

Belgian Politics in 2003

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Reflecting the impact of the general elections held in May, this year's Belgian Politics is organised in four parts. The first part portrays the last months of Verhofstadt's cabinet with the greens. The second part focuses on the general elections of May 18th and the coalition formation process of Verhofstadt's new cabinet. The policies of that cabinet are the topic of part three. The fourth part discusses developments within the political parties.

I. The Final Months of Verhofstadt I

A. Anticipated Elections on May 18th

On January 8th Prime Minister Verhofstadt announced that the date for the general elections was moved up two months, to May 18th. The reason to advance the elections was practical in nature: in June many would leave the country for holidays and students would have to sit exams. Journalists were quick to add that, this way, formation talks would not take the entire summer holidays.

B. Budgetary Results for 2002, Control of the 2003-Budget and Eco-Taxation

In 2002 the government (i.e. the federal, community, regional, and local governments as well as the public bodies involved in social security) realised a surplus of € 170.8 million, 0.1% of GDP. In previous years the deficit at the federal level was offset by the surpluses of the Flemish community. In 2002 the community and regional governments added € 460 million to the federal deficit of € 673 million. This was offset, however, by the surplus realised by the local governments and the social security sector, worth € 341.4 million and € 829.1 million respectively. Public debt decreased to 105.8% of GDP, amounting to € 275 billion. There

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was widespread contentment that in spite of slow economic growth the cabinet had resisted deficit spending, despite the example set by a number of European countries.

On February 21st the expected growth rate was lowered from 2.1% to 1.4%. An additional € 195.8 million paid to the community and regional level meant that a reduction of € 303.5 million was required for the 2003 supplementary budget. With the exception of social allowances, development aid, and the mail and railway services, all policy areas were to be affected. Nevertheless, additional measures were taken to restart the economy and stimulate employment: a.o. tax reductions for security and renovation investments, the creation of a Starter Fund providing cheap loans to new businesses, and a Recycling Fund for projects in social and sustainable development.

Eco-Taxation – On January 10th the introduction of eco-taxation and ecobonuses was once more postponed 'for practical reasons'. The agency to control the composition of beverage wrappings still needed to be established. In addition, the EU Commission had warned that a compulsory registration mark and number on wrappings was in violation of EU regulation. As a result, the cabinet decided to remove the offending measure. On March 25th the Chamber committee voted in favour of a further postponement until October. The vote was reversed upon request of the cabinet. The green parties had found it unacceptable that eco-taxation would not come into effect until after the elections.

C. The Night Flights and Ecolo's Resignation from the Cabinet

Feelings continued to run high over the issue of night flights over Zaventem. On October 25th 2002 Isabelle Durant, the Ecolo Transport Minister, had announced a new route, that would concentrate night flights over the northern rim of Brussels (i.e. Vilvoorde, Meise, Grimbergen). In view of the opposition by the Flemish government and parties, the consultation committee had suspended the implementation until March. In January, Flemish Minister Dua threatened to extend the strict noise abatement norms the Brussels' regional government used, to Flanders: this would preclude night flights altogether. On January 24th, the consultation committee agreed on four routes. Most flights would pass over the northern and eastern rim of Brussels, although a number of them would take a route over the city centre or a new route over the north-western rim of Brussels. The compromise failed to please local activists from the northern and eastern rim. A day earlier, a thousand DHL employees had demonstrated to oppose a ban on night flights.

The agreement's implementation continued to pose problems. On February 28th Verhofstadt applied for international registration of the agreed flight routes: this would enable them to take effect on May 15th. Immediately, Durant ordered the application to be suspended, claiming the safety of a route over the city centre was still under investigation. After Durant's decision to revoke the route over the

city centre was leaked on May 1st, protests were becoming ever more vehement. The Flemish opposition demanded her resignation, while the liberals and socialists rather did not see her return in the cabinet after the elections. On May 2nd Prime Minister Verhofstadt annulled Durant's decision, claiming it exceeded the discretion of a demissionary government. He asserted he would use all means necessary to reverse Durant's decision.

Prudent not to grant Durant the victim's part in the issue, the president of the francophone socialists Di Rupo pleaded all concerned to regain their composure and presented an alternative route. When Durant's request for 24 hours to study the proposal was turned down, Ecolo Ministers Durant and Deleuze left the cabinet meeting. Hereupon, the cabinet transferred the authority over aviation to Vice Prime Minister Onkelinx and adopted the socialists' alternative route. Durant and Deleuze announced their resignation a few hours later. To preserve the linguistic balance, the government commissioners Ylieff and Zenner were promoted to the rank of junior minister. Onkelinx took over control of the remainder of the portfolio of mobility and transport as well. Because Parliament had been dissolved on April 10th, the departure of Ecolo had no further consequences for the cabinet.

D. Belgium and the War in Iraq

The preparations for a military intervention in Iraq caused severe tensions among the coalition partners and cast a cloud upon relations with the US. By the end of January, Belgium joined the Franco-German opposition to NATO plans for defensive operations in Turkey. They refused to enter into a belligerent rationale and to endorse indirect NATO support for such a war. When NATO failed to come to a consensus on February 6th, Secretary General Robertson invoked the silent procedure. Under this procedure, a proposal is adopted unless a member state enters an official protest. On February 10th, Belgium and France did, causing Turkey to invoke article 4 of the NATO treaty, calling for a consultation in case a member state's security is threatened. Germany supported the initiative – without actually co-signing the protest. Following intensive consultations, the military support of Turkey was endorsed by the Defense Committee on February 16th – in the absence of France that is not part of NATO's military structure. Belgium obtained that implementation would be in step with UN resolutions. On the eve, up to 80.000 people had demonstrated in Brussels to oppose the 'war for oil'. Worldwide the number of protesters was estimated at 7 million.

One particularly thorny issue was the use of the Antwerp harbour to ship US military equipment and personnel from Germany to Iraq. While all parties denounced that the US attack was in violation of international law, the cabinet claimed that the transports were authorised by a 1971 secret agreement with the US. In addition, the cabinet had assented to the use of Belgian air space by US military planes. To terminate the agreement would take six months. To cool the rising tempers among greens and socialists, the cabinet favoured a renegotiation of the agreement, which would be on the agenda of the future government. In Parlia-

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ment, Prime Minister Verhofstadt declared that since January a total of 13.000 pieces of equipment had passed through Antwerp. Thereupon, green MP Vanhoutte resigned from his party.

On April 11th, the American ambassador Brauer stated that Belgium's continued opposition would cause the NATO plans to build a new headquarters in Evere to be reconsidered. Later on, he would retract his remarks. The issue would resurface, however, come review of the genocide law. The relations between Brussels and Washington continued to be soured for months. This would strengthen Verhofstadt's resolve to a common European defense policy.

E. Review of the Genocide Law

Belgian relations were further strained by the genocide law of June 1993. The implementation of the law that extended the jurisdiction of Belgian courts worldwide in case of genocide and crimes against humanity, was questioned when charges against Congolese Minister Yerodia and Israelian Prime Minister Sharon were deemed inadmissible in June 2002, because the accused were not on Belgian territory.

