the manufacturing industry Germany's labour costs are 62% higher than Spain's (35.66 euros compared to 21.88 euros in 2011), according to the IW – Cologne Institute for Economic Research. But German industry knows the formula for offsetting a competitive disadvantage in labour costs: through innovation in products and processes and internationalising production, without trade unions preventing this. What do the southern countries do about this? In what aspects are Spanish SMEs willing to innovate and seek access to global markets, beyond Europe? The 'Euro Plus Pact' agreed at the European Summit of March 2011 encompasses a whole series of measures which governments should adopt in order to boost competitiveness. Are they doing this and forcefully?

The uncertainty of the future of the euro zone is hovering over all the forecasts: an area of stability and real convergence, with a strong and

internationally coveted currency, or an economically heterogeneous area with weak growth, inflation and devaluation of the euro? Two major questions lie ahead:

- First, can the European rescue fund (MEDE), which came into force on 8 October with the capacity to lend 500 billion euros, and the European Central Bank whose decision of 6 September to purchase unlimited amounts of government bonds of troubled nations ('Outright Monetary Operations', OMT, as it is called) was aimed at establishing a 'network of security' stabilise the euro zone in a lasting manner? The initial effect has been to reassure the markets. But it remains to be seen if the 'quid pro quo' –aid in exchange for major reforms– will work better than in the past. If the requisite conditions were not met, I fear that nothing would be done about it. Countries could always resort to 'exceptional circumstances' to justify this. It is obvious that neither could the MEDE demand the return of loans granted and nor could the ECB sell the peripheral bonds acquired. If they were to do so, the markets would interpret this as a sign that the euro zone was collapsing; there would be huge fears of the comeback of exchange risk with a notable devaluation of the reintroduced peseta or lira, and interest rates plus risk premiums would soar. Reluctant governments could thus hold the MEDE and ECB hostage. In this case a serious inflation problem would arise in the medium term, because the ECB's possibilities of sterilising the liquidity generated by the purchase of the government bonds are not unlimited.
- Second, is the architecture of the euro zone going to be effectively completed ('Maastricht 2.0')? An important first step in this direction has been taken with the European 'Fiscal Stability Pact' agreed at the European Summit in March 2012. The aim is to ensure, better than in the past, the sustainability of public finances in all the Member States (the United Kingdom and the Czech Republic have not signed the agreement). The Pact limits the structural deficit for all the country's areas of Public Administration to 0.5% of GDP, maintaining the Maastricht 3% of GDP as a threshold for total deficit, which provides leeway for the functioning of 'automatic stabilisers'. The following step would have to be the creation of a 'European bank union', a path embarked on this past 12 December. The aim is to underpin the stability of the European financial system and prevent banking problems from spreading to the State in a more effective way than in the past. Efforts are currently being made to establish a banking supervisor –the ECB– for the EU so that banks with problems can be recapitalised directly from Europe without the loan being recorded as public debt and the interests incurred pushing up government deficit. Progress was made in December 2012, although small institutions are excluded.

EMU Breakup Danger

It is necessary to distinguish between unilateral withdrawal and negotiated withdrawal. Unilateral withdrawal is considered compatible with the EU's legal system and the characteristics of the 'exit clause' currently in force following the ratification of the Lisbon Treaty are established (art. 50).

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.
2. A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.
3. The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.
4. For the purposes of paragraphs 2 and 3, the member of the European Council or of the Council representing the withdrawing Member State shall not participate in the discussions of the European Council or Council or in decisions concerning it. A qualified majority shall be defined in accordance with Article 238(3)(b) of the Treaty on the Functioning of the European Union.
5. If a State which has withdrawn from the Union asks to rejoin, its request shall be subject to the procedure referred to in Article 49.

Article 50 of the Treaty on European Union specifically allows for the possibility of withdrawal of a Member State. But this clause raises a number of objections: it recognises both the unilateral right of withdrawal and the possibility of negotiating withdrawal.

