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STRATEGIC PANORAMA 2012

Felipe Sahagún

■ INTRODUCTION

Is the economic crisis of the past years yet another cyclical phenomenon or the start of a structural change that could drag on for years? Has the Eurozone crisis peaked yet? Will we manage to ward off a new recession in 2012? Are we facing the beginning of the end of the Europe progressively constructed over the past half-century or, applying the mechanism of enhanced cooperation, are we about to give fresh impetus to greater political and economic integration leading to the permanent consolidation of Europe, without the United Kingdom and a few other dissidents, as the global power of the twenty-first century?

Are China, Latin America and the rest of the world's emerging regions immune to this latest crisis or beginning to suffer its effects? Or, thanks to a new phase of globalisation, have they become the main strategic beneficiaries of a new power balance comparable in its tectonic effects on the international system to those that took place after the defeat of Napoleon, after the first German unification or in the decade that followed the Second World War? If the latter is true, will this transition be as peaceful as the European system of the nineteenth century or as turbulent as those that led to the First World War and the Cold War?

Will the economic logic of the post-Cold War period prevail over the national rivalries of the past, avoiding a return to protectionism, new currency wars, the collapse of the main processes of regional integration, new arms races and growing tensions and disputes between the main international actors over military and economic dominance of the West Pacific and preferential access to the commodities of Africa and Latin America?

Are we simply witnessing the first signs of a new and still very uneven bipolarity between the US and China that could condition the coming decades similarly to or more intensely than how Soviet-US bipolarity conditioned the Cold War?

«Is the *Arab Spring* turning into bleak midwinter?», asked *The Economist* in an editorial column of 10 December following the legislative elections held in Tunisia and Morocco and two of the three phases of the Egyptian legislative elections won by Islamist movements⁽¹⁾. Are the results proving that the sceptics who have always denied the Arabs' ability to embrace democracy are right? «The answer is no. Until the Brothers [and their equivalents in the neighbouring countries] actually take power, it is hard to say with certainty where the dominant mainstream of political Islam stands», but, until the time comes, «as peaceful political Islam advances, al-Qaeda and its violent jihadi friends have retreated to the remotest patches of Yemen, Somalia and the Sahara desert».

⁽¹⁾ «And the winner is...», *The Economist*, 10 December 2011, p. 16.

Now that some of the prevailing ideas of the past twenty years –North-South confrontation, Japan as a superpower, the clash of civilisations, the end of history, the US as hyper-power, the paralysis of the Arab world– have been refuted by events, the force that best characterises the international situation at the start of 2012 is a flexible multilateralism that is increasingly less controlled.

As Pierre Hassner has pointed out, each of the so-called emerging powers –China, Iran, Turkey, Brazil, India and Indonesia– «is emerging in its own way»⁽²⁾. Starting to be equally or more important than the frail but useful commitments of the BRIC countries towards legalising intervention in Libya with a UN mandate but preventing it in Syria are the new strategic pairs –India and the US, Pakistan and China, Russia and Germany– and the burdensome heritage of unresolved historical disputes: China-Japan, India-Pakistan, Iran-Saudi Arabia and Israel-Arab world...

■ 10 YEARS ON FROM 11 SEPTEMBER

Of the many lessons taught by the events of 11 September and gradually revised since then and updated in the recent months to mark the tenth anniversary of the attacks, perhaps the most important is the Bush Administration's initial response: intervention in Afghanistan and Iraq and an indefinite war on international terrorism based on prevention and the consideration of jihadist terrorism as the product of a despotic and ailing, albeit minority, political culture in the Islamic world, prepared to destroy pro-Western regimes of the Arab world and the system of freedoms upheld by democracies.

After several months of euphoria over the speed and ease with which the regimes of the Taliban and Saddam Hussein were overthrown –Charles Krauthammer's unipolar world without rivals– cracks began to appear in vice-president Dick Cheney's One Percent security doctrine according to which the US must respond to the very small risk of terrorists obtaining weapons of mass destruction as if it had the absolute certainty that they will obtain and use them sooner or later⁽³⁾.

The difficulty of converting triumphal interventions with very few casualties into permanent victories, the impossibility of quickly reconstructing and democratising countries without basic minimum security conditions, the growing cost of the wars in Afghanistan and Iraq, Pakistan's three-sided game with the US, Al Qaeda and the Taliban, the transformation of jihadist terrorism into a network of franchises and *lone wolves* that are harder to detect, the growing influence of China, India and other emerging powers while the West

⁽²⁾ HASSNER, Pierre, «Emergents et submergés», LETTRE de l'IRSEM, No. 9, 2011.

⁽³⁾ RACHMAN, Gideon, «World has changed in surprising ways», 9/11: Ten Years On, Financial Times Special Report. 9 September 2011, p. 1-3.

concentrated its efforts on these wars, and, finally, the financial crisis triggered a change of priorities in Bush's second mandate and led to Barack Obama's victory in 2008.

Obama has not managed to fulfil many of the promises he brought to the White House, but on 31 December 2011, with the withdrawal of the last American soldiers, he finished implementing the agreement signed by his predecessor for the withdrawal from Iraq and has begun a similar process with respect to Afghanistan.

Election years, when presidents are preoccupied with re-election, are never conducive to radical changes in foreign and security policy, but 2012, with presidential elections scheduled in four of the five of the permanent members of the UN Security Council, might prove to be an exception. Although likely, the re-election of Obama and Sarkozy cannot be taken for granted⁽⁴⁾. It might depend on developments in the European economic crisis. At least this is what their main advisors believe. If the price Sarkozy has to pay for his re-election is a German Europe that many are already clearly envisaging, he, like the lesser European powers, seems willing to accept this.

The December legislative election in Russia showed that Vladimir Putin's return to the presidency on 4 March, which seemed a foregone conclusion, may come up against heavy resistance and cast a shadow over strategic relations with the West. Putin again reacted to the demonstrations and accusations of fraud in December by resorting to the foreign enemy, while his deputies threatened to put up firmer opposition to the NATO missile defence programme in which Spain has offered to take part from the Rota base.

The agreement of 5 October between Spain, the US and NATO which, when it enters into force, will allow the US to deploy four ships equipped with the AEGIS antimissile system from the Spanish base makes Spain the cornerstone of NATO's naval air defence system in this region, but, as Rafael Calduch has pointed out, it complicates NATO's and Spain's relations with Russia owing to the haste and lack of transparency with which the agreement was concluded⁽⁵⁾. Difficulties aside, it is the most important measure adopted by Spain in 2011 in its relations with the allies, together with the choice of Torrejón de Ardoz airbase as one of the Alliance's two Combined Air Operations Centres.

Tension between Russia and the West has a limit: reciprocal economic interest, which continues to cushion its effects. The US still needs Russia for

⁽⁴⁾ MICKLETHWAIT, John, «Democracy and its enemies», *THE WORLD 2012*, *The Economist*, p. 17.

⁽⁵⁾ CALDUCH Cervera, Rafael, «La participación de España en el sistema de defensa antimisiles», *Horizontes Internacionales*, No. 9. November 2011, www.analisisinternacional.eu.

its operations in Afghanistan and this need will increase the more relations with Pakistan deteriorate, as occurred in 2011 when Pakistan temporarily interrupted the passage of Alliance trucks bound for the troops in Afghanistan and the use of its territory for US unmanned flights following the death of 24 of its soldiers in NATO strikes on border posts with Afghanistan on 26 November. At least 22 NATO oil tanks parked at a terminal near Quetta, the capital of Baluchistan, were destroyed on 8 December.

The opening of the Northern gas pipeline linking Russia and Western Europe last summer has altered the continent's gas balance, allows the Russian monopoly Gazprom advised by Germany's former chancellor Gerhard Schroeder to present itself as the most reliable supplier, facilitates the FRG's planned phasing out of nuclear energy between now and 2022 and decreases the influence of Ukraine, through which around 80% of the gas Russia exports to Europe has passed until now⁽⁶⁾.

When Berlin approved the so-called Nord Stream gas pipeline under the Baltic, it did not foresee becoming more dependent on Russia. On the contrary, it viewed it as a reduction in Russia's political influence on neighbours like Ukraine and Belarus. Chancellor Angela Merkel and her economy minister, Philipp Roesler, were not counting on losing 24 percent of Germany's electricity generation over the next 10 years, to which they had to agree following Fukushima. For Germany's Central European neighbours it may only be a matter of time before Germany's dependence on Russian gas gains priority over its regional and Atlantic interests⁽⁷⁾.

The twentieth anniversary of the end of the USSR forced us to turn our attention to Russia again in 2011 and acknowledge how risky it is to make predictions about this country, where yesterday's heroes are today's assassins and can be resuscitated tomorrow as martyrs. The Soviet implosion –surprisingly peaceful if compared to the collapse of other empires– which was a historical blessing for the West as it reduced the danger of a nuclear confrontation, was to Putin «the worst geostrategic disaster of the twentieth century» and its main result was a humiliated and impoverished Russia.

Halfway between these two interpretations is that of the outgoing president and likely new prime minister, Dmitry Medvedev, who recognised in June that the post-revolutionary war (1917-1923) and the Second World War, in which tens of millions of Russians died, were much worse disasters⁽⁸⁾. When making

⁽⁶⁾ BUCKLEY, Neil and GORST, Isabel, «Pipeline gives Moscow the edge in gas supply balance of power», Financial Times, 7 September 2011, p. 4.

⁽⁷⁾ For a fuller analysis, see «Russian Gas and Germany's Nuclear Gamble», STRATFOR Intelligence Report. REALCLEARWORLD, 2 June 2011. http://www.realclearworld.com/articles/2011/06/02/russian_gas_and_germanys_nuclear_gamble_99540.html

⁽⁸⁾ THORNHILL, John, «Russia's past is no sign of its future», Financial Times, 26 August 2011, p. 11.

such an assessment, Sakharov and Solzhenitsyn would not have omitted to mention the millions who were killed by Stalin in the Siberian labour camps.

Over the past twenty years four distinct areas have emerged from what was once the USSR: the new Eastern Europe, with Kiev and Chisinau divided between pre-Europeans and those nostalgic for old Russia; the south Caucasus, in the grip of uncertainty; the so-called Eurasian Central Asia, although only Kazakhstan is vaguely European, governed by dictatorships as iron fisted as or more so than the old Soviet dictatorship; and the new Russia, between Europe and Asia, without strictly European cultural roots or an apparent wish to join in the near future the so-called European parliamentary democracy following the discredit of everything related to this political system in the 90s.

Those who regarded the end of the USSR as the start of a new democracy were mistaken. Since succeeding Yeltsin, Putin has attempted to annihilate any opposition and any possibility of alternation; however, after announcing in September 2011 his intention to return to the presidency in 2012, when the December legislative and March presidential elections seemed to be a mere formality, the unexpected occurred.

The OSCE and neutral observers reported fraud in the legislative elections in favour of the presidential party, United Russia, even though, according to the Electoral Commission, it had won with 49.3% of the vote, 15 points less than in the previous elections. Defying the police, tens of thousands of citizens took to the streets in the centre of Moscow and other major cities to protest at what they claimed to be an electoral fiddle and demanded a repeat election. Although hundreds of people were arrested, this was the most important defiance of power in Russia since the Yeltsin years and proof that there are areas that the regime cannot control and, above all, that as in the Arab dictatorships, the Russians are starting to overcome their fear.

Will the pact –stability in exchange for autocracy– that underpinned the Putin regime in the first decade of the twenty-first century survive? According to Pew Research, 57% of Russians still prefer a strong, stable government to a democratic regime, but will they continue to think this way if oil and gas prices drop again and Putin loses his main source of popularity and legitimacy? If the December protests intensify, his options will be to liberalise, which would entail a loss of power, or step up repression, which would distance him from the West.

As for China, Hu Jintao and Wen Jiabao signalled Xi Jinping and Li Keqiang as their successors some time ago, but the renewal of the other seven members of the standing committee of the Politburo of the communist party, always

behind the scenes, had turned into a tense struggle with an uncertain outcome. Many viewed the public reappearance of Jiang Zemin, president from 1989 to 2002, at the first centenary of the end of the empire as a further manoeuvre in the secret battle between factions.

The result will have considerable bearing on the future of a country whose leaders, after 30 years of fast growth, recognise that the political and economic models –and the foreign policy and security strategy– that have enabled them to save hundreds of millions of people from poverty, swapping the communist legitimacy for the legitimacy of a single-party capitalism, are beginning to show signs of wear⁽⁹⁾.

The export-based economy is threatened by the recession and the protectionism of its main clients, the ageing of the population and growing production costs. It seems that the real estate boom of the recent years cannot be sustained indefinitely. China needs to reduce its excessive dependence on investments and provide incentives for domestic consumption, put a brake on environmental degradation and close the gaping income inequality between the minority who have most benefited from the economic miracle of the past 30 years and the rest of the population. Although it retains a firm grip on the information machine, the revolution in communications is also taking its toll and the political regime is feeling the effects. Cracks are appearing in Tiananmen's unwritten social contract «get rich, and I will take care of everything else».

■ THE YEAR OF GLOBAL INDIGNATION

The uprisings, demonstrations, clashes and wars witnessed in the Arab countries since the fuse was ignited in Tunisia in December 2010 are proving that there are much more effective ways of transforming –provided the processes are not sequestered by the different radical Islamist forces– stabilising and/or liberating the Muslim world than invasions and military occupations.

As Gustavo de Arístegui warns at the end of his recent book on the Arab «crossroads», «transitions are uncertain, the political forces moderate, weak, with few roots or else out of touch with the ordinary people [...] and the risk of a serious explosion in the Maghreb, Middle East and Gulf regions remains very high»⁽¹⁰⁾.

«The only feasible solution is the fast, solid and credible democratic institutionalisation of these countries to prevent the power vacuum and

⁽⁹⁾ ANDELRLINI, Jamil, «High stakes in backroom battle», CHINA. *Financial Times Special Report*, 26 October 2011, p. 1.

⁽¹⁰⁾ ARÍSTEGUI, Gustavo de, *Encrucijadas árabes. Lo que España y el mundo se juegan*, Singular Ediciones, Madrid 2011, pp. 347-348.

uncertainty from giving wings to the radical Islamists, who have not had a major role in the uprisings but are lying in wait for the opportunity», he adds. «If this happens, the Arabs will have swapped implacable twentieth-century dictatorships for medieval bloodthirsty dictatorships, those of radical Islamism and jihadism»⁽¹¹⁾. It is unlikely that the armies, which facilitated the downfall of the dictators in Tunisia and Egypt, would look on impassively if events were to veer in this direction.

Some, like Thierry de Montbrial, director and founder of the French Institute of International Relations (IFRI), view the financial whirlwind of the past year, the elimination of Osama Bin Laden, the *Arab spring* and the tsunami of 11 March in Japan and its effects on the Fukushima nuclear power plant and the nuclear industry as the confirmation of a new international order characterised by the growing importance of «*phenomènes de non-linearité*», a multipolarity that is increasingly volatile and a heterogeneousness that is growing day by day.

«Globalisation generates interdependences that are increasingly complex and, accordingly, more difficult to identify, so that the slightest incident in any place and at any time can have planetary repercussions [...] and trigger serious problems of governance with dramatic consequences», he warns⁽¹²⁾.

It is possible, as pointed out among others by the historian Paul Kennedy, that we are facing another *watershed* or turning-point in history like those experienced at the beginning of the sixteenth century following the invention of the printing press or in the mid-eighteenth century in England after the invention of the steam engine. Kennedy supports his theory by quoting the decreasing weight of the dollar, the crumbling of the European dream, the arms race in Asia and the paralysis of the UN⁽¹³⁾. Having erred in the 80s in his reflections on the rise and fall of the US superpower, it is possible that he is again confusing causes and consequences and that the new period will bring more positive things than negative.

This is what may be inferred from the latest *State of the Future* published in the US. It describes the present time as a bifurcation from which two paths emerge, one full of risks and the other full of possibilities:

The 2011 State of the Future offers no guarantee of a rosy future. It documents potentials for many serious nightmares, but it also points to a range of solutions for each. If current trends in population growth, resource depletion, climate change, terrorism, organised crime and

⁽¹¹⁾ *Ibid*, p. 348.

⁽¹²⁾ MONTBRIAL, Thierry de. «Perspectives», RAMSES. IFRI, Paris 2012, p. 9.

⁽¹³⁾ KENNEDY, Paul, «¿Hemos entrado en una nueva era?», *El País*, 3 November 2011, p. 37.

disease continue and converge over the next 50-100 years, it is easy to imagine a world that works for all⁽¹⁴⁾.

The successive demonstrations in Tunisia, Egypt and other Arab countries, the protest movements in Spain, Israel, France, Greece and the US, the student marches in Chile, the rioting in the United Kingdom, the anti-corruption mobilisation in India and the record number of strikes in China make 2011 another year of global indignation comparable only to 1968 and 1989, when Internet did not yet exist and interdependence had not yet given way to globalisation.

Despite the deep differences between the various movements, they have in common millions of jobless young people, many of them university graduates, impoverished middle classes that do not feel represented by their politicians and a financial world perceived as too powerful, irresponsible and, together with politicians, to be blamed for the growing inequalities in the various societies regardless of their political regime. «The rift that separates the rich from the poor in the OECD countries is its deepest in 30 years», warned the OECD at the beginning of December⁽¹⁵⁾.

It is impossible to expect unanimous responses to such diverse challenges, but in the short and the medium term one fact –the crisis of the euro, which is bulldozing over left- and right-wing governments, with or without elections– stands out above all the rest. The acid test of 2012 is whether the EU will at last prove capable of putting up the necessary firewall to prevent the collapse of Greece and Portugal from spreading to Italy, Spain and other Member States⁽¹⁶⁾.

In 2011 the medicine administered was threatening to choke the patient. There was an urgent need for a revitalising remedy and, as a lasting solution, faster introduction of mechanisms for good governance, without which globalisation –*mondialisation* for the French– is a potential route permanently exposed to chaos.

The economic crisis has more elements of structural than cyclical change, owing no doubt to the underestimated effects of the incorporation of the former USSR, China, India and other emerging powers to the free-market economy over the past twenty years and to the communications revolution spurred by Internet, digitalisation and mobile telephony.

⁽¹⁴⁾ STATE OF THE FUTURE 2011. Available in seven languages, including Spain, its 1,400 pages are updated each year with respect to 15 of the most important global challenges. It is published by the Millennium Project foundation: www.millennium-project.org.

⁽¹⁵⁾ DUSSEAU, Brigitte, «De Madrid a New York, la colère contra la crisis et les inégalités», AFP, 8 December 2011, 05:16 GMT.

⁽¹⁶⁾ THE WORLD 2011. Financial Times Special Reports, 26 January 2011. www.ft.com/intl/reports/the-world-2011

The crisis of the Eurozone has drawn attention to the serious flaws in its origin and application, as recognised by Jacques Delors himself, the main architect of its establishment as president of the European Commission between 1985 and 1995. The problems of the euro stem from Germany's obsession with monetary control and other countries' lack of a clear vision, he acknowledged at the eve of the December European Council on which governments and markets had pinned their last hopes.

In his opinion, those who oversaw the introduction of the European currency were too naïve, and turned a blind eye to the weaknesses and imbalances of some countries. Today's European leaders have responded «too little and too late» in support of the euro. We should all examine our consciences and agree that Britain had a point when it insisted, from the outset, that a central bank and a common currency without political, economic and fiscal integration were intrinsically unstable, Delors stated a few days before the United Kingdom, at the December European Council, was the only of the 27 not to adopt the draft of the new intergovernmental treaty to advance towards fiscal union.

Will the European leaders be capable of making up for lost time in 2012 and fulfilling what was agreed on? Will the new draft get through the necessary parliamentary ratification processes? Is it feasible, without reforming the treaties, to correct past mistakes and to be able to expel those who do not comply with the rules? Delors does not think so. This is, without a doubt, the most important issue of this year's *Strategic Panorama*⁽¹⁷⁾.

■ CONFUSED PRIORITIES

It is not easy to establish the right priorities in foreign and security policy in a country when there is no clear awareness of threats and risks or when its leaders do not agree about them or easily change their opinion.

When visiting General Dynamics' Electric Boat shipyards in Groton (Conn), «the world submarine capital», on 17 November, Defense Secretary Leon Panetta, after reiterating Obama's official commitment to reduce US military expenditure by 450 billion dollars in 10 years and withdraw all combat forces from Iraq in 2011, spoke of Afghanistan, Libya and Al Qaeda:

- *In Afghanistan we're hoping that we can move in the same direction [as in Iraq]... but hopefully by the end of 2014 we'll be able to again have an Afghanistan that can govern and secure itself.*
- *With regards to Libya, we just came out of the Libya mission, a NATO mission that was very successful.*

⁽¹⁷⁾ «Delors says euro flawed from start, blames others», Reuters, 2 December 2011.

- *And on terrorism... we've decimated al-Qaida's leadership... We need to keep the pressure on*⁽¹⁸⁾.

He went on to list the threats:

There are still threats out there. We face threats from Iran; we face threats from North Korea; we face threats from cyber. This is a whole new world in which cyber-warfare is a reality. It's the battlefield of the future. We face the threats from rising powers –China, India, others– that we have to always be aware of and try to make sure that we always have sufficient force protection out there in the Pacific to make sure they know we're never going anywhere. In addition to that, we've got a Middle East that remains in turmoil. [...] A lot of threats.

Indeed, more than enough to rule out new indiscriminate cuts in defence, unlike what happened after the Second World War, after Korea, after Vietnam and after the fall of the USSR. «The result was we weakened defence across the board. [...] We are not going to do that», he stated. «We're going to learn the lessons from the past».

On the eve of the tenth anniversary of 9/11, the US president, Barack Obama, told CNN:

The biggest concern we have right now is not the launching of a major terrorist operation, although that risk is always there. The risk that we're especially concerned over right now is the lone wolf terrorist, somebody with a single weapon being able to carry out wide-scale massacres of the sort that we saw in Norway recently⁽¹⁹⁾.

Speaking at his Senate confirmation hearing for Chairman of the Joint Chiefs of Staff, taking over from Admiral Mike Mullen, General Martin Dempsey, the first Army general to hold the job since 2001, expressed a different view to his predecessor when assessing the main security threat at the beginning of the second decade of the twenty-first century.

«Dempsey was asked whether he agreed with Mullen's oft-repeated assertion that the debt crisis is the single biggest threat to American national security. "I don't exactly agree with that", Dempsey said. American global power and influence are derived from three strengths: military, diplomatic and economic. "You can't pick or choose", he said; none of the three is paramount»⁽²⁰⁾.

⁽¹⁸⁾ US Department of Defense News Transcript, 17 November 2011, <http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID=4929>

⁽¹⁹⁾ <http://news.yahoo.com/obama-lone-wolf-terror-attack-biggest-concern-223347040.html>

⁽²⁰⁾ <http://www.foxnews.com/politics/2011/09/30/new-us-military-chief-differs-with-mullen-over-national-security-threat-posed/>

His reply seems more political than strategic, as it anticipates growing pressure to substantially slash the Pentagon's budget and the inevitable consequences on the foreign and military policy of the US and that of the rest of the allies. However, it also reflects a much more realistic opinion of current security, with many focal points and degrees of interrelated risks and threats that are impossible to separate, hard to classify and increasingly difficult to predict.

In its first national security strategy adopted by the Council of Ministers on 24 June, Spain recognises that guaranteeing security in this new context «is a complex task in an interdependent and changing world characterised by the worst economic crisis in more than 80 years and a shift of economic power from the West to Asia»⁽²¹⁾.

«We face cross-cutting, interconnected and transnational threats and risks», states the introduction to the document. «Preserving security requires coordination, both international and domestic, and the contribution of society as a whole», as well as «a comprehensive approach that conceives security in a broad, interdisciplinary way on a national, European and international level». Taking up an opinion that is fairly widespread in Spain, Francisco J. Ruiz González, an analyst at the IEEEE, warns that the year-long effort to draw up the strategy under the direction of Javier Solana will be of little or no use «unless the State, not just the ministries of Defence and the Interior, adopts the document's mandates and guidelines in a constructive manner, developing its own rules and procedures in the framework of its competences»⁽²²⁾.

The PP's defence spokesperson in Congress during the last term, Beatriz Rodríguez Salmones, stated at the end of October in a debate on the future of security and defence in Spain organised by the review *Atenea* in Madrid that «the text is going to be useful, it can be reformed, revised or another made». And she added: «It is valuable, it is well constructed but, like any policy that is intended to be prolonged in time, it needs parliamentary consensus» and «it is not, it cannot be, our document» because, among other things, «it contains very vague aspects [...], especially regarding Spain's interests as a sovereign nation» and «sets out to tell the next president of the government [...] what his presidential office should be like»⁽²³⁾.

Therefore Spain does not appear to have yet achieved greater consensus among the leading political forces on security priorities than the US.

⁽²¹⁾ *ESTRATEGIA ESPAÑOLA DE SEGURIDAD. UNA RESPONSABILIDAD DE TODOS*, Moncloa, Madrid 2011, p.1 http://www.cidob.org/es/publicaciones/monografias/monografias/la_estrategia_espanola_de_seguridad_ees_una_responsabilidad_de_todos

⁽²²⁾ RUIZ GONZÁLEZ, Francisco J, *Estrategia Española de Seguridad*, Fundación Ciudadanía y Valores, Documentos, Doc/100, June 2011, p. 9. http://www.funciva.org/uploads/ficheros_documentos/1309246509_270611_estrategia_espanola_de_seguridad.pdf

⁽²³⁾ «El PP reconoce que la Estrategia Española de Seguridad no es su documento», EFE 27-10-2011, 12:49 GMT.

Despite the aforementioned differences, Dempsey has echoed Mullen's repeated warnings about the new cyber threats, not concealing the fact that he is not very well versed on the subject. «I'll confess at the start that my thinking on this is nascent, at best», Dempsey told the Senate Armed Services Committee. He added that he had been advised that cyber war was likely to be one of several issues that define his tenure»⁽²⁴⁾.

During his final days in office his predecessor identified cyber attacks and Russian nuclear weapons as the two threats to the continued existence of the US, although he recognised that the latter «threat is well contained by arms control agreements, including the new START treaty of 2010»⁽²⁵⁾.

In the view of the FBI chief, Robert Mueller, drawing a distinction between cyber threats, China, Russia and Iran is a waste of time, as these are the countries that are making the biggest effort to gain the capability to launch a cyber-attack on military, economic and trade targets:

«Since 2006 we've had several dozen cases, investigations and prosecutions of individuals related to China who have undertaken economic espionage, ex-filtration of information and the like», he told the House intelligence committee in October⁽²⁶⁾.

Do these priorities coincide with those of voters? At the beginning of August a conservative group, Secure America Now, conducted a poll on a sample of one hundred interviewees. By countries, 63% identified Iran as the biggest threat, 50% mentioned China and 47% North Korea. Nearly 8 out of 10 took for granted that pressure on Iran would not put a stop to its nuclear plans and that, were Iran to obtain nuclear weapons, it would use them against Israel and/or supply them to terrorist groups to be used against the US. It seemed like a forecast of the new pressure on Iran in the past year⁽²⁷⁾.

When asked about the main cause of insecurity, regardless of geographical origin, most mentioned the economic crisis.

With the election of Dempsey, Obama completed the renewal of his national security team. Leon Panetta was moved from the CIA to the Pentagon to take over from Robert Gates on 1 July; General David Petraeus retired from the Army and replaced Panetta at the helm of the CIA, leaving the command of the US and NATO forces in Kabul to the General of the Marine Corps John Allen;

⁽²⁴⁾ <http://www.foxnews.com/politics/2011/09/30/new-us-military-chief-differs-with-mullen-over-national-security-threat-posed/>

⁽²⁵⁾ Ibid.

⁽²⁶⁾ <http://www.washingtontimes.com/news/2011/mar/10/china-deemed-biggest-threat-to-us/?page=al>

⁽²⁷⁾ National Survey. Secure America Now.org. September 2011. <http://www.secureamericanow.org/threat-of-the-day/2011-09-release-iran-now-viewed-as-top-american-security-threat/>

while General Raymond Odierno took over the Army command post occupied by Dempsey until July. Adapting his country's security and defence to the economic crisis and managing the withdrawal from Iraq and Afghanistan are their most urgent priorities, but they all acknowledge the need to be prepared for unforeseen scenarios.

If Obama is not re-elected in 2012, it is likely that some of these priorities will be revised, as some of the most influential voices in the Republican party, such as former vice-president Dick Cheney, are openly criticising the withdrawal from Iraq and Afghanistan as they consider it over hasty, and hold a radically different view to the Obama Administration when it comes to assessing threats:

La amenaza más peligrosa que afrontamos hoy es la posibilidad de que caigan materiales nucleares en manos de terroristas. Se trata de una amenaza muy real. Corea del Norte ya ha probado dos armas nucleares y les hemos pillado con las manos en la masa, suministrando un reactor a Siria, uno de los regímenes que más apoyan el terrorismo (...) Afortunadamente, Israel se hizo cargo del asunto, pero el problema sigue estando ahí y continuamos sin controlar a Corea del Norte⁽²⁸⁾.

Only five months before Dempsay's hearing, on 10 March the Director of National Intelligence James Clapper, also addressing the Armed Services Committee, described China as the «most serious “mortal threat” to the United States among nation states» and relegated the Russian threat to second place. Much to the surprise of some senators, he explained that Iran and North Korea do not «pose greater strategic threats because they lack the forces that Russia and China have»⁽²⁹⁾.

At the same hearing, clearly disagreeing with the official argument of the White House, which was then calling for the resignation of Colonel Muammar Gaddafi, Clapper considered the victory of the Libyan regime over the rebels to be likely and did not rule out the possibility that the North African country could split into three republics or an uncontrolled scenario as in Somalia. The events proved his forecasts about Gaddafi's victory to be wrong at the end of October. As for the future of Libya, it will depend on what its new leaders decide and on the assistance they receive from the major powers and from their neighbours.

⁽²⁸⁾ «Ten Years After: Lessons Learned, Lessons Unlearned» A 9/11 Anniversary Conversation with Former Vice President Richard Cheney, American Enterprise Institute, September 9, 2011. <http://www.aei.org/events/2011/09/09/a-911-anniversary-conversation-with-former-vice-president-richard-cheneybrten-years-after-lessons-learned-lessons-unlearned/>

⁽²⁹⁾ LAKE Eli, «China deemed biggest threat to U.S., Russia second, DNI chief says», The Washington Times, March 10, 2011. <http://www.washingtontimes.com/news/2011/mar/10/china-deemed-biggest-threat-to-us/print/>

Early in July, on the way to Afghanistan on his first foreign trip as new Defense Secretary, Leon Panetta, who was chiefly responsible for the operation that put an end to Osama Bin Laden on the night of 1 to 2 May in Abbottabad, 80 kilometres from Pakistan's capital, referred to Yemen and not Pakistan as currently «the most serious terrorist threat» and claimed that the US was «within reach of strategically defeating Al Qaeda»⁽³⁰⁾.

The importance of the deaths of Bin Laden and other prominent leaders of Al Qaeda, such as Ilyas Kashmiri early in June and, above all, Anwar Awlaki, one of the best propagandists and the supposed chief of Al Qaeda in the Arabian Peninsula, in Yemen on 23 September, is undeniably important, but, as Obama himself warned after each of these successes, Al Qaeda, although debilitated, is still dangerous.

These accomplishments are largely due to the multiplication of drone attacks on Yemen and on the safe-haven of the so-called Federally Administered Tribal Areas (FATA) of Pakistan, but most specialists in jihadist terrorism recognise that «while the drone campaign [...] has degraded “Core” al Qaeda capabilities, it has by no means removed its ability to plot new attacks»⁽³¹⁾.

In the view of Michael Leiter, director of the US National Counterterrorism Centre (NCTC) until last summer, the main terrorist threat in 2011 lies not in Yemen or Pakistan but in «the identification of US citizens intent on hurting their own homeland», not only among the most radical Muslim minority but also among extreme rightwing groups». Leiter was referring to the US, but his diagnosis can be applied to the whole of Europe⁽³²⁾.

Thirty-three of the 54 attacks committed or planned by jihadists in US territory between 11 September 2011 and 4 December 2011, in which 17 people lost their lives, targeted military installations. This has led the homeland defence chiefs at the Pentagon and their main allies in the Capitol, a majority in the defence committees of both houses, to believe that Al Qaeda remains a serious threat.

Although an assessment of this threat may be conditioned by the debate on the 2012 defence budgets, the countries threatened by jihadist terrorism, among

⁽³⁰⁾ BUMILLER, Elizabeth, «Panetta Says Defeat of Al Qaeda Is “Within Reach”», *The New York Times*, 9 July 2011, p. A11. <http://www.nytimes.com/2011/07/10/world/asia/10military.html>

⁽³¹⁾ CRUICKSHANK, Paul, «Study: Western militants trained in Pakistan still #1 threat», *CNN*, 11 July 2011. It summarises a 66-page report on the threat of Al Qaeda following the death of Bin Laden by the New America Foundation. The full report can be viewed at http://security.newamerica.net/publications/policy/the_militant_pipeline_0

⁽³²⁾ BRANDMAIER, Frank, «US Faces new threats: homegrown terror and cyber attacks», *DPA*, 8 September 2011. Full text available at http://www.monstersandcritics.com/news/usa/news/article_1661629.php/US-faces-new-threats-homegrown-terror-and-cyber-attacks

them Spain, are forced, regardless of how Al Qaeda evolves⁽³³⁾, to remain vigilant in military, police and espionage matters

■ STRATEGIC PANORAMA 2012

Ever since it first came out 15 years ago, the *Strategic Panorama* has combined an analysis of the year's events and most serious conflicts with studies of global trends that allow us to contextualise and understand the increasingly fast flowing and unconnected stream of information that is threatening to inundate us. History cannot be understood without taking into consideration the flow of current events –the bricks of the edifice of History– but current events in themselves are not sufficient to make History, let alone anticipate it. For that prospecting is required.

Very few observers have succeeded in anticipating the most important historical changes based on the information to which they had access when alive. The American Brooks Adams, focusing on the control of ores as an essential factor of power, predicted the decline of England and gradual growth of Russia and China as early as the eighteenth century, while others remained bent on rural industry and French demography. Readers of the mid-nineteenth-century writings of Alexis de Tocqueville can identify the keys to the power of the US in the twentieth century. In 1939, before Germany invaded Poland, the British historian E.H. Carr described in *The Twenty Years' Crisis* the main features of the bipolar structure during the Cold War eight years before the young US diplomat posted to Moscow, George Kennan, writing under the pseudonym *Mr X*, worded the telegram that served as a guide for containing the USSR throughout the following half-century.

A year is too short to confirm trends and yet some accidents (Chernobyl), elections (Thatcher, Reagan...) or deaths (Archduke Ferdinand in Sarajevo in 1914), as in the metaphor of the butterfly that got into the Tokyo-bound plane and caused a hurricane in New York, have been sufficient to change the destiny of millions of people for generations in a matter of days. In the past year Fukushima may be the accident that will awaken Japan from its slumber of the past twenty years and the self-immolation of the young Mohamed Bouazizi ignited the fuse of a movement in the Arab countries that is spreading to the rest of the world. It remains to see if any of the elections scheduled for the coming months will bring about comparable changes.

⁽³³⁾ For a detailed analysis, see «The Terrorism Endgame: Lessons from the War on Anarchy» (parts I and II), by Brent T. RANALLI, the Globalist. www.theglobalist.com/Story.aspx?StoryId=9372 and the books *Osama Bin Laden y Al Qaeda. El fin de una era*, by Juan AVILÉS (Edic. Catarata, Madrid 2011) and *Las nueve vidas del Al Qaeda*, by Jean-Pierre Filiu (Edic. Icaria, Barcelona 2011).

Bearing in mind these difficulties, the contents of previous *Panoramas* and the areas of priority of their respective centres, the director of the Instituto Español de Estudios Estratégicos (IEEE), General Miguel A. Ballesteros, and the deputy director of the Real Instituto Elcano (RIE), Charles Powell, who share responsibility for the *Strategic Panorama*, chose as topics for the 2011-2012 edition: the economic crisis, with particular emphasis on the crisis of the euro; the Arab crossroads which have already triggered the fall of three dictators; the sources of armed conflict, latent or evolving, in the Muslim world; the beginning of the end of the military intervention in Afghanistan after ten years of war and the death of Osama Bin Laden on Pakistani soil; the threats that endanger the economic and democratic awakening of Africa in recent years; and Latin America's response to the recession in the north of the planet, to globalisation and to the shift in power from West to East that began some time ago and is being speeded up by the crisis.

Specialising in very different areas, the six authors –four civilians and two military– all prominent researchers in their fields with numerous publications, have stayed away from ideological determinism in their analyses and, focusing on the information and arguments of leading experts on each subject, offer a host of ideas for addressing the main challenges.

■ Beyond the euro

Taking up the diagnosis made by Carmen Reinhart and Kenneth Rogoff, who have studied more than eight centuries of financial crises in depth, Federico Steinberg, senior analyst for economy and international trade at the RIE and a lecturer in economic analysis at the Universidad Autónoma in Madrid, warns that «we will take years to return to normal and that the deleverage period will be full of setbacks».

He goes on to state that the great turmoil in the international economy at the end of 2011 stems from specific decisions made by the USA and the EU in recent months, the lack of leadership and the measures –clearly insufficient and ineffective– adopted to address the three-fold challenge of contraction, debt and deficit on both sides of the Atlantic. The result is that they «run the risk of grinding to a standstill, as occurred in Japan after its housing bubble burst in the 1990s».

The beginning of a solution depends on the insolvent countries of the Eurozone, such as Greece, filing for bankruptcy and the establishment of a security perimeter to protect the rest of the Eurogroup countries with liquidity problems from contagion. «All this», he warns «requires public funds, political leadership and an ECB willing to provide massive liquidity».

But for the time being, there is a shortage of all three, especially political leadership».

Steinberg analyses in detail two interpretations or accounts of the Eurozone crisis: the liberal orthodox interpretation to which Germany and the rest of the main creditors subscribe, according to which the indiscipline and fiscal irresponsibility of the peripheral states are to blame, and that of the main debtors, who attribute their increased deficit and debt above all to the international financial crisis and the European monetary system.

«In practice, it is impossible to ascertain which of the two diagnoses is correct», he concludes, but «it matters not who is right». What does matter, he says, is that the different diagnoses of the crisis and identification of culprits have seriously undermined confidence in the EU, particularly in Germany, its essential motor, and are increasing the danger that the European integration project built with so much effort during the past sixty years may flounder.

Without possibilities of national devaluations in the Eurozone, of the three possible scenarios –Germany pays, the system breaks down or the Latin American solution of harsh adjustments– it is the third which has progressively gained ground in 2011, albeit too little and too late with timid steps that only turned into larger strides as the crisis worsened and spread.

Having exhausted many of the fiscal and monetary stimuli introduced after the fall of Lehman Brothers in 2008, with very low interest rates and a debt capacity that is practically nil or very small, particularly in the peripheral areas of the Eurozone, now that international cooperation is all the more necessary to prevent a new recession, we find that the major powers are even more engrossed with their internal problems, «and this is increasing the risk of a new currency war and escalating protectionism».

«Although there are fiscal and monetary policy options, each alternative is associated with high degrees of uncertainty because it is not known how the economy or the markets will react», the author recognises. «Growth is needed to curb excess debt, but many of the policies for promoting growth generate new debt, in a vicious circle that is difficult to break».

To Spain, he adds, «the situation is particularly worrying because, unlike the US, Germany or France, it had not managed to achieve significant levels of growth by the time the global slowdown began, has no scope for fiscal expansion and its unemployment rate is the highest of the advanced countries. The world economic slowdown could lead to a relapse in its growth and make it impossible for it to use exports as a driving force of recovery».

Despite all the limitations, Steinberg considers it is essential:

- To progress towards a more sustainable and balanced world economic model according to the parameters approved (but not applied) by the G-20 at the Pittsburgh summit in 2009, and the following,
- To conclude the Doha Round to legitimise the WTO and prevent serious trade disputes between the advanced and emerging countries,
- To increase the supply of raw materials (above all energy and foods) to prevent prices continuing to rise, which requires sizeable investments,
- To progress with multilateral agreements in combating climate change, and
- To pool resources, on the basis of economies of scale, in order to undertake the main projects for technological development.

The economic crisis of the past four years, Steinberg concludes, has speeded up «the pace at which the emerging countries are increasing their relative weight in the world economy», a process which is reflected in the fact that:

- a) Most IMF loans are concentrated in the Eurozone
- b) Western companies are being acquired by the sovereign funds of the emerging countries
- c) China currently has more than 3 trillion dollars in reserves and is being begged to acquire European debt securities and
- d) Increasingly more technical advances are coming from multinationals from emerging countries.

Underlying these examples, to which many more could be added, is a deep transformation of the international system, driven by a growing multipolarity and by rapid de-westernisation. These changes «are rendering obsolete the conceptualisations on centre and periphery» and are giving shape to a world economy that increasingly resembles «a network where there continue to be major nodes (the wealthy countries), but increasing weight is held by other poles that are growing at top speed».

This process, which is not yet complete, is gradual and reversible, warns Steinberg, citing interesting data gleaned from the first Índice Elcano de Presencia Global and recognising the risk that a power vacuum will arise in the international system, as in the interwar period in the twentieth century when the United Kingdom was unable to maintain its hegemony and the USA was unwilling to take over. «It is to be hoped that the international community will learn from its own historical failures», he states.

The proposals of France and the German Federal Republic of 5 December, which were approved with very slight retouches by the European Council four days later, included few novelties: to limit the budget deficit to 3% of GDP, sanctions if this

limit is not respected, constitutionalisation of budgetary balance in every Member State as agreed by Rodríguez Zapatero and Mariano Rajoy in Spain in the past summer, and a debt ceiling that each country can reach... They have basically been part of European legislation for years of months. Constitutionalisation and the possibility of reporting those who fail to meet commitments to the European Court of Justice in Luxembourg are perhaps the most novel elements, but will it convince the markets? As for the idea of monthly summits while the crisis continues, this was practically being done already.

Owing to the United Kingdom's opposition to including them in the treaties currently in force unless a protocol is added exempting the City, these proposals will be part of a new intergovernmental treaty and will enter into force together with the reinforcement of the European Stabilisation Mechanism when it is ratified by a majority representing 90% of the committed capital (500 billion euros), a sum that can be revised in March 2012. It was furthermore decided to contribute up to a further 200 billion to the IMF in the form of bilateral loans and to seek complementary funds from other countries. The qualified majority of 90% in the European Stabilisation Mechanism was reduced to 85%, resulting in a loss of influence for Spain.

■ The «Arab spring»

Had it not coincided with the economic and financial crisis in Europe and the US, the so-called «Arab spring», a widely used but very misleading term for describing the outcome of 2011 in this region of the world –three autocrats toppled, one assassinated, three others seriously threatened, a civil war with foreign intervention, democratic elections in two countries and scheduled in several more for 2012, constitutional reforms in some– would have completely dominated the international agenda during the past year.

Haizam Amirah Fernández, senior analyst at the RIE for the Mediterranean and the Arab World, and associate professor at the Instituto de Empresa, describes the outcome as «startling» and, recognising the major uncertainties that exist, considers the wave of changes under way to be unstoppable.

In his opinion, what is surprising about the origin of the Arab spring is not the mobilisation of millions of Arabs against their political regimes, but the fact that it was non-violent and not spurred by ideological reasons, the speed with which it has spread from one country to another and the growing importance of the new information technologies as catalysts.

Although no two processes are alike, they are all calling for a decent standard of living, jobs and leaders who serve citizens' interests and therefore, as Amirah points out, if the governments that emerge from this transition stage

fail to meet these demands with concrete actions and tangible results, they will turn the populations against them.

Many dogmas about the Arab world have been shattered during those months: its population's passivity out of fear of the police systems, the incompatibility of Arabs and democracy, the unconditional support provided by the major powers to its dictators...

«At the root of these protests lies unease with a corruption that is rife and ill-concealed, with a ruling class that is squandering the nation's wealth, with the absence of social justice, and with the failure to guarantee respect for individual freedoms and human rights», writes Amirah.

Taking as a basis the work by the Egyptian political scientist Nazih Ayubi, *Over-Stating the Arab State*, and the *Arab Human Development Reports* published since 2002, the author identifies the structural and formal causes of the mobilisations, the sparks that ignited them, the powder kegs of political unrest that fuelled each fire and the transformation factors which have converted those fires into an uncontrollable force: demography, the role of women, education, information, globalisation...

Amirah recognises the decisive role played by the different armies before, during and after each change of regime and plays down the drama of the successes of Islamist movements in the first electoral processes in Tunisia, Morocco and Egypt.

Bearing in mind the turnout and results, he clearly states that only 20% of potential voters in Tunisia and 8% of Moroccans have voted for them and draws three provisional conclusions: as was to be expected, voters prefer parties that identify more with the moralisation of public life and anticorruption; the remaining political forces should prevent fragmentation and endeavour to be more in tune with the populations; and instead of worrying about whether or not they are Islamists, we should focus on whether they accept the democratic game rules agreed by the majority.

The prolonged contact many Islamist leaders have had with the West, the deep differences within Islamism, the failure of Al Qaeda and jihadism in Arab societies, these countries' new internal situation and their dependence on the outside world lead the author to advise the reader to take a cautious attitude and not be carried away by new apocalyptic scenarios of the sort which, for decades, justified the unconditional support for disgraceful dictatorships.

Taken by surprise by the uprisings, the European institutions and governments have attempted to adapt to the new regional landscape, but in Amirah's opinion,

so far their response has been incoherent (Libya and Syria, European values and policies in the Mediterranean) and lacking in substance (no doubt the crisis is partly responsible).

«The time has come for the western powers –and, specifically, the EU countries– to reassess the real cost of the model of stability that the Arab regimes promised them in exchange for their unconditional support», he warns. «This new period calls for Europe’s citizens and leaders to reflect on whether their security and their economic interests in their neighbourhood are better guaranteed by «fierce states» or by strong states.

In view of the three possible scenarios examined, depending on how events develop—a gradual consolidation of democratic transitions, counterrevolutionary processes or fluctuation between democratisation and repression depending on the different countries– Amirah considers that Europe should urgently encourage «political, economic and social convergence in order to prevent the Mediterranean from becoming the “iron curtain” of the twenty-first century, and this involves a “mental revolution” [...] in order to understand and react to the wave of antiauthoritarian changes».

Agreement, a common approach, properly used conditionality, closer cooperation between civil societies and firmer and more generous involvement in the transitions to democracy are some of the author’s main recommendations to Europe. With respect to Spain, as in so many other areas of its foreign and security policy, he believes in the need for «a State policy towards the Mediterranean is required, going beyond partisan positions».

■ Conflict in the Muslim world

Distinguishing between three types of conflict –armed, evolving and latent– in today’s Muslim world, Rafael Calduch, professor of International Relations at the Universidad Complutense in Madrid, analyses the causes, forms, seriousness and risks of conflict in Libya following the intervention of NATO and the death of Gaddafi; the Palestinian territories in their pursuit of recognition as a state; an Iran that is growing closer every year to producing the atomic bomb; a Kurdistan that continues to threaten the stability of Turkey, Syria, Iraq and other countries in the region; and lastly, the Western Sahara, the North Caucasus, Nagorno-Karabakh and areas of Central Asia that are of strategic importance on account of their gas and oilfields or geographical location.

Calduch clearly stresses the decisive importance of the international intervention, at the request of France and the United Kingdom, in helping the rebels defeat an adversary, Gaddafi’s regime, with much greater military

and economic might. «The lessons learned from the experiences of Israel's intervention in Lebanon in 2006 and the interventions in Iraq in 1991 and 2003 and in Afghanistan since 2001 evidently had a decisive influence on the Franco-British diplomatic initiatives», he writes.

He describes the legitimacy and timeliness of Security Council Resolution 1973 as «debatable» and considers that the outcome of the operations was foreseeable given the exceptional circumstances in which they took place, but has no doubts about the legality and success of the intervention, or about what needs to be done following the rebels' victory to prevent chaos or an autocracy similar to or worse than that of Gaddafi:

- Reestablishment of political and military control of the country, which requires disarming the militias, restructuring the armed and police forces, recovering the large arsenals that are scattered all over the country and a pact between the main ethnic groups that fought against each other during the conflict;
- A recovery in oil and gas production and export levels as soon as possible;
- Provide the population with staple products and essential services, particularly in cities that suffered particularly damage during the war;
- Rebuild basic infrastructure in order to be able to establish a functioning administration in most of the country as soon as possible.

He ends this section by concluding that the extent to which these objectives are fulfilled will determine whether «the people legitimise or delegitimise the new regime».

The failure of the latest US mediators, the Arab uprisings, especially in Egypt, the cooling of the strategic partnership with Turkey and the reconciliation between Hamas and Al Fatah have isolated and weakened Israel diplomatically, but the Palestinians' request for recognition by the UN does not appear to have had a significant impact on the conflict.

Quoting from the latest reports of the International Atomic Energy Agency, the author recognises the growing risk of Iran achieving a military nuclear capability but, after analysing the political, economic and security effects of carrying out a possible preventive attack, states he is in favour of continuing along the diplomatic path pursued so far but without ruling out military action at a later stage when the worst of the current economic crisis in the West is over.

After analysing the deep political and religious divergences between the main Iraqi forces following the elections of 2010, he predicts an escalation of violence that may endanger the country's stability. A new defence and security

agreement with the USA in 2012 –which was not possible last year– would help maintain the existing fragile balance between Sunni, Shia and Kurds, spurred by the widespread, and perhaps exaggerated, fear that Iran will fill the gap left by the USA.

If Iraq's Kurdish leaders are bent on forcing a separation from the rest of Iraq in order to manage their oilfields without Baghdad's control, this balance will be unsustainable and would increase the risk of a resurgence of the PKK guerrilla in Turkey, whose army is increasingly subjected to civilian power following the trials, arrests and dismissals of the commanders by Erdogan's government.

The conclusions drawn from the analysis of latent conflicts may be summed up as follows:

- The current impasse in relations between Moroccans and Sahrawis is leading to greater radicalisation of the younger members of the Polisario Front, spreading among them the idea of a return to war and new outbreaks of popular violence, and is facilitating the penetration of jihadist terrorism in the region; as for Morocco's constitutional reform and elections of 2011, in Caldach's opinion, they do not «guarantee the continuity of the regime» however much internal and external propaganda aims to convey a different image.
- Distinguishing between the inland federal republics, the border countries and areas crucial to the worldwide projection of Russian power, Moscow's aim in all the latent conflicts in the former USSR is «to secure its area of strategic influence (...) countering the presence of other world or regional powers.

■ **Afghanistan and Pakistan**

Taking as his basis a very complex history, in order to understand the gradual withdrawal of the western forces from Afghanistan and efforts to prevent the country from becoming a jihadist haven and source of regional and international instability, Francisco J. Berenguer Hernández, Air Force Lieutenant Colonel and senior analyst at the IEEEE, analyses the Afghan and Pakistani conflicts separately, the interconnections that have exacerbated them, the causes of the US intervention in 2001 and the results of ten years of war.

The best evidence of the failure of the strategies (in plural, for there were several) pursued until 2009 is the substantial changes made by the Obama Administration since arriving in the White House: an increase in the number of troops deployed to more than 40,000, both US and allied; intensification of the attacks on the main Taliban strongholds in the country's southeast; speeding up the «Afghanisation» of the conflict to bring the figure of Afghan soldiers

up to 171,6000 by the end of 2011; and much more forceful diplomatic and military initiatives against the Taliban and against their allies in the Pakistani safe haven.

The problem with these actions, as shown by the one that put an end to the life of the leader and co-founder of Al Qaeda, Osama Bin Laden, on 1 May, is that they have heightened the mutual mistrust of the USA and Pakistan, a country that is crucial to the stabilisation of Afghanistan.

The goal, which was confirmed at the NATO summit in Lisbon in November 2010, is to complete the transfer of military responsibility for the whole country to the Afghan people by the end of 2014. Thereafter, writes the author, «all that will remain will be a small core of foreign troops whose composition has yet to be established, although the permanent presence of a strong air force contingent is envisaged».

In December 2011 the US ambassador in Kabul, Ryan C. Crocker, explained this ambiguity to a small group of journalists as follows: «They would have to ask for it [for some US forces to stay longer]», he said. «I could certainly see us saying, “Yeah, makes sense”». And he added that «There is nothing in the Lisbon declaration on 2014 that precludes an international military presence beyond 2014. That is to be determined by the parties, who could be numerous, not just us, as we get closer to that date»⁽³⁴⁾.

Comparing the most reliable official and academic sources, Berenguer discusses the positive features –for there are some– as well as the many negative aspects (casualties, cost, desertions of a large number of Afghan soldiers and police, corruption, expansion of the territory threatened by the insurgency, almost total dependence on international aid and opium growing, etc.) of a conflict to which everyone agrees that the only feasible solution is political negotiation.

Berenguer attributes the Taliban’s most recent attacks on highly significant human and material targets to the need to show the Afghan forces to be incapable of taking responsibility for Afghan security and to display a strength it does not have with a view to future negotiations. «In any event, both sides seem convinced of the impossibility of a military victory and of the resulting need to reach a political agreement», he adds, and «this inevitably involves political negotiations».

«The fatigue of the nations with the biggest presence in the country is only too obvious», he recognises. «The economic crisis and public opinion’s weariness of such a long campaign are extremely evident and the Taliban leaders may therefore use this circumstance to their own advantage. However, the progress

⁽³⁴⁾ NORDLAND, Rod, «US Troops Could Stay in Afghanistan Past Deadline, Envoy Says», *The New York Times*, 10 December 2011.

made against the insurgency in the last phases of the campaign is notable, and there are also signs of weariness and demoralisation on the Taliban side».

Apart from the training of local soldiers and police, Berenguer discusses three «Afghanisation» measures which are less known but of great importance to the country's future: the delivery to the Afghan forces of 22,000 vehicles, 44 aircraft and helicopters, 40,000 weapons and thousands of pieces of electronic and communication equipment between October 2011 and March 2012; an intense propaganda campaign to improve the new army's image; and the organisation of local militias, by October 2011 there were already some 6,000 men belonging to this contingent which, according to the author, could «contribute to increasing instability and to the establishment of local sources of power which could return certain areas of the country to the period of the warlords».

