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# THE PORT OF COPENHAGEN

## *Europe's Baltic Frontier*

**T**here was a time when anyone with a pioneering spirit was told to "go west." Now, for Americans wanting to explore new territory in Europe, there is another point of the compass to consider. North is the direction in which US companies should head if they are looking for exciting export opportunities; north to the Port of Copenhagen, where they will find a modern, user friendly distribution center right on the doorstep of the Baltic region. Copenhagen offers the best of the old and new worlds: easy access to the well established markets of northwestern Europe and a prime location for cultivating the newly emerging markets of eastern Europe.

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Accommodating three ro-ro vessels at a time, destined primarily for car and passenger traffic, the termi-

nal will be operational by early next year. But more than an ideally located seaport, through which over 23,000 ships pass every year, Copenhagen is a haven of safety and good business ethics. In a comprehensive international survey published last year, Denmark was ranked as the second least corrupt country in the world, right after New Zealand. It is also one of the most prosperous nations, and was recently described in the *International Herald Tribune* as "the world's most successful trading nation."

Its beautiful capital city Copenhagen is resolutely export-oriented, with a wide choice of international banks, marketing firms and freight carriers. Americans are warmly welcomed here. Not only is business habitually conducted in English, but pleasure also frequently takes on an American accent. The 4th of July, for example, is celebrated in a big way, complete with US Air Force bands, American flags and outdoor picnics.

A year and a half ago, the Port of Copenhagen opened a unique showcase of American products—the SourceAmerica International Trade and Business Center—the first of its kind in the world. The center, now privatized, gives small to medium size American manufacturers an affordable but effective means of entering and competing in the fast growing global economy. For larger companies, it affords them an opportunity to establish a regional or district sales office at a fraction of the usual setting up costs. SourceAmerica offers a complete range of services including a staffed product showroom, marketing services, a full-color catalogue, well-appointed office space and more.

From the Port of Copenhagen, no matter what the product, it is easy to deliver the goods. American companies of all sizes who are looking for new horizons need look no further than this 800 year old port on the Baltic.



*"From where I sit, the opportunities for American companies in the Port of Copenhagen are extraordinary." Gene Powell is a Washington, DC based international marketing consultant specializing in free trade zones and ports. He is the U.S. representative of the Port of Copenhagen, Danport and managing director of SourceAmerica.*

# EUROPE

MAGAZINE OF THE EUROPEAN UNION



## DENMARK

**A Model Economy.** Since the early 1990's, Denmark's economy has outperformed Germany in terms of budget deficit reduction, economic growth, and job creation. *Leif Beck Fallesen 8*

**The Clinton Connection.** Copenhagen looks forward to President Clinton's summer visit. *Leif Beck Fallesen 10*

## DENVER ECONOMIC SUMMIT

**Three G's.** Growth, globalization, and governing will lead the summit discussions. *Lionel Barber 12*

**Interview.** Valéry Giscard d'Estaing, the former French president and founder of the G7 summits, discusses the future of the summits and the road to the euro. **17**

**Europe's Summit Agenda.** What Europe's leaders plan to focus on in Denver. *Lionel Barber 20*

**The Euro Is Coming to Denver.** The greenback may have to share the limelight with the upstart euro. *Bruce Barnard 22*

## COLORADO

**European Connections.** Colorado's high-tech firms profit in Europe. *Henry Dubroff 25*

**Interview.** Colorado Governor Roy Romer speaks out on his state's "smart growth." **29**

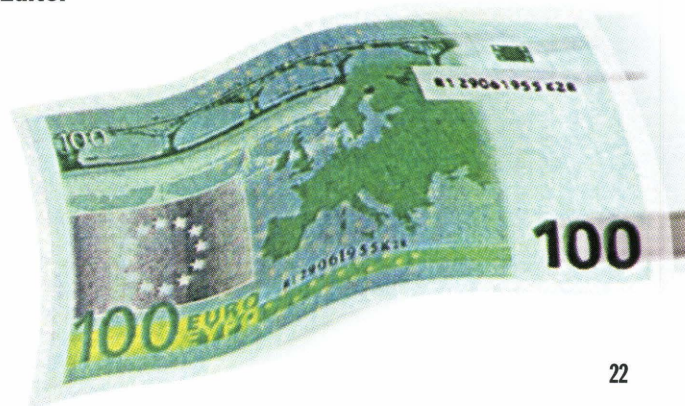
## TRAVEL

**Sun, Scenery, and Sports.** The Rocky Mountains are a mecca for outdoors enthusiasts. *Robert C. Wurmstedt 32*

**Special Section.** Our Capitals correspondents discover new European travel locales. **36**

## DEPARTMENTS

- 3 Letter from the Editor**
- 4 Eye on the EU**
- 6 EU On-Line**
- 36 Capitals**
- 46 Newsmakers**
- 48 Arts & Leisure**



# Letter from the Editor

**I**nforming our partners why we want and need the euro, the new European single currency, and explaining what European Monetary Union is all about and going deeper into proposing joint approaches to solving our unemployment problems and discussing the globalization of the world economy," are the economic issues European leaders need to discuss at the Denver Summit of the Eight Economic Summit this June, states former French president Valéry Giscard d'Estaing.

President Giscard d'Estaing, who organized the first G7 economic summit in Rambouillet, France, in 1975 while he was president, analyzes previous G7 economic summits and discusses what to look for in the upcoming Denver Summit of the Eight.

This year's summit of industrialized nations has been renamed the Denver Summit of the Eight to take into account Russia's new role in the political talks. The G7 members, Italy, Germany, United Kingdom, France, Canada, Japan, and the United States (the European Union attends all the G7's in its role as an observer) will participate in the economic meetings.

Colorado Governor Roy Romer spoke with *EUROPE* about what visitors from the European Union and the rest of the world can expect to find when they come to Denver for the June 20-22 meeting. The Colorado governor points out his state's connection to Europe with many of the state's telecommunications companies and other high-tech firms profiting from the European marketplace.

A number of Denver-based journalists discuss Colorado's European connection, including the *Denver Business Journal's* editor-in-chief, Henry Dubroff, who profiles two Colorado-based firms, US West and Tele-Communications Inc., and their links to Europe.

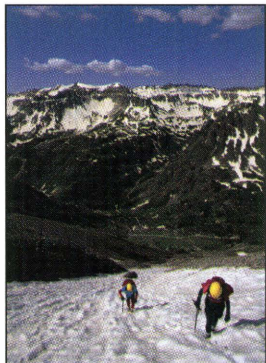
Lionel Barber, writing from Brussels, previews the key topics of the Denver Summit of the Eight and says growth, globalization, and governance are the three G's that will dominate the annual economic get together of the world's richest nations. Bruce Barnard reports that this will be the first economic summit where the dollar will "have to share the limelight with an upstart—the euro—in Denver." Barnard writes about the euro's new role in international finance.

Our EU country profile this month looks at Denmark. Leif Beck Fallesen, the editor of the *Børsen*, a respected business newspaper in Copenhagen, explains why Denmark's economy is performing so well. He also previews President Clinton's upcoming trip to Denmark this summer.

From the south of France to islands off the coast of Denmark, our Capitals correspondents choose their favorite vacation spots in case you want to add these to your summer holiday plans. And for those of you going to the Denver Summit of the Eight, *EUROPE* also picks out great vacation locations in the Rocky Mountains.



**Robert J. Guttman**  
Editor-in-Chief



**Going to the Summit: The Euro Is Coming to Denver**

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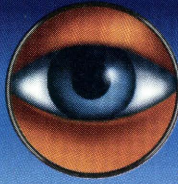
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*Reuters* has contributed to news reports in this issue of *EUROPE*.

# EYE ON THE EU



Profiling  
Personalities and  
Developments  
Within the  
European Union

It is now 33 years since Turkey signed an association agreement with the European Community, and 10 years since it applied for full membership. Since 1987, the Turks have found themselves leapfrogged by Finland, Austria, and Sweden, who all applied to join several years later, and now they find themselves behind the queue of 10 states in Central and Eastern Europe, as well as Cyprus. The EU has agreed with all of those nations to commence negotiations within six months of the conclusion of the current in-

tergovernmental conference. The conference may now end sometime later than the target date of mid-June, but the odds are that membership talks with these 11 nations will start early next year.

Meanwhile, Turkey suffered a further rebuff at the beginning of March, when a meeting of Christian Democratic leaders, including the heads of government of Belgium, Germany, Italy, Luxembourg, and Spain, declared in a communiqué that Turkey was "not acceptable" as part of a "European project." This statement caused outrage in

Turkey, where there was particular anger that German Chancellor Helmut Kohl had been one of the authors. There are 2 million Turks living in Germany, and relations between the two states are close but extremely delicate, not least because of the racially motivated attacks on Turkish residents, of which the German government is rightly, deeply ashamed.

In reality, the Christian Democrats' offensive and maladroit statement may have been a blessing in disguise for the Turks. So great was the embarrassment it

caused that the EU foreign ministers, at their next meeting, rushed out a statement that Turkey could be considered for membership next year on the same terms as the 10 candidates from Central and Eastern Europe.

What brought about this hasty about-face? Partly, no doubt, pressure from the French and British governments (and also from the US), anxious to keep the Turkish government happy. Turkey had already threatened to veto the planned extension of NATO unless its application to the EU was se-



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riously considered.

The French foreign minister, Hervé de Charette, bluntly declared, "Turkey has the right to join the EU, and that right has to be confirmed forcefully." He was backed by German Foreign Minister Klaus Kinkel, whose own political party (the Free Democrats) is in a sometimes uneasy coalition with Kohl's Christian Democrats.

The foreign ministers were especially anxious to dispel any suggestion that, as a predominantly Muslim country, Turkey could not be accommodated in a 'Christian' Europe. If a fundamentalist regime were to be established in Turkey, this might well make membership impossible, but this should not be held against the present secular administration, even though the government is currently headed by Necmettin Erbakan, of the Islamist Welfare Party.

Yet despite the foreign ministers' declaration, the Turks still have a rocky road ahead. Many people in the EU believe that Turkey would be an uncomfortable partner, even if there was no risk of an Islamist takeover. For one thing, it is much larger than any of the other applicant states. Its young and rapidly growing population is already larger than that of any EU state except Germany, and there will almost certainly be more Turks than Germans by the year 2020, if not earlier.

Moreover, new members have to be unanimously accepted, and successive Greek governments have shown themselves stubbornly hostile to the entry of the Turks and have successfully held up several programs of financial aid that Turkey had been promised under its association agreement.

On the whole, the Turks

have proved themselves reliable partners within this agreement, and the EU customs union with Turkey, which began on December 31, 1995, has gone surprisingly smoothly, with a substantial surge in trade in both directions, and with very few hiccups in its implementation. The Turks undoubtedly feel that they have received insufficient credit for their efforts.

Turkey occupies an important strategic position, and has acted as a gateway for the West to the Balkans, Russia, the Caucasus, and Central Asia since the collapse of the Soviet Union. Its hard-working population and abundant resources would prove considerable assets to the European Union.

Nevertheless, Turkey is extremely unlikely to be accepted as a member unless and until it is able to demonstrate more clearly than at present that it

has reached—or is at least approaching—Western European norms in its level of democracy, human rights, the treatment of minorities, and civilian control over its armed forces. This precondition was demanded of the former dictatorships of Greece, Portugal, and Spain before they were accepted, and the same requirements apply to the ex-communist countries of Central and Eastern Europe. Turkey has made considerable progress in many respects, but it still has far to go.

The affirmation by the foreign ministers that Turkey will not be treated less favorably should act as a spur to its leaders to make the necessary political reforms—including cooperating in a Cyprus agreement—which alone might qualify Turkey for membership in the Union. The ball is now in their court.

—Dick Leonard



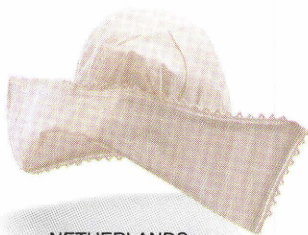
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# EU ONLINE

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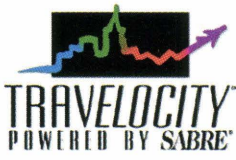
Much is made of the fact that you can travel all over the world with the help of the Internet and World Wide Web. Virtual travel, that is. But old-fashioned traveling, where one must leave the desktop, if not the laptop, behind, also has its place on the Web. Someone looking to take a cruise this summer or fall can find ideas on desired ports of call down to specific itineraries and prices with a few keystrokes.

If you have a vague idea of where you want to go, a travel site such as Travelocity or CityNet would be a good first stop. CityNet

(www.city.net) will allow visitors to pick a continent and then a country by map. Someone looking to cruise the Mediterranean might wonder what Barcelona is like versus Nice. CityNet would give a sense of the sightseeing possibilities in each place to help narrow the search.

Travelocity (www.travelocity.


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com) also provides information on far-away places and then features a travel agency that will help you get there. The site's Cruises Inc. provides information on five cruise lines, one of which sails the Mediterranean. Itineraries and prices are listed as is a telephone number to make reservations. Travelocity is conve-

nient in that it can be a one-stop shop for travelers. But other sites offer more cruise choices and a wider range of prices.

Many sites are simply a Web presence for travel agencies. Cruisin (www.asource.com/cruisin) has separate pages for each cruise line it books. Not all the pages include prices. The Radisson Seven Seas page warns that staterooms generally cost more than \$20,000, so only serious vacationers need to send e-mail reservations. Cruisin provides a large amount of information about cruise lines and may have good deals, but travelers should realize they are not dealing directly with the cruise line.


Travelsource (www.travelsource.com/cruises) is a grouping of several agencies, which book trips on most of the large cruise lines. With prices that appear to vary as much as airline tickets, it pays to shop around and ask exactly what accommodations and services are included. Several cruise companies offer their own Web sites.

Windstar (www.windcruises.com) is a decade-old company that offers cruises for 150 passengers aboard one of its four-masted schooners. Its Web site offers some basic cruises as well as those with themes, such as traveling for 15 days




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*nologia* (if the queen also speaks classical Greek) as she stepped out onto the information superhighway in March with all the pomp this cyber circumstance would allow.

The British monarchy site ([www.royal.gov.uk](http://www.royal.gov.uk)) isn't exactly cutting edge. It's colorful but a bit staid and pre-

dictable, much as you would expect from a septuagenarian who is trying to understand a newfangled medium. But just like her hundreds of public engagements each year, the site shows her interest in keeping in touch with ordinary citizens. Visitors will find a background on the queen's role in the British government and in the commonwealth. Several pages explaining her finances are interesting but appear to this writer to be slightly on the defensive side. One page notes that estimates of the queen's wealth have been greatly exaggerated, but she has no intention of setting the record straight. One can find out how big her staff is (645 full-time), how many letters she receives daily (200–300), and the names of her eight corgis and dorgis (too many to list).

And not to ignore her family members, the queen has included biographies and photos of her husband, four children, sister, mother, and ex-daughter-in-law Diana. Other royal spouses and ex-spouses, however, are missing. And lastly, if you mark your calendar by the royal itinerary, many of the family's engagements for this summer and fall are posted. Arrive early and you might be the lucky recipient of a gloved handshake or the mechanical royal wave.

—Christina Barron

with California vintner Marcia Mondavi from Athens to Barcelona. For \$6,500 per person those interested can soak up her knowledge of wine making and sample a few of her favorite wines along the way. A few artists and chefs also will guest host cruises aboard one of Windstar's three ships this year.

Cunard ([www.cunardline.com](http://www.cunardline.com)), home to the *QE2* and several other cruise ships, gives a history lesson along with the coming season's cruises. Samuel Cunard went from delivering the Royal Mail in 1839 to creating luxury liners. Along the way the company made headlines—the *Lusitania* was sunk by a torpedo during World War I—and amassed a laundry list of celebrity clientele. Those looking to travel aboard a Cunard liner today can search its site by destination or by ship. A search on Lisbon, for example, turned up nine cruises between May and December. The "Iberian Tapestry" featured a nine-day journey aboard the *QE2* from Southampton to Lisbon with stops in the Canary Islands, Madeira, and Morocco. Although the site promises discounts for booking early, there is no mention of a price for any of Cunard's cruises. Perhaps if you have to ask....

## SITE OF THE MONTH: HER MAJESTY ON-LINE

Queen Elizabeth II pronounced 1992 her *annus horribilis* after family scandals and a house fire rocked the royal establishment. This year might be called her *horos tech-*

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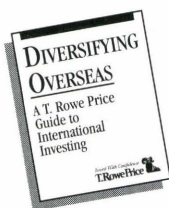
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# DENMARK

## AN UNUSUAL ECONOMY

BUNDESBANK PRESIDENT Hans Tietmeyer, the German version of Federal Reserve Chairman Alan Greenspan, is not prone to handing out easy praise. He is the strict interpreter of fiscal discipline in the run up to the EU's economic and monetary union (EMU). Checks and balances, rather than trust, should govern the relationship between a coming independent European Central Bank and the political leaders of the European Union. And like Greenspan, Tietmeyer believes in preemptive strikes against inflation. **By Leif Beck Fallesen**

Keeping this in mind, the Danish government was obviously delighted when the Bundesbank president chose to name Denmark a model economy for Germany, and by implication for Europe, when he made his first visit to Copenhagen in March this year. Sharing this honor with the Netherlands, Denmark has since the early 1990s outperformed Germany in terms of budget deficit reduction, economic growth, and job creation, and all indicators show that this will also be the case this year and in 1998, when the EMU candidates have to pass the 'entrance exam.'

With unemployment at record levels in France and Germany, critics of EMU see their worst fears confirmed: that EMU destroys growth and jobs by imposing a binding economic policy on the governments that want to join. But in Denmark and the Netherlands the budget deficit has been reduced more than in Germany and France, and at the same time growth and job creation has, if not soared by US standards, at least been more than respectable by European standards. Tietmeyer obviously sees this as welcome evidence that EMU policies are not incompatible with, and in fact may be conducive to, economic growth.

This year Denmark can expect economic growth of more than 3 percent, and unemployment may fall to 200,000, averaging 230,000 for the year, or 8.4 percent of the work force. German growth may reach 2.5 percent, but unemployment may top 12 percent. And while Germany is struggling to meet the Maastricht Treaty requirement of a budget deficit of 3 percent of GDP, Denmark is close to eliminating the general government deficit this year. Germany is likely to miss the Maastricht target of reducing public debt to 60 percent of GDP this year, and for the first time, Denmark may have a smaller debt than Germany. No wonder the Bundesbank looks favorably at its northern neighbor.

Ironically, while Denmark is certain to meet the EMU requirements that Germany may miss, Danish voters are still hostile to joining EMU. To secure a yes vote for the Maastricht Treaty in 1993, the Danes were promised that Denmark would not have to adopt a single currency, introduce EU citizenship, participate in a common EU defense scheme, and lastly, not adopt a common judiciary and immigration policy. These four reservations can only be removed by a new referendum, or referenda, by political consensus.

Opinion polls show that there is still strong popular support for these four reservations and that they would be maintained if put to a vote. There is even a tendency for voters to increase their resistance to Danish EMU membership every time the issue becomes salient in the public debate, much to the despair of the government, the Liberal and Conservative parties, and the business community, who all want Denmark to join EMU as soon as possible. Polls, however, also indicate that most Danes believe that Denmark will join EMU at a later date.

Law and order is becoming a major issue in Danish politics, not least because of the gang warfare that has arisen between the rival Hells Angels and Bandidos motorcycle clubs. Completely out of line with Danish criminal traditions, they are killing each other in cold blood, using Russian bazookas to demolish each other's clubs and homes. The Folketing, Denmark's parliament, has given the police discretionary powers to move the gangs out of populated areas, after one of the clubs bought a building and started fortifying it right

Whether or not  
Prime Minister  
Rasmussen will  
be in office at  
the time of the  
referendum  
remains a  
question.



next to a nursery school in central Copenhagen. Parents, staff, and neighbors successfully campaigned to remove this target of violence before an attack was mounted.

Opinion polls show that more and more Danes are in favor of more effective police and judicial cooperation within the EU, and support for the Maastricht Treaty reservation on this issue has shown a consistent decline for some time. A proposal to couple a referendum on this topic with a referendum on the agreement that is expected to result from the ongoing intergovernmental conference (IGC) could not muster general support. And the mood of the voters is such that a Danish no to the next EU treaty cannot be excluded. Much depends on the themes of the referendum campaign and how adept Prime Minister Poul Nyrup Rasmussen is at mobilizing and convincing his own Social Democratic Party members and voters. Whether or not he is in office at the time of the referendum, which is expected in early 1998, remains a question. However, the drunk driving scandals of the Conservative Party may keep the government in power until the fall of 1998, when an election is constitutionally mandatory. Or the present government may call, and win, an early election. ☹

*Leif Beck Fallesen is EUROPE's Copenhagen correspondent and the editor of the Børsen newspaper.*

# CLINTON COMES TO COPENHAGEN

The Danes are looking forward to a visit from President Clinton in July with much more interest than is normally attached to a visit by a head of state. Because of his knee surgery, the president was forced to cancel his planned visit in March, prior to the Helsinki Summit meeting with his Russian counterpart, Boris Yeltsin. But the Danes extracted a promise to try again when Clinton returns to Europe to wrap up the expansion of NATO.

Formally invited by Queen Margrethe II, the visit has been engineered by the Danish Prime Minister Poul Nyrup Rasmussen, working closely with the US ambassador to Denmark, Edward E. Elson, a friend of the president whom some insiders believe is the real Clinton connection. And though the president's welcome in Denmark will be truly bipartisan, politics would not be politics in Denmark if the opposition parties had not uttered suspicions that the prime minister was also trying to bolster his poll ratings.