Second, the clause only seems appropriate for the withdrawal of one or two countries – not for a mass exit of Member States. And there is a third – and more important – problem stemming from the fact that the clause makes no reference to the requirements for the withdrawal of a Member State which has adopted the euro.

The fact that the exit clause fails to mention the withdrawal procedure for a Member State that is part of the euro zone may mean that withdrawal

is possible –it is not an insurmountable impediment– but it is criticisable because it jeopardises the stability of the euro and because it could lead to a proliferation of ‘disaster clauses’ aimed at addressing changes in the composition of the euro zone.

There is an interpretation that withdrawing from EMU is not feasible without also withdrawing from the EU. Participation in EMU is a legal obligation for the Member States. Whereas a Member States may denounce its membership of the EU and renounce its treaty obligations, it could not withdraw from EMU without violating a binding legal obligation. The only possibility of pulling out of EMU is by pulling out of the EU.

The only alternative interpretation is that the exit clause never intended to provide for a right to withdraw from EMU – among other things because the complex web of rights and obligations deriving from EMU cannot be undone through a unilateral act of withdrawal. This would imply that it would only be possible to negotiate withdrawal from the euro zone.

The exit clause is one of the greatest errors of the Treaty and should include a specific reference to a negotiated withdrawal.

Expulsion from the EU or EMU:

The idea of including an expulsion clause in the Treaties was dismissed in the debates on the Lisbon Treaty. Would it be possible to incorporate a clause of this kind into the Treaties? Any change made to the Treaties would require the unanimous consent of all the Member States according to article 48 of the EU Treaty.

Expulsion is politically unconceivable and the legal implications would be tremendously complex. Membership of the European Union entails a vast network of rights and obligations for citizens, enterprises and governments. Cancelling all these obligations at once –by expelling a Member State– would cause great confusion and would penalise the citizens and enterprises that trust in their rights of residence and free movement respectively.

The most forceful objection to this right of expulsion of a Member State is conceptually similar to one of the main objections to the unilateral right of withdrawal of a Member State. It should be considered whether expulsion –as a sanction or remedy– is coherent with the letter and spirit of the Treaties. Nor does the exhaustive list of sanctions included in the Treaties envisage the right to expel a Member State.

Consequences of the withdrawal or expulsion of a Member State from belonging to the euro zone or using the euro

In the unlikely event that a Member State were to withdraw voluntarily or be expelled from the EU, it would cease to belong to the euro zone

and would have to bring back its former currency or adopt a new one. This would entail considerable risks and difficulties, apart from legal complications. If the continuation –albeit temporary– of a Member State in EMU after exiting the Union were negotiated, the situation would be questionable. EMU is a subgroup of the EU, which is why the statutes of the European System of Central Banks and of the European Central Bank are set out in an annex to the protocol of the EU Treaty. Therefore the withdrawal of a Member State from the EU would automatically signify its exit from EMU.

Moderate growth in the United States

During the US economy's current upward cycle GDP has grown at an average of 2.2% per quarter in year-on-year terms. This rate is 50% lower than the average for the nine previous expansion stages following recession and 30% below the average for the two most recent recoveries. If we focus on job creation, the differences are even more marked. The growth rate in employment has been nearly 80% and 60% lower than the averages for the above-mentioned periods respectively. There are several possible reasons for this. From one viewpoint, the serious financial crisis that triggered the Great Recession may have caused deeper and more lasting effects than the shocks that sparked the previous recessions. In this environment the short-term pressures that hinder economic growth include the fragile recovery of the construction sector, negative shocks experienced by the world economy, the high degree of political uncertainty and the deleverage of families. There are thus those who argue that once these cyclical imbalances are corrected, GDP growth and job creation will speed up.

A different view holds that the scant economic growth not only reflects short-term pressures but also a build-up of structural shortcomings. The asset inflations of the years preceding the crisis concealed these weaknesses and allowed the political environment to ignore them. In this scenario fragile recovery reflects a lower potential GDP growth rate, and it would be necessary to undertake major reforms in order to boost productivity, investment and trading.