On January 14th, senators of the coalition parties agreed to review the law: legal proceedings that were instituted before July 1st against a person not in Belgium were admissible. After that date, however, the public prosecution was entitled to drop the case when merely political motives were at stake. Thereupon, the Court of Cassation deemed the investigation into Sharon's involvement in the massacre of Libanese refugees in Sabra and Shatila in 1982 admissible. It thereby rejected the Court of Appeal's verdict that presence of the accused in Belgium is required, although Sharon enjoyed immunity for the duration of his term. In response, Israel recalled its ambassador. On March 18th, an action was brought against former president Bush, vice-president Cheney, secretary of state Powell, and Schwarzkopf, commander in chief during the 1991 Gulf War. Embarrassed, Michel urged for a review of the law. Yet, because of the separation of powers he was unable to rule the action inadmissible.

To this purpose, the cabinet reached an agreement with its backbenchers on March 25th. To be able to institute legal proceedings on the basis of the genocide law for crimes not committed in Belgium, a victim had to be either of Belgian nationality or to have lived in Belgium for at least three years. In addition, the case could be transferred by the public prosecution or the Justice Minister to the International Criminal Court, the plaintiff's or the accused's country of origin, or the country where the alleged crime took place. Yet, dissension within the coalition persisted regarding actions entered into before July 1st 2002. In the end, the bill was recommitted and amended by an alternative majority of liberals, Christian democrats and the Vlaams Blok. In a failed attempt to delay adoption, the Council of State was asked for advice. Its recommendation that the amended law violated the separation of powers was ignored, however. As a result of absenteeism the bill failed to be adopted by the Chamber before its dissolution on April 8th.

On May 17th General Franks was accused of war crimes. Through Chief of Staff Myers, the US threatened that this might hasten the decision to relocate the NATO headquarters. The public prosecution ruled the proceedings admissible, yet advised that it would be transferred to a US court. The cabinet obliged on May 20th.

F. Other Events and Developments

Court of Arbitration – The Court's review was extended to include constitutional rights, tax equality and the protection of foreign residents. In addition to federal, community and regional governments, legal proceedings could be instituted by parliaments and private persons on the basis of the Court's rulings on prejudicial questions. In conclusion, judges cannot be of the same gender.

On March 25th the Court of Arbitration annulled part of the Lambermont agreement. In order to prevent Vlaams Blok from obstructing decision-making, the Lambermont agreement added five members to the Flemish Community Committee to be determined on the basis of the elections to the Flemish Parliament. The Court of Arbitration ruled that the membership of a representative body can be appointed by the citizens affected by its decisions only. This annulment had further repercussions for other Lambermont measures concerning the recommendation of the Flemish members of the Brussels regional government and motions of censure against said members. Other appeals for annulment submitted by the christian democrats, N-VA, Vlaams Blok, and a number of francophone councillors and aldermen in Flemish municipalities surrounding Brussels, were rejected.

Council of State – Originally, the cabinet had wanted to repeal the advice requirement for royal and ministerial decrees. The prospect was dropped, however, in response to the opposition's protest. In the end, the term limit for urgent advice was extended from 3 to 5 days and the advice itself was limited to a ruling on the empowered authority, the legal ground, and procedural requirements. The term limit for regular advices was extended up to one month.

On April 8th the Council of State annulled the decision to prolong the linguistic courtesy agreement, concluded in 1996. This agreement offered civil servants in the Brussels' region who need to be bilingual, a two year period to prove their ability. Brussels' Prime Minister de Donnée announced the agreement would still be prolonged, "because there was no other option".

Antwerp – Throughout the year the city of Antwerp was dogged by a series of scandals. First, the local police top was targeted for expensive travels abroad and the misuse of credit cards: chief of police Lamine and chief superintendent Van Beylen were suspended as a result. Then, the civil service came under attack. City secretary Nolf was apprehended on March 20th for passive corruption and forgery. A few days earlier he had resigned. In the end, the scandal extended to the entire bench of aldermen, after the Vlaams Blok accused aldermen Ann Coolsaet (VLD), Kathy Lindekens (SP.A) and Chantal Pauwels (Agalev) of misusing city

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credit cards for personal gain. Promises to reimburse controversial expenses were to no avail. On March 13th the bench of aldermen resigned. Mayor Detiège stayed on to preserve the continuity of office.

The objective to swiftly replace Detiège by Patrick Janssens was thwarted by the VLD's claim on the mayoralty. At first, the VLD's claim was not rejected, but when parliamentary party group leader in the Chamber Hugo Coveliers was put forward, the SP.A objected to a mayor who had not been a member of the city council. The stalemate that ensued was only resolved when Patrick Janssens was appointed mayor on March 31st. The VLD obtained the installment of a crisis manager and a stronger position for alderman charged with security Grootjans. Lindekens was replaced by Voorhamme and Coolsaet by Van Campenhout. All other aldermen resumed office, including Pauwels who was strongly criticised within her own green party.

Sabena – On January 29th the Chamber Committee charged with the investigation of Sabena's bankruptcy completed its report. The responsibility for this bankruptcy was attributed to SAirGroup, which hadn't met its financial commitments. But the Committee reproved Sabena for lacking a coherent business strategy for most of the 1975-2001 period. The alliances with British Airways/KLM in 1991, with Air France in 1994 and with Swissair in 2001 had all ended in utter failure. Further, the hub-and-spoke strategy for the airport had increased the general cost structure and decreased the revenue per passenger. The Committee recommended the creation of a central agency to manage public interests in commercial companies more actively. Any such company would have to submit an annual report to Parliament.

SAirGroup and Swissair were convicted by the commercial court of Brussels on November 20th for breach of contract. The Court rejected the government's claim for € 700 million worth of damages. It deemed that by communicating its precarious financial situation in 2000 Swissair had not acted in bad faith.

Arms Trade – In the aftermath of the Nepal crisis that had led to Minister Aelvoet's resignation, the coalition partners had reached an agreement to further limit arms trade on December 10th 2002. As a result, the EU code of conduct was integrated in federal law and extended the ban on arms trade to countries that enlisted children in the regular army. On behalf of the francophone parties, it was specified that social and economic repercussions in Belgium could be taken into account when assessing export licences.

Policy on drugs – The adoption in Parliament on March 27th concluded a long drawn-out conflict over a policy of tolerance for cannabis. Possession and use would remain an offence, but it would be registered rather than prosecuted provided the offence was committed by an adult and it did not cause public nuisance. The possessed amount should not exceed 3 grams. The greens' protests to relax the provision up to 5 grams, were to no avail.

Road Safety – On February 7th, the distinction between minor and major traffic offences was replaced by four types: ordinary and severe offences of the first, sec-

ond, and third degree. The legal minimum and maximum fines were increased by 10% and the maximum prison sentence up to 5 years, in case of a lethal accident. In response, the liberal senator Dedecker launched a campaign 'to re-entitle drivers to use the road' targeting the 'superfines'. He was forced to retract his words under heavy criticism.

Gay Marriage – In spite of the Council of State's negative advice, the Senate had adopted gay marriage on November 28th 2002. The Council of State estimated that this would corrupt the institution of marriage and that the different rights of gay and straight couples are justified if only by the fact that the latter are able to have children. Ministers Onkelinx and Aelvoet criticised this moralistic outburst. The Chamber adopted the bill on January 30th.

