

Berlusconi soccer deal 'followed Mafia route'

Ed Vulliamy in Rome

THE purchase of the world's most expensive soccer star, Gianluigi Lentini, by media magnate Silvio Berlusconi's AC Milan has been linked to a finance house and a Swiss bank used for laundering Mafia drug money and payment of bribes to politicians.

An inquiry into the Lentini transfer by judges investigating the recent Milan corruption scandals is charged with political significance, since Mr Berlusconi's Forza Italia (Go Italy) party is tipped to win the general elections later this month.

Two of Mr Berlusconi's right-hand men have been formally added to the judges' inquiry list: Adriano Galliani, administrative director of AC Milan, and Marcello Dell'Utri, director of the advertising conglomerate Publitalia — also owned by Mr Berlusconi — and main co-ordinator for Forza Italia.

Lentini was questioned on Thursday night. The man who sold Lentini to Milan, Mauro Borsano, chairman of Torino Football Club, told the judges on Saturday that Albis Bank and the Fimo finance consultants, both registered at the same address in Chiasso, Switzerland, had handled an undeclared, or illegal, part of the transfer fee.

The judges believe that about \$9 million was paid by Mr Berlusconi above board, but that AC Milan paid between \$3.5 and \$4.25 million to Torino illegally.

The agents that Mr Borsano alleged were used to handle the undeclared cash are no strangers to the Italian judicial system.

Fimo was the conduit for vast sums from the Madonna clan of the Sicilian Mafia to Colombian cocaine barons in 1991, and one of its consultants ended up in jail.

The Albis Bank has been investigated by a Milan judge, Antonio de Pietro, as the alleged channel for kickbacks paid to the Socialist and Christian Democrat parties by the state energy conglomerate ENI.

The bank and Fimo were used by drug companies to pay bribes to the biggest single recipient of the kickbacks scandals, the head of prescription drug licensing, Duilio Poggiolini.

Mr Borsano told judges that he approached Fimo's Emilio Aloisio to negotiate the deposit of \$2 million for Lentini with Albis, and that the sum was paid in by Mr Berlusconi's holding company, Fininvest, in 1992.

Mr Borsano told the judges that, despite Fimo's connections, AC Milan "saw no problem" in using the firm.

Lentini was unsure about the transfer, and Mr Borsano in-

sisted on raising the price. The judges now have to determine where AC Milan's payments came from. Further money continued to arrive at the Union Banque Suisse in Chiasso, but Mr Borsano said this was not the source.

Judge Gherardo Colombo is now searching the fortunes of Publitalia and Fininvest construction companies.

AC Milan's Mr Galliani disputed Mr Borsano's version of the Lentini transfer and Mr Berlusconi said he was the victim of a "witchhunt" by a "police state".

Mr Borsano has been accused of financial irregularities. A Socialist MP, he is an ally of the disgraced party leader Bettino Craxi — who in turn is a close confidant of Mr Berlusconi.

Mr Berlusconi appealed for unity on the Italian right yesterday after tensions surfaced which could cost it election victory.

"Our partners' candidates are of the same flesh and blood as us. They must be treated like our candidates," he told a Florence rally.

He spoke after newspapers carried a letter from Umberto Bossi, leader of the separatist Northern League, urging party members not to campaign for Forza Italia candidates.

Forza Berlusconi Forza Italia, Q2 page 8



Two Azerbaijani women hold the portrait of a soldier killed in Nagorno-Karabakh, at his funeral in Kazakh. Thousands of Azeris are believed to have died in this winter's offensive

Nato denies Russia big power status

John Palmer in Brussels

NATO has rejected Russian demands to be given special superpower status inside the Partnership for Peace European security alliance offered by Nato to its former Warsaw Pact adversaries.

Despite this, Western governments still hope Russia will confirm its readiness to join and are willing to consider some separate special relationship with Moscow.