Although it is tempting to focus on short-term problems to revive economic growth, the cost of failing to address structural reforms can increase exponentially and mar the benefits of mitigating cyclical fluctuations. What is more, structural reforms aimed at increasing productivity will lead to potential GDP growth and cause the economy to grow at a faster pace.

Therefore in 2013 it is essential for the new administration and Congress to cooperate in order to reach more extensive agreements aimed at improving economic fundamentals. Solving these long-term problems of-

ten involves addressing short-term pressures. For example, it would be much more beneficial to bring back the goal of long-term fiscal sustainability by redefining the role of the government, amending tax regulations, reforming social assistance programmes and improving the efficiency of the public sector than to focus solely on short-term objectives for avoiding the fiscal cliff by postponing the solution yet again.

Immigration policy is a structural reform that is essential to maximising the economic benefits of attracting the most privileged minds and fostering enterprise. In addition, political leaders must address the widening crack in infrastructures, the loss of quality in basic state education and excessive regulatory costs for companies.

From a more contextual viewpoint, the figures for the last quarter of 2012 arouse mixed feelings about the coming months. The indicators for the housing sector display considerable strength and it appears that manufacturing activity is picking up after dropping in summer. Growth in employment, however, has speeded up in recent months and unemployment dropped to 8% in September and October. Political uncertainty grew in the pre-election period, but although Obama continues to be president, the fact that Congress is divided leaves little leeway for a fiscal solution. At the end of October hurricane Sandy delivered a blow to the US economy as the main financial centres of the East Coast were closed for several days. Although this could affect growth in the fourth quarter of 2012 and the beginning of 2013, the extent of the consequences of the hurricane is still uncertain. Ultimately, growth for the fourth quarter of 2012 is expected to be much lower than in the third quarter of 2012 – 2.7% following the upward adjustment. The factors that account for the third-term revision include stronger exports, weaker imports and increased inventories of private companies. The last two factors back the forecasts for slower growth in the fourth term: companies are preparing for lower demand for consumption in the coming months and are not likely to restock given the significant increase in inventories in the third quarter of last year.

USA, macroeconomic situation

	2011	2012	2013	2014
GDP (% variation)	1.8	2.1	1.8	2.3
CPI (% variation)	3.1	2.0	2.1	2.4
Underlying assets (% variation)	1.7	2.1	1.9	2.0
Unemployment rate (% pdf)	9.0	8.2	7.9	7.5
Fed (% pdf)	0.25	0.25	0.25	0.25

Source BBVA Research

Concerns about inflation have faded considerably since oil prices rose at the beginning of 2012. As a result, the Fed decided to maintain its rate at 0–0.25% at the monetary policy meeting in December 2012 and will replace 'Operation Twist', once it expires at the end of the month, with the purchase of long-term Treasuries at a rate of 45 billion dollars per month.

Mention should be made of the major change that took place in the implementation of monetary policy when a rule of action was incorporated, as it became the first central bank to link possible changes in its intervention rate to a specific level of inflation and rate of unemployment. Specifically, the intervention rate will be kept at the current levels as long as the unemployment rate remains at above 6.5% (it is currently 7.7%), the forecast inflation at one or two years is no higher than 2.5% and long-term inflation prospects remain anchored. It will continue purchasing 40 billion dollars' worth of mortgage-backed securities from federal agencies monthly. In January 2013 it will start buying long-term Treasuries at a rate of 45 billion dollars a month (the same amount allocated to 'Operation Twist'). It will likewise continue to reinvest maturing proceeds from its Treasuries in auctions and to reinvest maturing proceeds from its portfolio of agency debt and MBS in other agency mortgage-backed securities.

All in all, as expected, the Fed has chosen to launch new stimuli in order to curb the risks that currently threaten the US economy. It has opted for purchasing long-term Treasury securities which, coupled with the purchase of mortgage-backed securities in September, will allow it to continue to push down long-term interest rates and at the same time shore up the mortgage markets and encourage looser financial conditions. Its balance sheet is expected to increase by one trillion dollars in 2013 to 3.8 trillion.