It will be very difficult to prevent a new civil war without reconciliation between the main Afghan ethnic groups and without alternative economic sources to guarantee the feasibility of Afghanistan when the foreign troops leave. Will the western powers continue to provide assistance after their soldiers withdraw? Is peace possible in Afghanistan without a regional agreement that firmly commits Pakistan, India, China, Russia and Iran? Will China and India occupy the gap the West may leave if the troops withdraw before there are guarantees of a future Afghanistan that is securer and more stable than the one in which the attacks of 11 September were prepared by Al Qaeda ten years ago?

Although the US and NATO leaders believe that the most difficult phase of the transition is over –as the half-yearly reports of the Pentagon indicate⁽³⁵⁾– after more than 30 years of foreign occupation, civil wars, Taliban dictatorship and military campaigns conducted by the USA and NATO, most Afghans, more than 70% of whom are illiterate, continue to have no say or ability to influence their leaders. Nor is the absence of Pakistan and the Taliban from the Bonn Conference held in early December to prepare the country's future following the withdrawal of the foreign troops a positive sign.

■ Sub-Saharan Africa

The pacification begun in Africa at the beginning of the century is still under way. The economy is growing, China is continuing to expand its trade in the

⁽³⁵⁾ The most recent before the publication of this year's *Strategic Panorama, Report on Progress Toward Security and Stability in Afghanistan*, published in October 2011, can be consulted at http://www.globalsecurity.org/military/library/report/2011/afghanistan-security-stability_201110.htm We might consider it the most optimistic version of the conflict. The most pessimistic is found in the regular reports of the UN Assistance Mission in Afghanistan (UNAMA), available at <http://unama.unmissions.org/Default.aspx?tabid=4538> For a more balanced version, I recommend the yearbook *A Survey of the Afghan People*, published by The Asia Foundation: <http://asiafoundation.org/resources/pdfs/TAF2011AGSurvey.pdf>

continent, India is following in its wake and the so-called «Arab spring» is a warning to African leaders against the impunity of dictators.

In this context, which is generally positive, Colonel José Pardo de Santayana, who has experience in six foreign missions –from Angola twenty years ago to Kosovo– and has been director of the Canary Islands troop training centre since 2010, points out problems that are still significant, such as the spread of organised crime, piracy in both the east and the west of the continent, the consolidation of areas favourable to jihadism and the growing risk of a clash of the major powers who are vying for access to the continent’s rich mineral and food resources. From its AFRICOM base, the Pentagon is multiplying its initiatives in defence of strategic interests which go beyond military security and can undoubtedly be better explained by growing competition with China and by the major European powers’ reluctance to lose their last bastions of influence in their former colonies.

South Africa is taking shape as «the only sub-Saharan country capable of managing regional conflicts», recognises Pardo de Santallana, but the weakness and rifts between the leading regional actors ensure that African will continue to depend on the USA, Europe and some emerging powers for years.

The author analyses in detail the tensions surrounding the most recent elections held in the Democratic Republic of the Congo, Burundi, Uganda, Nigeria, Côte d’Ivoire, Guinea and Niger; the huge challenges posed by the partitioning of Sudan and the armed clashes in its area of influence; and the case of Somalia, with the jihadist brigades of Al Shabab controlling nearly 70% of the territory; and piracy –especially in Puntland and South Somalia– which feeds on this chaos.

According to Pardo de Santayana, military and legal advances in responding to the capture of vessels and people in the area, in which Spain has had and continues to have a prominent role, are limited by the vastness of the area where pirates operate, the limitations on use of force, the non-existence of a judicial system in Somalia to try those who are arrested, and the labyrinth of actors and interests involved in the conflict.

«As a result, the legislative and penitentiary measures available for cracking down on and preventing piracy do not prevent impunity», he concludes, and «the deterrent effect of international naval deployment has been insufficient». What is particularly worrying is the growing possibility of piracy and jihadist terrorism ending up joining forces in a similar way to terrorism and drug trafficking in Latin America, Afghanistan and other parts of the world.

Together with piracy, one of the chief threats to Spanish citizens and interests in Africa, Pardo de Santallana deals with the theft and trafficking of oil in the Niger Delta and the challenge of transnational organised crime in West Africa. These are not new problems, but the ethnic tensions, family and clan structures, the activity of rebel groups, the region's rapid urbanisation and the inability of the new megacities to meet the most basic needs of growing masses of young people without jobs or future prospects have turned them into serious threats.

Of the main factors that account for this worsening, Pardo de Santallana cites underdevelopment, widespread corruption, current and past conflicts, the permeability of borders, the influence of rulers and a culture of impunity fuelled by all kinds of smuggling.

«The presence of international drug networks is catalysing and giving impetus to these illegal activities», he writes. «West Africa has thus become an attractive destination for international criminal networks which, in association with local criminals, are giving rise to (...) new rings in Ghana, Côte d'Ivoire and Senegal. Modelled in the image and likeness of the Nigerian type of "network"».

■ The decade of Latin America

Carlos Malamud, professor of History of the Americas at the UNED and senior analyst for Latin America at the RIE, begins his analysis of the situation in Latin America with a question –the effect of the European and US crisis on the emerging countries– and a hypothesis: «the effects of an international relapse would not be so serious for the region as on previous occasions». And he quotes the fall in Brazil's GDP as a result of the slump in consumption in countries that are important trade partners such as China and the falling prices of its main export products.

The crisis has taken Latin America by surprise at a time when it is divided and fragmented, in the throes of redefining its place in the world, attempting to adapt to a globalisation that needs new game rules and with three of its leading members in the G-20, Brazil calling for a permanent seat on the UN Security Council and Venezuela's regional and international influence dwindling.

To analyse how Latin America has responded to the main international changes in 2010 and 2011, the author examines the elections that have taken place throughout the hemisphere, especially in Brazil, their impact on each country's external action and on their relations with the USA, the EU, China and India.

The high growth rates of the past years explain the optimism expressed in the latest latinobarómetro surveys, but Malamud warns that underlying these encouraging figures are certain problems such as excessive dependence on

exports of foods and primary products, the growing trade imbalance with the region's new Asian partners, the risk of rising inflation owing to the appreciation in value of local currencies, the lack of integration, the practically non-existent economic, monetary and fiscal coordination, and the consolidation of a two-speed regional system with South America growing at a faster rate than Mexico, Central America and the Caribbean.

«The biggest economic challenge the Latin American countries face in the medium term, in addition to reducing inequalities and increasing social cohesion», he writes, «is redesigning their model –long imposed on them by the advanced countries– of integration into the international arena and improving the competitiveness of the national economies. In this respect the main issue all the region's countries have yet to address [...] is education» at all levels.

Although very unevenly, the various latinobarómetros point to insecurity (the high crime and violence rates in much of the region) as the main concern. The number of interviewees who hold this opinion is almost double that of those who are more worried about unemployment.

According to Malamud, the election results of all the countries in the region except Paraguay between 2009 and 2012 do not display a general trend, but where re-election is possible the ruling parties have won, while where re-election is not possible voters generally favour alternation despite the absence – and this is another serious problem for stability– of consolidated party systems.

A detailed analysis of the elections in Argentina, Guatemala, Nicaragua and Peru clearly underlines the risk of mistaking alternation or continuity for democracy and calls for assessing each case on its own merits. Nevertheless, in all of them he stresses the influence of the economic situation, subsidies, and weak and fragmented oppositions.

Looking to 2012, Malamud reckons that the PRI candidate stands a chance of winning the election in Mexico. As for the presidential election due to be held in October in Venezuela, he links the result to the possible effect of Hugo Chávez's illness, the convergence of the opposition and the candidate chosen in the primary election in February. The million dollar question is whether Chávez's party apparatus will be willing to hand over power if he loses.

The author takes a different view to that of a Latin America divided into two blocs, which has prevailed in recent years. Supporting his theory with figures, he shows that for years regional fragmentation has been debilitating the members of these two supposed blocs and hindering their bilateral relations, regional and subregional integration projects –except for Unasur, which is increasingly active– and relations with the USA, the EU and Spain. Conflicts

such those that arose between Costa Rica and Nicaragua over border lines, between Argentina and Uruguay over the construction of a cellulose pulp mill and between Colombia, Ecuador and Venezuela over the activities of the FARC in their border areas continue to hamper cooperation.

«Three major obstacles are standing in the way of regional integration: two surpluses and one deficit», Malamud concludes. «The surpluses are of rhetoric and nationalism, and the deficit, leadership». He describes the difficulties in progressing towards greater regional integration and the numerous obstacles that are still preventing Brazil and Mexico from spearheading this effort.

The EU's and the USA's loss of interest in Latin America are not only explained by the EU's eastward enlargement and, following 11 September, by the fight against terrorism and the wars in Iraq and Afghanistan. Since 2008, the economic and financial crisis has reinforced and helped balance Latin America's position with respect to the two northern poles, but a great deal of time and effort are still needed to ensure this progress.

As Malamud points out, after decades of seeking strategic alliances, bioregional projects and the defence of shared values, «neither the governments nor the societies of Latin America know what they want or expect of the EU apart from denouncing the CAP (Common Agricultural Policy) and opening the market to their agricultural and livestock products». The lack of symmetry in political dialogue, the cacophony of Latin American voices in Brussels and the fact that Latin America is not a priority for most Europeans are hampering relations.

The less attention the USA and EU are paying to Latin America has led to an increase in the Asian powers' influence in the region, particularly China, which is consolidating its position as second largest trade partner behind the USA and ahead of the EU, and in 2010 became the third direct investor behind only the USA and the Netherlands. Even so, «we should not lose sight of the fact that many Spanish investments in the region are made via the Netherlands», points out Malamud.

■ FINAL THOUGHTS

In its last issue of 2011, *Foreign Policy* listed 10 events and trends which were more or less overlooked during the previous twelve months but, in its opinion, «may be leading the headlines in 2012»⁽³⁶⁾.

Beginning with the last one, it warns that by entering into the bilateral treaty with Rwanda approved unanimously by the Senate in September, the USA is

⁽³⁶⁾ KEATING, Joshua E, *Foreign Policy*, The Stories you Missed in 2011, http://www.foreignpolicy.com/articles/2011/11/28/the_stories_you_missed_in_2011

reinforcing the Tutsi regime of Paul Kagame, which over the past two years has closed down the leading opposition newspapers, arrested key army officers and gaoled the main political adversary, while dissidents in exile have to go into hiding to avoid being assassinated by government agents.

The article also points out that the Obama Administration's initial endeavour to reduce the nuclear risk has come to a standstill. According to a Government Accountability Office report published in September, the USA cannot account for 2,655 kilos of weapon-usable nuclear material. What is more, last year Congress slashed the funding for the Global Threat Reduction Initiative (GTRI) to secure former Soviet nuclear facilities by another 123 million dollars, even though six men were arrested in Moldova in June for attempting to sell a kilo of enriched uranium worth at least 20 million dollars. According to the UN, there have been more than 500 attempts at cross-border smuggling of nuclear material in the past 15 years.

It mentions the military clash early in February between Cambodian and Thai forces over control of the eleventh-century Preah Vihear temple that was once Hindu and is now Buddhist. In 1962 the International Court of Justice awarded ownership of the temple to Cambodia, but Thailand has never completely accepted the decision. After several days of fighting in which 28 soldiers died and thousands of civilians lost their homes, the UN imposed a demilitarised zone around the temple under the surveillance of Indonesian troops.

Another trend dealt with is the globalisation of piracy. Three hundred and fifty-two attacks have taken place in the first nine months of the year off coasts as far apart as those of Africa –analysed in one of the chapters of this year's edition of the *Panorama*– Peru and Indonesia. In addition, separatist violence is rife in Baluchistan, which is nearly half the size of Pakistan and its richest region, and has borders with Iran and Afghanistan. Hundreds of people have already died in the conflict and Human Rights Watch has documented operations like those carried out by the death squads in Central America in the 80s.

A very different story but of great concern to Hispanic people in the United States is the record number of expulsions (more than 400,000 annually) of illegal immigrants, mostly Hispanics, by the Obama Administration, nearly double the number deported yearly during George W. Bush's two presidential terms. On top of this is the increased pressure on employers who hire them. This could cost Obama votes in this year's presidential election were it not for the fact that the aspiring Republican candidates favour even harsher policies.

Since the advent to the Mexican presidency of Felipe Calderón in December 2006, the number of people killed in the crackdown on drug trafficking and among the main drug cartels has increased eightfold: from 2,000 in 2006

to about 16,000 during the past year. The reasons are many, but one stands out above all the rest: the police Balkanisation of the country, with different forces in each of the 32 states and 2,300 councils, most of them ill equipped to perform their work. Apart from the danger of their destabilising Mexico, a further concern is the expansion of the most powerful Mexican cartels, such as the Zetas and the Sinaloa, to Central America in search of better safe havens for their operations⁽³⁷⁾.

Although serious, all these events or trends are only relatively important compared to the first one listed by *Foreign Policy*, which is entitled «India's military buildup». According to the SIPRI, India now accounts for 9% of the world's international arms transfers, chiefly from Russia, and according to the CSIS it intends to spend another 80 billion dollars on military modernisation programmes over the next four years. The maritime analysis firm AMI International claims that over the next 20 years India plans to earmark 45 billion dollars to building 103 new warships, including destroyers and nuclear submarines, only two fewer than China in the same period.

On top of separatism in Kashmir and the Maoist rebellion which, although unknown, produces the highest number of terrorist attacks in the world, military planners in India, like those in Japan and other countries of East and South Asia, are increasingly worried about the risk of hostilities with China.

In August an unidentified Chinese warship confronted an Indian amphibious assault ship off the coast of Vietnam, demanding it explain its presence in South China Sea waters –rich in mineral deposits and very important to world maritime trade– of which Hanoi and Beijing claim possession. We dealt with the confrontations with Japanese ships in the introduction to last year's *Panorama*.

After all the hype about its new surface-to-surface missile in 2010, last year China carried out the first test flight of its J-20 stealth fighter plane and the first sea trials of the rebuilt Soviet aircraft carrier it purchased from Ukraine in 1991. Its satellite programme has become a source of national pride. Its navy's three regional fleets conducted joint manoeuvres in the South China Sea for the first time in 2010 and patrols of Chinese coastguards in these areas have greatly increased in recent months.

Japan, Taiwan, Australia and the USA have located Chinese submarines in the Pacific, east of Taiwan, at increasing distances from the Chinese coast.

Are these gestures aimed at concealing what is still a limited capability? They are not just gestures. Each of these actions has been accompanied by

⁽³⁷⁾ See RATHBONE, John Paul, «A toxic trade», *Financial Times*, 24 August 2011, p. 7; and the report «The day of the dead. The drug war's is Mexico's tragedy», by PADGETT/DURANGO, Tim, in the *TIME* weekly, 11 July 2011, pp. 16-23.

belligerent messages, a growing nationalism on the part of the population, often spurred on by the authorities themselves, and scant transparency of the People's Liberation Army⁽³⁸⁾. An example of the foregoing is the article published in October by the *Global Times*, a tabloid owned by the Communist Party newspaper *People's Daily* and signed with the pseudonym Long Tao, openly defending war against Vietnam and the Philippines to settle historic disputes over the territorial claims. According to Tao, China could attack other countries' oilrigs in the area and the USA would probably not intervene as it has its hands tied in other wars.

«The future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the centre of the action», was the response of the Secretary of State Hillary Clinton, in November in a long article published in *Foreign Policy*, possibly the most important on the Obama Administration's foreign and security policy during the first mandate⁽³⁹⁾. She went on to state:

As the war in Iraq winds down and America begins to withdraw its forces from Afghanistan, the United States stands at a pivot point. Over the last 10 years, we have allocated immense resources to those two theatres. In the next 10 years, we need to be smart and systematic about where we invest time and energy, so that we put ourselves in the best position to sustain our leadership, secure our interests and advance our values. One of the most important tasks of American statecraft over the next decade will therefore be to lock in a substantially increased investment –diplomatic, economic, strategic and otherwise– in the Asia-Pacific region.

If this turnaround were confirmed, the USA would simply be returning to the direction in which Bush was heading in 2001, before the attacks of 11 September.

⁽³⁸⁾ HILLE, Kathrin, «Belligerent language masks limited capability», *Financial Times*, 26 October 2011, p. 3.

⁽³⁹⁾ CLINTON, Hillary, «America's Pacific Century», *Foreign Policy*, November 2011. http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century?print=yes&hidecomments=yes&page=full.

CHAPTER ONE

A RISKY AND CHANGING GLOBAL ECONOMIC CONTEXT

Federico Steinberg Wechsler

ABSTRACT

This article sets out to provide an overview of the main challenges the world economy faces. First, it gives a new diagnosis of the crisis based on an analysis of growth data forecasts for 2012. Second, it analyses the crisis of the Eurozone, currently the main source of international economic uncertainty. Third, it discusses the monetary and fiscal policy options for addressing the slowdown, as well as the prospects for international economic cooperation. In particular it points out that it is essential to prevent a new currency war and an increase in protectionism and warns about possible conflicts that may arise if the financial reform is not completed or if energy and climate governance are not addressed globally. The last section, taking a look at the future, speculates on how the shift in the balance of world economic power from the advanced to the emerging countries is reshaping economic and political relations between the main powers.

Key words:

Crisis, recession, economic policy, protectionism

■ INTRODUCTION

The major geopolitical consequences of the long after-effects of the financial crisis that erupted in 2007-2008 are affecting the security of states. On the one hand, the combination of an economic slowdown in the advanced countries and sustained growth in the emerging countries is speeding up the reshaping of international economic power in favour of the latter, leaving the wealthy countries with less room for manoeuvre on the international political stage. On the other, the economic and social tensions sparked by the risk of a second recession –in this case caused by the problems of the Eurozone and the weakness of the US economy– are hindering international cooperation and opening the door to conflicts such as currency wars, protectionism and vying for natural resources.

Lastly, there are aspects in which the economic climate directly affects security. First, budget cuts put pressure on expenditure on defence, intelligence and counterterrorism, making most states more vulnerable. Second, the persistence of unemployment is threatening to shatter social cohesion and increase uncontrolled migratory flows and conflicts both within and between states. Third, the public debt crisis in the Eurozone has led to an attempt to ascertain whether certain private market actors are generating speculative financial movements with the aim of jeopardising the financial feasibility of some Eurozone countries. Finally, one of the triggers of the «Arab springs», which have evident security implications for the European Union, was the global economic recession and the food crisis of 2008-2010.

Therefore, an analysis of international economic trends and the risks derived therefrom should be one of the cornerstones of a strategic analysis of states. Let us not forget that, as Strange pointed out, in international political economy power is determined chiefly by the interaction between the structures of security, production, finance and knowledge⁽¹⁾. Therefore, even if relations between the economy and security are not always obvious in the long term, economic variables have a decisive influence on international political instability.

This article sets out to provide an overview of the main challenges the world economy faces. First, it gives a new diagnosis of the crisis based on an analysis of growth data forecasts for 2012. Second, it analyses the crisis of the Eurozone, currently the main source of international economic uncertainty. Third, it discusses the monetary and fiscal policy options for addressing the slowdown, as well as the prospects for international economic cooperation. In particular it points out that it is essential to prevent a new currency war and an increase in protectionism and warns about possible conflicts that may arise if

⁽¹⁾ Strange furthermore identified transport, trade, energy and the welfare model as secondary determining factors of the world power structure. For further details, see Susan Strange (1988): *States and Markets*. Pinter.

the financial reform is not completed or if energy and climate governance are not addressed globally. The last section, taking a look at the future, speculates on how the shift in the balance of world economic power from the advanced to the emerging countries is reshaping economic and political relations between the main powers.

■ **THE CURRENT GLOBAL MACROECONOMIC CLIMATE: VOLATILITY, UNCERTAINTY AND SLOWDOWN**

Aside from the debt problems that some of the countries in the Eurozone have been experiencing since 2010, the prevailing account given of the financial crisis was that the worst was over, and therefore few were expecting the worldwide economic slowdown that began in mid-2011. Specifically this argument, which provided a conceptual framework for interpreting developments in the international economy, claimed that the world was capable of preventing a second Great Depression thanks to the monetary and fiscal stimulus measures put in place swiftly and in a coordinated manner after the asset bubbles burst and Lehman Brothers went bankrupt in 2008. The memory of the crisis of the 1930s facilitated a high degree of international cooperation that saved the financial system, prevented an increase in protectionism and gave rise to regulatory reforms to help achieve more sustainable growth.

Therefore the recession, although long-lasting compared to the cyclical lulls in production of the past twenty-five years (known as the period of «Great Moderation» in macroeconomics), was not devastating. The leading advanced countries returned to growth in 2010 and the emerging countries experienced barely a slight contraction in production. Although unemployment rose sharply in the countries where housing bubbles burst (the USA, the United Kingdom, Spain and Ireland, among others), economic activity was set to return to normal by 2011. Indeed, the CEO of the PIMCO investment fund, Mohamed El-Erian, coined the term «new normal» to refer to the new growth model to which the world should become accustomed after the crisis. In this «new normal» environment, the increase in output and income would be less vigorous than in 2002-2007, but countries would not suffer frequent recessions, periodic episodes of high volatility on the financial markets, debt crises or social unrest.

■ **A new diagnosis for the crisis**

A few critical opinions were voiced from different sectors, insisting that the aforementioned account of the crisis was too limited. Krugman and Stiglitz called for more active monetary and fiscal measures in advanced countries

to bring down unemployment more quickly, while Roubini warned that the leverage of the financial system continued to be too high and the risk of further recessions was therefore not insignificant.

But perhaps the most accurate diagnosis of the problem faced by the world economy has come from the analysis conducted by Reinhart and Rogoff⁽²⁾. In their study of more than eight centuries of financial crises, these authors showed that recessions caused by the bursting of financial bubbles that put an end to periods of high indebtedness last much longer than the cyclical recessions that occur when central banks raise interest rates to address the risks of inflation (whereas cyclical recessions seldom last more than six months, after a financial crisis erupts housing prices plummet by an average of 36% and take five years to recover, stock markets slump by 54% and take three and a half years to recover, unemployment rises by 7% and takes five years to fall, and GDP per capita falls more than 9% and does not recover until two years later).

Therefore, in crises of this kind, which do not occur often on a global level but are particularly long-lasting and devastating, the recession –which the authors prefer to call contraction in order to distinguish it from cyclical recessions– goes through several stages. Initially there is a major accumulation of debt (generally private, but sometimes public too) fuelled by excess credit and underestimation of risk, leading to stock-market and real-estate bubbles. When the bubble bursts, there is a rise in government deficit, both to «rescue» the financial system and through automatic stabilisers (lower tax revenues and greater spending on unemployment). This deficit is then converted into growing public debt, owing in some cases simply to increased expenditure and in others to the socialisation of private losses through the rescuing of the financial system. Finally, the high level of public debt leads to a lowering of countries' credit ratings, which places a limit on their capacity to finance themselves and can turn into default situations.

This cycle of the four Ds –Debt, Deficit, Downgrade and Default– drags on for several years during which the financial markets experience upheaval. Therefore, even if GDP grows, we should not speak of recovery because continuing unemployment and poor prospects give a general impression of a standstill. What is more, as Rogoff has argued⁽³⁾, the usual measures against recession (monetary and fiscal stimuli) are not the right answer to contractions of this type because sustainable growth, investment and job creation do not return until the financial system, companies and families are sufficiently deleveraged and surplus supply (in the form of unsold housing or unused investments) has been reduced.

⁽²⁾ Carmen Reinhart and Kenneth Rogoff (2009): *This Time is Different: Eight Centuries of Financial Folly*, Oxford University Press.

⁽³⁾ Rogoff, Kenneth (2011): *The Second Great Contraction*, Project Syndicate. 2 August.

Bearing in mind that the financial crisis of 2008 is the most serious since the Great Depression, these authors' diagnosis indicates that we will take years to return to normal and that the deleverage period will be full of setbacks. What is more, far from sustainable, the GDP growth and stock-market rises we have been witnessing since 2010 in the advanced countries would have been due to the prolongation of monetary and fiscal stimuli (especially in the US) that would only delay the necessary adjustment the economies need to make during their painful deleveraging process (the growth of emerging countries, in contrast, is solid because they have suffered only from contagion but not from financial crises or increased debt, although by themselves they do not have the drive to pull the world economy out of the recession). This is the view taken by the IMF, whose economic forecasts published in September 2011 make downward adjustments to the expected growth in the world economy in both advanced and emerging countries (see table 1 and map 1). Along with this decrease in growth, we find that confidence indicators, although not plummeting as in 2008, have fallen significantly (graph 1).

Table 1. Growth prospects for the world economy

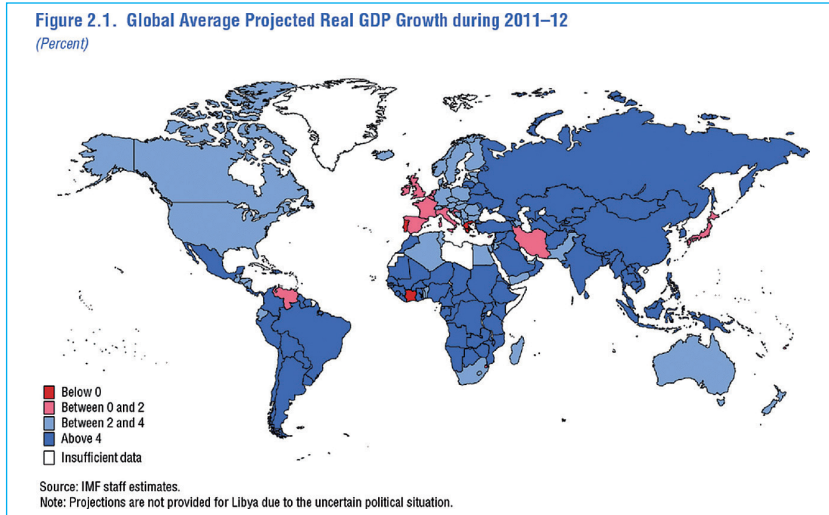
	2009	2010	Previsiones actuales		Dif. respecto a previsiones de jun-11	
			2011	2012	2011	2012
PIB mundial (%)	-0,7	5,1	4,0	4,0	-0,3	-0,5
Economías avanzadas (%)	-3,7	3,1	1,6	1,9	-0,6	-0,7
EEUU	-3,5	3	1,5	1,8	-1,0	-0,9
Zona Euro	-4,3	1,8	1,6	1,1	-0,4	-0,6
- Alemania	-5,1	3,6	2,7	1,3	-0,5	-0,7
- Francia	-2,6	1,4	1,7	1,4	-0,4	-0,5
- Italia	-5,2	1,3	0,6	0,3	-0,4	-1,0
- España	-3,7	-0,1	0,8	1,1	0,0	-0,5
Japón	-6,3	4,0	-0,5	2,3	0,2	-0,6
Reino Unido	-4,9	1,4	1,1	1,6	-0,4	-0,7
Canadá	-2,8	3,2	2,1	1,9	-0,8	-0,7
Otras economías avanzadas	-1,1	5,8	3,6	3,7	-0,4	-0,1
Asia de reciente industrialización	-0,7	8,4	4,7	4,5	-0,4	0,0
Países en vías de desarrollo (%)	2,8	7,3	6,4	6,1	-0,2	-0,3
África subsahariana	2,8	5,4	5,2	5,8	-0,3	-0,1
Asia Emergente	7,2	9,5	8,2	8,0	-0,2	-0,4
China	9,2	10,3	9,5	9,0	-0,1	-0,5
India	6,8	10,1	7,8	7,5	-0,4	-0,3
ASEAN-5 ⁽¹⁾	1,7	6,9	5,3	5,6	-0,1	-0,1
Oriente Medio y Norte de África	2,6	4,4	4,0	3,6	-0,2	-0,8
Latinoamérica y Caribe	-1,7	6,1	4,5	4,0	-0,1	-0,1
- Brasil	-0,6	7,5	3,8	3,6	-0,3	0,0
Vol. comercio mundial (%)	-10,7	12,8	7,5	5,8	-0,7	-0,9
Var. Precio del petróleo (USD) ⁽²⁾	-36,3	27,9	30,6	-3,1	-3,9	-2,1
Precios de consumo (%)						
- Economías desarrolladas	0,1	1,6	2,6	1,4	0,0	-0,3
- Economías en vías de desarrollo	5,2	6,1	7,5	5,9	0,6	0,3

(1) Filipinas, Indonesia, Malasia, Tailandia y Vietnam

(2) Promedio simple de los precios de las variedades de crudo U.K. Brent, Dubai y West Texas Intermediate. El precio promedio del petróleo fue 79,03 \$/barril en 2010; el precio supuesto en base a los mercados de futuros es 103,20\$/b en 2011 y 100,00\$/b en 2012.

Source: IMF and Dirección de Estudios y Análisis del Entorno, Repsol.

Map 1. World growth map



Graph 1. Falling confidence indicators in the advanced countries



■ Financial volatility makes a comeback

In this context, the financial turmoil experienced by the world economy since the summer of 2011 should be interpreted as new slumps that appear when policymakers' inability to tackle problems related to lack of growth and/or excess government debt triggers panic in financial markets that are being artificially pumped up by monetary stimuli (and all this in a context of high

prices of oil and other commodities and geopolitical tensions in the Arab world, which add to the risk of a supply shock that will further complicate the deleverage process).

In the case of the USA, the Federal Reserve's announcement that it was not beginning a new quantitative monetary expansion programme after the one that ended in July 2011 and the medium-term prospect of fiscal contraction due to failure to reach a political agreement in Congress and the president's scant leadership led to a market slump that heralded a possible second recession (the credit rating downgrade also played a part in this, as did the fact that past years' growth data were revised, showing that growth was in fact less vigorous than it seemed).

In the Eurozone, investors panicked and Spanish and Italian debt was sold when the markets interpreted that the July 2011 agreement of the Eurogroup accepting a partial default of Greece that could be extended to Ireland and Portugal might mean that Spain and Italy would not be able to meet their payment commitments. As the agreement lowered to 3.5% the interest rate Greece would pay for its loans, whereas Italy and Spain were paying more than 5% for market financing, it took no more than a simple sum to realise that if the latter helped out their neighbours with problems (not directly but through their contributions to the European rescue fund), they would be placing their own solvency at risk. Logically the reaction was to sell their government securities. And so, when it became evident that the European rescue fund would not have enough funds to rescue Spain or Italy, the French stock markets fell sharply because if France had to make extra contributions to the rescue fund its own financial sufficiency could be questioned.

All in all, in order to understand the financial turmoil and downward adjustments to the advanced countries' growth forecasts in the summer of 2011, it is necessary to go back to diagnosing the crisis. In view of the high leverage levels, the weak recovery experienced over the past year is not sustainable and both the US and Europe run the risk of grinding to a standstill, as occurred in Japan after its housing bubble burst in the 1990s.

■ THE EUROZONE AS A PROBLEM (AND AS A SOLUTION)

Although the economic slowdown is affecting all countries, it is the Eurozone countries that are experiencing the most problems. It is no coincidence that the financial turmoil stemming from the debt crisis in the «peripheral» Eurozone nations has been compared to the financial earthquake that toppled Lehman Brothers in September 2008, and until the euro crisis is fully over the world financial markets will find it very difficult to return to stability.

The problem is that resolving the euro crisis requires the insolvent countries like Greece to file for bankruptcy (meaning sizeable losses for its creditors, which are European banks) and the establishment of a security perimeter to stop it spreading to countries with liquidity problems (like Spain and Italy). All this requires public funds, political leadership and an ECB willing to provide massive liquidity. But for the time being, there is a shortage of all three, especially political leadership. We will now go on to analyse the Eurozone's problems by examining different future scenarios.

■ Conflicting accounts of the euro crisis

The Eurozone crisis fits Reinhart and Rogoff's pattern discussed earlier, in which financial problems lead to a recession that increases spending and public debt to unsustainable levels which, in turn, lead to a risk of sovereign default. However, the Eurozone countries have the added difficulty of sharing a currency, which has led their national financial systems to be very closely interconnected. First of all, this means that countries with major difficulties like Greece cannot devalue to facilitate growth through exports. What is more, given the high financial interdependence within the Eurozone, the breaking of the weakest link of Monetary Union (Greece) could have a domino effect that would end up destroying the euro, and this requires all the countries to seek a common solution.

One of the main obstacles preventing the euro countries from progressing in the same direction in reforming their economic governance is their failure to agree on the diagnosis of the problems they face. This makes it impossible to generate a shared discourse that would facilitate the adoption of solutions reached through consensus and acceptable to all. Since the outbreak of the Greek crisis at the beginning of 2010, two diagnoses of the Eurozone's problems have taken shape giving rise to two conflicting accounts that are difficult to reconcile⁽⁴⁾.

The first diagnosis, which we might describe as liberal orthodox, dominates the debate in Germany above all and is generally shared by the creditor countries that found it easier to put the recession behind them (especially the Netherlands, Finland and Austria). It maintains that the Eurozone crisis is the result of lack of fiscal discipline and the excessive debt of «fiscally irresponsible» and «uncompetitive» countries on the periphery (Greece, Portugal, Spain, Italy and, to a lesser extent Ireland, whose problems are held to come from a poorly regulated financial sector as opposed to from lack of competitiveness).

According to this account, neither the flawed design of the economic governance of the euro (which originally had neither a rescue fund nor a crisis

⁽⁴⁾ See Jeanne, O., A Subramanian, and J. Williamson (2011), «Germany Owes More to Prodigal Periphery» *Financial Times*, 25 May.

solving mechanism and whose instruments of fiscal coordination and financial supervision were much weaker than those of monetary coordination), nor the ECB's lax monetary policy of the pre-crisis period (more appropriate to a recessive Germany than to an expanding periphery), nor the weakness of demand and excessive saving in Germany, the Netherlands and Austria (with current-account surpluses that ended up as loans to the periphery and fuelled property booms), nor the flaws in the financial market (which did not properly assess the country risk within the Monetary Union) are to blame.

Once again, according to this account, all that is needed to bolster the euro and stabilise the financial markets is greater fiscal discipline on the periphery, which should be imposed externally, as it has been proven that the governments and electorates of these countries cannot be trusted with tightening their belts. If this fiscal discipline entails major cuts to the Welfare State and a long recession (even accompanied by deflation in order to recover the price competitiveness of their exports), countries must be willing to take this on board. They will only be allowed to use the European rescue fund to continue meeting their debt if the adjustment is so harsh that it prevents them from meeting their payment obligations in the short term.

52 | What is more, although the creditor countries are willing to allocate funds or guarantees to the European rescue fund, they consider that there is a problem of moral risk in these loans, because the lack of fiscal discipline of the peripheral countries is being rewarded (instead of punished). This explains why their public opinions are increasingly reluctant to agree to new aid for countries experiencing difficulties, a fact which enormously hindered the negotiations on the rescue programme for Portugal in April 2011 (where Finland was on the point of vetoing assistance) and the second bail-out for Greece two months later⁽⁵⁾. This situation is leading many citizens of the northern countries to regard the European Union more as a source of economic obligations than an integration project that benefits their country in a world with an increasingly global economy. Indeed, according to a recent poll, 63% of Germans have little or no confidence in the European Union and 53% say that Germany's future is no longer within the Union⁽⁶⁾. This lack of confidence on the part of citizens is also shared by Germany's political and economic elites, who have traditionally been deeply pro-European.

However, there is another interpretation of the crisis: that which is prevalent in the southern countries (and to a lesser extent in France, the European Commission and Parliament and among most scholars and think tanks) and underlines that the increase in government deficit and debt are the result of

⁽⁵⁾ All the rescue fund loans must be granted by consensus, which means that any country, however small, has the power of veto.

⁽⁶⁾ See Guerot, U. and M. Leonard (2011), «The new German question: How Europe can get the Germany it needs», European Council on Foreign Relations. Policy Brief 30, April, p. 3.

the international financial crisis and not the cause. Given that countries like Spain and Ireland were exemplary in their compliance with the fiscal rules of the Stability and Growth Pact –unlike Germany and France– the origin of the Eurozone crisis cannot be sought in lack of fiscal discipline (except in the case of Greece) but in the flawed design of the edifice of governance of the Eurozone⁽⁷⁾. De Grawue⁽⁸⁾ even states that European leaders –particularly those of the northern countries– have not properly grasped the fact that monetary integration generates many situations of imbalance and problems of coordination that can lead the financial market to trigger sovereign debt crises in Eurozone countries with good macroeconomic fundamentals through self-fulfilling prophecies.

Therefore, according to this interpretation, reforms should be limited to strengthening the Stability Pact and introducing elements of greater accountability and coordination between countries in public accounts. To stabilise the euro and ensure its survival, it is necessary to go much further. First, part of national public debt should be replaced by Eurobonds to prevent speculative attacks on the sovereign bonds of the peripheral countries⁽⁹⁾, which would require the establishment of a European fiscal authority similar to a Common Treasury. Second, the rescue fund should be much larger in order to function as a «bazooka» capable of scaring away speculators. Third, bigger fiscal transfers should be established between states to offset the loss of monetary and exchange-rate policy the euro countries are experiencing. Fourth, single financial regulation would be necessary in the Eurozone (and, if possible, throughout the EU, including the City of London), as well as a pan-European institution for dealing with bank bail-outs of the major institutions operating across the Union. Lastly, it is necessary to be on the lookout for current-account imbalances within the Eurozone and devise solutions in which countries with a deficit (like Greece, Portugal and Spain) as well as those with a surplus (like Germany) would be forced to modify their policies.

In practice, it is impossible to ascertain which of the two diagnoses is correct, as there is not even a macroeconomic consensus on many of these aspects. What is more, the ideological elements –by nature difficult to modify even in the face of empirical economic studies– that condition how the various actors are positioning themselves in this debate (indeed, there are economists and politicians on the periphery of the Eurozone who support the orthodox vision that prevails in Germany, and vice-versa). But for the case in hand, it matters not who is right. What we are attempting to explain is that these clashing accounts of the crisis are conditioning the debate on the reform of economic

⁽⁷⁾ Pisani-Ferry, J. and A. Sapir (2010), «Two crises, two responses», *Bruegel Policy Brief* 01/2010, March.

⁽⁸⁾ De Grauwe, P. (2011), «The Governance of a Fragile Eurozone», *Center For European Policy Studies Working Document No. 346*, May.

⁽⁹⁾ Delpla, J. and J. Von Weizsäcker (2011), «Eurobonds: The Blue Bond concept and its implications», *Bruegel Policy Contribution*, March 2011.

governance in the euro area super-structurally, sometimes without the different actors involved even realising. Even if all countries agree that the euro must be saved whatever the price, because the political cost of not doing so would be too high for the EU, the differences with respect to diagnosing the crisis and identifying the culprits make it very difficult to reach an agreement on the measures to be adopted and on who should pay. And so, whereas at other times in European integration there has been agreement on common needs, allowing the different countries to converge on solutions considered legitimate, on this occasion such a consensus has not taken place, and this is making it very difficult to find a solution to the euro crisis.

■ New strategy

Aside from the debate on the diagnosis and culprits of the euro crisis, the European countries were forced to change their strategy for addressing the crisis at their extraordinary meeting on 21 July 2011. As in the past, the Eurogroup took measures when it found itself teetering on the edge of the precipice. Only when the southern European countries became «emerging markets» closely watched by speculative investors and with the entire population hanging on the daily value of their risk premium did we witness the adoption of instruments (still insufficient) that could start to stabilise the situation.

If a bigger and more flexible rescue fund had been set up in mid-2010, and if states' national debt had begun to be replaced with Eurobonds, many problems would have been averted. But in view of Greece's evident incapability of dealing with its debt and seeing that the contagion had spread to Spain and Italy, in July the Eurogroup found itself forced to adopt extraordinary measures to stabilise the markets. It agreed to extend the period and reduce the interests Greece will have to pay the rescue fund. It also decided to make the fund's rules more flexible so that it can buy debt on the secondary market, lend money to banks in the Eurozone if necessary and grant precautionary loans to countries that have not been rescued but whose debt markets are under speculative attacks (Spain, Italy, Belgium...). Lastly, it chose to involve the private sector in this second rescue of Greece: that is, to force banks (especially German and French) to accept losses in their holdings of Greek bonds. This means that Greece agreed with its European partners that it would not fully pay its debts. It *defaulted*, although instead of being as chaotic as the case of Argentina in 2001, it reached an agreement with its creditors which has taken the elegant form of an ordered debt restructuring⁽¹⁰⁾.

This means that the Eurogroup has changed its diagnosis of the sovereign debt crisis, although it stresses that only for the case of Greece (not for Ireland or

⁽¹⁰⁾ The default agreed by Greece in July 2011 entails a 21% reduction in its debt. However, most analysts consider that this figure is insufficient and that a larger default, most likely of over 50%, will have to be established.

Portugal). It has at last recognised that Greece has a problem of solvency (not of liquidity), and that it is therefore pointless to lend it more money unless it somehow reduces its volume of debt and is given help in growing. This is precisely what happened in the second half of the 1980s in Latin America, when the Brady plan replaced the Baker plan and established that excessive austerity was hindering the growth the region depended on to be able to pay its debts.

But even after this new roadmap was adopted, the financial markets remained volatile. This was due both to the very slow and uneven implementation of the measures agreed on by the Eurogroup and to the new clouds looming on the horizon of world economic growth. Both parliaments were very slow to ratify the agreement, particularly with respect to the renegotiation of the text regulating the functioning of the rescue fund (both the temporary one in force until 2013 and the permanent one that will enter into force on that date). Basically, although the solution has been agreed on and new payments are going to be made to Greece, the slowness of the complex European institutional process is making the markets nervous and the possibility of a bigger default if Greece fails to meet its commitments and the funds are not paid in time is triggering sales and spreading the contagion to other countries in the Eurozone.

In this context, only the ECB is able to take forceful action. As it has been doing since the beginning of this crisis, it will have to continue acquiring debt from the countries on the periphery of the Eurozone in order to stem contagion, and by doing so increase the nervousness of Germany, which fears that debt purchases will end up pushing up inflation. In the medium term, it should be the overhauled rescue fund (and perhaps enlarged or transformed into a bank with an unlimited credit line with the ECB) that purchases debt, relieving the ECB of this awkward function. What is more, it would be advisable for all the countries with room for new fiscal stimuli (especially Germany) to undertake them, because today the markets are more concerned about low growth in Europe than about its high debt. For the time being Germany does not seem willing to budge from its position, but it will have to consider whether it is willing to put the Eurozone in a tight spot by sticking to its macroeconomic orthodoxy.

■ Three scenarios for the euro

Looking to the future, three scenarios can be envisaged for the euro. The first is that the single currency collapses because the contagion of the Greek defaults sweeps across all the countries in the Eurozone, dragging them to bankruptcy. This would only happen if Germany and the ECB were unwilling to stem this contagion, something that seems unlikely because various studies put the cost of the collapse of the single currency at more than 30% of the GDP of the

Eurozone countries, meaning that it would cost Germany more to allow the euro to collapse than it would to rescue it⁽¹¹⁾. Therefore, the option of a total collapse is also the least likely, but we cannot fully rule out the possibility of Greece coming out of the euro in order to allow devaluation, provided that a bulwark has been built to stop the contagion spreading to other countries.

The second scenario is progress towards fiscal union, which would require a substantial increase in the rescue fund and perhaps also the creation of Eurobonds. This solution –the one that would suit Spain the best– would put an end to the euro crisis, but would come at a high economic and political cost for Germany (and the other countries with a sound financial position), and for this reason nor is it a very likely option. As long as Germany considers that the structural and budgetary control reforms in the southern countries (including Italy) are insufficient, it will not take any decisive steps in this direction because its voters regard fiscal union as a permanent system of north-south transfers they are not willing to accept.

The third option, and also the most plausible, is that the Eurozone will continue to come up with stopgap solutions to stabilise the financial markets when new tensions arise in the debt markets or in banks that are greatly exposed to Greek debt. These steps would include new reforms and extensions of the rescue fund, new ECB interventions, new loans for countries and financial institutions with problems and new structural reforms and spending cuts in the southern countries. All this would bring about slow progress towards an imperfect fiscal union and would allow the single currency to be saved, but would not address the volatility of the financial markets and growth and job creation could therefore be compromised.

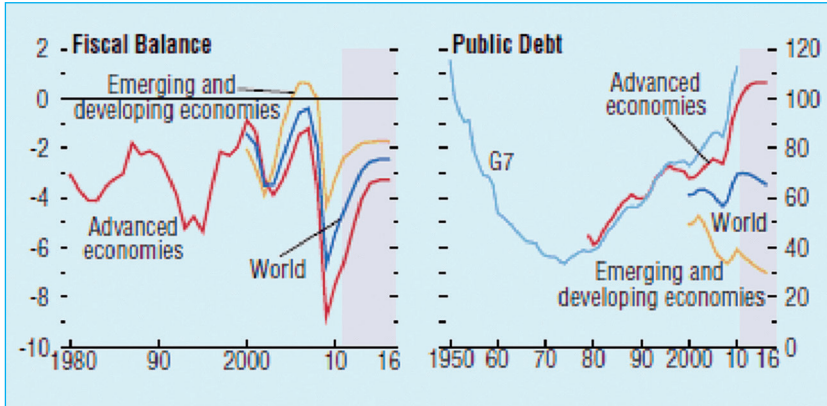
■ HOW MUCH SCOPE IS THERE FOR ECONOMIC POLICY AND INTERNATIONAL COOPERATION?

Returning to the international scene, it is important to analyse what the economic policy options are and, above all, whether it is possible to put them into practice through international economic cooperation. This is important both because the coordination of different national policies can help stabilise growth and because unilateral measures can trigger conflicts that hinder the improvement of prospects.

The contrast between the current situation and that of the start of the crisis is clear. Whereas following the fall of Lehman Brothers in September 2008 there was considerable scope for fiscal and monetary stimuli, interest rates are currently very low and most countries have reached the upper limit of their debt capacity, especially in the periphery of the Eurozone (see graph 2).

⁽¹¹⁾ See «How to save the euro» *The Economist*, 17 September.

Graph 2. Deficit and public debt



Source: FMI, World Economic Outlook, September 2011

What is more, in 2008 the international community acted in a coordinated manner under the leadership of the G-20, bailing out the financial system, keeping protectionism at bay and activating unprecedented stimuli for demand. However, today there is little scope for international cooperation because the leading powers are engrossed in their domestic problems, and this is increasing the risk of a new currency war and escalating protectionism, as well as hindering a recovery in market confidence. In the USA, which has a high unemployment rate and does have scope to increase public spending, democrats and republicans are engaged in a dialogue of the deaf that is blocking any political initiative and only allowing the Federal Reserve to act, although it has little room for manoeuvre as the economy could fall into a liquidity trap, a situation in which monetary policy might not be effective⁽¹²⁾. As discussed, in Europe we are also witnessing a clash between the German account of the euro crisis and that of the other countries in a context in which political leadership is lacking. Finally, the emerging countries, which have been experiencing very high growth since 2010, are worried about their economies overheating, inflation and the possible adverse effects on their exports of a slowdown in the advanced countries.

In this context, there is a high risk of countries adopting unilateral policies aimed at reactivating their economies without bearing in mind the negative externalities these policies can have on other powers and on the world economy.

■ Monetary and fiscal options

According to the above diagnosis, what the advanced economies need is time to digest their huge levels of debt. It is likewise crucial to prevent economic stagnation and lack of investment, consumption and employment from turning

⁽¹²⁾ Krugman, Paul and Gauti Eggertsson (2010): «Debt, Deleveraging, and the Liquidity Trap», mimeographed.

into deflation, because a price drop increases the real value of debt instead of reducing it. But the economic authorities face several problems when it comes to stimulating demand.

First, as mentioned, they face major monetary and fiscal restrictions they did not have at the start of the crisis. There is hardly any scope for conventional monetary policy (lowering of interest rates) and only a few countries like the USA and Germany have the capacity to activate new fiscal stimuli. Second, as we have not experienced a situation like the present since the Great Depression, there is great uncertainty as to the effects new expansive demand policies might have on a context of high public debt and interest rates close to zero (the effectiveness of structural reforms, which would allow potential growth to increase in the long term, will be limited until demand is reactivated, and therefore they cannot solve the problem by themselves).

On the monetary side, both the Federal Reserve and the ECB can inject more liquidity through unconventional operations aimed at quantitative expansion (printing money to buy debt securities), and could even do so in a coordinated manner. However, we do not know for sure whether this would trigger a dangerous inflation spiral and do know that it would undermine the credibility of the monetary authorities and redistribute income from creditors to debtors, something difficult to justify in terms of justice and equity. Therefore, creditor countries like Germany that are traditionally opposed to inflation are against the ECB purchasing debt. This means that, although the European monetary authority could again make its monetary policy flexible, it is only likely to purchase public debt when the markets put unbearable pressure on the peripheral countries, not as part of a large-scale stimulus programme like the one the US has been running for three years.

On the other side of the Atlantic, those who accuse the Federal Reserve of being partly to blame for the crisis for having pursued an overly lax monetary policy are also against new monetary stimuli. Opinions are divided even within the Federal Reserve itself. Some support a third wave of quantitative expansion and others are reluctant, either out of fear of inflation or because they believe it will not be effective, as the economy could fall into a liquidity trap (a situation that occurs when a monetary injection fails to encourage investment and consumption because prospects are so negative that both companies and consumers prefer not to spend). For the time being the Federal Reserve has only announced that it will keep interest rates very low at least until 2013, but it will most likely approve new stimuli in the future if the risk of deflation increases.

On the fiscal side, all countries need to implement fiscal consolidation programmes in the medium term to ensure that their debt is sustainable, but, as

far as possible, they should avoid doing so too quickly in order to prevent fiscal contraction from triggering another recession. Countries that still have scope for further debt because of their high credibility on the international markets can risk launching a new short-term fiscal stimulus to reactivate demand. Nevertheless, there is a risk that the financial markets, considering that new expenditure will place their public accounts in an unsustainable situation, may put up the price of or withdraw financing, as has occurred in Greece and even in Spain and Italy. These are what are known as non-Keynesian effects of fiscal policy: an increase in public spending which, instead of setting in motion a virtuous circle of growth that ends up reducing the debt level, triggers adverse expectations that drive investors away and make a hasty fiscal contraction necessary.

If, in the end, new fiscal stimuli are approved, spending should be focused on activities that build up the economy's stock of capital and long-term productivity and not on increasing current expenditure. Everything would appear to indicate that the USA could activate a fiscal plan of this kind to modernise its stagnant infrastructures. However, in Europe progress is unlikely to be made in this direction owing to the opposition of Germany, which has already begun fiscal contraction and aims to provide an exemplary model of austerity for its euro partners. All in all, the countries that would like to increase public expenditure cannot and those who could appear unwilling or are experiencing huge political difficulties that prevent them from doing so.

Although there are fiscal and monetary policy options, each alternative is associated with high degrees of uncertainty because it is not known how the economy or the markets will react. Growth is needed to curb excess debt, but many of the policies for promoting growth generate new debt, in a vicious circle that is difficult to break. Speculative market attacks on the debt of the most vulnerable countries are generated both by excess debt and by low growth prospects, which makes it difficult to design a fiscal adjustment that is really of use in boosting confidence.

The situation is particularly worrying in Spain because, unlike the US, Germany or France, it had not managed to achieve significant levels of growth by the time the global slowdown began, has no scope for fiscal expansion and its unemployment rate is the highest of the advanced countries. The world economic slowdown could lead to a relapse in its growth and make it impossible for it to use exports as a driving force of recovery.

■ **How to maintain an open economic order: the role of the G-20**

The fact that each country faces a different economic situation (the emerging states have a low debt level but are at risk of overheating and the advanced states differ in the amount of scope for action they have to initiate new stimulus

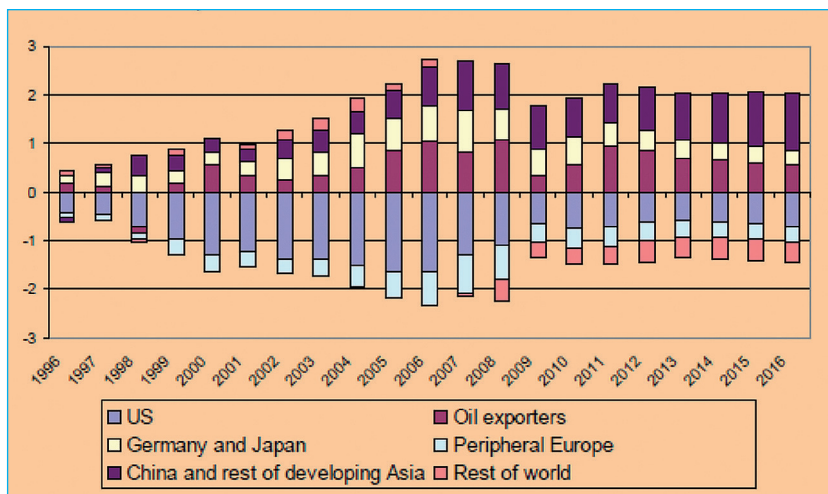
measures) makes international cooperation difficult. What is more, internal economic problems centred on high unemployment and social unrest, coupled with the conviction that the international financial system is no longer on the verge of collapse as in 2008, are causing political leaders to push international cooperation into the background and adopt unilateral measures that may spark fresh international economic conflicts by causing negative externalities. Indeed, the G-20 meetings that took place in 2011 made it clear that international cooperation will be limited. All that was agreed was that each country is entitled to do what it deems appropriate depending on its national policy restrictions.

Even so, economic cooperation within the G-20 has an important role to play. Even if fiscal or monetary coordination is difficult to achieve, dialogue and the adoption of new rules for governing the international economy continue to be essential. On the one hand, a more sustainable growth model for the world economy is essential, and this requires reducing macroeconomic imbalances and avoiding tension in the foreign-exchange markets that could lead to protectionism. On the other, we need to carry on progressing towards building better global economic governance in order to avert future crises. These matters will be dealt with in the next section.