G. The Declaration to Revise the Constitution

In order to advance the elections, the coalition partners resorted to a declaration to revise the constitution: for this entails the dissolution of Parliament. On March 20th the cabinet agreed to consider revision of the articles that would allow for the reduction of the Senate to a paritary assembly of the regions and communities and to extend the Chamber membership to 200. Further, it was intended to grant the Brussels region constitutive autonomy and to revise the procedure for constitutional revision. In the Chamber francophone parties called for a majority requirement in every language group in order to revise the constitution. In the Senate, the assembly's reduction was the focus of debate. In the end, the cabinet had to remove the provision that second reading would take place in a special Chamber committee. It would also become possible to have concurrent elections for the federal and regional levels by extending the term to five years.

H. An Eventful End of Term

Parliament's last week contributed to the already tense relations among the coalition partners. On March 31st voting had to be postponed in two committees because of absenteeism. In the Finance Committee the liberals remained absent to oppose the introduction of a Tobin tax on speculation. In addition, the introduction of a compulsory declaration of property for MPs lapsed. Because Front National MP Féret would not agree to a deviation from the rules not to vote within three days after adoption in Committee, the vote in plenary session could not take place on April 4th, the final day of the term. A further delaying tactic to ask for the Council of State's advice on the genocide bill forced the Senate to reconvene on April 5th when it adopted the amended genocide bill. The Chamber's final session on April 8th was more eventful: the proceedings had to be ended when the majority failed to meet the quorum and the opposition left the room. As a result a number of bills lapsed.

The cabinet was similarly unable to complete its proceedings, when on April 4th the francophone socialist ministers refused to accept Van den Bossche's plan to reform the civil service. Party president Elio Di Rupo stated that the future government would have to roll back this Copernicus reform plan.

II. The May 18th Federal Elections and the Formation of Verhofstadt III¹

A. The Electoral Law and the Court of Arbitration's Brabant Decree

The May 18th federal elections were the first to be contested under the new electoral law, i.e. in province-wide districts and with a 5% threshold. For once, it was possible to be candidate for both the Chamber and the Senate. Furthermore, the number of men and women on the list had to be equal and only half of the votes at the head of the list would be used to determine which candidate on a list would be elected. In Brabant the constituencies of Leuven, Walloon Brabant and Brussels-Halle-Vilvoorde were preserved. Flemish candidates in Brussels would form a single list with Leuven, however. In the bilingual constituency of Brussels-Halle-Vilvoorde the seats would first be distributed over the language groups. For the Flemish parties, these seats were to be distributed according to the votes obtained in both the Brussels and Leuven constituencies. The threshold would be similarly applied. For the francophone parties, the distribution of seats would be limited to the Brussels constituency, although alliances between local parties in the Brussels and Walloon Brabant constituencies were possible.

On February 26th the Court of Arbitration, however, suspended the settlement for Brabant. It ruled the settlement unfavourable for the Leuven electorate, because the distribution of seats according to the electoral results could not guarantee it the seven seats it was constitutionally entitled to. The Court also suspended the 5% threshold. The coalition partners immediately agreed to contest the elections under the old rules in that case. The ruling did force the parties to adjust their lists of candidates. A further appeal by the smaller parties to suspend the electoral threshold in the other provinces as well was judged inadmissible on April 10th. The court's ruling encouraged the mayors of seven municipalities in the Halle-Vilvoorde constituency to urge the Flemish parties repeatedly to divide the bilingual constituency. After the elections the campaign gained momentum.

1. A few weeks before the May 18th elections, the Ecolo Ministers resigned from the cabinet after a dispute concerning the night flights over Brussels. As a result, the party composition of the Verhofstadt I government changed. In accordance to the coalition literature, the government without Ecolo is seen here as a new government and labelled 'Verhofstadt II' (May 5th-July 12th 2003). The government of liberals and socialists formed after the May 18th elections, is labelled 'Verhofstadt III'. See in this Yearbook: J. NOPPE, *De samenstelling van de Belgische regeringen in 2003 en 2004. La composition des gouvernements belges en 2003 et 2004*, pp. 344-347.

In a letter to the King 28 mayors of the constituency pleaded for its scission. In 2004 a number of municipalities would threaten not to organise the European elections for francophone parties.

On May 26th, the Court of Arbitration annulled the provisions it had suspended earlier. In its Brabant decree it called for the scission of the Brussels-Halle-Vilvoorde constituency. The Court urged the cabinet to introduce province-wide constituencies in Flemish Brabant and Walloon Brabant before the end of term. It specifically added that special provisions for the protection of the Flemish and francophone minorities were admissible. The Court further annulled the dual candidacy for the Chamber and Senate, denouncing this electoral deception. The results of the elections were not contested, however.

B. The Candidate Selection Process and the Electoral Campaign

The possibility of a dual candidacy for the Chamber and Senate, as well as the presence of nearly all members of the regional and community governments on the lists, awarded the slot of first successor an importance out of proportion. Quite a number of candidates would, thus, not take up the position – even if elected. In response to the Court of Arbitration's ruling the lists in Brabant had to be adjusted. While the francophone parties merely had to remove seven candidates, the Flemish parties had to present separate lists in Brussels and Leuven. Most notably, Minister Vandenbroucke would head the socialist list in Brussels. In several parties minor skirmishes occurred over the candidate selection process. The Flemish liberal party even suffered two defections: by former treasurer of the party Leo Goovaerts and MEP Ward Beysen. On February 7th the controversial Arab-European League led by Dyab Abou Jahjah and the left wing PVDA issued a statement that they would present a joint list 'Resist'.

Because the elections were advanced, the actual campaign would not start until April 10th, after which date the use of commercial billboards or gadgets was prohibited and expenditure limited. Before that date, most parties launched a pre-campaign. In an open letter to the citizens Prime Minister Verhofstadt lauded the past cabinet and presented 60 new policies. In response to the unions' criticism, he had to admit the budgetary situation would not allow for their realisation.

The confederal nature of the party system precluded a truly national campaign, rather there were two separate campaigns in Flanders and Wallonia. Pride of place was given to the personal campaigns of the heads of the list. No single issue dominated the campaign – except arguably for employment after it was leaked that unemployment rose over 400.000 for the first time since 2000. Michel urged Flemish electors not to support the Christian democrats to the detriment of the liberal party, for such a vote would support Di Rupo's bid to become Prime Minister. As a result of the night flights over Brussels debate, the reliability of the greens in government was repeatedly at the heart of the campaign. It was challenged by both the liberals and the Christian democrats. The Vlaams Blok at-

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tempted to shed its disadvantageous image to women, yet clung to the traditional themes of security, drugs, and immigration. In Wallonia, the campaigning centered on the liberals' bid to become the largest party.

One new development that caught everyone's eye, was the vote simulation broadcasted on public television. On the basis of 36 propositions, electors were advised which party was closest to them. Christian democratic party president De Clerck claimed the simulation had been tailor-made to suit the socialist cartel.

C. The Electoral Result

On May 18th nearly 7 million people, i.e. a turnout of 92%, partook in the elections. 86.279 of them were living abroad. Almost 5.3% of the ballots were blank or invalid. In Flanders, the liberal VLD remained the strongest party. The socialist cartel SP.A-Spirit unexpectedly supplanted the Christian democrats as the second party. In 1999 the socialists had polled a mere 15.70% in Flanders, in 2003 23.53%. The N-VA managed to obtain a single seat in West-Flanders, the one constituency where the party cleared the 5% threshold. In the whole of Flanders they polled 4.84%. In 1999 its predecessor the Volksunie had obtained 8.84% of the votes. The most striking result of the 2003 elections, however, was the landslide loss of the greens, who failed to secure a single of the nine seats they had won in 1999.