The Russian government, worried that its nationalist-minded parliament may oppose it joining the partnership, last week proposed that Russia be given a status different to other countries from central and eastern Europe and the former Soviet Union taking part. The proposal was made at meetings with three senior Nato ambassadors in Moscow and followed a Russian declaration that it was now ready in principle to join the partnership.

Yesterday, the United States ambassador to Nato, Robert Hunter, rejected the Russian call but said the Atlantic alliance was willing to consider new arrangements outside the partnership, which could include consultations on global issues with the Russians.

"The doors are always open here," Mr Hunter said. "Clearly, we recognise the special significance of Russia within the context of European security. But the partnership itself is on the basis of equality of opportunity."

"Outside Partnership for Peace we would be pleased to talk to them about how one could have consultative relationships," he continued. "But we wanted to make it very clear that Nato takes its own decisions."

Some Western strategists be-

lieve the Russian call to be given special status is linked to a desire in Moscow to be assured of Nato and international backing for peacekeeping operations in what it calls the Russian "near abroad". Nato governments recognise that Russia will be involved in peacekeeping operations in regions around its borders, such as the Caucasus and central Asia, but are unwilling to assure it of automatic support.

"There can be no question of Nato giving Russia a *carte blanche* in such operations. Each one will have to be judged case by case," one senior Nato diplomat said. "We also want to be clear about the Russian foreign and security policy, particularly as it might affect actions in support of Russian minorities in other states."

If Russia does join the partnership, launched in January, it will be entitled to take part in military exercises and other alliance activities, including any peacekeeping operations approved by the United Nations and the Conference on Security and Co-operation in Europe. Should the Russian government confirm its intention of joining, a signing ceremony may be held in May at Nato headquarters in Brussels.

By then alliance governments hope to be given formal details of the new Russian defence doctrine. This is expected to throw more light on whether there are circumstances in which the Russian armed forces would be ready to take military action in support of Russian minorities in neighbouring states which Moscow judged to be victims of discrimination.

Ten countries have so far joined the partnership: Albania, Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Ukraine.

Kohl orders D-Day boycott

Anna Tomford in Bonn

THE German chancellor, Helmut Kohl, has instructed his country's diplomats to stay away from celebrations marking the 50th anniversary of the D-Day landings in June.

It had been rumoured for some time in Bonn that Dr Kohl had taken offence at the wartime allies, Britain, France and the United States, rebuffing his informal approaches to obtain an invitation — though a Bonn spokesman has denied this account.

Dr Kohl is understood to have declared everything to do with D-Day his "personal mat-

ter" — overriding foreign ministry objections and sensitivities.

The foreign ministry in Bonn confirmed yesterday that, in a circular signed by Dr Kohl, German diplomats are advised to stay away from celebrations marking "the military events of the last few months of the war".

They would be allowed, with special permission, to attend celebrations aimed at "reconciliation and peace", said the circular, stressing that most of the festivities were likely to have a "purely military character".

The Queen will lead a flotilla to the beaches of Normandy on June 5, accompanied by the heads of state of the wartime allies. John Major said these

were "essentially an occasion for the wartime allies". Germany would be invited "to play a full part in events leading to those marking the end of the war," said Mr Major.

But Jean-Marie Girault, mayor of Cannes, said Dr Kohl's "gesture" was understandable. He pleaded for a distinction between the military celebrations at Omaha Beach, one of the landing points for the allied troops, and an evening memorial service in Cannes, the liberation of which cost the allies 30,000 casualties, at which the German chancellor should be present.

"An event of war could thus be transformed into a signal of peace," Mr Girault said.

The Maastricht Committee of the Regions meets for the first time this week but how much power will it have?

Devolved power redraws map

John Palmer in Brussels

TRAVELLERS crossing the German frontier from the Czech republic are sometimes surprised to be confronted not by German but by Bavarian Customs officers. Observers at European Union meetings of education ministers may also be puzzled when a minister from Stuttgart or Frankfurt — not Bonn — leads the German delegation.