- *Balanced growth to prevent a currency war and protectionism*

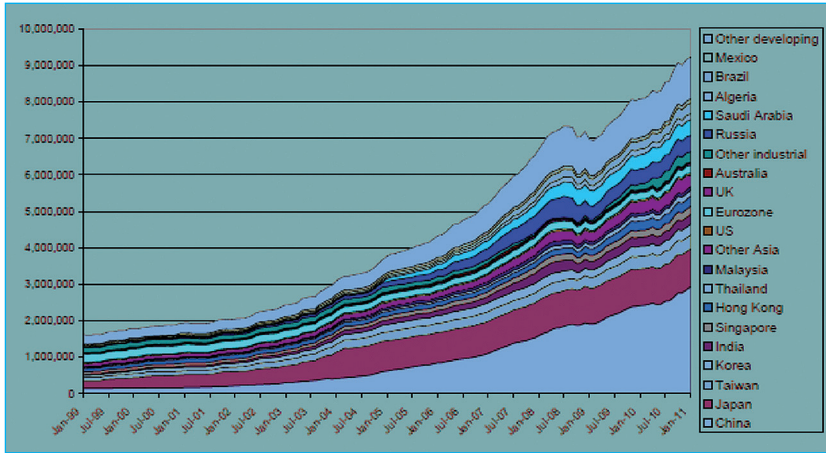
The first issue that requires international cooperation is reducing global macroeconomic imbalances (excess saving in China, Japan, Germany, the oil exporters and a few other Asian emerging powers and excess expenditure in the US, the United Kingdom and the peripheral European Union countries [see graph 3]).

Graph 3. Global macroeconomic imbalances (as a % of world GDP)



Source: IMF, *World Economic Outlook*, April 2011

Graph 4. International reserves (thousands of dollars)



This widening gap between national saving and expenditure is causing external imbalances and an excessive accumulation of reserves in countries with a current account surplus (graph 4)—especially if they have fixed exchange rates and export primary goods and/or energy— as well as tension in the foreign-exchange markets (currency wars) that can lead to increased protectionism, as already occurred in the 1930s during the Great Depression.

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In addition, this very unbalanced growth model, which has been dubbed Bretton Woods II, was one of the very causes of the crisis⁽¹³⁾. The low interest rates in the US and the excess expenditure in the emerging countries gave rise to an excess liquidity that ended up causing a bubble in the securities markets that was further fuelled by financial deregulation and the creation of new, improperly regulated investment instruments.

It is therefore important to rebalance the world economy. This requires China to nominally appreciate its currency and untie it from the dollar; the US to raise its rate of savings; and Japan and the European Union to increase their domestic demand. The «Framework for sustainable and balanced growth» adopted by the G-20 at the Pittsburgh summit in September 2009 was precisely designed to facilitate this process of rebalance under the supervision of the IMF. However, so far progress has been very limited because the countries are reluctant to change their domestic policies. What is more, the global economic slowdown has relegated this matter, which is important but does not seem urgent, to second place, well behind concerns about unemployment or the threat of a new financial crisis in Europe.

⁽¹³⁾ See Raghuram G. Rajan, (2010): *Fault Lines: How Hidden Fractures Still Threaten the World Economy*. Princeton University Press y Martin Wolf (2009): *Fixing Global Finance*. Johns Hopkins University Press.

In any event, it is important to point out that it is precisely the tensions sparked by macroeconomic imbalances that explain the growing currency war and heightening protectionist tension. The term «currency war», widely used by the media and also called competitive devaluation war, refers to countries' efforts to depreciate their exchange rate simultaneously in order to reactivate their economies through exports. Some exchange-rate tension erupted in 2010, but it has building up since the summer of 2011, leading the US to pass a resolution in the Senate authorising the government to impose unilateral tariffs on Chinese goods unless China revalues its currency, something that is incompatible with the rules of the World Trade Organization (WTO). If the currency war ends in a trade war, it will deal a harsh blow to the world economy.

To stem this tension, at the first meeting of economy and finance ministers held under the French presidency of the G-20 in Paris, it was agreed that a number of indicators would be monitored in an attempt to anticipate when a country's foreign trade balance is rising or falling uncontrollably⁽¹⁴⁾. Although this agreement does not allow sanctions to be established (unlike, for example, in the Eurozone for countries with excess deficit or debt), it nevertheless marks a step towards agreeing on a common framework for monitoring imbalances and warding off exchange-rate tensions and the risk of protectionism. However, this first step needs to be accompanied by others, and this requires strengthening the role of multilateral cooperation in the G-20 and the IMF, something that the emerging countries and the US have not proven willing to do because they consider it an unacceptable loss of sovereignty.

- *Deepening financial reform*

The main cause of the global financial crisis was the financial deregulation carried out since the 1980s⁽¹⁵⁾. This liberalisation, based on confidence in market discipline and in the self-regulating capacity of the financial markets, paved the way for the rise of the shadow banking system, the growth in leverage and inappropriate risk assessment leading to a crisis when housing prices began to fall. What is more, financial globalisation acted as a driving force behind the crisis, causing it to spread much more rapidly than on previous occasions.

Therefore it has been relatively easy to forge an international consensus on the need to limit the levels of financial leverage and risk, increase information and transparency in the financial markets, change incentives and the manner of remunerating executives in the sector, redefine and homogenise accounting valuation rules, increase the capital requirements of financial institutions, extend regulation to a number of hitherto opaque markets, ensure that credit

⁽¹⁴⁾ These indicators are public and private debt, fiscal deficits, rate of saving and the external imbalance composed of the trade deficit or surplus and net investment income flows and transfers.

⁽¹⁵⁾ See, for example, Nouriel Roubini and Stephen Mihm (2010): *Crisis Economics*. Allen Lane and Joseph Stiglitz (2010): *Free Fall*. W.W. Norton, New York.

is not so procyclical, and supervise the derivatives markets more effectively. In all these aspects, both the G-20 and the Financial Stability Board (which replaced the Financial Stability Forum at the G-20's London summit in April 2009 and was extended to the emerging countries and Spain) have acted as coordinators of the reforms adopted on the national level. They have also served to promote the adoption of the Basel III criteria according to which financial institutions will increase «high-quality» capital beginning in 2018. Although these issues were addressed at the G-20 summit in Washington and common principles were established, most of the measures were not adopted until the Seoul and Cannes meetings in 2010 and 2011.

However, it should be pointed out that the main progress made in financial reform stems from the regulatory initiatives in the western countries (especially the US and the European Union) and not from the G-20 itself, and nothing resembling global financial rules has been established other than the Basel III agreements. Nor have measures been adopted to change the behaviour of rating agencies, regulate systemic institutions differently, establish specific taxes on the financial system or international financial transactions or put an end to tax havens. All this means that there is still a long way to go towards global financial regulation, and this is where the G-20 should exercise its leadership.

- *Finalising the Doha Round to legitimise the WTO*

The WTO Doha Round on trade liberalisation has been at a standstill since 2008. Given the impossibility of agreeing on an exchange of concessions acceptable to advanced and emerging countries in the areas of agriculture, manufacture and services, coupled with the fact that international trade is continuing to grow after overcoming the setback of 2009 caused by the recession, finalising the round is currently not a political priority. Agricultural exporters are not in a hurry to achieve greater market opening for their exports because commodity prices are high, the major multinationals seem comfortable with the current level of trade liberalisation and the politicians of the advanced countries (above all the US) are focused on their internal economic problems and have therefore ceased to exercise the leadership required to advance. But aside from these circumstantial factors, underlying the WTO crisis is the clash between advanced and emerging countries. Until only recently, the former were accustomed to laying down the rules of world trade between them and find it frustrating that this has changed. The latter, headed by Brazil, India and China, consider that the multilateral trade system as it operates today does not allow them to make enough earnings from trade. So far it has been impossible to overcome this dialogue of the deaf.

In this context, it seems that unless a minimum agreement is reached by 2012, elections in the leading powers may well postpone progress towards finalising

the round indefinitely or may even lead to its abandonment. This would badly dent the credibility and legitimacy of the WTO, which for the time being is the forum that has proved the most effective in finding a solution to the many conflicts that have arisen between the advanced and emerging countries over economic matters. A WTO without leadership could speed up bilateral and regional trade agreements, even leading the world economy to split into rival blocs. Similarly, the WTO could become an institution for litigation (through its dispute-settlement mechanism), ceasing to function as a multilateral forum for many of the main issues on the future trade agenda, such as food security, environmental matters and trade in high value-added services (telecoms, energy, finances, etc.). For all these reasons it is important for the G-20 to provide the necessary political leadership to advance towards the finalisation of the round now that the economic slowdown is threatening to bring about a further reduction in international trade, which is a source of economic growth in the long term.

- *Managing energy resources and combating climate change*

The spectacular growth of the emerging countries is putting increasing pressure on the world's energy and food resources. Proof of this is the high prices of commodities in recent years, in which the food crises of 2008 and 2011 were preceded by sudden hikes in oil prices (in 2008 crude oil rose to nearly 150 dollars per barrel and more recently, following the uprisings in the Arab countries, it has soared past the 120 dollar mark). Above and beyond debates on how speculation in the futures markets or the US's expensive monetary policy artificially inflate these prices, the main structural factor that accounts for this upward trend is the growing demand from the emerging countries (increased income per capita is related almost perfectly to higher consumption of proteins and electricity). Indeed, the international energy agency reckons that until 2030 China and India alone will account for more than 40% of the increase in world energy demand, and therefore the current trend will only speed up.

In this context, it will be necessary to step up the supply of all kinds of commodities to prevent prices from continuing to rise, although this requires huge investments which, for the time being, are not being made fast enough. But aside from the fact that the advanced countries must start to think about the end of cheap oil and food, we cannot rule out the possibility of geopolitical conflicts erupting over access to resources. China's recent investments in the primary sectors in Africa show that the Asian giant does not have sufficient confidence in the market mechanisms to obtain its supplies. What is more, some countries of the Persian Gulf have started to make similar investments to ensure access to water. All in all, since there is no global institution for energy governance capable of mediating in possible conflicts or ensuring long-term investment to satisfy demand, we may face growing tension between the major powers.

It is likewise necessary to progress with multilateral agreements in the fight against climate change. In an environment of slow economic growth in the wealthy countries, this issue has been pushed off the list of priorities. However, in the medium and long term it is possibly the main challenge the international community will face. Unless the atmospheric levels of greenhouse gas are stabilised, unpredictable events probably with tragic consequences will occur, such as droughts, famines or uncontrolled migrations. In addition, their impact will tend to be much greater on developing countries, as a result of which the progress achieved in combating poverty over the coming decades could even be cancelled out.

Addressing the problem of climate change requires above all national efforts, but international agreements can be a great help. Although it is the countries (especially the most contaminating) that need to modify their production policies and methods, international agreements help agree on the most appropriate instruments, establish common rules, share out the costs, provide incentives and negotiate compensation or technological transfers from rich to poor countries. Lastly, as enhanced efficiency and energy saving and a shift in the world energy model to one free of fossil fuels are shared long-term objectives, international agreements on cooperation in research can also be useful. Although all the countries are competing to develop new energy technology and profit from exporting it, there are projects whose scale is so huge that they can only be implemented by combining the financial and technical resources of several countries.

Therefore, there seems to be an agreement on the diagnosis, but few tangible results. The main problem lies in developing countries' reluctance to share the burden of adjustment (in the form of a reduction in emissions) equally with the rich countries. They maintain that accumulated contamination is a product of the industrialisation of the advanced countries, and that they are entitled to free ride the system or to receive compensation for changing their policies, as these changes would lead to less economic growth and would put a brake on their development. But as China is now the biggest emitter of CO₂ in the world (in absolute terms, not per inhabitant) and other emerging countries, especially India, have also increased their emissions in recent years owing to their growth, unless these countries commit to reducing their emissions it will be of little use if the advanced countries make major cuts. The G-20 could act as a catalyst in reaching agreements, as all the key actors belong to the group.

All in all, the consolidation of the G-20 as the Directoire of the world economy following the outbreak of the crisis in 2008 may be considered a collective success, as it made it possible to come up with a global response to the financial collapse and protectionism, as well as to coordinate a fiscal stimulus to cushion the impact of the crisis. However, since that initial moment, the

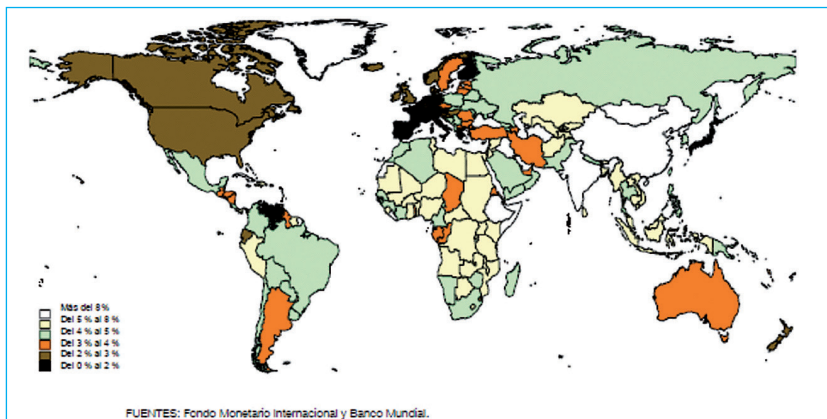
G-20 has been losing cohesion and momentum. Therefore, the main challenge the G-20 will face in the future is to continue to be significant. For this purpose, it needs to prove that it is useful in a context in which the harshness of the economic recession, the persistence of high unemployment rates and the regional asymmetry of global recovery are causing many countries to push international cooperation into the background in order to concentrate solely on their domestic-policy priorities.

■ TOWARDS A NEW INTERNATIONAL ECONOMIC ORDER

As stated above, the world economic recovery is taking place at two speeds. Most of the emerging powers have skilfully ridden out the crisis and it is likely they will be able to cope with a global slowdown or even a greater crisis in the Eurozone without too much difficulty. Their problems involve ensuring they do not fail from being too successful, and they are therefore trying to take measures to prevent their economies from overheating, put a brake on inflation and control the huge amounts of capital they are receiving and which could generate security market bubbles and rises in their exchange rates. This contrasts with the situation of the advanced countries, which are choked by debt, are proving incapable of whittling down their unemployment rates and now face a decade of harsh leverage, paltry investment and weakness of their financial systems at a time when they should have put their public accounts in order to deal with the ageing of their populations.

This means that, following the crisis, in addition to a decoupling of advanced and emerging countries, a major acceleration has taken place in the pace at which the emerging countries are increasing their relative weight in the world economy in relation to the US, the European Union and Japan (see map 2).

Map 2. Forecast GDP growth rates for 2011-2015

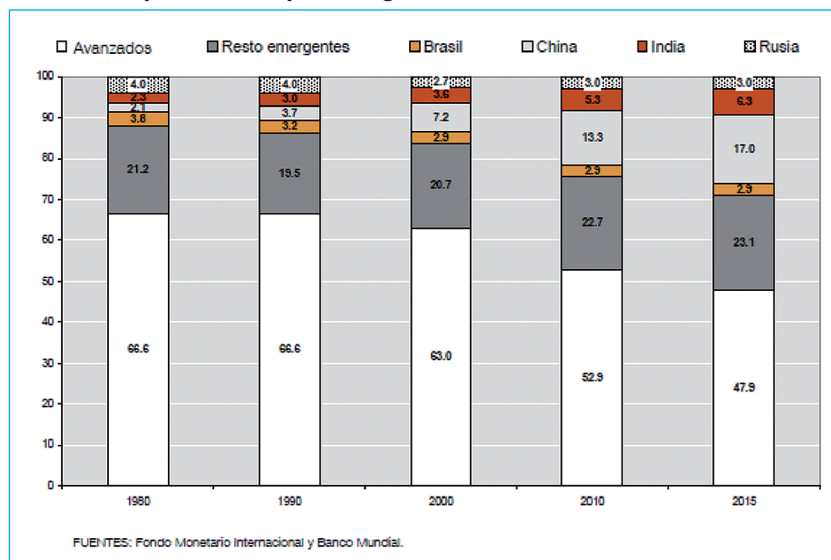


Therefore, although the shift in the balance of international economic power in favour of the countries of Asia (and to a lesser extent of Latin America) has been occurring for several decades, the crisis has speeded it up, causing the advanced countries (the European Union in particular) to experience a greater relative economic decline than expected only five years ago.

Good examples of this change are that for the first time most of the IMF loans are concentrated in the Eurozone (and not in the emerging economies), that western companies are being purchased by the sovereign funds of emerging countries, that China currently has more than 3 trillion dollars in reserves (and its acquisition of debt securities is the salvation of European countries with difficulties financing their deficit) or that more and more technological advances are coming from multinationals originating from the emerging countries.

Underlying these examples is a deep shift in the world economic order towards a growing multipolarity accompanied by a fast-occurring de-westernisation. These changes are rendering obsolete the conceptualisations on centre and periphery to which we were accustomed. As graph 5 shows, the world economy increasingly resembles a network where there continue to be major nodes (the wealthy countries), but increasing weight is held by other poles that are growing at top speed (China is already the second biggest economy in the world and will be the biggest in 2016 in terms of purchasing power parity).

Graph 5. Share in world GDP in terms of purchasing power parity (expressed as a percentage)



According to different reports published over the past year, by about 2040 Asia will be responsible for 50% of world production, Europe and North America for 15% each and Latin America and Africa for slightly less than 10% each. The Chinese economy will almost double that of the US in size and Germany will be the only European economy among the top ten, behind India, Brazil, Indonesia, Russia, Japan and possibly Nigeria or Mexico. What is more, India will become the biggest economy in the world by 2050, as its population will age more slowly than China's⁽¹⁶⁾.

Accompanying these new world economic heavyweights, a new geography of trade and investment is emerging. According to World Bank data, the developing countries' share in world trade rose from 30% in 1995 to 45% in 2010, owing above all to the rapid expansion of south-south trade between the emerging powers⁽¹⁷⁾. One-third of direct investment in emerging countries comes from other emerging countries, which are also making major acquisitions in the advanced countries. What is more, the emerging and developing countries hold more than two-thirds of world currency reserves (compared to only one-third ten years ago) and today countries like Brazil, Chile and Turkey rank lower in the country risk ratings than some European states. Not only this, but there is a thriving new middle class (above all in Latin America and some Asian countries) which, in some cases, has helped consolidate democracy and is acting as a source of economic stability by bolstering domestic demand. Therefore, it is not surprising that over the past five years the emerging countries have been responsible for four-fifths of world growth. These changes have not yet brought these countries' income per capita close to that of the rich countries, nor do they mean that their problems of poverty and inequality are any less important. However, many citizens of the emerging countries have the certainty that their children will enjoy a better standard of living than they will –something of which Europeans and Americans are no longer so sure–.

Even so, we should not lose sight of the fact that the de-westernisation of the world economy is a gradual process that has not yet run its course (and may never do so). Indeed, according to the world presence index –Índice Elcano de Presencia Global (IEPG)– compiled by the Real Instituto Elcano, the presence of the emerging countries, although prominent in the economic sphere, is still limited in the military, scientific, social and cultural fields. The US continues to enjoy a huge global presence and the European Union countries (which, altogether, would surpass the US in many indicators **if** taken as a whole) also hold significant positions in practically all areas⁽¹⁸⁾. In particular, countries like

⁽¹⁶⁾ See, for example, the report compiled by Willem Buiter and Ebrahim Rahbaride for Citigroup *Global Economics View: Global Growth Generators: Moving beyond "Emerging Markets" and "BRIC"*, February 2011.

⁽¹⁷⁾ World Bank (2011): *Global Development Horizons 2011: Multipolarity - The New Global Economy*. Washington DC.

⁽¹⁸⁾ See Iliana Olivé and Ignacio Molina (2011): «Índice Elcano de Presencia Global» *Estudios Elcano 2*. Real Instituto Elcano. Madrid.

India and Brazil are listed in the index as having a smaller global presence than small European countries such as Belgium and the Netherlands. This may be explained by the fact that they are large countries with a large domestic market but are not yet focused on building up their external presence. In any event, what the IEPG does underline is that the trend is pointing clearly to the increased presence of the main emerging countries in all areas.

In short, although the world economy is increasingly multipolar, the emerging countries are not yet capable of transforming their greater economic presence into political power and influence. They are a long way from holding a dominant position in international organisations and their efforts to reform the international monetary system and reduce their dependence on the dollar as the reserve currency and proving fruitless. Therefore, they can make themselves heard and express their frustration with the current international order but still lack sufficient power to change it, something that may possibly change gradually over the coming decade.

In this context, there is a risk of a power vacuum and lack of leadership in the international system because of the advanced countries (especially the US) withdrawing inwards, while the emerging countries are unable (but willing) to fill this gap. A similar situation arose in the interwar period, when the United Kingdom was no longer able to play the role of stabilising hegemonic power and the US was not yet willing to do so. Back then the consequences were dramatic, and it is therefore to be hoped that the international community will learn from its own historical failures.

■ CONCLUSION

This chapter examines the major sources of tension that remain in the world economy and could have a negative and security impact that cannot be underestimated. We have seen that the economic crisis is proving to be more serious than expected in 2010-2011, especially in the advanced countries. The epicentre of the problem is the Eurozone, which needs to solve the Greek and Italian debt problem to prevent the collapse of Greece from being just as or more serious than that of Lehman Brothers in 2008 and from spreading contagion to the European and the world economies. But tackling the restructuring of Greek debt requires the Eurozone to have new instruments of governance to stem the spread to other vulnerable countries (with problems of liquidity, not solvency) and to prevent the collapse of European banks holding Greek debt. All in all, it requires breaking the vicious circle that causes public and bank debt to feed on each other.

In addition to the problems of the Eurozone, the international economic context is complicated by the small scope for action available to both economic

policy, whether on a national or regional scale, and to international economic cooperation. The current situation of the world economy is very different from that of 2008 when the crisis broke out. Today, the scope of action for monetary and fiscal policies is minimal and there are also major uncertainties about the effect of setting in motion new demand stimuli. Likewise, as the emerging countries have weathered the crisis much better than the developed countries and are at a different stage in the cycle, it is almost impossible to design global cooperative stimulus policies that go any further than keeping protectionist pressure or competitive devaluation in check. Where there is greater scope for coordination is in strengthening global economic governance, especially financial regulation, access to energy resources and the fight against climate change. However, as these are long-term goals, they are not high on lists of priorities of the main powers which, logically, are centred on combating unemployment and on consolidating recovery.

Lastly, this two-speed recovery from the crisis (slow for the developed world and fast for the emerging countries) is speeding up the income convergence between rich and developing countries, while also reshaping trade and financial flows at a pace that is unprecedented in recent economic history. This means that the rich countries (especially of Europe) will experience a relatively faster economic decline than was expected only five years ago. Although the advanced countries will continue to maintain much higher per capita income levels than most of the emerging countries and their weight in international economic institutions (and in the military and technological fields) will continue to be dominant, their presence, power and influence in the world will gradually decrease and they will be more vulnerable to new threats than in the past.

In this context, international economic conflicts can be expected to intensify both because the emerging countries aspire to hold larger shares of power in international economic institutions and because they wish to shape globalisation in accordance with their interests and values, which do not coincide with those of the West. What is more, as the advanced countries will need to concentrate on their domestic economic problems, it is possible they might leave a certain power and leadership vacuum on the international scene which China, India or Brazil could attempt to fill.

In particular, it is possible that tension will be sparked in areas where the assignment of resources is more related to geopolitical and strategic variables than to market logic. An initial case is access to natural resources (energy, raw materials, food and water), for which there is no global regulatory framework to ensure that supply can meet the growing demand. Another is financial nationalism: as the sovereign funds or public companies of the emerging countries acquire more and more western companies, we may witness a new financial protectionism that also lacks a global regulatory framework capable of settling conflicts.

CHAPTER TWO

THE «ARAB SPRING» FREEDOM AND DEVELOPMENT OR FRUSTRATION AND CHAOS?

Haizam Amirah Fernández

ABSTRACT

The year 2011 has lived a strong jolt in the Arab region, and the effects will last over time. This phenomena has become known as the Arab Spring. Social protests are producing internal transformation in all countries of the region, from regime changes to attempts of constitutional reforms. But if anything has become clear is that the riots have not been leaded by religious radicals, neither during the demonstrations the establishment of theocracies was claimed by people as well as that european democracies have much to unlearn in the way they interact with their southern neighbors. After avoiding for long years even to name tyrannies such totalitarian governments, accepting the sacrifice of freedom in exchange for an apparent stability, this behavior will be difficult to erase. It's time to review these arguments with courage and determination in order to build a new regional stability based on respect for the dignity and the pursuit of common interests. Only through mutual understanding and the pursuit of shared interests a new more equitable and mutually beneficial relationship could be established.

Key Words:

Arab Spring, social protests, radical religious, regional stability

■ INTRODUCTION

The year 2011 marked a turning point in the relationship between the State and society in the Arab countries. The deep demographic, economic and cultural changes witnessed in the Maghreb and the Middle East in recent years gave rise to widespread social mobilisations against authoritarianism, corruption and lack of opportunities after a lengthy period of apparent resistance to change and deceptive stability.

In a matter of a year three autocrats who had been exercising almost absolute power were overthrown; democratic elections were held and others were scheduled for the following months; a civil war broke out and conditions conducive to the eruption of others took shape; a foreign military intervention took place; two bloody uprisings drew on with no signs of a rapid solution; emergency constitutional reforms were made; a few unpopular governments were reshuffled; and economic measures were taken to alleviate civil unrest. The outcome is undeniably startling. Although the new stage ushered in by the Arab countries in 2011 is accompanied by major uncertainties, it seems clear that it has shattered the status quo that prevailed in the Arab world and, with it, the appearance of stability of its political regimes and the lethargic image of its populations. Today it would be incautious to predict that any Arab country can remain unaffected by the current wave of changes.

The situation in the Arab countries, even with the existing differences between them, was unsustainable owing to the lack of opportunities, the high degree of repression and the growing socioeconomic difficulties of their populations. What is striking and of far reaching importance to the future of the region is not the fact that a wave of antiauthoritarian uprisings should have begun, but the speed at which it has swept from one country to another. It has also highlighted the non-violent and non-ideological nature of the protests (though the responses of some regimes sparked spiralling violence), which have relied largely on the new information technologies as a tool for communication, both internal and with the rest of the world, and of the cyber-mobilisation that was later taken to the streets and squares of different countries.

For decades it had been thought that any change of government in the Arab countries could only take place in one of the three following forms: a military coup, as occurred fairly frequently after these countries gained their independence; foreign intervention, such as the case of Iraq in 2003; or an ideological or religious revolution, as occurred in Iran in 1979. However, Tunisia and Egypt showed that this line of thought was mistaken, as this time change came from within these two countries, through civic social mobilisations. The population's demands were clear and very specific: that people be allowed to live decently and given opportunities for training and finding jobs in order

to contribute to the progress and development of their countries, as well as to their own prosperity and that of their family. The governments that arise from this transition phase will have to address these demands with concrete actions and tangible results, as otherwise they will turn their population against them.

■ THE YEAR THE «WALL OF FEAR» FELL

At the end of 2010, few experts and observers would have predicted that the first Arab authoritarian leader to be expelled from power would be Tunisia's president, Zine el Abidin Ben Ali, and much less that other autocrats would follow him within a few months. However, the spontaneous mobilisation of the Tunisian population against the man who was their all-powerful president for 23 years managed to topple the regime in a matter of weeks, a hitherto unseen feat in an Arab country in modern times. Ben Ali fled Tunisia on 14 January 2011, incapable of imposing his law and order on a population whose patience with authoritarianism and corruption had run out.

An incident which might otherwise have gone unnoticed –the act of extreme despair of Mohamed Bouazizi, a young Tunisian without future prospects who set himself on fire after being humiliated time after time by council agents on 17 December 2010 in the small town of Sidi Buozid– was the spark that ignited the deep-rooted civil unrest that is transcending borders. The Tunisian people proved that overthrowing an Arab dictatorship was easier than the Arabs themselves and the whole world had thought. A few weeks of spontaneous demonstrations that were neither violent nor based on a particular political ideology were all it took to drive out the chiefs of Tunisia's kleptocratic regime, starting with Ben Ali and his wife.

Mohamed Hosni Mubarak, the president who sowed the winds of repression, authoritarianism and corruption in Egypt for three decades, ended up reaping the storms of the people's frustration with him and his regime. After 18 days of bloody demonstrations in which the Egyptians shed their fear of taking to the streets to demand freedom, Mubarak was forced to step down from power on 11 February 2011. This dashed Mubarak's plans of dynastic succession, whereby the presidency of the country would pass to his son Gamal. The date marked the start of a political transition in Egypt, full of uncertainties but unimaginable only weeks earlier.

Ben Ali in Tunisia and Mubarak in Egypt seemed to dominate the political scene in their respective countries. To do so they relied on two key factors that had worked for them for more than two decades: a police State that exercised iron-fisted control of the population and the unconditional and uncritical support of the western countries. It is true that some human development

indicators such as education and income per capita were somewhat higher in Tunisia than in other neighbouring countries (even so, they were considerably beneath this society's potential) and that it had a larger middle class than other Arab countries. Nevertheless, the reasons that spurred the populations to rise up against Ben Ali and Mubarak are present in one way or another in the other Arab countries. Tunisian society set a precedent for other Arab populations whose expectations of a decent and prosperous life were –and in many cases continue to be– slim to say the least, if not practically non-existent.

Ten months later, the antiauthoritarian uprisings begun in Tunisia had already toppled three tyrannical regimes. Ben Ali was allowed to flee Tunisia and take exile in Saudi Arabia after a few weeks of social uprisings, the repression of which left several hundred dead and wounded. Mubarak was deposed and placed on trial after 18 days of mass demonstrations across Egypt that ended with several thousand people dead, wounded or missing. Gaddafi chose to put up a bloody resistance which, eight months later, had taken a toll of thousands of dead, wounded and victims of a wave of destruction that swept across Libya. The *dean of the Arab rulers* met his death after being located by Libyan rebels while fleeing from his last possible refuge in Sirte, his native town. It was not long before uprisings challenged Bashar al-Assad in Syria and Ali Abdallah Saleh in Yemen, countries that were teetering on the verge of civil war and economic collapse by the end of 2011. It seems evident that, unless the countries of the Maghreb and Middle East change their form of government, there will be more *ben alis*, more *mubaraks* and, in extreme cases of repression and defiance, more *gaddafis*.

Arab societies hailed 2011 as the year of the fall of the «wall of fear» erected by kleptocratic and repressive regimes, each in its own way. It also shattered the stereotype of the «Arab exception» to the waves of democratisation that had swept over various parts of the world during the twentieth century. Under different circumstances, and aware that freedoms are not granted but conquered, millions of Arab citizens risked their physical integrity to demand dignity, opportunities and good governance. Before the eyes of the whole world, social mobilisations spread throughout most of the Arab countries with the aid of the new information technologies.

■ THE ARAB WORLD IN DEEP TRANSFORMATION

Many profound changes are taking place in the Maghreb and Middle East countries, beginning with the gradual loss of fear of rulers who were formerly idolised by the authorities and by large sectors of society. The populations of these countries are saying that they have had enough after decades of authoritarianism and frustrations. The results of the social uprisings differ from

one place to another, but the transitions to a new relationship between State and society and to new models of governance are already under way throughout the south and east of the Mediterranean. A consequence of these changes is that the present and future governments of those countries will have to find an answer to a substantial part of their societies' demands, as otherwise the social mobilisations will intensify and turn against them.

■ Causes of the malaise

The spark which ignited the uprisings that spread across the Arab countries throughout 2011 was economic, although the underlying civil unrest clearly stems from political reasons. There is great discontent with regimes that offer no opportunities, are not representative and rely on repression to remain in power. The discontent that has been building up for decades in very young societies has been expressed through social mobilisations that are peaceful in their origins and with results that vary greatly from country to country owing mainly to the reactions of the regimes and, in particular, the armies of each of these countries.

The slogans chanted during the Arab revolts clearly show that the latter are not triggered solely by economic reasons such as unemployment and underemployment (which are considerably higher than the official figures) or the unceasing rise in the prices of staple goods and the consequent impoverishment of the population, which is reaching intolerable extremes. At the root of these protests lies unease with a corruption that is rife and ill-concealed, with a ruling class that is squandering the nation's wealth, with the absence of social justice, and with the failure to guarantee respect for individual freedoms and human rights.

If there is anything the Arab countries have in common –despite the huge differences between them– it is the obstacles which, for decades, have undermined any genuine democratising process, denied citizens equal opportunities, distorted market freedom and, all in all, stood in the way of progress and human development. In 2002 the United Nations Development Programme published the first in a series of *Arab Human Development Reports*. Its aim was to identify the challenges faced by Arab societies and propose changes for helping them out of the many-sided crises in which they were immersed. These reports, compiled by Arab researchers and intellectuals, were internationally acclaimed and analysed the failings of the Arab world (chiefly the deficits in freedom, the protection of women, access to knowledge and human security)⁽¹⁾, which were –and still are– a source of discontent and frustration for large sectors of the population.

⁽¹⁾ The five *Arab Human Development Reports* published to date are available at <http://www.arab-hdr.org> (in English and Arabic). The Real Instituto Elcano hosted the presentation in Spain of the 2004 and 2005 reports, of which executive summaries are available in Spanish at: <http://www.realinstitutoelcano.org>.

The *Arab Human Development Report* of 2004 focused on the «deficit of freedom» that affects Arab societies. Nobody who read the report should have been surprised by the wave of antiauthoritarianism that emerged in the Arab world in reaction to the oppressive atmosphere in which change, innovation, creativity, critical thinking questioning, problem solving and practically any kind of non-conformity is discouraged if not severely punished. To this should be added the systematic denial of rights with repercussions on the lives of millions of people; discrimination for reasons of ethnic group, religion, gender or family; inequality of opportunities; impenetrable bureaucracies and the arbitrary application of the law; and governments' lack of transparency. All this has become a breeding ground for the social malaise associated with despair and lack of prospects of improved living conditions.

A common characteristic of the Arab world is that for decades its leaders equipped themselves with powerful security forces and intelligence services (*mukhabarat*), always with the aim of ensuring the perpetuation of the regime. Access to jobs in these services depends on clientelist considerations, with personal and family loyalties counting for more than merits and willingness to serve the public. The absence of institutionalised controls leads public to be confused with private, and State interests with the interests of the regime. The degree of corruption and power abuse generated by this dependence on a police State has a very high cost for national wealth and deeply distorts economic activity. The apparent stability displayed by these political systems gives rise in turn to a latent instability as a result of the frustration of the population, who are familiar with and victims of the excesses of the agents of power.

The Egyptian political scientist Nazih Ayubi stated more than a decade ago in his great work *Over-Stating the Arab State* that the fact «[that] the Arab state is an authoritarian state, and that it is so averse to democracy and resistant to its pressures should not, of course, be taken as a measure of the strength of that state, indeed, quite the reverse»⁽²⁾. According to Ayubi:

A strong state should also be distinguished from the «fierce» state, which is so opposed to society that it can only deal with it via coercion and raw force (hence the «police state», the «security state» and the «*mukhabarat* state»). The strong state is complementary, not contradictory, to society, and its strength is not demonstrated by its subjugation of the society but by its ability to work with and through other centres of power in society⁽³⁾.

In the long run, this fierceness makes them weak States, whose continuity becomes unsustainable. What many Arabs have called for throughout 2011 is

⁽²⁾ Nazih N. Ayubi (2008): *Over-Stating the Arab State: Politics and Society in the Middle East*, I.B. Tauris, London, p. 447.

⁽³⁾ *Ibid*, pp. 449-450.

a transition to a strong State, as they could no longer bear the fierce State that strangled and impoverished them.

Many Arabs feel a deep discontent with everyday injustices and humiliations, but the regimes know that it is only empty stomachs and empty pockets, coupled with a lack of prospects, that spur people to take to the streets. Hunger and poverty are the chief threat to the all-powerful lifelong heads of state in the region's republics and monarchies. The current levels of state subsidies and corruption are unsustainable. On the one hand, some subsidies need to be drastically cut in order to square the states' accounts, and this would cause unbearable damage to the populations. On the other, the despots remain in power because they depend on highly corrupt clientelist systems in which the doling out of privileges depletes the nations' coffers. The problem is that there are increasingly more citizens to be fed and more loyalties to be bought. Unless the government revenues are hugely increased in order to meet so much expenditure, the essential subsidies and buying of loyalties cannot continue and the current clientelist model on which authoritarianism is based will crumble.

■ Drivers of change

For years the Arab countries have been undergoing internal transformation processes linked to demographic factors, the more active role played by women in society and citizens' increased awareness of what goes on beyond their borders. Despite their importance, these factors went almost unnoticed to many within and outside the region. However, to avoid committing this perception error again, it must be realised that these transformation factors are here to stay, as they are much deeper and determining than any policy of containment that a local governor or a few external actors may apply.

Despite the differences in the social models and political systems of the Arab countries, many of their inhabitants have in common a deep indifference towards the representatives of power. Lack of opportunities to progress, rampant corruption and the increasingly high cost of living are triggering frustration and anger that are becoming more and more difficult to suppress. Some viewed what happened in Tunisia as an isolated case, but time proved that it was a consequence of deeper phenomena that will render unsustainable the region's current forms of government based on authoritarianism and imposition.

Apart from the aforementioned differences, most Arab societies are in the grip of a «crisis of lack of future prospects». Two-thirds of the region's population are aged under 30. At the same time, their current life expectancy is probably the highest it has ever been in Arab history (about 75 years in the Maghreb). However, their prospects of living without fear of the authorities and with opportunities to prosper are increasingly slim. This should not come

as a surprise, as it is the result of the exercise of power without control or counterweights by regimes whose *raison d'être* is perpetuation at any price. Holding absolute power for a long time blinds authoritarian leaders to an elementary fact: that rising pressure eventually causes an explosion.

The average age of the Arab populations is about 22 (compared to the world figure of 28 and 41 in Spain). Internet use in Arab societies as a whole –more specifically among young men and women– has not ceased to rise in past years. Several Arab regimes are notable for having imposed severe restrictions on freedom of expression and internet use. However, young Arabs seek in the Web the spaces for communication and activism they lack in *real* life, and therefore they are always finding ways around controls.

The uprisings that broke out in December 2010 proved how social networks like Facebook, Twitter and YouTube, among others, are used to accompany protest actions in the streets. They also kept the rest of the world informed of what was going on there. Although the use of social networks in the Arab countries is uneven and lower than in western countries, social networking traffic is growing very fast in those countries. This is bringing about a shift in the role of the individual from mere receptor of information or messages to generator of information and images (which can be transmitted in real time using a mobile telephone or camera and seen all over the world). The individual is thus becoming an agent who mobilises people with similar ideas and shared interests.

Acting as generators of information, many Arab citizens are transforming the political culture of their societies, where the role of the individual is becoming increasingly important. Although paradoxical, this prevents individual solutions from being sought to problems that affect large sectors of society. The aim is to find collective solutions through activism and the sum of many individual mobilisations both within society and in contact with activists outside it. Altogether, these dynamics are triggering new forms of protests and activism that are part of more global phenomena whose expressions intensified during 2011 in different countries and continents. An increasing number of Arabs are behaving not only as Arabs but as citizens in an interconnected world.

The use of information technologies is not limited to the internet. The advent of satellite television channels in general and of al-Jazeera in particular, since 1996, has considerably changed the political culture of Arab societies. These societies were previously accustomed to the hegemony of the State- and government-controlled media that served each regime. There was no diversity of opinion or space for opposition or dissidence. Nor did they deal with many issues that were considered taboo or forbidden by regimes. Al-Jazeera has established a different approach to the issues that matter to the Arabs, above

all in debates with clashing opinions that verge on controversy on many occasions. Indeed, during its 15 years of life this channel has come up against the criticism of nearly all the Arab regimes and has been accused of many things, some even contradictory. This indicates that it has sparked a great deal of debate and interest.

Al-Jazeera played a very important role during the Arab revolts of 2011, broadcasting in direct from the source of the news and giving voice to the sectors that were calling for the fall of the authoritarian regimes (and also to the spokespeople of those regimes). It also played a central role in generating a feeling of identification and empathy between Arab citizens of different countries. In case there was any doubt, this identification clearly underlined the urgent need to create both economic conditions and political representation to meet the needs and aspirations of populations that are increasingly connected with the outside world and with each other.

■ **SOME IMPLICATIONS OF THE «ARAB SPRING»**

■ **The Arab armies vis-à-vis the antiauthoritarian uprisings**

80

The role played by the Tunisian army in overthrowing Ben Ali took the world by surprise at the beginning of 2011. The Tunisian armed forces, specifically the army chief of staff General Rachid Ammar, precipitated Ben Ali's flight by disobeying his order to take over from the police and the National Guard in crushing the demonstrations, including the order to shoot to kill against demonstrators. At the time some viewed it as a unique case, as this army is much less politicised than those of other neighbours such as Algeria and Egypt, and concluded that such a situation could not be repeated in other Arab countries.

However, the same dilemma faced by General Ammar resurfaced in Egypt a month later: given the intensity and scope of the social uprisings, the choices were either to obey the presidential orders with the inevitable result of many thousands of deaths, the army's total discredit in the eyes of the population and guaranteed international criticism, or to consider that the time had come to put an end to the mandate of a leader who was entrenched in power and hated by the people. By choosing the second option, the Egyptian army earned the respect and admiration of its fellow citizens. Nonetheless, the military council's promises to act as a guarantor of the transition process that began with Mubarak's removal from power on 11 February 2011 lost credibility during the following months. On the one hand, the military council –the same one that existed when Mubarak was president– concentrated de facto power in its hands and many of its actions were viewed as interference with the transition process. On the other hand, the

Egyptian military took an active part in the physical and judicial repression of peaceful demonstrators and dissidents after the fall of Mubarak.

■ Islamists and the moment of truth

The results of the elections held in some Arab countries in the last quarter of 2011 –more transparent and democratic than usual– were favourable to political groups with Islamist leanings. In Tunisia the En Nahda party –harshly repressed during Ben Ali’s rule– won 89 out of 217 possible seats on the Constituent Assembly in October, securing the premiership, while a social democrat headed the Assembly and a nationalist was president of the Republic. In the legislative elections held in Morocco, the Islamist Justice and Development Party (PJD) won 107 out of the 395 seats and the position of prime minister. The Islamist Freedom and Justice party, linked to the Egyptian Muslim Brothers, won the first of the three rounds of legislative elections in Egypt in which the Salafist al-Nur party, which represents a fundamentalist version of Islam linked to Saudi Arabia, obtained significant support.

Despite the alarm bells these results set off both within and outside these countries, the deep transformations in the Arab world have only just begun and will continue for a long time until they become firmly established. The electoral success of the Islamist parties in Tunisia, Morocco and Egypt indicate voters’ preference for parties that call for moralising public life and present themselves as champions of the fight against widespread corruption. Taking into account the turnout rates and the official results of each political group, in Tunisia 20 out of every 100 potential voters gave their vote to En Nahda, whereas in Morocco only 8 out of every 100 potential voters backed the PJD. This shows that, although in these countries the great majority of the population is Muslim, this does not mean that they will necessarily vote for Islamist parties. These figures ought to spur the rest of the political parties to make an effort to be more in tune with the populations, offer credible and encouraging political programmes and, above all, not stand for elections fragmented and appealing to voters’ fear of Islamism.

From illegality to legalisation and competition for votes, the Islamist parties are an important but not the only force in the new political realities currently emerging in an Arab world engaged in deep transformation. They should not be feared for the fact that they are Islamist, although there would be cause for concern if totalitarianism of any kind were to prosper in the absence of democratic game rules agreed and respected by the majority of political and social forces.

The kleptocratic Arab regimes have been –and several still are– genuine incubators of a malaise that often translates into religious fundamentalism, yet

they have received, and some continue to receive, the uncritical support of the western governments. For years the Arab autocrats brandished the Islamists as a scarecrow to sow fear in western society. This, coupled with the actions of the most extremist sectors that act in the name of Islam (criminal groups such as al-Qaeda or angry protests that erupt during crises such as the Muhammad cartoons), has given rise to a perception of all Islamists as radical, violent and hostile to the West. Reality is much more varied. It should not be forgotten that numerous Islamist leaders have lived or studied in western countries and are familiar with their languages and cultures.

Various Islamist organisations have set in motion social services networks including hospitals, schools and banks to aid large sectors of society, particularly the most underprivileged. In other words, in the absence of a State that meets the population's needs, these Islamist movements have reached areas from which the State was absent. However, if the State functions as is expected of an effective democratic system, the appeal these movements may hold for the population will not be the same as during the dictatorships. It is not the same thing to possess legitimacy by having exercised opposition to the dictatorship and suffered repression as to have earned it through good management of public affairs.

Arab societies are calling for a new climate of freedom, dignity and justice which they have not enjoyed in the past, as well as opportunities and tangible results (jobs, prosperity, social advancement, the end of corruption). The new governments that emerge from the elections will have to address the real problems these countries are suffering from, among them a food shortage, which is widespread in the region (and particularly acute in Egypt, the largest importer of wheat in the world and among the African countries worst affected by the shortage). Religion does not feed empty stomachs and therefore Islam in itself cannot achieve the specific results the populations are demanding.

The Islamist parties cannot ignore their countries' dependence on the outside world, which is expressed in the form of external assistance, foreign investment and revenues from tourism (in 2009 economic activities related to tourism accounted for more than 15% of Egypt's GDP, and about 17% of GDP in Tunisia)⁽⁴⁾. Therefore, when the Islamists assume government functions, their agendas cannot be expected to be dictated by the more radical sectors, as the national economies depend on other countries for funds and, above all, to feed millions of mouths.

There is often speculation as to whether the Islamist parties are using a moderate discourse as a ploy to gain more influence in their countries and earn the confidence of other countries. The only way of judging if this discourse is genuine is through knowledge of these parties and the model of State they

⁽⁴⁾ Data provided by the World Tourism Organization, available from: <http://www.unwto.org>

propose (for example, the role the Sharia or Islamic law would play within the legal system; what interpretations of the Sharia they favour; their economic model; and the bases of relations between State and society). In this new period it is essential for democratic societies to establish dialogue with all the new actors committed to the rules of political alternation and respect for diversity, without exception. Only through mutual knowledge and the pursuit of shared interests will it be possible to dispel mistrust and establish new relations that are more equitable and respectful of populations' wishes.

Another point to consider is that the Islamists do not constitute a uniform, seamless bloc. On the contrary, divisions within these movements are becoming increasingly common for various reasons, such as the existence of generational differences among their members, which influences their preferences and options when it comes to designing their policies. In addition, parties and political and social forces with a religious underpinning do not share the same objectives or the same vision. What is more, they lack the means to transform their countries' economies if they manage to form a government. Indeed, this is creating internal tensions in the Islamist camp as to how to proceed in a new period in which, for the first time, it is necessary to compete for votes.

The new political groups that are springing up in the Arab world stand much gain from the international support they can receive, and from having an open attitude to the outside world. Among other things, it is useful for them to learn about the experiences of countries which have gone through their own democratic transitions in recent decades. In this respect Europe has a lot to offer, as its experience is recent in Southern Europe in the 70s and in Eastern Europe in the 90s. At any rate, the idea is not to teach lessons but to show the successes and mistakes made and share the different alternatives available to these new political systems that need to be shaped.

■ **The failure of al-Qaeda and the *jihadist* ideology**

The international landscape at the beginning of the twenty-first century was largely marked by events that occurred or originated in the Middle East. The first decade of the century began with the macro-attacks of 11 September 2001 committed by the al-Qaeda network in the name of global *jihadism*, whose origins were in the Arabian Peninsula and whose leader, Osama bin Laden, had his haven in Afghanistan. The US Administration, then headed by President George W. Bush and dominated by the neo-conservatives, reacted by invading first Afghanistan, followed a year and a half later by Iraq. The so-called «global war on terror» thus became a centrepiece of international relations, and authoritarian Arab regimes who joined it received diplomatic, economic and military support. The violent actions committed by radical Islamist groups over

the past years sparked the proliferation of negative attitudes and perceptions of Arabs and Muslims as a whole all over the world.

During the decade from 2001 to 2010, the countries of the Middle East and the Maghreb underwent deep transformations. If the best-remembered image of the beginning of that decade associated with the Arab/Muslim world is that of a passenger plane crashing into one of the Twin Towers in New York, the image that has marked the beginning of the current decade is that of the Tunisian and Egyptian people taking to streets to demand, using peaceful means, an end to their oppressive regimes. These two snapshots provide a perfect contrast between two diametrically opposite visions of how changes in this part of the world can be triggered: using military force or violence in the name of religion, or from within through peaceful social mobilisation.

The al-Qaeda network and its extremist ideology which justifies the use of terrorism to bring about political changes have been dealt a harsh blow since the beginning of the revolts of 2011. Neither were its sympathisers capable of spurring millions of Arabs to take to the streets, nor did they have a visible presence in the antiauthoritarian mobilisations, and nor will the fall of the dictators be attributed to them in the future. Nor did the local branches of al-Qaeda take any action to turn the events in their favour at the most critical moments. The demonstrators' (though not the regimes') repudiation of violence, coupled with the absence of widespread demands for the establishment of a theocracy, were a further reminder of the very limited appeal the *jihadist* options hold for the populations of the Maghreb and the Middle East.

■ Domino effect in the uprisings, but not in the results

The success or failure of the antiauthoritarian revolts of 2011 will depend on both internal and external factors of each country and its context. The conditioning factors that will mark the forthcoming period and will determine whether the populations' democratic aspirations are fulfilled or whether the transition processes fail include the following:

- 1) The will and capacity of the political forces to establish a culture of cooperation and consensus-building and to shun maximalist stances. This is probably the biggest challenge after decades of totalitarian rule and the exclusion of any real political opposition from the management of public affairs.
- 2) The ability of the political and social forces to reconcile democratic demands with meeting social needs, beginning with the creation of jobs and stemming price rises. Any unjustified slowness in this respect could trigger new waves of social frustration that could be seized upon by those who are nostalgic for the old regime.

- 3) The economies of the countries undergoing transitions have been badly dented by months of revolts and instability, owing among other reasons to the slump in international tourism. The sooner the productive sectors recover, the greater room for manoeuvre of the governments in charge of managing public affairs during the transitions. International support is of paramount importance in this respect.
- 4) How the young population relates to the political class will be crucial. The political elites of the old regime, and of the opposition, often belong to a generation of veterans. Whether or not the young people who have borne the brunt of the revolts feel represented by them will depend on their ability to bring in new faces.
- 5) External support or complications will contribute to the success or failure of the Arab transitions. Neighbouring authoritarian regimes cannot be expected to desire the success of the democratic experiences, as they could inspire their own populations go down a similar route. The European Union (EU) countries have an important role to play in ensuring that the Arab societies' aspirations of freedom and good governance are fulfilled.

■ A CHANGE IN THE STABILITY MODEL

The removal from power of Ben Ali marked the downfall of a model that appeared sound and was an example for other neighbours. After the overthrow of Saddam Hussein and the chaos experienced in Iraq on a daily basis, the Arab authoritarian regimes did not cease to remind their populations that dictatorships are a lesser evil, as they guarantee order and security. At the same time, they reminded the United States and Europe that the alternative to those regimes was anarchy, violence and greater influence of the radical Islamist groups. What occurred in Tunisia seems to have disproved the inevitability of such an apocalyptic scenario (indeed, those who attempted to sow panic following the exit of Ben Ali were the groups loyal to the regime, who did not hesitate to shoot at the population).

The model established by Ben Ali in Tunisia had gained the almost unanimous support of western leaders. The country was presented as an island of stability in a troubled region, while its economic performance had earned it the praise of international financial institutions (it was often described as an «outstanding student»). In his endeavour to dominate the whole political scene and the media, Ben Ali mercilessly did away with any genuine political alternative, be it socialist, Islamist or nationalist, and rarely secured less than 99% of the vote when re-elected (a record 99.91% in 1994). He thus managed to present himself as a brake on the advance of radical Islamism in the Maghreb region and a bastion of economic liberalism throughout the Arab world. In return,

the western democracies refrained from criticising the fact that Ben Ali had converted his country into a family fiefdom.

Tunisians were aware of the nature of the regime that governed them, but Wikileaks' revelation of certain US diplomatic cables from Tunisia early in December 2010 had an immediate effect on the country, particularly a cable signed by the US ambassador, Robert Godec, on 23 June 2008 entitled «Corruption in Tunisia: what's yours is mine» (08Tunis679). It describes Ben Ali's extended family as a «quasi mafia», including the relatives of his wife, Leila Trabelsi. The consequences described by the ambassador were devastating: «Tunisian investors –fearing the long-arm of “the Family”– forgoing new investments, keeping domestic investment rates low and unemployment high [and this has helped] fuel frustration with the government». Another phenomenon he referred to was «low-level corruption as well in interactions with the police, customs, and a variety of government ministries». Anyone familiar with the region knows that these phenomena of everyday low-level corruption were widespread, out of either necessity or greed.

For his part, since his advent to power in 1981, Mubarak had played with the advantage of his regime's strategic value to the international powers, to whose eyes it was essential to the stability of the Middle East and of Egypt itself, the most populated country in the region. Despite heading a police regime which dominated the country through intimidation, repression and a corrupt clientelist system, Mubarak knew how to assert his position both regionally and within the country. On the one hand, Egypt was the first Arab country to sign a peace treaty with Israel in 1979. What is more, for many years it played a central role in Arab politics, establishing positions and influencing joint decisions. On the other, Mubarak managed to convince his international interlocutors that Egypt could only be governed with a firm hand and that the alternative to his regime would necessarily be Islamist and, furthermore, radical.

Like other Arab authoritarian regimes, the Egyptian regime was underpinned by powerful security forces and intelligence services. People's aspirations of greater freedom and good governance were viewed with great mistrust, and the advocates of such aspirations were treated as enemies of the State. The revelations made by Wikileaks showed that at the beginning of 2009 the US ambassador to Cairo, Margaret Scobey, held the opinion that «the government of Egypt has not begun serious work on trying to transform the police and security services from instruments of power that serve and protect the regime into institutions operating in the public interest» (cable 09Cairo79, of 15 January 2009). She also stated that police brutality is widespread and that the «security forces still resort to torturing Muslim Brotherhood activists who are deemed to pose a political threat».

