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I. General

The year 2002 saw a continued worldwide economic downturn and depressed growth with the consequent reduction in investment, capital development, and international business transactions. Progress and developments occurred in different spheres.

II. European Union

A. Launch of the Euro

One of the most significant developments facilitating European integration occurred on January 1, 2002, with the much-anticipated adoption of the euro as the single currency of twelve of the fifteen European Union (EU) Member States.[1] Only Denmark, Sweden, and the United Kingdom decided to forgo participation, although the Danish krone did become linked to the euro through Denmark's participation in the EU Exchange Rate Mechanism.[2] At the initial stages of the currency's introduction, the exchange rate of the euro was approximately 15 percent under that of the U.S. dollar. At year-end 2002, the exchange rate relationship between the two currencies was reversed.

B. EU Expansion and Development

Of further significance was the unprecedented expansion of the membership and reach of the EU, encompassing the diverse populations and cultures of most of Europe. On December 12, 2002, in the largest expansion in its history, the EU announced the addition

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1. The twelve Member States participating in the euro are Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, and Finland. *See, e.g.*, European Union, *Participating member states*, *at* http://www.europa.eu.int/euro/html (last visited Mar. 29, 2003).

2. Denmark is a participating member of the Exchange-Rate Mechanism II (ERM II), linking the Danish krone to the euro, although the exchange rate is not fixed. European Union, *Agreement on the New Exchange-Rate Mechanism (ERM II)*, *at* http://www.europa.eu.int/scadplus/leg/en/s01030.htm (last visited Mar. 29, 2003).

of ten nations into its ranks. The new Member States, representing most of the less economically developed former Soviet-bloc countries, include Poland, the Czech Republic, Hungary, Slovakia, Lithuania, Latvia, Estonia, the Republic of Slovenia, Cyprus,[3] and Malta. These nations are scheduled to formally join in May 2004, in time to participate in the European Parliamentary elections of 2004.[4] By granting these states entry, the EU acknowledges that they have met the criteria for accession. These criteria include heightened levels of commitment to civil and human rights, and environmental, financial,[5] and anti-corrupt practice standards.[6] The inclusion of these states will increase the EU membership population by seventy-five million, to 450 million people with a reported combined economy of nine trillion dollars, almost equivalent to that of the United States.[7]

In October 2002, the EU Commission made recommendations, adopted by the EU leadership, to move Bulgaria and Romania further toward full accession status, with membership currently scheduled for 2007.[8] To assist in this process, measures of increased financial assistance,[9] additional observer status, participatory inclusions in EU committees and agencies, and closer monitoring of status thresholds are to be instituted.[10]

3. Only the internationally recognized Greek side of Cyprus has been invited to join. The northern Turkish side can join at a later time if criteria are met including an agreement to end the twenty-eight-year-old dispute dividing the island. *See, e.g.*, Press Release, European Commission, Commission in favour of donor conference to support UN plan on Cyprus (Jan. 23, 2003), *at* http://europa.eu.int/rapid/start/ (last visited Mar. 29, 2003); The European Commission Representation in Ireland, *Increasing support for accession in candidate countries—Very large majority in favour of accession in Northern Cyprus* (Nov. 18, 2002), *at* http://euireland.ie/news/enlargement/1102/candidatesupport.htm.

4. *See* European Commission, *Enlargement-Introduction*, *at* http://europa.eu.int/comm/enlargement/enlargement.htm (last visited Feb. 17, 2003) [hereinafter *Enlargement-Introduction*].

5. The European Union, through its bank, The European Investment Bank, and other initiatives, has provided enormous financial support to the pre-accession countries to bring their economies to acceptable levels for full integration. Enormous efforts have been undertaken to encourage entry as scheduled in 2004. The main financial programs are the Phare program for institution building and financing of investment projects, with an endowment of EUR 1040 million annually, the IPSA (pre-accession structural instrument) program for infrastructure investments in the environment and transportation sectors, with a budget of EUR 1,040 million annually, and the SAPARD program for investments in the agricultural sector, with an annual budget of EUR 520 million. *See* European Commission Delegation to Lithuania, *Introduction to Phare, ISPA and SAPARD*, *at* http://www.eudel.lt/en/eu_assistance/ (last visited Feb. 14, 2003).

