

FRENCH FOREIGN MINISTER SPEAKS OUT • VIVENDI HEADS FOR HOLLYWOOD



# EUROPE

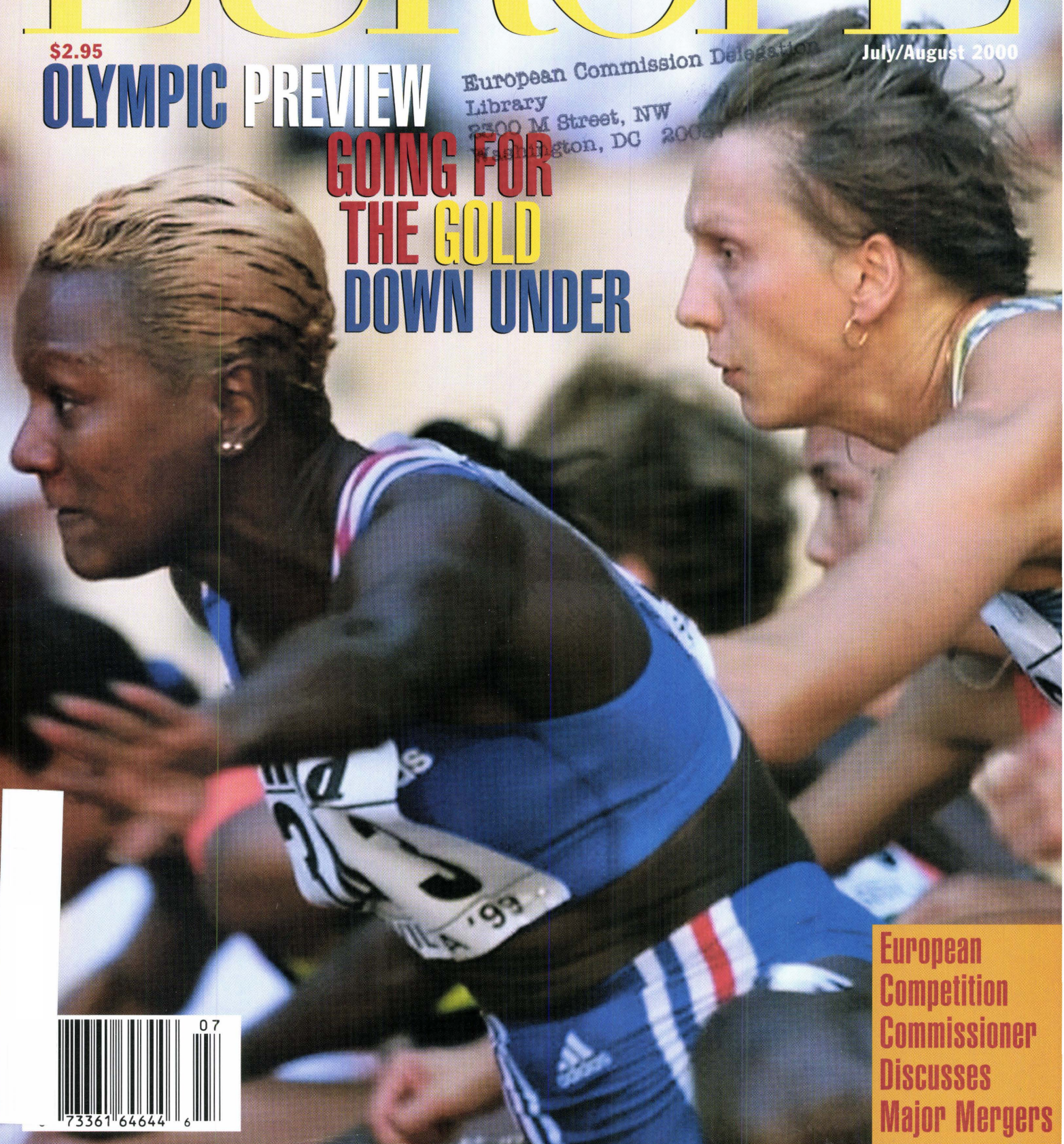
\$2.95

## OLYMPIC PREVIEW

European Commission Delegation  
Library  
2500 M Street, NW  
Washington, DC 20037