Table. The 2003 Elections of the Chamber of Representatives.

	Votes	%	+/-	Seats	+/-
VLD	1.009.223	15,36	+ 1,06	25	+ 2
SP.A-Spirit	979.750	14,91	-	23	-
CD&V	870.749	13,25	- 0,84	21	- 1
PS	855.992	13,02	+ 2,86	25	+ 6
Vlaams Blok	767.605	11,68	+ 1,81	18	+ 3
MR	748.952	11,40	+ 1,26	24	+ 6
CDH	359.660	5,47	- 0,40	8	- 2
N-VA	201.399	3,06	-	1	-
Ecolo	201.118	3,06	- 4,29	4	- 7
Agalev	162.205	2,47	- 4,52	-	- 9
FN	130.012	1,98	- 0,53	1	-

In Wallonia both the socialist and liberal coalition partners reinforced their positions. The PS obtained 36.40% of the votes, the MR 28.37%. The Christian democrats lost two seats. Here too, most striking was the beating the greens took, losing more than 10% of the votes in Wallonia and seven seats.

Due to the electoral threshold, the N-VA missed out on one seat in the Chamber and two in the Senate. Agalev would have obtained two seats in the Chamber and one in the Senate. This had severe financial consequences for the parties – losing their public funding. As a result, the Vlaams Blok won two representatives, the VLD two senators and one representative, the SP.A one senator. Nevertheless,

the Senate would still seat a single green senator, when Jacinta De Roeck accepted the SP.A's offer of a co-opted senatorship.

D. The Cabinet Formation

As is customary, the cabinet resigned the day after the elections. While the liberal parties urged for a swift formation, the socialist parties preferred an information round to determine common grounds and points of difference among the coalition partners. On May 21st Elio Di Rupo was appointed 'informateur'. After four days of consultations, Di Rupo reported that liberals and socialists were resolved to form a coalition. The main pitfall, he identified, was the difficulty to reconcile a balanced budget and an active social policy. He further claimed that since both parties were of similar size, an equal distribution of portfolios was only fair. In his final report on May 27th he called for a national conference on employment to create 62.000 new jobs each year. An additional € 5 billion was needed in health care. In the short term, public debt could be diminished by taking over the Belgacom pension funds.

On May 28th, Verhofstadt was appointed 'formateur'. Crucial to the 27 pages policy agreement draft was a selective tax reduction worth € 1.5 billion, that ought to result in 210.000 additional jobs. Health care expenditure would be allowed to increase at twice the growth rate of the economy, to a maximum of € 1.1 billion per year. For 2004 he accepted a balanced budget, rather than the planned surplus of 0.3% of GDP. The socialists' response was rather lukewarm.

The budgetary negotiations proved though going. PS president Di Rupo claimed that his party had won the elections and his voters should therefore be able to tell the difference. In response, Verhofstadt resorted to bilateral negotiations with party presidents. On June 30th the parties reached an agreement on a € 800 million tax reduction, a 4.5% annual growth rate for health care expenditure, an increase of the lowest incomes, and the assumption of the railroad debt. When Di Rupo failed to attend the negotiations on June 30th and July 1st commentators were quick to relate the incident to his quarrel with De Gucht the day before. Sources within the socialist party asserted he was absent merely for personal reasons.

Other plans included fiscal amnesty for capital repatriated from abroad. While there was consensus on the principle, the conditions needed fine-tuning. This fiscal amnesty was linked to a stricter policy on fiscal fraud. Disagreement on the night flights after a Brussels' Court of Appeal ruled in favour of the inhabitants of the northern rim, urging the government to spread night flights more evenly and other community issues prolonged the negotiations for days. The negotiations were further troubled by the genocide law, after a Brussels' Court admitted legal proceedings against the Israeli general Yaron, as well as Bush and Blair. As a result, a final agreement wasn't hammered out until July 8th. For 2004 the cabinet expected a growth rate of 1.8%, enabling a balanced budget. Only from 2007 on would it be possible to create a surplus. In addition to agreements made earlier,

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the excises on fuel oil were increased in an attempt to meet the Kyoto standard, the Copernicus reform of recruitment and assessment processes in the civil service was adjusted, and alternative opportunities for imprisonment were sought in old army premises or by means of electronic monitoring. The possibility of communal suffrage for immigrants was referred to Parliament. A forum of representatives from the federal, community and regional governments – as well as the party presidents – would address community issues. But controversial issues such as the scission of health care services or devolution of the railroads would not be tackled before the 2004 regional elections.

On July 10th the party conferences endorsed the agreement. In the socialist parties, the adoption was unanimous. In the liberal parties there was but a single crossvote. Verhofstadt's third cabinet was sworn in July 12th. In his declaration before Parliament, Verhofstadt emphasised economic policies, urging all involved not be paralysed by pessimism or fatalism now that the predicted economic recovery had failed to materialise. The Chamber invested the cabinet by a 96 versus 49 vote on July 16th.

III. Verhofstadt's Third Cabinet²

A. The Federal Government

As agreed during the formation negotiations, ministerial cabinets were reintroduced in the form of policy cells. These cells replaced the policy preparation cells established by the Copernicus reform in 2000. A minister's cell would comprise 24 staff members, a state secretary's half this number. These staff members are appointed by the minister without intervention of the civil service's recruitment agency. The staff carrying out the work is recruited from the competent government agency. Furthermore, a minister is aided by a political secretariat.

On September 25th State Secretary Tamsamani charged with labour organisation and well-being resigned. A month later revealed that she had lied about a degree in commercial science she had never completed. It, further, pointed out financial difficulties involving a number of bankruptcies which she had never been convicted for. Tamsamani was replaced by Kathleen Van Brempt.

State Secretary for Computerisation Peter Vanvelthoven was added to Vande Lanotte rather than to Van den Bossche as was decided earlier. Equal opportunities was added to Marie Arena's portfolio, after women's organisations criticised the lack of such a portfolio. In a similar vein, foreign affairs was added to State Secretary Simonet's portfolio of European Affairs to enable him to negotiate Belgium's bid for a seat in the UN Security Council in 2007-2008.

2. See note 1.

B. The Employment Conference and Social Policy

On September 19th the employment conference united the social partners and the federal and regional governments in order to reassess labour policies and create 200.000 additional employments by the end of term. By 2008 economic recovery would create another 160.000 jobs. A structural reduction of the employers' social contributions worth € 800 million was to come into effect in July. Verhofstadt hoped it could start six months early at half force. A political and social workshop was established to discuss five topics: a tax reduction for target groups, an employment bonus for the lowest wages, the reform of the system of service cheques, the coaching and monitoring of the unemployed, and businesses in the process of restructuring. In a joint statement, the social partners expressed their will to assume their responsibility and to cooperate in order to reduce unemployment.

On September 21st the Christian union ACV threatened to withdraw from the conference after it was leaked the union owned a number of bank accounts abroad. ACV chairman Cortebeeck replied that the accounts for strike funds were kept abroad for security reasons and that it did not concern undisclosed income. After a private meeting with Verhofstadt, the ACV rejoined the negotiations. The proceedings were further troubled when Ford of Europe announced the loss of 3.000 jobs in the company's plant in Genk. Verhofstadt proposed to decrease the contributions on overtime and shift labour. The unions rejected the former, however. The francophone socialist party refused to free the necessary funds for the latter.