6. *See, e.g.*, *Enlargement-Introduction*, *supra* note 4.

> These countries . . . have been preparing for membership for more than a decade. In order to join the Union, they need to fulfill the economic and political conditions known as the 'Copenhagen criteria,' according to which a prospective member must: be a stable democracy, respecting human rights, the rule of law, and the protection of minorities; have a functioning market economy; adopt the common rules, standards and policies that make up the body of EU law.

Id.

7. *See* Opinion, Editorial, *Defining a European Identity*, THE HINDU, Dec. 20, 2002, *available at* http://www.hinduonnet.com/thehindu/2002/12/20 (last visited Mar. 29, 2003); Rockwell Schnabel, Speech before the Los Angeles World Affairs Council (July 25, 2002), *at* http://www.lawac.org (last visited Mar. 29, 2003).

8. *See* Press Release, European Commission, Commission proposes roadmaps to help Bulgaria and Romania on their way to EU membership (Nov. 13, 2002), *at* http://europa.eu.int/rapid/start (last visited Mar. 29, 2003) [hereinafter Commission proposes roadmaps]; Towards the Enlarged Union: Strategy Paper and Report of the European Commission on the Progress Towards Accession by Each of the Candidate Countries, COM(02)700 final.

9. An increase in financial assistance of an additional 20 percent in 2004, 30 percent in 2005, and 40 percent in 2006, from that provided to Bulgaria and Romania since the first round of pre-accession activities. Commission proposes roadmaps, *supra* note 8.

10. *Id.*

C. Delay of Turkey's Membership

Of the thirteen states included in the enlargement process which commenced in March 1998,[11] only Turkey has failed to meet the pre-accession criteria to move forward in the process. In December 2002, the fifteen Member States rejected Turkey's attempts to finalize a date for the start of negotiations regarding its admission into the membership.[12] Turkey, with the active support of the United States, sought a firm commitment for negotiations to commence prior to the formal inclusion of the ten new Member States. Turkey's application was met with a great deal of controversy over whether Europe should allow the country, with a population of seventy million, the majority of which is Muslim, to join its ranks. If successful, Turkey would be the first Muslim majority country to join the EU. The general consensus was that further developments in terms of democracy and human rights would have to occur to ensure a firm timetable for negotiation.[13] Upon expression of deep disappointment from Turkey's new government, the EU leadership agreed to set a meeting date of December 2004, to consider if a sufficient threshold had been met.[14] However, no firm date for the start of negotiations was announced. Thus, twenty-five, instead of the current fifteen, Member States will have to reach consensus on the issue. Despite these delays, the EU remains committed to Turkey's pre-accession development through continued financial and programmatic support.[15]

In December 2002, the first round of negotiations between the EU and Iran was held on topics including trade, political dialog, economic cooperation and agreements, and cooperation against terrorism.[16] The negotiations reportedly took place in a friendly environment with frank and open discussion.[17] Further negotiations are scheduled for spring 2003.[18]

D. The EU: An Unprecedented Union

The EU seeks to enhance its global preeminence through the adoption of a single currency, scheduled mass expansion, development of regimes of economic trade and labor

11. *See, e.g.*, European Commission, *EU Enlargement-A Historic Opportunity*, *at* http://europa.eu.int/comm/enlargement/intro/index_en.htm (last visited Mar. 29, 2003).

12. *See* Council Decision of 17 December 2001 concerning the conclusion of a Framework Agreement between the European Community and the Republic of Turkey on the general principles for the participation of the Republic of Turkey in Community programmes, 2002/179/EC, 2002 O.J. (L 061) 27–28.