Western governments based their pursuit of stability in the Maghreb and Middle East on almost always uncritical support for repressive and internally delegitimised regimes in return for keeping their societies under control, allowing access to resources (chiefly energy) and trade and economic relations. The root problem is that this support, both from the EU and the US, did not translate into substantial progress towards good governance and the rule of law. Nor did it help generate opportunities or create sufficient jobs in societies brimming with young people who aspire to much more than prospects of a decent standard of living and are increasingly in contact with the outside world. Nobody can escape the fact that the West's excessive permissiveness towards the Arab lifelong dictators has helped widen the economic and emotional gap between the two sides of the Mediterranean.

Western policies towards the Maghreb and the Middle East have often been centred on fighting real or perceived threats such as terrorism and illegal immigration, and this has allowed the Arab authoritarian regimes to restrict their populations' freedoms and political and social rights with almost complete impunity. It is the sum of these elements of social malaise that triggered the widespread mobilisations against the abuses of power in the region as a whole.

The antiauthoritarian uprisings in the south and east of the Mediterranean took Europe's institutions and governments by surprise. In the months that followed the fall of Ben Ali, Mubarak and Gaddafi, the EU and its Member States attempted to adapt to the new regional environment, combining expressions of support for the transitions already begun with the old policy of backing autocracies with common interests. The incoherence of Europe's external actions is reflected in its different responses to the crimes against humanity committed since February and March 2011 respectively by the regimes of Gaddafi in Libya and al-Assad in Syria⁽⁵⁾, among others. In the case of the former, an international military intervention was launched from Europe and put an end to the regime of the *Jamahiriyah*, whereas in the case of Syria for many months the EU merely condemned the repression and imposed a few sanctions on prominent members of the regime.

The European institutions reacted to the new Mediterranean situation with two joint communications issued by the European Commission and the High Representative⁽⁶⁾: the first, dated 8 March, proposes setting up an a Partnership for Democracy and Shared Prosperity with the southern Mediterranean, while the second, dated 25 May, considers revising the European Neighbourhood Policy (ENP). Both communications offer incentives and promises of support for the countries that make the most progress towards a «deep democracy»

⁽⁵⁾ Several human rights organisations, such as Human Rights Watch and Amnesty International, have documented the crimes against humanity committed by these two regimes throughout 2011.

⁽⁶⁾ Available respectively from: http://www.eeas.europa.eu/euromed/docs/com2011_200_en.pdf; and: http://ec.europa.eu/world/enp/pdf/com_11_303_en.pdf

and state that «the EU needs to rise to the historical challenges in our neighbourhood». Despite the good intentions and some novelties such as a limited increase in financial resources and the announcements of «mobility partnerships», the new approach overly recalls the language and promises of the past, which proved to be highly insufficient owing to lack of political will⁽⁷⁾.

The Mediterranean policies promoted by the EU have been criticised for decades for failing to muster the political will or necessary means to achieve the announced objectives, such as creating an area of peace, stability and prosperity around the Mediterranean, as stated in the Barcelona Declaration of 1995. However, the tacit agreement whereby the EU lent its almost uncritical support to regimes detested by their populations in exchange for stability and access to resources has ceased to be valid in the new context. In this connection, there was an implicit recognition of this reality made by the first of the aforementioned joint Communications of the Commission and the High Representative, which states that «the EU has to take the clear and strategic option of supporting the quest for the principles and values that it cherishes».

The time has come for the western powers –and, specifically, the EU countries– to reassess the real cost of the model of stability that the Arab regimes promised them in exchange for their unconditional support. It is tempting to return to the old model by supporting more or less authoritarian leaders who maintain the domestic order, even if it is through repression and corruption. The doubt is whether, now that these societies' «wall of fear» has been demolished, it will be possible to return to the old stability. This new period calls for Europe's citizens and leaders to reflect on whether their security and their economic interests in their neighbourhood are better guaranteed by «fierce states» or by strong states.

■ THE FUTURE OF EURO-MEDITERRANEAN RELATIONS

The uprisings against authoritarianism in the EU's southern neighbourhood took many people by surprise both within and outside the region, including the European institutions and governments, whose capacity to foresee, analyse and react was called into question. For some time Europe has been criticised for the lack of consistency between its statements and its actions in the southern Mediterranean. The rift between the values the EU embodies and the results of its policies towards the Maghreb and the Middle East is by no means new. In Euro-Mediterranean relations, the contradictions between the short-term political calculations and declared goals of the major regional initiatives have

⁽⁷⁾ A debate on the need for more than a change of approach can be found in: Haizam Amirah Fernández and Eduard Soler i Lecha, «Hacia un cambio de paradigma en las relaciones euromediterráneas», ARI 76/2011, Real Instituto Elcano, 27 April 2011. Available at: <http://www.realinstitutoelcano.org>

been a constant factor over the years. Similarly, the external action of some influential European countries in the region has not always been in tune with the guidelines laid down by community policies. However, those incoherencies and contradictions have been brought to light since the beginning of 2011 as a result of the wave of social uprisings in the Arab countries against authoritarian regimes that were allies of the European states. Even so, it is precisely now that Europe has a chance to address these incoherencies and contradictions.

Although the EU's image in the southern Mediterranean is not at its best, and despite the fact that Euro-Mediterranean cooperation has not aroused a great deal of enthusiasm from Europe's foreign ministries for years, it is impossible to look the other way and ignore what is going on in the EU's southern neighbourhood. The Euro-Mediterranean area is and always has been central to the Union's foreign relations. This area has witnessed a succession of initiatives spearheaded to a greater or lesser degree by the European institutions. Since the 90s, the EU has presented many initiatives aimed at its southern neighbourhood. The Euro-Mediterranean Partnership, established in 1995, was aimed at creating an area of peace, stability and shared prosperity around the Mediterranean. The European Neighbourhood Policy (ENP), launched in 2004, aimed to promote a «ring of friends» in Europe's new periphery, while the Union for the Mediterranean (UfM), launched by the French president Nicolas Sarkozy in 2008, was based on major regional structuring projects, although it has remained in a state of semi-paralysis since its inception.

Despite the proliferation of regional frameworks, the persistence of regional conflicts in the Middle East and the Maghreb combined with the lack of political will displayed by the authorities on both sides of the Mediterranean and the weak role played by their respective civil societies have prevented the established objectives from being achieved, at least for the time being. Indeed, there is a widespread feeling of fatigue and frustration owing to the paltry results of these initiatives as far as political reform and democratic progress are concerned. The objectives therefore need to be clearly defined and the policies and means of achieving them thoroughly revised. There is an urgent need to promote political, economic and social convergence in order to prevent the Mediterranean from becoming the «iron curtain» of the twenty-first century, and this involves a «mental revolution» from the European side in order to understand and react to the wave of antiauthoritarian changes.

In addition to these genuinely Euro-Mediterranean initiatives, repeated attempts have been made –with varying discretion– to keep alive the Euro-Arab dialogue, set up a subregional dialogue in the western Mediterranean known as 5+5 and, in parallel, the robust bilateral policies pursued by some EU Member States with Mediterranean third countries. In this respect, the Mediterranean is one of the areas to which the EU has devoted the most efforts and in which

there has been greater creativity and imagination in rethinking the frameworks for cooperation. However, it is also one of the areas that have accumulated the most disappointments. The changes and uncertainties the region is currently experiencing call, on the one hand, for deep reflection on how this situation has come about and, on the other, for a joint effort to find a way out of this apparent dead-end and make the most of the opportunities that arise in the new era.

The European partners need to reach an agreement to act jointly and determinedly, resorting to political conditionality whenever necessary in order to actively promote good governance and balanced development in the Arab countries. This will contribute necessarily to creating opportunities for the societies and economies of both sides. Formulas should also be sought for renegotiating these countries' debt and relieving it in keeping with their democratic progress and institutional reforms (including an improvement in judicial independence and the transformation of the security forces). Similarly, support should be given to efforts to repatriate the wealth plundered by the overthrown regimes and place it at the service of these countries' economic and social development. No less important a goal is to address the different models, both political and economic/administrative, and the lessons learned from the transitions experienced in Europe in recent decades.

For a period that may last years, it will be difficult to apply a common EU approach to the southern neighbourhood, as the changes under way may lead to very different scenarios. For the time being, three basic scenarios can be predicted in the Arab countries: (1) a majority swing towards democratic transitions; (2) very different situations from country to country, combining democratisation and repression; and (3) counterrevolutionary processes spurred by «old guard» forces or radical sectors, endangering the trend begun in 2011. It remains to be seen how the events will develop, but which scenario materialises will largely depend on how the EU helps create a democratic, stable, prosperous and peaceful southern Mediterranean, as this is what its populations are calling for.

The EU and its southern neighbours cannot remain entrenched in the same sensation of paralysis of the past years. Solutions need to be found and an assessment made of the best way of achieving them: through bilateralisation, another type of multilateralism, or «recommunitarisation», or by making use of and reforming that which has proven its usefulness. At this stage it is necessary to commit to providing the ENP with a powerful multilateral dimension in the south that can progress in parallel with the Eastern Partnership, piloted by the Commission in close contact with the governments and societies of the neighbouring countries. More resources are required and, above all, better use of those available to support specific economic and social development projects that make a visible difference to citizens' lives.

If properly used, conditionality can reinforce the system of incentives/disincentives necessary to promoting good governance and balanced development within the southern Mediterranean countries. A process of healthy competition between them in promoting reforms needs to be introduced. With countries that have proven to be advancing satisfactorily in their process of political transition (criteria must be established for what this means), a more ambitious framework of partnership should be considered, featuring a new generation of partnership agreements that go beyond the vague proposals for «advanced status». What is more, democratic progress in particular countries should be accompanied by greater facilities for the movement of their citizens within the EU through the signing of mobility partnerships, as proposed in the aforementioned Communication of 8 March.

Furthermore, it is necessary to take advantage of the wave of mutual sympathy unleashed by the Arab uprisings between citizens on both sides of the Mediterranean. Their respective civil societies will be an essential driver in bringing about a paradigm shift. Relations need to go further than the current approach centred on communication between elites and should be progressively extended to greater contact between societies. This is also the responsibility of the organisations of the respective civil societies. There is a need also to be prepared to react quickly and forcefully in the event that a country opts for repression or regression in the democratisation process, against its citizens' will. The EU must not choose silence but needs a more courageous declarative policy, more objective criteria in evaluating the pace of reforms and a single voice to denounce abuses against the freedoms of citizens of neighbouring countries.

In the future, perhaps the UfM will be the framework in which political dialogue and Euro-Mediterranean regional integration take place. However, at a time as critical, vulnerable and changing as the present, it would be wrong to think that this is the most useful framework for channelling European responses to the new political situation and our partners' development and cooperation needs. However, there is nothing to prevent the Secretariat of the UfM from seeking partners to launch effective and feasible technical cooperation projects. If it were to succeed in doing so, it should receive the necessary support from the Member States and European institutions.

■ **A new Mediterranean with greater opportunities and risk**

Events in the Arab world and their developments should matter to the western countries, and particularly Europe, as there is much at stake owing to the stability, interests and opportunities that can arise from a southern Mediterranean undergoing transformation. Europe is the main trading partner and creditor of Tunisia, Egypt and Libya (and of other Arab countries). Since

the fall of their dictators, European governments and community institutions have issued declarations in support of the political processes under way. It would be incomprehensible for the EU not to play a central role in providing active support to the political transitions begun in these three countries and in those that may follow.

There is much at stake for the European societies, both if the incipient transitions in Arab countries are thwarted –owing to the frustration and radicalism that could be triggered and spread throughout the region– and if they advance gradually towards participative systems with separation of powers and where economic and social development is inclusive. In the latter case, the opportunities that would arise for the European economies in a more democratic and prosperous Mediterranean would be huge. These changes may translate into investment possibilities, greater trade, transfer of knowledge, joint projects and other economic advantages. They may also signify a chance to seek another form of regional stability in the Mediterranean area that is not based on uncritical support for authoritarian regimes.

The transitions begun in some Arab countries and those that may be undertaken in the not too distant future will be a major focus of attention on the international agenda. The characteristic uncertainties and difficulties of making the transition from authoritarian regimes to participative systems will mark much of the Euro-Mediterranean agenda for years to come. These uncertainties are arousing fears in Europe of the threats and risks that may emerge as a result of the transformation of the police States of the south. Many voices do not conceal their concern about the possible arrival of refugees or new flows of irregular immigrants from northern Africa, the possibility of radical political parties rising to power in democratic elections and the risk of the spread of the activities of terrorist or criminal organisations. Nevertheless, although aware of these possible –but not inevitable– risks, it would be a big mistake for an indecisive EU engrossed in its own internal problems to allow itself to be guided chiefly by these fears.

The EU should compensate for its slow reaction to the demands for democracy by involving itself firmly and generously (with respect to funding, but above all to political will) in promoting the transitions to democracy. To this end it is necessary to abandon an approach centred, on the one hand, on «securitising» Euro-Mediterranean relations and, on the other, on confiding in the ability of trade and economic liberalisation to solve all problems and bring about democracy and good governance. Experience has shown the fallacy of this line of reasoning. Nevertheless, it is necessary to reflect seriously and realistically on the liberalisation of agriculture and its role in future Euro-Mediterranean relations, going beyond free trade to address aspects such as rural development and territorial cohesion. Europe can offer valuable experience in this and in other fields.

The test of the success of the Euro-Mediterranean policies will come when citizens of the south no longer need visas to move around the north, but also when there is greater mobility –so far very slight– among the southern populations. Just as the transitions begun in some Arab countries will require a great deal of effort and learning from mistakes, Europe must reflect on its own policies of the past in order to realise that the more satisfied the inhabitants of the southern Mediterranean are with their own countries, the better off everyone will be on both sides. In this new context, the EU would be well advised to gauge the success of any initiative using a specific, simple criterion: whether or not it contributes clearly to increasing the opportunities for greater wellbeing for large sectors of societies south and north of the Mediterranean. Unless this takes place, the roots of future instability will remain in place.

■ CONCLUSION: FREEDOM AND DEVELOPMENT OR FRUSTRATION AND CHAOS

On 14 January 2011, the myth that an autocratic Arab regime could never be toppled by spontaneous, peaceful and non-ideological social protests was disproved, triggering a regional turmoil whose effects will continue. Bouazizi's spark lit the fuse of a movement that spread across almost all of the Middle East and the Maghreb within a few months, giving rise to what has become known as the *Arab spring*. The deposed lifelong leaders must have thought that their peoples would remain passive, subjugated by fear or lethargic forever, but their distorted view of reality stemming from decades of absolute power blinded them to an elementary fact: that increasing pressure eventually leads to an explosion.

Tunisian society set a precedent for other Arabs whose prospects of a decent and prosperous life were slim, if not almost non-existent. In some way or another, social protests in all the countries in the region are triggering internal transformations, from a change of regime to attempts at constitutional reform and government restructuring to a lesser or greater extent. The two extremes are revolutionary Tunisia and reactionary Saudi Arabia. In all cases –including countries like Syria, Yemen and Bahrain, whose regimes have gone down the route of bloody repression– it is likely that the wave of transformation will bring about greater changes sooner or later unless these countries democratise their forms of governance.

Unless the Arab political systems offer more opportunities and guarantee greater freedoms for their citizens, they will come up against increasing opposition from their societies. When this occurs, the choices are to thoroughly reform the political systems or crack down harder on the people. Admittedly, the transitions already begun may flounder, but it is unrealistic to think that, in

the long run, repression and corruption will not take their toll on the regimes that practice them. If anything is clear, it is that the Arab uprisings of 2011 were not staged by religious radicals, nor were there demands for establishing theocracies.

On another note, it is evident that forecasts and analyses of the Arab world were greatly limited, as nobody was capable of predicting the so-called *Arab spring* or of acting quickly after it broke out. Several factors explain this inability to foresee what was brewing: incomplete and biased knowledge of the changes which have taken place in the structures, preferences and values of these societies in recent years; analyses based on obsolete paradigms; the political correctness that prevents uncomfortable scenarios from being considered; and the confusion between desire and reality in decision-making processes.

The so-called *Arab spring* has shown that European democracies have much to unlearn in their manner of relating to their southern neighbours. Many years of avoiding calling tyrannies by their name and accepting the sacrifice of freedoms in exchange for apparent stability will be difficult to blot out, like the mental categories and lines of reasoning that defended the status quo at any price. The time has come to review these lines of reasoning with courage and determination in order to build a new regional stability based on respect for people's dignity and the pursuit of common interests.

Unlearning in the Mediterranean requires serious reflection and critical questioning of reality, based on information, concrete facts and a deeper knowledge of its societies. Just as the transitions begun in some southern neighbours –and others that can be expected to come– will require many efforts and learning from mistakes, Europe must learn from its own in order to realise that the more satisfied the citizens of the southern Mediterranean are with their lives in their own countries, the better off will be.

In this new stage 2011 has ushered in, it is essential for democratic societies to establish channels of dialogue with all the new Arab actors committed to the rules of political alternation and respect for diversity, without exception and without differentiated treatment. Only through mutual knowledge and the pursuit of shared interests will it be possible to dispel mistrust and establish more equitable and mutually beneficial relations. The opposite scenario involves clashes and a breeding ground for the radicalism and demagogy of those who do not wish democratic options to succeed.

Spain, with all its political and social forces, has before it a major opportunity to support the legitimate demands of the Arab populations, both out of moral considerations and to better defend its own interests. Now more than ever, a State policy towards the Mediterranean is required, going beyond partisan

positions. Europe's credibility as a global actor but also its own security and wellbeing in the future will largely depend on the ability of the EU and its Member States to accompany the democratic transitions in its southern neighbourhood and to contribute to the progress of the latter's societies.

CHAPTER THREE

CONFLICTS IN THE MUSLIM WORLD (2011)

Rafael Calduch Cervera

ABSTRACT

In the Islamic world, the year 2011 has been dominated by Arab rebellions, civil war in Libya and the repression of the civilian population in Syria. However, a strategic assessment of the conflicts in Muslim countries also requires us to consider developments in conflicts already under way, such as between Palestinians and the State of Israel, the international response to Iran's nuclear programme or the insurgency in Iraq. In addition, the conflict that remains latent in Western Sahara directly affects Spanish security. Finally, we cannot ignore the conflict that Islamist separatist groups are causing in Russia.

Key words:

Conflict, civil war, Islamic countries, Libya, Iraq, Iran, Israel, Palestine, Turkey, Russia, Western Sahara

■ INTRODUCTION

The Islamic world –both Arab and non-Arab– is in the grip of a long and deep crisis that is not only political and economic but also, especially, involves cultural identity. The existing tension with the western countries, largely inherited from the traumatic decolonisation process and the bipolar era, has now been joined by growing pressure on Islamic societies to carry out a speedy modernisation to enable them to adapt to a world society that is changing as a result of the irresistible dynamics of globalisation that are emerging within it. One of the main results of these crises and tensions is the structural conflicts that prevail in most Islamic countries.

Any analysis of structural conflicts, even if confined to a brief period as in the case of the present study, should point out both the diversity of causes that trigger them and their different forms and degree of seriousness. Therefore, our strategic reflection distinguishes between *armed conflicts*, *conflicts which are evolving*, whether towards armed violence or towards a negotiated solution, and *conflicts which remain latent* beneath the deceptive appearance of peaceful normality that can easily be shattered by circumstantial events that are almost always unforeseen. They are all important because they all affect the present and future stability of the countries where they arise, as well as the security of international society as a whole⁽¹⁾.

■ ARMED CONFLICTS

In the Muslim world the war in Afghanistan, together with the rebellion and subsequent civil war in Libya, are the armed conflicts on which political attention and international initiatives have chiefly been focused. The first of these armed conflicts has its roots in the US military response to the attacks of 11 September 2001, which was channelled through operation *Enduring Freedom*, whereas the second arose in the context of the uprisings in the Arab countries of the Maghreb and the Mashreq triggered at the beginning of 2011.

The different causes and developments in both wars require them to be treated differently. The present chapter therefore deals solely with the Libyan war, and the case of Afghanistan is examined in another essay in this publication.

⁽¹⁾ According to the Heidelberg Institute for International Conflict Research, the total number of conflicts reported in 2010 dropped slightly from 368 cases in 2009 to 363 cases in 2010. The number of wars fell from 25 in 2009 to 22 the following year, just as manifest conflicts decreased from 118 to 100, whereas crises increased from 110 to 126, in the same way as latent conflicts, up from 107 to 109.

Conflict Barometer 2010. Heidelberg. Ed. Heidelberg Institute for International Conflict Research. 2010.

Online version: http://hiik.de/en/konfliktbarometer/pdf/ConflictBarometer_2010.pdf (accessed 25/11/2011).

■ The civil war in Libya and the post-war reconstruction landscape

Although the outbreak and subsequent evolution of the mass protests in Tunisia and Egypt were totally unexpected by both countries' presidents and by the leading world powers, the same is not true of Libya. Major internal opposition to Colonel Muammar Gaddafi's regime was known to exist, as was the strong international pressure to which it was subjected as a result of its direct involvement in international terrorist activities, particularly the Lockerbie bombing of 1988.

Following the first popular demonstrations in Benghazi in mid-February, international diplomacy led by France, the United Kingdom and the United States became involved in providing direct support to the rebels. This reaction clearly differed from the position adopted with respect to the Tunisian and Egyptian uprisings, in which efforts were made to achieve a negotiated solution between the government and the rebel leaders, even though it meant allowing presidents Ben Ali and Hosni Mubarak to be overthrown.

The adoption on 26 February⁽²⁾, only eleven days after the outbreak of the Libyan revolts, of Security Council Resolution 1970 –which not only described the Libyan security forces' repression of demonstrators as crimes against Humanity but also urged the situation to be referred to the Prosecutor of the International Criminal Court and provided for coercive measures such as an arms embargo, the freezing of funds in third countries and the travel ban– is the most evident proof that the governments of the western powers were preparing a type of strategic response for Libya that they did not apply to the rest of the Arab countries where popular uprisings were breaking out, even when violence had become widespread such as in the case of Yemen.

The rapid escalation of armed violence in Libyan cities after the troops withdrew from Benghazi and the rebels' seizure of control of the city on 18 February undoubtedly helped speed up the agreement between the five powers with right of veto, facilitating the Security Council Resolution that was prompted by Libya's importance as a world energy power and by the interests of the major oil and gas companies based in the country, which needed to be protected at all costs⁽³⁾.

The combination of these two factors, coupled with the particular circumstance of the large colony of foreign workers in this country, led to two effects that singled

⁽²⁾ See the text of Resolution 1970 at:

<http://www.analisisinternacional.eu/archivo/viejos/doc28.pdf> (accessed 25/11/2011)

⁽³⁾ CALDUCH, R., *Libia ¿qué futuro después de la guerra?*. Horizontes Internacionales, no. 1 (March 2011); 10 pp. http://www.analisisinternacional.eu/inteligencia/inteligencia_pdf/int2.pdf (accessed 25/11/2011).

idem. *Libia: la hora de la diplomacia y el petróleo*, Horizontes Internacionales, no. 4 (June 2011), 9 pp. http://www.analisisinternacional.eu/inteligencia/inteligencia_pdf/int5.pdf (accessed 25/11/2011).

out the Libyan case from the rest of the Arab rebellions: the triggering of a civil war and its internationalisation at the behest of France and the United Kingdom.

Within a few weeks, the government forces' decisive military and economic superiority over the popular support and paltry resources of the insurgents became evident. Such conditions made the outcome of the war fully predictable and heralded a victory for Gaddafi's regime along with the ensuing repression that would be unleashed against large sectors of the population following the military victory⁽⁴⁾.

Such a scenario brought the western powers face-to-face with an evident geostrategic dilemma: whether to launch an international military intervention to support the rebels and risk becoming entrenched in a long-lasting hybrid war, as occurred in Iraq and Afghanistan; or, alternatively, provide the Libyan rebels with political, economic and logistic support knowing that, in the medium term, such support would not be sufficient to make up for the unequal military might and would only succeed in prolonging the civil war and increasing the suffering of the population without bringing about the fall of Colonel Gaddafi.

The lessons learned from the experiences of Israel's intervention in Lebanon in 2006 and the interventions in Iraq in 1991 and 2003 and in Afghanistan since 2001 evidently had a decisive influence on the Franco-British diplomatic initiatives that led to the adoption of Security Council Resolution 1973 on 17 March 2011⁽⁵⁾.

In short, this Resolution authorised a peace enforcement operation aimed at finding a negotiated solution between the parties, but limiting use of force to maintaining a no-fly zone throughout the country, air and naval coordination to implement the arms embargo on the Libyan regime and the responsibility to provide unrestricted protection to the civilian population from the indiscriminate attacks that were being carried out by the regime's armed forces.

Although the legitimacy and timeliness of such a Resolution are debatable, there can be no doubt about its legality. Adopted by a vote of 10 in favour and the abstention of Germany, Brazil, China, India and Russia, the Resolution had been preceded by intense international diplomatic activity conducted in parallel to the first fighting in some of the main Libyan cities.

⁽⁴⁾ According to Global Firepower, the Libyan armed forces had 119,000 men distributed among the various armies and paramilitary corps, an air force with 480 aircraft, 106 of them helicopters, and 650 campaign artillery units. Compared to these huge resources, the insurgents were equipped chiefly with light arms, in addition to a small number of rocket launchers and mortars obtained from the arsenals of the Benghazi garrisons or seized from the enemy in the initial fighting.

<http://www.globalfirepower.com/countries-listing.asp> (accessed 25/11/2011).

⁽⁵⁾ See the text of Resolution 1973 at:

<http://www.analisisinternacional.eu/archivo/viejos/doc29.pdf> (accessed 25/11/2011).

On 27 February, an Interim Transitional National Council was proclaimed in Benghazi as the sole representative of the Libyan people. A few days later, between 7 and 14 March, it established official contact with representatives of the French, Italian, British, Spanish and US governments as well as with the EU High Representative and the League of Arab States. The Organisation of the Islamic Conference likewise declared its support for the establishment of a no-fly zone, while the Peace and Security Council of the African Union attempted to facilitate a negotiated solution, rejecting military intervention⁽⁶⁾. At its session on 11 March, the European Council adopted a Declaration in response to the uprisings in the Arab countries that left the option open for military intervention in Libya under the following terms:

In order to protect the civilian population, Member States will examine all necessary options, provided that there is a demonstrable need, a clear legal basis and support from the region. Those responsible will be held accountable and face grave consequences. We will work with the United Nations, the Arab League, the African Union and our international partners to respond to the crisis⁽⁷⁾.

The world, and not only the western countries, was divided as to what measures to adopt with respect to the civil war that had broken out in Libya, but in view of the Gaddafi regime's evident unwillingness to negotiate, the idea of limited military intervention gradually gained ground with the foreign ministries, convinced that continuation of the war would lead in the medium term to a serious and irreversible regional instability, as well as bloody reprisals against the civilian population for its uprising.

Following the adoption of the Resolution, the political and military events occurred at a dizzy pace, spurred by Franco-British diplomacy with the support of the White House and a few Arab governments such as the Gulf monarchies. On 19 March, the French president hosted in Paris the first *Summit for the support of the Libyan people* in which 20 countries and international organisations took part⁽⁸⁾. That day the international coalition set up to implement Resolution 1973 began military action, with the launch of 110 Tomahawk cruise missiles and air strikes by French and British air forces.

The military operations were initially commanded by a US chief of staff, but growing American opposition to the intervention in Libya made it necessary for a NATO joint chief of staff to take over from 24 March to the end of the

⁽⁶⁾ *Security Council Report. Update Report: Libya, no. 1 (14 March 2011)* Available at: <http://www.analisisinternacional.eu/archivo/viejos/doc30.pdf> (accessed 25/11/2011).

⁽⁷⁾ EXTRAORDINARY EUROPEAN COUNCIL. *Declaration, 11 March 2011. EUCO 7/11* Available at: <http://www.analisisinternacional.eu/archivo/viejos/doc32.pdf> (accessed 25/11/2011).

⁽⁸⁾ The final communiqué can be consulted at: <http://www.analisisinternacional.eu/archivo/viejos/doc31.pdf> (accessed 25/11/2011).

war on 31 October in what was called *Operation Unified Protector*. This fact is telling, as it sets a precedent for the possibilities and strategic limitations of military collaboration between NATO and the EU. Indeed, on 1 April 2011 the Council of the European Union approved a military operation to support humanitarian aid operations in Libya, appointing the Italian admiral Claudio Gaudiosi commander in chief of operation EUFOR-Libya⁽⁹⁾.

In general, the Libyan civil war developed as expected. The allies' progressive destruction of the government troops' air and land supremacy, together with the gradual advance of the rebel forces on two fronts simultaneously (west and east), the extremely strict embargo on arms and funds and, finally, the partial logistic supplies provided to the civilian population gradually wore down Gaddafi's military power and political legitimacy, leading to the fall of the regime and even to his arrest and execution⁽¹⁰⁾.

From a political perspective, the war and the post-war construction period have been directed by the Interim Transitional National Council. Officially established on 27 February 2011, it is chaired by Mustafa Mohammed Abdul Jalil and made up of 33 representatives of the country's various clans and cities. Its structure and functioning made it a provisional government during the war and the highest political representation of popular sovereignty during the transition phase from the cessation of hostilities to the start of the constitutional process. On 24 May it published a document laying down the road map for both the war and the post-war period⁽¹¹⁾.

It was the Council that chose Libya's interim prime minister, Abdurrahim al-Keib, on 31 October, paving the way for the new government that was formed on 22 November and made up of 24 ministers, in accordance with representational criteria similar to those of the Transitional National Council. The cabinet's two main functions will be to implement the most urgent reconstruction plans, including a return to oil production, and to guarantee the holding of the elections from which should emerge the Assembly that will draft the text of the new Constitution.

⁽⁹⁾ COUNCIL OF THE EUROPEAN UNION, *Council decides on EU military operations in support of humanitarian assistance operations in Libya*. Brussels, 1 April 2011.

See: <http://www.analisisinternacional.eu/archivo/viejos/doc36.pdf> (accessed 26/11/2011)

⁽¹⁰⁾ As in any war, a wide-ranging legal, political and strategic debate has emerged on its timeliness, usefulness and the legal excesses committed while it was under way. Nevertheless, it is an irrefutable fact that international military intervention was decisive in putting an end to Colonel Gaddafi's dictatorial regime and that his overthrowing has ushered in a period of political transition whose development and consequences for the country have yet to be determined. Equally irrefutable is that Colonel Gaddafi's death without trial and without the slightest guarantee of protection of his physical integrity by his captors was an execution that violated the most elementary rules of humanitarian law.

⁽¹¹⁾ See the document at: <http://www.analisisinternacional.eu/archivo/viejos/doc81.pdf> (accessed 26/11/2011).

In order to perform these two priority functions successfully, the new government will have to achieve a number of immediate objectives, primarily:

- establish political and military control throughout the country, including disarming the militias, restructuring the armed and police forces to guarantee their unconditional support for the new authorities and recovering the huge arsenals that are scattered all over the country and are still unprotected and unsupervised;
- return oil and gas production and exports to pre-war levels in order to raise the funds necessary for undertaking post-war reconstruction;
- provide the civilian population with staple products (food, drinking water, electricity, etc.) and primary services such as health, telecommunications and public transport, especially in cities like Misrata that were particularly badly damaged;
- reconstruct infrastructure essential to restoring the basic administrative functions of the State and the minimal social integration of the population of the different regions of the country, paying particular attention to roads and airports that were main targets of the air strikes during the war.

There is no doubt that international support and assistance will be required to achieve these immediate objectives, and this raises the issue of the need for and timeliness of a new international mission, this time of peace building. Whatever the case, the progress made in attaining these objectives over the coming months will be the main factor in determining whether the Libyan people legitimise or delegitimise the new regime that is endeavouring to establish itself and, ultimately, in achieving the pacification of the country, a challenge that is much more difficult to address than military victory.

■ EVOLVING CONFLICTS

Although the war in Libya catalysed a great many of the diplomatic and military actions conducted throughout most of the year, there are a number of conflicts in which developments kept up the tension in the Muslim world, making it necessary to consider strategic scenarios of an escalation of violence or even new armed conflicts in the immediate future. Still at the centre of these evolving conflicts is the Palestinian-Israeli conflict whose continuity –or, to be more precise, standstill– is fuelling conflicts in the Middle East.

■ The progress of recognition of the Palestinian State and its impact on relations with Israel

One of the chief consequences of the popular uprisings in Egypt and Syria was the shattering of the erroneous perceptions of regional hegemony that Israel's

successive governments have upheld in recent years. Indeed, relying on the diplomatic and military support of the Egyptian regime, the collaboration of the Jordanian monarchy, the overthrow of Saddam Hussein in Iraq, the passiveness of Bashar al-Assad's dictatorship in Syria and, finally, the division between Palestinians themselves, the Israeli authorities have pursued a policy of real opposition to any progress in reaching an understanding with the Palestinian National Authority, taking care to clothe it in the guise of a formal diplomacy that apparently sought a permanent solution, in order to prevent reactions from the successive US Administrations, as Washington continues to be the Israeli government's main ally⁽¹²⁾.

However, the changes witnessed in the regional context in recent months have led to the resurgence among the Israeli government and much of Israeli society of the perception of a direct threat that has dominated much of this country's history since its creation in 1948. This has spurred an about-turn in the policy of the prime minister, Benjamin Netanyahu, which is beginning, increasingly openly, to be conditioned by the same isolationist, militarist and expansive reactions that prevailed in other periods. The recent air strikes at the Egyptian border came on top of the public declarations on the likelihood of an air strike on Iranian nuclear installations and the decision to allow new settlements in the West Bank, a hardly reassuring outlook regarding Israel's true intentions in its relationship with the Palestinian National Authority.

The address delivered to the United Nations General Assembly on 23 September 2011 is a public declaration of the current Israeli government's political intentions, voiced by Netanyahu, its prime minister:

And the world around Israel is definitely becoming more dangerous. Militant Islam has already taken over Lebanon and Gaza. It's determined to tear apart the peace treaties between Israel and Egypt and between Israel and Jordan. It's poisoned many Arab minds against Jews and Israel, against America and the West. It opposes not the policies of Israel but the existence of Israel.

(...)

So how do you—how do you protect such a tiny country, surrounded by people sworn to its destruction and armed to the teeth by Iran? Obviously you can't defend it from within that narrow space alone. Israel needs greater strategic depth, and that's exactly why Security Council Resolution 242 didn't require Israel to leave all the territories it captured in the Six-Day War. It talked about withdrawal from territories, to secure and

⁽¹²⁾ ALGORA, María Dolores. *Las negociaciones palestino-israelíes en el proceso de paz de Oriente Próximo*, Instituto Español de Estudios Estratégicos, Documentos de Opinión, no. 24/2011 (March 2011). See: www.ieee.es/Galerias/fichero/docs_opinion/2011/DIEEE024_2011ProcesoPazOrienteProximo.pdf (accessed 26/11/2011).

defensible boundaries. And to defend itself, Israel must therefore maintain a long-term Israeli military presence in critical strategic areas in the West Bank⁽¹³⁾.

Palestinians have reacted to this radicalisation of Israeli policy by adopting a new political strategy aimed at progressing towards the recognition of the Palestinian State, but without easing the pressure of the violence exercised by Hamas from the Gaza Strip. The first step in this strategy could only be the end of the confrontation between the Palestinian organisations that control the two main territories: Fatah in the West Bank and Hamas in Gaza. At the instance of the Egyptian government, the two sides met on 27 April 2011 and concluded an agreement regulating aspects essential to the governance of the Palestinian State, such as the composition of the Electoral Committee and the Supreme Court of Justice; the holding of elections; the central political role of the PLO; the High Security Committee; the formation and functions of a coalition government; and participation in the Legislative Council⁽¹⁴⁾.

The so-called *Palestinian National Reconciliation Agreement*, rejected by the Israeli government, has not only ostensibly reduced the clashes between the supporters of both factions, but has also made it possible to launch an international diplomatic offensive whose first objective was the formal presentation of an application for full membership of the United Nations⁽¹⁵⁾.

This initiative, officially formulated by the President of the Palestinian National Authority in his address to the Sixty-Sixth Ordinary Session of the General Assembly on 22 September, triggered a double political mobilisation: on the one hand, Israel and the United States attempted to prevent the presentation of the application and, as a last resort, to block its approval, which has been achieved so far thanks to the opposition of the United States in the Security Council, whose approval is required before it can be put to the vote of the Assembly⁽¹⁶⁾.

On the other hand, some major powers such as Russia, with the support of many Arab, African and Latin American countries, openly back Palestine's application as a means of forcing the general recognition of the State of

⁽¹³⁾ See the text at: <http://www.analisisinternacional.eu/archivo/nuevos/doc216.pdf> (accessed 26/11/2011).

⁽¹⁴⁾ See the document at: <http://www.analisisinternacional.eu/archivo/viejos/doc81.pdf> (accessed 26/11/2011).

⁽¹⁵⁾ The text of the letter of application addressed by President Abbas to the United Nations Secretary General is available at:

<http://daccess-ods.un.org/access.nsf/Get?OpenAgent&DS=S/2011/592&Lang=S>

The text of the address delivered by the Palestinian president, Mahmoud Abbas is available at: <http://www.analisisinternacional.eu/archivo/nuevos/doc217.pdf> (accessed 26/11/2011).

⁽¹⁶⁾ At its session on 28 September 2011, the Security Council decided to refer Palestine's application to the Committee on the Admission of New Members, which failed to reach an agreement at its 110th session; this lack of agreement was referred back to the Security Council for a final resolution, which had not been addressed as of 26 November 2011.

Palestine and, accordingly, the conclusion of the negotiations with Israel. Midway between these two positions, and attempting to prevent a complete and irreversible failure of the Palestinian initiative, France proposed granting it the status of observer country enjoyed by other states such as the Vatican, which would signify an improvement on the permanent observer status granted to the PLO as a liberation movement but not as a state.

The Palestinian initiative presented to the UN was followed by a similar application, this time to join the United Nations Education, Science and Culture Organisation (UNESCO). It was approved by Resolution 35 C/74 of the General Affairs Conference to be addressed at the agency's 37th session. On 31 October 2011 UNESCO admitted Palestine as a full member by 107 votes in favour and 14 against.

The new Palestinian strategy has already reaped three important results whose medium- and long-term consequences will have to be assessed. First, it has contributed to the internal political unity of the Palestinians by reinforcing the institutional legitimacy of the Palestinian National Authority and, accordingly, its position as the sole interlocutor in the process of negotiations with Israel.

Second, it has spurred a harshening of Israeli foreign policy which, in the long term, may weaken its already precarious political position both regionally and globally, upsetting the balance in the area⁽¹⁷⁾.

Lastly, it has forced the Obama Administration to come down in favour of Israel, which is a serious setback to America's attempts to project to the Arab countries an image different to that of the Bush Administration, which had aroused contempt. Whether or not the Washington authorities officially admit this, the recent decisions in support of Israel, such as withdrawal of the budgetary allocation to UNESCO, will not only impair the diplomatic initiatives promoted by the State Department to maintain influence in the new Arab governments that are emerging from the transitions in Tunisia, Egypt, Libya and Yemen; they will also have repercussions on the plans for the withdrawal of the troops from Iraq and Afghanistan, as they will hinder an understanding with the border countries whose collaboration is essential to the internal stability of both states.

■ **The conflict with Iran**

Another of the conflicts currently evolving towards a military escalation involves Iran and the development of its nuclear programme. The recent

⁽¹⁷⁾ The growing influence of Turkey among the Arab countries of the Middle East and North Africa, together with the intense remilitarisation of Saudi Arabia, is accentuating Israel's isolation, in addition to undermining its position and credibility as a hegemonic military power in the region.

report published by the International Atomic Energy Agency on 8 November 2011 contains a large annex on the *Possible Military Dimensions of Iran's Nuclear Programme* which has aroused concern not only in western foreign ministries but also in those of other countries in the region, such as Israel, along with protests from the Teheran government. The declaration made by the Israeli Defence Minister Ehud Barak, who stated that his country is prepared to carry out a military attack on the Iranian nuclear installations, is a new element of political and media pressure on Ahmadinejad's government and the basis for the adoption of new international sanctions against the Iranian regime⁽¹⁸⁾.

The conflict entered a new phase on 13 June 2009 when the results of the presidential election held the previous day were announced –a fresh victory for Mahmoud Ahmadinejad– triggering public protests. These were the first popular uprisings in a Muslim country and came nearly two years before those that threw the countries of the Maghreb and the Mashreq into turmoil during 2011. Iran's theocratic regime crushed them violently, but the events evidenced the existence of a popular resistance movement in the major cities which, although latent, remains alive.

In May 2011, with the mediation of Brazil, Iran and Turkey reached an agreement whereby Iran's nuclear programme may continue under indirect international control. This agreement was as revealing for what it explicitly stated as for what it omitted, and it fell well short of the expectations of the western powers (United States and the EU) and also of Russia and China⁽¹⁹⁾.

The two main issues raised by the agreement were: a) whether the step taken by the Iranian regime was the first along the path leading in the medium term to submission to the inspections procedure of the International Atomic Energy Agency (IAEA) to guarantee the exclusively civilian nature of the nuclear programme; and b) how the international community should respond if, on the contrary, it turned out to be a fresh initiative by Iran's theocratic regime to avoid sanctions being imposed by the Security Council and to gain more time to develop its military nuclear programme.

In the first case, diplomacy would be the main instrument for limiting the development of Iran's nuclear capability and guaranteeing its application to civilian uses. This instrument, duly reinforced with technical inspections,

⁽¹⁸⁾ The document is available at: <http://www.iaea.org/newscenter/focus/iaeaairan/bog112011-65.pdf> (accessed 26/11/2011).

On the sanctions against Iran, see the United Nations Security Council Resolution 1929 (2010) adopted on 9 June 2010. [http://www.un.org/es/comun/docs/?symbol=s/res/1929%20\(2010\)](http://www.un.org/es/comun/docs/?symbol=s/res/1929%20(2010)) (accessed 26/11/2011)

⁽¹⁹⁾ The text of the agreement is available at:

<http://www.globalsecurity.org/wmd/library/news/iran/2010/iran-100517-irna07.htm> (accessed 26/11/2011).

would lay the groundwork for the progressive restoration of the minimum confidence needed to rule out any military initiative.

On the contrary, if Iran were to prove determined to ignore the political decision of the major powers, this would pave way for unilateral (Israel) or joint (international with Israel's participation) military intervention, whose strategic aim would be to destroy or paralyse Iran's nuclear facilities as far as possible. Given the nature and dispersion of the nuclear plants, such a military intervention would set back the development of the nuclear programme considerably but would not bring it to a full, permanent halt, although it would make clear to the Teheran government its vulnerability to direct international reprisals⁽²⁰⁾.

The importance of the recent report by the International Atomic Energy Agency lies precisely in the fact that it supports the idea that the Iranian government aims to use its nuclear capability for military purposes. This, coupled with evidence of the availability of intermediate-range missiles such as the Shahab-3, would account for the Israeli government's immediate reaction.

A military intervention in Iran would be complex, risky and costly, in addition to causing regional and global effects that would have to be assessed and prevented as far as possible. Such effects can be classified into three categories: political, security and economic.

On the political level, military action against Iran's nuclear programme would trigger a serious domestic crisis; the popular reaction it would most likely spur would result in the strengthening of the theocratic regime and increased repression of opposition groups, ruining the process of change ushered in by the recent elections. It would furthermore lead to an even greater radicalisation of Iran's foreign policy with the support of the jihadist terrorist groups, further destabilising the situation in Afghanistan and Iraq.

Nevertheless, evidence of the Iranian regime's military vulnerability and the deterrent effect on other aspirants to unsupervised nuclear development, especially Islamist terrorist groups, might be considered additional objectives of sufficient importance to warrant taking on board the risk of a calculated regional instability. In this connection, we cannot rule out a political realignment with the western ideas of some Middle Eastern countries such as Saudi Arabia, which observes with concern the potential nuclear threat of Iran. One of the main effects of a military attack, especially if conducted unilaterally by Israel, would undoubtedly be witnessed in relations with the Palestinians in which, as pointed out, tension is currently mounting.

⁽²⁰⁾ SALAMA, Sammy and RUSTE, Karen, *A Pre-emptive Attack on Iran's Nuclear Facilities: Possible Consequences*, James Martin Center for Nonproliferation Studies (12 August 2004). <http://cns.miis.edu/stories/040812.htm> (accessed 26/11/2011).

Nor can we ignore the political and diplomatic tension such a military intervention could spark in relations between the US and the EU on the one hand, and between Russia and China on the other. Such effects could be limited substantially by providing information previously and through suitable diplomatic demarches to these two powers on the nature, purposes and scope of the military intervention. Otherwise the consequences could be devastating for initiatives as significant as the development of the missile defence system or negotiations with North Korea.

In the field of security, looking beyond the immediate impact a military intervention would have on the activity of jihadist terrorism, the main risks are associated with two possible scenarios: the failure of the intervention or a reaction from Iran leading to the escalation of war in Iraq and Afghanistan. We are reminded of the first of these scenarios by the failure in April 1980 of the operation to rescue the US diplomats being held hostage in the Embassy in Teheran (*Rescue Mission Report 1980*).

In order to assess properly the effects of a failure of military action, it would be necessary to distinguish between an exclusively air operation such as the one implemented in the Israeli attack on the Iraq power plant of Osirak in 1981, and a combined air-ground intervention involving the use of special operations groups. The strategic advantage of an air intervention, which could include the use of intermediate-range missiles, is that it would reduce the number of casualties and the likelihood of members of the attacking forces being taken prisoner, thereby preventing them from being exploited politically and propagandistically by the Iranian regime with the devastating impact this would have on western public opinion. The main disadvantage is that, considering that some of the most important nuclear facilities such as Qom are underground, it would be very difficult to cause enough damage to set the nuclear programme back significantly. In the case of a combined intervention using ground forces, the consequences would obviously be the opposite.

In any event, we should not underestimate the likelihood of Ahmadinejad's regime reacting to the attack, particularly if its success were very limited, with an escalation of war in the region aimed primarily at mobilising Iraq's Shia population and supporting the guerrilla in the bordering provinces of Afghanistan, and possibly even direct reprisals against Israel using intermediate-range missiles. Both consequences would result in a scenario of regional insecurity which would not only affect the western troops deployed in these countries but could also upset the balance of military power in the area.

Lastly, military action would also have significant economic consequences. Iran is one of the leading oil producers in the world. According to official statistics for 2010, its estimated reserves amount to 151 billion barrels or

12.7% of OPEC reserves, and its refinery capacity stands at 1.7 million barrels/day, equivalent to the combined capacities of Iraq and Kuwait⁽²¹⁾.

It is evident from these data that a military intervention –and even expectations of its immediate execution– would have a direct impact on the world market for oil products, causing their prices to skyrocket owing to the combined effect of an increase in the strategic reserves of both consumer countries and major distributors and in the resulting speculative operations. All this could be further exacerbated if the governments of some other major producers such as Venezuela or Saudi Arabia were to adopt energy reprisals against countries that intervened in or supported the military action.

Such a scenario of restrictions in oil supplies and uncontrolled price hikes would trigger a serious economic recession that would exacerbate, to limits that are difficult to estimate, the crisis currently experienced by the most developed and emerging economies. Indeed, the capacity for economic growth and development of the United States, the EU, Japan, India and China would be ruined for a period of between 5 and 10 years depending on the duration of the oil embargo.

In addition, bearing in mind that the dollar continues to be the reserve currency used in the oil market, an energy supply crisis and a critical rise in crude oil prices would push up the dollar's exchange-rate value against the euro and other reserve currencies. This would bolster the United States' debt capacity but would seriously damage its balance of trade, hindering its economic recovery even further.

These economic effects are no doubt the weightiest factors to be taken into account when deciding on when and how to carry out a possible military intervention against Iran. The United States is unlikely to support or collaborate with an operation of this kind until its economic recovery is consolidated, the international financial markets are more stable and it has accumulated additional crude oil reserves to cope with any resulting restrictions.

The conclusions are fairly clear. First and foremost, diplomacy, backed by increasing sanctions, will be the option pursued by the United States and the rest of the western power to press the Iranian regime into short-term acceptance of an international system of control over its nuclear programme. Nevertheless, as time is on the side of the irreversibility of Iran's nuclear process, a total or partial diplomatic failure would make it necessary to resort to military intervention in the medium term –i.e. in not much more than a couple of years– time. This intervention would most probably be carried out by Israel with the

⁽²¹⁾ Data gleaned from OPEC, *Annual Statistical Bulletin 2010/2011*, p. 39. Online access: http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2010_2011.pdf (accessed 26/11/2011).

support and collaboration of the United States and the agreement of the rest of the major powers. The Obama Administration's firm will to achieve significant progress in strategic nuclear disarmament and to prevent nuclear proliferation, especially in regimes considered enemies or unreliable, back this strategy more than any other argument.

■ The conflict in Iraq

A third conflict currently in the process of transformation is that of Iraq. President Obama's declaration of 31 August 2011 announcing the end of the mission of the US troops posted to Iraq and their withdrawal before the year was out ushered in a new internal situation in the country⁽²²⁾.

Indeed, despite the withdrawal of the US troops and the progress achieved in the political consolidation of the new Iraqi regime, the country is still a long way from having attained the security and public order needed to consolidate peace in the country and make economic recovery and social coexistence possible. According to the non-governmental organisation Islam: the Religion of Peace, throughout the year up to 31 October 290 acts of terrorism had been committed, mostly bomb attacks in public centres and markets⁽²³⁾.

The parliamentary elections held on 7 March 2010 showed a rise in Islamist votes to the detriment of nationalist votes. The victory of the leading Shiite parties (*Iraqi National Alliance* and the *State of Law Coalition*), which together account for a majority 180 of the 325 seats that make up Iraq's *Council of Representatives*, marked a substantial change in the composition of the parliament that emerged from the 2005 elections, in which the nationalist party (*Iraqi National Movement*) secured 128 out of a total of 275 seats.

The election result called for a new share-out of power, and although Nuri al-Maliki has been elected Prime Minister, he has been forced to maintain the political understanding with Iyad Allawi, the leader of the Iraqi National Alliance, and the Kurdish Blocs Coalition which controls 57 seats. The new government formed has a plural composition of Shia, nationalists and Kurds which, although guaranteeing a broad representation of the country's various clans and ethnic and religious groups, has made it necessary to establish an institutional macrostructure consisting of 47 ministries, which hinders decision making and maintains the political and administrative fragmentation of the country.

In view of the prevailing violence and citizen insecurity and the lack of political cohesion of the main State institutions, it is not far-fetched to assume that, after

⁽²²⁾ *Remarks by the President in Address to the Nation on the End of Combat Operations in Iraq*. See the text at: <http://www.whitehouse.gov/the-press-office/2010/08/31/remarks-president-address-nation-end-combat-operations-iraq> (accessed 27/11/2011).

⁽²³⁾ See the list of attacks on the website: *Islam: The Religion of Peace* <http://www.thereligionofpeace.com/attacks-2011.htm> (accessed 27/11/2011).

the US troops withdraw, we will witness an escalation of violence and political and religious clashes that will seriously endanger Iraq's internal stability. Such a scenario would add further uncertainties and risks to the already troubled Middle East region.

■ **The resurgence of Kurdish guerrilla violence in Turkey**

Paradoxically, one of the first consequences of the consolidation of the autonomy of Iraqi Kurdistan and the electoral success enjoyed by the Kurdish candidates in the past elections to the Turkish parliament on 12 June 2011 was the resurgence of Kurdish political mobilisations and attacks launched by the guerrilla of the PKK (*Kurdistan Workers' Party*) on the Turkish armed forces over the year.

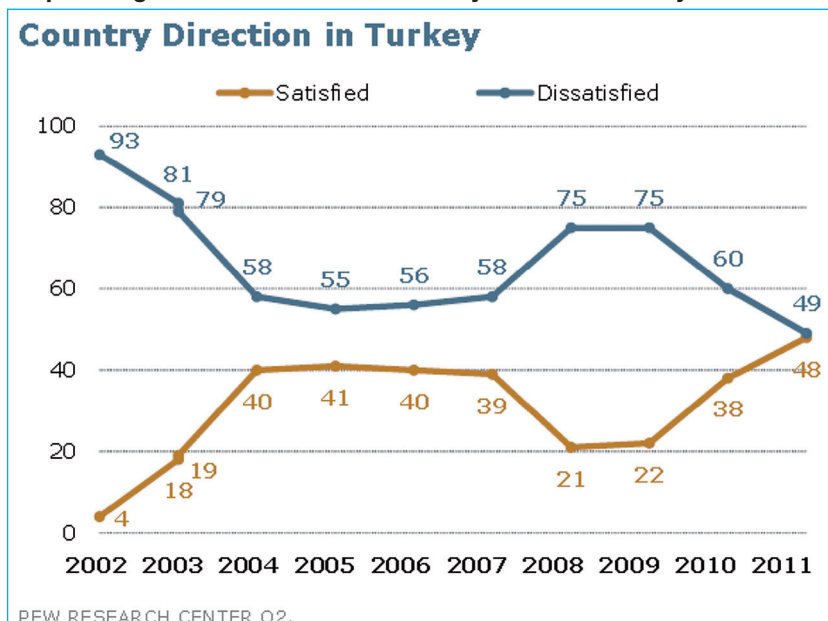
This new conflictive dynamic stems from several significant concurrent trends which can be expected to mark Turkey's internal security over the coming months. On the one hand, the development of the political autonomy of South Kurdistan (Iraq) is leading to growing economic and trade cooperation with Turkey which, coupled with the electoral and parliamentary consolidation of the parties of North Kurdistan (Turkey), has rekindled the old aspiration of becoming an independent state.

On the other hand, Turkish society's increasing espousal of moderate Islamism has spurred the re-election of Prime Minister Recep Tayyip Erdogan and his *Justice and Development* party, which secured an absolute majority of 327 out of a total of 550 seats. This has enabled the prime minister to proceed with his plans to reform the Turkish armed forces, begun two years earlier (see graph 1)⁽²⁴⁾.