Whatever the justification of such suspicions, there is no doubt that the Danish social democratic prime minister is an admirer of Bill Clinton. Though the US in general is considered anything but a role model for social democratic proponents of the Danish welfare state, Clinton is considered a kindred spirit because of his past efforts to improve health care and education in the US. He is also seen as a dynamic initiator of political change. Vice President Al Gore is similarly held in high regard for his visionary advocacy of investments in the information superhighway.

Whether the admiration is mutual is not known. A visit to Denmark will no doubt cause the White House to pay the appropriate diplomatic respects to Danish achievements, for which any government will be happy to claim credit. But the price of the Danish welfare state is one of the highest tax levels in the world, perhaps the highest, and that is likely to discourage any US president from a serious political shopping expedition.

Foreign policies will provide the leaders with more common ground than domestic policies. If the charismatic and high profile Ambassador Elson is to be believed, Denmark has the opportunity to become a bridge between the US and the Baltic states. This notion nourishes the ambitions of some Danes to become a Baltic superpower, not in military terms, but in terms of influence on a broad range of policies.

Such ambitions must be tempered by the fact that the US and Denmark do not agree on NATO expansion

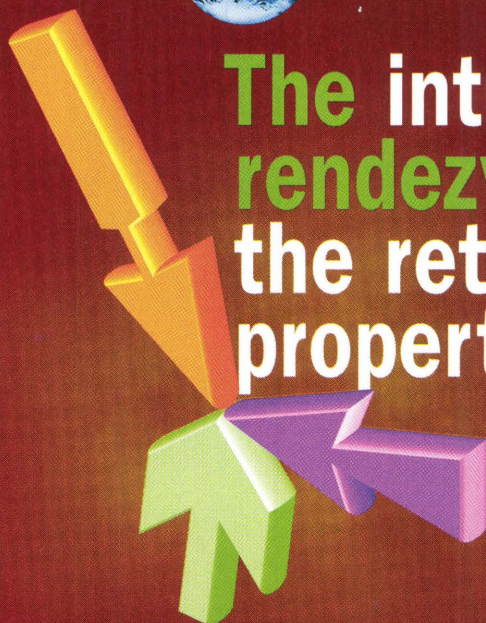


**The Danish American Business Forum: (left to right) Marianna Lubanski Sager (Mandag Morgen); Ambassador Ulrik Helweg-Larsen (Danish Foreign Ministry); Jørgen Rosted (Minister of Business and Industry); Nils Foss (CEO, Foss Electric); US Ambassador Edward E. Elson; Johan Schrøder (CEO, Radiometer); Erik Rasmussen (CEO, Mandag Morgen); Kjeld Kirk Kristiansen (CEO, Lego)**

in the Baltic area. The Danish government supported by the Liberal and Conservative parties, argues that the three Baltic states should become members of NATO in the first expansion to the East, overriding the vehement protests and warnings of Russia. The US will make no such commitment but does support early Baltic membership in the European Union. The Danes concur, but they cannot muster the necessary support, especially from Germany, to include the Baltic states in the first round of EU expansion toward the East. Denmark's self-inflicted Euroskeptic view of integration with the EU may be an asset in the United States, but in Europe it is not helpful in winning friends in Germany and France for the Baltic countries.

Progress may be easier to achieve in the business arena. A former highly successful businessman himself, the ubiquitous Ambassador Elson has formed the Danish-American Business Forum to stimulate US investments in Denmark and Danish investments in the US. ☺

—Leif Beck Fallesen



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# Mapic

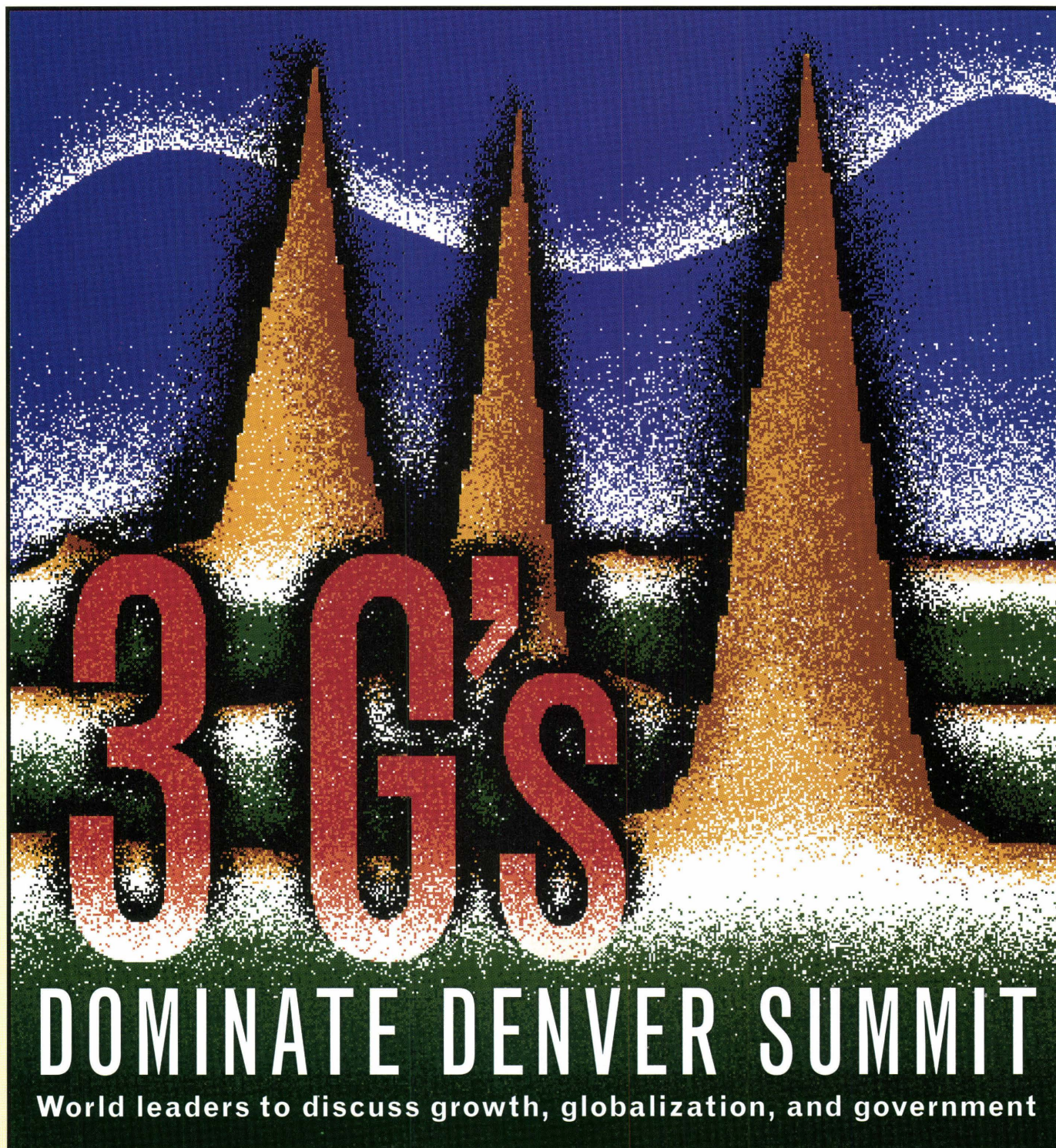
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# 3 G'S

## DOMINATE DENVER SUMMIT

World leaders to discuss growth, globalization, and government

More than 20 years ago, then French president Valéry Giscard d'Estaing had a brainwave. His idea was to launch an annual event where leaders of the world's seven most powerful nations would hold intimate exchanges on the future of the world economy and anything else on their mind. **BY LIONEL BARBER**

In the intervening years, the Group of Seven summits have developed into an uneasy combination of high-level international dialogue and media-driven extravaganza. This year, the G7 meeting takes place in Denver, the Mile High City on the edge of the Rocky Mountains. The scenery will be captivating, but what about the substance?

The challenge for the seven summiteers from the United Kingdom, Canada, France, Germany, Italy, Japan, and the US—later to be joined by President Boris Yeltsin of Russia as an associate member—is to make their discussions relevant to the tumultuous changes underway in the world economy.

The free movement of goods and capital, expanding trade liberalization, the break-up of state monopolies through privatization, and the spread of deregulation—these are the forces that are transforming the global economy.

The industrial countries are now several years into their weakest cyclical upturn for a generation. It looks increasingly likely that the world's developing countries will overtake their richer rivals in terms of output of goods and services by the early years of the next century—a shift in power bound to have political consequences.

Whatever the formal agenda in Denver, the informal discussions are certain to be dominated by what might be summed up as the three Gs: growth, globalization, and world governance.

First growth. The striking feature today is the imbalance between the booming US economy and the lackluster performance in Europe and Japan. Most economists had expected the American recovery to tail off in late 1996 and early 1997, but the US expansion is continuing at a merry pace, mirrored by an exuberant rise in Wall Street share prices.

Barring a hike in US interest rates aimed at choking off inflationary pressures, US growth looks set to reach 3

Whatever the formal agenda in Denver, the informal discussions are certain to be dominated by what might be summed up as the three Gs: growth, globalization, and world governance.

percent or more in 1997. By contrast, Japan will be lucky to hit 2 percent; Europe is looking for 2.3 percent. The US economy is fulfilling the function of the locomotive, pulling the rest of the world out of recession.

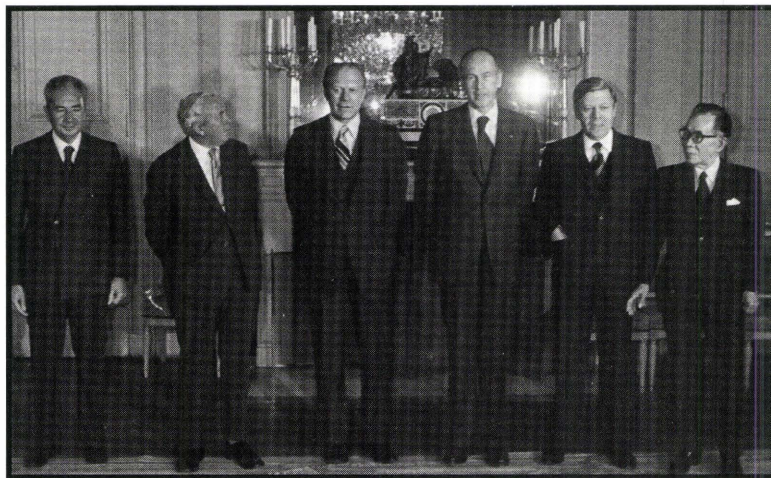
The strong dollar epitomizes this phenomenon. Between February 1995 and February 1997, the dollar rose by 33 percent against the yen and 17 percent against the D-mark. Summit finance ministers sought through statements to put a cap on the surge of the dollar at their meetings in Berlin in early February; but European countries, notably France and Germany, are relying on a weaker franc and D-mark to stimulate an export-led recovery.

So far the US has been willing to tolerate the imbalance in transatlantic exchange rates in the interests of growth in Europe. But Washington remains worried about the slow European recovery, especially because the fiscal tightening required for EU countries to meet the Maastricht Treaty targets for economic and monetary union is clouding hopes of a definitive upswing by the summer.

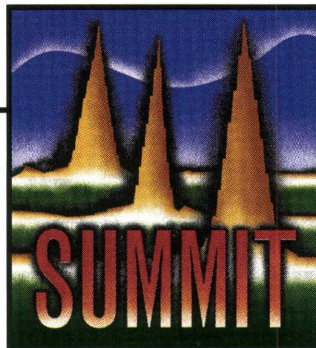
Remember: 1997 is the key date for EMU. This is the year on which performance will be measured, with the most important target being to reduce public sector deficits to 3 percent of GDP. What worries policy makers in the Clinton administration is that Europeans are preoccupied with EMU and that they are neglecting the equally important challenge of reforming labor markets and downsizing costly welfare states.

This leads to the second summit "G": globalization. Among the G7 economies, the US seems to have adapted best so far to this challenge, despite the dislocation caused in the late 1980s and early 1990s when companies restructured with heavy job losses in manufacturing and services.

Europe is struggling to catch up. The EU's faltering steps to come to terms with globalization was captured recently by the furious reaction to the news that Re-



**The precursor of the G7 (and now the Summit of the Eight) was "the Six" at Rambouillet in 1975, which included Italian President Aldo Moro, UK Prime Minister Harold Wilson, President Gerald Ford, French President Valéry Giscard d'Estaing, German Chancellor Helmut Schmidt, and Japanese Prime Minister Takeo Miki.**



nault, the French car maker, was closing its production plant in Belgium with the loss of 3,100 jobs.

One Flemish economics minister called the decision a “terrorist act,” while Belgian King Albert himself intervened to protest against the shutdown. In Brussels, the European Commission accused the company of breaching directives providing for consultation between employers and workers. Those voices that argued that Renault was making a commercial decision based on overcapacity in Europe and the need to compete in a global market were drowned out.

Germany is showing the same symptoms of resistance to change. Unemployment in the first quarter of 1997 reached 4.67 million, the highest since the 1930s. Chancellor Helmut Kohl is struggling to rein in public spending, while embarking belatedly on the same path of tax cuts and deregulation which the US and the UK took in the 1980s to spur growth and employment.

As British Prime Minister John Major pointed out in a speech in the run up to the UK general election: Europe is not winning. Some 18.5 million people are out of work—the size of Denmark, Finland, and Sweden put together. Over the last 20 years, the US created 36 million jobs, of which 31 million were in the private sector. In that time, the EU created 5 million jobs, only 1 million of which were in the private sector.

Over-regulation and the burden of Europe’s “social model” are hampering job creation efforts. For every \$61 paid in wages, non-wage costs in Germany add on an extra

\$19, \$25 in France, and \$27 in Italy. In the UK, it is only \$9.

Europe’s answer is that monetary union will usher in a new era of price stability leading to lower interest rates, higher investment, and ultimately higher employment. The discipline of the single currency will force countries to mend their ways, while a strong euro will ensure that the EU punches its weight on the monetary stage alongside the US and Japan.

The discipline of the single currency will force countries to mend their ways, while a strong euro will ensure that the EU punches its weight on the monetary stage alongside the US and Japan.

In the run up to EMU, which is scheduled to start on January 1, 1999—the striking impression in Europe is how slow growth and high unemployment are sapping the region’s strength. This is true compared to the self-confident US and the rapidly expanding economies of China, Southeast Asia, and Latin America.

The shift in the balance of global economic power leads to the third “G” at the Denver summit: world governance. It is clearer than ever that Giscard’s original Group of Seven is anachronistic compared to the late 1970s period, characterized by the first and second oil shock and the Franco-German coup in creating the European Monetary System.

Thus, the G7 grouping is already being challenged by other nascent forums, such as the APEC grouping encompassing the US, China, Japan, and the Southeast Asians, and the EU-ASEAN and EU-ASEM meetings are building bridges between Europe and the Pacific Rim.

True, the G7 is adapting, the latest example being the suggestion to upgrade Russia’s associate membership to be a fully-fledged G8 member, partly to sweeten the prospective enlargement of NATO to Central Europe. But sooner or later, if the format is to survive, it will be necessary to expand to take in China and, perhaps, Brazil or India.

Such reforms would almost certainly need to be matched by a reduction in the European membership. One idea is to create a collective seat for members of the euro single currency zone led by France and Germany. Such an arrangement would raise awkward questions regarding countries like the UK, which is unsure about joining the single currency, but it would surely indicate that the G7 is adapting to the new world order of the 21st century. ☺



At last year’s summit, the leaders’ agenda included visits to some of Lyon’s best restaurants.

Lionel Barber is a contributing editor for EUROPE and the Brussels bureau chief of the Financial Times.



# DENVER

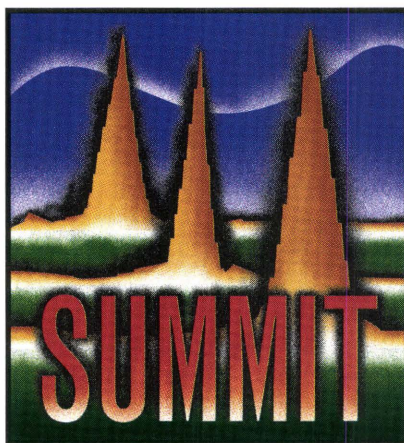
## HOME OF THE 1997 SUMMIT OF THE EIGHT BY FRANK SCHUCHAT

### **“Denver is a city that probably shouldn’t have happened”**

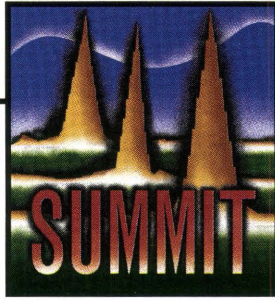
wrote local historian David Kent Ballast in the introduction to his history of the area, *The Denver Chronicle*.

The author was referring to the fact that, in 1858, when a handful of pioneers established what became the city of Denver, the location they chose was too far from any other population center, in the heart of Indian territory, dry, with only sparse trees, and not accessible by any navigable waterway.

Not deterred by what was missing, the early settlers were drawn to the natural beauty of the surroundings—the panoramic Front Range of the Rocky Mountains is visible to the west from almost all parts of the city. They were also drawn by the prospect of earning a fast fortune from the gold and silver mines or at least making a steady income on the prairie.



The pioneers are still coming to Colorado 140 years later, for the jobs but also for the great outdoors and the comfortable western lifestyle. Forbes magazine predicts that four locations in Colorado: Denver, Boulder/Longmont, Fort Collins/Loveland, and Colorado Springs, will be among the 25 US cities that are likely to have the highest job growth over the next five years. The sectors leading this job growth will be biotechnology, software, telecommunications, and semiconductors. (Local venture capitalists like to refer to Colorado as “Silicon Mountain,” likening the area to Northern California’s Silicon Valley.) In 1996, *Fortune* magazine ranked Denver second only to Seattle on its list of the



best cities in America for business. With Coloradans enjoying more days of sunshine per year than Southern California, a lot of locals would place Denver ahead of rain-soaked Seattle.

Civic leaders attribute the selection of Denver as America's host city of the 1997 summit to President Clinton's own appreciation for the natural beauty of the Rocky Mountains and his affection for the state of Colorado. Daniel Yohannes, CEO of Colorado National Bank, serves along with Joe Coors of the legendary beer making family and Lieutenant Governor Gail Schoettler, as one of the three co-chairs of Denver's host committee for the G7 summit. Yohannes says that the community didn't lobby for the G7 meeting and that the announcement in July 1996 that Denver was chosen came as a complete surprise. Yohannes insists, however, that there is a "positive enthusiasm" within the community and a recognition among business leaders that this is a special opportunity to showcase the way that Denver has positioned itself to be a world-class international city in the next century.

Whereas Denver was isolated by its geography when the original settlers came here in 1858, the development of transcontinental railroads built the city into a transportation hub by the late 19th century. In the 21st century, Denver hopes to become one of the major centers for global telecommunications and commerce. Denver's position halfway between Asia and Europe makes it an ideal location for coordinating global satellite communications.

And city leaders are counting on the new Denver International Airport, which opened in 1995 at a cost of some \$4.2 billion, to be a magnet for economic development and integration with the global economy. Banker Daniel Yohannes is hopeful that the worldwide attention Denver receives from the G7 summit will put to rest any remaining residue of bad publicity stemming from the airport's delayed opening and the problems with its automated baggage system.

The airport isn't the only new public facility in the city. In 1995, the Colorado Rockies Baseball Club opened their season in Coors Field, a brand-new, old-fashioned ballpark. In 1995, the city also completed a \$50 million renovation and 10-story addition to the central public library. The new structure, designed by architect Michael Graves, contains more than 1.5 million books and more than a million government publications, magazines, newspapers, and electronic

**There is a "positive enthusiasm" within the community and a recognition among business leaders that this is a special opportunity to showcase the way that Denver has positioned itself to be a world-class international city in the next century.**

media. Summit visitors shouldn't miss the new library, but those who want to leave town with a few volumes should head for the Tattered Cover, Denver's premier independent bookstore and the second largest in the United States.

Donna Good, director of planning for Denver's summit host committee, also is very proud of her city and very aware of the opportunity for good publicity that accompanies a visit by the heads of the world's seven wealthiest nations, along with the leaders of Russia and the European Union, hundreds of other senior government officials and thousands of journalists. Ms. Good says that the summit, with the logistical issues involved in hosting so many world leaders, is absolutely without precedent for Denver.

Summit visitors can quench their thirst at one of the many brew pubs for which Colorado is well-known. There also is an increasingly diverse selection of good restaurants to choose from, serving a variety of cuisine from buffalo steak to sushi to fine Italian food, to fresh fish ("flown in this morning"). Denver's major restaurant areas in the central city are in the main business district, the Lower Downtown ("LoDo") section around Coors Field, and Cherry Creek North.

To help assure that Colorado's growing international business community appreciates the significance of the occasion, the Denver World Trade Center will host a World Trade Conference on June 10-11, with well-known authors and experts on foreign affairs and international trade and business addressing some of the opportunities and stresses created by the expansion and acceleration of the global economy.

The people of Denver are preparing an enthusiastic welcome for the summitteers. However, on the weekend of June 20-22, when the world leaders sit down inside the new Denver Public Library and the world press corps mingle at the Colorado Convention Center, you are sure to find a large percentage of Denver's population somewhere west of the city, either hiking, mountain biking, rock climbing, white-water rafting, sunbathing, ballooning, skydiving, or engaged in some other active pursuit and enjoying some of the finest weather and most beautiful scenery in the United States. ☺

*Frank Schuchat, based in Denver, is an international lawyer and journalist.*

# VALÉRY GISCARD D'ESTAING

Valéry Giscard d'Estaing, the former president of France and founder of the annual G7 economic summits, was interviewed at the French ambassador's residence in Washington, DC in April by *EUROPE* Editor-in-Chief Robert J. Guttman. Giscard d'Estaing discusses the origins of the G7 summits and the upcoming Denver Summit of the Eight. The former president also speaks out on the euro, EMU, and the future direction of the European Union.