13. *E.g.*, *A new impetus to the enlargement process with Turkey*, *at* http://sskt.nu/9%20okt%20EU.htm (last visited Feb. 17, 2003); Press Release, European Commission, Towards the Enlarged Union—Commission recommends conclusion of negotiations with ten candidate countries (Oct. 9, 2002), *at* http://www.europa.eu.int/rapid/start (last visited Feb. 17, 2003).

14. *See* 2002 Regular Report on Turkey's Progress Toward Accession, COM(02)700 final; *See generally* Ministry of Foreign Affairs, *Turkey-EU Relations*, *at* http://www.mfa.gov.tr/grupa/ad/adc/default.htm (last visited Feb. 18, 2003); Press Release, Statement by the Ministry of Foreign Affairs of Turkey Regarding the European Commission's Regular Report 2002 on Turkey's Progress Towards Accession (unofficial translation), *at* http://www.byegm.gov.tr.

15. *See, e.g.*, Press Release, European Commission, Turkey: Commission approves EUR 75 million payment under Structural Adjustment Facility (Dec. 19, 2002), *at* http://europa.eu.int/rapid/start (last visited Feb. 17, 2003); Press Release, European Commission, Turkey: Commission approves EUR 126 million programme for Turkey (Dec. 19, 2002), *at* http://europa.eu.int/rapid/start (last visited Feb. 17, 2002).

16. Press Release, European Commission, EU-Presidency and Commission Joint Press Release on the opening of the negotiations with Iran (Dec. 12, 2002), *at* http://europa.eu.int/comm/external_relations/iran/news (last visited Mar. 29, 2003).

17. *Id.*

18. *Id.*

integration, and extensive financial and programmatic support. The plan includes support for the pre-accession countries through a wide range of financial initiatives under the auspices of the European Investment Bank, the central bank of the EU, and other individual, national, and regional undertakings. Despite making great strides in the economic sphere, the world's largest trading partner, the EU, remains at the early stages in its attempts to achieve greater foreign policy and defense-related influence and cohesiveness, as well as greater unity in international security and peacekeeping endeavors.[19] Its agenda, which includes plans to draft a constitution, does not include plans to create a European army.[20]

III. Anti-Corrupt Practices and Transparency

A. OECD and Other Anti-Corrupt Initiatives

Anti-corrupt practices and transparency remain a focus of the major international public and financial institutions and most multilateral, bilateral, and government entities. Despite this focus, the pervasive nature and the vast incentives, both perceived and real, to retain these engrained practices have slowed the advances toward their reduction. Nonetheless, progress continues.

While enactment of the ratification and implementation legislation by all of the signatory states of the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions has been essentially fully achieved,[21] as reported last year,[22] most Member States had committed to ratification and implementing legislation prior to year-end 2001.[23] It was hoped that further progress in certain areas would be achieved in 2002. Among the problems to be addressed by future steps are instances of bribery by foreign subsidiaries, bribery of foreign political party officials, enactment of increased transparency, and development of improved accounting methods, audit procedures, and financial controls.[24]

The OECD made progress during the year by securing commitments from various nations to encourage the exchange of information that would abrogate corrupt practices, including tax evasion. The OECD has compiled lists of cooperating jurisdictions, and jurisdictions, which by its determination have failed to commit themselves to transparency

19. *E.g.*, The European Commission's Delegation to Australia and New Zealand, The European Union in a changing world, *at* http://www.ecdel.org.au/eu_global_player/1.html (last visited Mar. 29, 2003); The European Commission's Delegation to Australia and New Zealand, Trade: Removing Barriers, Spreading Growth, *at* http://www.ecdel.org.au/eu_global_player/4.htm (last visited Mar. 29, 2003) [hereinafter Trade: Removing Barriers].