On October 9th the federal and regional governments agreed to transfer the system of service cheques to the federal level. This should allow the creation of 25.000 jobs. The similar system of local employment agencies would die out. In the conclusions of the conference all were committed to make employment the top priority. The € 800 million tax reduction would consist of a reduction of the employers' contributions on the lowest wages, an increase of the structural reduction of contributions for all employees to € 400. In addition, the contributions on highest wages were lowered by 1.73% in 2004 and 6% from 2005 on. Further decreases of contributions were planned for part-time labour and the social-profit sector. The reduction of shift labour costs would be realised outside the conference. Outplacement would be reimbursed in the case of businesses in the process of restructuring. In addition, contributions by the employees and the new employers would be decreased under those conditions. Only youngsters up to 25 years were entitled to reductions for first time employment. Yet, the duration would no longer be limited to one year: they could enjoy the reduction up to their 26th birthday.

The total cost of the conference's plans was estimated at € 1 billion. It would create 60.000 jobs. Remarkably, an employment bonus for the lowest wages was dropped from the final agreement. The unions found the outcomes unsatisfactory. The francophone socialist union went as far as to deem the conference a failure.

Social Policy – On December 31st there were 419.913 unemployed entitled to an allowance, i.e. 7.9% more than in 2002. The increase was largest in Flanders.

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There, the unemployment rate was still lowest, however: 8.3% as compared to 18.2% in Wallonia and 21.2% in Brussels. The European Commission, as well as the OECD urged the government to discourage early retirement schemes in light of an employment rate among the population of 55 and older that was already considerably below the EU average.

For 2003-2004, the Central Economic Council estimated labour costs would increase by 0.9%, i.e. less than in France, Germany and the Netherlands. Agreements within the economic sectors respected the wage ceiling of 5.4% and passed on pay rises to 2004. In 2002 labour costs had increased by 8.3%.

In 2003 the deficit in health insurance amounted to € 41.8 million. As a result, and in spite of the doctors' unions' protests, Minister Demotte postponed the increase of franchises for house calls until 2004. Cutbacks in the 2004 budget were mainly aimed at the pharmaceutical industry. On January 16th doctors and health insurance services agreed on an increase of fees by 1.4% in 2004 and a further gradual increase in 2005. Doctors agreed to a more rational prescription behaviour in return.

C. The Budgetary and Fiscal Policy

Even before properly installed in Parliament, the cabinet proposed a number of urgent measures that were concluded during the formation negotiations. The law that was promulgated on August 5th increased excises on unleaded petrol and diesel. The increase would be staggered: until 2007 any decrease in price will be offset by a rise in excise for half the amount – up to a maximum of € 28 per year. In part, this increase is to be compensated by decreasing taxes on diesel-fueled automobiles and by halving (from 2006 lifting) the tax on the registration of vehicles. The law also increased the energy tax on unleaded petrol, diesel, domestic oil fuel and electricity. Only natural gas was exempted for environmental reasons. The tax on 'green' domestic fuel oil was later lowered by 25%. For budgetary reasons, the establishment of an agency for alimentation claims was postponed by one year until September 2004.

The 2004 Budget and the federal policy declaration – On September 3rd the Consultation Committee commenced the adjustment of the 2002-2007 Stability Program. To this purpose, six workshops were established: on the Stability Program, on the impact of the federal policy agreement on the community and regional budgets, on the regional division of efforts to meet the Kyoto agreement, on railroad investments, on the liberalisation of the electricity market, and on a number of financial conflicts between the federal and regional governments. Only after informal negotiations at the highest level an agreement was hammered out on September 19th.

The regions and communities promised to reduce their deficit in 2004 and 2005 by an extra € 163.3 million. To this end, they received € 75 million paid for by the

fiscal amnesty and € 88.3 million as a result of subsidies repaid by textile giant Beaulieu, the sale of and rent arrears on public property.

For the benefit of the Flemish municipalities that missed out on dividends as a result of the liberalisation of the energy provider market, a tax on the distribution of high voltage was introduced. In Wallonia and Brussels, where the liberalisation was not apparent, the main provider Elia was exempted from such a tax.

For the period 2004-2007 the regions will prefinance up to € 687 million of railroad investments. In Flanders priority was awarded to the Liefkenshoek tunnel and Zeebrugge harbour. In Wallonia the Brussels-Luxembourg line was to be modernised. Prefinancing the opening up of Zaventem airport was left to proprietor Biac. On October 2nd the minority shareholders of Belgacom decided to sell their participation. It was agreed 40% of the shares would be sold off on the stock market. The remainder was acquired by the government. Belgacom would further transfer its pension fund worth € 5 billion to the government. In exchange, pensions would be paid out by the government from 2004 on. The revenue would be unequally divided over the 2003 (€ 3.6 billion) and 2004 budgets (€ 1.4 billion). After months of stalemate, Eurostat precluded the division of the Belgacom revenues over two years in December. The entire amount was to be entered in the 2003 budget. To offset the repercussions for the 2004 budget a € 1 billion dotation to the railroads promised for 2004 was charged in 2003.

The 2004 budget estimated the revenues at € 43.52 billion, expenditure at € 44.76 billion. The deficit amounted to 0.4% of GDP. By relaxing the promised surplus of 0.3%, the once-only relieving tax declaration – also known as ‘fiscal amnesty’ –, and the Belgacom pension fund an additional € 3 billion scope for policymaking was created. The health care budget was increased by € 900 million, i.e. 4.5%. The announced reduction of social contributions by businesses would amount to € 400 million. The justice and police departments received additional means worth € 82 million and € 20 million respectively, as did the postal and railroad services. Defence had to cut € 8 million worth of expenses. In conclusion, the cabinet expected a balanced budget for 2004. For the first time since 1982 the rate of public debt would drop below the 100% threshold. In Parliament, Verhofstadt pointed out Belgium suffered a period of recession for the third year consecutively, resulting in the loss of 70.000 jobs. This meant the cabinet knew only one priority: employment.

In the following days, it was leaked the cabinet had decided to increase revenues from withholding taxes. The mean rate of the additional withholding tax on income was raised to 7%. The withholding tax was also made applicable to allowances for the disabled, for persons on paternal and maternal leave, and time credit. The allowances of victims of industrial accidents leading to a disability of 20% were no longer indexed.

The December 22nd Omnibus Bill – The omnibus bill implemented the conclusions of the Employment Conference. During its draft, Ministers Vandenbroucke and his predecessor on Employment Onkelinx collided over the issue of service cheques. Vandenbroucke welcomed the private sector's participation, while On-

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kelinx reserved participation for public enterprises. She also preferred to allow only long term employment. It would take extensive mediation by Prime Minister Verhofstadt in order to come to an agreement: the cheques would be applicable to the private and non-profit sector as well. The government would determine the employees' minimum duration of employment and minimum working hours. After three months employees would be hired indefinitely, employees receiving a supplementary allowance after six months. By cooperation agreement, the regions and communities could modify these stipulations.

