



THE ATLANTIC COUNCIL OF CANADA



IN FOCUS TRANSATLANTIC NEWS DIGEST

June 24, 2011, Issue #52

IN THIS ISSUE:

- A Hot Summer of Confrontation in the South China Sea
- Paving the Way for a New South Sudan
- Defence Secretary's Speech Augurs Ill for NATO's Future
- Cleaning up the Greek Crisis: A Herculean Task
- Defence Secretary's Speech Augurs Ill for NATO's Future
- Revisiting the European Contract – Illegal Immigrants and Border Controls

EDITOR:

Jonathan Preece

Jonathan.Preece@atlantic-council.ca

SPECIAL THANKS TO OUR PATRON SPONSORS



A Hot Summer of Confrontation in the South China Sea

James Bridger

A decades-old territorial dispute over “little specks of rock, sand and coral” in the South China Sea (SCS) has recently escalated as regional states contend with the implications of a more militarily assertive China. While the People's Republic claims nearly all of the SCS—stretching from Singapore and the Strait of Malacca in the southwest, to the Strait of Taiwan in the northeast—on historic grounds, the littoral states of Vietnam, Malaysia, the Philippines, Taiwan and Brunei have also staked rival claims based on their interpretations of the Exclusive Economic Zone and continental shelf principles enshrined in the UN Convention on the Law of the Sea. The disputed area contains over 200 largely uninhabited small islands and reefs, the majority located in the Parcel and Spratly Island chains. While the islands themselves are of little strategic importance, assertions of ownership are used to reinforce claims to the surrounding sea and its untapped resources. Aside from important shipping routes and fisheries, the area is thought to contain vast oil and natural gas reserves, which a Chinese estimate puts at over 200 billion barrels of oil.

While the SCS has a history of (sometimes lethal) fishing disputes, the recent round of conflict stems from a combination of an emboldened China, nervous neighbours, and an American determination to retain influence in Asia. Vietnam has been the most outspoken critic of Chinese “bullying,” in May accusing the People's Republic of cutting the cable of its survey vessels. Since then, both nations have sent patrol ships to the maritime territory surrounding the Parcel Islands (occupied by China since they were taken from Vietnam in 1974). On June 13, Vietnam held live fire drills on the water and also drew up plans for additional troop conscription. The disputes have thrown fuel on the fire of centuries-old anti-Chinese sentiment in Vietnam, resulting in rare street protests in Hanoi and Ho Chi Minh City. The situation was described by Vietnam expert David Kohl as the most serious escalation of tensions between the two countries in the last twenty years.

Rival claims concerning the Spratly Islands have also heated up between China and the Philippines. Manila recently announced that it will send its largest warship to its claimed area. Taiwan too, has expressed its intentions to send patrol boats to the Spratly Islands and reinforce its garrison there. In response, China has promised that it will send hundreds more patrol ships in the coming years. Efforts to find a regional solution to the disputes have been problematic. The Association of Southeast Asian Nations (ASEAN) has emerged as a forum for dialogue, but is hindered by the fact that it does not include China or Taiwan. Attempts to create a formal and binding code of conduct between ASEAN and China have continuously faltered as China rejects an ASEAN-centric approach to mediation and instead insists on negotiating disputes bilaterally—a strategy critics describe as an effort to pick off ASEAN members one by one.

With no headway being made in bilateral or regional negotiations, both Vietnam and the Philippines have requested American mediation—serving to escalate pre-existing maritime tensions between the U.S and China. In 2010, Secretary of State Hillary Clinton stated at an ASEAN forum in Hanoi that maintaining stability in the in SCS was part of the United States' “national interests.” The U.S also sent an aircraft carrier, the *George Washington*, on its first official visit to Vietnam. Next month the two countries will engage in joint naval exercises.