20. Trade: Removing Barriers, *supra* note 19.

21. In February and June 2002, the United Kingdom and Brazil adopted implementing legislation. At year-end 2002, while Slovenia has established bribery as a punishable offence, it is expected that an anti-corruption law (modifying the Penal Code and the Prevention of Corruption Law) will be enacted shortly, placing Slovenia in full compliance with the Convention. *See, e.g.*, Ratification Status as of 10 October 2002, *at* http://www.oecd.org/pdf/M00017000/M00017037.pdf (last visited Mar. 29, 2003); *see generally* Open Society Institute, *Monitoring the EU Accession Process: Corruption and Anti-corruption Policy*, *at* http://ftp.osi.hu/euaccession/2002_c_04_overview.pdf (last visited Feb. 17, 2003).

22. Bonnie H. Weinstein, *International Investment, Development, and Privatization*, 36 Int'l Law. 355, 360 (2002).

23. *Id.* at 358.

24. *Id.* at 359–60.

and are in essence acting as "uncooperative tax havens."[25] These latter jurisdictions include: Andorra, The Principality of Liechtenstein, Liberia, The Principality of Monaco, The Republic of the Marshall Islands, The Republic of Nauru, and The Republic of Vanalu. Through various peer pressure and monitoring mechanisms, the OECD continues to strive for compliance.

B. Swiss Insistence on Bank Secrecy Threatens to Derail EU Accord

Approval for the EU's accord for international cooperation in the identification and prosecution of tax evaders, scheduled to go into effect on January 1, 2003,[26] reached an impasse in December 2002. Two EU Member States, Austria and Luxembourg, refused to agree to participate in the accord, citing the failure to obtain Swiss compliance. The purpose of the agreement is to insure tax collection of the many millions of dollars lost from tax evading residents of EU Member States, who maintain accounts in countries with strong secrecy requirements. Switzerland, despite intense pressure from the EU, including the threat of severe retaliatory measures,[27] was adamant in its refusal to loosen the strict enforcement of its centuries old bank secrecy and non-disclosure laws.[28] Austria and Luxembourg were highly resistant to abrogation of their secrecy requirements, citing harm to their competing banking industries, a sentiment shared by the United Kingdom. After intense negotiation, a compromise accord was reached, which went into effect January 1, 2003.[29] Twelve of the EU countries agreed to exchange information on the bank accounts of non-residents in their respective countries. Austria, Belgium, and Luxembourg decided to forego participation in the accord until countries such as Switzerland and the United States were in compliance.[30] Instead, they will levy a withholding tax on non-resident savings on an escalating annual basis. The tax rate will be 15 percent by 2004, and will reach a cap of 35 percent by 2010, with 75 percent of the revenues going to the country of origin.[31]

25. Gabriel Makhlouf, *The OECD List of Unco-operative Tax Havens – A statement by the Chair of the OECD Committee on Fiscal Affairs* (Apr. 18, 2002), *at* http://www.oecd.org (last visited Mar. 29, 2003).

26. Initial agreement was reached on the accord in 2000. *See* Europa, *at* http://europa.eu.int; *see generally* OECD, *OECD Releases Model Agreement on Exchange of Information in Tax Matters* (Apr. 18, 2002), *at* http://www.oecd.org (last visited Feb. 17, 2003).

27. The issue between the European Union and Switzerland has been highly contentious. Europeans have threatened sanctions and retaliatory measures for Swiss non-compliance, including restrictions on capital movements by Swiss investors and corporate entities. *See, e.g.*, Jonathan Fowler, Associated Press, *Swiss Bank Chief Argues Against EU Tax*, Dec. 4, 2002, *at* http://quickstart.clari.net/qs_se/webnews/wed/cy/Aswitzerland-tax-tussle.RCpT_CD4.html; Alison Langley, *Swiss Won't Yield on Secrecy, Stalling Bank Plan*, N.Y. Times, Dec. 4, 2002, at W1; Ambrose Evans-Pritchard, *EU attacks Swiss over bank reform*, Oct. 9, 2002, *at* http://www.telegraph.co.uk (last visited Mar. 29, 2003).