July/August 2000

### GOING FOR THE GOLD DOWN UNDER



European  
Competition  
Commissioner  
Discusses  
Major Mergers



73361 64644 6





## Shaping Europe for the Millennium

The European Investment Bank, the European Union's key financing institution, supports investment promoting Europe's modernisation, growth and future enlargement to include Central European countries. Its borrowing and lending activities are focused on strengthening Economic and Monetary Union and on building a liquid market in euro, shaping Europe for the new millennium.

The EIB's 1999 funding programme, is expected to reach over EUR 30 billion, of which 15 billion in euro under the Bank's new EARN facility. The largest international borrower, the EIB will also continue to be present on capital markets as a AAA issuer of non-European currencies, particularly the US dollar.

*1 euro: approximately US\$ 1.06*



100, Bvd. Konrad Adenauer L - 2950 Luxembourg  
Tel (+352) 43 79 - 1 – Fax (+352) 43 77 04  
Internet [www.eib.org](http://www.eib.org)



# EUROPE

MAGAZINE OF THE EUROPEAN UNION

## FRANCE

**Squaring Off.** The Chirac and Jospin camps are gearing up for the general elections in the spring of 2002. *Axel Krause* 8

**Interview.** Foreign Minister Hubert Védrine discusses France's agenda for the EU presidency and French-US relations. 12

**The Other French Presidency.** France takes its turn at the helm of the EU as its six-month presidency begins. *Axel Krause* 15

**Right Man in the Right Place.** In the 1980s, he became France's youngest prime minister, now Laurent Fabius takes over as Lionel Jospin's new finance minister. *Axel Krause* 16

## BUSINESS

**Vivendi Goes Hollywood.** With its deal to acquire Seagram, Vivendi stands to become the world's second-largest media firm—not bad for a water company. *John Andrews* 18

**Renault Renaissance.** A decade ago, Renault appeared ready for the scrap heap, but the popular French car maker has staged a startling comeback. *Bruce Barnard* 22

## EUROPEAN AFFAIRS

**Kosovo.** Assessing the situation one year after the Serb withdrawal. *Barry D. Wood* 25

## TRAVEL

**The Savoy Alps.** Discovering a place where the sky, earth, and water all converge in eastern France. *Kenneth C. Danforth* 28

**G'Day and Welcome to Sydney.** A look down under at the city hosting this summer's Olympic Games. *David Lennon* 30

## SPORTS

**Will Athens Be Ready?** The original Olympic city faces many hurdles before it hosts the 2004 games, and the clock is ticking. *Kerin Hope* 32

**It's Only a Game.** From soccer and rugby to cricket and curling, Europeans are as sports-crazed as Americans—maybe more. *John Andrews* 34

## DEPARTMENTS

**2 Letter from the Editor**

**4 Eye on the EU.** In pursuit of Pillar Three

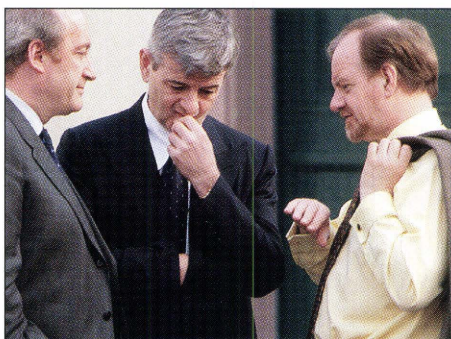
**5 Euro Notes.** ECB springs surprise hike

**6 e-Europe.** Virgin all over the web; BT patent fight; Business Bytes

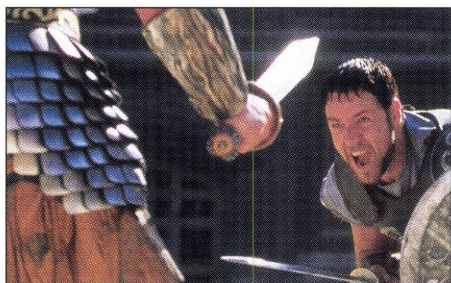
**36 Capitals.** Profiling Europe's best hopes for Olympic glory.