Education and, in Bavaria's case, frontier control are regional and not national responsibilities.

Germany is unusual in the EU only in the extent to which political power has already devolved from the nation state to the regions. Some believe the EU will evolve into a federation of regions rather than nation states.

The convening this week in Brussels of the first meeting of the European Committee of the Regions — set up by the Maastricht treaty — does not herald the demise of national power. But it may come to be seen as the first faltering step towards a "Europe of the regions".

Within a square mile of central Brussels stand the offices of the Flemish "government" and the "embassies" of Bavaria, Catalonia, Lombardy and the Rhône-Alpes. They all enjoy close and regular contact with the European Commission and the European Parliament, and are consulted about policy affecting the regions.

Although Germany is the only EU state with a fully federal constitution, Belgium runs a close second. Belgium may become little more than a loose confederation linking self-governing Flemish and Walloon regions within a larger European political union.

The trend is not so different

in other EU countries. In Spain the regions already enjoy a measure of autonomy, with Catalonia and the Basque country "first among equals".

Nowhere is the potential shift of power more dramatic than in Italy. Regardless of who forms the next government in Rome, decentralisation within a federal state seems certain.

When Britain joined the European Community, France was an even more centralist state than Britain. But as France espoused union, it began to dismantle the centralist Jacobin state.

Europe's regions are not only reshaping their relations with the old nation states and building direct links with the EU, but they are forging political alliances with each other which bypass national capitals.

One case is the alliance of the rich so-called "European motor regions" — Baden-Württemberg, Catalonia, Lombardy and the Rhône-Alpes — with which poorer regions such as Wales are keen to be linked. The industrial and commercial power represented in Stuttgart, Barcelona, Milan and Grenoble contrasts that in many smaller EU countries.

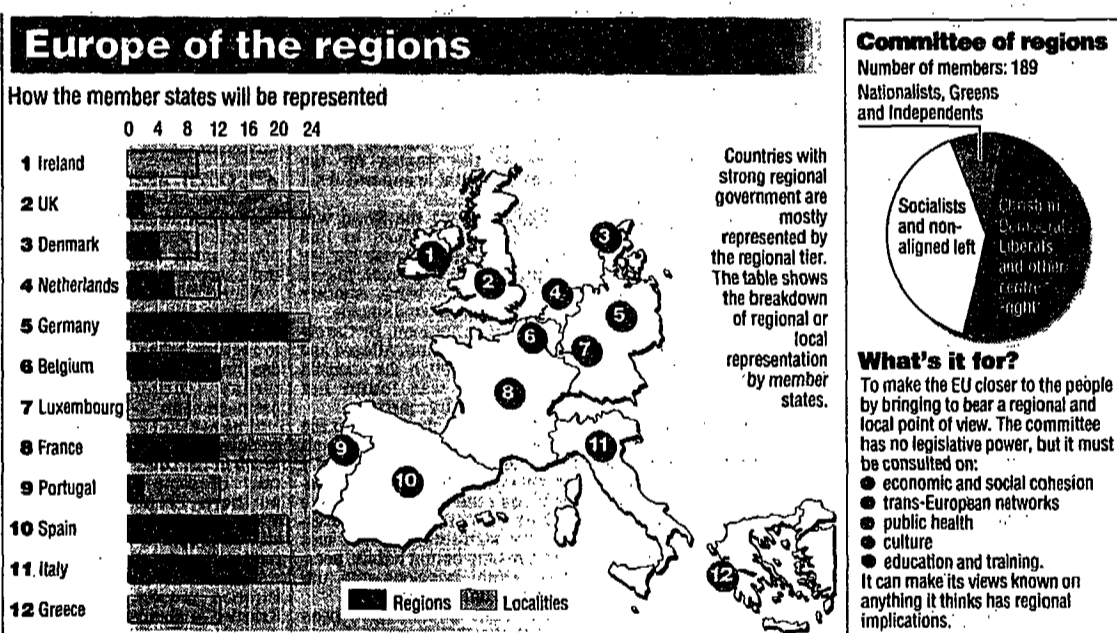
Some countries may be too small to create regions of comparable size and clout, and micro-states such as Luxembourg may eventually be relegated to regional status. Regional devolution is a problem for Ireland and Denmark, but Portugal has established elected regional authorities.