Certainly, the current configuration of the Turkish army, the second largest in NATO after that of the US, with more than 600,000 men in 2008, an estimated cost in 2005 of 46.6 billion dollars (5.3% of GDP) and a compulsory conscription system, needs an organisational and operational overhaul to adapt it to the professional armies of the western powers belonging to the alliance. What is more, the absolute competences inherited from the period of Kemal Ataturk have allowed it to interfere in Turkish life through successive coups d'état aimed at preventing the Islamisation of the State, although this is hindering the country's political democratisation and, certainly, the consolidation of the rule of law with guarantees of freedoms and civil rights, a condition on which the success of its application for EU membership depends.

⁽²⁴⁾ PEW RESEARCH CENTER, *PM Erdogan Gets High Marks for Foreign Policy. On Eve of Elections, a More Upbeat Mood in Turkey*. (June 7, 2011). See the full report at: <http://www.pewglobal.org/files/2011/06/Pew-Global-Attitudes-Turkey-Report-FINAL-June-7-20111.pdf> (accessed 28/11/2011).

Graph 1. Degree of satisfaction with country direction in Turkey



The constitutional reform approved at a referendum held on 12 September 2010 by a vote of 57.8 % establishes the subjection of the Turkish armed forces to the political authorities and to the civil tribunals, thereby putting an end to the huge amount of freedom the army has previously enjoyed⁽²⁵⁾. The resignation of the commanders in chief of all three forces and of the chief of staff, General Kosaner, on 19 July 2011 after the election results became known evidences the internal clashes between the executive power and a sector of the chief officers of the Turkish armed forces, but there is more to it that this.

The court proceedings initiated against the officers who took part in the attempted coup of 2003 to overthrow Erdogan mark the start of a purge of the armed forces which is contributing to its partial disorganisation and significantly undermining its operational capacity, especially in the border garrisons, providing opportunities for PKK guerrilla operations such as the attack on 19 October 2011 at the border with Iraq in which at least 24 Turkish soldiers were killed and another 18 wounded.

Lastly, it seems that both Syria and Iran are actively supporting the comeback of the PKK guerrilla as an effective means of keeping in check the growth of Turkey's regional hegemony, which has been reinforced by the Arab popular

⁽²⁵⁾ BARKEY, Henri and KADIOGLU, Direnç, *The Turkish Constitution and the Kurdish Question*, Carnegie Endowment for International Peace (August 1, 2011). Available at: <http://carnegieendowment.org/2011/08/01/turkish-constitution-and-kurdish-question/4el4#> (accessed 28/11/2011).

uprising. Indeed, the *Turkish model* of democracy with moderate Islamism has become a reference for the transitional processes of Tunisia, Libya and Egypt.

Tension between the Kurdish guerrilla and the Turkish army may be expected to heighten in coming months, leading to instability in the regions bordering Iraq coupled with the exodus of the Syrian refugees gathering at the border as a result of the brutal repression of the Syrian regime headed by Bashar el-Assad. All this makes for a scenario beset with obstacles that will hinder the conclusion of Prime Minister Erdogan's reform of the armed forces and it will undoubtedly contribute to widening the country's already existing political and religious rift.

■ LATENT CONFLICTS

■ The Western Sahara conflict and Algeria-Morocco relations

In addition to armed conflicts and conflicts liable to escalate into open war, it is advisable not to overlook conflicts which, despite not yet sparking direct violence, are causing a degree of mounting internal political tension and a level of instability that are capable of triggering an outbreak of popular violence or setting in motion a terrorist dynamic as a result of a minor incident. One of these is the conflict in the Western Sahara.

The situation of the Western Sahara has been at a standstill since the hostilities ended between the Polisario Front and the Moroccan troops in 1988 and a non-belligerent situation became consolidated to facilitate the holding of a referendum in 1992 under the supervision of the *United Nations Mission for the Referendum in Western Sahara* (MINURSO), established by Security Resolution 690 adopted on 29 April 1991⁽²⁶⁾.

Morocco's occupation of the central and western part of Saharawi territory and its main towns and cities, including El Aaiun, and the important phosphate mines of Bu-Craa was consolidated by the construction of a border wall that triggered major movements of refugees to the eastern Saharawi territories and areas bordering Algeria, especially in Tinduf, as the country had backed the Polisario Front since the years of Spanish colonisation. The Saharawi-Moroccan conflict thus became international, as rivalry between Morocco and Algeria came into the picture.

The various attempts made by the United Nations and the international community to find a peaceful solution to this conflict have systematically failed owing to the impossibility of reconciling the demands of the Sahrawi

⁽²⁶⁾ *Resolution 690 (1991)* of 29 April 1991. See the text at: [http://daccess-ods.un.org/access.nsf/Get?Open&DS=S/RES/690%20\(1991\)&Lang=S&Area=RESOLUTION](http://daccess-ods.un.org/access.nsf/Get?Open&DS=S/RES/690%20(1991)&Lang=S&Area=RESOLUTION) (accessed 28/11/2011).

Arab Democratic Republic (RASD), established on 27 February 1976, with Morocco's national aspirations of annexing the territory. The recurring tension between the Sahrawi opposition and the Moroccan garrisons based in the main towns and cities, coupled with the time that has passed, are conducive to the eruption of a violence that the authorities of the RASD will find increasingly difficult to control.

Confrontation broke out on 8 November 2010 when the army dismantled a Sahrawi camp set up on the outskirts of El Aaiun to protest against the Moroccan occupation. This event, which occurred before the revolts in Tunisia and Egypt, drew attention to the precarious internal stability of the Western Sahara, which was further exacerbated the following week by the conflict between Morocco and Spain over the Moroccan authorities' expulsion of the Sahrawi dissident Aminetu Haidar and the Spanish government's refusal to grant her political asylum. Although these events did not prevent the fifth round of Sahrawi-Moroccan negotiations from taking place from 16 to 18 December that year, they evidently contributed decisively to their failure.

One of the main consequences of the current *impasse* in relations between Moroccans and Sahrawis is the radicalisation of the young generation belonging to the Polisario Front who, having been born in refugee camps in Algeria, are witnessing with despair how their cause is being abandoned by the international community and the United Nations. This radicalisation is giving impetus to the idea of a return to war as a means of imposing independence or, alternatively, the holding of the referendum on self-determination.

This growing risk has been joined in recent months by awareness of the presence of jihadist Islamic radicalism encouraged by the terrorist group Al Qaeda in the Islamic Maghreb, as evidenced by the recent kidnapping of one Italian and two Spanish aid workers based at the camp in Tinduf⁽²⁷⁾.

The prevailing instability in Sahrawi towns and cities, coupled with mounting tension in the refugee camps, could trigger an outbreak of popular violence if the pressure exerted by the opposition groups –both the more democratic sectors and radical Islamism– on the regime of Mohamed VI sets in motion the spiral of action-repression that has been witnessed in other North African countries.

The constitutional reform approved by referendum on 1 July 2011 constituting the legal and political framework for the holding of the general elections of 25 November in which the moderate Islamist party *Justice and Development*

⁽²⁷⁾ Given the circumstances and authorship of the kidnapping of three aid workers, two Spanish (Ainhoa Fernández de Rincón and Enric Gonyales) and one Italian (Rosella Urru), on 22 October 2011, it is very likely that the people who took them hostage had information about their location and habits, which could only have come from sources close to where they worked and lived. Similarly, a certain logistic support infrastructure would have been necessary for them to be able to travel to Mali without being detected.

won 107 of the 395 seats, enabling it to form a new government, does not guarantee the continuity of the regime. In addition to the low turnout –only 45% of voters– and the diversity of the parties represented in the parliament, the country’s socioeconomic conditions have deteriorated in recent years, increasingly the likelihood of a scenario of a political crisis in the regime. If this should occur, the security of the cities of Ceuta and Melilla would be directly affected, given the important family and social ties that link part of their inhabitants to the Moroccan population living in the border areas.

■ **RUSSIA’S POLITICAL AND STRATEGIC SITUATION WITH RESPECT TO THE MUSLIM WORLD**

Russia’s relations with the neighbouring Muslim countries are one of the geostrategic priorities of its external action, not only because a significant part of its population –about 15% of its 138 million inhabitants– is of that creed but because some border countries, such as Azerbaijan and Kazakhstan, or those which control maritime routes essential to the Russian fleet, such as Turkey with respect to the Black Sea, have mainly Islamic populations.

Furthermore, the Mediterranean and the North Atlantic have been maritime areas of strategic importance in guaranteeing Russia’s international presence as both a military and a trading power, and alliances with coastal states of these maritime areas were therefore one of the primary concerns of Soviet foreign policy during the bipolar period.

As a result, when assessing Moscow’s policy and strategy with respect to the Islamic countries, we should bear in mind the relationship between these three areas: landlocked federal republics, border states and areas of paramount importance to the worldwide projection of Russian power.

In relation to the first, the Russian authorities face violent conflicts in their Islamic republics of the North Caucasus, especially in Chechnya but also in Dagestan and Ingushetia. Indeed, the two wars against the Chechen guerrilla insurgency have left a deep mark on the collective soul of the Russian people, and this is fuelling a perception that the Chechen people pose a threat that has heightened as a result of the indiscriminate terrorist activities carried out by pro-independence groups in the capital.

The attacks of 23-26 October 2002 in which 129 hostages and 41 terrorists were killed when Russian troops stormed the *Moscow* theatre, the taking hostage of pupils, parents and teachers of the school in Beslan from 1 to 3 September 2004 in which 331 hostages died, mainly children, and the explosion of a bomb on 27 November 2009 on the high-speed train travelling from Moscow to St

Petersburg killing 20 people and injuring 100 are three significant examples of Chechen terrorist activities.

Although, in strategic terms, the second Chechen war succeeded in dismantling the bases and operational capacity of the Chechen guerrilla, its shift towards indiscriminate terrorist violence has maintained a high level of insecurity and violence in the Caucasian republics.

According to statistics for the year 2011, as of the end of November 66 terrorist attacks had been committed in Russia, mostly in the Republic of Dagestan belonging to the Russian Federation, although the most serious were those perpetrated on 24 January 2011 at Domodévo airport in Moscow, in which 35 people were killed and 130 were injured, and that of Grozny on 3 August in which 9 people died and 22 were wounded. They were all caused by suicide bombers.

As strange as it may seem, the extension of most of the terrorist activities to the Republic of Dagestan attests to the effectiveness of the recent counterterrorism efforts made by the Russian security forces, who have succeeded in dismantling a considerable part of the logistic infrastructure and terrorist bases in neighbouring Chechnya.

The advent of Putin to the Russian presidency in 2012 will reinforce support for Ramzan Kadyrov in his policy of regaining territorial control of the Republic of Chechnya, as it was Putin himself who unleashed the second war in order to put a permanent end to the separatist Muslim guerrilla, and he is very likely to launch a wide-ranging antiterrorist offensive led by the security forces in Dagestan and Ingushetia. As Moscow gradually reduces terrorist violence in these republics it will also be able to strengthen its relations with Azerbaijan and Georgia, although in the case of the latter recognition of the new republics of Abkhazia and South Ossetia are a stumbling block that will be difficult to overcome in the short term.

As for the Muslim republics bordering Russia, Moscow's policy has consisted chiefly in maintaining wide-ranging economic and military cooperation that ensures it significant ability to influence the governments of Azerbaijan and Kazakhstan. Since the republic gained its independence, there has been a shift in the Azeri authorities' attitude from initial reluctance, out of fear of Russian expansionism, to political cooperation with the Kremlin, whose support for Baku in the Nagorno-Karabakh conflict proved decisive. The collaboration of the Azeri government is currently crucial to the Russian intelligence and security services in their strategy of combating Islamist terrorism in the Caucasus.

Russia's relations with Kazakhstan have traditionally been closer since it became a founding member of the Commonwealth of Independent States (CIS) following the dissolution of the Soviet Union. Stemming from the

fact that this is the largest of the Central Asian countries that gained their independence from the former USSR, the understanding between Russian and Kazakhstan is based on four main factors: Moscow's unconditional political and economic support for Kazakhstan's president Nursultan Nazarbáyev, who has headed an autocratic regime with formal democracy since the country gained its independence; military collaboration between the armed forces of both countries in order to address regional conflicts such as the civil war in Tajikistan, thereby offsetting China's growing military might; Russia's intense investment in and trade with Kazakhstan, the country's main supplier whose economy, with large oil and gas reserves, requires a major productive infrastructure in order to be able to fully exploit its resources; and lastly, the joint Russian-Kazak regional hegemony enjoyed in Central Asia in order to prevent the excessive influence of China⁽²⁸⁾.

As may be appreciated, Russia's collaboration with both republics allows it to secure its area of strategic influence in both the Caucasus and Central Asia, countering the presence of other world powers such as the United States in Georgia and the EU in Central Asia, together with regional powers like China and Iran⁽²⁹⁾.

In the Mediterranean, the Arab revolts of recent months have forced the Russian government to adopt policy stances that have clearly damaged its economic and political interests in order to avoid confrontation with the western powers, as in the cases of Libya and Egypt, or else it has attempted to hold on to its influence by supporting the policies pursued by authoritarian regimes, such as repression in the case of Syria and Iran's nuclear programme, which has likewise forced it to accept a deterioration in its relations with Brussels and Washington.

This contradictory external action is causing Russia to become increasingly isolated at the international forums where the problems of the Mediterranean regions (Balkans, Maghreb, Middle East) are discussed; if this continues it could seriously weaken Russia's influence.

Indeed, the support given to Bashar al-Assad's regime in Syria, especially in the Security Council by blocking the draft Resolutions submitted by the western powers, has damaged the Kremlin's relations with the Arab countries, as even the League of Arab States has condemned and adopted sanctions against the Syrian regime for its indiscriminate repression of the civilian population.

⁽²⁸⁾ The establishment of the *Collective Security Treaty Organisation* and the *Eurasian Economic Community* are clear examples of regional instruments designed to guarantee Russia's military and economic influence in Central Asia.

⁽²⁹⁾ In October 2007 the European Union adopted a new framework for relations with the Central Asian republics: *European Union and Central Asia: Strategy for a New Partnership* which, in a similar way to the European Neighbourhood Policy, is intended to strengthen the EU's presence in the region on the basis of secure and stable relations.

See the document: http://www.consilium.europa.eu/uedocs/cms_data/librairie/PDF/EU_CtrlAsia_EN-RU.pdf (accessed on 29/11/2011).

Nor is the Kremlin's foreign policy helped by Russia's collaboration with the Iranian autocratic regime in the development of its nuclear programme. The storming of the British Embassy by protesters on 29 November, an event that recalls the attack on the US Embassy in 1979, has been decried by the international community including the Russian Minister of Foreign Affairs, whose United Nations representative backed the Security Council Declaration condemning the negligence of the Iranian authorities. The gravity of this event and Russia's forced reaction underline the need for the Moscow authorities to rethink their foreign-policy priorities in relation to their allies in the Mediterranean, Middle East and Persian Gulf region, as otherwise Russia's external action in these areas will continue to be governed by improvisation to the detriment of its presence and credibility as a world power.

This regional decline of Russian influence is more clearly appreciated when contrasted with Turkey's growing hegemony in the Caucasus region and, what is particularly worrying from Moscow's perspective, in some Central Asian republics such as Turkmenistan. It is still unclear whether the Russian leaders' response to Turkey's increasingly prominent role in the region will be to seek rapprochement with Ankara, knowing that it will not be able to rely on unconditional diplomatic and military support owing to Turkey's links with its NATO allies and the Turkish armed forces' decisive opposition to strategic cooperation with Moscow or, on the contrary, whether it will opt for reactive diplomatic initiatives aimed at curbing Ankara's influence. What is clear is that if the Syrian rebellion is successful, Russia will lose its main ally in the area.

Russia has lost the influence the now extinct USSR enjoyed in the Middle East and the Mediterranean, but it would be deceptive to think that it will easily resign itself to a secondary position in both of these regions which it considers essential to its own national security. The only question that remains to be answered is whether, having taken up the presidency, Vladimir Putin will seek agreement with the EU and the United States or, on the contrary, whether he will continue to seek diplomatic support from China in order to implement his strategic decisions in both regions.

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CHAPTER FOUR

AFGHANISTAN: TOWARDS THE END OF THE CONFLICT

Francisco José Berenguer Hernández

ABSTRACT

This article is not intended as a continuation of earlier chapters on the same subject, but focuses on the processes currently under way in both Afghanistan and Pakistan, as well as regional perspectives under their influence. The conflict in Afghanistan is perhaps starting to come to an end, at least as far as the phase of the western-led international intervention is concerned, while the danger level of Pakistan is so high that it likely exceeds that of its unfortunate neighbour. Moreover, relations between the Pakistani and United States governments have entered a phase of extreme tension.

Key words:

Afghanistan, Pakistan, transition, AFPAK, jihadist terrorism, regional perspective.

■ INTRODUCTION

The process triggered by the attacks of 11 September in the United States, planned and controlled from the jihadist haven into which the Taliban regime had converted Afghanistan, seems to be heading towards the final stages. The announced gradual withdrawal from the country of most of the foreign troops, mainly American –now under way and due to end in 2014 if all goes well– involves many unknown quantities, but above all it substantially alters the regional strategic outlook. The current conflict in Pakistan, which runs parallel to and is often more virulent than that of Afghanistan, has and will continue to have a significant impact on the regional situation. The present chapter aims to provide a vision of the current state of affairs and, in particular, of the future outlook for the region following the announced reduction to a minimum of the western troops.

The background to the conflict in Afghanistan and in Pakistan –not the Afghan-Pakistani conflict, for although the two are closely connected they display specific local differences in scope and objective that are sufficient to warrant their being considered not as a single but as two different conflicts with significant interactions– is well known and can be traced back to the very distant past.

Majority Pashtun area on either side of the Afghan-Pakistani border



What is more, the more recent background factors in Afghanistan are very well known and have been addressed and analysed in numerous documents and publications. Therefore, the starting point for this essay is the conviction of the authorities of the nations involved in the conflict, particularly the United States, of the need to abandon the strategy of a massive presence of troops on Afghan soil and replace it with a different mode of collaboration with the Afghan government, which will be analysed in the following pages.

However, the same is not true of the events in Pakistan which, owing to the fact that there are no western troops directly involved or posted there, have been dealt with tangentially and are therefore less well known. The area spanned by the two countries that make up AFPAK, a term coined by the US Administration, displays a certain particularity that has greatly influenced developments in both countries. This is the artificial creation, under British rule, of a frontier line dividing Pashtun territory between British India –which later became Pakistan– and the new State of Afghanistan. This frontier, known as the Durand Line, is the territory which has witnessed the main events of the Afghan and Pakistani conflicts in recent years.

■ AFGHANISTAN: ON EITHER SIDE OF THE BORDER

Evidently, after the attacks of 2011 and the resulting investigations that soon identified Al Qaeda as their mastermind and perpetrator, President Bush's controversial decision –at least as it was considered subsequently, for at the time it had the sympathy and support of much of the international community– to declare a global war on international, that is jihadist, terrorism required the participation of a contingent of US troops who, supporting the Northern Alliance, quickly succeeded in destroying the Taliban regime and replacing it with a provisional government in charge of drafting a constitution and planning an electoral calendar.

This process, which was purely military, required a small number of troops. However, the situation in the country after decades of constant war –both internal and against the invader– called for more action on the part of the international community. The country's endemic shortcomings, very significant in matters as essential as communications, health, education and security infrastructures, had been further exacerbated by the fighting and by the devastating effects of a regime as extremist and obtuse as that of the Taliban. The accumulative effect of so many years of instability revealed to the world a devastated, impoverished country incapable of governing itself.

At the same time, on the other side of the border, the jihadists were writing a new chapter in their ambition to govern territories and populations under their theocratic rules. In this sense the Pakistani conflict is largely more serious than its Afghan counterpart both in terms of victims and with respect to the determining fact that it is being waged in a country with nuclear weapons and engaged in a dispute with one of the biggest twenty-first century powers, India. But in addition to Pakistan's internal conflicts, events on the eastern side of this frontier have had, currently have and will continue to have significant influence on the Afghan theatre.

The establishment of the communist and pro-Soviet People's Democratic Party of Afghanistan in 1965 by Nur Mohammad Taraki and Hafizullah Amin brought to Afghan public life following the revolution of 1978 an extremely religious and conservative doctrine that was eminently contrary to national tradition. In a manner coherent with his ideology, after Taraki came to power he dictated radical measures on the distribution of land, law, the status of women and, basically, a whole host of aspects aimed at transforming a country so rooted in its traditions into a modern socialist state.

When coming up against the firm opposition of large sectors of society, he did not hesitate to apply the most extreme repressive measures, which claimed more than 50,000 lives⁽¹⁾. This was the start of Afghan resistance, then characterised by its anti-communist and traditionalist nature, which established the first training camps on Pakistani territory close to Afghanistan and began to recruit nationals who had fled to the neighbouring country. After been trained and armed, they were infiltrated into Afghanistan to fight against the communist regime of Kabul, and this pattern of conduct has continued to the present day, as evidenced by the wave of violence unleashed on targets with a high media impact, chiefly in Kabul, in the summer of 2011, committed chiefly by insurgents who had arrived from Pakistan days earlier.

This manner of proceeding evidently required the connivance of the Pakistani authorities, for whom it fulfilled a twofold aim: while favouring the interests of their US ally in a further stage of the Cold War, particularly after the Soviet invasion, they also succeeded in influencing Afghan domestic politics decisively, and some Pakistani State sectors at least still harbour this objective today.

This policy, stemming largely from Pakistan's strategic needs in relation to its on-going dispute with India, reached a head when the Taliban appeared on the scene. The Mujahideen, genuinely Afghan in nationality and ideas, were incapable of capitalising on the Soviet withdrawal and building a country in

⁽¹⁾ Ewans, M. Marsden, P. *Afghanistan: History*. London: Europa World online.

peace. On the contrary, no sooner had the Russians gone than the differences that the presence of the common enemy had managed to conceal surfaced, triggering a highly complex civil war that plunged Afghanistan into anarchy. It should therefore not be forgotten that the advent of the Taliban was welcomed by large sectors of the population.

These Islamic students of the madrasahs set up on Pakistani soil close to the border were a new product. Fuelled by the generation of young Afghans who were born in or moved in early childhood to the Afghan refugee camps in Pakistan, these madrasahs provided an education centred exclusively on Islamist doctrines, creating a contingent of Afghans who were ignorant of their own country and illiterate other than being able to recite the Koran from memory. What is more, if the concept of nationality had been vague throughout the Pashtun belt shared by both countries, it was even vaguer than usual among these young students who had not spent their lives in their country of origin, and their Afghan nationalist sentiment was accordingly even weaker than is customary in the country. Pakistan saw in this group an excellent tool for continuing to exert influence on its neighbour, once again succumbing to the temptation to support radical Islamic groups in order to serve its own foreign-policy interests.

Following their military defeat by the coalition formed by the Northern Alliance and the United States, it was only logical that they would withdraw to their point of origin. Similarly, now that they have progressively recovered, using the tactical advantages this attitude lends them, the cross-border transit of insurgents and arms has become the natural *modus operandi* of these militias, and the Afghan conflict has thus become permanently linked to stability on either side of the border with Pakistan.

■ PAKISTAN: A DIFFERENT PROBLEM

The existence of Islamist militias in Pakistan and their close relationship with the government of the country goes back a long way. Indeed, it dates from the very origins of the nation following the partition of British India. The new state mobilised the militias known as *lashkars*⁽²⁾ in an attempt to force the Maharajah of Jammu and Kashmir to join his territory to Pakistan, occupying this territory. The tribal militias were then backed by the regular army.

Since then the existence of these militias has been a constant factor, both in deciding domestic quarrels and in serving Pakistan's foreign interests.

⁽²⁾ Irregular tribal militia in Arabic.

However, the operational emergence in the 1990s of international jihadism –whose ideological fundamentals date back much earlier and which was more local in previous decades– has also made the Pakistani State a target of many of these militias. Indeed, although the Kashmir dispute remains high on Pakistan’s political agenda, the government recognises the jihadist menace as the biggest current threat to Pakistan’s security. Certainly, despite the changes of government that have taken place over time and its status of permanent US ally first in the context of the Cold War and later in the Global War on Terrorism, Pakistan fits the profile of the governments of Muslim countries which jihadism classifies as impious and, accordingly, legitimate targets in its designs for the establishment of a world caliphate.

This jihadist pressure, which was initially limited to the Federally Administrated Tribal Areas (FATA) bordering Afghanistan, chiefly in Waziristan, has progressively broadened its scope of action to other provinces and areas such as Orakzai, Kurram, Bannu and Tank and more recently even to Baluchistan. The result is the gradual sapping of the government’s power in the area, which has made Pakistan not a failed state but one that is becoming increasingly fragile, with areas where State control has been weakened to the point that the northeast territories are now a border area in which the Durand Line is little more than a theoretical line on maps. These areas and their populations display a very low level of integration into the Pakistani nation as a whole.

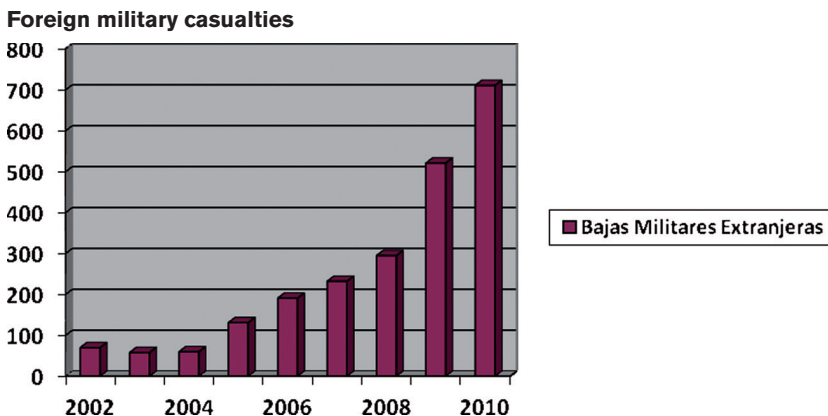
As a result, the action of Islamist militias in Pakistan has progressively evolved over the past decades, and the militias that were tolerated and even supported by the government have now been joined by a growing number of activist and sometimes terrorist groups such as the so-called Pakistani Taliban, which aims to overthrow the government of the nation and seize power. To this end they do not hesitate to launch attacks such as those carried out in the valley of Swat in the summer of 2007 by the followers of the radical cleric Maulana Fazlullah, triggering high-intensity clashes with the Pakistani army which, despite its superior equipment, has not been able to prevent the Islamist militias from seizing control of increasingly large areas.

Therefore, while tension at the Indian border and in Kashmir has progressively decreased in relative terms –as evidenced by the peace process begun with India in 2006, despite its temporary suspension after the attacks of Lashkar-e Tayiba (LeT) in Mumbai– allowing some 100,000 troops to be transferred from Pakistan’s border with India to that with Afghanistan, it has been mounting in the northeast as a result of the conflict in Afghanistan and the momentum gained by the insurgency against the state of Pakistan.

■ CURRENT SITUATION IN AFGHANISTAN

■ How it has come about

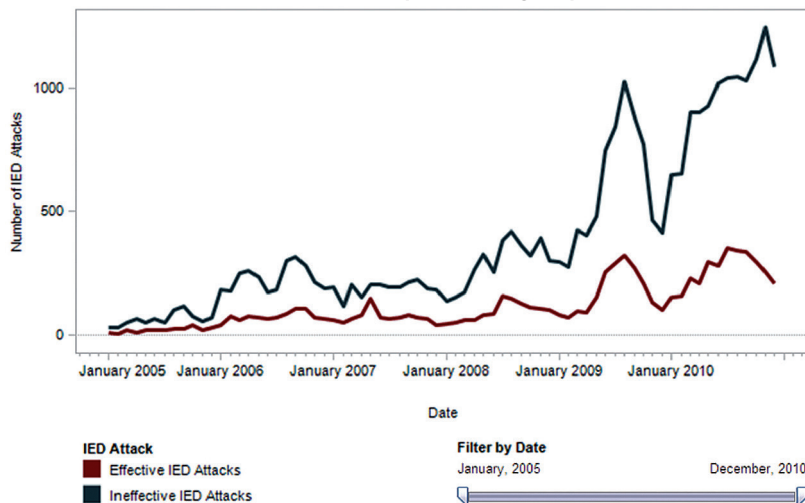
As is inevitably the case in a distant, long drawn-out conflict, it is not easy for the populations with troops posted to the region to grasp the reasons for the permanence of their soldiers in such a demanding theatre. A notable exception is US public opinion, which is unfortunately only too aware of the reasons that led to the intervention of its country's armed forces. The fact is that after some time the citizens of a good many of the nations with contingents deployed in Afghanistan have become noticeably fed up. The gradual but steady increase in the casualties suffered by Enduring Freedom and ISAF forces is a major factor in this perception, as the following graph illustrates:



An inherent characteristic of journalism has also contributed to this vision: the greater news value of striking stories of battles, casualties and collateral damage compared to information about the major accomplishments achieved in the country since the start of the international intervention. As a result the public opinion of the main countries taking part in the intervention has a worse impression of the situation than actually exists, as those who took part in the mission discovered on returning home.

But it is equally true that developments in the security situation, particularly since 2006, have not been encouraging. Although much of Afghan territory has been pacified, attacks on both Afghan and international troops have been steadily increasing, as shown by the following graph on the use of Improvised Explosive Devices (IED), which were largely responsible for the aforementioned casualties.

Statistics of IED attacks carried out by the insurgency⁽³⁾



Similarly, the expenses derived from the campaign were rising by the month, and the results achieved were insufficient to justify such expenditure. A significant impact was caused in this connection by the report «*The Costs of War*»⁽⁴⁾, a fairly crude reflection of the costs derived from the US intervention in Iraq and Afghanistan.

These costs are not exclusively financial costs –in themselves huge– but also include aspects as sensitive as casualties suffered, which in Afghanistan are as follows:

- Afghan security forces: 8,756
- Afghan civilians: 11,700
- Insurgents: 10,000
- Journalists: 18
- Humanitarian workers: 172⁽⁵⁾

This is on top of the military casualties among international forces expressed in the previous graph. And it is also necessary to add to these figures the tens of thousands of people who were injured in these attacks, the hundreds of thousands of displaced people and the huge social costs to the Afghans above all but also to the societies of the countries taking part in the intervention.

The economic crisis and widespread fatigue was clearly calling for a change of attitude and, ultimately, of strategy in order to push the situation

⁽³⁾ Source: Human Security Report Project. <http://www.conflictmonitors.org/countries/afghanistan/facts-and-figures/violent-incidents/ied-attacks>

⁽⁴⁾ Eisenhower Study Group, June 2011.

⁽⁵⁾ Eisenhower Study Group, *The Costs of War*, June 2011.

out of the stagnation into which it had lapsed despite the major successes achieved in other aspects of the support lent to the Afghan government in its effort to improve the governance of the country and its citizens' living conditions.

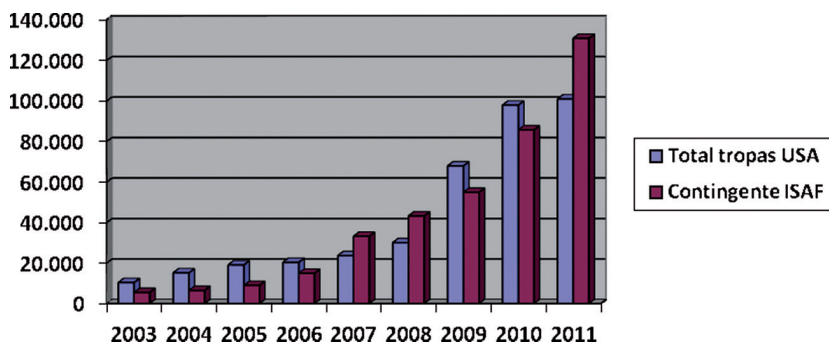
■ A change of direction

Throughout 2009 the US Administration planned another means of addressing the conflict, seeking to achieve at the same time the greatest possible progress against the insurgency and establish a calendar for withdrawing from the Afghan theatre, as it had previously done with Iraq. The new strategy, currently in full swing, is based on three synergic initiatives, together with initiatives of lesser significance aimed at reinforcing the effect of the main ones.

- *The Surge*

Although coinciding in time and implemented in parallel, what, for systematic purposes, can be considered the first initiative consisted of a major increase in US servicemen in Afghanistan. The rest of the allies were also urged to do the same, albeit on a smaller scale. The heavy reduction in the number of US troops deployed in Iraq allowed the Obama Administration to re-deploy more than 33,000 troops on top of those already based in the country. The allies contributed no fewer than 10,000 additional soldiers, making the number of international troops deployed in Afghan the highest first in 2010 and subsequently at the beginning of 2011. The total number of allied troops present in the theatre more or less doubled the number at the start of President Obama's mandate.

Number of foreign troops in Afghanistan



⁽⁶⁾ Graph compiled by the author from data supplied by the US Department of Defense.

The aim of this major reinforcement, known as the Surge, was to bolster the ability to conduct large-scale operations against the main Taliban strongholds in an attempt to deal a harsh blow to Taliban combatants, combat assets, operation leaders and morale using forces capable not only of executing the planned operations but also of sustaining high pressure on the insurgency in the area, thereby maximising the beneficial effects of the initial impulse.

The areas in which the surge was put into practice were above all the insurgents' main bastions in the south and southeast of the country, in the Pashtun belt. Prominent among all the operations are those known as *Moshtarak* and *Hamkan*. The first was the biggest military operation conducted since the defeat of the Taliban at the end of 2001 and some of the figures give an idea of the magnitude of the endeavour.

Begun on 13 February 2010, its main target was the centres of Marjah, Lashkar Gah, Nad Ali and Shoval, the heart of the country's opium-growing area in the south. With more than 15,000 troops, it involved 5 brigades of the ANA, a brigade of US marines and a British light brigade, with ample aerial support, both manned and unmanned, and the intervention of different special forces focused on defeating the main Taliban leaders in the area. Unlike in previous operations, which were mere in-and-out incursions, they currently have control of and are putting pressure on the area that has been snatched from the insurgency, for whom it was one of their main bases of recruitment and funding.

The fact is that this operation, only the first in a long series designed to weaken decisively the Taliban presence in the country's problematic south, together with the successive operations of the aforementioned Surge, have considerably debilitated the insurgency, which is showing signs of weariness and demoralisation that are heralding the possibility of a negotiated solution to the conflict.

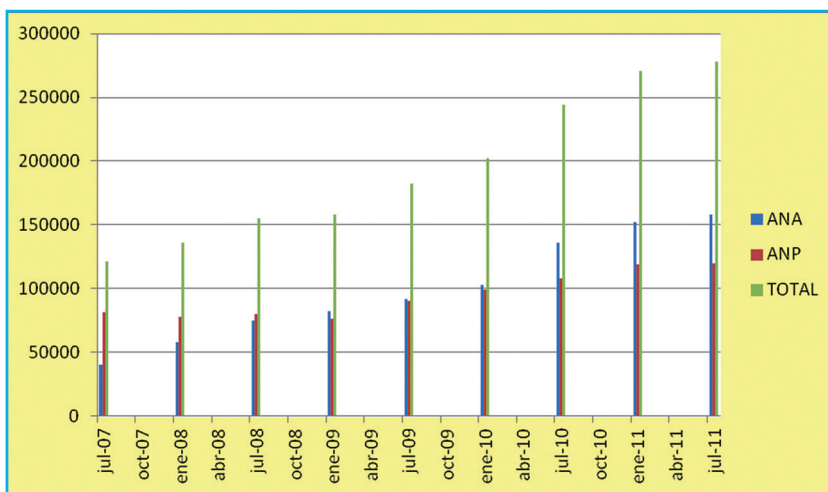
- *Afghanisation*

The second initiative, by no means a novelty as units of both the ANA and the ANP have been receiving training since the beginning of the international presence in Afghanistan, is to intensify these training processes. At present, with the reduction of the US forces in the theatre already under way, the main allied effort is focused on what is known as NTM-A⁽⁷⁾ (NATO Training Mission Afghanistan). This *Afghanisation* of the conflict has involved successive increases in the planned number of personnel belonging to the

⁽⁷⁾ *NATO Training Mission in Afghanistan.*

ANSF⁽⁸⁾ (Afghan National Security Forces) with the ultimate goal of their taking full responsibility for security in the country by the end of 2014, the date announced by President Obama for the end of the reduction of US troops in the theatre. After many misgivings, the date and responsibility have been accepted by President Karzai.

The growth in the number of troops belonging to the ANSF is shown in the following graph⁽⁹⁾



The rapid growth in the number of personnel as a result of the NTM-A is evident. The ANA in particular is expected to be increased to 171,600 troops by the end of 2011⁽¹⁰⁾. However, the reality of the ANSF is not as encouraging as it seems.

Indeed, the number of losses among the ANSF is very high –so much so that it is currently undermining the achievement of the force goals set. Obviously, given the growing involvement of Afghan troops in clashes with the insurgency– they accounted for 60% of the troops in the aforementioned operation *Moshtarak*, their not always optimal preparedness and the unsuitability of part of their equipment, the number of men wounded and fallen in combat is considerable, and casualty numbers amounted to more than 25,000 up to June 2011⁽¹¹⁾. Unfortunately, in this high figure the losses of the ANP greatly outnumber those of the ANA, and this trend is continuing, as the following graph shows.

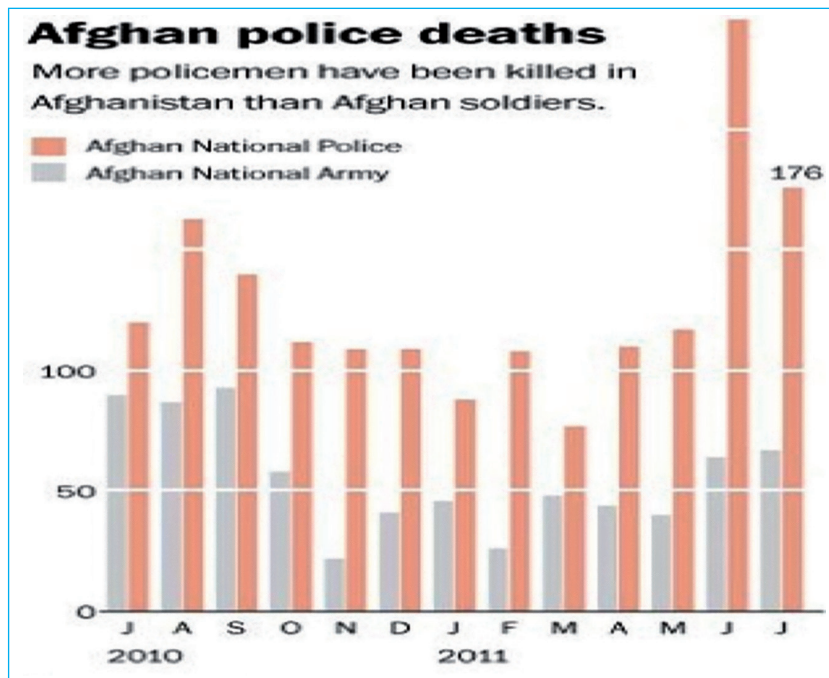
⁽⁸⁾ The Afghan National Security Forces are comprised of the ANA and the ANP.

⁽⁹⁾ Data provided by the US Department of Defense.

⁽¹⁰⁾ Data provided by the US Department of Defense.

⁽¹¹⁾ Eisenhower Study Group, *The Costs of War*, June 2011.

Comparison of deaths among the ANA and ANP in recent months⁽¹²⁾



But a much greater problem from the quantitative point of view is the large number of desertions from the ANA. Indeed, the trend for the second half of 2010, in which nearly 5,000 soldiers deserted during some months, even increased in the first six months of 2011, in which nearly 15% of ANA troops deserted.

What is more, there are large areas of the country where poverty is very pronounced and, in theory, there are excellent opportunities for recruitments. However, the number of young men who join the ANSF is very small owing above all to the strong Taliban presence and the consequent fear of reprisals against them or their families.

As the main reasons for desertion are considered to be the weak leadership and corruption of the commanding officers, lack of accountability of deserters –at the express wishes of President Karzai– and endemic causes such as a markedly rural and poorly mechanised society, concern about the influence these figures may have on the Afghan government’s ability to fully take over responsibility for security is very great.

⁽¹²⁾ The Washington Post, 31 August 2011. http://www.washingtonpost.com/world/middle-east/afghan-police-casualties-soar/2011/08/22/gIQAHXN7qJ_story.html

- *Pakistanisation*

The third initiative sprang from the growing conviction that much of the solution to the conflict lay in Pakistan, and that there was a necessary connection between the events that occurred on either side of the Durand Line.

In order to turn the situation in Pakistan in favour of the interests of both Afghanistan and the international community in Afghanistan, the United States began a campaign to step up its efforts in Pakistan. The two main lines of action were to intensify diplomatic activity and, above all, substantially increase financial support for the Pakistani government in security matters, on the one hand, and, on the other, to implement an intense campaign to hunt down and neutralise Taliban leaders and activists using unmanned aerial vehicles (drones).

This transfer of a considerable part of the effort to the other side of the border has reaped important dividends, but it has also caused disagreement between the United States and Pakistan that will be commented on in due course.

■ The Afghan present

To speak of an Afghan present in a publication of these characteristics is largely an exercise in optimism if not in rashness, as events and new developments in that theatre are constantly unfolding at the time of writing this chapter. However, it is possible to pinpoint a few key elements which allow us to sketch a necessarily general picture that gives an idea of the country's present situation.

- *The transition to Afghan lead*

Known in the local language as *inteqal*, this is the main tool for allowing the interests of the Afghan government to be reconciled with those of the foreign nations involved in the conflict. Designed in parallel with the NTM-A, which it complements so that both make up the two sides of the same coin, the progressive transfer, by phases, of the security responsibilities from the international troops to the ANSF is in full swing, and there appears to be no going back.

In a manner similar to the transfer of responsibilities from Enduring Freedom to ISAF, a progressive plan has intelligently been designed and is tied both to the availability of trained and equipped Afghan forces and to insurgent activity in the different areas. Areas with a lower level of activity were initially transferred, and this has helped both assess the ANSF's ability to bear their responsibilities and boost their self-confidence and experience, so as to progressively transfer more

conflictive areas until they have taken over responsibility for the entire territory by the end of 2014.

The transition process is controlled by the *Joint Afghan-NATO Inteqal Board* (JANIB), whose initial task was to design the transition plan and, once it was under way, subsequently supervise it and provide advice on corrective measures to be applied to the initial plan. These measures, involving either interrupting the transfers or even returning particular areas to international responsibility, are by no means desirable but they may be necessary depending on developments in the situation in the different areas of the country.

It should be borne in mind that, on average, about 10 policemen die in Afghanistan every day. This proves that police officers are relatively easy targets, often poorly equipped and trained for such a demanding environment as the security situation in numerous parts of the country. Therefore, desertions are alarmingly high, though they are merely a logical reflection of the rapid expansion the police have undergone in recent years. Scanty 6-week courses are insufficient to guarantee that the new policemen are properly trained.

What is more, dysfunctions are taking place in the process as there is evidence of episodes of police brutality and corruption in the ANP. This has led the US authorities to put a temporary stop to the handing over of prisoners to the police until there are guarantees that such practices will be discontinued.

But if there is anything that is currently clear to the US Administration it is the need to trim the cost of training and equipping the ANSF, which is too high for the United States' depleted coffers. To achieve this goal –which would probably entail halving the current budgetary allocation– two initiatives are being implemented to allow the permanent contingent of the ANSF to be reduced when the time comes. The first is what the military have christened as the «*iron mountain*» and involves delivering to the ANSF, between October 2011 and March 2012, 22,000 vehicles, 44 aircraft and helicopters, 40,000 arms and thousands of pieces of electronic and communication equipment⁽¹³⁾. The aim of providing this huge amount of modern material in perfect condition is to ensure the operational capacity and effectiveness of the Afghan forces by underpinning the success of the transition, releasing the international forces from their security tasks and, in the medium term, reducing the costs of the conflict, if we take the price of the conflict to mean its global and not purely financial sense. Despite the quantitative and qualitative leap that this equipment will signify for the Afghan forces, the defence minister Abdul Rahim Wardak has expressed his disappointment that fighter planes and battle tanks are not to be included in the massive shipment, claiming that they are needed to guarantee Afghanistan's future defence in the regional environment. However, President Karzai disagrees with his minister and takes a more pragmatic view,

⁽¹³⁾ Joshua Partlow, *The Washington Post*, 23 August 2011.

recognising that it is impossible for them to maintain such complex systems by themselves. Whatever the case, there can be no doubt that this re-equipping provides the Afghan government with the most powerful ANSF there have ever been in the history of the country since it gained its independence.

The operation to improve the image of the ANSF in the eyes of the Afghan population, now under way through radio broadcasting, is also helping strengthen the ANSF. A hundred or so radio stations, many operating from US military facilities, currently broadcast musical shows with local hosts and DJs who, remaining anonymous and concealed by pseudonyms, insert news slots that convey the messages designed to improve the reputation of the Afghan forces among the local population, seeking to increase their popularity and citizens' collaboration in what is just one, albeit very powerful, aspect of the new US strategy in Afghanistan.

The second, much more controversial, policy is the implementation of a programme to create local militias that can take on the role of the ANSF or reinforce them in specific places and situations. No doubt with the model of Iraq in mind, where these militias on the whole had a positive effect on security developments, the Afghan variant, in contrast, displays many possible disadvantages that makes it a risky option.

Counting in this policy's favour is the historical presence of these militias in the rural areas of the country, and it therefore links up with age-old local customs, a point that deserves to be taken into account in such a conservative society. Against it is the evident risk of their ousting the Afghan security forces proper, chiefly the ANP, from many areas of the countryside and replacing them in an arbitrary manner. Such undesirable developments would contribute to increasing instability and to the establishment of local sources of power which could return certain areas of the country to the period of the warlords. This latter possibility is why President Karzai has been reluctant to agree to the creation of these militias until only recently.

At the time of writing, 6,000 militiamen –who are much cheaper than their equivalent in the ANSF– have been «called up» to a contingent that is expected to reach 30,000 by the beginning of 2012. So far its impact is proving very uneven, as there are areas in which interest in training militias has been non-existent, whereas in others, particularly Kunduz, legal and illegal militias have sprung up and are now vying for control of certain enclaves. Perhaps this is the most dubious measure in the transition process and the one which will need the most adjustments over the coming months.

Logically, the increase in the number of troops belonging to the ANSF and in its military equipment is making it possible to reduce the number of international

troops. The reduction has already begun, although in a very limited manner in the remaining months of 2011, and will be stepped up considerably in 2012. The Spanish defence minister recently announced the start of a plan to withdraw Spanish troops from January next year, while the United States expects to have reduced its presence in the theatre to 33,000 servicemen by the summer of 2012.

In the case of America, there is also an emotional factor that is linked to the death in Pakistan of Bin Laden, as the widespread fatigue among the general public of the United States is tied to the probably erroneous perception of having successfully completed the mission. The symbolic capacity of Laden has been undeniable –for both his sympathisers and his enemies– and his demise is therefore heightening the average American’s sensation of having come to the end of a cycle. And this popular sentiment cannot be ignored in what is practically a pre-electoral period for the re-election of President Obama.

But even though the plans for the transition to Afghan lead are following their course, they are coming up against major obstacles. August 2011 was the month with the highest number of casualties among US forces –a total of 66– in an increase proportionally similar to the casualties suffered by the ANSF, while attacks using IED likewise soared to their highest so far in the conflict.

More damaging still to the transition process is the stance adopted by part of the insurgency, who are responding to the transfers of authority to the Afghan forces in different territories by increasing their attacks in those territories. What is more, they are carefully selecting their targets so that their attacks have considerable media impact, as their aim is largely to prove to international public opinion the supposed incapability of the ANSF to take over responsibility for security. In this respect the spectacular attacks launched on Kabul over the summer are the most significant.

These attacks are aimed at showing that even targets that are theoretically better protected, such as the US embassy and the NATO headquarters in the capital, are not effectively defended by the Afghan forces. No doubt they also seek to deal a harsh blow to the prospects of negotiation that are currently opening, in order to give the impression of a «military» might greater than they really wield.

However, the Haqqani network’s authorship of the aforementioned attacks in Kabul⁽¹⁴⁾, which has led the US authorities to include the group in their list of terrorist organisations, casts doubts on the motivation for these attacks. Pakistan’s known connections with this group call into question whether some

⁽¹⁴⁾ John T. Bennett, *The Hill*, 21 September 2011.

Pakistani State sectors genuinely wish for a happy solution to the Afghan conflict and the advent of peace to this ravaged country.

- *The insurgency*

Contrary to the ideas westerners have, the Taliban is currently badly affected by the aforementioned military offensives launched against some of its main fiefdoms throughout 2010 and 2011. It is not only materially depleted but also demoralised, and there are many indications of this throughout the country.

As General John Allen puts it,

Many of these fighters who have been on the battlefield... have felt they have been abandoned by their intermediate Taliban leadership⁽¹⁵⁾.

and we may therefore consider that the morale of the lowest-level fighters has been badly dented. It is therefore necessary to endeavour to strengthen this perception and make the most of the situation, so that the insurgency is unmistakably identified as «the losing side», as nobody would join of their own accord⁽¹⁶⁾.

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Although slow, the progress made by the international forces is being felt, as is the first-hand knowledge the population has, particularly the ethnically differentiated Pashtuns –the main but not only components of the Taliban militias– of the atrocities committed by them against the civilian population. Indeed, the fact that between 85% and 90% of civilian casualties have been caused by the insurgency cannot fail to make an impression⁽¹⁷⁾, despite the insurgency's traditional clever exploitation of the collateral damage caused by the international forces.

In this connection a telling incident, perhaps still isolated but worthy of mention, occurred in August in the district of Nawa, Helmand province, an area where the insurgency enjoy considerable influence. There a group of inhabitants of a village stoned to death a Taliban leader and his bodyguard following the murder of a villager accused of aiding the government⁽¹⁸⁾. This instant, on-the-spot vengeance attests to both the population's weariness of the arbitrariness of the insurgents and the latter's loss of influence in large areas of the country, even where their dominance had scarcely been challenged until only recently.

Therefore, policies are being pursued with the aim of reinforcing this trend and curbing the capacity of the insurgency. One of the most obvious, but also

⁽¹⁵⁾ Jim Michaels, USA Today, 1 September 2011.

⁽¹⁶⁾ General John Mattis, USA Today, 31 August 2011.

⁽¹⁷⁾ United States Defense Department.

⁽¹⁸⁾ Ray Rivera, The New York Times, 22 August 2011.

most difficult, manners of reducing Taliban power is to reintegrate as many insurgents as possible into civilian life. There is plenty of scope for action in this field, as a very significant number of today's insurgents are what they are for occupational reasons given the scant prospects of work and income in normal life and the comparatively high wages Taliban leaders pay them for their services.

For this important purpose integration programmes have been started up which provide vocational training, jobs after the training has been completed, and –a key factor in the success of programmes– security for the individuals in performing these newly acquired jobs. Using this means, 2,400 insurgents have already been «demobilised» as of September 2011, and a further 3,000 are waiting to join the programmes in successive rounds.

All in all, it may be concluded that the insurgency is at relatively low ebb. But by no means should it be considered defeated. There can be doubt that it is difficult to assess the number of soldiers still under the orders of the Taliban command. The most optimistic speak of a total of a few thousand, but the Taliban offensive launched in the Kandahar region in spring gives no reason to believe that Mullah Omar's forces are severely depleted.

On the contrary, we need to consider factors that still remain on the insurgents' side of the scale. In this respect it is frustrating to learn that at least 360 million dollars are thought to have found their way directly from US hands to the insurgency through commissions, a sort of «revolutionary tax» on construction contracts and the like⁽¹⁹⁾, to which should be added the unspecified amount relating to contracts signed by the rest of the nations in their contribution to the country's development.

More important than this inappropriate source of financing is the fact that the fatigue of the nations involved is highly evident, especially the United States but also other very important contributors such as the United Kingdom and France. The economic outlook for the western economies and the wearying effects of such a long campaign are making the Taliban leaders highly aware of this circumstance and they consider, probably rightly, that time is on their side.

Realisation of this fact is causing them to shift the focus of their propagandistic efforts from the international forces to the ANSF as their main target, as they regard them as their most significant enemy in the coming years. Therefore, Taliban propaganda has sharpened its verbal and ideological attacks at the Afghan forces and government. It might be said in a sense that this is the Taliban version of the so often mentioned *Afghanisation* of the conflict.

⁽¹⁹⁾ Richard Ladner and Deb Riechmann, Associated Press, 17 August 2011.

In this propaganda, in accordance with the oldest jihadist tradition, it brands the ANA and ANP as impious and traitors of Muslim faith, even though they all practice the same variety of Islam, albeit with different interpretations in some key aspects of its application.

But there have been reactions to this ideological offensive. Displaying flexibility and awareness of the importance of this element in its possibilities of victory in such a conservative society, in the space of a year the ANA has recruited dozens of *hafiz*⁽²⁰⁾ and clerics and ensures that whole units pray within sight of the population.

This battle for legitimisation as genuine vehicles of the true Islam is of crucial importance to the insurgency, and therefore, together with high-visibility actions in opposition to the transition process, it will most likely concentrate its efforts on this over the coming months.

- *The national reconciliation process*

Despite the prominent place the Soviet invasion has in western consciences as the origin of Afghanistan's ills, it should be remembered that it is a conflict between Afghans which, uninterruptedly, in different phases and with the intervention of different foreign forces, has continued to the present day.

For it to end Afghans must achieve reconciliation as a necessary condition for peace. Furthermore, with respect to the last phase of the conflict in which we are still immersed, the military route has proved insufficient in bringing victory to one of the sides, and a solution to the conflict therefore inevitably involves political negotiation.

This negotiated solution, which had previously been explored more discreetly and tentatively under the auspices of Saudi Arabia, has been gaining ground since 2010. It has called for a new change in US strategy, which has again been focused on counterterrorism and on attempting to arrest or neutralise the remnants of Al Qaeda and the most extremist Taliban activists who are opposed to joining in the political game of the new Afghanistan that is currently on the drawing board.

For their part, the actions carried out by the insurgency to throw a spanner in the works of the aforementioned transition process appear to be aimed at dynamiting the parallel path of negotiation and the transfer of authority, but the fact is that nothing is simple in Afghanistan and rational mechanisms are governed by a logic different to that which prevails in the West. The apparent refusal to accept negotiation and reconciliation should therefore be contrasted with a series of gestures and messages that may indicate the opposite.