**47 Arts & Leisure.** Impressionists at Argenteuil; three new Balkan books

15



18



36





# LETTER FROM THE EDITOR

**G**'day, as the Aussies say, and the world's top athletes will all be hoping to have a g'day when they go for the gold down under as Australia hosts the Summer Olympics from September 15 to October 1. *EUROPE* profiles the leading athletes who will be competing in this year's games from the fifteen European Union nations, including a windsurfer from Greece, a fencing champion from France, a canoeist from Italy, and a mountain biker from the Netherlands.

David Lennon, *EUROPE*'s London correspondent, who recently returned from Sydney, presents a history of the area and looks at the Olympic Village at nearby Homebush Bay.

John Andrews looks at favorite sports across Europe that have united fans and athletes for centuries. From cricket to boules to curling, he says these sports "puzzle or amaze" American viewers.

Kerin Hope, writing from Athens, jumps ahead four years to 2004 when Greece will host the Summer Olympics. She reports on preparations for the games and what has to be done to make Athens ready.

France holds the presidency of the European Union through the end of the year. In an exclusive *EUROPE* interview, French Foreign Minister Hubert Vedrine speaks out on the goals of the French presidency and looks forward to what will happen at the Nice summit in December. The foreign minister discusses US-French relations, Europe's role in Kosovo, and the vital French-

German alliance, which has long served as the cornerstone of the European Union.

France's presidential election is still two years away, but both of the likely candidates, President Jacques Chirac and Prime Minister Lionel Jospin, are already campaigning hard for the job. Axel Krause, writing from Paris, presents their various campaign strategies and analyzes what role EU issues will play in the campaign. *EUROPE* also profiles Laurent Fabius, the new French minister of the economy, finance, and industry.

Europe is going Hollywood! With Paris-based Vivendi's audacious takeover of Seagram, Hollywood has a new key player in the global media field. "Jean-Marie Messier makes an unlikely revolutionary," writes John Andrews in his profile of Vivendi's dynamic CEO. The deal will make Vivendi Universal the world's second-largest media firm.

Another business success story out of Paris is the renaissance of Renault. The French car maker has gone global in a big way with its acquisition of a controlling interest in Nissan of Japan. Bruce Barnard reports on how Renault has reversed its fortunes in the last decade.

"Through its European Agency for Reconstruction (EAR), the EU is assisting in the development of a market economy" in Kosovo, writes Barry D. Wood, referring to the EU's large role in the rebuilding of this war-torn area. *EUROPE* details what is happening in Kosovo today and how things look for the fall and winter.

In *Europe Update*, our monthly late-breaking news section, European Competition Commissioner Mario Monti outlines the EU antitrust policies as he discusses the MCI WorldCom-Sprint merger, Microsoft, AOL-Time Warner, and other topics in an exclusive *EUROPE* interview.