28. Progress is being made in terms of loosing the impenetrable secrecy of Swiss banking laws. On January 24, 2003, the U.S. Treasury Department announced that the United States and Switzerland had entered into a mutual agreement. This agreement, which is under the current U.S.-Swiss Income Tax Convention, facilitates more effective tax information exchange between the two countries. Press Release, Treasury Dep't, Treasury Announces Mutual Agreement with Switzerland Regarding Tax Information Exchange (Jan. 24, 2003), *available at* http://www.ustreas.gov (last visited Mar. 29, 2003).

29. *See, e.g.*, Press Release, European Union, EU agrees on new tax rules (Jan. 22, 2003), *at* http://www.euobserver.com/index.phtml?aid=9102 (last visited Mar. 29, 2003).

30. *Id.*

31. *Id.*

C. Money Laundering: The EU's Anti-Money Laundering Directive of 2002

Money laundering continues to be a major international scourge. Numerous international entities have addressed the issue,[32] however, few, if any, have the binding authority of the EU to effect legally binding protocols to directly combat it.[33] By 2002, the EU had two anti-money laundering directives in place.[34] The first enacted in 1991 and considered a landmark in the establishment of anti-laundering legislation, included requirements that financial entities be made aware of information on their depositors, keep detailed account records, and establish anti-money laundering programs.[35] The directive required the suspension of banking secrecy laws in instances of suspected money laundering and required that such activities be reported to the authorities.[36] The first directive did not go far enough. The directive contained no binding authority for its application in situations involving criminal offences other than money laundering, and its reach did not extend to such specific activities as those that occurred in *bureaux de change* and money transfer companies.[37] Further requirements were also sought for verification of client identification.[38]

The second directive, which went into effect on December 4, 2001, accounted for these lapses and broadened the scope of the initial directive. Included was the expansion of its reach to encompass the activities of all branches of credit and financial institutions and the broadening of the definition of criminal activity to include many more activities, not only drug trafficking.[39] The new directive requires that a range of professionals, such as auditors, external accountants, tax advisors, real estate agents, and notaries, who work in connection with the full range of business and real estate transactions, comply with directive reporting and other requirements.[40]

D. Progress on the African Opportunity and Growth Act

The African Opportunity and Growth Act (AGOA), enacted in 2000,[41] is being heralded as a great success.[42] The AGOA's purpose is to catapult trade and economic development

32. The UN, the G8, and the OECD, among others, address the issue. *See* Dr. Gerhard Schmid, The second European Union Money Laundering Directive: does it cover all needs? Speech at Money Laundering in Central and Eastern Europe, Conference in Prague (Nov. 6, 2002), *at* http://www.euroschmid.de/TEXTE/02-11-06_Geldwaesche-prag.html (last visited Feb. 17, 2003).

33. *Id.*

34. *See, e.g.*, Dr. Gerhard Schmid, The European Directive on Money Laundering – in Money Laundering and Financial Crime Prevention Strategies: The Next Phase, Address to the Conference in Central London (Oct. 7, 2002), *at* http://www.euroschmid.de/TEXTE/02-10-07_Geldw-London.html (last visited Feb. 17, 2003).

35. *Id.*

36. *Id.*

37. *Id.*

38. In 1999, the European Commission proposed the amendment, with the support of the European Parliament and EU Member States. *Id.*

39. *Id.*

40. *Id.*

41. The Trade and Development Act of 2000, Pub. L. No. 106–200, 114 Stat. 251 (2000).

42. *E.g.*, Jim Fisher-Thompson, *U.S. Trade Representative Wraps Up AGOA Forum in Mauritius, Zoellick takes stock of progress since first meeting in 2001* (Jan. 17, 2003), *at* http://usinfo.state.gov/regional/af/trade/ (last visited Mar. 29, 2003); Larry Claasen, *US Trade Representative Lauds AGOA Success Story* (Nov. 20, 2002), *at* http://www.allafrica.com/stories/200211200157.html (last visited Feb. 19, 2003).

in the thirty-eight eligible nations that comprise sub-Saharan Africa by a highly supported and integrated program to promote free trade, expand trade and investment between the United States and Africa, create growth, and facilitate the region's integration into the global economy.[43] Programs promoting civil society building, HIV/AIDS programs, and other initiatives are also supported.[44]