The change in the Fed's communication strategy is very important because it marks a qualitative leap in the implementation of monetary policy –by linking a possible interest-rate rise to a specific level of inflation and unemployment rate– and because it is the first central bank to adopt a decision of this kind. It furthermore improves transparency and makes it easier for the market to anticipate its action with less uncertainty. The measures adopted will likewise contribute to a greater weakening of the dollar, which could fuel exchange-rate tension with its main trading partners.

Hope remains in the emerging countries

the IMF has made an overall downward adjustment to its estimates of world growth for 2012 and 2013 to 3.3% and 3.6% respectively. Forecasts for both the developed and emerging economies have been cut to a simi-

lar extent for 2012–2013, although the emerging economies will continue to grow soundly at a rate that is even higher than their long-term average (4.6%): by 5.3% in 2012 and 5.6% in 2013.

GDP (%) (*)	October 2012			July 2012	
	2011	2012	2013	2012	2013
World	3.8	3.3	3.6	3.5	3.9
Developed	1.6	1.3	1.5	1.4	1.9
USA	1.8	2.2	2.1	2.0	2.3
Japan	-0,8	2.2	1.2	2.4	1.5
EMU	1.4	-0,4	0.2	-0.3	0.7
Emerging	6.2	5.3	5.6	5.6	5.9
Asia	7.8	6.7	7.2	7.1	7.5
China	9.2	7.8	8.2	8.0	8.5
India	6.8	4.9	6.0	6.1	6.5
Latin America	4.5	3.2	3.9	3.4	4.2
Brazil	2.7	1.5	4.0	2.5	4.6
Mexico	3.9	3.8	3.5	3.9	3.6
Europe	5.3	2.0	2.6	1.9	2.8
Russia	4.3	3.7	3.8	4.0	3.9
Turkey	8.5	3.0	3.5	2.3	3.2

Source: IMF. *World Economic Outlook, October 2012*

(*) Aggregated data based on PPP

The IMF also analyses the ability of the emerging economies in recent years to deal with the impact of the crises. It points out that, for the first time in modern history, during the past decade the developing countries have enjoyed more periods of expansion than the developed economies. This has been made possible by the implementation of orthodox economic policies in times of prosperity, which allowed leeway for easing during slowdowns. Even so, the IMF warns that, despite their resistance, the emerging economies are not immune to the impact of shocks, both internal and external, and that there is a high risk of the developed economies sliding into a new phase of deceleration which, this time, will drag down the emerging economies.

External shocks increase the likelihood of an expansion period coming to an end, but internal shocks have a much greater impact: according to its estimates, the bursting of a credit bubble doubles the probability of a subsequent slowdown in the following period, whereas a banking bubble triples it. Therefore, the considerable expansion of credit in some

countries (China and Brazil, for example) arouses misgivings about the stability of their financial systems and its possible impact on the future growth of these economies. To boost their resistance to the impact of further shocks, the emerging economies must remain within the current framework of action of economic policy and return to a situation of greater fiscal and monetary easing.

In Asia, growth will fall in China to 7.8% in 2012 (the minimum since 1999) and to 8.2% in 2013. This indicates a downward annual revision of just two-tenths of a percentage point with respect to the previous report. This cooling down is due largely to the government initiatives to prevent a real estate bubble and reduce macroeconomic imbalances. One of the most marked downward adjustments in growth is expected in India: -1.3% of GDP to 4.9% in 2012; and -0.6% to 6.0% in 2013. These estimates take into account the impact of the elimination of subsidies and certain structural reforms.

The estimated growth for Brazil in 2012 has also been cut considerably: down to 1.5%. However, it is expected to rise to 4.0% in 2013 owing to the significant easing of monetary policy currently being carried out and the gradual acceleration of activity in China.

Despite the relative robustness of the emerging economies, downside risks remain, particularly the worsening of the crisis in EMU and a sudden slowdown in China.