A proposition recently came forward from Sen. Jim Webb to introduce a resolution that would push China to engage in multilateral talks over the disputed territory. However, a spokesman for the Chinese Foreign Ministry recently rejected the possibility of mediation by "countries that are not parties to the South China Sea dispute." More bluntly, an editorial in the *Liberation Army Daily* stated that China opposes unrelated states "meddling in disputes," as well as the "internationalization of the South China Sea issue."

Given the vested interest that all concerning parties have in unimpeded maritime transport, a naval showdown that would paralyze shipping is highly unlikely. However, Kohl does not discount the possibility of "confrontations between small groups of ships, shooting and fighting each other." While an appropriate channel for mediation is explored, the hope is that a cool headed breeze will quell the summer heat.



Further Reading: [South China Sea background](#) [Carps among the Spratlys](#) [A Dispute at sea escalates China, Vietnam tensions](#) [South China Sea tensions: What you need to know \(video\)](#) [A guide to the escalating conflict in the South China Sea](#)

Paving the Way for an Independent South Sudan

David Hong

People in Juba – the soon-to-be capital of South Sudan - are planting trees, sweeping up dust, and collecting litter, as they prepare for July 9th when South Sudan will gain its independence. A digital clock in central Juba, reading "Congratulations on your freedom," is counting down the seconds to the momentous event. The timetable for January's referendum, where 98.5% of southerners voted in favor of separation, was set in the Comprehensive Peace Agreement (CPA) in 2005. The CPA, signed between the Sudan People's Liberation Movement (SPLM) and the Government of Sudan, ended the 22 year civil war that left some 2 million dead and millions of others displaced from their homes.

On June 20th, North and South Sudan signed an agreement to demilitarize the heavily disputed border region of Abyei. A month prior, North Sudanese troops bombarded Abyei's main town with aircraft and tanks, burning down parts of it and displacing an estimated 110,000 people. The US Envoy to the United Nations, Susan Rice, stated that the US would begin drafting a UN Security Council resolution that would authorize the deployment of 4000 Ethiopian peacekeepers to replace all military forces in the area. Both Sudanese governments support the deployment. For decades, Khartoum and Juba have been at loggerheads over Abyei, which has now taken on a symbolic value, and is being referred to as the Jerusalem of Sudanese politics. Though a voter referendum in January had been planned to decide the fate of Abyei as well as that of South Sudan's self-determination, the two sides ultimately could not agree on who would be eligible to vote in Abyei. The Sudanese government argued that the Misseriya, a nomadic group from the north who travel through Abyei in the dry season to graze their livestock, should be allowed to vote. The South Sudan government argued that only permanent residents, mostly the Ngok Dinka, a southern ethnic group, should have a vote. In the end, the issue could not be settled, and fighting still persists in the region.

South Kordofan, a key northern oil state bordering both the south and Abyei, is also home to much conflict. There are aerial bombings and shellings daily, and fighting continues between Khartoum's armed forces and the rebels. While the government says it is simply working to disarm the rebels, there are reports of summary executions by internal security forces based on ethnicity and political affiliation. The population is besieged with no access to services or humanitarian aid by land routes or air. Over 70,000 people have fled the region, bearing stories of war crimes and ethnic cleansing. Unlike the south or Abyei, there was never an agreement for a referendum in this area. The Nuba people, a collection of black African ethnic groups, make up the majority population in South Kordofan. While some feel they have more in common with former civil war comrades in the south, others believe their future is with the Arab-dominated north. The real issue for the people of South Kordofan is not where they will remain territorially, but rather their access to basic human rights, social and economic opportunities – all of which the government has denied them to date.

Recently, Sudanese President Omar al-Bashir has threatened to shut pipelines carrying South Sudan's oil if a deal on oil is not reached before July 9th. Mr. Bashir said either the south could continue to transfer half of its oil revenue to the north, or it could pay a fee for using the north's oil infrastructure including the pipelines, the refineries, and the main port for exports. He warned that if neither condition was met, then he would block the pipeline.