President Giscard d'Estaing on the campaign trail in 1974.



**You were the originator of the G7 Economic Summit. Could you explain what led you to start this in 1975? Why did you come up with the G7 idea?**

In 1975, it was not a G7, but a G6. It became a G7 the following year when Canada was invited to join. The idea came just after two economic shocks. The first was the disorganization, or the disintegration, of the international monetary order, which started in 1969-1970. It took the form of the devaluation of the dollar, the end of the convertibility of the dollar into gold, and the general realignment on current exchange rates, which was decided in the Smithsonian. And after that, the flotation of the currencies. So we had this first shock. And the market hadn't fully recovered from this first shock. The second shock was the oil shock of 1973, the oil embargo and the inflation it induced,

which reached a level that was politically unknown to date. So my problem was to know if the main leaders of the industrialized countries, the presidents or the prime ministers had a personal evaluation of this situation and if they were able to agree or not on some measures to be taken. You had all the bureaucratic processes going along all the time, but it was difficult to know what were the personal ideas of the president of the United States, Gerald Ford, on certain issues or the personal idea of the German Chancellor Helmut Schmidt or of the prime minister of Japan.

The original idea was just to meet individually, by being in the same room without any formality and having two days to discuss without any pressure by the administration or by the media and to see if there was an agreement on certain issues. It was a fascinating meeting because we had a

frankness of expression between ourselves, and we realized that there was some basic agreement on certain major elements, mainly the fact that we all wanted to restore some order to the international monetary market and that we were ready to give the proper instructions to the institutions concerned to act in that direction.

We had no collaborators; no one went out of the room all the time to make a telephone call or talk to advisers. We had a single press conference at the end in the small Marie of Hubier. The format was good, because it is always very difficult to know what leaders really have on their minds and what they're aiming at or driving at, and we succeeded. We had two other good meetings later, one in Bonn and one in Tokyo. We moved from six to seven because Canada was invited in Puerto Rico in 1976.

Two years later we had a very interesting debate in Tokyo about a very important point. Should we accept to limit our oil imports? Were we ready to do it? We went through the second oil shock. The question was: Are we ready to take appropriate measures to limit our oil imports? At the beginning, there were only two countries, the United States and France, who were ready to do it. The others were reluctant, the Germans and the Japanese. After a very long and hard discussion, we agreed on ceilings for oil imports. We even had figures for that, and these figures were respected in the next two following years. So you see, the idea was simple based on a very direct contact between the leaders and trying to reach some positive conclusions. This was the recipe for success. Unhappily, this spirit has been partly lost because now you have a lot of bureaucratic officials that say something else. The bureaucrats prepare a text that cannot even be reread by the leaders because there are 45 pages of text. And there is very little room left for the personal discussion between the leaders to evaluate the situation. I hope that we go back to our original idea with less bureaucratic preparation. We need to keep the leaders together on an informal basis, and we need to cut out bureaucratic interferences and give less importance to the media. Today everyone

wants to make statements and to look like the victor of the competition.

**So you'd like to see the informality of the original G7 come back?**

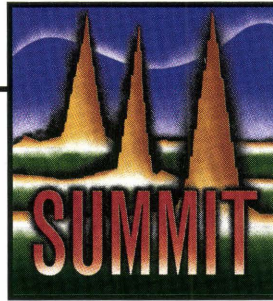
Yes, I would. I think it's a necessary condition. It's the only world meeting we have on all the world scene where the qualifications of the countries to participate are based on their economic features and not on their political importance. Otherwise we could have India; we could have China; we could have many significant countries. But the group of the most industrialized, developed countries—this is the meeting for their competence and for their agenda and for their proposals.

**The summit meeting coming up in Denver in June is called the "Denver Summit of the Eight," to include Russia. What do you think about Russia being included?**

First it would be fair to get the assessment of the other members because this has been announced through a bilateral meeting between the American president and Mr. Yeltsin, but the other members should be consulted. Second point, Russia is not in a situation now to bring a contribution to a joint action to improve or to address some of the international monetary or economic problems of the world. So the idea should be to keep the economic agenda between the seven and to have another format with a special agenda so as to include Russia as a participant. It wouldn't be an economic group of eight; it would be two meetings, an economic meeting attended by the seven, and a meeting of an evaluation of the world situation that could be a meeting of eight.

**Is it okay to bring in other countries, or do you think it should stay at the G7?**

It was a special case of Russia, because Russia is moving from a superpower status to a new status that is not clearly defined. And it's good to keep Russia at the level of world responsibility.



**So with countries like China or Singapore or Malaysia, would you want to have them included in the G7.**

We may go to all the other existing forums, either the OECD, or the World Trade Organization. They do exist for these purposes.

**Do you ever see the possibility in the future of just having the European Union represent France and Germany and Italy and the UK in the G7 meetings?**

When monetary union is completed, we will have one single representation in the IMF, for instance. This should be the final objective. We do it already for trade matters; we have a single voice, which is a commissioner for external trade, and we have a team of countries working with him to define a common position, for this must be the final stage. Your solution would suppose that the problem of the political union of Europe is already solved because many issues discussed at the G7 meeting are still in the competence of the states. So at the moment, it wouldn't make sense to change the composition of the G7. But if we create, which I wish, a political union, then we must review the situation.

**If you were going to be at the Denver Summit of the eight, what would you say are the key economic issues facing Europe today that you would discuss?**

There are two important issues. One is to inform our partners of the reason why we want and have decided to create a monetary union. Because some of them know it, some others, up to now, have not had the direct experience of what we want to do. So it is very important that the president of the US and the prime minister of Japan know what we have in mind with the EMU proposal and how we intend to administer it. The first point is very important. The second point is to try to go a little bit further in the classical analysis about unemployment. Because the common view now is that Europe is trailing in terms of employment because of two or three special

# EUROPE INTERVIEW

features. But we must go deeper into the question and see what are the consequences of the globalization of economy vis-a-vis the employment, if there is a direct cause, a direct relationship with unemployment or if it's just an aspect of the transition and if it's possible to have a joint approach or a diversified approach to that issue. We have different experiences because we have countries with very low unemployment like the US and, to some extent, Japan; countries in the middle, like the UK; and countries with high rates of unemployment like, for instance, Canada, Germany, France, and Italy. We should analyze the differences, see if there could be some collective action, and determine if it's possible to try to reduce unemployment.

## **Is the creation of a single currency, the euro, more of a political act than an economic necessity, or is it both?**

Both. It is a political act. And it will be seen by people as a major political advance. Because as the day comes when we get in the habit of having in our wallet the same coins and the same notes, people will be surprised to realize how similar their conditions and economic activities are. So it's a very significant factor for the European identity in the respect that it will induce a move toward a more organized political Europe. You cannot leave the Central Bank and the euro in a sort of political vacuum. They need to have an institutional surrounding around them. It's an idea that was advanced by the German chancellor since the beginning. And I support this idea. The monetary union implies some additional sort of political union. On the other hand, the economic motive is very clear. You cannot have, for long, a single market and not a single currency. And if you try to keep it for long, you will disintegrate the market. Because if you have different currencies, you take the risk that there are movements between them, a kind of devaluation, competitive devaluation, or crisis. And then, the economic and social tensions can disrupt the market. We almost had it in the period of 1992-1993, when we had the severe devaluation of the lira and the peseta and also, at the beginning, of the pound. Then there were very

strong tensions because of the changing of the competition conditions into the market. So, a single market needs to have a single currency to survive.

## **Do you believe that the euro will begin on time? Or do you have any doubts?**

Yes, it will begin on time. I have no doubt at all... And it's accepted now in the United States. It's generally accepted by the financial and business leaders of the US that it will happen on time.

## **Do you think the euro will challenge the dollar someday?**

It's not at all the purpose of the monetary union. We are doing the monetary union for ourselves, to have stability, and to have a zone organized on the basis of a single monetary policy. So there is no aggressivity in the monetary union, and there is no threat to anyone. The question is, how the world will live with this new currency instead of the 12 we have now. First, it will bring about simplification for everyone. When something is more simple, it's easier to work with. Then the currency will be a stable one because it will be composed or supported by strong countries having the desire to have a strong currency. There will not be an element of disorganization of the monetary system. My expectation is that it will contribute to an additional stability. The crises we had in 1992-1993 were triggered by the situation of national European currencies. And so this situation cannot be repeated because we will have one single large and solid European currency that will prevent the repetition of such crises.

## **Is the German-French alliance so strong today that it will hold no matter who is president of France or chancellor of Germany?**

Absolutely. It's now something very curious because we were antagonistic countries. We were prepared and educated to make war against each other, until 1939 in fact. And now when we go

to international meetings or when you have a German and French delegation, it's absolutely natural for

us to feel at ease and comfortable with each other. And when we support common positions, it's not because we're making an effort on ourselves, it's because now it has become some sort of a natural attitude. In the polls, you always have people answering in Germany that they feel closest to or the most friendly to the French and in France they are closest to the Germans. This is absolutely new.

## **What was your greatest accomplishment as president of France or in your public life?**

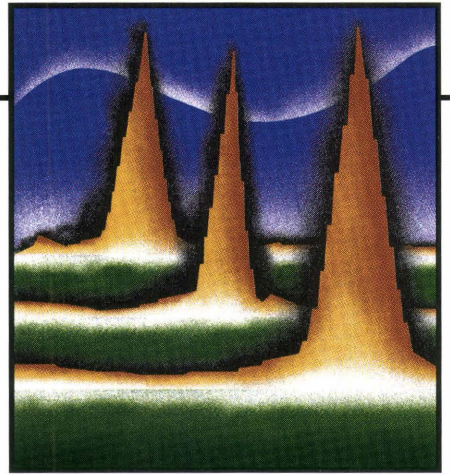
I had some on the domestic level, for instance, when I lowered the voting age. I modernized the civil laws for divorce, for freedom of choice for women, which was a very difficult issue in a Catholic country. I reformed the Supreme Court to give the opposition the possibility of contesting the law which didn't exist before. I tried to modernize the social and political life of France. On the other hand, on European matters, I can point out three great achievements. There was the creation in 1975 of the European Council, which is now an institution and was created at the Elysée under my administration in 1974. Then the election of the European Parliament by popular vote, the first time in 1979. And I helped create the European Monetary System, which was the forerunner of the monetary union because we announced that we would have a European currency at the end of the European Monetary System.

## **When you started, when you and former German chancellor Helmut Schmidt came up with the EMS, did you think there would be a single currency at the end?**

Absolutely, we wrote it in the text of the EMS you have a second stage. And we said that this second stage would lead to the creation of a European central bank with the purpose to prepare the introduction of a single European currency. ☺

BY LIONEL BARBER

# EUROPE'S SUMMIT AGENDA



ALL SUMMITS ARE IN NEED OF A THEME. From Europe's point of view, the most pressing need in Denver is to strengthen the partnership with the US at a critical moment in the continent's affairs.

Maintaining American engagement is crucial as Europe prepares for the historic enlargements of NATO and the European Union eastwards toward Russia, and the launch of the single currency—the euro—in 1999.

Against this backdrop, the EU's goal in Denver is to show that it is an "adult partner" capable of assuming its responsibilities on the world stage alongside the US.

In the eyes of policy makers in Brussels, one tangible way of convincing sometimes skeptical Americans that these aspirations are realistic is to launch the debate on the economic and institutional implications of the introduction of the euro.

This means pressing the US and Japan to give more thought to the impact on the world's monetary order of a new euro zone encompassing the strongest Western European economies; the degree to which the euro may rival the dollar as a reserve currency; and the threat of exchange rate volatility as traders play the dollar-yen-euro triangle rather than the national currency markets in Europe.

The euro debate also means tackling the sensitive issue of Europe's representation at the Denver summit. Would France, Germany, and other potential members agree to be represented by a single euro bloc voice? When would the European Central Bank speak for all single currency members? And on what issues? What about the role of the European Commission, which would like to play a bigger role at the summit?

These institutional issues are linked to the Europeans'

desire to involve Russia more closely in the summit, reassuring Moscow that it can expect a place at the high table, notwithstanding NATO's imminent enlargement to Central and Eastern Europe. In some quarters, reassuring Moscow means an offer to Russia to become the eighth member of the G7 club.

President Yeltsin has expressed a strong interest in Russia joining the seven industrialized nations. Allowing Russia to become a fully-fledged member of the elite club would appear to be a small price to pay if Moscow dropped its opposition to NATO enlargement, whatever the disparity between its own economic performance and the Western nations and its non-membership of the World Trade Organization.

Finally, the EU is exploring whether to offer the US a more coherent program for cooperating against terrorism—a long-standing American foreign policy priority. The US has often felt that the EU has not done enough to isolate rogue regimes suspected of sponsoring terrorism, such as Iran and Libya, especially when powerful commercial interests are at stake.

The good news ahead of the Denver summit is that the EU took rapid action in the wake of a German court verdict tying senior members of the Iranian regime to the assassi-



**Last month, thousands of Iranian demonstrators rallied in front of the German embassy in Tehran protesting a Berlin court ruling that linked Iran to state-sponsored terrorism.**

nation of Kurdish dissidents in Berlin. All EU members suspended the “critical dialogue” with Iran and recalled their ambassadors.

Though the diplomatic measures fell far short of commercial sanctions, the US welcomed the move. This in turn paved the way for a compromise on the most difficult transatlantic dispute: the Helms-Burton law, which penalizes foreign companies “trafficking” in assets in Cuba confiscated by the Castro regime.

Under the terms of the deal, Brussels has suspended its case in the World Trade Organization. Washington had threatened to ignore any ruling by a WTO panel, saying Helms-Burton was a foreign policy—not a trade issue. Such a move would have severely damaged the authority of the WTO.

The EU has reserved the right to reinstate its case if the US does not fulfill its pledges to waive parts of the Helms-Burton act allowing private legal suits against for-

eign companies investing in Cuba. President Clinton will also seek to waive provisions of a D’Amato law that threatens trade sanctions against foreign companies investing in the oil industries of Iran and Libya.

By defusing the dispute over the “extra-territorial” reach of the Helms-Burton and D’Amato laws, the EU and US have avoided a row over American actions, which threatened to expose fundamental differences over how to manage relations with troublesome third countries.

Finally, the EU is seeking to introduce more effective cooperation in justice and home affairs as a centerpiece of a new Maastricht II treaty due to be wrapped up in mid-June at a summit in Amsterdam.

If the EU could match its promise of a common area of “freedom, security, and justice” in Europe with an offer of transatlantic cooperation, Brussels diplomats believe this would meet a positive response from the US. ☺



# *The Euro Is Coming... to Denver*

*By Bruce Barnard*

**The greenback may have to share the limelight with an upstart at the Denver Economic Summit.**

**The value of the dollar has been a fixed feature on the agenda of almost every G7 meeting, but in June it will face competition from a currency that doesn't exist: the euro.**

**The planned European single currency is finally beginning to pervade strategic thinking in Washington as its 1999 launch date dawns, raising the prospect of a serious challenge to the global dominance of the dollar.**



The G7 leaders will be meeting in Denver at a critical time for the euro as it becomes clear whether Germany will qualify for monetary union, thereby assuring its launch or whether it will fail, almost certainly killing off Europe's most ambitious postwar project.

The euro's higher profile across the Atlantic is largely due to the persistent rumors of an imminent announcement by EU leaders of a temporary delay in its launch to give Germany a breathing space to meet the most important qualifying criterion: a budget deficit below 3 percent of gross domestic product.

In fact, the EU's drive to monetary union drew a skeptical response in the US until very recently. Even the naming of the new currency at the EU's Madrid summit in December 1995 failed to dispel American doubts.

The dollar still remains the most talked about currency. Its spectacular rise against the yen and the D-mark in the past two years dominated the agenda when G7 finance ministers and central bankers met in Berlin in February.

But bankers, economists, and politicians in Washington are finally acknowledging that the euro will pose a major political and economic challenge to the United States. European leaders are also aware of the euro's power to alter the balance of power in the global economy. The euro will end the "hegemony" of the dollar, according to French President Jacques Chirac.

There are two key questions about the arrival of the euro on the world's money markets. Will it erode the dollar's position as the world's reserve currency and major medium of global trade used for buying and selling everything from crude oil and copper to jet planes and computer chips? Secondly, will it be a "strong" or "weak" currency?

There is no doubt the euro will make a big splash. "Monetary union in Europe holds the promise of profound change in international finance," said Andrew Crockett, general manager for the Bank for International Settlements (BIS) in Basel, Switzerland. "The economies sharing the euro could face the world as the largest single currency area and the largest single trading bloc."

The 15-nation EU has a bigger economy than the US, its production of goods and services totaling \$8.4 trillion in 1996 against \$7.2 trillion in the US. And its external trade edges out the US by \$1.9 trillion against \$1.7 trillion.

"The structural features of a united Europe are likely to produce a euro that will ultimately challenge the dollar as the world's key currency," according to Fred Bergsten, director of the US-based Institute for International Economics.

"A bipolar currency regime, with Japan as an important but less significant player, will replace the dollar-denominated system that has prevailed for over half a century," Mr. Bergsten told an International Monetary Fund (IMF) seminar in Washington.

There are also fears the euro will be a destabilizing factor. Michael Camdessus, managing director of the IMF, has

voiced fears that its introduction could lead to more frequent and more damaging misalignments among the exchange rates of the world's leading currencies.

As the euro deadline approaches, economists are attempting to calculate its likely impact. They see it fulfilling three roles, as a reserve currency, an investment tool, and an invoicing medium in world trade.

It's easy to see why the euro will have a big impact on the global economy. For a start, it will involve the merger of the currencies of the world's third and fourth largest economies and exporters, Germany and France. Moreover, the monetary reserves held by the EU's central banks are valued at more than \$375 billion or four times those of the United States.

Most commentators are bullish about the euro. Analysts at investment bank JP Morgan reckon that some 17 percent of world exports will be generated by countries in the euro-zone, and based on the D-mark's performance, the new currency would be used to invoice 25 percent of global commerce. Moreover, the countries of Central and Eastern Europe are expected to transact most of their external trade in euros.

While the euro may be making modest headway in the US ahead of its launch, Asian nations are hedging their bets. The response of this dynamic region to the new currency will be decisive: five of the seven biggest holders of foreign reserves in the world are Asian, managing a total of around \$600 billion.

Hong Kong held more than 80 percent of its \$66 billion foreign exchange assets in dollars, at the end of 1995, according to the latest available figures,

while the top European currency, the D-mark, accounted for just 4.5 percent of its holdings.

If the euro does challenge the dollar as the world's reserve currency, it will have a lasting impact on US economic policy. For a start, the US would have to raise its long-term interest rates to attract overseas investors thus dampening economic growth.

By making the EU and its companies more competitive the euro will help to close the growing gap a resurgent US and Japan have built in key high-tech sectors. It will also help to gel the EU's single market, which has failed to deliver all of the expected benefits since its launch in 1993. In short, it will tilt the balance of economic power in Europe's favor.

A key question that makes the US nervous is the value of the euro against the dollar. France has pushed for a "weak" currency to boost Europe's competitiveness on world markets, but it has been opposed by Germany, which wants the euro to be as hard as the D-mark to win over the 70 percent of Germans who oppose monetary union.

But the biggest question of all is will the euro be launched on time or will it be delayed for two years or forever. The answer will be a lot clearer when the summit leaders meet in Denver. ☺

***As the euro deadline approaches, economists are attempting to calculate its likely impact. They see it fulfilling three roles, as a reserve currency, an investment tool, and an invoicing medium in world trade***

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*Bruce Barnard is a contributing editor for EUROPE and a Brussels correspondent for the Journal of Commerce.*

# EUROPEAN FIRMS LOCATE IN COLORADO

BY IAN OLGEIRSON

**Europeans are traveling to Colorado for more than just the open slopes and clear vistas. They are coming to run a growing cadre of subsidiaries based in the state's metropolitan hub.**

**Denver has recently added several US units of European companies to an already long list of manufacturing arms and North American headquarters.**

**European corporations make up the bulk of the state's biggest foreign-owned companies, accounting for 17 of the 25 largest with Colorado operations.**

A sampling includes Camas America Inc., part of the construction materials giant Camas PLC of the UK; Sonnenalp Properties in Vail, part of Faessler International, the German hotel group; the Western Sugar Co., a unit of London-based Tate & Lyle; and Hunter Douglas, a manufacturing arm of the Netherlands' Hunter Douglas Group.

Morgan Smith, director of Colorado's International Trade Office, credits the steady flow of newcomers to the state's growing base of high-tech businesses.

"Colorado is really getting a critical mass in technology areas, and that's going to be important in attracting foreign investment," Smith said.

The ski industry has attracted several foreign companies, including Poma of America, the North American arm of the French company Pomagalski, one of the top three makers of ski lifts in the United States.

Rick Spear, director of sales for the Grand Junction-based company, said Poma's current location places them squarely between the Colorado and Utah ski resorts and allows them to better serve the western United States.

"This is a good place for manufacturing," he said, citing dry weather and a deep labor pool.

Denver also maintains its role as an agrarian hub, extending spokes out to huge expanses of farm and ranch lands in Colorado and the surrounding states.

The Western Sugar Co., a unit of London's Tate & Lyle, the largest starch and sweetener company in the world, operates a network of sugar beet processing plants in states such as Colorado, Montana, Nebraska, and Wyoming.

President Tom Chandler explained that Tate & Lyle, the

largest starch and sweetener company in the world, formed the organization out of the bankrupt remnants of the Great Western Sugar Co. in 1985.

It has since expanded several times, taking advantage of favorable US farming regulations and vast supplies of sugar beets, while capitalizing on Denver's transportation and business infrastructure.

"Denver has sufficient critical mass that was needed to run the business," Chandler said.