Perception of the present situation and future performance of the Mexican economy improved significantly in 2012. It has gone from being the Latin American country lagging the furthest behind in its recovery from the crisis of 2008 to being considered one of the best owing to the solidity of its fundamentals. This has led to an upward revision of its growth forecasts for 2012 throughout the year, unlike for Brazil, whose growth forecast has been significantly slashed (especially since the summer months).

One of the keys to this change of sentiment is the productivity gains achieved in the manufacturing sector, which have even enabled it to recover part of the market share taken over by China at the beginning of 2000. The United States' imports of Mexican manufactured goods thus account for 15% compared to the low of 11% in 2005.

The main factor behind these productivity gains is wage restraint. Actual wages have remained stable in Mexico since 2009, whereas they have risen by more than 12% in Brazil. What is more, this trend continued in 2012 and they increased by a mere 1.5% in year-on-year terms in Mexico compared to 13% in China and more than 4% in Brazil.

Another positive factor is the effort to raise the technological level of manufactured goods: technology-intensive goods now account for near-

ly 37% of total production, more than their low- or medium-intensive counterparts. This increased added value of its exports is allowing Mexico to diversify its market geographically (one of its main challenges), and although the US continues to be its biggest customer, exports of manufactured goods to its northern neighbour have fallen from 90% in 1998 to 78%.

In short, its improved competitiveness and the greater added value of its exports have enabled Mexico to boost its market share vis-à-vis countries like China and Korea. Indeed, Mexico exports more manufactured goods than the rest of Latin America as a whole. In order to consolidate this progress and continue to make headway, a thorough labour-market reform is essential. One of the main objective challenges should be to reduce the proportion of undeclared work, which currently accounts for more than 20% of total employment. The stock market has capitalised on this positive change of sentiment towards the country and has recorded a rise of 13% throughout the year, while the Mexican peso has increased in value by 7% against the dollar.

Activity continued to slow down in Asia in the third quarter of 2012, as shown by the first GDP figures published. The worsening of the EMU crisis and increase in political uncertainty in the US are chiefly responsible for this performance, as both factors have a negative impact on exports and investment decisions. Nevertheless, we believe that it has bottomed out and that growth in the region will speed up, albeit modestly, from the fourth quarter of 2012 onwards.

The year-on-year growth rate of the Chinese economy again slipped to 7.4% in the third quarter of 2012 (from the previous 7.6%), its lowest since the first quarter of 2009. However, in annualised quarterly terms its growth rate remains steady at 7.5%, similar to that of the second quarter of 2012 (according to our estimates). In addition, the upward trend of a good many monthly indicators throughout the third quarter of 2012 improves the prospects for the last quarter and points to a slight upturn in activity in the fourth quarter of 2012, which could lead to an overall growth figure for 2012 of about 7.8% (9.3% in 2011). Despite the relative resilience of the Chinese economy, everything indicates that the current growth model based on public-sector investment and exports is beginning to show signs of exhaustion and therefore growth rates of more than 8.5% (even in the most optimistic scenarios) are not expected for the coming years. It seems to be taken for granted that China's growth potential has decreased and that we will not be seeing the rates of more than 10% witnessed in the first half of the 2000. It is even pointed out that, in the absence of a change in its economic pattern, its potential growth could fall gradually over the coming years by nearly half to about 5%

The Communist Congress held on 8 November, which chose the country's leaders for the next ten years, thus faces the challenge of undertaking the

reforms needed to reorient its economic model to one that is based more on private consumption; it must also reduce social inequalities, which are at a similar level to African economies with substantially lower development levels than China.

Further doubts are raised by the GDP figure for the third quarter of 2012 for Singapore, which is a good indicator of global activity owing to the high degree of openness of its economy (more than 400% of GDP). According to preliminary estimates, the economy shrank by 1.5% quarterly in annualised terms owing to the weakness of its exports. This downturn could be even greater on account of the disappointing performance of exports in September, which may lead to a downward revision of the initial growth figures. Despite the worrying cooling down of activity, the central bank seems more concerned about inflation and maintained its monetary policy at its half-yearly meeting in October.