While approximately 80% of Sudan's oil reserves lie in the south, the entire infrastructure needed for delivery, refinement, and export is owned and located in the north. Both Khartoum and Juba rely heavily on oil for government revenue with 98% of Juba's coming from oil alone. Any reduction in oil flow, therefore, will have serious consequences for the south. Though the south may be considering building a new pipeline through Kenya or Uganda, this would take several years and billions of dollars to complete. For the time being, the north and south are mutually dependent on each other for oil production, and the division of oil revenue is one of the most highly contentious issues between the two parties, alongside future of Abyei.

Many challenges lie ahead in the weeks leading up to South Sudan's secession and beyond. The two sides will have to decide on issues such as drawing up the new border; how to apportion Sudan's debt and oil wealth; whether the south will have its own currency; what rights southerners will have in the north – and vice versa. Another question is how much water the north will be able to use from the Nile River, which flows from the south. South Sudan will need to build its institutions; establish diplomatic ties, and sign treaties with African Union members as well as other nations; draw up a constitution; develop its physical infrastructure; and focus on rural transformation and education. The international community will need to assist in the swift implementation of demilitarizing Abyei and passing a Security Council resolution that allows Ethiopian peacekeeping forces to step in immediately. While the secession process moves forward, the humanitarian crises escalating in South Kordofan must also not be forgotten.



Further Reading: [Sudan to block oil pipeline if south will not pay](#) [Sudan's Nuba people 'targeted by army'](#) [Is Sudan heading for an acrimonious divorce?](#) [North and South Sudan sign pact over Abyei](#) [New Republic: Sudan may be slipping into civil war](#) [Q&A on Southern Sudan Referendum](#) [Official Website of the Government of South Sudan](#) [Sudan Back on the Brink](#) [Sudan's Secession Crisis](#) [Sudan's South Kordofan: 'Bombings, blood and terror'](#)

Cleaning up the Greek Crisis: A Herculean Task

Kavita Bapat

After more than a year of attempting to fix the crisis, Greece's 110 billion Euro bailout package has failed to produce results. Rather, the Greek economy has been plagued with out of balance budgets and an upsurge of borrowing costs, plunging the country into even greater debt. At present, a new rescue package is being readied that would

allow Greece an extra loan of several billion Euros. The new package, issued by the Institute of International Finance, offers Greece a little more time to bounce back from its economic downturn but critics claim it offers the country little realistic hope of recovery. Similar to its first bailout package, the new package is conditional upon another round of fiscal austerity measures and tax increases for Greece. However, financial analysts claim that further tightening will certainly deepen the recession and make it increasingly difficult for the government to eliminate deficits, not to mention the increase in public discontent on the streets of Athens and other Greek cities. Taken together, the aforementioned facts make Greece's chance of revitalizing its economy and paying off its massive debt minimal at best. Also, debt restructuring seems an unlikely outcome, as Greece must continue to pay full interest and principal on a debt burden now approaching 148% of GDP and is continuing to rise.

Greece's financial problems have caused much instability not only in the country itself, but have created political turmoil throughout Europe, ousting governments and threatening to undercut attempts at rescuing the financial system as well as the euro zone itself. Greek Prime Minister George Papandreou will be able to maintain his government long enough to push through the deep cuts required for debt-ridden Greece to collect its next installment of international aid; however, the uprising of angry voters against bank bailouts, budget cuts, and austerity measures has caused Papandreou's popularity to plummet. Across the continent, Europeans are protesting that they are unjustly paying the price for their governments' mistakes, while growing increasingly angry at international banks and the preferential treatment they seem to receive in world markets. A common sentiment in the large and somewhat violent general strike in Greece has been that the international financial institutions "took everything leaving the Greeks to pay." Additionally, a vicious cycle has developed wherein the increasing political mayhem is creating unrest in international financial markets, exponentially increasing interest rates paid by Europe's heavily indebted nations to higher levels and threatening their solvency.