Tomkins PLC recently leapt onto the scene in Colorado, acquiring one of the state's oldest and largest privately owned companies. Gates Rubber Co., now one of many units in the London-based manufacturer's empire, is a leading maker of automotive and industrial belts.

The subsidiary with \$1.4 billion in annual revenues long ago moved its manufacturing operations abroad, but it maintains its corporate headquarters in Denver, and Tompkins officials said they don't plan any changes.

Other smaller, but notable, additions to the European ranks in Colorado include Balzers Thin Film, a unit of the \$3.2 billion Oerlikon-Buehrle Holdings AG of Liechtenstein, and Molca USA, the North American headquarters of Molca Design DV of Etten Leur, the Netherlands.

Molca recently moved its North American candle making operation from Chicago after finding inexpensive land and a favorable climate for manufacturing candles.

General Manager Michael Kohlman credited another reason to geography. "Denver is basically in the middle of the US," he said. ☐

—Ian Olgeirson

# *Inside*

# EUROPE

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## EU NEWS

### THE EU-US RELATIONSHIP

The European Union and the United States have glued their economies even tighter in the past few years, defying the pundits who predicted a parting of the ways as the two sides found more attractive partners.

Trade and investment flows across the Atlantic scaled new heights in 1996 cementing the world's biggest commercial relationship, overshadowing the US's links with Japan, the Asian tigers, and even the wonder economy of China.

The renewed optimism about transatlantic business contrasts sharply with the gloomy obituaries of a few years ago, when the United States appeared to be channeling all its energies across the Pacific. The threat to EU-US relations loomed ever larger when the end of the cold war seemed to undermine the rationale of the military and political alliance while economic reform in the former communist nations of Central and Eastern Europe created a market on the EU's doorstep that was easier to exploit than the distant one across the ocean. The establishment of NAFTA (North American Free Trade Agreement) was viewed as a potent threat to the US-EU relationship.

Not only were the doomsayers proved wrong, but even the most bullish supporters of closer EU-US ties were also taken by surprise by the surge in transatlantic business and trade.

- The US and the EU are each other's best customers after Canada with two-way trade totaling more than \$255 billion a year. The EU accounts for nearly 18 percent of the US merchandise imports and more than 21 percent of its exports trailing Canada by only a few billion dollars.

- The figures for direct investment are even more impressive as they underline the long-term

commitment of companies on both sides of the Atlantic. US firms had investments in the EU worth more than \$315 billion in 1995—the latest year for which official statistics are available—compared with \$82 billion in Canada and \$40 billion in Japan. EU firms held US assets worth more than \$325 billion in 1995.

- Japanese investment in the US has stirred controversy largely because it has targeted prize American institutions, such as Hollywood film studios, but in fact Britain has a bigger stake in the US—worth \$133 billion in 1995 against Japan's \$108 billion.

- European companies launched a US investment blitz in 1996 with outlays surging 40 percent in the first nine months of the year to account for nearly 80 percent of total inflows into the country. France spent \$11.8 billion in just the January-September period compared with \$14.6 billion invested between 1993 and 1995. German spending jumped more than 60 percent to \$12.8 billion, compared with an annual average of just \$7.3 billion in the previous three years.

- European firms employ more than 3 million Americans, and a further 2.5 million US jobs are dependent on exports to the EU, while US firms have 3 million Europeans on their payrolls.

US firms in Europe often are indistinguishable from European companies because they have been around for so long. Many refer to themselves as "European companies of American parentage." Jaguar, the English luxury car manufacturer, is owned by Ford, while Saab, the Swedish sport sedan maker, is half owned and managed by General Motors. Conversely, few American consumers are aware that RCA, the well-known American record company, and Bantam Doubleday, the book publisher, are owned by Bertelsmann, the German media giant, or that Burger King is a British firm.

Increasing globalization has solidified the transatlantic relationship because the US and, to a lesser extent, Europe are much more open to mergers and acquisitions than Japan or other Asian economies. Merger and acquisition activity is concentrated on growth sectors like telecommunications, which boasts the biggest transatlantic deal—British Telecom's \$21 billion deal to acquire MCI, the second largest US long distance carrier. The pharmaceuticals sector has also seen sizable transatlantic mergers—like that between Sweden's Pharmacia and Upjohn of the US—as medium-sized firms join forces to take on the industry giants.

European and US firms are increasingly crossing the ocean to grow their business. General Electric aims to double its sales of household appliances in Europe to \$2 billion over the next three years while Bayer, the German chemicals giant plans to invest \$9 billion in the US between 1995 and 2000.

The EU's single market has failed to blunt the enthusiasm of European firms for the US. Dutch banks and insurers, for example, are looking across the Atlantic for growth: Aegon, the insurance group, recently paid \$3.5 billion for Providian, a US financial services firm, while ABN Amro, the biggest Dutch bank, spent \$1.95 billion on Standard Federal Bancorporation of Detroit and also bought Citicorp's global futures trading business.

The liberalization of Europe's airlines, railways, telecommunications, and utilities has opened up a new market for US firms. American companies own more than half of Britain's electricity utilities and all its rail freight operations. CSX Corp., the biggest US railroad company, has formed a joint venture with the Dutch and German railway groups, while United Parcel Service (UPS) is spending \$1.2 billion on a European business that has already absorbed \$1 billion.

European high-tech firms, meanwhile, are tapping the US capital market for funds they can't raise in risk-averse Europe, and a New York stock exchange listing has become a regular feature of European privatizations.

Europe is also adopting US management techniques in a bid to boost productivity and narrow the yawning gap with the United States and Japan in new high-tech and "knowledge" industries.

Governments on both sides of the Atlantic are also pulling out the stops to accelerate liberalization of world trade in sectors such as telecommunications, computers, financial services, and intellectual property.

And despite the occasional hiccup, like the high profile row over the Helms-Burton anti-Cuba law, Brussels and Washington are rowing in the same direction...to free trade.

—Bruce Barnard

## TONY BLAIR NEW UK PRIME MINISTER

The Labor Party won an overwhelming majority of seats in the House of Commons with roughly 45 percent of the popular vote in the United Kingdom's May 1 election. Tony Blair, 43, takes over as the UK's youngest prime minister of the century. The new prime minister is often compared to President Bill Clinton not only because of their "baby boomer" image and age but because of their similar campaign styles and techniques.

Leaders from all of the EU countries sent messages of congratulations to the new prime minister. Blair will have his first chance to meet the heads of all of the EU governments at an informal summit meeting in the Dutch town of Noordwijk on May 23. Blair, who transformed the image of the Labor Party into what he calls a "modern professional fighting force," will be busy attending conferences his first few months in office. He will have to focus on foreign affairs matters at the EU gathering in Amsterdam in mid-June; the Denver Summit of the Eight at the end of June; and the NATO summit in Madrid in early July.

Blair has stated that he is committed to making a "fresh start" in Europe. On domestic affairs he confirmed that "I'm not a great believer in a dazzling 100 first days which then disappears up in smoke."

## EU DECLARATION ON IRAN

At the end of April, the European Union Council of Foreign Ministers confirmed that under present circumstances there is no basis for the continuation of the "critical dialogue" between the EU and Iran. They also agreed on the suspension of official bilateral ministerial visits to or from Iran and confirmed that it is the established policy of the EU member states not to supply arms to Iran. The council decided to keep the relationship with Iran under close review.

### INSIDE EUROPE

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## NOTEBOOK: EMU MAY DECIDE FRENCH ELECTIONS

European Monetary Union has emerged as the central—and only foreign policy issue—in France's parliamentary election that was unexpectedly called by President Jacques Chirac in April. If the Socialists win in the two rounds of voting May 25 and June 1, France's position could change with regard to implementing EMU. That if, however, looms very large.

In what is regarded as his biggest, riskiest gamble, President Chirac decided on the snap election to consolidate his weakened position, and that of his government, in the polls, amid growing protest movements. He also wants the new government to be free for five years, a parliamentary term, to implement further austerity measures. The prerequisite is making sure France qualifies for EMU on the scheduled launch date of January 1, 1999.

Within hours of Chirac's televised statement, the opposition Socialist Party leader Lionel Jospin declared that if the price of joining EMU involved more, heavy doses of austerity at a time of record unemployment, his answer to the common currency would be "no."

Former Socialist prime minister Laurent Fabius, who has drawn close to Jospin, went even further, stating that, while he was "clearly favorable" to the single currency, "if we win, we must very quickly hold talks with the Germans and other countries" regarding EMU implementation. This could mean a possible delay to negotiate an easing of qualifying criteria, particularly with regard to deficits. In both Germany and France, the deficits are estimated to be slightly higher than the 3 percent of GDP specified in the treaty for EMU qualification.

Prime Minister Alain Juppé, echoing the views of Chirac, has responded repeatedly that France has "nothing to fear but everything to gain from the euro,

everything to gain from Europe." He repeatedly described Jospin's views as "archaic," which would threaten France's chances of participating in a single currency, a plan actively supported by the late, former Socialist president François Mitterrand.

In the wake of such talks, European currency markets have reacted with jitters, as the dollar dropped against the deutsche mark, amid widespread fears that EMU would not, in fact, proceed as scheduled—assuming the Socialists win. However, polls in late April showed the Gaullists and their conservative allies regaining control of the parliament, but with a reduced margin; a majority is 289 out of the National Assembly's 577 seats.

Since the Maastricht Treaty was ratified in 1992 by only a thin 51 percent vote, the outcome of the election will, to a large degree, depend on how French voters perceive the two main adversaries—Jospin and Juppé—and their allies. Both are moderates and products of France's elite school system.

Jospin, who will turn 60 in July, is the son of a teacher and graduated from the nation's prestigious graduate school for civil servants, the Ecole Nationale d'Administration, as did Juppé, son of a wealthy landowner, who will turn 52 in August. Both have spent several decades in politics, and both have held ministerial posts—Jospin as minister of education under former president François Mitterrand, and Juppé as Chirac's foreign minister and, since 1995, prime minister.

With only a few weeks to go, the two rivals have hit hard at each other in what is widely regarded as one of the nastiest campaigns in postwar history. Jospin, a former professor, reflecting a calm, studious manner, attacked Juppé's record, arguing that EMU is but an excuse for more belt-tightening and cutbacks in jobs, particularly in the public sector, reflecting a conservative policy favorable to business. Why else have new elections he asks repeatedly.

Among Jospin's most ardent supporters, often at his side, is Martine Aubry, daughter of former European Commission president Jacques Delors, also a Socialist. She is expected to win a parliamentary seat and become a minister in the event the Left wins.

Juppé, a longtime adviser to Chirac, blames the Mitterrand government for France's high deficits and jobless level of nearly 13 percent and repeatedly tries to make that clouded past stick to Jospin and his allies. Among the Socialists supporters is Robert Hue, the affable, bearded leader of the French Communist Party, who is far more opposed to EMU and the common currency than most Socialists. But the conservatives are also divided on EMU, promising more lively debate and uncertainty until the evening of June 1.

—Axel Krause

### WHAT THEY SAID

**"The launch of the euro in January, 1999 has become an unstoppable reality for everyone."**

—Jean-Claude Trichet, governor of the Bank of France

**"I will run because I believe I have a duty to do this in the current situation. We face difficult international developments."**

—Helmut Kohl, chancellor of Germany, announcing that he will run for a record fifth term

**"European deepening and widening are tied together. If European Monetary Union is derailed, EU enlargement would also be derailed."**

—Norbert Walter, chief economist for Deutsche Bank

## BUSINESS BRIEFS

The Spanish government plans to sell a third of **Endesa**, the state-owned electricity utility, in the fall, doubling total privatization proceeds this year to more than \$10 billion.

The government is bringing forward the sale of half of its 66 percent holding in Endesa to take advantage of a strong stock market.

Earlier privatizations this year included the disposal of the government's remaining 21 percent stake in **Telefonica**, the telecoms monopoly, in February, and the remaining 10 percent holding in **Repsol**, the oil and chemicals group, which was scheduled for end-April.

Prime Minister Jose Maria Aznar is using the privatization to spread "people's capitalism" and to raise cash to fund the restructuring of loss-making state-owned firms in coal, defense, and shipbuilding.

•••

**BMW**, the German car firm, is again at the center of rumors linking it with **Rolls Royce** despite denials by the ultra luxury car maker that it is up for sale.

BMW owns Rover Group, the British volume car manufacturer, and chairman Bernd Pischetsrieder admits he would like to bid for Rolls Royce.

Rolls Royce already has strong German links. Breaking with tradition and upsetting the purists, it buys its engines from BMW and hired a former **Volkswagen** marketing and sales executive Graham Morris as chief executive.

Rolls Royce sales have plunged from 3,000 in 1990 to 1,744 last year, but Mr. Morris is planning a "quantum leap" in sales with the introduction of a new model before 2000.

•••

**Bayer**, the German chemicals giant, plans to invest up to \$9 billion in the United States by the year 2000, following the \$1 billion purchase of the Bayer name in the US two years ago.

Bayer's \$4.6 billion capital expenditure budget will include a

\$1.2 billion expansion of its chemical plants, an \$850 million boost to its drugs operations in California, Connecticut, and North Carolina, and the recruitment of 1,700 salesmen for its pharmaceuticals division.

•••

The merger fever sweeping Europe moved north in April with **Storebrand**, Norway's biggest bank, and **Christiania Bank**, the second largest, joining forces to create a financial services group with assets of more than \$41 billion.

The agreed "merger of equals" is the biggest financial transaction in Norwegian history and mirrors similar moves in neighboring Sweden as medium-sized firms join forces to protect their vulnerable domestic markets from larger foreign invaders.

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The battle for supremacy in Europe's telecoms market heated up as **British Telecom** pulled ahead of its rivals with a flurry of deals that is certain to trigger a swift response from **Deutsche Telekom** and **France Telekom**.

Within hours of getting shareholder backing for its \$21 billion takeover of **MCI Corp.**, the US's second largest long distance carrier, BT's merged group, **Concert**, struck strategic alliances with **Telefonica** of Spain and **Portugal Telecom**.

The deals marked a serious setback for **AT&T**, the biggest US operator, because Telefonica was part of its European alliance, AT&T-Unisource, along with the telecoms companies of Switzerland, Sweden, and the Netherlands. Before opting for Concert, Portugal Telecom had spent a year negotiating with AT&T-Unisource and **Global One**, the alliance between Deutsche Telekom, France Telecom, and Sprint, the third largest US long distance carrier.

The European Union's telecoms market will be thrown open to full competition next January, and most of the bloc's small firms have allied

with the big players to survive the new environment.

•••

**Penang Shipbuilding Construction** of Malaysia paid \$100 million for a 48 percent stake in **Danyard**, the loss-making shipyard owned by the **Lauritzen** shipping group, underlining the Asian nation's efforts to build up a presence in European industry.

PSC has an option to raise its stake to 65 percent if there are no takers for the 27 percent of shares Lauritzen will offer to Danish investors.

•••

The Russian government plans to privatize **Rosneft**, a small state-owned oil company with interests in some of the country's most lucrative long-term energy projects. Foreign investors will be able to buy 15 percent of the shares giving them a stake in Rosneft's key assets, including a share in Sakhalin-1, a project to drill for oil off Sakhalin island in the Russian Far East. Rosneft was also awarded a 20 percent stake in a \$20 billion production sharing accord in the Timan-Pechora basin in northwest Russia in April.

•••

**OMV**, Austria's largest industrial group, plans to spend around \$1.6 billion in the next three years to become Central Europe's leading oil and gas company.

OMV gets half its annual 2 million tons output of oil from fields in Austria, but falling production has forced it to look further afield, including Albania, Libya, Pakistan, and the North Sea.

The group plans to boost its foreign network of gas stations by a fifth to around 1,000 giving it a 15 percent share of the combined gasoline market of Hungary, the Czech Republic, Slovakia, Croatia, southern Germany, and Slovenia.

—Bruce Barnard

# EUROPEAN CONNECTIONS

COLORADO'S HIGH-TECH FIRMS PROFIT IN EUROPE

BY HENRY DUBROFF



City leaders hope Denver's new state-of-the-art airport, which opened in 1995 and cost \$4.2 billion, will help expand its links with Europe.

From software to cellular phone networks to saki, Colorado's trade with Europe is riding high. Two million European households get their cable television service or telephone service from companies owned by Denver-based telecommunications giants. Computer storage devices made in France are powering the dramatic comeback of Boulder County's Storage Technology Corp. The number three US beer maker, Adolph Coors Co. of Golden, Colorado, brews its Extra Gold brand in Zaragoza, Spain. And in a tri-continental twist, a 300 year old company from Japan brews a brand of saki in Colorado that's wildly popular in Germany.

Behind the surge in Colorado's investment in Europe is the story of a western state that in recent years has behaved more like an emerging economic tiger than part of the mature US economy. Colorado bounced back from a severe recession in its real estate and energy sectors in the late 1980s adding nearly 500,000 jobs, many of them in knowledge-based industries that are export hungry. But some European investments are created by typically Western visions of a more competitive world, driven by the free enterprise system. For example, global deregulation of the staid utilities business clearly was on the mind of executives at the state's largest investor-owned utility company, Public Service Co. of Colorado, when they stunned observers in March by joining in a successful \$2.8

billion bid for Yorkshire Electric PLC in Yorkshire, England. "A medium-sized utility in the western US has to look at becoming a large player if the whole industry is about to change. It's going to grow or die," warned Public Service's president and CEO, Wayne Brunetti.

When it comes to business in Colorado most eyes are on metropolitan Denver with its population center of about 2 million, or roughly two-thirds of the state's people and jobs. Denver is home of major financial institutions, law firms, and accounting firms that are growing in their expertise for doing business in Europe. Driving much of the overseas growth is the emergence of Denver as one the nation's major telecommunications centers. US West, one of seven US regional telephone companies or "Baby Bells" has

spawned a vast cable television and global telephone empire. Less than a quarter of a mile from US West's understated offices in the Denver Technological Center, is the headquarters of Telecommunication Inc. (TCI), the nation's largest cable television company and a major investor in European cable systems as well as programming companies. Just down the road is Jones Inter-cable, another major player in cable, owned in part by Bell Canada.

Also based in Denver is Daniels & Associates, the world's largest cable television brokerage firm whose 108 deals worth more than \$3 billion were a record last year. The company's founder, Bill Daniels, a former World War II aircraft carrier fighter pilot, is credited with popularizing the idea of cable television and with turning his

# US WEST BETS ON EUROPE

The advertisement features a painter in a blue uniform and safety harness, painting a red wall. The wall has the text "Telefon GSM 995,- ted' od" painted on it. The EuroTel GSM GLOBAL logo is in the bottom right corner.

## US West, Colorado's biggest public company and its largest private-sector employer, has placed a \$1.2 billion bet on the future of Europe.

The Baby Bell was formed at the breakup of AT&T's local phone monopoly in 1984, and in the sometimes stodgy telephone business, that has meant big investments abroad. US West has been a major investor in Britain for years, where it has viewed that country's deregulated landscape

for telecommunications as a testing ground for products it hopes to export back to the US in the coming years.

Now, US West Chairman Dick McCormick sees big opportunities in the rest of Europe, particularly in Eastern Europe, as a result of recent World Trade Organization agreements to

open up the telecom business to competition. "The WTO agreement presents a level playing field. All of the rules are on the table. There's no negotiating in private, and each local telephone company will face independent regulation," McCormick said.

US West's investments in Europe



adopted home town of Denver into a major industry center. During the past decade, satellite broadcasters such as DirecTV, a unit of General Motors Hughes aerospace division, exploited Denver's central global position at 105 degrees longitude, building uplink stations that can connect Europe and Asia with a single signal "bounce."

The combination of TCI's International unit and US West's Media Group already is changing the face of telecommunications in Europe. Together the two companies own slightly more than 50 percent of TeleWest, a cable and telephone company that serves 600,000 people in the United Kingdom. While US West has focused on traditional wired and wireless services, TCI's 51 percent owned programming arm, distributes products through cable and

satellite systems across Europe, and it is in the process of consummating a major deal with the British Broadcasting Corp. for more products to distribute. Such a deal would mark a homecoming of sorts for Adam Singer, TCI International's 45 year old president and a former BBC executive. Flextech also could be crucial to Singer's goal of expanding what he calls a network of "electronic resorts."

"The real issue out there at the moment is that you cannot be in one of these businesses by themselves," he says. "You cannot be just in transport or just in distribution. Unless you have one to underpin the other, you're vulnerable."

Today, the telecommunications sector employs nearly 30,000 workers in Colorado, while mining, once the

state's critical economic driver, employs less than 10,000. Denver Mayor Wellington Webb puts the transformation this way: "The city is proud of its western heritage and its "new west" tradition."

Part of the new west tradition is global trade. International travel by metro Denver business people soared during the past five years. Non-agricultural exports jumped 79 percent between 1992 and 1995 from \$2.6 billion to \$4.7 billion, making Colorado one of the fastest states in the country for export growth according to the Colorado International Trade Office. Among G7 countries, Canada and Japan are the state's largest trading partners with about \$660 million each in exports during 1995; that's a gain of 53 percent in trade with Canada and 76 percent for

and elsewhere abroad are contained within its Media Group, a publicly traded "tracking stock" that also includes US cable companies, telephone directories, and an investment in Airtouch, a cellular telephone company. For 1996, Media Group reported revenues of \$6.4 billion, operating cash flow of \$1.5 billion, and a loss of \$71 million after debt payments and investments in its capital hungry cable properties. US West's local telephone business, known as US West Communications, is traded separately.

The international operations of Media Group are headquartered in London and firmly rooted in Europe. Twelve of Media Group's 20 investments are within Europe's borders, and its European customers total more than 2.5 million in places ranging from Moscow to Budapest to London.