Since 2001, U.S. imports of African goods have increased 61.5 percent to $8.2 billion.[45] U.S. exports to Africa have reached record levels, increasing 17.5 percent from 2001, to almost $7 billion, which compares with a decrease of 6.3 percent in U.S. exports worldwide for the same period.[46] Nonetheless, the total value of U.S. trade with Africa remains small. The region accounts for less than 1 percent of U.S. merchandise exports and fewer than 2 percent of U.S. merchandise imports.[47] The United States, however, is still sub-Saharan Africa's largest trading partner, purchasing 27 percent of the region's exports in 2000.[48] The AGOA was met with such success that the President of the United States is scheduled to request that Congress extend the Act's 2008 expiration date.[49]

E. The Euro's Effect on CFA Franc Countries

When the euro became the EU currency in 2002,[50] it also became the currency to which the franc *de la Communaute financiere de l'Afrique* (CFA franc) of fourteen African countries became officially pegged. The CFA franc is the common currency of fourteen countries in West and Central Africa, twelve of which are former French colonies. These fourteen countries comprise the African Financial Community;[51] eight of which, including Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo, form the West African Economic and Monetary Union (WAEMU).[52] The six others, Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon, interact as members of the Central African Economic and Monetary Community (CEMAC).[53] Although the two CFA francs are legal tender only in their respective regions, each region's central bank maintains the same parity of its CFA franc against the French franc, and capital moves freely between the two regions.

The CFA franc has been pegged to the French franc since 1948. Only one devaluation has occurred during the history of the currency peg, from CFA50 to CFA100 = FF1, in January 1994.[54] The fixed parity between the euro and the CFA franc is based on the official fixed conversion rate for the French franc and the euro set on January 1, 1999 (FF6.55957

43. *See, e.g.*, Dep't of Commerce, 2002 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act, The Second of Eight Annual Reports (May 2002), *available at* http://www.agoa.gov/About_AGOA/annual_2.pdf.

44. *Id.*

45. *Id.*

46. *Id.*

47. *Id.*

48. *Id.*

49. Fisher-Thompson, *supra* note 42.

50. Treaty on European Union, Title II, Art. G, 1992 O.J. (C191) 5.

51. Jacqueline Irving, *Varied impact on Africa expected from new European currency*, Africa Recovery, Apr. 1999, *at* http://www.un.org/ecosocdev/geninfo/afrec/.

52. *Id.*

53. *Id.*

54. Francine Quentin, *Le Franc CFA a l'heure de l'euro* (June 29, 2001), *at* http://www.comores-online.com.

= EURO1). Since the CFA100 = FF1 exchange rate has remained unchanged, the CFA franc-euro exchange rate at year-end 2002 is CFA655.957 = EURO1.[55] The French Treasury has retained sole responsibility for guaranteeing the convertibility of CFA francs into euros, while 65 percent of these countries' external reserves are maintained in an account held by the French Treasury without monetary policy implications for the Bank of France (French central bank) or the European Central Bank. The effect the currency change will have on the influence of France on the CFA countries remains undetermined.[56]

Several effects are predicted to result from the shift in the currency peg. Commercial and currency transaction costs may decrease resulting in greater, less restricted trade with the EU. The euro is predicted to become a strong currency, which would also strengthen the CFA.[57] However, if the euro is strong, CFA countries may feel pressure to devalue the CFA because a developing region with an overvalued currency is likely to be excluded from global competition.[58] Finally, pegging the CFA franc to the euro will promote broader economic integration between West and Central Africa.[59]