European officials remain concerned that if Greek politicians kow tow to popular anger and reject the austerity measures, other countries may follow suit, resulting in potentially dire consequences for the common currency and European banks. Recently, governments in Portugal and Ireland have been toppled in attempts to cut benefits and budgets. This week, Mr. Papandreou became the latest political leader in the middle of a tug of war between the European markets, which hang on his every word, and the Greek people, who have been stung once by wage and pension cuts and are understandably resistant to a second round of tax increases and spending reductions. However these are measures the Prime Minister requires in order to convince the International Monetary Fund (IMF) to dole out the next installment of a \$155 billion bailout package agreed upon a year ago.

All of these factors taken together have done much to spur the euro zone community towards its breaking point. For instance, earlier this month Portugal's Social Democratic Party ousted the Socialists, in a show of voters punishing former Socialist Prime Minister Jose Socrates, for his failure to control public finances and prevent a deepening of the economic slump which has already increased the Portuguese unemployment rate to over 12%. As an alternative, Portugal was pushed to settle a \$110 billion global bailout in return for promising more austerity measures, though analysts predict that Portugal's economy will contract by 2% in the next two years. Similarly, Greece's centre-right opposition is against the terms of the proposed bailout and is calling for tax breaks instead; an approach that specialists claim would make the deficit rise sharply and lead to greater socio-political turmoil. Increasingly, financial specialists are questioning the wisdom behind budget cuts, especially concerning countries like Portugal and Greece that are already caught in a so-called "debt trap". Voters are seemingly in agreement, as they have been consistently protesting in order to send their political figures the same message. In Britain, for example, retail sales plummeted to 1.4% in May meaning that consumers are losing faith in the Conservative government's economic agenda, whereas the opposition requested an emergency cut in the value added tax so spending could be increased. British labour unions that represent roughly two million workers say they plan to hold coordinated strikes on June 30th, to show their displeasure with recent pay freezes, changes to the pension system, and layoffs.

The Germans have also expressed their anger over the second Greek bailout, with popular media stoking resentment at the billions of Euros Germany will be forced to pay in order to keep Greece afloat. Adding insult to injury, Germans are perceiving the public discord in Athens as ungratefulness towards the Germans, whose banks have given the most credit and guarantees in order to prevent the country from entirely going under. German Minister of Finance, Wolfgang Schauble started the debate when he suggested that the Greeks should "export their sunshine (for solar electricity) to Germany in exchange for money." Economists claim that Germany's resentment towards Greece is partially due to the fact that Germany is considered the "scapegoat" of the EU and IMF and also because of the German media's depiction of Athens's handling of

the catastrophe. Additionally, economists claim that the German government failed to adequately explain to its public why reforms were needed. German economist Kai Carstensen commented, "the whole thing was a communications disaster for Merkel's government to initially tell the German public that private banks were going to be forced to contribute to the second bailout, only to renege on that promise last week under pressure from France." Back in Athens, most Greeks agree that the government, rather than the people, should be held responsible for the country's woes.

Despite the severity of the crisis, most financial analysts and political scientists agree that though fiscal pain ahead cannot be avoided, it is an opportunity for Greek politicians to redesign the state post-crisis with a focus on increasing productivity, deepening democracy, and fighting corruption. Many proposals have surfaced as to how Greece may use the bleak economic situation as a chance to redefine the country on a socio-economic level. One popular proposal is to decrease the size of the Greek legislature by reducing the number of deputies from 300 to 200. Besides significant monetary benefits estimated at 1 million Euros, this decision would hold great symbolic value for its society who have recently taken to the streets and gone against the political class in the belief that "all politicians are thieves." Another suggestion that has gained a great deal of traction in Greek society is a proposal to reform the electoral system with the introduction of an open list-system allowing voters to select individual candidates. The advantage to this proposal is that, post-crisis, voters will be more educated about the type of politicians they desire and candidates will be more wary about the realism of political promises. This kind of electoral system would also provide a strong mechanism for punishing inefficient or corrupt candidates that would have otherwise enjoyed the protection of organized interests or party leaders. Along political lines, another suggestion that has been made specifically for Greek leaders is to simply resign from politics and be remembered as "the leadership that even in the last moment had the wisdom and political courage to promise nothing but 'blood, sweat and tears'" to best prepare Greece for its post-crisis days.