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

## EUROPE

**PUBLISHER** Willy Hlin

**EDITOR-IN-CHIEF** Robert J. Guttman

**GENERAL MANAGER** Anne Depigny

**MANAGING EDITOR** Peter Gwin

**EDITORIAL ASSISTANT** Susan J. Burdin

### CONTRIBUTORS

**ATHENS** Kerin Hope

**BERLIN** Wanda Menke-Gluckert

**BRUSSELS** Dick Leonard

**COPENHAGEN** Leif Beck Fallesen

**DUBLIN** Mike Burns

**THE HAGUE** Roel Janssen

**HELSINKI** David Haworth

**LISBON** Alison Roberts

**LONDON** Lionel Barber

Bruce Barnard

David Lennon

**LUXEMBOURG** Alan Osborn

**MADRID** Benjamin Jones

**PARIS** Axel Krause

Ester Laushway

**ROME** Niccol d'Aquino

**STOCKHOLM** Ariane Sains

**VIENNA** Susan Ladika

**DESIGN** The Magazine Group, Inc.

Jeffrey Kibler

**INTERN** Alexandra Hergesell

**ADVERTISING** Fran Grega

**INFORMATION** tel. (410) 897-0297

fax (410) 897-0298

*EUROPE, Magazine of the European Union* (ISSN 0191-4545), is published on the 15th of each month, except January and August, by the Delegation of the European Commission, 2300 M Street, NW, Washington, DC 20037. © The European Commission, 2000. The magazine encourages reproduction of its contents, but any such reproduction without permission is prohibited. *EUROPE*, published 10 times per year, is available by subscription for \$19.95 per year; \$34.95 for 2 years; \$46.95 for three years. Add \$10.00 to non-U.S. subscriptions for postage and handling. Student rate (with proof of enrollment): \$14.95 per year; \$25.95 for 2 years; \$35.95 for 3 years. Bulk rate also available.

**Editorial, permissions, advertising, and circulation offices:** 2300 M Street, NW, Washington, DC 20037; Telephone (202) 862-9555. Available in microform from UMI, 300 N. Zeeb Rd., Ann Arbor, MI 48106; (313) 761-4700

**World Wide Web:** [www.eurunion.org](http://www.eurunion.org)

**Newsstand distribution:** Eastern News 1-800-221-3148

**Subscriber services:** 1-800-627-7961.

(In Canada call 303-604-1464.)

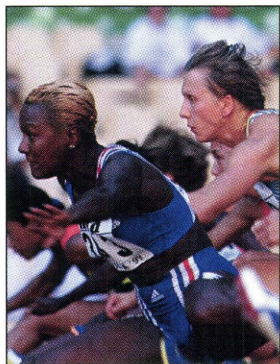
Periodicals class postage paid at

Washington, DC and additional entry.

**Postmaster:** Please send change of address forms to *EUROPE*, P.O. Box 55935, Boulder, CO 80328-5935.

PRINTED IN THE U.S.A.

The magazine is a forum for discussion, and therefore its contents do not necessarily reflect the views of European Union institutions or of the member states.



**On the cover:** Sweden's Ludmila Engquist (right) beat France's Patricia Girard (left) in a heat of the 100 meter hurdles at last August's World Championships in Seville. The two will race again this summer in Sydney.



Please note there is a \$4.00 shipping and handling charge per shipment of free publications requested from the Bookshelf. Payment must be in the form of a check or money order payable to: E.C. Delegation.

# EU BOOKSHELF

## JULY/AUGUST 2000

To order these publications, please check the desired items, fill out the order form and enclose a self-addressed mailing label.