Eco-Taxation – On June 24th the law gazette announced that the introduction of eco-taxation was postponed until January 1st as a result of the difficulties with the monitoring of wrappings. Minister Reynders intended the delay to allow more manufacturers to file for an exemption. The announcement was regularised by law after doubts arose about its constitutionality. On November 21st Verhofstadt unexpectedly called for a final adjustment in order to end ten years of uncertainty. The excise on water irrespective of the wrapping was removed, as well as the promised reduction on alcoholic beverages. The excise on lemonade was lowered to 5 cent. Disposable wrappings would be charged 10 cent. Exemptions would be determined at a later stage, after the health issues of recycled wrappings will have been settled.

D. The Once-Only Relieving Tax Declaration

During the formation negotiations, merely the principle of fiscal amnesty had been agreed upon. In a first draft, Minister Reynders proposed three tax rates: 3% in case of reinvestment for three years in risk capital, 6% in case of capital with a fixed interest, and 9% in all other cases. The francophone socialists preferred to preclude amnesty to illegal capital on which no corporate or income taxes had been paid. The Flemish socialists would limit amnesty to capital that has been deposited abroad for some years. On September 12th the cabinet agreed to two tax rates: 6% on capital reinvested for three years in the Belgian economy and 9% in all other cases. The banks would monitor capital from illegal origin to preserve confidentiality.

The Luxembourg bankers' association turned to the European Commission to contest the compulsory repatriation of capital. In its advice the Council of State voiced similar criticism: to limit amnesty to bank accounts in a foreign country arguably violated equality. Moreover, death duties and registration fees are a competence of the regions and communities. They are, thus, subject to a cooperation agreement. This agreement was concluded on November 5th and the cabinet amended its bill accordingly. The decision to extend amnesty to other forms of capital was left to Parliament, however.

On November 29th liberals and socialists agreed to extend amnesty to unregistered securities in Belgium or abroad. The tax rate would be 9% on securities that have been in one's possession prior to June 1st 2003. It was estimated that, as a

result, € 162 billion would be eligible for amnesty rather than the € 82 billion advanced by the National Bank. In exchange, the socialists obtained a supplementary tax of 6% when the conditions, e.g. the three year period, were not respected. Capital that was not declared, would be fined at a double tax rate. From 2007 no new unregistered securities could be issued.

In Parliament, the opposition parties referred the amended bill to the Council of State. In its advice the Council criticised that the lowered rate was applicable to unregistered securities and the fact that regularised capital that remained abroad would no longer be anonymous. To prevent further delay tactics the majority adopted the bill unamended. At the same time, the law on laundering money was adjusted to the EU directive. As a result, lawyers, insurance brokers, and diamond dealers were required to signal suspect transactions. Purchases exceeding € 15.000 were no longer payable in cash – with the exception of unregistered securities or in case of a private sale. The Christian democrats asserted they would contest the bill before the Court of Arbitration. The ensuing legal uncertainty made many question the success of the operation.

E. Policy on Asylum and Foreign Residents

In 2003 16.470 foreign residents applied for asylum, i.e. a reduction by more than 2.000 compared to 2002. 7.742 were returned to their country of origin, 2.820 returned voluntarily.

On June 19th Minister Vande Lanotte closed the asylum seekers' centres in Westende and Houthalen-Helchteren, after the court had ruled that the conversion of the recreational domains to asylum seekers' centres was not in accordance with town and country planning. Vande Lanotte would not appeal, claiming the need for new centres had diminished considering the decrease of applicants.

On July 24th one hundred Afghan refugees that found shelter in an Elsene church went on hunger strike protesting their eviction. They demanded a collective regularisation for 828 Afghan refugees. Minister Dewael deemed their action inadmissible in a democracy, but was willing to extend their residence permits at least until March 2004. Several attempts at mediation failed, until the francophone federal ombudsman persuaded the Afghans to end their action on August 14th. Most of them qualified for individual regularisation. In the margin of this conflict, the director of the Centre for Equal Opportunities and Opposition to Racism, Johan Leman resigned after Minister Dewael had called him unfit to mediate.

F. Policy on Justice and the Reform of the Police Forces

On its very first meeting, the cabinet repealed the genocide law, that had proved so divisive during the formation negotiations. Legal proceedings were inadmissible against foreign heads of state, cabinet leaders or other persons that enjoy immunity under international law. Only Belgians or persons that have been in

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Belgium for three years are entitled to press charges. The public prosecution may transfer the case to the international criminal court, to a court in the country of origin of the accused or to a court in the country where the crime has been perpetrated. Only when the accused is a Belgian national or resident is it possible to claim damages. As a result of the transitional arrangement, only three cases remained concerning facts that occurred in Guatemala, Rwanda and Chad. The proceedings against Sharon, Bush, and Franks were finally deemed inadmissible on September 23rd and 24th.

On October 17th the working group investigating the judicial backlog in Brussels presented its report to Minister Onkelinx. Most of its twelve recommendations were committed to law, including a prolongation of the supplementary judges' term to six years, the increase of the maximum proportion of senior officials and public prosecution jurists compared to all magistrates in the district to 35%, and a number of measures to simplify the judicial organisation.

The December 22nd omnibus bill included further measures on justice. It introduced a cost-free primary legal aid. Up to then, such primary legal aid costed € 12.39. Furthermore, the maximum income entitled to a cost reduction of legal aid was increased by 13%. Following the Cools trial the procedure to repudiate a judge was tightened in order to prevent misuse. An application must include the reasons and be signed by a lawyer with more than ten years of experience.

Parts of the law on police personnel were annulled by the Court of Arbitration on July 22nd. The court shared the view of members of the former judicial police that it was inadmissible that they were denied an additional allowance granted to members of the gendarmerie and that their inspectors had been given a lower rank in the unified police forces.

G. Policy on Mobility

Railways – On June 5th Karel Vinck, director of Belgian Railways, launched *Move*, the business plan for 2003-2007. It decreased the investments planned by € 1.3 billion, postponing the connection of Antwerp to Zaventem airport and a second access to Antwerp harbour in the process. The federal government would assume the 'historical' debt of € 7.2 billion and 10.000 employees would be released by 2007. The trade unions, as well as the Flemish government, disapproved. On September 22nd the Consultation Committee included the possibility of pre-financing major projects by the regions and agreed that as a first step 4.500 would be made redundant by 2005.

Night Flights over Zaventem – In accordance with the formation talks, some of the noisiest flights were redirected over the eastern rim from July 27th. The eastern rim, thus, on average suffered 10.4 flights per night, the northern rim 8.4 and Brussels 3.2. A task force, Brussels Airport Noise Reduction and Redistribution (BRUNORR), was established to draft a more balanced distribution of flights over Zaventem. On September 26th BRUNORR presented a plan in stages, that was

endorsed by Eurocontrol. In the short term, the three runways would be used more equally. In the medium term, additional eastern and western routes would be brought into use from January 2004. In the long term, new investments would allow the construction of an additional taxiway and the extension of existing runways. Minister Anciaux pointed out that this would mean a reduction in noise pollution for the most afflicted areas in Diegem-Haren, Erps-Kwerps and Steenokkerzeel. Relatively spared areas in Zaventem, Perk, Sterrebeek, and Wezembeek-Oppem would have to shoulder their share of the burden.