By far the largest and highest profile European business for US West is Telewest, a company that has led the way in offering telephone and cable television services through conventional phone wires wrapped around a coaxial television cable. US West and a group of partners, including Englewood, Colorado-based cable giant TeleCommunications Inc., have signed up some 600,000 customers, and the number is growing fast. "Eighty-seven

thousand customers a month in the UK are signing up for cable telephony," crowed US West International's chief, Gary Ames.

Then there is One 2 One, a 50 percent-owned wireless company based in the UK that is one of the world's first personal communications systems operations. Media Group has a 25 percent investment in Belgium's Telenet and a 50 percent investment in the Dutch cable venture A2000. In the Czech Republic, US West took advantage of relaxed ownership rules to increase its investment in

The largest and highest profile European business for US West is Telewest, a company that has led the way in offering telephone and cable television services through conventional phone wires wrapped around a coaxial television cable.

Cable Plus, a system with 425,000 customers to 94 percent. Media Group has learned the strengths and weaknesses of its European counterparts. "Deutsche Telecom is a partner in Poland and a competitor in Prague," said Ames.

The big bet in Eastern Europe is that professional and small business owners will flock to cellular phones in order to gain a competitive advantage. "Eastern Europeans that haven't wired their countries will get the benefit of leapfrogging their technologies and

getting the best—which is wireless," observed Ames. "In Poland in a two-day period in January we sold 20,000 in lines in two days."

Media Group's heightened interest in Eastern Europe is well timed, said Tucker Adams, a Denver economist who is a partner in a venture in Moscow. "The notion that time is money used to be meaningless in Eastern Europe. Suddenly it means something." US West Chairman McCormick has based Media Group's European strategy on a two-pronged approach.

First, pursuing wireless opportunities. And second, offering cable and telephone service in the platform it pioneered with Telewest.

In the future, he said, he expects French and German phone giants to join with US and perhaps Japanese counterparts,

much as US long distance company MCI Communications and British Telecom have formed the Concert alliance. But he said that the key to future growth for both European and US telecom companies may lie in the Pacific Rim.

"It seems to me that it's in the interest of the European and US companies to be in Asia. We need to be in that market otherwise we're in for a declining market share." ☐

—Henry Dubroff

Japan from 1992. The EU as a whole accounted for \$1.8 billion in exports in 1995, led by Germany with \$476 million, up 53 percent from 1992, and the UK with \$452 million, up 121 percent from 1992. Nearly 80 percent of the exports represent computers or analytical equipment or computer peripherals. But the relatively small export of \$52 million of mining gear to the EU countries in 1995 represents a hefty 11 percent of the US total in mining sales abroad. Colorado companies export very high volumes of computer equipment to the Czech Republic and Slovakia, data gathered by Colorado's International Trade Office shows.

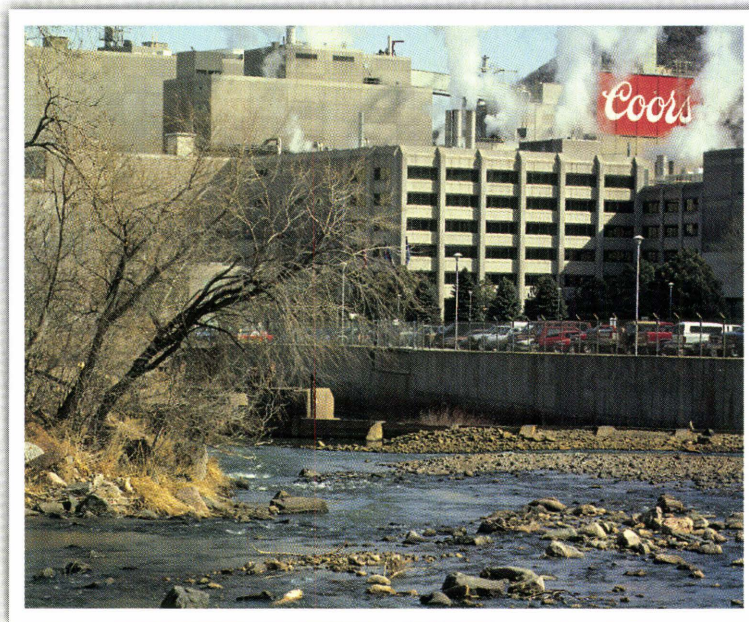
An American Electronics Association study ranks Colorado third fastest among the 50 states for high-tech job growth. Recently, attention has shifted from the telecom giants to metro Denver's northern suburbs where a revived StorageTek, with headquarters in Louisville, Colorado, is again gaining leadership in storage devices. Under the leadership of CEO David Weiss and Vice President Victor Perez, StorageTek is teaming up with IBM, formerly a bitter rival, to sell its Iceberg storage systems worldwide.

A key ingredient in the turnaround is a large manufacturing plant in France. Meanwhile in Boulder, just a few miles north of the StorageTek headquarters, a new generation of technology pioneers is being trained. "There's been a very strong surge in telecommunications and technology jobs," said Governor Roy Romer, "especially in Denver's northern suburbs."

Romer has been a steadfast foe of massive incentives to bring in jobs and on several occasions Colorado has refused to get into a bidding war for factories or computer chip plants. That strategy was vindicated in late 1996 when Sun Microsystems announced plans to build a 3,500 employee facility in Interlocken, a Boulder County indus-

trial park. Sun will receive a small amount of money under established state training programs, but those incentives won't break the bank, Romer said, adding, "You don't need to subsidize this growth."

Denver's suburb of Golden is the home of the 120 year old Adolph Coors Co., which was founded by a German-American immigrant who was looking for an opportunity to start his own business. The Coors family still runs the brewery, and a separate company is a global leader in high-tech ceramics and packaging. But the most unusual brewing venture in Colorado is taking shape



Denver's suburb of Golden is home to the 120 year old Adolph Coors Co.

in an industrial park in Coors-owned land in the shadow of the nation's largest brewery. There, the US operation of 335 year old Hakushika Sake corporation is exporting its delicious product to Germany in a big way. Hakushika's US president Akihiko Tot-suka reports that exports to Germany in 1996 totaled 215,000 liters with a total value of \$580,000. "We're different in the West. We're more free-thinking. And we have a young, technologically savvy population," said Tucker Adams, a Denver economist who has a wide range of business dealings in Moscow.

Denver Mayor Wellington Webb says the changing nature of the metro area economy has created its own friction. Denver's new airport for example has gotten rave reviews from national publications, but it continues to be

dogged by local critics. "You have the visionaries, and you have the old guard," Webb explains.

Ask Denver executives what would do the most to expand links between Colorado and Europe and the top two answers reflect the state's emerging interest in international trade. First and foremost is an expansion of air links between major European hubs and Denver's two year old international airport. Said economist Adams, "We need direct air service, and at some point, somebody has to take a gamble. It's a chicken and egg thing. When service to Europe is there, people will use it."

But she acknowledged the biggest barrier may be regulatory not economic. With European and US negotiators at loggerheads over opening the skies across the Atlantic, opening slots to Denver could be difficult.

The other aspect is the uneven structure of regulations for companies doing business across Europe. Adam Singer of TCI International explains that with ventures such as Telewest, Europe is "actually way ahead of us in providing telephones and entertainment." But there are regulatory and other barriers that make expansion difficult and costly, beyond the obvious lan-

guage barriers. "There are lots of diseconomies of scale," Singer said.

Although Colorado's export growth slowed in 1996, in large part due to the strong dollar, links between the new West and Europe, particularly the emerging economies of Eastern Europe, can only grow, economist Adams asserts.

"Markets are becoming more global, and therefore you have more telecommunications, and because you have more telecommunications, markets can become even more global. That means international business will grow, and it will become more important for Colorado in the 21st century." ☺

*Henry Dubroff is the editor-in-chief of the Denver Business Journal.*

# ROY ROMER

## GOVERNOR OF COLORADO

### EUROPE INTERVIEW

Roy Romer, governor of Colorado, spoke to *EUROPE* Editor-in-Chief Robert J. Guttman, about the upcoming G7 economic summit to be held in Denver, Colorado. Governor Romer, the new chairman of the Democratic National Committee, talks about the Colorado-European connection and Colorado as a world high-tech center.



#### **Why did President Clinton choose Denver, Colorado, to host this year's G7 summit?**

The president wanted to show off the western part of the country. He wants to spotlight and highlight the Rocky Mountain West, and he thought that Denver was a good place to hold the summit.

#### **What do you want people who attend the economic summit to think of Colorado when they leave?**

First, I'm very interested in the G7 organization because I believe we're making some real progress in terms of working together, better as nations. Secondly, in terms of it being located in Colorado, it is obviously a way in which we can let visitors experience Colorado. What would I like them to take away? Obviously I'd like them to have a lasting impression of the beauty of the state, but even more important to me is I'd like them to have a feel for the people of the West. It's a very interesting culture. People are open; they're friendly; they're inclusive; they kind of tell it the way it is. I'd just like them to have a feel for what the values of that historic area are as they show up in the way people behave. In other words, I'd like to have them walk away saying, "Hey, those are good people."

#### **One of the big issues around the world is unemployment, especially in Europe. Do you think the United States has anything to teach these other parts of the world about creating jobs?**

We have a couple things that I think Europe ought to be very inter-

ested in. One, after we saw what the Japanese were doing, many of our industries really reinvented themselves—the steel and auto businesses and elsewhere. Europe is also doing this same thing. They don't need to learn from us on that. But our information and high-tech sectors do have some patterns of activity and agendas that they obviously are paying a lot of attention to. You can see the partnerships in telecommunication that are developing out of the United States between American and European companies.

Europe is focused upon the “silicon valleys” of America, some of which are in Colorado. Many are located north of Denver in Boulder, Longmont, Fort Collins, and Col-



orado Springs. Sun Microsystems is coming, but there are many, many firms in software and hardware. There are smaller firms located up and down the Front Range that you don't know by name. We have a lot of small, entrepreneurial firms in the high-tech field. We have the entrepreneurial spirit in Colorado. But the 3,000 to 4,000 members of the press attending the economic summit, if they begin to dig around, they will find the health of our economy, and they'll see it's very much based upon new, small entrepreneurial high-tech firms, which are the cutting edge of our economy.

**What is your agenda for Colorado and its future?**

One of the most important agendas I have for Colorado is called “Smart Growth.” We're not trying to bar growth—we don't think it's possible and possibly not even ethical—but what growth we have, we want to

make it smart. And what that means is to preserve the beauty of our state, preserve the ambiance of it, create communities where you really want to raise your children, and have jobs that are better paying, not just bundles of jobs.

**How is the Colorado economy doing?**

It is doing very well. We have worked on it, but we have a very good employment base. We have very good education. The beauty of Colorado is outstanding. It's central in the United States, and we have very good air access with our new airport. We've put in some infrastructure that is important. The quality of life is very good in Colorado. Half the CEOs in the country are out here during the ski season.

**You are known for innovation in education. Do you think the US has anything to show the rest of the world in education?**

We do. For example, we're doing a virtual university out in the West, with many western states involved. A virtual university is a new, exciting idea that will deliver university and college education by distance learning with the use of CD-ROMs and other technology. It's a very revolutionary idea. [Utah] Governor Mike Leavitt and I are kind of spearheading this initiative. Twelve states in the West are joining together in it.

The virtual university allows a student to be at home in Utah or Colorado or somewhere and take classes without having to move to a campus. It's for a whole wide variety of ages, and we think it will have some significant cost advantages.

Education is expensive because we have not been changing our way of delivering educational experience rapidly enough. If you look at it, many institutions are oriented toward the institution and the faculty, rather than oriented toward the student and the learning experience. But at the virtual university, the Western States University, we're really trying to break an old paradigm and create a new paradigm to see if we can make education stu-

dent-centered, rather than institution-centered.

**Why do you think the US has so much more violent crime than in Europe and other parts of the world?**

Part of it is cultural in this country. It's in our media. It's a violent culture. We celebrate violence in a whole lot of our activities. And I don't think there's any one thing that can fully explain the amount of violence we have in our society. It's a part of the way in which we celebrate the media. Look at your television on any average evening. That's one of the reasons we have violence in this country.

**What do you think has been your main accomplishment in your political career?**

It's multiple, but mostly I would point to education as the area I've spent most of my time and probably had as much success as any. The others would be economic and environmental. We've done some very unusual things environmentally in Colorado to try to preserve the beauty of the state. It's not just laws that are tough. We have a spirit of community that says, “We're going to preserve the beauty of this state.” We've passed a couple of constitutional amendments in relationship to how we do that. People in Colorado think they've got a good thing going, and they say don't mess up our environment.

**Why did you become chairman of the Democratic National Committee?**

Solely because I thought somebody needed to do this job, and the president asked me. You don't necessarily ask to take a job like this, but the president asked me to do it. I thought it was an important thing to do, and so I said, “Okay, I'll go.”

**Finally, what do you want to say to your European and other foreign guests who will visit your state for the economic summit?**

I will tell them: “Welcome to Colorado, it's a great place.” In fact, I think it's the best place on earth to raise a child. That's what I want to tell our summit visitors. ☺

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LIKE THE GOLD MINERS AND FORTUNE seekers of the late 19th century, millions of visitors, including thousands of Europeans, will pass through Denver this summer on their way to Colorado's spectacular Rocky Mountains.

But these 20th century travelers will be after a different kind of treasure. In May and June, when skis and snowboards have been stowed, Colorado's Rockies become one of the most popular summer vacation destinations in the United States.

Coloradans who move to the state from other parts of the US often say, "We came for the skiing, but stayed for the summers." The sun shines in Colorado an average of 300 days a year. In the mountains, summer daytime temperatures range from 70 to 80 degrees Fahrenheit.

There's biking, hiking, camping, golf, tennis, fly-fishing, horseback riding, white-water rafting, gourmet dining, music festivals, spas, gambling casinos—you name it, and all within a few hours drive from Denver.

Interstate 70, Colorado's main east-west highway, runs west from Denver into the foothills of the Rockies, past the old mining towns of Idaho Springs and Georgetown. Riding the historic Georgetown Loop Railroad is a fun way to learn about the state's mining history. The train, pulled by old steam-powered locomotives, makes a scenic, six-mile round-trip between Georgetown and Silver Plume.

About 70 miles west of Denver at Loveland Pass (elevation 11,992-ft), the interstate enters the mile-long Eisenhower Tunnel, which was cut through the mountains. In the tunnel, the highway crosses the Continental Divide and then, at the west portal, drops into Summit County, which boasts three of the state's most popular ski resorts and summer recreation areas: Keystone, Breckenridge, and Copper Mountain.

One of my favorite places in Summit County is Ski Tip Lodge, one of Colorado's first ski lodges. Ski Tip looks like a small hotel transported here from the Alps. The 22-room lodge is nestled in a pine and spruce forest at the base of Keystone Mountain on a winding two-lane road that leads to Montezuma, a tiny, rustic mining town (elevation, 10,280-ft.).

By Robert C. Wurmstedt

# SUN, & SCENERY & SPORTS

In summer, Montezuma's residents race horses up and down Main Street. The mountains around Montezuma are loaded with wildflowers and have some of the best and most accessible hiking and mountain biking trails in Summit County. (Take a windbreaker on hikes as mountain weather can be unpredictable.)

Summit County also has one of the best networks of paved bicycle paths in Colorado. You can rent a bike in the beautifully restored mining town of Breckenridge and cycle west through alpine meadows and stands of Aspen trees to the town of Frisco, a distance of 10 miles, where the path begins to parallel Ten Mile Creek and I-70. From Frisco, the path runs to Copper Mountain (about 10 more miles) and then 30 miles up over Vail Pass (elevation 10,666-ft) and down into Vail Village.

Vail and its sister resort, Beaver Creek, about 10 miles west, are two of America's most famous luxury resorts. Vail will host the 1999 World Cup ski championships. Beaver Creek is the

summer home of former president Gerald Ford.

Unlike other Colorado ski resorts, which grew out of former mining towns, Vail and Beaver Creek were designed in the 1960s and 70s to look and feel like European-style alpine villages.

In fact, two of Vail's top luxury hotels are run by Europeans. The Lodge at Vail is owned by British-based Orient-Express, and the Sonnenalp is operated by a German family, the Fäesslers, who own a resort by the same name in Bavaria. A third, the newly remodeled Vail Cascade Hotel & Club, is affiliated with Inter-Continental Global Partners.

In summer, I like to take my mountain bike up Vail's Lionshead Gondola and bike (or hike) the 11-mile "Grand Traverse" trail along the top of Vail Mountain (elevation 10,300-ft). From the summit, the views of Vail Valley and the snowcapped Gore and Sawatch mountain ranges are—the altitude aside—breathtaking.

There are more than 300 shops and 150 restaurants and cafes in Vail Valley



# Europeans Flock to the Rocky Mountains

Colorado has developed into one of the world's preeminent mountain biking locations, attracting amateurs and professionals alike.

Jerome and Little Nell hotels. But Aspen's most photographed stars are the Maroon Bells, the beautiful twin peaks that have come to symbolize the town. Catch a shuttle bus out to the "Bells" from town and spend the morning hiking there.

From June through August, Aspen hosts an international music school and festival, which attract students from around the world and more than 100,000 visitors each year. Performances are held daily.

Ashcroft, a ghost town 13 miles from Aspen in Castle Creek Valley, is an 1880s mining camp where you can explore the remaining buildings—and then enjoy a leisurely lunch and the glorious views on the sunny deck at nearby Pine Creek Cookhouse.

Aspen is also headquarters of the nonprofit 10th Mountain Division Hut Association, which operates a system of 14 "huts" (chalets is more accurate) strung across the White River and San Isabel National Forests from Summit County to Aspen.

The spectacular 10th Mountain huts are named for Army ski troops who trained in Colorado during World War II and fought in Italy. Division veterans include 1996 presidential candidate Bob Dole and the founders of some of the Colorado's top ski resorts who returned to the state after the war.

Inspired by the Haute Route huts between Chamonix and Zermat in Europe, the 10th Mountain huts are popular overnight destinations for cross-country skiers in winter and for hikers and mountain bikers in summer. Reservations are required. (970-925-5775).

The shortest route between Aspen and Denver is Route 82 over Independence Pass (elevation 12,095-ft.). This road is open only in summer



Visitors get a taste of mountaintop luxury at the Lodge at Vail.

and a music festival that runs all summer. A walk through Vail's pedestrian-only lanes to the Betty Ford Alpine Gardens, named for the former first lady, is a nice way to enjoy the crisp mountain air. The Betty Ford gardens are the highest public gardens in North America.

From Beaver Creek, I-70 follows the Colorado River for about 50 miles through narrow and rugged Glenwood Canyon to Glenwood Springs. Turn-of-the-century storefronts give Glenwood the feel of a western frontier town. In fact, you can visit the grave of Doc Holliday, the friend of Sheriff Wyatt Earp and a survivor of the famous gunfight at the OK Corral.

According to legend, Holliday died in true frontier style, "with his boots on" at the Glenwood Hotel, now a sporting goods shop at 8th Street and Grand Avenue. Holliday suffered from tuberculosis and came to Glenwood for the area's healing hot springs. Today the town's main attractions are two large public hot springs pools where temperatures are constantly at 90 and 104 degrees Fahrenheit.

The Yampah Vapor Caves are just down the street. Steam from underground springs seeps into these large caverns where temperatures often exceed 112 degrees Fahrenheit. The Ute Indians prized the caves and their sulfur-like vapors as purifying and medi-

nal. The caves are part of the Yampah Spa and are open to the public.

If soaking and spa-ing leaves you with an appetite, stop at Florindo's restaurant, which for my money is the best gourmet Italian eatery in the Rockies. My wife and I dine here whenever we're fly-fishing on the nearby Roaring Fork and Frying Pan Rivers. Florindo specials include veal with wild mushrooms and pastas with fresh clams, shrimp and mussels. Florindo's is located on Grand Avenue, which becomes Colorado Route 82—the road to Aspen.

Ahh, Aspen. What superlatives can describe this favorite of the jet set where the median home price is \$1 million? Aspen attracts more Hollywood stars and other celebrities than any other resort in the Rockies. Jack Nicholson and Goldie Hawn have homes in Aspen. So do tennis greats Chris Everett and Martina Navratilova. In summer, the Washington, DC-based Aspen Institute hosts world leaders at conferences here.

Aspen's current top celebrity-watching spots are Mezzaluna restaurant and the bars at the

#### Traveler's Notebook

Accommodations in the Rockies range from campgrounds and small cabins and bed-and-breakfasts to luxury hotels and condominiums. Here are some useful telephone numbers: Reservations for the Summit (Summit County) (800-842-8067); Keystone, Breckenridge, and Ski Tip Lodge (800-222-0188); Aspen Chamber Resort Association (970-925-1940); Vail Valley Tourism and Convention Bureau (800-525-3875); Glenwood Springs Chamber Resort Association (970-945-6589); Leadville Chamber of Commerce (719-486-3900).



after the snow is plowed. And it is not for the faint-hearted.

Parts of the highway are above tree line. The road is paved but very narrow and seems to just barely cling to the mountain sides. It winds back and forth in a series of switchbacks until it reaches Leadville, a silver mining boomtown during the 1880s and still the highest incorporated city in North America (elevation 10,430-ft).

Harrison Avenue, Leadville's main street, looks like the set of a Hollywood western. In about five blocks there are more than 50 Victorian style buildings, including Tabor Opera House, once said to be the finest theater between St. Louis and San Francisco.

(However, according to local lore, the opera did not sell out on its opening night in 1879 because Leadville's citizens were in a somber mood. There had been a hanging the night before, and the bodies of two outlaws were still swinging in front of the courthouse a couple blocks away.)

Leadville is home of the National Mining Hall of Fame & Museum. Nearby are a memorial to the 10th Mountain Division and the ruins of Camp Hale, where the ski troops lived while training in the surrounding mountains. The Leadville, Colorado & Southern Railroad (719-486-3936) operates scenic two-and-a-half-hour train trips through the mountains with views of Mt. Elbert, Colorado's highest peak (14,433-ft.)