Finally, Korea grew by just 0.6% in annualised terms, the lowest for three years. Despite expectations of an upturn in activity in the fourth quarter of 2012 (spurred by reactivation in China and the impact of the expansive measures adopted), the central bank has reduced the growth forecast for 2012 to 2.4% compared to 3.0% three months ago.

Chinese trends are a very important conditioning factor for the global economy. Unlike the US, China is not a key importer of consumer goods; rather, its importance as a global producer of industrial goods explains why it has one of the biggest demands for raw materials and components for finished products. The two main ways in which contagion spreads to the rest of the world stem from this fact.

The first is through the industrial sector. Japan, Korea and Taiwan are the countries with the closest links to China's chain of production and are most exposed both to the global production cycle and to the growth of investment in China. According to the IMF, Japan, Korea and Taiwan are the biggest suppliers of intermediate goods to China (80% of the total), with Korea in the lead (alone it supplies nearly 40%). These links explain why the IMF has been making downward adjustments to these three countries' growth forecasts along with those of China.

The second is through the commodities markets. China's importance as an importer of commodities, particularly metals (it acquires more than 60% of iron and of the rest of industrial metals, around 30%) and a few agricultural products (soy, more than 50%), has increased significantly over the past decade. Its significance as a buyer enables it to influence global prices, although the effects are not homogeneous. According to IMF estimates, an increase in China's GDP of 1% above its long-term trend will lead, after six months, to a rise of about 6% in the price of crude oil and copper, whereas other commodities (such as zinc or aluminium) are not affected. This means that Australia,

Chile and Brazil are the countries which are most affected by a cooling down of China.

Special mention should be made of Germany which, despite not belonging to the group of exporters of commodities or being part of China's production chain, has significantly increased its trade with the Asian giant thanks to its specialisation in the manufacture of capital goods. The proportion of German exports to China has increased by 5 percentage points over the past decade to nearly 6% of the total in 2012, while the proportion of the EMU countries has shrunk by 10 percentage points. This strategy of reorienting its trade to countries with higher growth rates has helped sustain activity in Germany in the early stages of the crisis, but, for the same reason, the cooling down of the Chinese economy over the past quarters is now penalising Germany's economic performance.

The internationalisation of spanish companies, advantages and risks

The advantages of a rational internationalisation of our companies are not just competitive. Taking as a basis the so-called 'Eclectic Paradigm', it should be considered that in order for a company to be involved in so-called international production, it must hold a number of advantages over its competitors. It must be more profitable for it to engage itself in activities which can generate added value than to licence a third party to perform them. Similarly, it must be more profitable for it to move part of its production or a business unit to a foreign location (offshoring) than to produce or develop its products from its location of origin. Having access to markets or raw materials that might not be available if the company were not located in that geographical area gives it a direct advantage over its competitors.

Other major benefits stem from the so-called Ownership Advantages (derived from general income-generating assets), Advantages of Common Control (common handling of a series of assets located in different countries or geographical areas, with possible favourable tax or even currency environments), Investment Advantages (the possibility of investing on the basis of knowledge and experience of previous investments, seeking regional or state subsidies for labour or price of land), Diversification Advantages (providing a certain stability in the event that the markets of a country or geographical area are weak by offsetting them against returns from investments in areas where the performance of the markets or the product itself is more positive).

The most prominent of the differential factors of Spanish investments in Latin America, with respect to the above-mentioned advantages, is linguistic affinity, as we share Spanish as a language of reference. The second is business experience gained in liberalised markets other than

that of Spain, which provides a basis for subsequent internationalisations in other nearby geographical areas. Third, international investment is a multiplier of Spanish companies' potential for expansion, as it allows them to use strategies aimed at securing a significant position in possible new markets. What is more, as a consequence of the foregoing, the profitability (both economic and financial) of the companies belonging to the investing group is optimised in foreign markets; these are likewise markets with a high growth potential and are less mature, like the financial market. All this explains the strong position of Spanish overseas investment in general and in particular in Latin America, which has accounted for 34% of total foreign investments made by Spain over the past 15 years, second only to investment in the European Union.