If pursued, the interconnected proposals may lead to a significant and badly needed restructuring of Greece's damaged political system. All the aforementioned suggestions are solely dependent upon policy decisions and require strategic alliances, courage, and vision. Though the proposals hardly offer Greece a way to escape its fiscal crisis, as at the moment the Greek debt is so great that hardly anyone believes it would be manageable. Prime Minister George Papandreou has at last begun to tell Greeks about pending painful yet brave reforms. Recently, Papandreou called for a referendum in the fall on "changes to the political system" and the Greek constitution. The problem the Prime Minister now faces is how to consolidate societal and political support to implement these reforms. Though fractious, his party deputies will hardly cause the government to crumble, but Greek society remains agitated at the political class. However, if properly explained, Greeks will likely support most of the proposed changes, especially with regards to reforming the electoral system and constitution, as well as finding an efficient system to raise public revenue. Already, a large privatization program is in Greece's economic plan and public reaction to the plan has been largely positive. 65% of Greeks are also behind the implementation of a state tenure and have claimed they would be pleased to realize a new political reality with fresh ideas and faces.

Further, if economic reforms are implemented effectively in Greece, Papandreou will receive massive support from his European partners, especially now as two major realizations have hit the euro zone. The first is that Greece is in no position to pay for all of its debt and may find itself out of the euro zone; this will be most catastrophic for all members. The other, more hopeful realization is that the Greek government has an opportunity to increase the credibility of its actions, beginning with bold political reforms to prepare for a post-crisis adjustment and to craft conditions for long-term growth. It is possible, then, that such reforms would require European debtors to accept writedowns of Greek debt so that the Greek economy can finally come out of the crisis. Finance ministers of the euro zone countries are set to meet this Sunday in Luxembourg where they are due to release Greece's next 12 billion Euro loan and discuss another bailout package. However, analysts continue to doubt whether this will be enough to save the country's economy once and for all claiming "the struggle will continue until the end."

Further Reading: [Facing the Greek Crisis](#) [Greek Turmoil Raises Fears of Instability Around Europe](#) [German media fuels public resentment over Greek bailout](#) [No is the word, Fitch tells Greece](#) [Sterling Weakens Euro Despite Fitch's Default Credit Warning](#) [Greek Opposition: Cuts Package Will Not Work](#) [Greek Financial Crisis](#)

Defence Secretary's Speech Augurs Ill for NATO's Future

Ryerson Neal

On June 8th, NATO defence ministers gathered in Brussels for a meeting of the North Atlantic Council, NATO's supreme political body. Interest in Council meetings does not usually extend beyond keen Alliance followers, but the aftermath of this meeting has caught the eye of many. It was not what was said in the closed meeting, but rather a post-conference speech by outgoing US Secretary of Defence Robert Gates that had diplomats and Alliance officials dropping their canapés in mid-bite. At a public engagement on June 10th, Gates censured NATO's European members for their stingy defence spending and even openly questioned the Alliance's future. The coming peril, Gates pointed out, lay in a "growing difficulty for the U.S. to sustain current support for NATO if the American taxpayer continues to carry most of the burden in the Alliance."

Gates began the speech – his last major exhortation on defence policy as Secretary – on a positive note, citing the progress made in Afghanistan over the last four years. He was even at times contrite, admitting that progress in Afghanistan had been hindered to an extent by America's preoccupation with the Iraq War. Though he was optimistic about Afghanistan's future, he remained adamant that a continued NATO presence is necessary to realise long-term security in the country.