⁽²⁰⁾ Person who memorises and recites the Koran.

Traditionally, the Taliban has refused to enter into negotiations with the Afghan government while there were still foreign troops stationed the country. However, the Taliban leaders' recent declarations on their willingness to negotiate with both NATO and the Afghan government⁽²¹⁾ appear to indicate that they are changing their mind. Even the actions against the transition process could stem from the old tactic of displaying military might when sitting down to the negotiating table and, indeed, could be a clear sign that the Taliban Council has also decided to seek a political solution.

This would reaffirm the aforementioned idea of the damage caused to the movement by the counterinsurgency offensive of 2010 and 2011. Even voices of authority such as the US ambassador in Kabul stress this aspect: «*The Taliban needs to feel more pain*»⁽²²⁾, he stated, meaning that only a state of military weakness and disadvantage truly motivates the Taliban leadership to pursue the path of negotiation.

Such negotiations are evidently extremely complex. Indeed, one of the greatest difficulties lies in ascertaining who is authorised to speak on behalf of the leader Mullah Mohammed Omar, as the numerous attempts at negotiation begun have ended up drifting rapidly into impasse as the negotiators on the insurgency side are not sufficiently representative. Nevertheless, an important step was Omar's recent recognition of the establishment of contacts, something he had not done until now. Certainly, the recognition by both sides of the impossibility of military victory and the need for a political agreement is perhaps only the first step in the right direction, but it is probably the most important.

Although the process is headed in theory by the High Peace Council set up for this purpose by the Afghan government, the fact is that President Karzai fears that the possibility of bilateral talks between the United States and the Taliban Council, which may include issues as sensitive as the exchange of prisoners, will minimise the role of his government and lead to its loss of control of the process to the benefit of other political elements in Afghanistan's immediate future.

Certainly, the assassination on 20 September of former president Burhanuddin Rabbani, head of the High Peace Council, although perhaps more symbolic than operational, points to the huge difficulties of the peace process. The death of this Tajik, who enjoyed great prestige nationally, together with that of other very prominent figures such as the president's own brother, have plunged Karzai into despair. But although his declarations about the breaking off of negotiations are worthy of consideration, the fact is that there does not seem to be any other means of putting an end to the conflict within a reasonable period of time.

⁽²¹⁾ [Alissa J. Rubin. The New York Times. 03/08/2011.](#)

⁽²²⁾ [Yaroslav Trofimov and Maria Abi-Habib, The Wall Street Journal, 9 September 2011.](#)

The only thing that seems clear is the existence of sectors that are contrary to negotiation, and Rabbani's assassination may therefore be due to either the presence of a dissident Taliban faction that does not accept it or the involvement of Pakistani elements intent on preventing the pacification of Afghanistan and its inevitable strategic alliance with India, or to even more personal motives such as the elimination of a prestigious political leader capable of influencing post-conflict Afghanistan. But what appears most senseless is Karzai's statement to the Afghan television channel Tolo TV on the Taliban Council's authorship of Rabanni's assassination, as this would signify the Taliban's return to the military option as the only means of settling the conflict.

In any event, it seems clear that the negotiations, with some phases more active than others, are going to continue. The forthcoming Bonn Conference scheduled for December 2011 could be a significant milestone. For this to happen, a Taliban delegation, duly authorised by the Quetta Council, would need to be present, but although efforts have been made in this direction, President Karzai's current stance makes this unlikelier than a few weeks ago.

- *The sustainability of the Afghan State*

As a result of the foregoing, it is necessary to consider the real possibilities, despite the difficulties described and others that may arise, of a pacified and reasonably stable Afghanistan. This takes us inevitably to analysing the sustainability of a post-war Afghan State.

If the *inteqal* were to progress adequately, it may be expected that by the end of 2014 only a small core of foreign troops will remain in the country under a formula that has yet to be defined and will depend on how events develop, as the Afghan and US governments are negotiating a *strategic partnership* to define the terms of the US presence in the country beyond 2014. This presence will most likely extend to the troops of other NATO countries, but will undoubtedly be much smaller in number than the large contingents still stationed in Afghanistan today. This drastic troop reduction, which is highly desirable from any viewpoint and an unmistakeable sign of major progress towards stability and peace, is nevertheless still a challenge for Afghanistan's depressed economy.

It is currently thought that as much as 97% of Afghanistan's economy is linked in some way or another to the presence of troops and foreign donations, and the end of 2014 seems a very short deadline for succeeding in diversifying the economy and causing it to advance in other «orphan» sectors. Although international aid to Afghanistan will have to be continued for decades, it is

feared, with not inconsiderable logic, that the departure of the troops will significantly worsen, if not ruin, the country's situation⁽²³⁾.

In contrast, from a more regional perspective we may expect nearby powers to show an increased interest, which is already palpable, in Afghan economic affairs and natural resources. The announcement of the strategic alliance between India and Afghanistan, signed on 4 October 2011, shows both India's interest in its natural ally and, at the same time, how this emerging power with undeniable significance in the regional strategic landscape is hurrying to position itself in Afghanistan.

This foreseeable increase in India's presence together with China's undeniable interest –oriented chiefly towards potential natural resources to be discovered and exploited on Afghan soil– is perhaps the greatest hope of an acceptable rebalance of the Afghan economy after the inevitable western withdrawal in the years to come and allays some of the fear about the future.

In the economic sphere, but with significant influence on social aspects and even directly on security, we should consider the dispute for land, which may prove more intense in some areas than the quarrels triggered by the insurgency, above all if it returns gradually to traditional crops. Anarchy, war and corruption have altered the boundaries of lands and the people, often with ethnic and clan components specific to each location, are prepared to fight for land though not for other motives. Therefore one of the most important and also difficult tasks the government faces is to progressively unravel the tangled web woven in this area by so many years of lack of control, without triggering significant episodes of violence.

The question of land leads us to the cultivation of opium poppies and its inevitable dual nature of motor of the economy, on the one hand, and financial fuel of violence on the other. This important issue has at last been taken seriously, to the extent that the number of hectares cultivated in the province of Helmand is expected to decrease by approximately 50%. However, such a reduction in this province and Kandahar –the other major opium-growing area– will not signify a similar reduction in opium production. The area given over to opium poppies in other provinces has simply increased, so that the total production will be only slightly lower than in previous years.

This flexibility of the production mechanisms, their importance to the local economy and the shift to an increasingly larger production of refined heroin clearly indicate that this problem is going to be around for a long time, well beyond the timeframe of 2014. There is even a risk that, once the international troops withdraw from most of the country, it may become a narco-state.

⁽²³⁾ Mark Magnier, *Los Angeles Times*, 19 August 2011.

Avoiding such a future is one of the major challenges faced by the government and the ANSF.

Fear about Afghanistan's economic future is accompanied by another fear, currently very widespread, that the spark of civil war will be rekindled once the foreign armies have gone. Indeed, a certain brain drain and capital flight has been detected since the date of the end of 2014 was announced as the end of the present chapter in the history of Afghanistan. Memories of what happened after the Russian army withdrew influence this perception, but it is a by no means inconsiderable risk, as many of the basic problems from which Afghanistan has suffered for decades remain and no significant progress has been made towards possible solutions. No doubt the international community's fear of a new edition of the internal war underlies the decision, yet to be clarified, to replace the initially announced withdrawal with a reduction of troops, extending their presence to beyond 2014.

In the task of avoiding repeating past mistakes and preventing the reappearance of autonomous local military powers, once again it seems that the existence of sufficiently large, efficient ANFS obedient to the political power of the Kabul government will be a decisive factor in the coming years. Even the implementation of public works and infrastructures, which are so necessary to the country's development, is going to depend largely on the capability of the ANFS. Workers engaged in these tasks have traditionally been a target of the insurgency and casualties have been numerous, and there is nothing to suggest that the situation will necessarily change in the near future, which is why last summer President Karzai ordered his ANFS to step up the security of workers on critical infrastructures.

The population's perception of the legitimacy of these forces above and beyond their purely military capabilities will be a key issue, hence the importance of the aforementioned battle currently being waged over their image as genuine believers and defenders of the true Islam. But they must also clean up their image of permeability to corruption, particularly the ANP –an accusation it shares with the Afghan political class–.

Achieving a sharp decline in these harmful practices will also be central to the feasibility of what can largely be described as a new state from 2014. In this connection President Karzai's recent announcement that he will not be changing the Constitution to ensure a third term in office is encouraging. The president has thus avoided accusations of wanting to remain in power, sending out a message of openness and political normalisation after his mandates, which have largely been supervised by the international community. This decision will help reinforce the feeling that the Afghans have a national and independent government concerned solely with national interests and on an equal footing with other nations as a whole.

Certainly, it is very hazardous to guess what the colour or leaning of the government that follows the Karzai era will be, but the words of the man who, until Rabbani's assassination, was vice-president of the High Peace Council, Abdul Kamin Mujahid, stating that the wishes of the Afghan people are to establish a regime based legally on the application of the Sharia but practicing a moderate Islam that is not harmful to the international community⁽²⁴⁾ could well be a clear indication of the direction in which this feasible and reasonably stable Afghan state may drift. Indeed, it is significant that those words coincide almost literally with the statements made by the leader of the Libyan National Transitional Council following the seizure of Tripoli days before receiving the congratulations of the most important western leaders headed by Prime Minister Cameron and President Sarkozy.

In any event, if this were the formula for guaranteeing the country's stability it would not be bad news, as an unstable Afghan to an extent left to its own devices would probably mean the return of the Taliban regime and the consequent threat to regional and international security, as the US ambassador Ryan Crocker warns⁽²⁵⁾.

■ CURRENT SITUATION IN PAKISTAN

Pakistan is currently one of the countries with a most complex national situation. Its on-going dispute with India over Kashmir, although relatively calm compared to previous periods, has by no means been settled and remains very deeply rooted both in its foreign policy objectives and in the population's sentiments. It may be said that the Indian-Pakistani conflict has largely been the context for the gestation of the Pakistani people's national sentiment.

Just as they have throughout its brief history as an independent state, the armed forces –and within them the army, which controls the intelligence services, the well-known ISI– play an essential role in the identity of Pakistan to the extent that they control and perform many of the functions that in other nations are exclusive to governments, enterprises or other institutions.

It may be said that on many occasions sectors of the army and, above all, of the ISI appear to have their own agenda. This agenda includes the controversial relations between the ISI and radical Islamist groups which it has used for decades as instruments of its external action, as well as key elements in developing its national policies in relation to controlling other groups, particularly in the tribal regions of the North East.

The current phase of the Afghan conflict has not changed these traditional parameters; rather, it has helped spread this situation to other border areas of

⁽²⁴⁾ Ethel Bonet, *La Razón*, 13 September 2011.

⁽²⁵⁾ Emma Graham-Harrison, *Reuters*, 5 September 2011.

Pakistan, a fact which has at last alarmed the government sufficiently. As a result Pakistan's president, Asif Ali Zardari, has adopted a set of legislative initiatives designed to modify the situation in the tribal areas. These new laws pursue the aim of increasing civilian power in those areas, and accordingly lessening that of both local militias and the army, but everything indicates that the effect of these reforms will be limited, at least in the short term, and that they will not have any significant influence on the border with Afghanistan.

The current situation has been summed up as the existence of internal tension within the main institutions between continuing to use the Islamist militias to serve national foreign-policy aims and the fear that part of these forces may become uncontrolled and end up attempting to destroy the Pakistani State by seizing power. It is in this sense that Admiral Muller, Joint Chiefs Chairman, has accused Pakistan of supporting Islamist militias who are Taliban allies as an essential part of its national strategy, while around the same time the American ambassador in Kabul recognised that the Pakistani government had cooperated to a certain extent in pursuing stability in Afghanistan:

It's not like they're not cooperating at all⁽²⁶⁾.

Indeed, it is precisely Pakistan's ambiguous attitude, together with US action in Pakistani territory, that has led the longstanding bilateral relations to their tensest point, even though the current interdependence between the United States and Pakistan is very strong, as Pakistani collaboration is a determining factor in the satisfactory settlement of the Afghan conflict, and America's support is essential to Pakistani State security.

An example of the compensation obtained by the Islamabad government for its collaboration in the fight against Al Qaeda and jihadism is the US's funding of one of its major national projects, the Daimir Bhasha dam in Pakistani Kashmir. As is only logical, this necessary participation of the United States is opposed by India, which otherwise enjoys excellent relations with the United States. But it is also sparking a major debate in the campaign, now under way, for the re-election of President Obama. The Republican opposition is against this funding as it considers that Pakistan obtains too much in exchange for very little.

However, for President Obama it has become a sort of bargaining chip for re-establishing the very badly dented relations between the two countries. Therefore, whether or not the Democrat president continues in office may be a determining factor in bilateral relations in the coming years. It is not easy to analyse what stance will be closest to reality, and it is therefore necessary to reflect on the events which have led to the current situation.

⁽²⁶⁾ Jim Michaels, USA Today, 12 September 2011.

■ The United States' point of view

The activity of Al Qaeda in Pakistan dates back a long way to the forging of the ties which, following the start of Enduring Freedom in 2001, enabled the leaders of the terrorist organisation to flee and seek refuge in Pakistani territory.

Indeed, in 1986 Zaki-ur-Rehman Lakhvi and Hafiz Muhammad Saeed founded *Marzak al Dawa wal-Irshad* (MDI) in the Pakistani city of Lahore. This organisation immediately began to provide social services, making use of the tactic which has reaped such good results for other groups such as Hezbollah or Hamas, for example. In parallel, and with growing social support, it created a network of training camps for international jihadists that were used, among other groups, by Al Qaeda.

Although the organisation led by Bin Laden had already committed bloody attacks on US interests in previous years, throughout the 1990s the MDI and its creation, Lashkar-e-Taiba (LeT) –established in 1990 as a «military» branch of the MDI– allegedly received major support from the ISI after undertaking not to attack the Pakistani State. The consequence of this support was that LeT attained the capability to attack Indian targets beyond Kashmir, in the heart of India, something it has been doing since then under the command of Lakhvi.

However, after Al Qaeda's attacks in the United States in September 2001, this triple link between ISI LeT and Al Qaeda was judged to be excessively risky by the Pakistani authorities, who proceeded to declare LeT illegal, and it was dissolved to an extent by the Islamabad government.

The United States currently considers that its disbandment was in fact a makeover operation and that the LeT continued to operate, albeit split into smaller organisations with a different name. It is thought that it was largely these Islamist organisations that supplied arms, support and even volunteers to the Taliban, and the United States has no knowledge of their really having become dissociated from the Pakistani State through the ISI.

This belief in the interconnection between the different groups is supported by the evidence that elements of this vague jihadist mass pool their efforts and men in order to carry out important operations. It is also the reason why President Karzai openly accuses Pakistan of supporting the Taliban today.

The term *AFPAK* was coined by the previous US Administration precisely as a visible expression of the connection between developments in the state of the Afghanistan conflict and the support received from Pakistani territory, and because the success of the campaign largely involves controlling the action of these forces from the other side of the border and the firm control of the latter

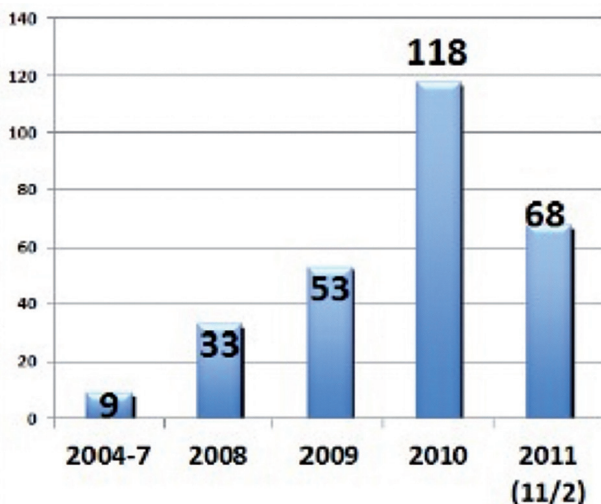
by the Pakistani authorities. Indeed, there is growing conviction that Pakistan is more important than Afghanistan in the continuation of the war on terrorism which the United States is waging on a global scale, although verbally less aggressively under the current administration.

Given the impossibility of taking action on the ground beyond the assistance provided to Pakistan in security matters and a few elements related to intelligence tasks, the US's strategy has involved significant use of air raids carried out by drones. These attacks, which have been stepped up considerably since 2008, basically fall into two categories:

- *«High value targets»*. These targets are specific people with a middle or high rank in the different jihadist organisations being combated, and could also be described as *«VIP targets»*. They are established after identifying the target through a combination of intelligence gathering and constant surveillance by the unmanned aerial vehicles.
- *«Signature strikes»*. These attacks are aimed at controlling the border between the two countries in order to prevent combatants, weapons and supplies from crossing from Pakistan to Afghanistan. Their targets are therefore the insurgents who make these crossings.

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Attacks carried out by drones on Pakistani territory⁽²⁷⁾



Attacks of this kind are one of the main reasons for the diplomatic crisis between the United States and Pakistan. Pakistan aims for control over the VIP attacks and wants attacks along the border to be reduced as they also affect militias which are controlled and backed by Pakistani State elements. In contrast, the theory that is gaining ground in the United States is that

⁽²⁷⁾ Data taken from the report *«The Year of the Drone»*. New America Foundation

increasingly numerous attacks are necessary in order to take advantage of Al Qaeda's current weakness and secure a decisive advantage in Afghanistan. The main advocate of this need is the CIA, which is nevertheless aware that the US government is in a difficult situation given the political implications for its relations with the Pakistani government. Certainly, it is not an easy issue to solve, because Pakistan requires an agreement that clearly lays down the conditions and rules of the drone attacks carried out in its territory, whereas the Americans fear they could be severely limited by such rules and, above all, that the information previously supplied to Pakistan could be leaked to sectors linked to the terrorists, thereby drastically reducing the possibilities of success, particularly with respect to the VIP targets. No doubt this tricky issue will have been discussed during Secretary of State Clinton's trip to both Afghanistan and Pakistan in October 2011.

But even more than the air strikes, the circumstance that has contributed the most to poisoning relations between the two nations is the death of Bin Laden. The escalation of mutual accusations has been unusually harsh, so much so that the former director of the CIA openly accused Pakistan of concealing Laden for all these years, a fact which, it should be remembered, was invoked by the United States to attack and topple the Taliban regime in Afghanistan. Pakistan's resulting expressions of indignation at the highest level have been very explicit.

Out of the measures adopted by the United States, perhaps the one with the greatest impact is directly linking the economic assistance allocated to Pakistan in security matters to the results achieved in this field on the ground. To put it another way, payment in exchange for what many in the United States regard as practically nothing in return has come to an end.

In 2010 this assistance amounted to a total of 4.5 million dollars, 2.7 million of which were earmarked directly to security assistance. The US Administration currently requires tangible progress in specific areas such as greater cooperation in making use of the information gathered from Bin Laden's residence and the completion of joint counterterrorism missions, and it is therefore releasing this year's money drop by drop and alternating moments of payment with others of withholding of funds, making unconcealed use of the known carrot and stick technique.

On another note, after the attacks on the US embassy in Kabul, the US Administration added the Haqqani network to its list of terrorist organisations and declared its members to be lawful targets, fully aware that this sets it against Pakistan even more.

All in all, the United States is attempting to contribute as far as possible to the success of the Afghan campaign without breaking off relations with

Pakistan, not an easy task as it is evident that these countries are going to be interdependent in the regional environment for a long time to say the least.

■ **Pakistan's point of view**

Perhaps the most complex aspect of any analysis of this conflict is determining Pakistan's real position or whether it really has a single vision. The substantial power that its armed forces, particularly the army, have enjoyed and continue to enjoy in Pakistan's public life and the specific interests of the ISI point to the non-existence of a single view of what role Pakistan should play in the Afghan conflict.

The Pakistani government does not appear to have forgotten its longstanding aspiration of somehow controlling Afghanistan, thereby avoiding the cordon India is trying to lay around the country through its privileged relations with the Afghan government. With the dispute with India over Kashmir ever present in national life, Pakistan's situation is by no means enviable. It needs the United States' support, especially in security matters, to shore up its regional position vis-à-vis India, which outperforms it in all indicators and has recently begun to approach power status, which is widening daily the power gap with Pakistan. But at the same time it cannot afford to be too aggressive with the Taliban movement and the host of Islamist and jihadist militias based in its territory, which is populated by millions of increasingly Islamised inhabitants who identify with the strictest interpretations of Islam.

In this awkward dilemma, an Afghanistan in peace would strengthen India's regional power, and at the same time it would make Pakistan the focus of the most radical branch of jihadism, which could easily convert the Islamabad government into its priority target, thereby sparking an even more violent internal conflict than the one the country is already experiencing.

For the fact is that the number of foreign Islamists who fight in Afghanistan is fairly small. Most of the people who filter through the border from Pakistan are Afghan refugees trained and armed there, although it is true that the presence of foreign combatants has a political impact that is disproportionate to their number. At the same time, foreign volunteers are viewed with many misgivings in Pakistan owing above all to the frequent infiltration of agents and informants of the secret services present in the area. Therefore, their role among local activists is increasingly smaller, not excluding Al Qaeda.

Despite using Islamist militias to control and counter other more radical or uncontrollable militias, Pakistan has reason to fear the United States' withdrawal from the region, if it takes place in full. However, it is currently pressuring both the Afghan government and the US administration to make this circumstance a

reality from 2015, in an attitude that can only stem from excessive confidence in its ability to keep the Islamist militias under control unless, of course, it is yet another declaration intended for domestic consumption rather than the product of political will.

In a similar overture to Pakistani public opinion, Afghanistan's President Karzai assured that in the event of a war between the United States and Pakistan the Afghan people would be on the side their Pakistani brothers⁽²⁸⁾, as in any future conflict with India, when only weeks earlier it was openly accusing the Islamabad government of backing the Taliban and of signing a strategic agreement with India.

So, how much truth is there in the current crisis in relations between the United States and Pakistan and how much of it is for domestic consumption? And not only, as has been commented, in Pakistan but also in the United States, where President Obama's re-election prospects in terms of voter intentions are not precisely at their best.

However, it would be too cynical not to recognise that there are objective reasons for this situation of tension. What is more, with the peak of the crisis not fully over but further away in time following the operation that put an end to Bin Laden, Pakistan fears a repetition of the formula in the event that Al-Zawahiri is located, as this would trigger an even more irate reaction from its population.

Meanwhile, like the United States, Pakistan is exerting pressure using the tools within its reach. In this connection the permission granted to China to inspect the helicopter that crashed in the attack on Laden's residence in Abbotabad has an intensely symbolic significance, as it issued a warning to the US Administration of the possibility of enlisting the support of this emerging regional power, replacing American influence in the country with that of China. The question that arises is whether Chinese sponsorship would be quite so understanding of Pakistan's links to certain Islamist militias that are liable to maintain ideological and operational connections with the Uighur dissidence in Xinjiang.

More tangible is Pakistan's position of trying to force the United States to reach an agreement on the drone missions or on the number of American servicemen stationed permanently in Pakistan, which looks set to undergo a significant reduction in the coming months.

And besides this there are two specific points on which Pakistan's pressure on the United States is undoubtedly an important trump card that Islamabad holds. The first is the voluntary regulation that the army is entitled to exercise over the frontier with Afghanistan, thereby helping increase or decrease the

⁽²⁸⁾ Ray Rivera, *The New York Times*, 23 October 2011.

cross border transit of material and insurgents that operate in Afghanistan and seek temporary refuge in Pakistan. Evidently, the worst moments of the diplomatic crisis have not been conducive to stepping up border control efforts.

The second is the ability Pakistan may have to limit the Taliban negotiators' freedom of movement. Although Rabbani's assassination brought the negotiations to a grinding halt, there is no doubt that they are the only option with a positive future outlook and must therefore continue to be pursued very discreetly until the time is ripe for their public staging. If, at this point, the negotiators appointed to the highest level of the Taliban Council were immobilised in Pakistan, this would amount to a de facto boycotting of the negotiation.

In any event, given the aforementioned interdependence of the two nations in reaching a satisfactory solution to the conflicts in Afghanistan and Pakistan, the accusations they have been levelling at each other must give way to a reasonable normalisation. The extreme reached by Admiral Mullen when he openly accused Pakistan of being behind the attacks on specifically American targets such as the US embassy in Kabul⁽²⁹⁾ or those made by Pakistani television, evidently controlled by State sectors, encouraging the population to prepare to reject an American invasion presumably of the areas in the country's northeast border⁽³⁰⁾, are hardly tolerable and sustainable between two nations that are allies. What is more, they contribute to worsening relations between Afghanistan and Pakistan: Afghanistan has launched accusations about Pakistan's continued bombardment of the Afghan provinces of Kunar and Nuristan for several days⁽³¹⁾, in addition to the warning that the ANA will intervene if these attacks continue.

It is to be hoped that the situation can be steered onto the right track, because neither the United States nor Pakistan nor Afghanistan can afford to allow the worsening of a situation that is complex enough as it is but for which the key, if not to the solution, at least to a certain stabilisation lies in Pakistan possibly more than anywhere else.

■ REGIONAL PERSPECTIVE

■ Projection of jihadism from AFPAK

Although, as is well known after the constant setbacks of the recent months, there is controversy over the role that the leadership of Al Qaeda currently plays in regional and international jihadism, this small group of leaders seems to be increasingly marginalised in Pakistan. The measures adopted with respect to

⁽²⁹⁾ Elisabeth Bumiller, *The New York Times*, 22 September 2011.

⁽³⁰⁾ Sami Zubeiri, *Agencia AFP*, 19 October 2011.

⁽³¹⁾ *Afghan Ministry of Defence*, *USA Today*, 25 September 2011.

the movement of both people and capital have weakened their capacity to plan and execute large-scale operations, although this does not mean they cannot act, especially if the measures are relaxed at any time.

As a result, global jihadism has a greater capacity to carry out attacks in the areas where its militants are established, such as Afghanistan, Pakistan, Somalia, Yemen and the Sahel area, etc., than in the western countries. This calls for special attention to the security of people of western nations who are present in the areas where these groups chiefly operate. The recent taking hostage of Spanish, French and Italian aid workers in the Sahel and Somalia appears to confirm this jihadist strategy.

Similarly, owing mainly to the financial control exercised by most countries, Al Qaeda has increasingly fewer possibilities of organising operational groups similar to those that were infiltrated into the United States for the purpose of the attacks of 11 September. Therefore the chief risk currently lies in the radicalisation and action of jihadists operating in their own countries of origin, where they are more useful than in Afghanistan or Pakistan after eventful journeys. This is why the presence of foreign combatants in the Afghan insurgency or in northeast Pakistan is merely token, and there is no parallel with the situation experienced earlier in Iraq.

The different franchises of LeT, which may possibly be the groups that currently have the greatest capacity to carry out attacks of a certain size, have failed in their attempts to do so in Virginia, Australia and France, but they are proving to be willing to join international jihadism apart from their habitual actions in Kashmir or India itself, while Zakimur Rehman Lakhvi, a former military chief of LeT, is waiting to be tried for the Mumbai attacks.

However, despite the moderately optimistic vision expressed in the previous paragraphs, there can be no doubt that the main sources of international jihadism continue to be located in Afghanistan and Pakistan –more in the latter– and that, despite the reduction in troops and efforts the western nations are planning, attention and pressure on the area need to be kept up. Therefore, an improvement in relations between the US and Pakistani governments and their ability to advance in confidence and cooperation will be determining factors for the coming years.

■ **Influence of the regional powers**

The reduction of the western presence in Afghanistan, possibly together with the distancing of Pakistan and the United States, open the door to a repositioning of the regional powers in the area studied. Tradition influences such as that of Iran in west Afghanistan, focused particularly on the Tajik and

Hazara ethnic groups, have never completely died out although they have been reduced by the sudden presence of tens of thousands of foreigners on a scale never before experienced. They will probably go back to their normal pattern, strengthened by the likely return of hundreds of thousands of Afghans still living in the surrounding countries.

A stable and pacified Afghanistan will boost the prospects of business in the country for Iran and the Central Asian former Soviet republics, particularly the laying of gas and oil pipelines allowing them to diversify their clients and save on transport costs. It will also help keep their own religious extremists under control if they lack the moral and material support that a triumph of their minions in Afghanistan would signify, and would in turn have positive influence in Russia, also a victim of jihadism and with a large proportion of its Muslim population potentially sensitive to jihadist messages.

In contrast, the future layout of hydrocarbon conduits in Afghanistan and Pakistan may go against Russian interests in monopolising these transmissions to Western Europe, and it will therefore attempt to assert its power in the former Soviet republics to somehow intervene in this project that only a satisfactory solution to the Afghan conflict would make possible.

The new network of influences established by many western nations as a result of the conflict will probably be weakened when the scheduled troop reduction is completed, although they will be extended partially through the continuation of cooperation and development projects. An exception is the USA, whose presence in Afghanistan will be extended more intensely with a significant military core, most likely featuring an air force contingent capable of tipping the scale of any fighting between the ANSF and the insurgency. To this should be added the certain degree of interdependence commented on earlier with the Pakistani government.

But the main changes in the regional power balance are probably geared to increasing the already considerable influence of China and India. Both regional superpowers are going to take the place of a West in serious financial straits that has inevitably begun a strategic contraction and, although possibly capable of continuing to give priority to counterterrorism potentially originating in the region, will yield many fields of economic activity and political influence to China and India. The presence of these two powers may not be equivalent in Afghanistan and Pakistan, as the on-going Indian-Pakistani conflict will tend to steer India's influence to Afghanistan and China's to Pakistan, although the latter will be present in Afghanistan too.

Indeed, Chinese investments in this war-ravaged country are very important, especially –as is only logical– those relating to the exploitation of Afghanistan's

natural resources either known or yet to be discovered. In this respect a possible scenario is where India enjoys significant influence in Afghan politics, while trade is greater with China, but the final power relationship between the two powers with respect to Afghanistan remains to be determined.

In the case of Pakistan, China's non-interference in religious affairs and its historic confrontation with India places the Beijing government in an excellent position to fill the gap that will be left by the progressive reduction in the western presence in the area, making a more orientalist regional landscape the most likely scenario.

■ CONCLUSIONS AND OUTLOOK

The conflicts in Afghanistan and Pakistan are different but with a great deal of mutual interaction, so much so that the solution to Afghan stability probably lies more in Pakistan than in Afghanistan itself.

The fatigue of the nations with the biggest presence in the country is only too obvious. The economic crisis and public opinion's weariness of such a long campaign are extremely evident and the Taliban leaders may therefore use this circumstance to their own advantage. However, the progress made against the insurgency in the last phases of the campaign is notable, and there are also signs of weariness and demoralisation on the Taliban side, which makes the possibility of a negotiated settlement of the conflict increasingly likely.

At the same time, the main allied effort is currently centred on the NATO Training Mission in Afghanistan, which is going to make possible the almost total Afghanisation of the conflict by the end of 2014. The process of transferring responsibility for security matters from the international troops to the ANSF is advancing rapidly, as proven by the announced transfer of a further 17 provinces shortly. However, owing to the need to trim the cost of training and equipping the ANSF, and concern about the ability of the Afghan government and its security forces to carry out effective control of the territory, doubts about the end result of the process have not been totally allayed. In this respect the programme to create local militias capable of taking on the role of the ANSF in specific locations is a concern.

The gradual withdrawal of most of the foreign troops posted to Afghanistan has already begun. Spain is due to begin in January 2012, a year in which the withdrawal will be very intense. All that will remain by the end of 2014 will be a small core of foreign troops whose composition has yet to be established, although the permanent presence of a strong air force contingent is envisaged.

Coinciding with the start of the withdrawal and the transitional process, the insurgency's strategy has focused on carrying out attacks on very significant targets that attract the attention of the media, as their goal is to prove the ANSF's inability to take over responsibility for security matters. They probably also seek to project an image of strength with a view to the negotiations that are currently beginning, denying the image of relative weakness created by the recent military operations.

In any event, both sides seem convinced of the impossibility of a military victory and of the resulting need to reach a political agreement. To do so, reconciliation between Afghans is essential, and this inevitably involves political negotiations.

Such negotiations should give way to a country whose viability is threatened by its weak economy and the fear of a new civil war. These weaknesses need to be overcome by beginning to exploit the country's natural resources, by ensuring effective ANFS and a government capable of cracking down on corruption, in addition to international aid, which will have to be continued for many years.

As for Pakistan, there is increasing conviction that it is currently the main focus in the continuation of the war against international jihadist terrorism. This is why the United States has increased the financial support it grants Pakistan in security matters while carrying out an intense campaign to hunt down and neutralise Taliban leaders and activists and their allies using drones. But both these US actions on Pakistani territory and Pakistan's ambiguous attitude towards certain Islamist and jihadist groups have heightened the tension between the countries.

Pakistan aims to control the drone attacks that take place in its territory, as they also affect militias supported by sectors of the Pakistani State, but the manner in which the operation leading to the death of Ben Laden was conducted is the circumstance that has done the most harm to relations between the two governments. America has serious doubts about how genuinely some Pakistani elements desire a satisfactory settlement of the Afghan conflict, because it notes how, on certain occasions, sectors of the army and the ISI seem to act in their own interests rather than those of the Islamabad government.

The government is torn between continuing to use certain Islamist militias to serve national foreign-policy ends and the fear that part of these forces will end up aiming to destroy the Pakistani State and seize political power in the country. Therefore Pakistan has objective reasons to fear the United States' departure from the region, although it is apparently pressing both the Afghan government and the US administration for this withdrawal to be fully verified

in 2015, in what is deemed excessive confidence in its ability to control the Islamist militias in its own territory, even though it recognises the jihadist threat from the tribal regions as the greatest current menace to Pakistan's security.

All in all, it is in the mutual interests of Pakistan and the United States to stop exchanging accusations as far as possible, because the focal points of international jihadism continue to be in Afghanistan and Pakistan and pressure needs to be kept up on these groups. Without this pressure, a stable Afghanistan will be unfeasible, as there will be a risk of the return of the Taliban regime and a threat to regional and international security.

Lastly, from a regional perspective, it should be pointed out that India and China are particularly well poised to fill the gap that the western withdrawal will leave. India's presence in Afghanistan together with China's undeniable interest, geared chiefly to the natural resources of both countries, is the greatest hope for the Afghan economy and for Pakistan's progressive economic independence.

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CHAPTER FIVE

SUB-SAHARAN AFRICA

José Pardo de Santayana

ABSTRACT

This chapter discusses strategic issues relating to the main African conflicts, except those of the Mediterranean coastal states, which are dealt with in an earlier chapter.

In this chapter we consider the strategic issues related to the main conflicts of sub-Saharan Africa, which has continued in a general line of peace and economic growth. However, the African States and regional organizations are showing a lack of maturity and success in their resolving conflicts capacity, so that the foreign initiative will remain key in the coming years. The fact that the rebels rejected the African Union mediation during the recently finished libyan conflict is an evidence of the insufficient consolidation of African bodies in the field of crisis management.

Key Words:

Sub-Saharan Africa, peace, regional bodies, the African Union

■ INTRODUCTION

■ Slow progress in the pacification of the continent

Throughout 2011 Africa generally continued along the path of pacification compared to the earlier period of turmoil characterised by both the large number and the intensity of the conflicts that ravaged the continent around the turn of the century. Although with significant inequalities, the economy has grown by about 5% over the past year, and this is also cause for a certain amount of optimism. China is continuing to expand its trade all over the continent and is strengthening its foothold as a development partner of the African states. India, following in the wake of its Asian neighbour, is occupying increasingly large areas of the African economy. We should also underline the growing contribution of the direct investments made by the African diasporas to the dynamism of those economies.

The «Arab spring», despite not spreading to sub-Saharan Africa, has also brought home to many African leaders the fact that if they carry on governing without paying attention to the population, the latter may stage similar revolutions that endanger their position in power. It was therefore a clear warning against impunity in the exercise of political authority.

As we discuss in this chapter, some conflicts remain alive and others are evolving towards strategically worrying extremes:

The expansion and sway held by organised crime in the large population centres of West Africa is a factor that is cause for huge concern owing both to its present consequences and its negative future effects.

The problem of piracy off the east and west coasts alike poses an enormous strategic challenge to the security of shipping and highlights the close link between the security of the African continent and the interests of the Spanish state.

In a year in which jihadist terrorism has suffered the loss of its main leader, the continent continues to provide it with a safe haven and areas of action. Failed or weak states, the vast expanses of the Sahara that escape the control of their respective governments and the breeding ground provided by recurring clashes are conducive to the settlement or even expansion of terrorist groups and cells.

The presence of the US and AFRICOM's advance base in Djibouti (Combined Joint Task Force-Horn of Africa) is focused on combating terrorism, although it is also a response to the concern for guaranteeing access to natural resources, especially oil. In addition to conducting more or less covert operations

throughout the continent, AFRICOM carries out numerous cooperation and assistance initiatives aimed at strengthening local military capabilities. To this end it takes part in bilateral and multilateral exercises with various African armies and sends advisory teams to these forces and to missions in progress. Its involvement in the continent's conflicts is growing, just as the region is receiving increasing attention from the Department of Defense owing especially to the influence of sub-Saharan Africa with a view to the strategic interests of the future.

South Africa has further consolidated its role as the continent's regional leader; proof of which is the European Union-South Africa summit of October 2010. In the economic sphere, despite its five million unemployed, it is achieving a steady growth of around 5% underpinned by greater domestic consumption and higher foreign investments, as a result of which the economic upturn following the recession is gaining ground. Pretoria is also the indisputable leader of the South African Development Community (SADC), where it has become the cornerstone of the regional security architecture and the driving force behind the military capabilities –both logistic and of air transport– of the SADC's high readiness brigade, the *African Standby Force*. South Africa is perhaps currently the only sub-Saharan country capable of managing regional conflicts without needing the support of non-African external powers.

In general, the African states and regional organisations continue to display an evident lack of maturity when it comes to settling conflicts and foreign initiative will continue to be a key factor throughout the coming years. The fact that the Libyan rebels rejected the mediation of the African Union in the conflict that pitted them against Colonel Gaddafi's government is further important proof that the African organisations are not yet well equipped to deal with crisis-management matters in the continent.

■ **Smouldering embers of recent wars and democratic processes in Central and Western Africa**

As for the democratisation of this part of the continent, the past year has witnessed many elections, which in general were favourable to the parties in power, although a few notable incidents and complex post-electoral processes were reported, particularly when former governing parties were unseated. The recent wars continue to be a major hindrance to the normal political development of those countries.

After enduring a long drawn-out war in the late 1990s and the start of the present century and embarking on a process of multi-party elections in 2006, the Democratic Republic of the Congo, with an economic growth of 7.2% and 1.7 million people still displaced within the country, is preparing for

new elections to be held in November 2011. The government has passed a law suspending a second round initially scheduled for February 2012 and changing the proportional system of representation to a majority-based one, which has been criticised by the opposition. Vital Kamerhe is considered one of the main rivals of the current president, Joseph Kabila. The European Union will send an electoral observation mission to the country between six and eight weeks before the election. The mission will be headed by Mariya Nedelcheva, a representative of the European Parliament. A major concern is that violence will take over the elections and that the process of political normalisation will grind to a halt or even that the situation may degenerate into situations experienced in the past. The protection of civilians, regional stabilisation, the control of mineral resources and the reform of the security sector are currently the main challenges this country faces.

Two countries closely linked to the Democratic Republic of the Congo during the latest war, Rwanda and Burundi, have fared very differently. Rwanda has achieved positive economic results and a certain amount of stability under the iron-fisted governance of its president, Paul Kagame, who has been in power since 1994. Ever since the war, Rwanda has become an exit route for gold, diamonds and other products mined in the Congo. However, in October 2011, the former secretary general of the Rwandan Patriotic Front, to which the current president belonged, made the shocking confession that it was Kagame who gave orders for the plane in which the then president Habyarimana was travelling to be shot down, triggering the genocide. If proven to be true, this information may have a very negative effect on the country's stability and development.

Burundi is still in the grip of instability and internal struggles. After the latest elections in June 2010 the government marginalised the opposition and violent clashes broke out between them, leading to a new situation of open conflict in the country. In Uganda, another country involved in the Congo war and with sustained economic growth, the president, Yoweri Kaguta Museveni, became one of the longest serving heads of state (since 1986) in February 2011, when he secured 68.38% of the vote.

Nigeria, the most populated state in Africa and a country rich in oil, conflicts and contradictions, has witnessed a tense and difficult electoral process. Following the death of the previous Muslim president Umar Yar Adua in May 2010, legislative, presidential and state governor elections were held in 24 of the 36 federated states in April 2011. Violent incidents broke out in the state of Lagos and above all in the north of the country. Despite efforts to ensure voting was about national issues, the elections were marked by the north-south division along the fracture lines that are both ethnic and, chiefly, religious. Throughout the modern political history of Nigeria, the ethnic-

religious variable has affected the country's socio-political stability. There is considerable regional disparity between the poor Muslim north (made up of the Hausa and Fulani ethnic groups) and the rich, chiefly Christian majority (encompassing the Yoruba and Ibo ethnic groups).

The presidential elections were won by the former vice-president Goodluck Jonathan, a Christian of the south. Violent clashes continued during the post-electoral period, leading to more than 600 deaths and tens of thousands displaced people. The new president has continued with his predecessor's economic reforms, has formed a government chiefly of technocrats rather than party members and so far enjoys the backing of the international community. Nevertheless, November 2011 saw the outbreak of violence related to both religious clashes and disputes over land: Muslim farmers against animist Christian farmers. The Muslim rebel group Boko Haram attacked a number of churches and police stations, leaving behind more than 150 dead.

In Côte d'Ivoire the presidential elections of December 2010 sparked a serious clash between the then president, Laurent Gbagbo, and his rival and prime minister, Alassane Ouattara. The gravity of the situation made it necessary for the African Union, the European Union, the United Nations and the neighbouring countries to intervene. After being postponed on several occasions and following all kinds of discussions on security, the eligibility of the candidates and procedural issues, the elections were won by Ouattara with 51.1% of the vote compared to Gbagbo's 45.9%. The loser's supporters protested that fraud, violence and intimidation had taken place in the northern regions where the winning candidate had his voter base, failed to recognise the election result and decided to close the borders and declare a curfew. In February 2011 the republican forces of Côte d'Ivoire, which supported Ouattara, launched an offensive in the centre and west of the country that progressively conquered town after town.

In March ECOWAS asked the United Nations to take immediate measures. The UN recognised Ouattara as president in Resolution 1975 and authorised the use of the means necessary to protect the civilian population from the imminent threat of an attack. The intervention of the UN forces and, above all, the French troops deployed to the country prevented the forces loyal to Gbagbo from driving back the troops on Ouattara's side and the civil war from drawing on, leading to the end of armed clashes by mid-April. Some 1,000 people died and nearly a million were displaced as a result of the crisis.

Niger held presidential elections between January and March 2011. They were a result of the pressure exerted by ECOWAS and the international community following the coup d'état which had toppled President Mamadou Tandja in February 2010. The winner of the elections, with 58% of the vote,

was Mahamadou Issifou, a charismatic leader and the main opponent of the previous president, Tandja. The elections took place without incidents.

Another West African country that held elections was Guinea, where, after several decades as the opposition candidate, Alpha Condé was at last elected president in December 2010. He secured 52.52% of votes in the second round, beating Cellou Dalein Diallo despite receiving only 18% in the first round. Before taking up office he offered the opposition the chance to form a government in an attempt at national «reintegration». At the time of writing, the legislative elections have yet to be held. They might take place before the end of 2011. The last legislative elections were in 2002 and were boycotted by most of the political parties. An attempted coup was mounted in the early hours of 19 July 2011: a heavily armed commando laid siege to the presidential residence and attacked it while he was asleep, although the offensive was repelled by the Presidential Guard.

■ SUDAN, THE CHALLENGES OF PARTITION AND SEVERAL OVERLAPPING CONFLICTS

The event of greatest historical significance in black Africa in the past year was, without a doubt, the division of Sudan into two different states: North Sudan and South Sudan. This complex process is characterised by having taken place in a context of overlapping conflicts within the same country: internal struggles between the factions and ethnic groups of the South, armed clashes over control of the border district of Abyei and tension in the troubled Darfur region, not to mention this conflict's connections with that of neighbouring Chad.

Sudan was once the largest state in the continent, with an area of 2,505,810 sq. km, equivalent to five times that of Spain. Inhabited by a complex mosaic of peoples, it may be said in general that the North was populated by white Arab and Muslim ethnic groups and the South by black people of animist and Christian creed. The central part was an area of transition inhabited chiefly by blacks and Muslims. The Nile, with its two main tributaries, the White Nile and the Blue Nile, flowing from south to north, was the backbone of the country. The almost total indifference, if not hostility, of the Arab and Muslim governments of Khartoum towards the black population of the South plunged Sudan into a permanent state of war from 1965, eleven years after gaining its independence in 1954, to the signing of the Comprehensive Peace Agreement in 2005. This situation had claimed some two and a half million lives and led to the displacement of even more people.

The aforementioned peace accords of 2005 had provided the South with an interim constitution which, in turn, had made it possible to form an autonomous

government that, among other things, established the commitments regarding the equal distribution of income from oil and for holding a referendum in the South in January 2011 to ascertain whether the nearly 9 million settlers in this region –some 25% of all those living in Sudan– wanted partition. Despite the tensions and difficulties that characterised relations between Juba, the capital of the South, and Khartoum, the capital of the North and of the state itself, the referendum on the independence of the South was held on 9 January, resulting in an overwhelming 98% of votes in favour of independence. South Sudan was formed out of 10 of the previous 26 states of Sudan. All this was made possible by last-minute diplomatic pressure from the US and the action and presence of the African Union mission in Sudan. The United Nations Security Council backed the process by passing Resolution 1996 (2011) of 8 July 2011 establishing the United Nations Mission in South Sudan (UNMISS) for an initial one-year period from 9 July 2011, to be renewed for further periods as necessary. This resolution authorises up to 7,000 troops, 900 police and an appropriate civilian component. The mandate of the United Nations Mission in Sudan (UNMIS) –active since 2005– ended on that date owing to the Khartoum government’s refusal to allow it to remain in its territory.

The main sources of oil are in the South, which is estimated as having 6.7 billion barrels of oil resources. But the refineries, oil pipelines and ports for embarking this black gold are in the North. The agreement to share oil revenues between North and South has not been ratified and is one of the problems to be solved. In addition to oil, South Sudan has zinc, chrome, silver and gold. It also possesses hydroelectric resources –thanks to the fast-flowing White Nile– and vast tropical rainforests, in addition to unspoilt nature reserves with a large variety of fauna similar to those of countries like Tanzania and Kenya, which could be an important factor in tourist development.

The World Bank has promised to grant South Sudan 75 million dollars’ worth of loans and the international community is firmly supporting the new state, which, aside from its oil reserves, is one of the poorest and most underdeveloped of the continent. To cite an example, in 2005 South Sudan had only 50 km of asphalted roads. Large sums of money are being poured into development projects, despite the difficulties and conflictive beginnings of South Sudan.

The drafting of the permanent constitution for the new country was marked by powerful tension between the factions of the South. The roadmap had already been established at the Juba conference in October 2010 and on 7 February the Provisional Government of the South, headed by Salva Kiir Mayardit, designated a 24-member constitutional review committee. The Alliance of South Sudan Political Parties (SSPP), the opposition to the Popular Liberation Army/Movement of Sudan to which the president of the provisional government belongs, objected that the composition of the committee contravened what had

been agreed at the Juba conference. The SSPP claimed that the draft of the new constitution did not establish a multi-party power-sharing system and that the 4-year transition period was excessive.

The political disputes were accompanied by a worrying outbreak of violence. Between January and May 2011 nearly five thousand civilians were murdered by militias in different parts of South Sudan. The bloodiest episodes occurred in the state of Jonglei, where a rebel group led by General George Athor Deng clashed with the provisional government's forces, and in Malakal, the country's second most important city, in March, where fighting erupted between militias loyal to Lam Akol and government forces. However, both the provisional government and its military are displaying a robustness and cohesion that would be surprising were it not for the fact that they have been acting as such for many years, although this status was not recognised.

Conflict and military action around the Abyei region are another of the major obstacles the partition of Sudan has come up against. Abyei is a petroleum-rich area spanning some 10,000 sq. km located centre-west of the line separating North Sudan from the South and enjoys a «special administrative status» under the Protocol of 2004 on the resolution of the Abyei conflict in the General Peace Agreement. It is one of the 3 regions (together with the Nuba Mountains and the Blue Nile state) with the option of becoming part of South Sudan through an independent referendum, which was not held owing to north-south disagreement over the census. The dispute is centred on rivalry over grazing rights and land ownership between the Dinka ethnic group, who are in favour of incorporation into the South, and the Misseriya, whose affinities lie with the North.

In March the *sentinel* project that analyses satellite pictures in conflict regions warned that well-equipped North Sudanese military forces were gathering at the border with the South. Clashes broke out at the end of the month between members of the Misseriya ethnic group and the local police and in April degenerated into more intense fighting and the burning of several villages. On 23 May a United Nations patrol escorting a Sudanese army detachment was shot down by unknown forces. The Sudanese government blamed South Sudan for the attack and ordered its troops to occupy the city of Abyei, displacing thousands of people. Juba's protests at the use of force and de facto annexation of the territory by North Sudan triggered an angry exchange of declarations between the two governments. Nevertheless, the crisis may be on the way to a solution, as in Addis Ababa (Ethiopia) in June both parties signed an agreement propitiated by the United Nations and the African Union to demilitarise Abyei, allow Ethiopian troops to control the area, facilitate the return of the displaced people and establish a civilian government acceptable to both sides.

The United Nations Security Council, deeply concerned by the violence, escalating tension and displacement of the population, established the United Nations Interim Security Force for Abyei (UNISFA) pursuant to Resolution 1990 of 27 June 2011. The force will be made up of a maximum of 4,200 troops, 50 police officers and appropriate civilian support. The operation will control the border, which is a focal point of north-south violence, and is authorised to use force to protect the civilians and aid workers of Abyei. Nevertheless, there are doubts about whether the mission will be capable of monitoring, intercepting and preventing militias from both sides from making forays across the borders.

Violence has also been witnessed in other disputed territories during the year. Armed clashes broke out in the Nuba mountains in South Kordofan between military forces of Khartoum and Juba. The tension was sparked by the accusations of fraud levelled by the Juba government over the local elections held in May 2011, which were won by Haroum, the candidate linked to the Khartoum government and a shady character accused of crimes against humanity for his action in Darfur. The state of South Kordofan is the only region of the North with oil wells, and this makes the North highly sensitive to any attempt by the South at questioning the ownership of part of the territory of this state. The Addis Ababa accords included a number of additional points relative to South Kordofan and the Blue Nile that envisaged setting up a joint political and security committee to develop general agreements on sharing power between North and South.

The US has also stepped in and is willing to carry on backing a state whose birth it made possible. Accordingly, in October 2011 the US Department of Defense sent a delegation to Juba and started talks with the government of South Sudan. The Pentagon could help the new country's army to strengthen its professional capabilities.

As for Darfur, this territory continues to pose a serious problem to the Khartoum government, both internally and in its international relations. The peace agreements of 2006 between the Sudanese government and the rebel groups came to nothing in December 2010 when the rebel leader Minni Minnawi of the Sudan Liberation Movement (SLM) withdrew from the accords and fled to the South, leading the members of the movement to be expelled from the transition government organisations of the Darfur region. The Justice and Equality Movement (JEM) and the SLM forged an informal alliance and made proposals for a more unitary Darfur state, which were rejected by Khartoum. Not content with rejecting these proposals, in March 2011 the government of Sudan announced the creation of two new states in Darfur (Centre and East). This angered the rebels, who accused Khartoum of wanting to apply a *divide and conquer* tactic.

Notwithstanding all these difficulties, diplomatic and political pressure to encourage non-signatories to take part in the peace process has not ceased. Representatives of the African Union, the US and the hybrid UN/AU mission in Darfur (UNAMID) took part in the summit on Darfur held in Khartoum in January 2011 under the aegis of the United Nations. It was followed on 27-31 May 2011 by the All Darfur Stakeholders' Conference held in Doha. The results of these very high level meetings have been very disappointing, despite the presence of a very large international force.

In 2006, the African Union deployed a peacekeeping mission in Sudan, which was replaced in 2008 by an unprecedented joint hybrid operation of the African Union and the United Nations (UNAMID) that is currently the largest peacekeeping mission in the world. Since then, UNAMID's mandate has been extended and it is now at 92% of its authorised force strength of nearly 20,000 troops. UNAMID's main purpose is to protect civilians, contribute to the security of humanitarian assistance, monitor and verify the implementation of the agreements, help achieve an inclusive political process, promote human rights and the rule of law, and monitor the situation along the borders with Chad and the Central African Republic and report on these issues.

However, Sudan and Chad have been more successful in their attempts to achieve a rapprochement and put an end to the malicious acts that have pitted the countries against each other since 2003. They each harboured and supported rebel groups belonging to the neighbouring country. The Sudan government was forced to do so, as it had too many fronts to deal with, not to mention the order of arrest issued by the International Criminal Court in March 2009 against President al-Bashir and other members of his party for alleged war crimes and crimes against humanity committed in Darfur. After reciprocal visits paid by the presidents, at the end of 2010 Sudan expelled nearly 2,000 Chadian rebels from its territory and Chad did the same with more than 500 Sudanese rebels, substantially reducing the violence in the border areas.

■ SOMALIA

Despite its ethnic uniformity, which might have been conducive to the unity and stability of the country, Somalia has been in the grip of a bloody civil war for more than 20 years, and this has turned the country into a failed state by all accounts. It is currently divided de facto into small states and independent factions, without any power governing the whole country. Both Somaliland in the north and Puntland in the northeast enjoy a minimum degree of de facto stability and sovereignty; however, the southern half including the capital, Mogadishu, has become one of the most serious strategic problems of the entire continent.