From Leadville, the top of the Rockies scenic and historic byway, Colorado Route 91, winds north past the historic Climax Mine, which once produced 80 percent of the world's molybdenum (a steel-hardening mineral now made synthetically) and two of Colorado's highest peaks, Mount Lincoln (14,286 ft.) and Quandry Peak (14,265 ft.).

Colorado has 55 mountain peaks of 14,000 feet or more. Climbing all 55 is a popular hobby and goal of many outdoors-oriented Coloradans.

The byway dips down into Summit County, passes directly below the peaks of Copper Mountain, and connects with I-70. From here, it's just an hour-and-a-half drive back to Denver. ☺

*Robert C. Wurmstedt, a former foreign correspondent and Rocky Mountain bureau chief for Time magazine, is a senior fellow at the Center for the New West.*

# DISCOVERING DENVER

**D**enver, the "mile high city" and one of the fastest growing metropolitan areas in the US, started as a gold mining camp and a base for supplying mines in the Rocky Mountains.

Today one of Denver's oldest neighborhoods is its most trendy. Lower Downtown, known as LoDo, has 26-square blocks of restored Victorian-style buildings; Coors Field; and more than 50 lively sports bars, microbreweries, restaurants, shops, luxury loft apartments, and 40 art galleries. It's Denver's hottest entertainment center. Bronze plaques on 33 buildings tell the story of Denver's history and make up a self-guided LoDo walking tour.

Denver's Performing Arts Complex, a few blocks from LoDo, has nine theaters and is the second largest performing arts center in the US (after New York's Lincoln Center). For daily performance information call 303-893-3272. The Museum of Western Art, housed in a former bordello across the street from the venerable Brown Palace Hotel, has the third largest collection of western art in the US, including paintings by Frederic Remington and Charles Russell.

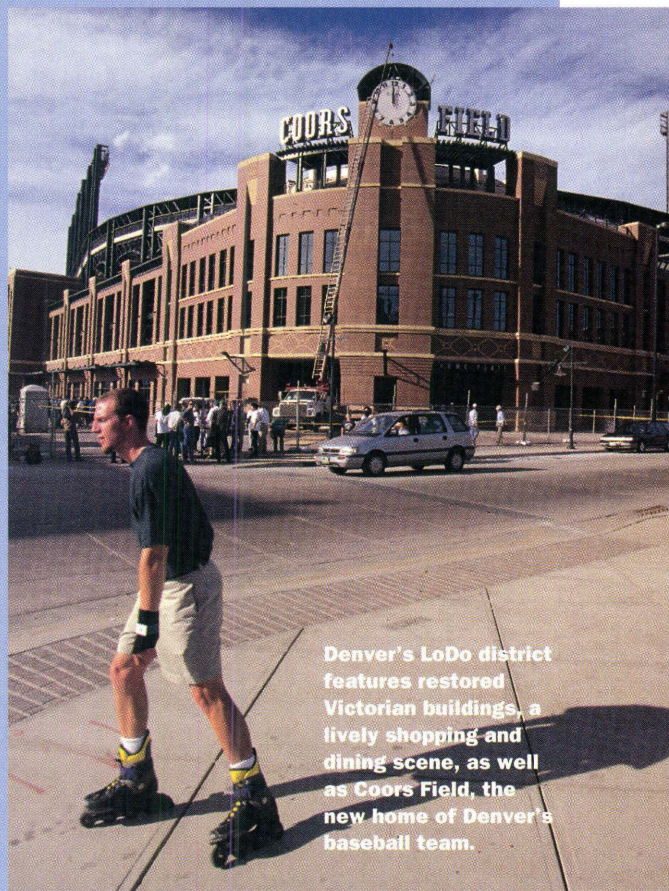
The 104 year old Brown Palace Hotel has hosted every president since Teddy Roosevelt except Calvin Coolidge, who, according to local lore, never visited Denver. Afternoon tea at the Brown is a Denver tradition, as is the hotel's Ship Tavern, open since 1934. The Churchill Bar, off the elegant lobby is Denver's most fashionable cigar lounge.

In 1944 the cheeseburger was invented in Denver. These days, low-cholesterol buffalo burgers are a popular menu item at many Denver restaurants, including Denver Buffalo Company, a combination cafe, night club, western wear boutique, and gift shop on Lincoln Street.

The Cherry Creek Shopping Mall and Cherry Creek North, three miles from downtown, make up Denver's most chic shopping district with Neiman Marcus, Saks Fifth Avenue, and dozens of shops, galleries, and restaurants.

The Tattered Cover, Denver's famous bookstore (browsing encouraged), is located in Cherry Creek North and has a branch in LoDo. Before heading for the Rocky Mountains, pick up a copy of the indispensable *Colorado Guide* by Bruce Caughey and Dean Winstanley. The Flyfisher, Ltd., Denver's top fly-fishing shop, in Cherry Creek North, can arrange guided fly-fishing trips to rivers near Denver or beyond. (303-322-5014).

—Robert C. Wurmstedt



Denver's LoDo district features restored Victorian buildings, a lively shopping and dining scene, as well as Coors Field, the new home of Denver's baseball team.

# CAPITALS

AN OVERVIEW OF  
CURRENT AFFAIRS  
IN EUROPE'S  
CAPITALS

## TRAVEL DESTINATIONS

Each spring we ask our Capitals correspondents to profile favorite travel destinations in their countries. Whether you're planning a summer trip abroad or prefer to 'visit' from the comfort of your armchair, the following will hopefully spark your imagination.

### PARIS

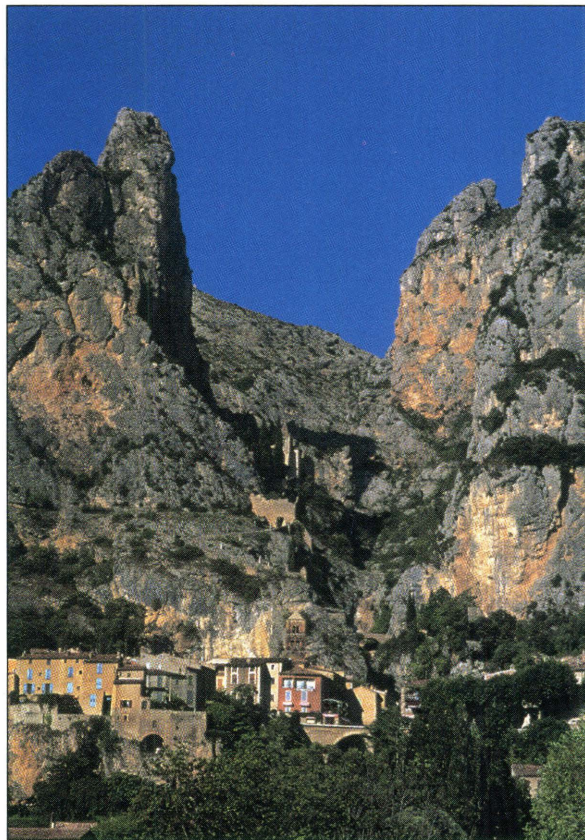
## POTTERING AROUND PROVENCE

Provence as a whole is a spectacularly beautiful region, but parts of it are so breathtaking that they look like an extravagant movie set. It is hard to believe that such splendor is a product of nature, that it was not created in some vast Hollywood back lot for a film fantasy on the south of France.

Less than two hour's drive north of Aix-en-Provence lies such an area of dramatic beauty: the Gorges of Verdon. It is a miniature, but magnificent, French version of the Grand Canyon—a 12-mile stretch of sheer cliffs plunging down to the Verdon River, which meanders along the rocky bed it has carved for itself. The chasm is 820 to 2,300 feet deep and in its narrowest parts only 20 feet wide. Just how the Verdon, which takes its name from its astonishing emerald green (*vert* in French) waters, ended up etching its way so deeply through the hard limestone of the region remains a geological enigma. But however mysteriously it was created, the result is one of nature's showpieces.

At the entrance to the canyon stands one of the most extraordinary villages in France. Moustiers-Sainte-Marie is built

right up against a towering rock face, with a crevasse slashing dramatically through its middle. The tiers of stone houses with red tile roofs on either side



The limestone Gorges of Verdon offer some of the most magnificent views in France, and the local hillside villages offer some of the best hospitality.

are linked by a series of bridges, and as a crowning touch, a little chapel stands high up in the rocks overlooking the village. Above the chapel, a 750-foot long chain with a golden star hanging on it is stretched between the cliffs flanking the ravine. No one knows exactly when the chain was first embedded in the rocks, but local legend has it that it was put there as a votive offering by a knight,

grateful to return home from the crusades where he had been captured by the Saracens. One thing certain is that it has been there for more than five centuries and is replaced every time a particularly strong wind breaks it.

Moustiers-Sainte-Marie, besides its astonishing setting, is famous for its *faïence*. The white earthenware with colorful glazes became popular in France in the 17th century, when Louis XIV had all silver and gold dishes collected and melted down to refill the royal coffers, which had been emptied by expensive wars. A monk from Faenza in Italy is said to have brought the secret of a brilliant blue glaze to Moustiers, which combined with the exceptionally fine local clay, resulted in a thriving ceramic industry.

It is impossible to walk through the village without getting your fill of *faïence*. Its shop windows are piled high with stacks of it, and it overflows onto tables outside. More than a dozen workshops produce as much of the typical white ware with its delicate tracery of colored arabesques, birds, flowers, and fantastic figures as tourists can stagger home with. A museum retraces its history, and every second year in May, the villagers dress in 18th century costumes for an international *faïence* festival that culminates in a procession to the chapel for a solemn blessing of the local craft.

From Moustiers, both the southern and northern edges of the Verdon canyon are accessible by car. The southern route, called the "Sublime Corniche" is just that. The road hugs the right edge of the gorge, with heart-stopping vistas around practically every winding turn. The northern "Route of the Ridges," leads from one soaring lookout point to another and feels more like an airplane

ride than a drive, with open sky all around and vertical rock faces down below.

The Verdon gorges are a mecca for outdoor thrill seekers. The cliffs and rapids are perfect for white-water, white-knuckle sports like hang gliding, abseiling, rafting, canoeing, and rock climbing. For people who do not like to live quite so close to the edge, five lakes offer calmer ways of burning off calories. The largest of them, Sainte Croix, just a few miles south of Moustiers, was created in 1975, by building a dam that flooded an area of about 2,200 acres and

transforming it into a vast expanse of transparent turquoise water. The Verdon river emerges from its rocky canyon and empties itself into the lake at its northern tip. Little beaches, where you can rent pedal boats and canoes, line its edge, and in sunny weather, whole flotillas of brightly colored boats head from the lake up the first mile or so of the Verdon where the water flows gently between the towering cliff walls.

It is an amazing place, almost too beautiful to be real. But this is one dream world that stands up to close inspection. To help you in exploring the Verdon canyon, its lakes and the 14 villages bordering it, by whatever conventional or daredevil method you choose, an association called Verdon Accueil is the one contact you will need. (Tel: 33 4 94 70 21 64)

—Ester Laushway

## VIENNA

### THE SPLENDORS OF LECH

If it's Sunday, this must be Vienna, and chances are that you will run across the same noisy people that were on your sightseeing bus in Paris on Friday. Maybe, you should try to avoid another reunion riding the *Vaporetto* on the Canale Grande in Venice tomorrow. Maybe, you should try something different and venture into the Austrian Alps for a few days, instead.

Visitors from overseas, Americans and Japanese alike, still tend to follow the beaten track when touring Europe.

Big cities like Paris, London, Vienna, and Rome will certainly be part of their itineraries, a few smaller ones—perhaps



The town of Lech is divided by the Lech River and is surrounded by alpine scenery.

Heidelberg, Salzburg, Venice, or Florence—are likely addenda. But few globe-trotters will visit those charming little villages, often surrounded by magnificent scenery, that attract mainly European tourists.

Take the Austrian village of Lech for instance. It is one of the most spectacular (and most expensive) ski resorts in the world yet remains an insider's choice as a summer destination. Situated on the bottom of a high valley (elevation is 4,800 ft), the town is divided in two by the raging waters of the Lech River, surrounded by the lush green of alpine pastures and the breathtaking scenery of snow-covered peaks.

While not all hotels are open in summer, a wide choice of all categories is available, offering rooms and suites at 50 percent below winter rates. Gourmet restaurants, local taverns, bars, and discotheques are all open, as are boutiques and other shops.

Situated in the western part of Austria, a pleasant two hour drive from Zurich International Airport or a comfortable night on the sleeping car from Vienna, the village of Lech is an exciting stop for those out to tour Europe in summer.

The attractions to be explored are manifold. The community maintains 150 miles of hiking trails, a bus service connecting trailheads, a dozen indoor and outdoor tennis courts, plus charming public pools in a nearby forest.

By the end of June, the pastures explode with the colors of alpine flowers, which bloom higher in the mountains

every week. Special places have been designed where you can sit and watch mountain wildlife, such as deer, chamois, marmots, and the European version of elk.

To help visitors to get organized, the local tourist authority, headed by Hubert Schwärzler, has worked out a wide program of summer events and activities. "We cover a different theme every week," he says. And those include, among others, wellness programs, drawing and painting courses, alpine golf, mountain biking, trout fishing, rafting, mountain climbing, and expeditions to explore the legacy and historic sites of the Valsers, the mysterious people from western Switzerland that

came to settle in the area in the 13th century.

This summer, Mr. Schwärzler, also head of the Best of the Alps marketing association that also caters to famous places like St. Moritz, Davos, Grindelwald, Seefeld, or Garmisch-Partenkirchen, introduces the "Lech-Card," which provides free access to all cable cars, chairlifts, bus transportation, guided hiking tours, tennis courts, and other facilities. Another premiere is the new mountaintop casino featuring roulette and blackjack, where winners receive vouchers for shopping or buying drinks all over Lech and the proceeds feed a fund supporting skiing clubs for the disabled.

For all its local attractions, Lech also serves as a base for excursions. The city of Bregenz on Lake Constance with its international summer festival featuring opera, concerts, and theater is a mere hour away and the romantic castles of the kings of Bavaria less than two hours.

But chances are, once you've arrived, you'd rather stay and enjoy the European mountain experience—something most visitors following the beaten track will sadly miss.

—Reginald Benisch

## ROME

### MILANESE ATTRACTIONS

The French novelist Stendhal called it "the most beautiful city in Europe." One century after this pronouncement by the author of *The Red and the Black*

and the *Chartreuse of Parma*, the world famous Italian dress designer Valentino countered that Milan “is a depressing city and therefore I am leaving it.”

So, is Milan beautiful or depressing? It most certainly isn’t a town that leaves one indifferent. To start with, Milan is the financial capital of Italy—headquartering the Borsa, Italy’s major stock exchange—and is forever at loggerheads with Rome, the political and administrative capital. These facts alone offer little to pique the interest of travelers wondering if Milan is worth visiting, but there is more to this northern city than first meets the eye.

During the long winter months, Milan is immersed in the fog of the humid Po River valley, a fact that certainly doesn’t help it to compete against the more famous Italian tourist cities like Venice or Florence. Every now and then a strong northern wind, slipping between the Alps, frees the city of its gray cloak and offers up days of rich blue skies. The unaccustomed Milanese are then blinded by the strong sun, which tans the skiers schussing down the numerous runs just outside the city.

But the way to be most pleasantly surprised by Milan is to accept it for what it is on its normal days: a city full of busy people. The plain facades of the solid, 19th century buildings reflect the passion for sobriety of the old industrial bourgeoisie. But inside the stern exteriors, the buildings and homes of the Milanese exude rich works of art, furniture, and carpets.

After a few days one discovers that Milan is, like its famous sisters Rome and Florence, an Italian city of art. Besides the mandatory visit to the Duomo, the ubiquitous domed cathedral with its forest of spires, one absolutely has to lose oneself among the small streets of the old central district of Brera, which teems with art galleries and artists’ studios. The area is dominated by the Pinacoteca di Brera museum, which has a vast collection of masterpieces—including splendid paintings by Piero della Francesca—so many in fact that some must be kept in the museum’s storehouses. A bit of friendly persuasion and a smile might convince a museum guide to show them to you.

And yet Milan’s destiny seems inevitable. Foreigners, and Italians too, continue to go there only for quick business meetings and a fast round of shopping along Via Montenapoleone, one of

Europe’s most expensive districts. Few people know that in Via Manzoni, only a few steps from Via Montenapoleone, stands one of the most delightful private museums in the entire Old World—the Poldi Pezzoli, which is full of antique masterpieces and contains one the most complete collections of Medieval and Renaissance armor.

Another, perhaps less well known, Milanese attribute is its food. Certainly Milan is one of *the* places in Europe to enjoy the food. Its delicatessens are famous. One in particular deserves a visit: Pecks, located in a huge building on Via Spadari close to the Duomo, has been in business since 1883. It has now been enlarged to three floors and equals other European gastronomic temples like Fauchon in Paris and London’s Fortnum & Mason.

But the food is not all. On an artistic tour of “the city the rest of Italy loves to hate,” it’s worth strolling down Corso

**Milan’s destiny seems inevitable. Foreigners, and Italians too, continue to go there only for quick business meetings and a fast round of shopping along Via Montenapoleone, one of Europe’s most expensive districts.**

Magenta. First, a quick stop at the Bar Magenta. Yes, food and beverages again. But this, more than a simple pub, is an interesting free-trade area where members of the jet set and old school artists mingle. Then, in good spirits, one can walk to the Renaissance-built Santa Maria delle Grazie. Constructed entirely of the red bricks typical of Lombard ancient architecture, it houses Leonardo da Vinci’s fresco, *Last Supper*.

It is virtually the only masterpiece in this elegantly austere church. But one must see it soon because the fresco is increasingly hard to see. For once the fault doesn’t lie with bad conservation or the ravages of time. It was directly Leonardo’s own fault. When he painted the scene (between 1495 and 1497) de-

picting Christ’s last supper with his disciples on the wall of what was then a monastery, he didn’t use the traditional techniques of that time. Frescos required a very quick execution of the painting on wet plaster. Leonardo, instead, wanted to take his time, so he tried using organic fixatives on the colors. It was a disaster. After a few centuries the work of art was literally disappearing. Only recently, thanks to new restoration techniques, the original colors have been partially brought to life—and light—again.

But experts are uncertain as to how long the restoration will last, which is all the more reason to visit Milan soon.

—Niccolò d’Aquino

## DUBLIN

### TOURISM ON THE RISE

Perhaps it’s the greenery. Perhaps it’s the music, the poetry, and the songs. Perhaps it’s the people and the peculiarly Irish commitment to hospitality and fun (it’s called *craic* in the Irish language).

No one’s quite sure, least of all the Irish themselves, which particular ingredient forms the basis of attraction for the growing swarm of visitors to what the late President John F. Kennedy described as “this green and misty isle.”

That greenery comes courtesy of a mixture of rain and geological factors. The climate is officially designated as “temperate”—in other words, none of the excesses of heat and cold experienced in many other countries. Of course, it does have its downside—“all the seasons in one day,” is how one friend describes it. But, in the main, the mixed weather provides its own blessings.

Whatever the reason—Tourism Minister Enda Kenny claims it is “an emotional experience”—this is a time of unprecedented tourism growth in the Irish Republic. And tourism in Northern Ireland is also on the upswing. Minister Kenny and his Northern Ireland equivalent, Baroness Jean Denton, have joined forces in promoting island-wide attractions in the international market.

Last year, spending by overseas visitors increased by 12 percent to reach a record level close to \$2.36 billion—the third consecutive year of double-digit revenue—and that growth seems set to continue this year.

As a result, tourism is the fastest-growing sector of the booming Irish

economy, directly supporting some 107,000 jobs and spinoffs in scores of associated areas.

Kenny says this success could not have been achieved without cross-border cooperation and the support of both the European Union and the International Fund for Ireland. The EU Regional Development Fund and social funding commits some \$567 million for the five year period 1994-1999, seeding overall investment of \$1.02 billion.

By international criteria, it's a relatively small investment. But its benefits are enormous across the whole range of Irish industry.

The four main Irish tourism markets are Britain, North America, France, and Germany, together accounting for almost 75 percent of all visitors. But there has also been significant growth in visitors from the Scandinavian countries, Italy, Australia, and New Zealand.

At one time, the Irish tourist market was heavily dependent on visitors from North America, aging and almost exclusively Irish Americans making family pilgrimages to the land of their forebears.

The Irish-American visitor is still an important element in the overall mix, but the most significant gains have been among younger, more mobile visitors.

Wealthy travelers, price-conscious middle-income tourists, and penurious backpackers are all being accommodated in a variety of high-priced hotels, high-quality restaurants, relatively cheap bed-and-breakfast homes, family farms, and youth hostels.

The attraction for all? Some of the most breathtaking scenery in Europe, clean and unspoiled beaches and rivers, ancient castles, priceless cultural treasures, such as the *Book of Kells* and the Ardagh Chalice, summer schools, uncluttered roads, a wide variety of musical, sporting, and other entertainment—and a young and educated population comfortable with information technology and the capacity to relate to others and enjoy themselves in the process.

The European connection is being exploited with the world's greatest cycling event, the *Tour de France*, likely to start from Dublin in July of next year. The Tour attracts a worldwide television audience of almost a billion—a mouth-watering window for Irish attractions.

Kenny says he also wants to make St. Patrick's Day as immediately recognizable and prominent as the Fourth of July, Bastille Day, or Australia Day.

There is a danger, of course, that too many visitors and too much development could endanger the very product that makes Ireland a unique destination. But it hasn't happened—yet.

My advice: try it now. Mind you, I'm Irish—and biased. But do let me offer you the traditional Irish greeting: *Céad míle fáilte* (a hundred thousand welcomes).