On October 2nd the Brussels regional government stated not to consider the new plan, until the noise measurements were completed. The action group of local residents, Daedalus, instituted legal proceedings to wrest compliance from the federal government with the Court of Appeal's June 10th ruling. The Court ordered € 50.000 damages to be paid per day of non-compliance. As a result, the cabinet slightly altered the proposed plan into scenario A31. After lengthy negotiations, the cabinet endorsed this scenario – though slightly amended to suit Biac and Belgocontrol – on December 3rd. Flights from runway 25R would fan out more early in northern and eastern direction. Also the route over the Brussels city centre was reintroduced, after it had been dropped in 2001. Further arrangements were made concerning the establishment of a noise register, that both franco-phone liberals and socialists required. The agreement would be reassessed in a year's time.

The Brussels regional government replied that it would adopt the criteria of the World Health Organisation. This would preclude any night flights, according to Biac. Four airlines including DHL and SN Brussels Airlines pointed out in a letter that as a result of the plan costs, as well as air and noise pollution would increase due to a slower ascent and tail winds. This would also increase safety hazards. The objections would be considered in consultation with Biac, Belgocontrol, the pilots, and airlines. On December 19th the Council of State annulled the December 3rd agreement. No new plans were proposed before the end of the year.

In the mean time, DHL had announced its commitment to expand its activities, creating 1.000 jobs. At some point Verhofstadt suggested the construction of a second national airport. Biac called the suggestion absurd. In a study, it estimated Zaventem the most viable location for DHL's expansion, for the annual maximum of 25.000 night flights would not be surpassed. The Chièvres airbase near Charleroi was a possible alternative. Bierset or Ostend were not. The cabinet planned a decision by the end of January 2004.

H. Foreign and Defence Policy

Congo and Central Africa – In January Foreign Minister Michel had visited Congo, Angola, Burundi, Rwanda, Uganda and South-Africa. With his visit he had hoped to lend support to the 2002 Pretoria agreement on a transitional government for Congo. Later Defence Minister Flahaut had offered to resume military cooperation with Congo. Belgium would assist in the creation of a new armed

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force, integrating the former rebels. Early 2004 Belgium sent 300 servicemen to this effect. In October Ministers Michel and Verwilghen promised to double development aid by the end of 2004, up to € 80 million.

On May 22nd Verhofstadt agreed to the UN's call for an intervention force in the troubled Ituri region in eastern Congo. After the death of ten paratroopers in Rwanda in 1994 a parliamentary committee had urged never to deploy troops in former colonies again. In 2003 Belgium also participated in ISAF, the multinational armed force in Afghanistan.

On December 7th the government decided to cancel development aid programs in Burkina Faso, Ethiopia, Bangladesh, Cambodia, Ivory Coast, Laos and the SADC. Instead, programs would focus on the Central Africa region in the future.

Defence – The modernisation plans for the Belgian armed forces were implemented on the double. This plan concluded in 2000 originally reduced army personnel from 44.500 to 39.500 by 2015. This reduction would have to be achieved by the end of 2007. By 2015 a further reduction to 35.000 was announced. In return, the land forces would be restructured to increase combat deployability from 40% to 68%. Investments would need to be increased from € 5.700 per serviceman to € 10.100 in 2008 and € 15.100 in 2015. Cutbacks would strike F16 fighter planes, Leopard tanks, and a mine sweeper and frigate.

When deliberating important military acquisitions, the government would resume the practice of demanding economic compensations. Discontinuation of the practice was estimated to have cost 4.500 jobs in the 2000-2003 period. The PS especially argued in favour of economic compensations.

1. Municipal Suffrage for Immigrants

During the formation talks the divisive issue of suffrage for immigrants had been referred to Parliament. Of the coalition partners only the Flemish liberals opposed its introduction. The bills that the other partners tabled to this effect, diverged considerably, however. The francophone socialist proposal including municipal and provincial suffrage for non-EU residents that have lived in Belgium for five years, was the debate's point of departure. The coalition partners – minus VLD – quickly agreed to accept the francophone liberals' amendments that limited the enfranchisement in a number of ways: first, only registered immigrants were enfranchised. Second, they were enfranchised for the municipal elections alone and third, only after signing a declaration to abide by the constitution. Fourth, they would be entitled to vote but not be eligible. VLD demanded the transfer of the competence to the regions, when in Flanders no majority support for the bill would be forthcoming. Alternative proposals were to submit the issue to a referendum or to invoke the suspensory alarm procedure. Vlaams Blok campaigned lavishly against the prospect. The socialist parties, on the other hand, wanted to proceed quickly to prevent the issue from overshadowing the election campaign.

On October 23rd, the Council of State ruled that to extend provincial suffrage to immigrants violated the constitution. Thereby, it supported the MR amendment. In the Senate, VLD and Vlaams Blok resorted to filibustering, reading out a travel guide to Thailand. The pantomime was heavily criticised in the press, ensuring that the performance would not be repeated in the Chamber. On December 11th the Senate adopted the amended bill, after the Council of State was called in twice for advice. The Council offered no objections. Nevertheless, VLD president De Gucht announced he would appeal to the Court of Arbitration to annul the bill. That immigrants would be exempted from compulsory voting constituted a violation of equality, in his opinion. Moreover, Parliament was not free to offer its opinion on the issue as a result of party discipline. In the end, two VLD members would support the introduction of municipal suffrage for immigrants. The Chamber would start its reading only after the Christmas recess.

J. Other Events and Developments

The Royal Family – On July 20th and 21st Brussels celebrated the tenth anniversary of Albert II's accession to the throne under the name *Is dit Belgisch? C'est du belge!*. On April 12th Prince Laurent married Claire Coombs in the Cathedral of Saints Michael and Gudula. The service was conducted by the French priest Guy Gilbert. A few days later Princess Laetitia Maria, fifth child of Laurent's sister Princess Astrid and Prince Lorenz was born. And on August 20th Crown Prince Filip and Princess Mathilde welcomed their second child, Prince Gabriel.

Arms Export – In accordance with the formation talks the arms export was transferred to the regions on July 22nd. The issue had deeply divided Verhofstadt's first cabinet on the occasion of an arms deal with Nepal in 2002. The regions would be entitled to grant licenses to import or export arms, ammunition, and technologies for dual use – with the exemption of army purchases. The regions would have to abide by the EU code of conduct. In 2002 a mere eleven demands had been rejected in Wallonia and one in Flanders, while the total export amounted to more than € 1.3 billion.

The Francorchamps Bill – On June 25th the community divisive issue of the ban on tobacco advertising resurfaced unexpectedly, after the FIA had provisionally scheduled a F1 race in Francorchamps. All francophone parties demanded a temporary exemption for this occasion. In 2002 a similar proposal had been adopted by the Senate, but rejected by the Chamber. This time, it was adopted by both chambers. The Flemish socialists supported the bill in the Chamber, after opposing it in the Senate. Parliamentary party group leader Van Weert claimed it was a mistake. The bill also established a fund to fight the use of tobacco.

The War on Terrorism – On December 19th two conclusions of the European Council adopted in the wake of the 9/11 attacks were committed to law. The first made it possible to turn over suspects to a foreign country on the basis of a Euro-

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pean warrant of arrest, thus circumventing the lengthy procedure of extradition. The second introduced terrorist felonies to the criminal code: it provided for more severe punishment, most notably for financial aid to a terrorist organisation. The law was made applicable to any Belgian national or person resident in Belgium wherever the crime is perpetrated, as well as to terrorist felonies against Belgian nationals or EU institutions in Belgium.