Ever since the Union of Islamic Courts of Somalia –which succeeded the warlords in power– lost its sway in the south of the country in 2007 as a result of international harassment and the direct military intervention of Ethiopia, the situation has gone from bad to worse. Anarchy seized the territory and this time the gap has been filled by Islamic militias, the local franchise of Al Qaeda in Somalia. The brigades of Al-Shabab control nearly 70% of the territory and the area around the capital, Mogadishu; the south, along the Kenyan border, is dominated by the brigades of Ras Kamboni. Part of the capital, the port and the airport are controlled by the African Union mission AMISOM. AMISON's main duty is to support the transitional federal institutions in their stabilisation, dialogue and reconciliation effort and to facilitate the distribution of humanitarian assistance. On 30 September the UN Security Council requested the urgent deployment of a further 3,000 military to the African country, bringing the mission up to 12,000 soldiers.

In 2011 this country faced, on top of the everlasting problem of piracy, the continuation of the conflict that is pitting the transitional federal institutions against the Islamic militias, a terrible famine and the kidnappings by Somalis in Kenya. The USA is also closely monitoring the situation in Somalia owing to the Islamic militias' connections with jihadist terrorism, a fact which explains its increased presence in the country.

■ Piracy in the Indian Ocean

Out of all these questions, piracy is the strategic issue of greatest importance. The existence of piracy is, in turn, the consequence of the total lack of control of the territory by the transitional federal institutions that are recognised by the international community as the legitimate government of Somalia. Only Somaliland has the capacity and will to oppose piracy in its territory, although its resources are paltry. Piracy has its main safe-haven in Puntland, where it has the consent of the clans, and is not opposed by the Islamic militias of the south.

Although the best way of combating piracy would be from Somali territory, given that this goal is unattainable in the short and medium term, the fight against piracy in the Gulf of Aden and the Indian Ocean is waged exclusively from sea. This effort has mobilised the fleets of the EU, NATO and countries like China, India, Russia, Iran, Japan, Australia, Indonesia, Malaysia and Saudi Arabia. Information centres have been set up and an international corridor has been established for ships and aircraft in the area to protect their vessels in transit. NATO's current Allied Provider operation has maritime security and counter-piracy missions. The 5th US fleet also leads a coalition of combined maritime forces, Combined Task Force-150, in which France, Australia, Turkey, the Netherlands and Denmark take part with the mission of deterring, combating and prosecuting those involved in piracy.

Since November 2008, the EU has been running Operation Atalanta, which is aimed at providing direct protection to all the vessels of the UN World Food Programme. The naval escort provided has prevented them being a profitable target for pirates and has ensured that 1,600,000 Somalis receive food aid daily. The EU's naval units also protect the international transit corridor through the Gulf of Aden, where they come to the aid of vessels at risk when they request help. They also help supervise fishing off Somalia and cooperate with the organisations and states involved in fighting piracy, especially Combined Task Force-150. Another of their tasks, when Somalia develops its maritime capability, will be to assist the country's authorities by providing information on fishing activity.

Spain is currently one of the main contributors to this operation. As of November 2011, 370 of the total of 1,980 military were Spanish, divided among a frigate, a patrol boat and the Orion air force detachment deployed to Djibouti, a contribution second only to that of France. The Spanish government has furthermore succeeded in broadening the area protected by Atalanta to the fishing grounds off the Seychelles, as fishermen's associations were requesting, but Spanish fishing boats are not directly protected by Atalanta or Spanish vessels.

On 15 February 2010, the European Council adopted the decision to set up a military mission to train Somali security forces in Uganda (EU Training Mission, EUTM), as a contribution to the training programme AMISOM is running. This mission is non-executive and is designed to contribute to the existing programme to train the Somali security forces. The European Union considers that the success of this mission lies in transferring it to the African and therefore believes that AMISOM must provide a sufficient number of instructors. The mission, in which Spain's involvement is considerable, has some 150 military instructors who train about 1,000 Somali soldiers for each six-month period. These forces are not specially designed to combat piracy, although their contribution to consolidating the Somali government could, in the long term, facilitate governmental control of the coastal areas from which pirates operate.

Somali piracy poses a threat to a shipping route of strategic and commercial importance, as 70% of the world's oil supplies are shipped via the Gulf of Aden, in the north of the country. Many shipping companies have been forced to divert their routes and others have had to pay higher insurance premiums. Despite the international community's efforts, attacks are on the rise and it is feared that piracy is developing closer links with jihadist terrorism; if so, this would greatly increase the strategic importance of the problem. It is known that pirates pay a certain percentage of their ransom money to the Al-Shabab brigades to ensure their freedom of action and it is believed that they provide other services to the Islamic militias, such as importing arms or conveying jihadists to and from Somalia.

The military deployment is impairing but not preventing hostage taking, and the hostage figures remain at a standstill: whereas in 2009, 52 hostages were taken in 131 attacks; in 2010, 49 hostages were recorded in 125 attacks; and between January and February 2011, 11 vessels were captured in 34 attempts, according to US Naval Intelligence figures. According to the Piracy Reporting Centre of the International Maritime Organisation, as of 28 February 2011 Somali pirates were holding 33 vessels with 711 hostages and so far this year seven people have been killed⁽¹⁾.

The *Strategic Survey* of the London-based International Institute of Strategic Studies puts the number of pirates at about 5,000, divided into five main groups. Somali piracy is a low-technology enterprise that acts for lucrative reasons and is based on a very simple capture and ransom system: using a speedboat and armed with light weapons, the pirates hijack a fishing boat or similar vessel. This boat is used as a supply vessel to patrol the ocean in search of slow cargo ships with very small crews and lacking in security measures. Thanks to the support and surveillance provided on the high seas by the supply vessels, which do not raise the suspicions of the shipping lines, and to mobile telephony and GPS, pirates are able to operate with their speedboats at a considerable distance from the Somali coast. They have been known to act within a radius that extends as far as Madagascar in the south and almost to the Maldives in the east. As Somalia's ports are not equipped with the necessary infrastructure to unload the freight of oil tankers or large merchant vessels to be sold in the region's markets, and nor can they sell these vessels by passing them off as others, the captured vessels are moored in Somali waters close to the pirate havens in Eyl, Hobyo and Gharardeere in the Horn of Africa while the ransom payment is negotiated⁽²⁾.

This means that the ransoms are low in relation to the total value of the vessels. However, the continuation and relative success of these operations is sparking an upward trend. Owing to the pure logic of negotiation, and to prevent major reactions from the international public opinion, the operational model of deriving profits exclusively from ransom limits the amount of violence generated compared to cases of piracy in which the cargo is stolen and the ship sold and in which the crew may become a hindrance. It is very easy to recruit pirates given that the average earnings per participant and capture are in the region of 40,000 dollars.

The arrest and prosecution of pirates has become extremely complex owing initially to the lack of international law covering such cases, the self-imposed limitations of western powers for reasons of political and legal principles, and other practical reasons. The UN Security Council made legal provision for the

⁽¹⁾ Félix Arteaga, ARI No. 52/2011, RI Elcano, *La lucha contra la piratería en Somalia: el problema persiste a pesar del esfuerzo militar*, 14/03/2011, p. 5.

⁽²⁾ *Strategic Survey 2011*, IISS, p. 307.

deployment of marine aviation forces in its Resolution 1814 of 15 May 2008, in which it requested the Member States to take measures to protect shipping, transport and the flow of humanitarian assistance to Somalia. The subsequent Resolution 1816 authorised the use of force under Chapter VII of the UN Charter and Resolution 1846 made it possible to deploy forces, seize and dispose of equipment used in piracy and enter into territorial waters to repress acts of piracy in accordance with articles 100 and 105 of the UN Convention on the Law of the Sea (UNCLOS). If necessary, Resolution 1851 allows air and marine operations to be reinforced by the action of ground forces on havens, a possibility that has not yet been considered, although some countries such as France have already resorted to it.

However, the area to be protected is too vast and the ships deployed must give priority to those carrying food or humanitarian assistance to Somalia and to those travelling along the established corridors, and they therefore find it very difficult to guarantee the surveillance of the rest of the vessels in danger. Furthermore, their permitted use of force is limited to self-defence or defence of the protected crews and vessels and excludes actions involving preventive force on suspect vessels. Nor must they use it when the vessels are captured unless the integrity of the crews and vessels are endangered, as armed interventions can pose a greater risk to their integrity.

After warships capture pirates the problem arises of handing them over to the judicial authorities, as Somalia lacks a system of justice and they have to be surrendered to neighbouring countries or the countries to which the vessels belong. What is more, the responsibility to protect involves a whole host of ship owners, ship operators, crews, countries under whose flags the ships fly and coastal states and this complicates decision making. As a result, the legislative and penitentiary measures available for cracking down on and preventing piracy do not prevent impunity: in the first half of 2010 alone 700 detainees had to be released, and of those who continued to be held in custody, only one-third were tried.

Therefore, the deterrent effect of international naval deployment has been insufficient, because there continues to be a lack of proportion between the real risks and expectations of proceeds and yet the effect of this is that pirate organisations are attempting to do even better for themselves by reinvesting their proceeds in improved weapons and more sophisticated equipment. What is particularly worrying is the expansion of their financial base to neighbouring countries and the system of selling shares in the proceeds from future attacks as a method of increasing their capital.

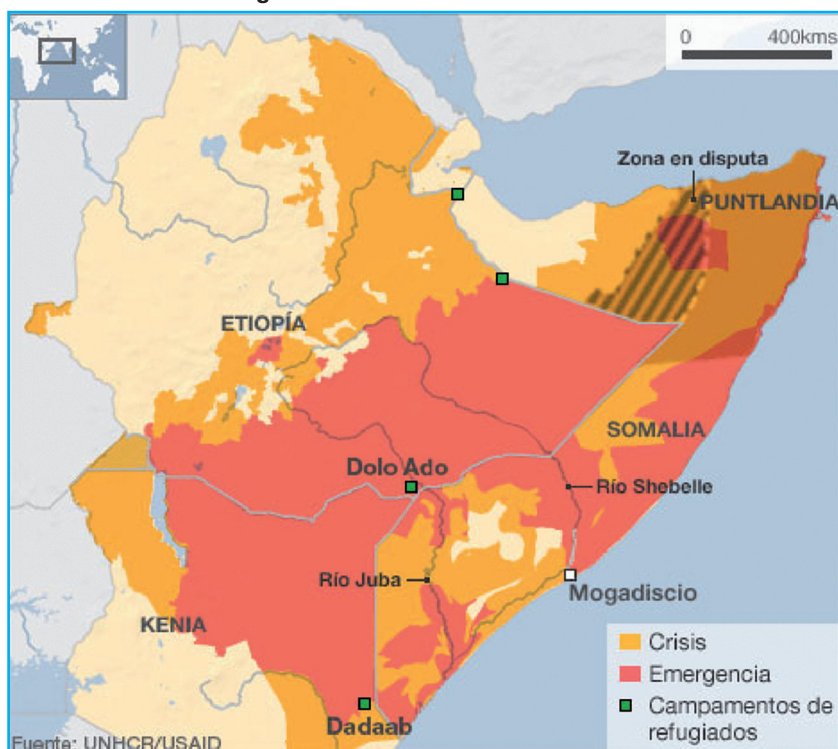
For a country like Spain with major maritime interests, the existence of an ever dynamic and entrepreneurial piracy established in the Horn of Africa is a

direct threat to its vessels, crews, goods and fishing interests in that region of the Indian Ocean; the capture of the fishing vessel *Playa de Bakio* in April 2008 clearly underlined this. But equally worrying is the possibility of the example spreading to other places and of piracy finding common interests with terrorism or other kinds of threats. The modus operandi of Somali pirates could easily be adapted to transnational terrorism, a possibility that the US command in Africa, AFRICOM, is taking seriously. According to the *Strategic Survey*, it is speculated that in October 2010 Al-Shabab tried to use a vessel that was captured and handed over to this group by pirates to attack a ship carrying supplies for AMISOM and escorted by a Spanish warship belonging to Operation Atalanta⁽³⁾.

■ Famine

Since July 2011, Somalia has been in the grip of one of the worst food crises in its history owing to a drought that is considered the most intense for 20 years. More than 3 million people have been at risk of dying from malnutrition and some areas are very difficult for relief organisations to reach owing to the presence of Islamist insurgent groups. The extreme drought has also affected parts of Kenya, Ethiopia, Eritrea and Djibouti.

Areas with food shortages



⁽³⁾ *Strategic Survey 2001*, IISS, p. 310.

On Monday 5 September, the UN reported that famine had spread to another region of Somalia; that 750,000 people were at risk of dying of hunger; and that the famine was expected to spread even further over the next four months unless aid was stepped up. The first consignment of beans, oil and rice to be distributed was aimed at 72,000 people in the Gedo region. The Red Cross, which has access to regions controlled by the Al-Shabab brigades, distributed seeds and fertilisers to 240,000 farmers before the sowing season ended.

The UN has asked for a billion dollars to help Somalia and at the time of writing this chapter it had not yet managed to raise the full amount. The African Union stated at a donors' conference in August that more than 350 billion dollars in cash had been raised to combat the drought and famine. The United States has promised more than 500 million dollars' worth of food and refugee assistance. The European Union and its Member States have promised to provide more than 750 million dollars, while the organisation of the Islamic Conference has undertaken to provide 350 million dollars. The Food Security and Nutrition Analysis Unit - Somalia (FSNAU) reported that acute malnutrition and the mortality rate had risen above the famine threshold in the Bay region in the south of the country. The report added that the poor households of the region face huge food deficits as a result of the scant agricultural production and depleted purchasing power.

At the time of writing this chapter it is difficult to assess the number of victims of this humanitarian disaster.

Linked to the previous problem, two relief workers belonging to Médicos sin Fronteras (the Spanish branch of Médecins sans Frontières), Montserrat Serra and Blanca Thiebaut, were taken hostage on 13 October 2011 from the Kenyan refugee camp at Dadaab, barely 100 kilometres from the Somali border. This was the last of four kidnappings carried out in Kenya in little more than a month, the other victims being a relief workers from Dadaab, a French woman and a British woman, as well as numerous armed clashes in the border area. Forty-eight hours after the capture of Serra and Thiebaut, the Kenyan army deployed in Somalia in response to the kidnappings. At the time of writing we know that the Spanish aid workers were taken to the coastal town of Kismayo in Somalia and that, according to General Yusuf Ahmed Dhumal, chief of the Somali government forces in the south of the country, it is possible that the Islamist militia Al-Shabab will decide to sell the two hostages to Somali pirates in order to raise money to finance their activities.

■ PIRACY IN THE GULF OF GUINEA AND ORGANISED CRIME IN THE MAJOR POPULATION CENTRES, A MANY-HEADED HYDRA

The year 2011 has also drawn attention to a new conflict landscape of strategic importance that is threatening to follow in the wake of piracy in Somalia and which could seriously affect Spanish interests owing to the closeness of the Canary Islands to the Gulf of Guinea. In this case it is not a failed state that is harbouring pirates but a series of countries, chiefly Nigeria, which have highly populated areas with large urban agglomerations –partly uncontrolled– and areas with very high crime rates and where organised crime has found it easy to settle in.

The problem burst onto the media scene in September 2011, when five Spanish seamen belonging to the 23-man crew of *Mattheos I*, a 46,000-tonne Spanish-owned oil tanker flying a Cypriot flag, were captured 50 miles off the coast of Togo, to which it was heading laden with oil from Benin. After the pirates took 7,500 metric tonnes of diesel oil out of a total of 46,000 tonnes, the vessel was released with no victims among the crew.

■ Organised crime

Before analysing the problem of piracy, it is appropriate to take a look at transnational organised crime in West Africa. The report published in 2005 by the UN Office on Drugs and Crime stated that:

Transnational organized crime in the West African region must be regarded as an issue of growing concern. In order to highlight the problem, an overview of the development of the phenomenon in five countries of the region –Côte d'Ivoire, Ghana, Nigeria, Senegal and Sierra Leone– is provided, tracing both its extent as well as the range of illicit activities that are engaged in. These are diverse and include: drug trafficking, advanced fee and Internet fraud, human trafficking, diamond smuggling, forgery, cigarette smuggling, illegal manufacture of firearms, trafficking in firearms, armed robbery and the theft and smuggling of oil⁽⁴⁾.

For nearly a decade, transnational organised crime in West Africa has become a problem with serious consequences both within and outside the region. Organised crime has made an appearance in all areas where there are opportunities for crime. It furthermore operates in global illegal markets, often making working arrangements with other international criminals. Even though organised crime in West Africa is less violent than, say, Russian organised crime, its scale and scope are astounding and it poses a serious threat to the stability of the countries and the subregion as a whole.

⁽⁴⁾ UNODC report 2005 Transnational Organized Crime in the West African Region, p. iii.

The countries of West Africa, with their different ethnic groups, cultural roots and abundant natural resources, have in common one of the lowest standards of living in the world. Eleven of the fifteen members of the Economic Community of West African States (ECOWAS) are among the 30 countries trailing the UNDP's Human Development Index.

One of the main circumstances that have enabled organised crime to take root is the massive exodus from the countryside and the concentration of the population in major urban centres. Since 1990, migration to the cities of West Africa has been occurring at a dizzying pace. The urban population then stood at 60 million inhabitants, or 33% of the total. By 2000, the figure was up to 92 million or 38% of the total, and by 2010 the urban population totalled 137 million or 44%, making it the subregion with the second highest urban population after North Africa. Cities such as Porto Novo in Benin, Ouagadougou in Burkina Faso, Accra in Ghana, Niamey in Niger, Lagos in Nigeria and Lomé in Togo all suffer from urban saturation, meaning that the population of these cities is growing faster than the local economies, with serious social and economic consequences such as unemployment, the proliferation of slums, social polarisation and crime⁽⁵⁾. The most highly populated of these cities is Lagos, which had 6 million inhabitants in 1995, more than 8 and a half million in 2005 and 10 and a half million by 2010.

The rootlessness of a growing mass of young people is conducive to the recruitment of criminal labour; agglomeration and chaos facilitate concealment and anonymity; and the weakness of the judicial and police structures ensures the impunity of criminal organisations. The region's major urban centres, especially coastal cities and ports, have been acting as the headquarters for local and international networks.

The harsh economic and social conditions of the countries in the region, widespread corruption, present and past conflict scenarios, permeable borders, ineffective national governments and a growing culture of impunity have fuelled the development of criminal practices such as human trafficking, diamond smuggling, the illegal manufacture of arms and trafficking in arms, cigarette smuggling, trafficking in illegal immigrants and the flourishing trade in pirate and counterfeit goods from other parts of the world. Governments have few resources and some are incapable of properly controlling their institutions and, as a result, their own territories. Uncertainty about the long-term stability of these countries –heightened by the recent conflicts the region has experienced– increases civil servants' and citizens' mistrust in the State. The paltry and irregular wages paid to the police forces contributes even further to corruption. When a critical mass of those who are supposed to enforce the law accepts bribes, it makes it hard or even dangerous for the rest to remain honest.

⁽⁵⁾ The State of African Cities 2010 Governance, Inequality and Urban Land Markets UN-HABITAT 2010, p. 99.

This has created a vicious circle from which it is very difficult to emerge. In addition to the different illicit activities, some are further complemented with others; for example, in Guinea-Bissau the proceeds from cigarette smuggling are used to buy arms and the participation of local communities and authorities in the contraband business is a guarantee of impunity for all those involved in the undertaking.

The major inequality in the distribution of wealth is contributing to the growing acceptance of criminal activities as a means of breaking the circle of poverty. The very structure of many West African economies based on the exploitation of natural resources, coupled with a patrimonial concept of the State according to which the nation's financial and natural resources belong to the people in power, are also conducive to an environment in which laws are not obeyed. All these factors attract unscrupulous economic agents, facilitate the establishment and development of local and transnational criminal networks and foster the establishment of a cultural model in which money can buy everything, including impunity and political power, in addition to respect and social consideration.

The presence of international drug networks is catalysing and giving impetus to these illegal activities. The huge flow of drug money is furthermore a serious threat as it fosters corruption even more. Cocaine, one of the most dangerous drugs on the world market, has paved the way for the establishment of other drug trafficking networks.

Nearly all the cocaine in the world comes from only three countries: Colombia, Peru and Bolivia. Colombian drug traffickers have traditionally dominated transnational cocaine trafficking, smuggling the drugs into the most lucrative markets: through Central America and the Caribbean to the United States, and via the Atlantic to Europe. At the beginning of the present century West Africa became a pivotal point in the route to Europe.

Given the limited capacity of many West African states to enforce the law as a result of a combination of poverty, political weakness and territories controlled by insurgents, trafficking via these countries provided long-term advantages over more direct routes. South American networks of traffickers came across opportunities that led them to move a considerable part of their operational platforms to West Africa, making the region's coasts and ports the centre of transatlantic cocaine trafficking.

The example spread and, in addition to large consignments of cocaine shipped by sea and stored in that region before being sent on to their final destinations in western countries, international criminal organisations began to traffic in hard drugs, using «disposable» human carriers equipped with false passports and visas. The heroin from the Golden Crescent also found its way in. It is

chiefly flown in and subsequently re-exported to Europe and, to a lesser degree, to the US. But we do not only find trafficking in hard drugs in the region. Their consumption has also increased in the form of lethal homemade cocktails: in Liberia, child-soldiers have reported of the consumption of local-made crack adulterated with gunpowder. Cannabis cultivation for local and regional consumption is widespread and, to a lesser degree, for export to Northern European countries.

West Africa has thus become an attractive destination for international criminal networks which, in association with local criminals, are giving rise to the creation and progressive exportation of a specific model of crime ring. In addition to the known Nigerian networks, new rings are springing up in Ghana, Côte d'Ivoire and Senegal. Modelled in the image and likeness of the Nigerian type of «network», these criminal organisations share the same vague, fragmented and trade-oriented characteristics that earn them such success in the global village of modern «disorganised» crime.

The traditional highly organised crime models such as the known organisation of the Italian Mafia, the American Cosa Nostra and the Japanese Yakuza do not fit in with the anarchic and «sudden» conditions that characterise the general context in Africa, where structures based on projects and commercial operations prove much more effective. In this respect, the criminal operations of West Africa adopt structures, *modi operandi* and characteristics typical of the lawful traders and businessmen of the region, in which a successful entrepreneur invites one or more young people or other subordinates to join his enterprise as the volume of business increases. The division of labour in these structures is made in such a way that the newcomers, generally acquaintances or people related to the original partners, hardly know the entrepreneurs for whom they really work or how their tasks are related to the functions of other members of the organisation. The jobs they are offered are usually limited to a particular project, with no expectations of establishing stable –permanent– links with the structure, which furthermore tends to disappear completely once the specific project is completed. The secrecy and complete loyalty of the people to the group that devises the operation are guaranteed by cultural pressure (for example, membership of the same village, clan or ethnic groups) and by the use of religious rituals and black magic, with threats of supernatural punishments for traitors⁽⁶⁾.

■ Oil thefts and trafficking

Stealing and trafficking in oil and derivatives deserve special mention as this is the area where piracy and organised crime cooperate most closely. This criminal activity provides rich pickings for a few criminals, insurgent groups and corrupt authorities and impoverishes the majority, undermines the rule of

⁽⁶⁾ RI Elcano, *África Subsahariana*, ARI No. 43/2006, 20/04/2006, p. 7.

law, deepens corruption, pollutes the environment, violates human rights and depletes natural resources.

A large mass of population is concentrated along the coast of Nigeria and the neighbouring countries. It is rife with lawless areas that the states themselves are barely able to control. Such is the case of the Niger Delta and large parts of the city of Lagos. Throughout the whole region, which oozes petroleum, there are very powerful contrasts between opulent wealth and extreme poverty. In the Delta region the rebel groups, in their conflict with the Nigerian government, have been attacking oil refineries and rigs for years, seizing control of vessels and taking oil executives hostage. These rebel groups consider that their government –and, by extension, the western companies in the sector– is raiding their country. They obtain sizeable earnings from smuggling and ransom payments, as a result of which political motivations are combined with dubious economic interests. The rebels furthermore reckon that, as the private companies in the sector are so rich and powerful, if they do not invest in the local communities they can at least pay their percentages in the manner of a tax. Large sectors of the population do not consider it unfair for part of the wealth to remain in the region and thus cooperate with these organisations.

Thefts of fuel from oil pipelines and distribution networks have also become widespread with the involvement, passivity or consent of the authorities themselves and local government officials. The family and clan organisation of the groups taking part in these activities makes it very difficult for the police to penetrate the illegal organisations, assuming, that is, that they are not getting kickbacks. The countless languages spoken in the country are another hindrance to obtaining information. The proportion of this business is so large that, according to UNODC, about 10% of Nigerian oil (some 55 million barrels annually) is stolen. Indeed, it is estimated that oil production in Nigeria runs at only two thirds of capacity because of theft, vandalism and violence in the Niger Delta. In view of the foregoing, there is no problem «placing» the entire contents of a stolen or captured oil tanker on the «market».

The UNODC report entitled *Transnational Trafficking and the Rule of Law in West Africa: A Threat Assessment* analyses the theft and trafficking in oil, known in the Niger Delta as «bunkering», and states that most thefts and smuggling of oil and oil products is carried out by criminal groups who have links with rebel groups. The oil is stolen using two methods: «hot tapping», where an unauthorised secondary pipeline is attached to a company mainline in which the oil is flowing under pressure; and «cold tapping», which involves blowing up a pipeline and putting it out of use, which gives criminals enough time to attach their spare pipeline. The stolen oil is loaded onto barges and tankers and sold in Nigeria and the surrounding region.

It is not known exactly how much illegal oil reaches the international market further afield than the Gulf of Guinea. The proceeds from oil bunkering go directly to militants and corrupt officials. Oil is also stolen through the corruption of security forces, officials from private companies or officials controlling export, who allow tankers to be filled or over-filled⁽⁷⁾.

■ Piracy in the Gulf of Guinea

Piracy in the Gulf of Guinea spans the coastline of a dozen countries between Guinea and Angola and, according to Risk Intelligence, the security agency based in Denmark, the past year has witnessed an escalation in incidents ranging from small-scale thefts to large-scale hostage taking and thefts of large cargoes. According to the International Maritime Bureau, Nigeria and Benin have reported 22 incidents involving pirates in the first 8 months of 2011. Analysts reckon that the number of attacks reported in waters close to Nigeria may be lower than the real figures, because some of the vessels carry illegal cargoes of oil and because shipping companies fear that their insurance premiums may be put up. Nevertheless, it seems that this tactic is not going to be successful, as in August the Joint War Committee, which represents different international insurance companies (among them Lloyd's Market Association), raised the waters of Benin and Nigeria to the same risk level (war-risk zone) as Somalia.

Many of the pirates of West Africa come from fishing communities and need no more than their own boats and a few weapons to carry out their attacks. The region's intricate coastline, especially that of the Niger Delta, through which many canals run providing access to the refineries, allows pirates to find refuge, hiding places and spots for unloading, and greatly hinders their search and pursuit despite the huge technical advantages provided by satellite surveillance.

The main difference between piracy in the Gulf of Guinea and that of Somalia lies in the fact that in the former activity is aimed chiefly at stealing cargoes rather than capturing with a view to obtaining ransom money, and this leads in turn to much faster action compared to the slow negotiation processes in Somalia. As a result, there is also a greater use of violence, although there have been cases where, in addition to the theft of the goods, the crew is taken hostage in exchange for ransom money.

Early in October, Nigeria and the Republic of Benin set up a joint committee to address the growing number of attacks in the Gulf of Guinea. The Nigerian government has deployed two warships and a helicopter to patrol both countries' waters together with the Beninese authorities.

⁽⁷⁾ UNODC report July 2009, *Transnational Trafficking and the Rule of Law in West Africa: A Threat Assessment*, pp. 20-21.

On 19 October the UN secretary-general, Ban Ki-moon, stated that the response to piracy activities in the Gulf of Guinea must be a concerted effort that is both regional and international in order to address a problem that is endangering the economy and security of these countries.

«The threat is compounded because most Gulf [of Guinea] States have limited capacity to ensure safe maritime trade, freedom of navigation, the protection of marine resources and the safety and security of lives and property», he stated.

We shall thus see how corruption, state weakness, chronic strife, international drug trafficking networks, local organised crime and piracy have created a perverse synergy of crime that fuels corruption and further weakens the foundations of the region's states. This situation in turn creates a space that is increasingly conducive to the establishment of criminal organisations. The danger lies in reaching a point of no return in which organised crime is stronger than the State, as is partly occurring in Mexico with drug traffickers.

Many states in the region and ECOWAS itself have made combating corruption and organised crime as a priority. The European Union and the European Commission are fully aware of the challenge corruption poses in West Africa and rely on specialised United Nations institutions such as UNODC to provide the suitable technical assistance that the recipient countries of Western Africa need to address the problem.

The approaches and solutions to the problem of piracy, drug trafficking and, in general, criminal activities in West Africa should be comprehensive. Strengthening border and territorial control, the operational capabilities of law enforcement agencies, legal frameworks and mechanisms for applying them to combat organised crime, money laundering and corruption are all necessary measures for restoring the authority of the State and the rule of law. Sustaining their effects, however, will require deep judicial and penal reforms and, in the case of countries in a post-conflict situation, security-sector reforms. But it is much easier to diagnose and propose solutions than to carry them out, because the problem dealt with here has damaged the very instruments required to solve it.

CHAPTER SIX

LATIN AMERICA 2011: COPING WITH THE EFFECTS OF THE ECONOMIC CRISIS, SEEKING GREATER INTERNATIONAL INTEGRATION

Carlos Malamud Rikles

ABSTRACT

The region has escaped fairly unscathed from the economic turmoil affecting the developed world, unlike what happened in most of similar episodes that occurred in the last decades of the twentieth and early twenty-first century. This corresponds basically to two fundamental facts: the previous economic reforms adopted in the region and diversification of exports, mainly to China. This country has become a great opportunity for the region and the major stimulus for growth. In the political arena the changes have affected not only the reality of each country but also the regional balance. The raising of hegemonic projects, especially the ALBA, has increased regional fragmentation, while on the other hand the creation of UNASUR as an important regional forum for political consultation is pushing towards a higher level of regional integration.

Key words:

Latin America, economic reforms, regional bodies, China

Latin America managed to emerge from the economic and financial crisis of 2008 with relatively few setbacks. It was the first time in many years that a crisis of this kind had not originated in the region or in other countries of the periphery and, together with the economic growth experienced in recent years, it gave the regional authorities a convincing argument for presenting themselves to their own people as victors and for being taken more seriously and regarded as more reliable at international forums. The region's fast GDP growth in the years prior to 2008 and its speedy recovery after the crisis led some regional actors of repute, such as Luis Alberto Moreno, president of the Inter-American Development Bank (IDB), to speak of the decade of Latin America, even though growth is taking place at various speeds in consonance with subregional and national differences.

In 2011 things were not the same as in 2008. The prospects of a new international recession were viewed with greater concern in the developing countries, some of which had begun to see their economies grinding to a halt or slowing down. The possibility of a fresh crisis affecting practically all the Latin American countries was a topic of conversation in all the capitals of the continent and at forums of regional presidents, such as the 21st Ibero-American Summit held at the end of October 2011 in Asunción, Paraguay. The new problems glimpsed on the horizon could therefore be summed up in two basic questions: when will the crisis hit the emerging countries and how and to what extent will its effects be felt? In relation to the second of these questions, it was obvious that, unless disaster struck or save for isolated cases, the effects of an international relapse would not be so serious for the region as on previous occasions, especially in the late twentieth and early twenty-first centuries.

Brazil, the region's major power, is an example of what may occur with other Latin American economies. Brazil is already suffering the consequences of the slump in the consumption of the developing countries and China, as well as the downturn in the prices of its main exports, and this is affecting both its balance of trade and its tax revenues. Whereas the initial growth forecasts for 2011 were in the region of 6.5% to 7%, by the end of the third quarter of the year they were down to less than 3.5%. This situation is accompanied by a rise in inflation and a contraction in demand for labour, which is affecting the labour force. It remains to be seen how this will affect the emerging middle classes, an important novelty throughout the region in the past decade.

All this is taking place in a regional and international context in which Latin America is struggling to carve out a new place for itself in the world and to adapt to a globalisation that is also seeking new game rules, as observed at the latest meetings of the G-20 and in the pressure for greater regulation of the international financial system. The G-20 is one of the multilateral forums where Latin America is overrepresented, with the presence of Argentina,

Brazil and Mexico. But coordination between them and with the rest of the Latin American and Caribbean countries is scant, as the Dominican Republic's President Leonel Fernández complained. At the same time, it can be seen how the emergence or consolidation of new and old regional leaders is combined with some countries' wish to become prominent actors on the international stage with a powerful voice that is listened to in global issues. Such is the case of Brazil, which aspires to a permanent post on a renovated UN Security Council, or of Venezuela which, thanks to its international alliances, handling of oil exports and surpluses generated, has become a critical voice on the world stage. However, the regional influence of the Caracas government has been shrinking in recent years. In this connection it should be considered how Hugo Chávez's illness affects the country's international presence, despite his claims of having fully recovered from cancer.

Unlike in the past, since the beginning of the twenty-first century political and social phenomena and the economic changes brought about by fast growth have been conducive not to regional cohesion but to a greater divergence in the various countries' situations. Today fragmentation weighs more heavily than cohesion in a context marked by contradictory, although not antagonistic, projects. The «Bolivarian Alliance for the Peoples of Our America» (Alianza bolivariana de los pueblos de nuestra América, ALBA) has consolidated and promoted Cuban and Venezuelan plans for regional hegemony and the idea of extending the «Bolivarian revolution» to the whole of Latin America. Although the ALBA is no longer what it was, especially in symbolic terms, its existence has accentuated Latin America's fragmentation in its support for divergent projects. Proof of the fluency of intraregional relations is that, following the advent of Juan Manuel Santos to the Colombian presidency, bilateral relations with Venezuela, which were hanging by a thread owing to the clash between presidents Chávez and Álvaro Uribe, not only recovered but soon brought about a rapid growth in trade and financial transactions between the countries. The same may be said of relations with Ecuador, which had been in bad shape since 2008 and are now enjoying a new phase, as became evident at the Summit of the CAN (Andean Community) held in Bogotá in November 2011.

It is clear that, as a result of the changes that have taken place in Latin America, especially in the past decade, the region is not what it was in the 1960s or 1970s and that not even the US enjoys the same presence that it had in the past. A consequence of these changes is that the previous collective security regime established in the region (or hemisphere) no longer works, and it is necessary to build a new one in keeping with Latin America's increasing incorporation into the globalised world. The chief aim of this chapter is to analyse how the different Latin American actors have reacted internationally over the past two years to the main trends that influence the region. For this purpose, certain political processes will be studied, especially the elections

that have taken place in 2011, in order to ascertain how the continuation or alternation of governments influences their countries' external action. It will focus particularly on relations with the US, the EU (including Spain) and, especially, the Asian countries beginning with China and India.

■ ECONOMIC PERFORMANCE

Together with Asia and other emerging regions, Latin America continues to lead world economic growth. Aided by the rise in value of the principal primary products (foods, fuels and ores) exported by the region and its sound and efficient economic policies, the subcontinent faces the immediate future with confidence, despite the clouds looming on the horizon. According to the *Latinobarómetro 2011*⁽¹⁾, Latin Americans' personal expectations regarding their future are stable, despite a slight reduction from 44% to 42% between 2010 and 2011. Although this indicates the continuation of a slight downward trend –the figure stood at 46% in 2008 and 49% in 2006– the perception that things will be the same next year has improved from 32% in 2009 to 36% in 2010 and 38% in 2011. Brazil is the most optimistic country: 64% of those polled believe that their economic situation will improve next year. It is followed by Colombia with 61%, and Paraguay and Panamá with 52%. The least optimistic countries are El Salvador and the Dominican Republic with 23%, followed by Chile with 30%. According to the *Latinobarómetro*, countries' economic prospects tend to be 10 points lower than personal prospects, and this difference has been established since 2001. Four out of ten Latin American countries expect to see an improvement in their personal economic situation in the coming 12 months, and three out of 10 expect the same for their countries.

Brazil's optimism is borne out by facts, despite its internal complications, which are nonetheless fewer than those of the EU. Unlike in other countries of the region, Dilma Rousseff's government has decided to tackle the problems before they come to a head by means of an active countercyclical policy. In this respect it is striking to note how soon some countries have forgotten the lessons learned from the crisis of 2008 and abandoned countercyclical policies, often in response to electoral situations and the need for re-election, or in order to enhance the government's positive image with new subsidies and social expenditure. According to the most recent estimates of the IMF (International Monetary Fund) and the EIU (The Economist Intelligence Unit), Brazil's GDP will soon reach 2.44 trillion dollars compared to the United Kingdom's 2.41 trillion, making Brazil the sixth largest economy in the world. It rose to seventh place in 2010 after overtaking Italy. As Brazil's economy is growing at a slower pace than those of other Asian emerging countries, India is set to overtake it in

⁽¹⁾ Corporación Latinobarómetro, «Informe 2011», http://www.latinobarometro.org/docs/IN-FORME_LB2011.pdf

2013, but it should be back in sixth place the following year after overtaking France, the second largest European economy. If it maintains the current pace of growth, it could even beat Germany by the beginning of the next decade.

The pace of growth and good performance of most of the regional economies, coupled with their future prospects, have led to talk of the «decade of Latin America». However, a few problems lurk behind this success, many of them related to the region's focus –which is only logical– on the Asian markets, which involves deepening exports of food and primary products with the consequent risks of «re-primarisation». There are other major challenges, including: management of capital flows, appreciation of local currencies and rising inflation; how to take advantage of the increase in primary products, energy and foods, while warding off internal social problems; and how to avoid the effects of what came to be called the «currency war» in which the region's economies, especially Brazil, suffer the negative externalities of the exchange-rate war between the US and China over the appreciation of the Yuan⁽²⁾. Despite the efforts made by the region's countries, especially those of South America, through the mechanisms developed by Unasur (Union of South American Nations) and the meetings of economy ministers, coordination is modest or limited. Each government pursues its own policy, adapted to its own situation, a fact which evidences the scant progress made in regional and subregional integration and the practically non-existent advances in the coordination of macroeconomic, monetary and fiscal policies. Some projects that initially seemed set to play a significant role in this field, such as the Banco del Sur, have not even got off the ground despite the constant declarations in this respect.

According to the IMF, the economies of Latin America and the Caribbean are proving capable of sustaining steady growth rates. Whereas the Fund had initially put the region's growth potential in 2011 at above 5%, it later lowered it to 4.5% in September, and at the beginning of November the managing director Christine Lagarde announced the possibility of a new downward adjustment. GDP growth for 2012 is expected to be in the region of 4% or even less. Latin America's future is conditioned by the slowdown in the growth of the leading advanced countries, especially those of the EU.

The good results achieved by the largest regional powers should be considered when assessing how the region has performed. Brazil and Argentina grew by 7.5% in 2010, and Mexico, conditioned by the pace of the US economy, by 5%. There were more successful cases such as Paraguay, Uruguay and Peru, which surpassed 8%. Chile and Colombia achieved a growth of nearly 5%, while only Venezuela and Haiti recorded negative rates. A two-speed system is thus taking shape, with South America growing more than Mexico, Central America and

⁽²⁾ Carlos Malamud and Federico Steinberg, «Introducción», Carlos Malamud, Federico Steinberg and Concha Tejedor (eds.), *Anuario Iberoamericano 2011*, <http://www.anuarioiberoamericano.es/virtual/index.html>

the Caribbean. The existence of these two speeds is due to the different growth models and different strategies with respect to international presence. Mexico, Central America and the Caribbean, which have fewer options in primary goods and foods, concentrate their exports on the US, depend more on remittances from their emigrants and produce industrial goods that compete directly with those of Asia. South America exports primary products (chiefly to Asia), as a result of which its economies complement those of China and its neighbours and are not direct competitors. However, there are growing complaints from the Latin American industrial producers (especially Mexicans, Brazilians and Argentineans) about what they consider unfair competition on the part of Chinese exporters.

Whereas a few countries are taking advantage of the boom in exports to diversify their productive structure, promote strategic industries and attempt to make growth less dependent on exports of primary products, others are compromising their future by squandering the opportunities provided by the current situation instead of consolidating a sustainable model based on productive diversification. The biggest economic challenge the Latin American countries face in the medium term, in addition to reducing inequalities and increasing social cohesion, is redesigning their model – long imposed on them by the advanced countries– of integration into the international arena and improving the competitiveness of the national economies. In this respect the main issue all the region's countries have yet to address, save for a few isolated cases, is education, both primary and secondary, as well as university. In all cases a comparison between the Latin American and Asian educational systems and results reflects just how much remains to be done in the continent and how far it is lagging behind its most direct competitors.

The different governmental responses are conditioned by the political and ideological positions of the governments of the region, where some highly ideologised stances that advocate a significant State presence in economic activity coexist alongside other more pragmatic positions that seek to make State and market compatible. One of the greatest challenges of Latin America's governments, entrepreneurs and societies in general is the management of exports of food and raw materials (ores and fuels), spurred on by Asian demand and rising international prices.

■ THE ELECTORAL PROCESSES IN 2011. THE OUTLOOK FOR 2012

The favourable economic environment has influenced regional political expectations, and has particularly benefited the parties or leaders in power.

This has been conducive to continuity, as shown by the election wins of the ruling parties in Argentina and Nicaragua, whereas alternation prevailed in Guatemala and Peru, although their presidents could not have been re-elected. Haiti, devastated by the earthquake, is a different case. In Peru, where the victory of Ollanta Humala had aroused expectations and fears, the first few months of his government have been characterised by continuity, especially in economic affairs, albeit with a certain amount of radicalism in his political and social discourse, which nevertheless has not reached the excesses feared by the most ominous predictions.

The major issue on the political and electoral agenda in all the countries was citizen security. The high levels of crime and violence in Venezuela, El Salvador, Guatemala and Mexico, among others, which are increasingly associated with drug trafficking, are of growing concern to citizens, as the *Latinobarómetro* shows year after year. Its report for 2011 points out that 28% of Latin Americans regard «crime and public security» as their countries' main concern. Venezuela is an extreme case, as three out of five people consider it is the main problem (61%), followed by Costa Rica (45%). In Nicaragua (3%) and Brazil (7%) there is a lesser perception of crime as the most important problem. Unemployment ranks second, with 16%, well behind security –a fact which indicates that the economy is performing well–. Economic problems (12%) are in third place.

From an electoral perspective, 2011 falls in the middle of an intense period of elections, 2009-2012, in which all the countries of the region, except for Paraguay whose turn will come in 2013, will have elected or re-elected their presidents, as Daniel Zovatto and Rogelio Núñez recalled⁽³⁾. Presidential elections were held in five countries in 2011: Haiti, Peru, Guatemala, Argentina and Nicaragua. In what is now a consolidated trend, in addition to re-election, which occurred in most of the Latin American countries, all these elections went into a second round if no candidate obtained an absolute or qualified majority, which varies from country to country, in the first. Nicaragua and Argentina set lower standards in order to avoid a second round. In Nicaragua it is sufficient to secure 40% of valid votes or a minimum of 35% provided that there is a gap of at least 5% with the candidate with the second highest number of votes. In Argentina, the minimum percentage of the vote required is 45% or, failing that, more than 40% with a difference of at least 10% with respect to the second highest scoring candidate, whereas in Haiti, Guatemala and Peru the winning candidate needs more than 50% of valid votes to avoid a second round.

Neither Argentina nor Nicaragua needed to resort to a second round, a fact which gives their respective presidents, both of whom were re-elected, more room for manoeuvre. Therefore both in 2011 and previous years –and even

⁽³⁾ See their «Balance político-electoral» in the aforementioned «Informe *Latinobarómetro* 2011».

in 2012, when elections are due in Mexico and Venezuela— one of the key election issues is continuity or alternation, a dilemma increasingly associated with presidential re-election, although there are important exceptions such as Mexico. In this respect there have been results for all tastes, such as alternation in Chile, continuity in Brazil and alternation within continuity in Colombia.

As has been occurring lately, the results of the recent elections do not show an overall regional trend. The most significant aspect, irrespective of the leaning of the various governments, is that where re-election was possible (Argentina and Nicaragua) the ruling party was successful and the opposition suffered resounding defeat. In contrast, where consecutive re-election was not possible (Guatemala and Peru) there was alternation, although in these countries we do not find consolidated party systems but quite the opposite.

The Haitian elections put an end to the long period of instability and lack of political definition following the earthquake that devastated the country in 2010. The second round of the presidential election was held on 20 March 2011, with two opposition candidates, Mirlande Manigat (the undisputed winner of the first round) and the pop singer Michel Martelly. For this to take place, the Electoral Council had to eliminate President René Préval's candidate Jude Célestin from the race following reports of fraud. The first round in November 2010 was shrouded in irregularities. As no candidate obtained the necessary majority, a second round was necessary, initially scheduled for 16 January but postponed to 20 March in order to allow the participation of Martelly, who had come third. In the end he won with nearly 67.57% of the vote compared to his rival's 31.74%, although former president André Préval's party, *Inite*, holds the majority in parliament, which makes governing the country more difficult. After taking oath of office, Martelly announced a programme consisting of four basic points: employment; education and health; encouraging investment; and the environment.

The ruling party's lack of a parliamentary majority delayed the appointment of the prime minister for months. Following a fairly complicated process, Garry Conille, former advisor to Bill Clinton, was ratified by Congress on 6 September and by the Senate on 4 October. The influence of *Inite*, which opposes Martelly, accounts for the long drawn out nature of the process, as does the sway held by Préval, as three of Conille's cabinet ministers belong to *Inite*. The president of Congress, Aurel Jacinthe, warned the new prime minister that he would not have an easy task, as he would not be handed «a blank cheque».

In Peru, the former military man Ollanta Humala, the candidate of the Gana Perú coalition, secured a very close win over Keiko Fujimori of Fuerza 2011 in the second round on 5 June 2011 (51.45% versus 48.55%). Other contenders

who took part in the first round on 10 April were the former president Alejandro Toledo, the former economy minister Pedro Pablo Kuczynski and the former mayor of Lima Luis Castañeda. Whereas Humala was identified as a left-wing populist, Fujimori was presented as a right-wing populist, while the other three represented more or less similar options and the dispersion of the vote prevented any of them from progressing to the second round and, probably, from winning the election. Peru's political system and its former parties have been sliced up and the image the public had of their politicians and of the republic's main institutions (parliament, justice, parties) at the time of the election was regrettable, despite the recent economic growth. This growth has led to the incorporation into the middle sectors of numerous social groups that were previously more underprivileged, although there are many more that have not emerged from their prostration and, in periods of prosperity, demand their share. The only exception is the presidency, owing largely to the messianic character generally attributed to an authority still viewed as all-powerful and to the strong sentiment of *caudillismo* that continues to exist in this and other neighbouring societies.

The negative image of the politicians was reflected in what was a lamentable campaign. The sole exception, which explains the election outcome, was that of Ollanta Humala, which was the best example of electoral marketing. The advisors sent by Lula da Silva enabled Humala to put together a coherent and well-constructed discourse. In the second round Humala had the support of Mario Vargas Llosa, and this afforded him greater credibility with the middle and urban sectors, which had previously been opposed to his candidature and, when it came to choosing between Humala and Keiko Fujimori, who claimed to uphold his father's values, opted for the first. Vargas Llosa stated that he did not think that Humala's victory, contrary to his adversaries' assertions, is a threat to Peru's economic development.

In Argentina, Cristina Fernández de Kirchner achieved a resounding victory with nearly 54% of the vote, well ahead of runner-up Hermes Binner, the socialist governor of the province of Santa Fe, who obtained less than 17% in the first round on 23 October 2011. Such a landslide victory, accompanied by the crushing defeat of the different variants of the opposition, calls for an in-depth examination of the causes of this striking turnaround, as only a year before the election, when Néstor Kirchner died, Cristina Fernández's popularity was at its lowest ebb.

Various arguments were put forward to account for the Kirchnerist victory. Some stressed clientelist policies, whereas others spoke of the positive impact of the government's economic and human rights policy, which won it the backing of a mature and aware electorate. However, the nearly 11,600,000 Argentines who voted for Cristina Fernández did so for different reasons.

Some voted for progressive reasons, backing her cultural and human rights policy, while others pledged their support for a government that guaranteed economic stability. Every voter had their own reasons, generally more than one. In the primary elections in August 2011, which were simultaneous and compulsory, and the presidential election in October, more than 70% of people voted for Peronist candidates: 54% for the president; 8% for Rodríguez Saá and 6% for Eduardo Duhalde. A considerable proportion of the votes lost by the last two between August and October were won by the president, a fact which makes one wonder about her ability to become the sole representative of Peronism within a short time.

Kirchner's victory stems both from merits of her own and from others' mistakes. The merits of the ruling party include its effective communication policy, which made the president's widowhood an electoral asset and also introduced the idea that «Cristina already won», transforming it into a genuine clamour that disarmed the opposition. Then there is also the economic situation, however much it is argued that the growth is largely due to exogenous factors linked to Asian food demand and Brazilian demand for manufactured goods. Even so, it is the government that has the job of managing a favourable economic environment, and this has allowed it to reinforce its public policies, including subsidies to reduce poverty significantly.

In the first three quarters of 2011 the Argentine economy grew at an annual rate of 8.5%, similar to that of the previous five years except for 2009. During this time wage rises exceeded real inflation (the official inflation rate of under 10% is rigged) and the increased purchasing power of wages was accompanied by a significant fall in real exchange rates, which has increased workers' purchasing power in a period of substantial consumption. The high international prices of agricultural exports have enabled the State to collect large revenues from these exports, providing the government with plenty of room for manoeuvre. Also worthy of consideration is the nationalisation of retirement and pension funds, which have brought greater liquidity. All this has made it possible to multiply public spending tenfold in eight years, including social schemes such as the «universal child allowance» or the «heads of household schemes». The subsidies available for numerous activities such as domestic energy or public transport (land, rail and air), often disguised as allowances to limit companies' deficits, have been considerable. In 2011 the government allocated 69 billion pesos, some 11.9 billion euros, to subsidies, and a similar figure is budgeted for 2012. It so happens that between 2003 and 2011, the years of Kirchnerist government, subsidies have been multiplied by ten, an unsustainable situation.

As for others' mistakes, the discredit and disorientation of the opposition have been astounding. During the nearly two years it enjoyed a parliamentary majority it was incapable of controlling the government. Nor did it manage

to take advantage of the hopes pinned on its anticorruption efforts, given the public opinion's disinterest in the issue, a phenomenon similar to that witnessed in other parts of the world. Divided, in many cases into fractions that are compatible or easily assimilated, the opposition was incapable of coming up with a discourse that made it a serious and credible alternative. A society like that of Argentina, used to fighting inflation and the *corralito* and its tragic consequences, does not look kindly on frivolities. Therefore, if the government guarantees governance and the continuity of a favourable economic climate, with soaring consumption, why bother experimenting with an opposition with no ideas? Does this mean that the country has taken a leftward turn? Clearly not. First, because many millions of voters who chose Cristina Kirchner, in the city of Buenos Aires or in some provinces, are the same ones who voted for Carlos Menem in the past and, on this occasion, in the provincial or local elections opted for candidates positioned further to the right, even if they claimed to be Kirchnerist, such as Daniel Scioli in the province of Buenos Aires. Second, because the provincial and territorial structures are often controlled by Peronists with more rightward than leftward leanings, many of them «Menemists». In this respect what also counts is the active role that most Argentines attribute to the State –especially but not only in economic activity– their negative opinion of foreign investment, the unfavourable role of US foreign policy or the communication monopolies.

In Guatemala a second round was needed to decide the presidential election, as no candidate secured the required majority in the first round. Especially in the previous months, the elections were marked by the brave attempts of Sandra Torres, President Colom's wife, to present herself as a candidate for the ruling party, even though this is prohibited by Guatemala's Constitution. To get round the prohibition, Torres divorced her husband in what was an evident legal fraud that was not validated by her country's system of Justice. The irresponsible attitude of Torres and Álvaro Colom in endeavouring to promote the candidature of a woman who presented herself as the Guatemalan Eva Perón prevented the effort of the past four years from being channelled into consolidating a political party with future prospects. Although Torres could not stand in 2011, she would have been able to, and with more organisational backing, in 2015.

Both Otto Pérez Molina, the president elect, and Manuel Baldizón, his rival in the run-off, secured more votes than expected in the first round. Pérez Molina's 36% was a long way off the 48% predicted by the polls, meaning that the remaining 12% was divided among other candidates, especially Baldizón (who took an unexpected 23.5%) and Eduardo Suger (16.2%); and Rigoberta Menchú (3.2%). The voter turnout was 65%, 5% higher than the figures since 1985. Compared to the 40% abstention rate of the past six elections, in 2011 it was only 35%, comparable to other countries in the region. The turnout

dropped to 60.8% in the second round. Even so, despite this nearly five-point fall, it was the highest recorded for the last two run-offs, in which interest faded following the election of local and parliamentary posts. Pérez Molina won with 53.7% of the vote compared to Baldizón's 46.3%.

A central issue of the campaign was citizen security. Otto Pérez Molina called for a firmer hand and Baldizón, who was identified with drug-trafficking interests, wanted to bring back the death penalty. At this point it is relevant to recall a couple of facts about Guatemala's recent past. The first is the belief that drug trafficking is the cause of violence in the country; however, in order for drug trafficking to have become as well established as it is currently, there had to be a base, linked to the high national rate of violence. For many years Guatemala has been one of the world havens for private security. Cases as dramatic as the murder of Bishop Gerardi attest not only to the prevailing climate of insecurity but also to the substantial impunity of those who act outside the law.

The second fact is the role played by the military in the country's democratic policy. Although Pérez Molina is the first general to occupy the presidency since the start of the transition to democracy, we should not forget about Efraín Ríos Montt, president of Congress when the presidential election of 1999 was won by Alfonso Portillo, a dictator accused of extremely serious violations of human rights. The problem or problems of the new government do not spring from the fact that the president is a retired soldier but from the need to reduce unemployment, poverty and inequality and re-establish justice and security. The root issue is related to the existence of unfair social and economic structures, with landowners who seem to live oblivious to the rest of the country under very low fiscal pressure (around 11% of GDP), one of the lowest rates in the continent, similar to Paraguay and Haiti.