Going into details, it is not amiss to remember that we have a special investment structure with respect to Latin America. And so, by sectors, we find that transport and telecommunications account for the largest share of foreign investment in the area by Spanish companies, followed closely by the growing sector of financial intermediation, basically for the development of the former.

Furthermore, the oil and gas sector accounts for a large proportion of investment, as it is set to play a very important role with respect to the international positions of Spanish companies in supplying commodities. As for the countries at which Spain's foreign investments are directed, the main ones are Brazil (32% of total investment) and Argentina (31% of total investment). Both countries have helped consolidate the investments made in the area owing on the one hand to their economic dynamism and on the other to their demographic density and eminently strategic geographical location for the development of different markets and sectors.

Risk in some emerging countries

Country risk chiefly takes into account the macroeconomic situation of the country to be invested in, although what is termed Political Risk –the stability of the political system and feasibility of its leaders– should also be considered. Furthermore, we must also examine the Sovereign Risk the country may pose, taking this to mean the possibility of non-fulfilment of the various financial obligations pertaining to foreign debt. Regulatory risk is increasingly linked to country risk, as one depends on political stability and the other on failure to abide by the rule of law. As we have seen in our case, Country Risk and regulatory risk has come to have a prominent role in view of the circumstances, among other countries, in Bolivia as well as in Venezuela and Argentina with the nationalisation of their pension funds – circumstances which will greatly influence the choice of country to invest in.

The factors which influence country risk and regulatory risk –which is what really matters when implementing investment operations in Latin America– have been negatively reinforced by the political (institutional) trend that is taking shape in countries in the area, including countries of great importance to the development and performance of the region's markets. As for the 'Political Stability' factor, it should be established whether there is a predictable order in the current situation; this question is of utmost importance when it comes to making investment decisions, which are accompanied by a series of synergies that companies attempt to maximise to their benefit. This factor can be broken down into four interrelated factors which must be studied in detail, namely: democracy (degree of social penetration), financial stability, security in the country and a favourable and clearly established legal framework (that does not change according to the political party in power).

In the case of Latin America it should be recognised that the so-called linguistic, cultural or social barriers are smaller than for other regions, but the so-called 'technical variables' –economic and political stability of the recipient country and regulatory risk, that is, unilateral modification of contracts or regulation of activity, all of which are factors that influence 'country risk'– have deteriorated in particular over the past year, interrupting a trend that had made these part of the world especially attractive to Spanish investment.

Regulatory risk in Latin America stems above all from legal uncertainty, which exposes companies to unexpected changes in the law, lack of transparency of processes, legal loopholes in legislation... and on the other hand the weakness of certain institutions. In any event it is unavoidable to link the events discussed in the previous section to the worsening country risk of these countries. Indeed, according to the EMBI index, which measures the interest-rate spread of the sovereign public debt of the emerging countries, Latin America is now paying more than 700 base points, a significant increase with respect to the previous situation. In this connection, 62 percent of the current risk premium was gained in 2008, and the situation in Venezuela and Argentina is serious.

And so, although Spain has major interests in Latin America, which have materialised into direct business investment which has become localised owing to the growth potential of these markets and their cultural affinity, from now on these interests must necessarily be partly reconsidered. The cause is none other than the excessive regulatory risk and in some cases incoherence of the economic policies currently being implemented in countries like Argentina, Bolivia and Venezuela, and as witnessed in the expropriation of Repsol YPF in Argentina and Red Eléctrica en Iberdrola in Bolivia. Spain's investment ventures were appropriate; what is not appropriate is the harassment to which Spanish companies are being subjected, and their main defence should be to disinvest in cases where the conditions of the game rules and free enterprise are not reasonable.

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