As they prepare to join the EU in 1995, the Nordic countries may create the first transnational region out of the northern Arctic areas of Norway, Sweden and Finland.

The widening wealth gap among regions is feeding demands for more radical action to redistribute wealth and refocus EU economic priorities. The poorer regions see greater decision-making power in Brussels not as an obstacle but as a precondition for greater autonomy.

Some MEPs see the regions as potential competitors in the scramble for power in the EU. But many agree with the president of Catalonia, Jordi Pujol, that the regions could help narrow the gulf between the EU and its citizens.

If and when the EU adopts a constitution later this decade, the regions will want representation, along with nation states, in any second chamber within the European Parliament.



Tension between hybrid members set to influence leadership struggle

John Carvel in Brussels

AT A DINNER in Brussels last week, Lord Tebbit, the former Conservative Party chairman, said he knew why Euro-federalists were so keen to boost the power of the regions.

The only way the EU could smash the power of nation states was to make them switch their authority to smaller, feebler units of government. These could more easily be dominated from Brussels, he told members of the association of British Conservatives in Belgium.

It is probably only from the perspective of (Little) England that such a theory could be advanced without ridicule.

This week the Committee of the Regions (COR) — the newest of the EU institutions — will meet for the first time in Brussels. It was set up by the Maastricht treaty not to challenge the authority of national governments, but to close a gap between the EU's decision-makers and its 340 million citizens.

Since most of Europe's government is conducted regionally or locally, this tier was to be represented in the EU.

The COR will have 189 members, including 24 from Britain. They will be entitled

als involving "economic and social cohesion" (Europepeak for regional and employment policies), trans-European networks, public health, education and culture.

They can also make their views known on anything else with regional implications — which means just about everything.

That does not amount to a guarantee of power. The committee has no veto over legislation — which will continue to be controlled by the Council of Ministers and a gradually more assertive European Parliament.

But the COR will have influence because the Commission — and the regional affairs commissioner, Bruce Millan — want it to succeed.

The committee's problem is that its membership is as hybrid as the Europe it represents. The prime minister of North Rhine-Westphalia, which has a population of 18 million and a gross domestic product larger than seven of the EU countries, will sit beside the mayor of Grevenmacher, a Luxembourg commune with 3,000 inhabitants.

The highly regionalised countries — Belgium, Germany, Italy, Spain, France and the Netherlands — have allocated at least half their places on the COR to elected regional representatives, as

the graphic shows. The more centralised countries have sent mostly local councillors.

When the COR assembles on Wednesday, it will have 93 representatives of regions and 96 of local communities. This tension will influence a power struggle between four candidates to be the first president.

The favoured candidate of the regionalists is Luc Van

vanced by Charles Gray, the former Labour leader of the giant Strathclyde regional council who now presides over Costa, the confederation representing all tiers of local government in Scotland.

Waiting in the wings is Jordi Pujol, the Catalan leader who keeps the minority Socialist government of Felipe González in power, and who may argue he could give the COR presidency real political clout.

If the COR's influence grows, people may become increasingly confused about overlapping power structures in Brussels. What would they make of a three-way argument between the indirectly elected COR, the directly elected European Parliament and the Council of Ministers, on which German and Flemish regional ministers sometimes sit?

But the COR may at least show that government within the EU does not have to be centralised.

John Redwood, the Welsh Secretary, banned a "Wales in Europe" campaign for a fair share of EU resources on the grounds that everyone should fight for the interests of Britain as a whole. The COR may help the Welsh, the Scottish and the English regions to be more assertive against Whitehall.