F. Madagascar's Transition

The December 2001 presidential election in Madagascar resulted in a period of political and economic turmoil in the former French island republic. This was largely resolved by year-end 2002, with a newly installed, internationally recognized government in place with pledges of substantial international donor community financial support.[60] Marc Ravalomanana, international businessman and former mayor of the nation's capital city, challenged the longtime incumbent, Didier Ratsiraka, in a highly contested election.[61] At the outcome, no candidate officially won an absolute majority. Ravalomanana claimed the election was rigged and refused to participate in a run-off. On April 29, after the High Constitutional Court, in an unprecedented decision, annulled the prior election results and called for a recount, Ravalomanana was declared the winner with 51 percent of the vote, compared to the former president's 36 percent.[62] The following day, the Organization of African States sought a referendum, despite the high court's ruling. Four of the six Madagascar provinces threatened secession after rejection of the high court's verdict.[63] Sharp political and economic unrest and instability ensued.[64]

55. *Id.*

56. Michael T. Hadjimichael & Michel Galy, *The CFA Franc Zone and the EMU*, IMF Working Paper, No. WP/97/156 (Nov. 1997), *at* http://www.imf.org/external/pubs/ft/wp/wp97156.pdf.

57. Irving, *supra* note 51.

58. *Id.*

59. *Id.*

60. *See, e.g.*, UN Office for the Coordination of Humanitarian Affairs, *Madagascar: Poll legitimises Ravalomanana's support*, Dec. 23, 2002, *at* http://www.irinnews.org (last visited Mar. 29, 2003); *Madagascar: Year-Ender 2002-From Crisis to Resolution* (Jan. 21, 2003), *at* http://allafrica.com/stories [hereinafter *Madagascar: Year-Ender 2002*]; BBC News, *Timeline: Madagascar, A chronology of key events* (Mar. 4, 2003), *at* http://news.bbc.co.uk [hereinafter *Timeline: Madagascar*]; James Lamont, *Madagascar victory claim*, Fin. Times, Dec. 23, 2002, *available at* http://www.vaovao.net.

61. *Timeline: Madagascar*, *supra* note 60; *Madagascar: Year-Ender 2002*, *supra* note 60. Ratsiraka had served as president since 1975, taking office after a successful coup. Madagascar secured independence from France on June 26, 1960. *Timeline: Madagascar*, *supra* note 60.

62. *Timeline: Madagascar*, *supra* note 60.

63. *Id.*

64. *Id.*

The defeated president refused to relinquish the presidency and maintained his position, until Ravalomanana further concentrated his authority, including recognition of Ravalomanana as the country's legitimate leader, by the United States, France, and the United Kingdom.[65] In July, Ratsiraka fled to France. On December 15, in a sign of critical support necessary to insure international financial commitment, Ravalomanana's I Love Madagascar party (Tiako I Madagasikara), won 102 of the 160 seats in parliamentary elections.[66]

There is optimism that Madagascar is finally prepared to enter a period of unparalleled growth and international integration with a president highly committed to these goals and a responsive international donor community. Indicators that Madagascar is positioned for rapid advancement include Madagascar's adoption of a commercial arbitration law and reform of its commercial law and other codes.[67] The country operates free trade zones,[68] has enacted legislation regarding transparency,[69] and is positioning itself for more sustained trade relationships with its AGOA-country neighbors. The forecast after the crisis, aside from uncertain growing conditions for the island's principal crops of litchi and vanilla, indicates a government and a people that are up to the challenges and opportunities the island faces.[70]

65. *Id.*

66. *Id.*

67. Law No. 98–019 of Nov. 11, 1998, J.O. No. 2549, Dec. 15, 1998.

68. Law No. 89–027 of Dec. 29, 1989, J.O., Jan. 2, 1990, p. 28. *See, e.g.*, The Decree Authorizing Free Trade Zone Activities: Decree No. 97-1012 of July 24, 1997, J.O. No. 2466, Nov. 24, 1997.

69. Law No. 99–025 of Aug. 19, 1999, J.O. No. 2595, Aug. 30, 1999, pp. 2006–10, ed. speciale.

70. Alain Faujas, *Madagascar pays en voie de redressement*, JEUNE AFRIQUE, Dec. 8, 2002, *available at* http://www.razafimahazo.free.fr/Descendants/ReporterARF/droit_de_savoir021231.htm (last visited Mar. 29, 2003).