His assessment of the situation in Libya was not so laudatory. Gates bluntly outlined the problems with the current mission: while all NATO-countries approved the operation, only one third are participating in strikes; years of meagre defence investment have left several European members ill-equipped to support the mission; and finally, while the mission relates primarily to Europe's regional security, the United States has had to shoulder approximately 75% of the operational demands. In sum, said Gates, this has revealed a "two-tier" alliance that the US finds "unacceptable." In his words, "... the mightiest military alliance in history is only 11 weeks into an operation against a poorly armed regime in a sparsely populated country – yet many allies are beginning to run short of munitions, requiring the U.S., once more, to make up the difference."

This brought Gates to his fundamental point: America's will to underwrite European security is being compromised by this imbalance in burden sharing. In an era when the States' mounting fiscal problems are sharpening defence priorities and increasingly shifting them to other regions, America's continued participation in NATO cannot be taken for granted.

The speech's sombre tone may have come as a surprise to fellow NATO defence ministers who had reportedly heard Gates end their meeting by saying he felt "confident that this nearly 65 year old alliance will endure and prosper...." Reportedly, Gates spent the meeting lobbying fellow members to go beyond mere political support for Operation Unified Protector in Libya and contribute hard military assets. A prime target of the speech was likely Germany, which, despite being one of NATO's most powerful members, has been reluctant to contribute militarily to the operation. On the issue, it seems the US has been playing a good cop-bad cop routine with the Chancellery for the past couple of months. In April both Secretaries Clinton and Gates travelled to Germany to publicly admonish the ally; this month, just a few days before Gates' speech, German Chancellor Angela Merkel was feted at the White House and given the Medal of Freedom. Nonetheless, the Germans have been mostly unresponsive, making only promises about troops for a post-Gaddafi peacekeeping and stabilization mission.

Compared with many of its alliance partners, Canada fared pretty well in the speech. Gates praised countries like Canada who had "held the line" in Afghanistan's violent south while US resources were occupied with Iraq. Canada also featured among four members singled out for their "major" contributions to the Libyan operation. Minister of National Defence Peter McKay endorsed Gates' speech, noting that burden sharing remained a "serious issue." Canadian officials can probably commiserate; Canada has been similarly frustrated with European allies, notably over contribution imbalances in Afghanistan and the "national caveats" put on some forces there.

The speech certainly set the international punditry abuzz, but whether its portents will come to pass is highly questionable. As long-time NATO historian Lawrence Kaplan notes, American complaints about burden sharing have been a familiar part of the NATO landscape for the last 60 years; Secretary of State John Dulles was making similar statements as early as 1953. Tellingly, the State Department painted Gates' comments in a softer light, framing the current imbalance as a challenge, but not a deal-breaker. After all, according to State Department officials, it is "important to recognize that NATO is still the indispensable alliance."

All the same, the speech is a small comfort to NATO's hapless Secretary General Rasmussen, who recently visited the States to shore up American support. Gates' address not only undermined an upbeat report by Rasmussen about recent progress in reforming NATO, but also directly refuted the value of one of Rasmussen's pet projects, so-called "smart defence". The concept, which would see greater collaboration and technology sharing amongst the allies, was touted by Rasmussen as a way to compensate for reduced defence budgets. For Gates, no amount of technology swapping can ultimately compensate for a lack of hard investment in defence capabilities.