—Mike Burns

## COPENHAGEN

### ISLAND GETAWAYS

**T**here is no lack of island getaways in Denmark, which offers more than 400 islands to choose from, fewer than 100 are inhabited and accessible on a regular basis. The most popular—Røemø and Fanø off the west coast and Bornholm, Denmark's eastern outpost in the Baltic—are very crowded from late June to the middle of August. But there are alternatives.

Samsø is a strong card. Called the pearl of the Kattegat, the waterway connecting the North Sea with the Baltic Sea, this small island of only 44 square miles is an intensely beautiful microcosm of Danish island culture and fauna. Running 19 miles from north to south and almost equidistant from Jutland and the island of Zealand from Copenhagen, Samsø seems to be two different islands, hilly in the northern part and with a gently rolling, almost flat landscape in the southern part.

The two parts of the island are joined by a narrow strip of land, less than a mile

wide at Stauns. Covered by cairns made of stones and earth, a large number of Viking graves dot the island. Remnants can still be seen of a Viking canal dug from Stauns Fjord, one of Denmark's most beautiful waterscapes, to the Kattegat on the other side of the island. Viking fleets assembled in the fjord, and it is believed that the canal was constructed to allow surprise movements of the fleet.

A small fishing hamlet, Langoer, still survives on the banks of the fjord, as do fortifications built in the early 19th century, when Denmark was at war with England. Most of the fjord itself is a natural reserve and is off limits to the public. In the south, the castle and estate of Brattingsborg testify to the romantic history of the island, which in 1677 was given as a token of love to the mistress of King Christian V, one of at least three times the island has served as a royal gift.

Though the cheese named after the island is no longer produced there, Samsø zealously guards its image as Denmark's most competitive market garden. The staple crop is potatoes, and more than 7,000 tons are produced annually. The first few pounds of fresh Samsøe potatoes are traditionally the harbingers of the Danish summer. At auction restaurants may pay as much as \$50 a pound for the first potatoes.

Shortly after the potatoes go to market they are available at much more moderate prices, and they are a true delicacy when served on *smørrøed*, the traditional Danish open faced sand-

wiches. Not easily confused with an American steak sandwich, it appeals to a whole new generation of health-conscious visitors. And there is, as yet, no competition from major burger outlets.

Room and board are provided by a fair number of inns that provide ambiance and atmosphere at reasonable prices—starting at \$50 per night.

Nordby Kro, the inn in the well-preserved village of Nordby on the northern part of the island, is a year-round getaway for Danes in the



**The Baltic Sea island of Samsø is only 44 square miles, but it offers plenty for vacationers looking to escape the city.**

know and is considered a benchmark of local cuisine, which includes fresh fish in addition to potatoes.

Families often rent a summer house, which may sleep up to eight people. But the minimum rental period is a week, and prices range from \$500 to double that amount for houses with great views. The best houses are booked a year in advance, which eliminates the spontaneous traveler.

Samsøe can be reached by air in the summer from Copenhagen, but the island's primitive airfield is served by small light aircraft only. From Zealand the car ferry leaves Kalundborg and takes two hours to get there. A car ferry also connects Samsøe to Jutland. An overnight stay is a minimum requirement, but it is a worthwhile investment of time even on a short trip to Denmark.

—Leif Beck Fallesen

## THE HAGUE

### ELEVEN CITIES FEVER

**T**he phrase, “the Eleven Cities of Friesland,” has a magical sound in the Netherlands. Everybody knows about them, although few may have ever visited them all. They are part of the largest popular Dutch sporting event, and this year they have become a major instrument for promoting Frisian tourism.

This northernmost province of the Netherlands has a history of fierce independence that continues until today. Frisian is recognized as an official language in the Netherlands. All official publications are in Frisian, for example, and there is a lively local Frisian culture. The language is, in some ways, more similar to Danish and English than to Dutch.

The sense of independence goes back to the Roman times when the Roman legions never managed to conquer the Frisian tribes in the north. Historically, this province is also important because the Netherlands' Queen Beatrix descends directly from the 18th century Frisian branch of the House of Orange dynasty.

Economically, Friesland was always lagging the rich cities of Holland. Certainly, there was fishing, merchant navigation, agriculture, and peat digging. There were rich families in the cities, local nobility and wealthy landowners, but the largest part of the population consisted of poor farmers or landless farmhands living in dire conditions. Friesland was, not by coincidence, also one of

the cradles of the Dutch socialist movement. Two of the most famous Dutch socialist leaders were Frisians.

Nowadays, Friesland is known for its “black and white” cattle and their prodigious milk-giving capacity. Frisian calves are sold all over the world.

For tourists, Friesland offers tranquil lakes and canals. It is the best known place in the Netherlands for sailing. And in the winter, when the lakes and canals freeze, Friesland turns into a paradise for skating on natural ice.

That is when the Eleven City fever takes a hold of the entire population. At the end of the last century, a daring sportsman decided to skate to all 11

**It is a trip of 130 miles on natural ice, starting and finishing in Friesland's capital Leeuwarden. The skaters are divided into groups—about 100 professionals and about 16,000 amateurs, members of the Eleven Cities Society, who skate for sheer enjoyment.**

towns of Friesland that gained “city rights” in Medieval times, a total of more than 120 miles in one day. What started as a test of personal endurance became an immensely popular sporting event. But, as it depends on the winter conditions and particularly the thickness of the ice, the Eleven City Tour cannot be held every year because it's not always safe. For many years, there was no tour at all, which added to its magic. “The Eleven City Tour is so popular, because it never takes place,” it has been said. The last tours were held in 1963, 1984, and 1985.

This year, the president of the Eleven Cities Society spoke the heraldic Frisian words *it giet oan* (it goes on), and on January 4, 1997, the fifteenth edition of the Eleven Cities Tour was held.

It is a trip of 130 miles on natural ice, starting and finishing in Friesland's capital Leeuwarden. The skaters are divided into groups—about 100 professionals and

about 16,000 amateurs, members of the Eleven Cities Society, who skate for sheer enjoyment. The winner of the race is instantly a national hero for the rest of his life. The only rules are that the participants—professionals and amateurs alike—collect stamps at control posts in all 11 cities. The entire organization of the tour is in the hands of volunteers, with the “ice masters” of the 11 cities as the undisputed authorities.

The route takes the skaters from Leeuwarden to Sneek, IJlst, Sloten, Stavoren, Hindeloopen, Workum, Bolsward, Harlingen, Freneker, Dokkum, and back to Leeuwarden. These cities, which were given city rights during the Middle Ages, are linked by frozen rivers, lakes, canals, and irrigation ditches. The ice is completely nature's product and is in no way prepared. Cracks and bumps on the surface are inevitable obstacles for the skaters. Under some bridges along the course, ice ‘transplants’ have been inserted to fill man-made blow holes. At a few places, the participants have to get off the ice and walk on their skates for a few meters, using a special technique called *klunen*.

All participants must cross the finish line before midnight. Along the route, it is an all-day carnival on ice with about 200,000 spectators encouraging the participants or supporting their relatives on skates. Due to the tough weather conditions this year—strong, freezing winds—and the short preparation time, about a third of the tour-skaters gave up before the finish. There were bruises, cuts, bloody faces, frozen limbs and eyes, and total exhaustion. However, few seemed to notice it was a spectacular day of outdoor excitement. This year's winner, Henk Angenent, finished in 6 hours and 49 minutes, averaging around 18 miles per hour. The oldest participant this year was in his seventies.

Of course the Eleven Cities Tour gives lots of free publicity and television coverage to Friesland. Now the province is making use of its popularity to promote its summer tourist season. Not only the sacred spots of the tour—like the nationally renowned bridge of Bartlehiem, a tiny wooden bridge in the middle of nowhere that is passed twice by the skaters—but also the 11 cities themselves are attracting tourists. In the summer, hiking and biking tours of the 11 cities are organized. There are special exhibitions in the Frisian Museum in Leeuwarden. And, of course, there are the friendly Frisians,

proud of the typical heritage of their province.

—Roel Janssen

## L I S B O N

## WIND-SWEPT BAYS

For visitors who have tired of Portugal's bustling Algarve coast with its high-rise hotels, time-share villas, and hectic night life, there is a quieter alternative close at hand. Due west of Lagos and north of Cape Saint Vincent, stretch miles of sparsely populated sandy beaches that have escaped the developers' bulldozers.

It was from these wind-swept bays the first Portuguese navigators set out in the 14th century to discover new worlds overseas. Not much seems to have changed since then. After waking up to the dangers of overdevelopment in the southern Algarve, Portugal introduced strict planning laws that limit the number and size of buildings and roads along much of this coast. As a result the infrastructure is poor, but the scenery is unspoiled. Cape Saint Vincent itself is a good starting point and makes an exhilarating clifftop walk from the town of Sagres. The Cape is a bird-watchers' paradise, home to blue rock thrushes and peregrines, and a favorite spot for honeymooning couples to watch the sun go down near the lighthouse.

Heading north the sleepy village resorts of Vila do Bispo, Carrapateira, Alzejur and Odeceixe offer inexpensive accommodation and good access to beaches. The wild surf at Odeceixe attracts water sport enthusiasts, but the beach itself is sheltered from the brisk Atlantic winds by its high cliffs.

For tourists with more time to spend, the spa town of Monchique, set in the wooded Serra de Monchique, makes a worthwhile inland detour (about 25 miles east of Alzejur). Visitors have been coming here to take the waters since Roman times, but the town, which is still an active spa, now has a rather decadent 19th century atmosphere. The hills around Monchique are excellent terrain for hikers.

Monchique forms the Algarve's northern border with the Alentejo region, which also boasts a beautiful coastline. The clifftop resort of Zambujeira do Mar has been a well-kept secret with young Lisboetans for many years. The Portuguese come here to eat grilled fish



The Abbey Gardens on Tresco were laid out on the former grounds of a Benedictine abbey.

and watch the sun drop into the sea behind a row of pine trees at the top of the cliff.

About 25 miles further north is the much larger resort of Vila Nova de Mafra, which offers a beautiful setting at the mouth of the Rio Mira estuary but gets quite crowded with Portuguese and German tourists during the summer. It is an ideal place to stop when the peace and quiet get too much and you long for the compensations of the beaten track.

—Samantha McArthur

## L O N D O N

## THE ISLES OF SCILLY

At the very extreme of the southwest of England lie the Isles of Scilly, a beautiful archipelago of 140 tiny, rocky islands running out from the tip Cornwall. Warmed by the Gulf Stream, they have an extremely mild climate where plants and trees flourish that grow nowhere else in Britain.

Getting here is an experience in itself. There's a sense of leaving England, which is reinforced when you arrive in a land where the rest of the overcrowded and stressed out UK is a remote place over the horizon. The pace of life is gentle and slow, and it is no wonder that former prime minister Harold Wilson used to retreat here in the summer to forget the stress of office. The most famous inhabitant of the islands, Wilson was often photographed in the 1960s and 1970s

walking his dog along the white, sandy beaches.

The 2,000 islanders derive their income from growing flowers for the mainland and from tourism. You can come here simply to get away from it all, or you may find, like many divers, that you are attracted by the beautiful, clear water. One writer oddly but graphically described the sea water as "clear as gin."

Legend has it that these islands are the mountaintops of a submerged mountain range once joined to Britain. Archaeological evidence has shown that they have been inhabited for at least 4,000 years. Because of their location where the Atlantic rolls in, these were great islands for wreckers, fishermen who would loot the many ships that met their end on the rocky outposts.

Every Friday evening in summer there is gig racing. Gigs are the traditional six-oared boats, and the summer races recall the days of yore when they were used to race out to the wrecked ships.

The largest island is St. Mary's with the capital Hugh Town, where the boats from the mainland dock. Only three miles by two, this is where most of the population lives. You can have many enjoyable walks, including the three-hour "telegraph" walk via some of the historical sites and ancient burial chambers.

Tresco, the second largest island, is a must for those who love horticulture. It has a wonderful Abbey garden laid out in 1834 on the site of a 10th century Bene-

dictine abbey. More than 5,000 species of subtropical plants thrive there among the figureheads from many of the ships that found their watery graves here over the centuries.

The population is only 150; there are no cars; and the sole nighttime entertainment is to visit the island's only pub, the New Inn, decorated with model sailing ships, brass telescopes, and photos of mountainous winter seas, which remind you of its terrible past.

You can travel to the islands by small feeder aircraft, helicopter, or ferry. Further information is available from Isles of Scilly Tourist Information Center, tel: 44-1720-422536.

—David Lennon

## BERLIN

### COME TO COLOGNE

Cologne is both ancient and modern, both monstrous and beautiful. Although the heart of the city center was almost totally destroyed in World War II, a rich and varied heritage is still in evidence in present-day Cologne. Its world famous landmark, the Kölner Dome, eclipses in its size and grandeur all other buildings in the city and helps the visitor to orient himself. If the cathedral is in front of you, you are heading for the center. If it is behind you, you are leaving the city. And if you find yourself on one of the old Roman roads radiating from the city center to the south and the former northern provinces, so much the better, the road ahead is straight as a die. The Romans drew up the almost rectangular ground plan for *Colonia Agrippinensis* not bothering about the elegant double bend in the Rhine that forms the backbone of the city today.

The cathedral's mighty twin towers rise 515 feet above the city center, conveying an impression of ancient tradition and history, but that is a misconception. Although the cornerstone was laid in 1248 AD during the Gothic period, construction continued until 1560, when it came to a halt. The towers and essential parts of the cathedral are the work of the 19th century. Inspired by Prussia's King Friedrich Wilhelm IV and his love for things medieval, construction was resumed in 1842 and completed in 1880.

Cologne's real treasures reveal themselves at a second glance. In the shadow of the cathedral lies a reminder of Cologne's storied history: the mosaic

floor of a banquet hall in a great Roman villa, now incorporated in the Römisch-Germanisches Museum. Other Roman remains include a well-preserved 1st century AD tower from the earliest city wall, the remains of the North Gate, and a large portion of the Praetorium (the governor's residence) visible in the basement of the restored Gothic city hall. Remains of the medieval walls still exist, as well as three of the original 12 gates.

In 1985 Cologne celebrated the year of the Romanesque Churches. Twelve of these splendid medieval edifices have been restored and renovated and are again open to worshippers and visitors. All of these churches, which are within walking distance of each other and form a ring within a ring around ancient Cologne, make the cathedral seem like a youngster. Some of them, such as St. Gereon's and St. Ursula's, have foundations, crypts, walls, and pillars that date from the 4th to 6th centuries. The oldest St. Pantaleon's, a former Benedictine abbey church, was consecrated in 980 AD. The youngest, St. Kunibert's, a collegiate church, was completed in 1247—a year before the cornerstone of the cathedral was laid.

Around the cathedral, tourists dominate the scene. The nearby shopping streets of the Hohe Strasse-Schildergasse pedestrian precinct are alive with bustling crowds. In contrast, the old quarter around the Romanesque church of Gross St. Martin is a haven of tranquility, where the sensitive tourist has little difficulty finding his typical picture of Cologne.

Cologne is well endowed with art. With a population of a million, Cologne has eight museums, 120 art galleries, and an exhibition hall used by the museums to organize big art shows. This rich variety of exhibitions venues and museums has catapulted Cologne into the ranks of the world's top art centers, together with New York and Paris. The city owes its top-notch art center to Peter Ludwig, the late German chocolate tycoon and legendary art collector. Mr. Ludwig, who has been compared to Peggy Guggenheim, was one of the greatest and most enterprising art buyers on this side of the Atlantic. He bequeathed much of his collection to Cologne on the condition that the city had to build a new gallery to house it. In 1986 a new museum was built in the immediate vicinity of the cathedral, combining Ludwig's collection of modern arts with a comprehensive collection of

paintings from the medieval Cologne school of the Wallraf-Richartz Museum.

The museum cost \$102 million but infrastructure improvements in the area cost \$201 million. The museum was very controversial at the beginning, but now it has been accepted as a lucky stroke for Cologne.

—Wanda Menke-Glückert

## HELSINKI

### THE GREAT SNOW CASTLE

It is not every day the city fathers decide to put their town on the tourist map and into the *Guinness Book of Records*. That is, however, exactly what the town leadership of Kemi decided to do. Kemi is situated in northern Finland only a few miles south of the Arctic Circle and has obvious difficulties attracting the ordinary sun-seeking tourist. But Kemi has made an asset out of its snow and ice by offering exotic events like a cruise on an Arctic icebreaker, which includes a swim in the newly broken channel—dressed in a survival suit, of course.

**But what could the town offer less adventurous men and women? Well, the city fathers decided to build the biggest snow castle in the world and let Guinness know about it.**

But what could the town offer less adventurous men and women? Well, the city fathers decided to build the biggest snow castle in the world and let Guinness know about it.

In the beginning of the winter of 1995 the construction started, sponsored by both the Finnish government and the European Union. More than 1 million square feet of snow was collected and formed into some 3,600 feet of walls and towers. The tallest stretched some 55 feet high. The total area was almost 150,000 square feet. That was enough to get Kemi into the *Guinness Book of Records*.

Of course a new record was not the main goal. Kemi wanted and succeeded



in creating a new attraction—a fabulous center for all kinds of cultural events and recreation. In the spring of 1996, it was obvious that the success was way beyond their planners' wildest dreams. The castle has had close to 300,000 visitors, which is 12 times the population of the town itself. People came from all over the world to enjoy theater, opera, and both classic and pop music, generating \$2 million for the town and its commerce.

But even Kemi has a summer, so the fabulous castle was dismantled as it began to melt. The summer period was used to develop even bolder plans. This year the castle is both higher and bigger. The towers are 70 feet tall, 10 feet higher than last winter, and the total budget has increased from approximately \$700,000 to \$1.2 million. The cultural offering has also been broadened—in every direction. This winter's program included highlights like the Hollywood Stunt Men's Show, headed by John Hagner, who used to do stunts for John Wayne, an Elvis Presley memorial gospel concert, a fairy-tale play with 200 actors, and boxing matches. Also, the fiftieth anniversary of UNICEF was celebrated in the castle with proceeds going to the UN organization.

The total number of this year's visitors is not yet known, but everything points in the direction of another record. Whether this will be an even bigger castle than ever before remains to be seen. Kemi's mayor Mr Juhani Leino is not seeking world records anymore but has nothing against new financial ones.

—Thomas Romantschuk

MADRID

EXTREMADURA

Excellent Roman ruins, towns, and monuments symbolizing the country's Golden Age and dramatic landscapes are all to be enjoyed in the western region of Extremadura, nestled between the high plateau of central Spain's Castille-La Mancha and neighboring Portugal.

A relatively short drive west from Madrid or north from Seville, Extremadura is still usually bypassed by most foreign visitors to Spain, but now a concerted effort by the authorities to attract tourists is paying off.

Most of the new visitors put the ancient city of Merida at the top of their "must-see" sights, although at first glance it appears modern-day town planners and developers have made a mess of the place.

**As in all Roman settlements of any size, the citizens built a theater, and Merida's is impressive with its seats for 5,000 and is still well preserved enough to host a festival of classical theater every summer.**

However, the Roman ruins and a first-class museum chock full of artifacts from the times of the Caesars make the trip worth the effort. Merida was founded in 25 BC by the Romans and, as an important cross-roads linking Toledo, Lisboa, Seville, and Salamanca, became the capital of the province of Lusitania.

As in all Roman settlements of any size, the citizens built a theater, and Merida's is impressive with its seats for 5,000 and is still well preserved enough to host a festival of classical theater every summer.

Other Roman monuments of note include the circus (the only one in Spain still entirely intact), Diana's temple, a bridge of 60 arches over the Guadiana River and a house containing what is considered the finest mosaic in the Roman world.

Another significant era in Spain's rich history can be traced in Trujillo and Guadalupe, the birth-

place of Francisco Pizarro and other famed conquerors of the New World. Indeed, the town is known as the "Cradle of the Conquistadors," and the wealthy explorers and military men returned to adorn their hometown with magnificent palaces, which can be visited today.

East from Trujillo and into the lovely mountains is the monastery of Guadalupe, which at the height of Spain's Golden Age came to be forever linked with the exploration and exploitation of Latin America and the Caribbean.

Throughout that region—islands, cities, towns, and patron saints were named after Guadalupe, and the first Native Americans brought to Europe were baptized as Christians in the monastery.

After centuries of falling into disuse, the monastery has been restored by monks over the past 50 years.

—Benjamin Jones

LUXEMBOURG

ECHTERNACH

Your first glimpse of Echternach on the road from Luxembourg city suggests something of the fascination that the small town has held for emperors,

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from Caesar and Napoleon up to Hitler in more recent times. The town is not fortified, but it has the loom of a command post, straddling the river Sauer, which separates Luxembourg from Germany, and offering vistas through the rocky, wooded valleys that explain the region's nickname of "Little Switzerland."

Visitors are drawn to Echternach today partly by its addictive charm. Just a half hour drive from Luxembourg city, it offers tourists (and commuters) an agreeably relaxing contrast to the bustle of the capital. One day in the year things are different, however. On Whit Tuesday, which is May 20 this year, Echternach puts on what must rank as one of the weirdest and most unsettling events in the Christian calendar.

**This odd spectacle, which ends with an outbreak of merrymaking and wine drinking, draws celebrants and observers from much of Europe. What does it mean?**

This is the Spring Dancing Procession, which can seem to some observers somewhat maniacal in character. Beginning at nine in the morning and lasting most of the day, the celebrants lurch and hop through the town taking five steps forward and three back. Each dancer holds on to another by a white twisted handkerchief. The music, provided by local bands and singers, is endlessly, hypnotically, repetitive.