In Nicaragua, President Daniel Ortega succeeded in being re-elected, even though this was expressly forbidden by Nicaragua's Constitution. However, the sway the FSLN (Sandinista National Liberation Front) holds over the system of Justice and the Supreme Electoral Council allowed him to bend the rules. The election took place amid mutual accusations of irregularities, such as a biased distribution of ballot papers and even reports of fraud that recalled the municipal elections of 2008, in which the ruling party obtained a landslide victory. Ortega secured more than 62.5% of the vote, whereas his main contender, Fabio Gadea, of the opposition alliance the Independent Liberal Party (PLI), scraped 31%.

Some of these abnormalities were reported by the international observers who were able to supervise the elections, as many others abstained in view of the requirements. Both Dante Caputo, in charge of the OAS (Organisation

of American States), and Luis Yáñez of the EU drew attention to some of the difficulties in performing their work. After a series of irregularities were reported, Gadea's initial reaction was to refuse to recognise Ortega's victory.

This situation gives an idea of the differences between the electoral processes in Guatemala and Nicaragua. Whereas Guatemala needed a second round and the defeated candidate congratulated the winner, in Nicaragua it was all over after the first round, just as the polls had predicted, and Fabio Gadea questioned the result in the light of the existing irregularities. Whereas in Guatemala there was alternation, in Nicaragua the re-election of Daniel Ortega brought continuity. And whereas in one country Justice required politicians to fully respect the constitutional rules that prohibit direct relatives of the president from standing for election, in the other it allowed the rules prohibiting Ortega's re-election to be infringed.

In Guatemala the party system is practically non-existent, and this is conducive to a trend that has become a norm in the recent electoral history of a country where re-election is not possible. Since the return to democracy, no ruling party has been able to ensure the victory of its own candidate in the following elections. Alternation has thus become the norm and this, without a doubt, has made governing the country a difficult task. Nicaragua's situation is different: the FSLN occupies the centre stage of political life, with a voter base of about 38%. The fragmentation of the opposition explains the rest: a situation exacerbated by desertions from the Sandinist party (some prior to Ortega's hegemonic attempts) and the dissensions of the conservatives. Other major differences stem from problems relating to the electoral campaign. In Guatemala the campaign revolved around citizen security, the dangers of drug trafficking and the risk of the country becoming a narco-state. In Nicaragua, while the government stressed the virtues of its social policy, the opposition warned of the risks of Ortega's authoritarian leanings.

As for 2012, expectations are centred on the return to power of the PRI (Industrial Revolutionary Party) in Mexico and a further re-election of Hugo Chávez after his serious illness. When Vicente Fox, the candidate of the PAN (National Action Party), won the presidential election in 2000, his victory put an end to long decades of PRI rule. Fox was followed by Felipe Calderón and according to all forecasts the PRI stands a very good chance of returning to power in July 2012. After ominous predictions that it would virtually disappear, the party sought refuge in its regional organisations and its traditional networks to prepare its return to power. This has been facilitated by the failure of the PRD (Democratic Revolution Party) following Andrés Manuel López Obrador's overreaction to his defeat in 2006 and by the incoherent policy of the two PAN governments.

The PRI has consolidated its power in the states in past regional elections. The solution devised by the PAN and the PRD to put a stop to the loss of constituencies was an alliance between the two parties (right-wing and left-wing), though the strategy was abandoned. Given the likelihood of a victory for the former governor of Mexico State, Enrique Peña Nieto of the PRI, there have been speculations about a repeat alliance with a view to the presidential election. However, developments in the domestic political situation are leading each party to stand with its own candidates. Whereas the PRI is backing the candidature of Peña Nieto and has its sights set on a victory that would allow its militants to recover areas of power, the PAN and the PRD are further behind in choosing their leaders. An interesting fact is the possibility of a female candidate, Josefina Vázquez Mota, for the PAN, something of a revolution in a country of the sociological characteristics of Mexico. The new president needs to address important challenges, starting with combating drug trafficking and continuing with urgent reforms in fiscal and energy matters but also in labour and judicial affairs.

The election due to be held in Venezuela in October 2012 will be a test, because a victory of the ruling party will usher in a new six-year period for Hugo Chávez, and also because the abnormal situation stemming from the president's illness has plunged the country and Venezuelan society into great uncertainty. This situation is further heightened by the secrecy with which the government has handled Chávez's illness and treatment.

The most novel factor in the election, although for the time being it is not known what or how much influence it will have, is the convergence of the opposition. So far, in countries like Venezuela, Bolivia, Ecuador and Nigeria where neo-populist parties secured election victories, the opposition parties have been notable for their weakness⁽⁴⁾. In February 2012 the opposition parties belonging to the heterogeneous Coalition for Democratic Unity (MUD) are due to hold their primary elections to choose the candidate to stand against Chávez. In addition to the opinion polls, the MUD's confidence in its possibilities of winning is further boosted by the legislative election of September 2010, in which they obtained excellent results.

In the case of Venezuela, the greatest uncertainty is a possible win for the opposition. A few people close to the president or prominent members of the military have already warned that the Bolivarian revolution is not going to hand over power easily. In November 2010, General Henry Rangel Silva, chief of the Operational Strategic Command of the Bolivarian National Armed Forces (FAN), the second in command who reports directly to the president and not to the defence minister, stated that, in the hypothetical event that the opposition were to win the presidential election, the people and the Bolivarian military

⁽⁴⁾ Carlos Malamud, *Populismos latinoamericanos. Los tópicos de ayer, de hoy y de siempre*, Ed. Nobel, Oviedo, 2010.

would react to an usurpation. These declarations earned him the absolute backing of Chávez, who described him as «a Bolivarian soldier, a patriotic soldier, a revolutionary soldier».

■ LATIN AMERICAN INTEGRATION AND THE FUTURE OF REGIONAL LEADERSHIPS

Roberto Russell stated that in order to understand what was happening in Latin America, the continent is best viewed as a fragmented region rather than one divided into two antagonistic projects, the division line being whether or not they belonged to the ALBA⁽⁵⁾. This indicates a major difference between the state of the region in the first decade of the twenty-first century and the last decade of the twentieth. The beginning of the transitions to democracy and subsequent consolidation processes ushered in a situation, heightened by the fall of the Berlin Wall and the disappearance of the USSR, characterised by a positive view of democracy and a tendency to attach greater importance to the market than to the protectionism and State control of the previous decades. The failure of «neoliberalism» spurred the emergence of governments that were more sensitive to people's demands in the framework of the so-called «leftward turn», which subsequently gave rise to populist or «neo-populist» regimes. Hugo Chávez in Venezuela was the first of a number of leaders who claimed to embody citizens' aspirations. And so, despite their differences, Argentina, Bolivia, Brazil, Chile, Ecuador, Nicaragua, Paraguay and Uruguay, among others, gave local politics a hitherto unknown slant.

Despite their political and ideological similarities, there were major contradictions between countries. Politics and ideology, which suggested that leaders would be on a closer wavelength, neither gave fresh impetus to regional integration nor avoided bilateral conflicts between countries whose governments were, theoretically, of the same leaning. An example is the dispute between Argentina and Uruguay over the construction of cellulose pulp mills which, as the former Uruguayan president Tabaré Vázquez recently commented, was on the point of triggering a war between the countries. Other conflicts surfaced, such as those of Brazil with Bolivia, Ecuador and Paraguay, each over different problems and with its own dynamic, although they were all solved by the former president Lula's determination and patience with his neighbours.

Other bilateral conflicts erupted around the same time, such as those which brought Colombia into confrontation with Ecuador following the bombing of a FARC camp in Angostura, Ecuadorian territory, in March 2008 in which

⁽⁵⁾ Roberto Russell, «Una región fragmentada», *La Nación* (Buenos Aires), 25/iv/2011, <http://www.lanacion.com.ar/1368047-una-region-fragmentada>.

the terrorist leader Raúl Reyes was killed. Mention should also be made of the tension between Colombia and Venezuela –that is, between presidents Uribe and Chávez– over the former’s accusation that the latter harboured and protected the FARC in his territory and also over Uribe’s wish to allow US troops to use part of some Colombian military bases. The confrontation between Uribe and Chávez, together with other countries’ more silent resistance to the Venezuelan president’s methods, gave rise to theories of Latin America as a continent divided between the countries that supported the ALBA and those that opposed it.

As Russell has pointed out, neither were all the ALBA countries on the same wavelength, and nor did they all react in the same way to the most diverse issues. The same is true of those that do not belong to the Alliance. Government reactions to the coup d’état in Honduras and the removal from power of Manuel Zelaya is an example of the foregoing. Whereas Brazil and Argentina, two countries that do not belong to the ALBA, backed Venezuela, Bolivia and Ecuador fairly soundly in defence of the deposed president, Daniel Ortega’s Nicaragua, traditionally an ally of Chávez but bound more by his Central American links, preferred a more flexible policy that accepted the call for elections promoted by the provisional president, Roberto Micheletti.

This fragmentation is hindering Latin American governments’ relations with each other and also with other regions of the world. As for Spain, Latin America’s relations with our country and also with the EU are conditioned by the same reality. It is sufficient to note the fast and favourable past development of initiatives such as the Ibero-American Summits and the EU-LAC (European Union-Latin America and Caribbean) Summits and the difficulties they face today.

Regional integration in Latin America is experiencing difficulties. Although some major progress has been made recently, such as the emergence of Unasur (Union of South American Nations), which includes the South American Defence Council (CSD), and the CALC, CEALC or CELAC (Community of Latin American and Caribbean States), designed at the Latin American and Caribbean Summit held in Cancun in 2010 and due to take its first steps at the December 2011 meeting in Venezuela. However, a common thread has yet to be found that draws together and provides a structure to all the regional integration initiatives developed in recent years, some of them contradictory.

As we have seen, bilateral conflicts have complicated matters. It is not only a question of boundary lines, as shown by the dispute between Costa Rica and Nicaragua over a strip of land claimed by the former, the settlement of which

depends on the Court of The Hague⁽⁶⁾. In addition to border issues there are other factors (political or economic) that have sometimes led to open confrontation. From an economic perspective, tension grew between Argentina and Uruguay over the aforementioned construction of a cellulose pulp mill on the banks of the river Uruguay. From a political perspective, the bombing of the FARC in 2008 in Ecuadorian territory caused border tension to mount. Relations between Colombia and Venezuela were frozen after Chávez protested at Uribe's decision to allow the US to use military facilities at Colombian bases. The new style of government introduced by Juan Manuel Santos after taking up the presidency of Colombia and his concern with settling the disputes with his neighbours made it possible first to normalise relations with Venezuela and subsequently steer those with Ecuador in the right direction, despite Rafael Correa's misgivings.

In addition to this, there is a great deal of vagueness about what regional integration means. Leaders, the press, politicians, scholars and part of the public opinions of Latin America speak of integration and its virtues, but few explain what it is they wish to integrate and what for, or how integration should be gone about and what its main mechanisms should be. As for what should be integrated, there is a conflict, albeit minor and relatively easy to settle, between the subregional projects (Mercosur, CAN and SICA (Central American Integration System) and their coexistence with the regional patterns of integration.

What territory should be integrated? Is Latin America a unit that includes the Caribbean, as the CALC proposal claims, or should the focus be on South America, in view of the wishes of Brazil or Venezuela? Can two contradictory projects like Unasur and the CALC be harmonised simultaneously, even though numerous common actors are involved in both? The rivalry between Brazil and Mexico is not helping bring about a solution, although a few steps have recently been taken towards rapprochement. The recent political and economic changes have led many former supporters of Latin American integration to give priority to the prospects of South America, a project in which the IIRSA (Initiative for the South American Integration of Regional Infrastructure) is taking on an increasingly central role. Another doubt that is hovering over the whole process concerns the nature of integration: should it be political, commercial, economic or comprehensive?

Despite the aforementioned differences, the Unasur has made the greatest progress in subregional integration in the recent decade. Initially presented

⁽⁶⁾ Carlota García Encina and Carlos Malamud, «Costa Rica y Nicaragua: la historia continúa», Real Instituto Elcano, ARI No. 22/2011, http://www.realinstitutoelcano.org/wps/portal/rielcano/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/america+latina/ari122-2011 and «El conflicto fronterizo entre Costa Rica y Nicaragua: ¿medioambiente, soberanía, narcotráfico o mero instrumento electoral?», Real Instituto Elcano, ARI No. 22/2011, http://www.realinstitutoelcano.org/wps/portal/rielcano/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/america+latina/ari22-2011

as a Community of South American Nations (CSN or CASA), its name was changed to Unasur at the initiative of Hugo Chávez during the South American Energy Summit held in Isla Margarita in April 2007. The organisation is made up of the twelve South American countries. On 11 March 2011, after being ratified by nine states, Unasur attained legal status. The ratification process ended that August when Paraguay's parliament gave its approval to the treaty.

The Constitutional Treaty was signed in Brasilia on 23 May 2008. On this occasion Unasur's organisational basis was established; according to the founding document, its main purpose is «to build a South American identity and citizenship and develop an integrated regional space». It was initially agreed to establish a pro tempore presidency, then held by the Chilean president, Michelle Bachelet, who was actively involved in consolidating the project. During her term she held an emergency extraordinary summit to settle the worrying incidents in Bolivia, which were successfully dealt with. Thenceforward the groundwork was laid for making Unasur an important South American political forum, as evidenced at another extraordinary summit, this time convened by Cristina Kirchner in Buenos Aires to address the consequences of the police revolt against Rafael Correa in September 2010.

At another extraordinary summit held in Campana, province of Buenos Aires, earlier that year in May, Néstor Kirchner was elected Unasur's first secretary-general for a two-year period. The appointment sparked some criticism owing to Kirchner's known scant enthusiasm for international matters and because the former president was then in the early stages of what was expected to be a very taxing electoral campaign to return to the presidency. Although the organisation's secretary-general's office is located in Quito, Kirchner never travelled to the Ecuadorian capital. Following Kirchner's death in October 2010, in March 2011 Colombia and Venezuela reached an agreement whereby a representative of each country would occupy the post of secretary-general on a rotating basis for a year. The post is currently held by the Colombian María Emma Mejía, and the Venezuelan Alí Rodríguez Araque will take over in 2012.

The CALC was set to become the other main novelty in integration matters in 2011. A founding summit had been arranged for 5 July 2011 in Isla Margarita with all the Latin American and Caribbean presidents, but it was called off owing to Chávez's illness and postponed to 2 and 3 December, a fact which clearly evidences the leading role the summit's organisers wished to accord the Venezuelan president. The initiative for this project arose at the Latin American and Caribbean Cooperation and Development Summit, one of the four convened simultaneously by President Lula in Costa do Sauipé, Brazil, in December 2008. The idea of bringing together all the Latin American and Caribbean countries in the same institution, the heir of the Rio Group, was subsequently taken up again by President Felipe Calderón of Mexico at the

Latin American and Caribbean Unity Summit held in Quintana Roo in February 2010. The proposal was a combination of two initiatives: that of Mexico, which advocated creating a regional integration authority to enable it to return to the Latin American world; and that of Venezuela, backed by Bolivia, Ecuador and Nicaragua, which is in favour of replacing the OAS with another institution, but without Canada or the USA. The leaders who attended the summit decided to build «a regional space of our own that unites all the states» and in order to lay the foundations of the project they convened two further summits, among other issues to adopt the organisation's bylaws. The summits are due to take place in Venezuela in 2011 and in Chile in 2012.

In general, three major obstacles are standing in the way of regional integration: two surpluses and one deficit. The surpluses are of rhetoric and nationalism, and the deficit, leadership⁽⁷⁾. We will begin by discussing rhetoric, a question that revolves around the idea that Latin American unity is the purpose of regional historical development and is, in turn, the best tool for shaking off foreign domination. It also provides an explanation for why integration has not been formalised, attributing responsibility for this not to the area itself but to imperialist conspiracies, whether from the US or the EU. Compared to «divide and conquer», a concept attributed to Washington governments and reinforced by the idea of «Balcanisation», the concept of «union is strength» is emerging as a counter-image and presents Simón Bolívar as the forerunner and ideologist of Latin American unity. At the beginning of the twenty-first century, Chávez's star project against the US-promoted ALCA/FTAA (Free Trade Area of the Americas), was the ALBA (Bolivarian Alternative of the Americas), which later became the «Bolivarian Alliance for the peoples of our America», a concept with a more militaristic ring to it.

A final issue concerns the rhetoric and political currency of «magical realism». When integration grinds to a halt or simply does not progress and problems need to be addressed openly without beating about the bush, as occurred in 2008 and 2009 in Mercosur over the clash between the large countries (Argentina and Brazil) and smaller ones (Paraguay and Uruguay), there are calls for a new regional parliament as a solution, or attempts are made to strengthen the existing one. If this were the solution, then Latin America would be more united than any other region, as it has the Parlatino (Panama-based Latin American Parliament, established in 1964), along with the Andean Parliament (the Bogotá-based organ of the CAN, set up in 1979), the Central American Parliament (Parlacen, created in 1987) and the more recent Mercosur Parliament or Parlasur (created in 2005). Construction work has even begun on the parliament building of Unasur in Cochabamba (Bolivia), even though it overlaps with the Parlatino.

⁽⁷⁾ These ideas were discussed more extensively in Carlos Malamud, «La crisis de la integración se juega en casa», *Nueva Sociedad*, No. 219 (2009), pp. 97-112, http://www.nuso.org/upload/articulos/3585_1.pdf

The second thing there is a surplus of is nationalism, which in Latin American history is associated with the emergence of new identities following the gaining of independence and the construction of a republic. It has played a very prominent role and has helped cement Latin American societies, and all political ideologies across the spectrum from left to right have been permeated by nationalism. The nationalist discourse is linked to the idea of sovereignty and has made it possible to mobilise masses and sustain *caudillismo*. When sovereignty is spoken of in Latin America it refers to national sovereignty, comparable to territorial sovereignty, whereas people's sovereignty, the repository of political power, counts for little. Territorial sovereignty, coupled with excessive nationalism, hampers integration as it prevents the construction of the supranational institutions or authorities without which it is impossible to progress towards regional integration. Unless governments and nation-states cede part of their sovereignty, integration will not take place and proposals to create common currencies, passports or regional armies will be no more than playing to the gallery, as was seen at the ceremony of the establishment of the CSD, the product of the first meeting of Unasur defence ministers, which led to the «Santiago de Chile Declaration» in March 2009. The declaration begins by ratifying «unrestricted respect for the sovereignty, integrity and territorial inviolability of States, non-intervention in their internal affairs and the self-determination of peoples». With such criteria, beginning with non-intervention in third countries' internal affairs, it is difficult to build supranational organisations and not only in the defence field. Nevertheless, the CSD has been gaining momentum as the body that coordinates the regional action of the defence ministries.

As for leadership, to date neither of the regional giants, Brazil and Mexico, has effectively played the role that befits their size, capacity and wealth, and this has put a brake on integration. The absence of regional leaders can be explained by the non-existence of the idea that integration is necessary and possible, not by the reiteration of the integrationist discourse, as the Latin American countries are more concerned about their own problems than about what goes on beyond their borders and in the region as a whole. It should not be forgotten that there is a lack of resources, even though this should not conceal Brazilians' and Mexicans' scant political determination to foster regional integration and, above all, to play a leading role in it. Anyone who shields themselves in shortage of funds is stating that they do not understand what regional integration is and what advantages it brings, or that it is not a priority of their foreign policy.

Lack of leadership is also explained by the costs associated with its exercise. Until only recently practically nobody in Latin America was willing to assume regional leadership, as the benefits are systematically thought to be lower than the costs. This is a recurring problem in Brazilian foreign policy, as was seen

after the country turned down membership of the OECD (Organisation for Economic Cooperation and Development), to which Mexico has belonged since 1994. In recent years, Brazil seems more willing to play a prominent role in international politics. This has led to the conviction that it can enjoy greater importance if it becomes consolidated as a powerful regional leader and it has begun to act in this way in diverse circumstances, despite many contradictions. Its long-standing aspiration of holding a permanent seat on the United Nations Security Council (an ambition it shares with Mexico and Argentina) is undermining its possibilities of becoming a regional leader.

The vacillations of Mexico and Brazil have made possible the emergence, or at least the idea, of Venezuela's leadership, although the possibility of this leadership becoming consolidated is debatable to say the least owing to the controversial figure of Chávez and his growing regional weakness. Venezuela has the resources to exercise leadership and a clear idea of what it wants to do with the money that it had to spare until not long ago. It knows what it wants and is willing to spend what it takes to achieve it, but it cannot. Chávez lacks Castro's glamour. Chávez's Venezuela and Castro's Cuba have the backing of part of the Latin American public opinion (but also the contempt of a by no means insignificant part), but the major difference between the two is that the former has the economic clout that the latter has always needed, but never had, to successfully implement its plans for the continent. The Venezuelan president is in a position to secure political will and support in multilateral organisations such as the OAS through companies like Petrocaribe, which distributes subsidised oil and finances its purchase with low-interest-rate loans. Major proof of the weakness of the Venezuelan leadership is that it depends excessively on Chávez, as was seen at the launch of the CALC.

As pointed out, relations between Mexico and Brazil are complex and full of misgivings and rivalries. Lula's visit to Mexico in August 2007 made it possible to start unravelling a complex situation, but the steps taken so far are insufficient to bring about an improvement in bilateral coordination that would be conducive to Latin American integration. For the time being, in view of initiatives such as Unasur and the Puebla Panamá Plan (PPP), nobody wants this.

Mexico should exploit the misgivings the South American countries and governments harbour about Brazilian leadership. The area, population, GDP and per capita GDP of Brazil are practically equal to the sum of those of the rest of the South American countries put together, and this is a source of major imbalances and susceptibility to possible «imperialist conducts» on the part of the neighbour. Brazil shares borders with all the South American countries except for Chile and Ecuador. Latin America's fears about Brazilian leadership are, if well channelled, a good opportunity to strengthen the presence of

Mexico in South America, something that many regional foreign ministries would welcome. Even though it is currently impossible for such a proposal to materialise, a «cooperative leadership» between Mexico and Brazil would make it possible to progress in economic agreements and in other areas of cooperation (infrastructures, energy, health or education), and would be useful not only to the parties themselves and to Latin America but also to Europe.

In November 2010 the governments of both countries announced their decision and commitment to negotiate bilaterally in order to reach an agreement on economic integration designed to significantly increase the trade and direct investment of Brazilians in Mexico and of Mexicans in Brazil⁽⁸⁾. In the past five years bilateral trade between Brazil and Mexico has grown by nearly 18% annually, although the figure remains low, accounting for less than 2% of the total trade of both countries. In 2008, US trade with Mexico amounted to 275 billion dollars and trade with Brazil to 40 billion, whereas trade between Mexico and Brazil totalled only 9 billion dollars. In 2009 Mexico ranked ninth on the list of Brazil's suppliers with exports worth 2.783 billion dollars, while Brazilian exports to Mexico amounted to 2.676 billion.

Business has expanded asymmetrically in recent years: more Mexican companies have been investing in Brazil, while fewer Brazilian companies are establishing themselves in Mexico. The reasons are highly varied and include the strictness of the Mexican securities market, which limits foreign companies' possibilities of buying shares in Mexican companies –unlike Brazil's stock market– and interest in establishing a foothold in a dynamic and expanding market like that of Brazil, compared to lack of incentives in Mexico. Despite this progress, problems still remain, as shown by the recent elections for the director-general of the FAO, where the Brazilian candidate was chosen with the opposition of Mexico, which voted for the Spanish representative Miguel Ángel Moratinos, and in the IMF, where Brazil gave its support to Christine Lagarde of France instead of the Mexican candidate. These conducts in multilateral organisations are just a few examples of the serious problems that still exist in bilateral relations.

■ LATIN AMERICA AND THE WORLD

Relations with the USA, despite all their difficulties, continue to be among the main international priorities of Latin America and each of the countries in the region, including Cuba and Venezuela with their anti-US policies. Although this section does not examine the state of hemispheric relations in depth, it will deal with a few keys to interpreting some international responses of the region and its governments. Latin America and, in a wider context, the American

⁽⁸⁾ <http://www.infolatam.com/2010/11/08/brasil-y-mexico-abren-las-negociaciones-para-un-acuerdo-de-integracion-economica/>

continent including Canada (the so-called hemispheric relations), are of great importance to the USA, so much so that more than 40% of US exports and 38% of its FDI are concentrated in the region, basically in Mexico and Canada.

Barack Obama's advent to the presidency allowed the USA to change its image in the region, which had deteriorated as a result of the Iraq war, and the deep-rooted perception that Washington had abandoned Latin America for other priorities, such as the war on Islamic terrorism. An important event that conditioned the future of hemispheric relations was the vote of Chile and Mexico in the United Nations Security Council not to back President Bush's military intervention in Iraq. Obama's popularity in Latin America, as reported by the *Latinobarómetro* and other surveys that measure leadership in the region, is not only high but higher than that of all the Latin American presidents evaluated in the surveys. As has occurred with other international figures, Obama is more popular in Latin America than in his own country. How well regarded the USA is in the region, coupled with the changes that have taken place in Latin America in this past decade and the advent of Obama to the White House, which modified certain basic concepts of US foreign policy, altered some of the foundations of hemispheric relations. This explains why it is relevant to wonder about the USA's current objectives in Latin America.

According to the declarations of the State Department officials in charge of Latin American policy, the USA's main objective is for Latin America to be a successful and prosperous continent which also creates hemispheric cooperation mechanisms capable of improving relations with different countries. That way its own interests would be better defended. The hemispheric agenda would be centred on economic reactivation. From this perspective, the entrepreneurial idea of value chains, associated with technological transfer, is important to the future of hemispheric relations, which will be more intense with countries on the closest wavelength to the USA. The regional situation is leading to the bilateralisation of the USA's relations with the Latin American countries to the detriment of the global policy which it had pursued up until now and is proving increasingly ineffective. After Hugo Chávez's arrival in power and the strengthening of the ALBA, some countries' relations with the USA –basically Venezuela, Bolivia, Ecuador and Nicaragua– become more difficult, even though the problems and agendas of each bilateral relationship were very different. Other central issues on the agenda are citizen security and the combating of drug trafficking, the development of alternative energies, migrations and cooperation in strengthening democracy and governance.

■ Relations with the EU and Spain

The first EU-LAC (EU-Latin America and the Caribbean) Summit held in Rio de Janeiro in 1999 and the 6th Summit held in Madrid in 2010 define

the changes which have taken place in political relations between the EU and Latin America over the past decade stemming from political and social changes in Latin America and EU enlargement. Although this decade has been marked by certain contradictions and the lack of a global strategy⁽⁹⁾, by and large bi-regional relations fluctuated between voluntarism and reality⁽¹⁰⁾. When the 1st EU-LAC Summit was held, the effects of the fall of the Berlin Wall and the disintegration of the USSR and the communist bloc were still being felt and multilateralism prevailed. In this context, public administrators on either side devised a «strategic alliance» to strengthen the Euro-Latin American international presence and promote their economies. While Europe wished to expand regional integration, Latin America fought to consolidate its democracies and join in globalisation and in that respect the EU was the ideal partner. Euro-Latin American relations, marked by voluntarism and obsession with success, have given way to bigger doses of pragmatism vis-à-vis the complications of the EU with its economic and financial problems. Whereas at the end of the twentieth century Europe attempted to foster Latin American integration through negotiations between blocs or through regional or subregional talks, the door has now been opened to bilateralism, albeit under certain conditions.

The EU based its defence of bioregional relations on the premise that both societies belonged to the West and its culture, as they shared civilizational, cultural and historic values pertaining to the western world⁽¹¹⁾. As both regions are mostly democratic and uphold values such as citizenship, representative democracy, division of powers and the rule of law, a «strategic alliance» was possible between the 15 (now 27) EU countries and the 33 Latin America and Caribbean states. Although from a European perspective the reasoning was impeccable, albeit voluntaristic, some voices from the other side questioned the asymmetry of the relationship, Latin America's ties with the West or Latin America's belonging to western culture.

The alliance and its potential aroused great expectations, as its large number of members had the potential ensure considerable influence on the international scene and in multilateral organisations such as the United Nations. The creation of the G-20, featuring three Latin American countries (Brazil, Mexico

⁽⁹⁾ Celestino del Arenal, «Balance de la asociación estratégica entre la Unión Europea (UE) y los países de América Latina y el Caribe (ALC)», in Fundación Carolina, *Foro Eurolatinoamericano de Centros de Análisis, diálogo UE-ALC. Debate y conclusiones*, Madrid, 2010. PDF version available at: <http://www.fundacioncarolina.es/es-ES/publicaciones/cuadernoscealci/Documents/ForoUE-ALC.pdf>.

⁽¹⁰⁾ Many of the ideas dealt with in this chapter are discussed more extensively in Carlos Malamud, «Las relaciones entre la Unión Europea y América Latina en el siglo XXI: entre el voluntarismo y la realidad», Plataforma Democrática, WP No. 6 (vii/2010), www.plataformademocratica.org/Archivos/Las%20relaciones%20entre%20la%20union%20europea.pdf.

⁽¹¹⁾ Alain Rouquié, *América Latina. Introducción al Extremo Occidente*, Editorial Siglo XXI, Madrid, 2000.

and Argentina) and five European countries (Germany, France, Britain, Italy and Spain) plus the EU strengthened the argument of greater influence in international institutions. However, in recent years Europe's interest in Latin America has waned, in a process similar to the USA's «neglect» after 11 September. Some versions put this down to EU enlargement and the new Member States' lack of interest in Latin America, although there are other causes too. Given this lack of interest, doubts about which European actors are interested in relations with Latin America are growing. Spain and Portugal, members of the Ibero-American General Secretariat (SEGIB), are active members, so much so that the idea that Spain is a key country in bi-regional relations because of its special ties with Latin America is very widespread: language, culture, history, two-directional migratory movements and, more recently, investments and the economy. Spain is the only European country with embassies in all the American capitals. Apart from the Iberian nations, there are other countries such as Germany, the United Kingdom, France and Italy which hold diverse interests (economic, political, cultural family, historical, etc.) and could mobilise in support of certain Latin American demands. It remains to be seen how the new European foreign service and the presence of permanent legations will affect bi-regional relations.

210 | The EU has supported the regional and subregional integration of Latin America, on the assumption that what was good for Europe must be good for Latin America. This was the dominant assumption in 1999, when the unfinished negotiations with Mercosur began for the signing of a partnership treaty. From the European perspective, these treaties ought to be negotiated with subregional organisations such as Mercosur, the CAN or the SICA, and not bilaterally. But paradoxically, the only two agreements signed up until the Madrid Summit were with Mexico (2000, signed in 1997) and Chile (2003, signed in 2002). Although both have special characteristics, the agreements were justified by the argument, no less important, that they do not belong to any subregional bloc. The fact that both had signed free-trade agreements with the United States was also an influential factor. Until 2010 it was stressed that the negotiations should bear in mind the objective of integration, even though several Latin American countries wanted to negotiate by themselves owing to the hindrances of their neighbours. Despite Europe's reluctance to shift from this premise, Latin American reality prevailed, as otherwise it was difficult to progress. The best solution was to «bilateralise» relations in accordance with specific interests, the degree of convergence with the different Latin American countries and their closeness to Europe. Multiparty agreements were negotiated with Colombia and Peru, signed in Madrid and are due to be ratified by the European Parliament. The bilateralisation of relations gave rise to a wide-ranging debate on whether Europe continued to be in favour of integration in Latin America⁽¹²⁾.

⁽¹²⁾ Araceli Mangas Martín, «UE e Iberoamérica: fracaso del paternalismo», *El Mundo*, 30/iv/2010, <http://www.agendadeprensa.org/2010/04/30/2479/>.

The central features of the many-sided and contradictory relationship marked by the «strategic partnership» are now more diverse, beginning with the questioning of Eurocentrism, a trend that has been growing since the outbreak of the crisis of 2008. Europe's poor economic performance compared to Latin America's growth has called into question Europe's theoretical superiority. The appearance of Brazil and Mexico on the international scene has reinforced the demands Latin America is making on Europe. EU-Latin American relations have fluctuated between two extremes, optimism and pessimism, and the present time is characterised by greater scepticism about the future. Whereas there is plenty of optimism about the potential of shared values, pessimism stresses regional differences. Despite the expectations pinned on the bi-regional process, especially after the EU-LAC Summit, we have come up against unsatisfactory results and frustrations. Bi-regional relations were built on assumptions that were not always true to reality, with actors who had oversized expectations and demanded from the other party things that it was not always in a position to offer⁽¹³⁾. Bi-regional relations were also characterised by asymmetry, which was present in different ways and with different viewpoints (economic and technological, but also educational, scientific or military). Asymmetries are also found in the «democratic clause» of the «third-generation» agreements between Latin America and the EU, following the democratic transitions. The clause only took into account one of the parties and Europe's backing for the consolidation of democracy, a fact which speaks of a certain «moral and democratic superiority» on the part of Europe compared to the greater political instability of Latin America.

Up until now the economic asymmetries have evidenced Europe's greater potential, although the crisis balanced things. This is also conditioning political relations, which are marked by the greater democratic stability and validity of the rule of law in the EU. The lack of clarity in the objectives and definitions of a complex relationship affects the vision both Latin America and Europe have of each other. In general, neither the governments nor the societies of Latin America know what they want or expect of the EU apart from denouncing the CAP (Common Agricultural Policy) and opening the market to their agricultural and livestock products. Latin American governments, producers and entrepreneurs have been incapable of coordinating opinion campaigns with groups of European consumers or with pro-free-exchange associations to reduce tariff protection against their products. The absence of a Latin American lobby in Brussels and the main European capitals impedes favourable responses. It is common for Latin American governments to «wage their own wars», even in Brussels, and this undermines the force of their demands. The chief exception is Eubrasil, the official Brazilian lobby.

⁽¹³⁾ José Antonio Alonso, «Hacia una nueva estrategia UE - América Latina: apuntes para un debate», Fundación Carolina, *Foro Eurolatinoamericano de Centros de Análisis, diálogo UE-ALC. Debate y conclusiones*, Madrid, 2010. <http://www.fundacioncarolina.es/es-ES/publicaciones/cuadernoscealci/Documents/ForoUE-ALC.pdf>.

212 | This lack of symmetry also finds its way into political dialogue. Despite Europe's limitations when it comes to shaping a common foreign policy, the EU speaks formally with a single voice. The High Representative, formerly the Commission, through his or her commissioners and officials, expresses the European points of view at the EU-LAC Summits. On the contrary, Latin America has as many voices as it does governments and each one expresses its interests, even when they are opposed to the general way of thinking, a fact that makes it difficult to progress in bi-regional dialogue. The same is true of aims, as witnessed at the EU-LAC Summits, which began to lose momentum after the first three. Latin America is not a priority in European foreign policy and this continued to be true following the Madrid Summit (2010), even though Spain achieved its aim of returning Latin America to the scope of the EU's radar. Despite the obstacles, attempts were made to progress in a political dialogue based on shared values. Furthermore, there is a realisation, despite the stress on strategic partnership, that neither is Latin America a priority for Europe nor is Europe for Latin America, at least not for many countries. The development of such an alliance requires common strategies, something that is questionable, especially –although not only– in Latin America. In order to give greater substance to a dwindling relationship, the EU granted the status of «strategic partners» to Brazil (2007) and Mexico (2008). Until 2010 the EU had only nine strategic partners (the two aforementioned plus the USA, Russia, China, Canada, Japan, India and South Africa), a fact which sums up the importance of the relationship. The action taken with respect to Brazil (outside Mercosur) and Mexico, the two major regional powers, marked the beginning of the trend to bilateralise EU-Latin American relations.

To analyse the progress of this «alliance» or «partnership of global actors», it is necessary to value the action of both blocs in international and multilateral organisations in which the 60 member countries are represented (27 of the EU and 33 of Latin America and the Caribbean), such as the UN and its agencies: the Human Rights Committee, FAO, Unesco and the UNDP. Little coordination has been witnessed between them in policies or in voting and this calls into question the idea of a convergence of interests. These contradictions were seen in the negotiation of the WTO's Doha Round and in climate change, especially at the Copenhagen Summit, and also in international financial organisations such as the IMF and the World Bank, beginning with the debate on the election of authorities and national representation. On top of this are Brazil's complaints about failing to be given a permanent seat on the Security Council.

In addition to the many actors' discouragement with the paltry results, it is necessary to reflect on the future of the EU-LAC Summits and the nature of EU-Latin American relations. This reflection should not obscure the advances and concrete results, such as those achieved at Madrid, of a relationship with obvious room for improvement. While there are problems from a bi-regional

perspective, the differences are greater with some countries, especially members or neighbours of the ALBA. The relationship with Iran is a controversial, although not the only, example of lack of understanding.

The theme of the 6th EU-LAC Summit was «Towards a new stage in the bi-regional partnership: innovation and technology for sustainable development and social inclusion». Further topics were climate change and migrations, and a number of other issues were officially included on the agenda or dealt with off the record. When preparing the EU-LAC Summit in Madrid, and in order to update and overcome the idea of the community of values and interests between Europe and Latin America, the Spanish leaders coined the expression «Latin America interests Europe and Europe interests Latin America»⁽¹⁴⁾. This idea is supported by figures, such as the fact that the EU is the main foreign investor, the main donor (suffice it to see the contribution to Haiti), the second trade partner in 2008 and the first for Chile and Mercosur. Trade has also increased and between 1991 and 2008 bi-regional trade doubled. In order to implement the general aim of the Spanish presidency of the EU for that six-month period a few secondary objectives were set, centring on the EU-SICA partnership treaty and a few countries of the CAN (Peru and Colombia and, if possible, also Ecuador). Another proposal was to relaunch negotiations with Mercosur, which are still open. A significant achievement was the EuroLat Foundation and a major innovation of the Summit was the «Action Plan 2010-2012» designed to ensure the agreed actions were implemented and to monitor progress until the next summit, due to be held in Chile in 2012.

The outcome of the 6th Summit aimed at giving impetus to bi-regional relations may be considered positive. Spain's chief objectives were met, starting with the relaunch of bi-regional relations. Other achievements were the Partnership Treaty with Central America, the first of its kind, which is added to the agreement already in progress with the Cariforum, the multiparty agreements with Colombia and Peru and the resumption of EU-Mercosur negotiations. The signing of the multiparty agreements with Peru and Colombia did not mean the end of negotiations with the CAN, as the door remains open for Ecuador and Bolivia –the latter less likely– to accede to the agreements. This did not prevent Morales from publicly blaming the EU in Madrid for being directly responsible for the cracks that have appeared in the CAN. What is interesting about this situation is that it has served to modify the EU's doctrine on Latin America and to introduce bilateralism.

Despite the success achieved, no significant steps have been made in the «strategic alliance». The Chilean president Sebastián Piñera, who was responsible for the following Summit, described the bi-regional process as

⁽¹⁴⁾ Juan Pablo de la Iglesia, Secretary of State for Latin America of the Spanish Ministry of Foreign Affairs and Rosa Conde, director of Fundación Carolina, «Reflexionando juntos por una agenda eurolatinoamericana», *ABC*, 12/iv/2010.

«too slow» and undertook to renew the dialogue in keeping with the challenges of the information society. Under the current circumstances it is difficult, if not impossible, to progress in the EU-Latin American strategic alliance owing not only to the contradictions within each bloc –of growing importance in the EU– but also to Latin America’s fragmentation. In addition to this are the positions of the ALBA countries, some of which reject outright belonging to western civilisation, while others criticise the EU for its imperialist capitalist stances, predatory attitude to the environment and ability to spur invasions of Latin American territory.

■ **Asia and Latin America**

Asia is the new window of opportunity and the great lever that enabled the region to emerge from the crisis of early 2001 with renewed energy thanks to the exports of food and raw materials (basically ores and energy) to China and India, but also to other countries that had been present in the region for longer, such as Japan and Korea. The first two are experiencing a phase of fast growth which, coupled with their large size, has made them decisive markets for Latin American exports, although without a doubt the key role in the relations between Asia and Latin America is played by China.

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Not everyone benefits equally from the China effect: a good many South American countries that export the products Asia demands are delighted with the relationship, whereas Mexico, which basically exports manufactured goods except for the oil it sells to the USA, views China as a major rival. But there are also winners and losers within each country. Whereas the producers of commodities benefit from the relationship, manufacturers, who compete with Chinese imports of cheap consumer goods, are particularly harmed by it. This explains the emergence of the first criticisms about how relations and trade with China are being conducted.

However, for the time being, China is becoming consolidated as the region’s second trade partner, behind the USA and ahead of the EU. In the first decade of the twenty-first century, China has signed strategic partnerships with Brazil, Venezuela, Mexico and Peru and free trade agreements with Chile (2005), Peru (2009) and Costa Rica (2010). Within a short time it has multiplied its presence in Latin America. It is the main destination of Brazilian and Chilean exports, and the second of Argentinean, Costa Rican and Peruvian exports. In 2010 China became the third largest direct investor in the region, with 15 billion dollars and a share of 9%, behind the USA (17%) and the Netherlands (13%). However, we should not lose sight of the fact that many Spanish investments in the region are made via the Netherlands. In 2008 China joined the IDB (Inter-American Development Bank), with an initial contribution of 350 million dollars.

At the beginning of 2011 China's trade with Latin America grew steadily, spurred by the still rising prices of commodities. According to the Chinese minister of commerce, in the first three months of 2011 trade recorded a year-on-year growth of 44%, bringing it up to 36 billion euros. However, it may have dropped in the second half of the year, especially the last quarter. On the one hand, trade is based on primary goods with hardly any added value compared to Chinese manufactured goods. Therefore, in view of the risk of China limiting its imports or using this practice to exert pressure in negotiations, as occurred with the restrictions imposed on Argentinean soy oil, the Argentine minister of industry proposed that Mercosur introduce joint tariff barriers to limit Chinese imports. In this respect, the Latin American countries are beginning to realise that in order to stand a chance of success in negotiations with the Asian giant, they need to negotiate jointly and not separately.

With the recession knocking on the doors of Europe and the United States, Latin America has redoubled the importance it attaches to Asian demand. Whereas previously a well-diversified foreign trade structure was considered advisable, nowadays there are constant attempts to step up trade with China at all costs. During 2011 one of Latin America's obsessions was to avoid the contagion of the crisis that is continuing to affect the developed countries and has not yet openly struck the emerging states. The end of 2011 saw a fall in the price of export commodities, especially soy and copper, owing to fears of a slowdown in the Chinese economy. At the end of the third quarter of 2011, the value of copper dropped by 25%, with a considerable impact on exporter countries like Chile, while that of soy fell by about 10%. For every cent the price of copper falls in a year, Chile's export revenues slump by 120 million dollars and tax revenues by 60 million. The prices of aluminium, wheat (25%), corn (20%) and wool (14.5%) also fell, and oil was affected too, as shown by price trends per barrel of WTI (*West Texas Intermediate*) crude oil, the reference for Venezuelan and Ecuadorian crude oil.

South American governments are aware of their dependence on the Chinese market. The Peruvian economy minister, Luis Miguel Castilla, stated that «I also light a candle every day and pray that China doesn't let us down... China still has important growth potential owing to its own internal dynamic of having a coast that is, we might say, very rich and an inland area that lags very much behind progress in this country»⁽¹⁵⁾.

Argentina's exports of soy, metals and ores to China and the cars it sells to a Brazil also beset by problems are vital to its ability to maintain its high growth rates. Other countries that have been focusing on China are Venezuela and Ecuador through oil. Venezuela has decided that there is no future in its oil

⁽¹⁵⁾ *Infolatam*, 6/X/2011: «América Latina: las exportaciones tiemblan ante la desaceleración china», <http://www.infolatam.com/2011/10/06/latam-las-exportaciones-tiemblan-ante-la-desaceleracion-china/>

activity in the USA, and it is therefore looking to Asia and the Caribbean as an alternative to its investments. Venezuela regards China as «a major strategic trade partner» as it sells it some 400,000 barrels of crude oil daily out of the nearly 2,400,000 barrels it exports, although more than 1,500,000 barrels still go to the USA. Two major obstacles stand in the way of a radical change in its exports. The first is refining its heavy and ultra-heavy crude oils, for which the CITGO refineries in the USA are one of its main outlets. The other is geography, as the fact that Venezuela does not have access to the Pacific Ocean makes sales to China more difficult. Ecuador, which does have ports on the Pacific, sells 50.6% (about 246,000 barrels daily) of its oil production to China.

One of the major risks of this situation is what has been termed the «re-primarisation» of exports, which are increasingly based on sales of primary products. This is one of the central criticisms of the economic growth in Latin America in the last decades of the nineteenth and first decades of the twentieth century. According to the IMF, regional dependence on foreign sales of commodities as a proportion of GDP has increased. Whereas 40 years ago they accounted for 6% of GDP, the figure had risen to 10% in 2010. More than half of the exports of Colombia, Peru, Chile, Ecuador, Venezuela and Bolivia are raw materials. In Brazil, Argentina and Uruguay they account for between 30% and 50% of total exports, and nearly one third of those of Mexico. This is increasing the vulnerability of the region, especially that of exporters of energy and ores such as Colombia, Ecuador and Venezuela, whose energy exports average 80% of the total, and Chile and Peru, where metals account for 60% of exports.

As recently pointed out by Mladen Yopo Herrera and Andrés Oppenheimer⁽¹⁶⁾, Latin America is complaining more and more about the fact that China mainly buys raw materials in Latin America but refuses to purchase products involving a greater degree of manufacture (and also more expensive), as this is hindering the diversification of the regional economies. As in Africa, Chinese companies introduce dubious trade practices, exploit workers, are unaware of trade union rights and destroy the environment. In recent years trade unions have filed complaints about two mining companies with Chinese capital, one in Peru and the other in Argentina, as they considered that workers' rights were being infringed and their wage level affected. The case of Brazil, China's main trade partner in the region, is paradigmatic. 90.76% of its exports to China in 2010, worth 30.8 billion dollars compared to 25.6 billion in imports, consisted of unprocessed iron ore (57.13 %), oil (16.95 %), soy (12.83 %) and wood pulp (3.85 %). In other words, nearly 91% of Brazil's exports to China have been raw materials.

⁽¹⁶⁾ Mladen Yopo Herrera, «China y América Latina: una relación positiva con varios interrogantes», Friedrich Ebert Stiftung, Programa de Cooperación en Seguridad Regional, Paper No. 38 (2011), <http://library.fes.de/pdf-files/bueros/la-seguridad/08541.pdf>; Andrés Oppenheimer, «El fin del idilio con China», *El País*, 12/IX/2011, http://www.elpais.com/articulo/internacional/fin/idilio/China/elpepiint/20110912elpepiint_9/Tes.

Up until now Chinese companies have enjoyed a major advantage over their US and European rivals, despite the long presence of the latter in the region. They were not viewed with suspicion or hostility. But this is changing. According to the ECLAC's «Panorama de la inserción internacional de América Latina», 87% of Latin American exports to Asia, mainly China, are raw materials and only 13% are manufactured goods. In contrast, 60% of Latin American exports to the USA are manufactured goods and the remaining 40% raw materials.

In general, Latin America has a predominantly optimistic vision of its future thanks to its economic strength, especially low debt level, controlled inflation and abundant reserves of international currencies. The Latin American leaders believe they will be affected by the world crisis, but that they are better equipped to weather it than on past occasions. The Brazilian president, Dilma Rousseff, reckons that her country «is not immune to the crisis», but that the country has «worked with effort and discernment to maintain macroeconomic fundamentals, and at the same time not to compromise policies of growth and social inclusion».

■ CONCLUSIONS

Despite the downward adjustment made to Latin America's economic growth estimates in the last months of 2011, the fact is that so far the region has managed to emerge fairly unharmed from the turmoil that is rocking the developed world, especially the EU and the USA. Following the collapse of Lehman Brothers in 2008 and the current aftereffects, it has been seen that the epicentre of the crisis is not located in Latin America, unlike on many occasions in the last decades of the twentieth century and the beginning of the twenty-first. This «decoupling» –to use a concept very much in vogue months ago– basically stems from two main facts. One is the economic reforms carried out in the region in the previous decade (fiscal discipline, control of inflation, etc.), which have not been affected by the recent political changes. The other is the diversification of exports, the most salient factor of which is the focus on China and about-turn in sales of primary products, on which there is a new emphasis, similar to in the second half of the nineteenth century and the first decades of the twentieth.

It is considered fairly unanimously that China has become the region's major opportunity and the greatest stimulus of its growth. What is more, there are those who celebrate every point China's economy grows owing to its favourable repercussions on the regional economies, especially those of South America. An OECD study states that for every 10% China grows, the region can be assured of 4% growth. This has aroused great expectations of a future that is reckoned to be unstoppable and, above all, invariable. There have been

winners and losers within the region. In subregional terms, the countries of South America have benefited the most from this boom in exports, which is focused mainly on exports of unprocessed raw materials such as ores (copper), energy products (gas and oil) and agricultural products (soy).

However, a few reactions against the hitherto predominant consensus have been witnessed in recent months. In contrast to those who underline the major economic advances achieved in the past years, especially in poverty reduction, new voices are warning of the risks looming on the horizon as a result of the Chinese connection, which need to be addressed appropriately. The most prominent is the imbalance between the size of the Asian giant and that of the Latin American countries; this is notable even to the regional power Brazil, and this reality will undoubtedly make it necessary to insist on joint negotiation with the Chinese government and companies. On many occasions the Chinese style, viewed up until now with certain sympathy and well tolerated compared with the known and more questioned practices of the USA and EU, is beginning to be associated with failure to respect legal systems and environmental regulations.

Another basic issue is the «re-primarisation» of exports, which is impairing a sustained growth based on knowledge and technology transfers. There are indications that a parallel route for improving the situation of Latin American societies, boosting the competitiveness of their economies and reducing the negative effects of the focus on primary products in foreign exports is knowledge and education, which would require a deep reform in nearly all the countries in the region. A major concern is the backwardness of Latin American educational systems with respect to their Asian rivals, as can be observed, for example, in the main rankings that measure the potential of universities.

The pursuit of new markets and closer relations with Asia, beginning with China and India but also extending to a few more traditional connections such as Japan and South Korea, has ushered in a new political and social reality in the region at the beginning of the twenty-first century. It is obvious that these changes, associated with the substantial economic growth of the past five years, have completely altered how Latin America relates to the world and to its main interlocutors, beginning with the USA. This situation has led the region to be over-represented in the G-20, with the presence of Argentina, Brazil and Mexico, even though there is not the slightest coordination between the three countries or with the rest of the region.

The political changes have not only affected the individual situation of each country but have also upset regional balances. The emergence of hegemonic projects for the continent as a whole, especially the ALBA, has accentuated

regional fragmentation and deepened the growing national and subregional rifts. This makes it increasingly difficult to generalise about the region because, as we have seen, governments' responses to the situation have been very varied. This can be witnessed both in the development of public policies, especially economic, and vis-à-vis the main challenges of the international environment, with the «Arab spring», especially events in Libya and Syria, an issue of no less importance. The ways in which countries take advantages of the surpluses generated by exports of primary products and their reactions to the situation are very varied, although practically all of them are engaged in the process of building up international reserves.

Differences are also found in the scant coordination achieved between the different countries in their attempts to ward off or minimise the effects of a worsening of the international economic situation. This has been more visible in Unasur, which made the most serious attempts in this direction at the presidential summits and meetings of economy ministers. However, the results achieved have been fairly modest in relation to the challenge, a fact which evidences the difficulties experienced by intra-Latin American relations despite the prevailing rhetoric spouted by presidents in an attempt to highlight the advances achieved through Unasur and other similar institutions which are especially notable in the political solution to some regional crises.

However, the difficulties mentioned and the paltry achievements in coordination are also having repercussions on the pace of regional integration processes. Although, on the positive side, they revolve around new questions and assumptions such as the newly acquired prominence of private actors, they still need to battle against the spectres of the past, which are too visible in the many existing organisations with countless overlapping fields and the added difficulty that hardly anybody is considering their dissolution.

We are thus witnessing contradictory advances. Although Unasur has been created and has become an important forum for regional political agreement, this does not mean that it has solved the future of the CAN and Mercosur, two institutions that coexist with Unasur and ought to be dissolved at some point. At the same time, all the Latin American countries are encouraging the creation of the CALC, but nobody has made the slightest effort to clarify the uncertainties regarding the type of relationship and coordination it will have with Unasur and why it is good for both projects to coexist. In a way, the alternative of South America or Latin America has yet to be decided, as has the determining issue of regional leaderships. Another doubt that also remains, owing largely to the lack of consensus between the countries in the region, is whether the CALC will be a replacement of the OAS without the USA and Canada. The answer is probably not.

There is a last issue regarding the fragmentation of Latin America, which affects relations with the USA and the EU and could eventually extend to Spain. Until only recently the USA had a global policy for the region as a whole, a policy which has had to be modified owing to growing differences between the countries. This explains the greater focus on bilateralism. The same may be said of the EU, whose main policy in bi-regional relations has been to negotiate only with regional or subregional integration organisations, but since the EU-LAC Summit in Madrid there has been a shift towards greater bilateralisation of relations. Spain ought to reflect in depth on this.

COMPOSITION OF THE WORKING GROUP

Coordinator: **D. FELIPE SAHAGÚN (FELIPE MARAÑA MARCOS)**
*Lecturer in International Relations, Universidad Complutense, Madrid.
Journalist*

Member and Secretary: **D. FRANCISCO JOSÉ BERENGUER HERNÁNDEZ**
*Lieutenant Colonel, Spanish Air Force, Senior Analyst
Instituto Español de Estudios Estratégicos.*

Members: **D. FEDERICO STEINBERG WESCHLER**
*Senior analyst in International Economics, Real Instituto Elcano
Lecturer of the Department of Economic Analysis at the Universidad
Autónoma, Madrid.*

D. HAIZAM AMIRAH FERNÁNDEZ
*Senior Analyst
Real Instituto Elcano.*

D. RAFAEL CALDUCH CERVERA
*Professor of Public International Law and International Relations
Universidad Complutense de Madrid*

D. JOSE M^º PARDO DE SANTALLANA Y GÓMEZ-OLEA
*Colonel, Spanish Army
Expert in the United Nations Peace Operations in Africa*

D. CARLOS MALAMUD RIKLES
*Senior Analyst
Real Instituto Elcano*

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