Further Reading: [Text of Secretary Gates' June 10th Speech](#) [NATO historian Lawrence Kaplan on Gates' speech](#) [Defence Minister Peter McKay's comments](#) [US State Department response](#) [Gates' remarks immediately following ministerial](#) [Secretary General Rasmussen's post-meeting remarks](#) [German foreign minister promises peacekeeping troops](#) [Secretaries Clinton and Gates visit Germany](#) [Analysis by The Economist](#)

Revisiting the European Contract – Illegal Immigrants and Border Controls

Daniel Cunningham

In August of 2008, Italian Prime Minister Silvio Berlusconi flew to Libya to sign an agreement with Libyan leader Muammar Ghaddafi that was designed to put an end to long standing grievances over Italian colonial rule. The Treaty on Friendship, Partnership and Cooperation between Italy and Libya promised \$5 billion Euros in Italian investment over a period of 20 years, and carried with it the hopes for substantial reinvestment in border controls and prevention of illegal immigration. Since the beginning of the Civil War as well as NATO's actions in Libya, the number of people seeking to escape violence has increased far beyond levels experienced in 2008, making the immigration issue a particularly delicate one.

Even before the Libyan civil war, the Italian government was under substantial pressure to prevent illegal immigration of thousands of Libyan and North African immigrants from reaching Italy. Yearly reports estimate that the average number of illegal immigrants who attempt the dangerous trip to Italy are in the tens of thousands. In addition to generating concerns in the Italian government about the costs associated with detaining, processing, and deporting illegal immigrants, there has been a rising concern in recent years regarding the effect that those who manage evade authorities and use Italy as a transit point into the other European countries can have on European Union commitments to maintaining open borders.

In recent years, the commitments reached at The 1985 Schengen Agreement, which enables free movement between the 22 EU member states who have signed the agreement to cross between states without border checks, have come under scrutiny from several European governments. In April, Prime Minister Silvio Berlusconi and President Nicolas Sarkozy requested reforms in the Schengen Zone agreement from the European Commission (EC). They received their response on June 24th from a summit of the EC, which agreed to allow the implementation of border checks within the EU, which could unilaterally be declared by EU member states in the event of an 'emergency'. What defines and emergency is unclear, but the agreement has given states the latitude to raise previously mothballed guard stations at any moment.

In recent weeks, with the unrest in Syria and government crackdowns, Turkey is allowing thousands of asylum seekers into their territory to escape hostilities. This raises concerns, as traditionally the border between Turkey and Greece is viewed as one of the weakest points of entry into the European Union of all Schengen participants. In January, Greece went so far as to announce plans for a border fence to keep out illegal immigrants. The impact of any intensified border activity in Greece could give new credence to French and Italian calls for further reform.

How far reformers in the European community are prepared to go largely depends on the extent to which Europe continues to experience domestic difficulties with illegal immigrants. Traditionally, attitudes towards illegal immigration are strained when local economic conditions in the recipient country are damaged by a surplus of labor. France and Italy, like much of the developed world, are still reeling from the recent economic crisis, and have unemployment rates of over 8%, well over sustainable levels for countries with comprehensive programs of social assistance. The problem is even more evident amongst the youth demographic, which is experiencing the highest levels of unemployment in Europe, in some cases more of unregulated internal borders in Europe contributing to massive social and economic difficulties seems likely. As a result,

European Union may feel compelled to revisit the Schengen Agreement as global unrest begins to strain the current border arrangements.

Further Reading: [Italy and Libya: Status of Cooperation](#), [Tightening Border Controls in Schengen Zone](#), [Approval of Emergency Border Checks](#), [Syrians Escaping Violence](#), [Greece Plans Border Fence](#), [European Labour Statistics](#)

+

Disclaimer: Any views or opinions expressed in this newsletter are solely those of the authors and the news agencies and do not necessarily represent those of the Atlantic Council of Canada. This newsletter is published for information purposes only.

+

The Atlantic Council of Canada is an independent, non-profit, non-governmental organization dedicated to the idea that the transatlantic relationship between Canada and the United States, and the nations of Europe, is of critical importance to Canadians in cultural, security and economic terms. The Council's mandate is to promote a broader and deeper understanding of international peace and security issues relating to NATO.

+

The Atlantic Council of Canada + 165 University Ave., Suite 701, Toronto, ON M5H 3B8
Ph.: 416-979-1875 + F.: 416-979-0825 + Email: info@atlantic-council.ca