This odd spectacle, which ends with an outbreak of merrymaking and wine drinking, draws celebrants and observers from much of Europe. What does it mean? There is no single accepted explanation of the origins of the dance, says Professor Sepp Simon, a local teacher and historian. It could stem from ancient exorcism rites, pagan ceremonies, or even from a treatment for epilepsy, dating from the 7th century when physical exhaustion was seen as a means of "curing" the illness.

The procession is held in the name of Saint Willibrord, an English bishop credited with performing miracles and with an astonishing energy for promoting

Christianity throughout Central Europe. He is the nearest thing the Luxembourgers have to a national religious icon and the one-thousand-three-hundredth anniversary of his founding of the Echternach Abbey (in 698) will be celebrated with considerable pomp by the country next year.

After St. Willibrord's death a cult sprang up, and Echternach became a major European center for religious teaching and for religious book and bible illustrations. The abbey, which is today a grammar school, became one of Europe's best-known religious centers.

Echternach was the scene of savage fighting during World War II when it served as a focal point in the Battle of the Bulge. In 1944, when the town was in Norman's land, St. Willibrord's basilica was half destroyed by a bomb. (Some say this was because it was blocking the German army's line of sight; others speculate that it was an act of malice by German sympathizers.) The abbey, and much of the town, was painstakingly rebuilt over three years after the war in one of Europe's greatest acts of reconstruction.

The name of Echternach is well known to music lovers today thanks to its famous annual international music festival. The town is still an object of Christian pilgrimage. There are important Roman remains in the area. Many visitors, however, would rate the quiet charm of Echternach's scenery as its biggest asset.

—Alan Osborn

## BRUSSELS

### THE SEMOIS VALLEY

For many people tourism in Belgium begins and ends with the enchanting Flemish cities of Ghent and Bruges, with their ancient buildings, charming canals, and magnificent works of art from the days of Van Eyck and Memling. Yet the country boasts many lesser known marvels, not least the Semois Valley in southern Belgium, which has some of the best walking country in all of Western Europe.

The river Semois, which has its source near the town of Arlon, close to the Luxembourg border, flows westward for some 120 miles before crossing the French border near Bohan and flowing into the mighty river Meuse. The river's most interesting stretch is the 70 miles between the little towns of Chiny and Bohan, when it winds its sinuous way be-

tween steep forested banks, with periodic cascades and gorges.

It is possible to walk the whole length of the way along forest paths and country lanes in a week, or less, staying overnight at modest hostels at half a dozen villages or small towns along the way, though there are also much grander country hotels, directly overlooking the river, notably at Herbeumont and St. Cécile. Those who choose to do this should start the easy way by taking the regular boat service for the first five miles, from Chiny to Lacuisine, a section known as the March of Paradise, where the river twists and turns through rocky gorges with breathtaking views on either side.

The walking is not overly strenuous. There are hills to climb and dales to descend, but the gradients are gentle, and you do not need to be a superman or woman to complete the course. There are also plenty of diversions on the way—castles, abbeys, and watermills, some in ruins, some still inhabited, and numerous promontories or belvederes with spectacular views.

Alternatively, one may hire a car, and follow the entire course of the route on minor roads in one or two days, stopping off at the most interesting places on the way. One can easily combine this with side trips to France. The ancient town of Sedan, where Napoleon III was defeated by the Prussians in 1870 and the German tanks broke through the French defenses in 1940, is only a dozen miles away.

Another popular choice is to choose one place to stay and use it as a base for daily walks or expeditions. Florenville, Herbeumont, or Vresse are all possibilities, but the best center is probably Bouillon, a historic town with an impregnable 10th century castle, commanding a height in a loop of the river that almost surrounds it. For several centuries Bouillon was an independent duchy, and its most famous duke, Godfrey of Bouillon, pawned his castle to the Bishop of Liege to raise funds to lead the First Crusade to Jerusalem in 1098.

The castle's design was the basis for many crusader castles still standing in Lebanon and northern Israel and is a must for all visitors. The town also contains two historic museums, as well as a series of four ancient forts strategically sited round the loop of the river.

Bouillon is a noted gastronomic center, where one may eat delicious trout fished fresh from the river, as well as game from the surrounding countryside.

Sports facilities include kayaking, fishing, archery, pelote, tennis, golf, and swimming, as well as cross-country skiing in winter.

Full details of holiday possibilities in the area are available from the Office du Tourisme, Château Fort, 6830 Bouillon. Tel. 32 61 46 62 57 or 46 62 89.

—Dick Leonard

## ATHENS

### EPIDAUROS

Watching a modern performance in an ancient theater in the Greek countryside is a spell-binding experience. There may not be much scenery, and the stone seats were never designed for comfort, but the smell of pine woods and a backdrop of a rising moon will more than compensate.

There are about 20 ancient theaters around Greece that have been judicially reconstructed to accommodate tourists on a regular basis. They have become such popular venues for orchestras, drama, and dance groups that the culture ministry has launched a program to restore another 70 archaeological sites—including medieval and Ottoman castles as well as ancient theaters and stadiums—for summer performances.

Of all Greece's ancient theaters, Epidaurus in the Peloponnese is the biggest and best-preserved. Built in the 4th century BC, when wealthy Greek cities and sanctuaries started to replace tiers of wooden seats with stone, it can squeeze in as many as 15,000 spectators. The acoustics are world-renowned—from the center of the "orchestra" (the circular space below the stage) even a whisper can be heard in the upper tiers.

Performances of ancient Greek plays—and occasionally Shakespeare—are staged at the Epidaurus on weekends from June through the end of August. Transport can be arranged from Athens. The coast road to Epidaurus from Corinth boasts spectacular views across the deep blue Argolis Gulf, or you take a ferry or hydrofoil from Piraeus to Palaia Epidaurus, the nearest port to the site.

Palaia Epidaurus itself has a small ancient theater, which is gradually emerging from an olive grove close to the sea. It once seated about 3,000 spectators and is being reconstructed by the excavators as they uncover more stone seats—often with the names of Roman era officials inscribed on them.

As an experiment, the "small" theater is now being used for a dozen performances in July—mainly of classical music. The Megaro Mousikis, the Athens concert hall, organizes the performances, which range from recitals by internationally renowned soloists to the Megaro's own chamber orchestra. But with each performance limited to just 600 people, tickets are hard to find.

Greece's archaeologists are worried that increased use of ancient theaters may start causing irreversible damage. Because even the use of amplifiers can affect the ancient stones, the rules are becoming stricter. To reach the "small Epidaurus" theater, audience members must file along a dirt footpath past orchards and stables and are watchfully

**To reach the "small Epidaurus" theater, audience members must file along a dirt footpath past orchards and stables and are watchfully guided through the excavations to their seats.**

guided through the excavations to their seats.

Some theaters have decayed to the point where they can no longer be used for modern performances. At Delphi, for example, site of Apollo's ancient oracle and of a modern cultural center, the stone amphitheater cut into a steep hillside with a dramatic view has now been closed. Instead, performances have been shifted to the horseshoe-shaped Roman stadium at the site, which is still comparatively well preserved. Its round end offers unexpectedly good acoustics and provides ample seating.

Performances at both Epidaurus theaters will continue to be strictly regulated—and may be limited still further a few years from now. In the meantime, watching an ancient tragedy at Epidaurus is about as close as you can get to the atmosphere of ancient Greece.

There are few resorts close to Epidaurus (for beach hotels head west to Tolon) but dozens of small hotels in the port or surrounding villages and a multitude of tavernas offering local specialties—from extra-virgin olive oil and

homemade pasta dishes to increasingly sophisticated Peloponnesian wines—whites from the Mantinea region and reds from the Nemea valley.

To find out about performances at Epidaurus, call the Greek Tourist Organization at 301 32 23 111; for the "small Epidaurus" theater, call the Megaro Mousikis in Athens at 301 72 82 333.

—Kerin Hope

## STOCKHOLM

### GOTLAND

According to legend, the Swedish island Gotland, the biggest island in the Baltic Sea, was once an enchanted place that rose every evening and sank again every morning. This is at least what one reads in *Gutasagan*, the Gotlandic tale written at the beginning of the 13th century.

One can somehow imagine that the myth was somewhat prophetic. Rather than rising each day from the sea, it rises each summer in the minds of thousands of Swedish tourists. At the end of winter, Gotland is transformed from a peaceful island into a crowded vacation destination. Thousands of tourists flock to the island's beautiful beaches and natural surroundings as well as to the mildest climate in Sweden.

It all starts in the last week of June, with the midsummer holiday, the biggest in Sweden after Christmas. Celebrating summer and the longest day of the year, Swedes leave the cities to go out in the countryside. They dance around midsummer poles decorated with flowers, leaves, and ribbons to the music of violins and accordions, and they eat traditional midsummer food—hering, summer potatoes with dill, and strawberries.

During the summer, Gotland's campsites are full; its sandy beaches are crowded with sunbathers and splashing children; its country roads are dotted with families on biking excursions; and ice-cream is the snack of choice as tourists stroll around Visby, the island's capital.

But there is more to Gotland than just lazy summer days. The island has a very interesting history. Gotland was the center of trade and culture in the Baltic Sea for hundreds of years, and traces from its trade heyday can be found all over the island. Hidden Viking treasures—gold and silver pieces from all over the world—

have been found on the island. Stone grave markers from the Bronze Age and more than 700 Iron Age graves bear witness to Gotland's ancient ancestry.

Visby grew to become the most powerful city in the Baltic region during the Hanseatic period of the 12th and 13th century. (The Hanse was a northern European association of merchants that dominated trade.) It is now a well-preserved medieval town, with an irregular network of narrow, cobbled streets, tightly built stone houses covered with climbing roses, and ancient church ruins. The town is surrounded by a magnificent two-mile long defensive wall, with 44 watch towers, which was built more to keep the island's peasants away from the wealthy merchants rather than to protect the city from foreigners. Every August, a medieval festival is held in Visby, with music and theater on the streets and medieval dishes served in the restaurants.

A perfect way to see the rest of Gotland (the island is 75 miles long and 23 miles wide) is by bike. The mostly flat landscape offers easy pedaling. As you ride, you'll notice the island's skyline is dotted with medieval church towers (Gotland has more than 90 of them still in use), offers plenty of photo opportunities. A limestone plateau forms the central part of the island and features 35 different kinds of orchids. The island's lower areas are mainly small forests and open grasslands, which are dominated by sheep—the island's main livestock.

Along the Gotlandic coast you'll encounter limestone formations that are remnants of reefs formed more than 400 million years ago. Over the centuries the sea and wind have carved them into interesting forms, which have been given names by imaginative Gotlanders. The most famous is the Old Man of Hoburg, by the southern tip of the island.

At the end of summer, when most of the tourists leave the island, the people of Gotland regain their peace and quiet and wish for yet another mild autumn, with the roses of Visby blooming till the end of November.

—*Frida Kasteng*

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## NEWSMAKERS

Some of Europe's top bankers are busy playing musical chairs. The man likely to end up with the best seat is **Wim Duisenberg**, 61, governor of the Dutch central bank. In March, a journalists' club in Frankfurt, Germany, named him "European banker of the year." Among the German inflation fighters who attended the ceremony honoring the Dutch banker was his close friend, Bundesbank President **Hans Tietmeyer**.

On July 1, Duisenberg takes over from Belgium's central banker, **Alexandre Lamfalussy**, as the new head of the European Monetary Institute. It is a position generally acknowledged to be a springboard for becoming the first head of the European Central Bank and assisting at the birth of Europe's new single currency, the euro, in 1999.

Duisenberg's career move frees up another post he currently occupies, that of chairman and president of the Swiss-based Bank for International Settlements, the "central bank of central banks." His successor there is **Alfons Verplaetse**, the outspoken governor of the National Bank of Belgium. Verplaetse has accepted the new job without any intention of relinquishing the old because he plans to keep careful watch over his country's entry into monetary union.

• • •

The European Commission's most senior official, Secretary-General **David Williamson**, 62, is looking forward to retiring later this year. After eight years of hard work under the two Jacques—Santer and Delors—and a period in the cabinet office of **Margaret Thatcher** when she was British prime minister, Williamson has earned the chance to put his feet up and relax in the two houses he owns, one in England, the other in France.

The man currently working under him, Dutchman **Carlo Trojan**, who has a truly colossal appetite for work, is widely tipped to move into Williamson's place.

• • •  
 The search is on to find the young person between 18 and 26 who will be named the Young European of the Year for 1997. The title was first awarded last year to **Cornelius Winter** from East Berlin, whose boundless enthusiasm and energy as a member of the European Youth Parliament (EYP) led to the creation of the prize.

**Bettina Carr-Allinson**, president and founder of the EYP, was so bowled over by Winter's achievements that she and **Andre Schmitz**, director of the Heinz Schwarzkopf foundation, decided to create an annual award. The EYP, which brings 10,000 young people from across Europe together every year to discuss

European issues, was set up 10 years ago; the foundation was established in 1971, in memory of **Heinz Schwarzkopf**, an eminent industrialist and passionate European who died in 1969.

Winter is a vivid example of how much a committed young European can achieve. Born in 1974, he spent the first 15 years of his life in the GDR, where Europe was only a concept, and a foreign one at that. When the Berlin Wall fell in 1989, Europe became a reality to him. Within 5 years he was devoting himself to working for the EYP. He helped to produce its newspaper, sat on a committee that provides continuity by keeping members from one parliamentary session to the next, and developed a program to show youngsters living in eastern Germany what Europe has to offer.

Winter was named Young European of the Year last July at a conference he had organized in Berlin. When the German parliamentary speaker **Rita Süsmuth** announced the award, he had no idea that it had been created for him and was, he claims, "amazed when they said my name." He has started studying for a law degree at Berlin's Humboldt University but still makes time to work for the EYP. "It offers a unique opportunity for young people," says Winter. "Unless Europe begins with the people, it cannot hope to succeed."

—*Ester Laushway*

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# EUROPE

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# ARTS & LEISURE

## BOOKS

### Notes From a Small Island

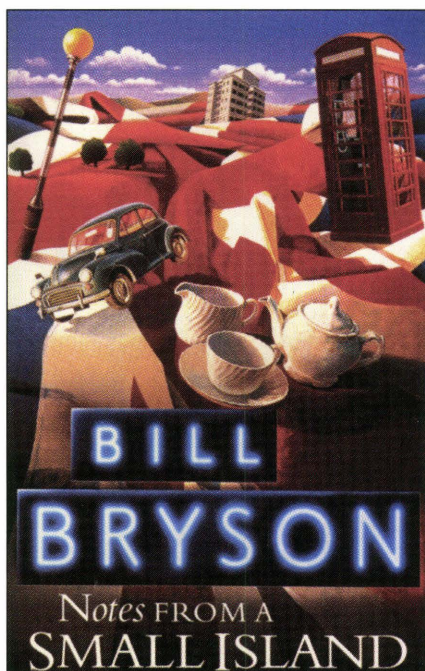
By Bill Bryson; Avon; 352 pages; \$13

If you are looking for a different type of travel book on Britain, then Bill Bryson's *Notes from a Small Island* is just the thing for you. Not strictly a travel guide, it is more an insight into Britain's endearing characteristics and who better to take an unbiased look at the country and its people than an American who has lived in the UK for a number of years.

Bryson's last wish before returning to his native America is to conduct a farewell tour of the country he has come to call home and his findings are revealed sometimes with alarming candor, but always with humor. Focusing not only on the traits of the British people, but also on well known and not so well known cities, towns and villages, no stone is left unturned.

Even the most historic of cities are described with unashamed frankness. For example, on Oxford, Bryson notes, "I have the greatest respect for the university and its 800 years of tireless intellectual toil, but I must confess that I'm not entirely clear what it's for, now that Britain no longer needs colonial administrators that can quip Latin."

With regard to British society, Bryson jokingly observes that Britain could have been in a much better position to successfully run as a communist state. "All those things that are necessary to the successful implementation of a rigorous social system are, after all, second nature to the British...I'm not



saying that Britain would have been a happier, better place under communism, merely that the British would have done it properly."

Thoughtfully, Bryson also offers a number of handy hints for potential tourists. For example, on driving, we are told, "... there isn't a single feature of driving in Britain that has even the tiniest measure of enjoyment in it." Needless to say, Bryson completed much of his tour on foot.

And how did the Brits react to such a book? A book that questioned the backbone of the British way of life, that poured scorn on towns bearing such names as Husbands Bosworth and Thornton-le-Beans, and doubted the delights of Marmite? Well, in true "mustn't grumble" fashion, it was very well received indeed, and has been a bestseller since its UK publication in late 1995. The truth hurts, but it's not so bad if it makes you laugh.

—Claire Bose

### Le Divorce

By Diane Johnson; Dutton; 309 pages; \$24

Diane Johnson's new novel, *Le Divorce*, is the story of narrator Isabel, a California film school dropout who comes to Paris to help her expatriate sister, Roxy, through her second pregnancy. When Roxy's French husband leaves her, a cross-cultural battle begins over a possibly valuable old painting, an intrigue that soon involves family and friends on both sides of the Atlantic. While helping Roxy sort out the mess, Isabel learns about love, culture, and sophistication both from Parisians and from the American expatriate community.

Although it has been compared with Henry James and Edith Wharton—among others—for its success as a cross-cultural novel, this book by the two-time Pulitzer Prize and National Book

Award finalist does not live up to the reputations of its distinguished predecessors. The story is reasonably entertaining, although occasionally tedious. The characters are described in sometimes funny detail, but whether French or American, remain stereotypes (pretentious expats, bumbling American tourists, philandering French husbands). The much touted culture reads like a French textbook (baguette, Notre Dame, the Louvre) and Isabel's claim to see "life as being like film" does little to excuse the overly dramatic Hollywood finale. Still, Isabel's growth—from aimless and young Californian to a more sophisticated and motivated woman of the world—is satisfying, as is the book as a comic, if extremely basic, portrait of Paris, Parisians, and American expatriates.

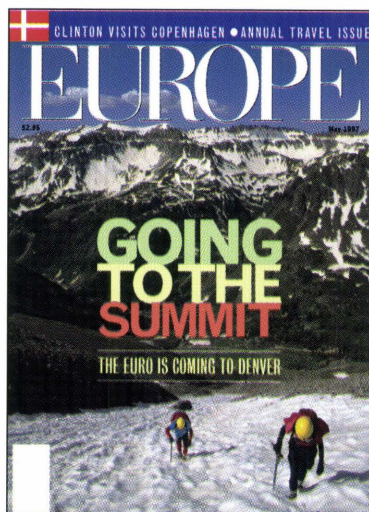
Perhaps the whole would be easier to take if Johnson herself took it all less seriously. To say in the prologue that "There are, also, certain ghosts of Hemingway and Gertrude Stein, Janet Flanner, Fitzgerald, Edith Wharton, James Baldwin, James Jones—all of them here for something they could not find back home, possessed of an idea about culture and their intellectual heritage, conscious of a connection to Europe" is to set a daunting challenge for oneself, whether as author or as narrator. When the paperback version arrives, it will be good reading on your next flight to Paris.

—Alisa K. Roth

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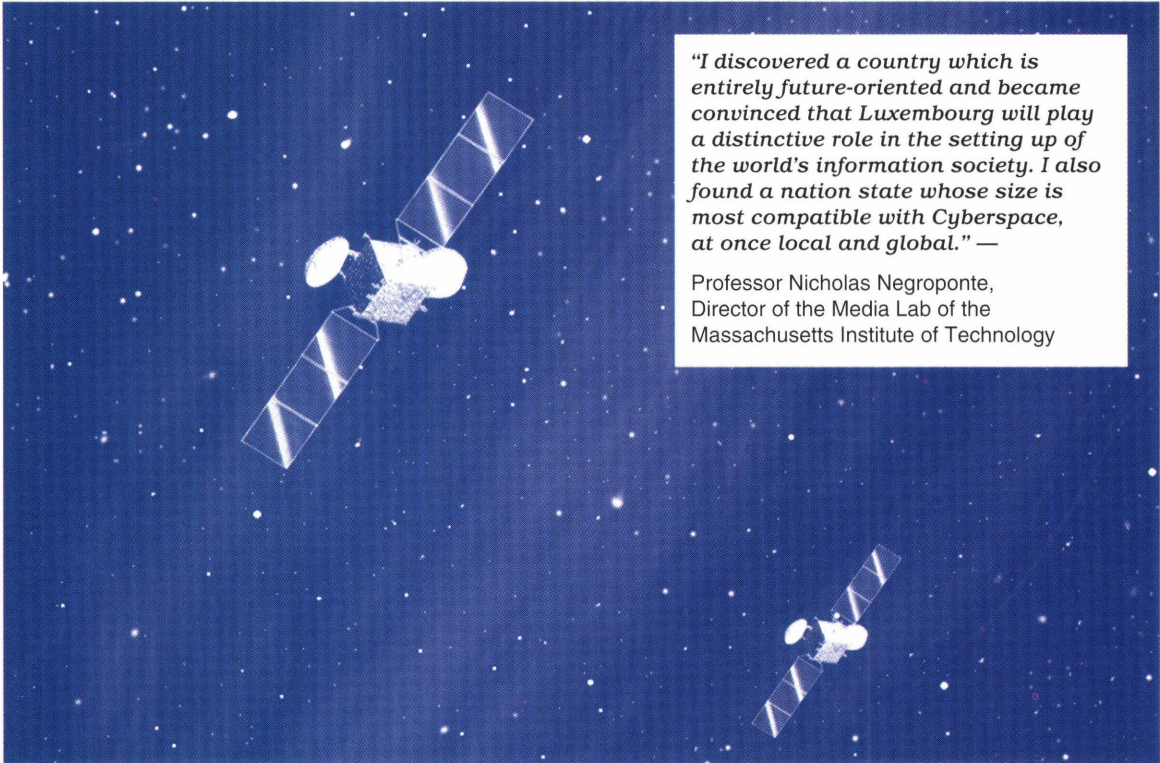
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