The Cools Trial – PS mandarin André Cools was murdered in 1991. After 12 years the trial of the alleged commissioners of the murder, former members of the ministerial cabinet Van der Biest, commenced on October 17th in Liège. Van der Biest himself had committed suicide in 2002. The trial got off to a tumultuous start. First, the illness of key suspect Di Mauro caused a delay of a few days. Second, chairman Godin was taken off the case after he spoke slightly of the defence lawyers. And, finally, Todarello, one of three suspects who made default, appeared in court causing a further delay. An attempt to challenge the new chairman Lambrecht was stillborn. To prevent similar gimmicks in the future the procedure was altered in Parliament (III.F.).

Other Trials – The Brussels Court of Appeal exonerated Carla Galle, former SP secretary general, in the Agusta-Dassault bribery. The Court estimated the offence became prescribed in June 2001. Lampaert was similarly exonerated by the Court of Cassation for his involvement in the acquisition of 100.000 shells in 1985. The offence had become prescribed in 1995. Former Minister Delcroix, however, was convicted on October 23rd for forgery in the 'environmental box' dossier. He received a ten months suspended sentence and a fine of € 7.500. In 1991 Plasco-bel, the company that was hired to produce the environmental boxes, had made an illegal donation of € 76.000 to Delcroix' Christian democratic party.

On September 30th 18 persons linked to Al Qaeda were convicted to sentences up to 10 years. A first network had attempted to bomb the military airbase in Kleine-Brogel. A second network supported the persons responsible for the murder of Afghan opposition leader Massoud in 2001.

IV. Events and Developments in the Political Parties

CD&V – After the electoral defeat, the position of party president De Clerck faltered. At first he called for a continued rejuvenation of the party personnel, for more radical policies tailor-made to fit specific target groups. Yet, after a number of local party groups had increased the pressure, De Clerck resigned on May 23rd.

On June 28th Yves Leterme was elected as his successor by 93.1% of the votes. More than 22% of the members participated in the election. He was the sole candidate, after the party leadership persuaded parliamentary party group leader in the Chamber, De Crem not to stand.

A recurrent problem for the party leadership was the attitude towards the Vlaams Blok. A number of party officials, including De Crem, regretted the 'cordon sanitaire' that precluded any cooperation with the radical right. Leterme specified that a coalition with the Vlaams Blok was unthinkable, but that proposals would be judged on their merits and that he was willing to engage in debate with the Blok electorate.

Agalev – Following the dramatic electoral defeat on May 18th, political and party secretaries, Jos Geysels and Luc Lemiengre resigned. As a result of its defeat, the party lost its federal subsidies worth € 2 million. All 84 employees were laid off, only a handful were rehired later on.

This also jeopardised Agalev's participation in the Flemish government. After a 72 hour "cooling down", the party remained in office, but replaced ministers Vogels and Dua. The defeat also raised questions about a viable strategy for the 2004 elections. Especially after Jacinta De Roeck was co-opted as a senator by the socialist party, the option to form a cartel with the SP.A would continue to be a hot topic up to the 2004 elections on June 13th.

On June 21st Dirk Holemans and Johan Hamels were elected to succeed Geysels and Lemiengre. The choice proved unsatisfactory, however, and following a number of weak performances on TV and a disastrous poll, Holemans resigned on November 12th. The party conference, a few days later, committed the party to a radical new project, altering the party name to 'Groen!' in the process. Vera Dua succeeded Holemans as political secretary of the party. The option of a cartel was forcefully rejected. A number of former members of parliament and local party groups, especially in Limburg reacted disappointed. For instance, De Roeck resigned from the party to become an independent senator.

N-VA – The introduction of an electoral threshold also posed the N-VA problems. In spite of obtaining only a single seat in the 2003 elections, the option to form a cartel was rejected at first. As a result of the loss of federal subsidies, more than half of the employees had to be laid off. Yet, on June 21st the party leadership changed its position and started exploring the option of a cartel with VLD or CD&V. Exploratory talks with the liberal party broke off after a few weeks. Following protests from a number of local party groups, the cartel with CD&V was rejected on September 1st. CD&V reacted surprised. Leterme deemed internal differences of opinion within N-VA to be the cause. Early 2004 the Chamber would adopt a bill offering N-VA and any party obtaining a seat in either the Chamber or the Senate (retroactively) federal subsidies. Some claimed this to be the cause of the failure of a cartel. In spite of this, informal contacts with CD&V continued and would lead to a cartel early 2004.

VLD – In the liberal party, dissension was concentrated on the issue of rejuvenation. The replacement of Jaak Gabriëls by Marino Keulen and Patricia Ceysens in the Flemish government caused displeasure among the quinquagenaries. Denys reacted disappointed. Coveliers openly criticised the coalition agreement and the

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party leadership. Arguably as a result, he was replaced as parliamentary party group leader in the Senate. A reconciliation held off until spring 2004.

For the 2004 elections, VLD agreed to form a cartel with Vivant. The latter had also opened negotiations with the SP.A, but had received insufficient guarantees of eligible slots on the lists.

SP.A – Following his appointment as mayor of Antwerp, Patrick Janssens resigned from the presidency of the party. On March 29th Steve Stevaert was elected his successor by 97.6% of the votes. He was the sole candidate. In an attempt to strengthen local party branches in Brussels and Mechelen, Pascal Smet replaced Robert Delathouwer in the Brussels regional government and party vice-president Caroline Gennez moved from Sint-Truiden to Mechelen.

Vlaams Blok – On February 26th the Brussels Court of Appeal confirmed the correctional court's ruling that it was incompetent to investigate Vlaams Blok's alleged violation(s) of the law on racism. The offence was deemed political and subject to an Assize Court. This verdict was annulled by the Court of Cassation on November 18th and transferred to the Court in Ghent that would convict the Vlaams Blok in 2004.

In the Chamber the Blok vehemently opposed a proposal to suspend a party's funding for three months in case of violation of human rights. Such a complaint would have to be signed by one third of the members of the control committee. In its opposition, Vlaams Blok was openly supported by CD&V and N-VA. VLD's enthusiasm for the bill was only lukewarm. Subsequent amendments by the coalition parties limited the scope of the bill considerably and after the Council of State objected to the retroactive nature of the bill, consideration of the bill would continue well into the new year.

Francophone Parties – In the aftermath of the electoral defeat, Ecolo's federal secretariat was replaced. On July 6th Javaux, Huytebroeck and Brouir were elected as successors by 60.8% of the votes. Unlike Agalev, Ecolo left its members of the regional and community governments in place. Only Deleuze announced his farewell to politics on May 24th.

On May 27th Duquesne was elected president of the MR by 94.3% of the votes in succession of Ducarme who became prime minister of the Brussels regional government. His predecessor de Donnée became a member of parliament. Ducarme also replaced Miller as Minister of Arts and Audiovisual Media in the French community government. In March, Olivier Maingain had been re-elected president of the FDF, one of the MR cartel partners, by 90.6% of the votes.

On September 27th Elio Di Rupo was re-elected president of the PS by 93.8% of the votes. About a third of the members had participated in the elections, in which he was the sole candidate.

A few days earlier, on September 15th, Joëlle Milquet had been re-elected as president of the CDH by 62.6%. She had to fend off three other candidates.