A similar argument is ad-

Eyewitness

Chris Stephen in Travnik

THE sunlight reflected gold on the clusters of tall elegant minarets rising from the Bosnian town of Travnik yesterday evening as the soldiers came marching home.

They marched in bunches, looking solid in their heavy boots and big baggy camouflage jackets, their headwear an assortment of berets, balacabras and the occasional green bandana. The soldiers of the 17th Brigade of the mainly Muslim Bosnian army were coming down the mountains into town from positions they have defended against the Serbs from one direction and Croats from the other.

Where the mountain tracks converged into roads the files of men grew thicker. Many fired long bursts from their Kalashnikovs into the sky. Others were cheering, or slapping the backs of friends not seen for months. One tall bearded soldier strode fast through the crowded main street frantically waving a large blue and white Bosnian flag.

The entire brigade, minus one platoon, has been withdrawn from the frontline after the ceasefire with Bosnian Croat forces announced last week. The brigade is made up entirely of refugees from areas ethnically cleansed by the Serbs. For many the prospect of peace across Bosnia tastes bitter-sweet, for their former homes remain far behind Serb lines. But they are cheerful.

"I'm very happy," said Irvin, one of many who was ousted from Kozarac, where scores of women and children were butchered by Serbs. "My town

is all burnt, so I don't want to go back."

Irvin has been with the brigade for more than a year, but has recently been transferred from the frontline to the base in the town. "I stopped fighting three months ago because every day I looked up at that mountain and saw my friends."

Beyond his outstretched hand on the lower slopes of Mount Vlasice, its peak still crusted in snow, stand long lines of white gravestones.

The 17th now prefixes its name with the word "famous", after notching up successive victories against Bosnian Croat forces last summer. "If other people were pushed from their homes and became refugees like us maybe they would have the same spirit," said one soldier, Sead Kurkic.

No one knows where the unit will go next, but in the meantime a bearded, middle-aged soldier says he hopes that the West will use its new-found muscle to persuade the Serbs to give back conquered territory.

The Serbs won't stay where they are, they will have to go back. They want to go back to their homes and we want to go back to ours."

If not, they are resigned to more fighting. "We will all go home soon, otherwise we will fight the Serbs once more," said one soldier.

Journeys across central Bosnia have taken on a carnival atmosphere. Frontlines have become checkpoints manned by British, Belgian and Canadian troops.

The mood at the checkpoints was yesterday relaxed as the Bosnian Croats handed in the first of their heavy weapons as the "Sarajevo model" peace plan for the region begins to bite. "It's incredible," said one British soldier manning a checkpoint where Muslim and Croat soldiers eyed each other only yards apart. "A week ago they were blowing each other's heads off. Today they are asking us to pass cigarettes and chocolates back and forth."

News in brief

Hurd seeks EU voting deal

Douglas Hurd, the Foreign Secretary, is set to compromise in Brussels today over the size of the crucial blocking mechanism for majority decisions taken by the European Union when it acquires four new member states next year, writes Michael White.

Under the traditional EU voting system, member states are allocated voting "points" roughly according to size and population. Since the introduction of qualified majority voting on some issues, a blocking group of 23 weighted votes out of a total of 76 — one large country and up to three smaller ones — is needed to block a policy.

Moldovans vote

Moldovans went to the polls yesterday in a plebiscite on independence expected to reject demands for a merger with ethnic kin in neighbouring Romania in favour of remaining independent. — Reuter.

Film-maker dies

The Georgian film director Tengiz Abuladze, whose film *Repentance* was one of the first to tackle the topic of Stalin's purges, died in Tbilisi yesterday, aged 71. — Reuter.

Mafia rape

Police in Turin are looking for four men belonging to a Mafia gang who kidnapped and raped at knifepoint a businesswoman who refused to pay her protection money, writes Ed Vulliamy.

The Unknown Modigliani

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