- A New Idea for Europe: The Schuman Declaration—1950–2000.** *European Documentation, Commission, Brussels, 2000, 43 pages.* Second edition, by Pascal Fontaine.
- European Security and Defence in the Transatlantic Agenda.** *EU/US News No. 4, Commission, Brussels, April 2000, 15 pages.* Includes other news items.
- European Investment Bank Activity in 1999.** *EIB Information No. 1/2000, European Investment Bank, Luxembourg, 2000, 32 pages.*
- Community Rules on State Aid: Vade-Mecum.** *Commission, Brussels, 2000, 26 pages.*
- EU Focus on Waste Management.** *Commission, Brussels, 1999, 18 pages.*
- Key Publications of the European Union 1999–2000.** *Office for Official Publications, Luxembourg, 1999, 180 pages.*
- A New Beginning: Leonardo da Vinci, Community Vocational Training Programme Second Phase (2000–2006).** *Commission, Brussels, 2000, 15 pages.*
- Progress and Doubts.** *RTD Info No. 25, Commission, Brussels, February 2000, 40 pages.* Discussions on the interaction of science and public policy.
- Glossary: Institutions, Policies and Enlargement of the European Union.** *European Commission, Brussels, 2000, 79 pages.*
- Eurodisc99.** *European Commission, Brussels, 1999, CD-ROM.* Information on the euro and EMS.
- Europe's Agenda 2000: Strengthening and Widening the European Union.** *European Commission, Brussels, 1999, 23 pages.*
- Bosnia and Herzegovina: A Future with Europe.** *European Commission, Brussels, 2000, 22 pages.*
- Towards Greater Economic Integration: Central and Eastern Europe—Trade, Investment and Assistance of the European Union.** *European Commission, Brussels, 1999, 63 pages.*
- Enforcing Your Rights in the Single European Market.** *European Commission, Brussels, 1999, 23 pages.*
- Your Business and the Euro: A Strategic Guide.** *European Commission, Brussels, 1999, 52 pages plus CD-ROM.*
- The European Union: A Guide for Americans.** *Office of Press and Public Affairs, Washington, DC, October 1999, second edition, 37 pages.*
- Treaty of Amsterdam: What Has Changed in Europe.** *Europe on the Move, Commission, Brussels, 1999, 30 pages.*
- The Amsterdam Treaty: A Comprehensive Guide.** *Commission, Brussels, 1999, 96 pages.*
- The European Commission 2000–2005.** *Commission, Brussels, 1999, 49 pages.* Biographic profiles of Commission members.
- The European Union: Member States, Regions and Administrative Units.** *Commission, Brussels, 1999, map.*
- Enlarging the European Union.** *Commission, Brussels, 1999, 12 panel fold out.* Map and brief overview of the applicant countries.
- Serving the European Union: A Citizen's Guide to the Institutions of the European Union.** *Commission, Brussels, 1999, 38 pages.*
- European Union and the Millennium Round: 3rd WTO Ministerial Conference.** *Commission, Brussels, 1999, 32 pages + 15 pages + mouse pad.*
- EU Agriculture and the WTO: Towards a New Round of Trade Negotiations.** *Commission, Brussels, 1999, 11 pages.*
- The European Union and World Trade.** *Europe on the Move, Commission, Brussels, 1999, 21 pages.*
- The Customs Policy of the European Union.** *Europe on the Move, Commission, Brussels, 1999, 30 pages.*
- Euro Banknote Design.** *European Central Bank, Frankfurt, 1999, 6 panels.* Poster/cut outs of euro notes.
- The Euro Banknotes and Coins.** *European Central Bank, Frankfurt, 1999, 14 pages.* Traces the design process for the notes and coins.
- Moving Forward: The Achievements of the European Common Transport Policy.** *Commission, Brussels, 1999, 64 pages.*
- What Do Europeans Think About the Environment?: 1999.** *Commission, Brussels, 1999, 40 pages.*
- EU Focus on Clear Air.** *Commission, Brussels, 1999, 18 pages.*
- EU Focus on Clean Water.** *Commission, Brussels, 1999, 17 pages.*
- EU Focus on Green Jobs.** *Commission, Brussels, 1999, 18 pages.*
- Sixth Periodic Report on the Regions: Summary of the Main Findings.** *Commission, Brussels, 1999, 20 pages.*
- European Union Assistance for Regional Development: A Brief Guide for Future Member States.** *Commission, Brussels, 32 pages.*
- European Community Humanitarian Office Annual Review 1998.** *Commission, Brussels, 1999, 32 pages.*

### ORDER FORM—FREE PUBLICATIONS

Mail to Bookshelf Orders, European Union, 2300 M Street, N.W., Washington, D.C. 20037. Please send me the free items I have checked. Enclosed is a self-addressed mailing label.

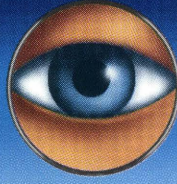
Enclosed is \$4.00 check or money order for shipping and handling payable to E.C. Delegation.

Orders accepted for shipment to U.S. addresses only. Please allow 3 weeks for delivery.

Name \_\_\_\_\_  
 Organization \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_



# EYE ON THE EU



Profiling  
Personalities and  
Developments  
Within the  
European Union

## IN PURSUIT OF PILLAR THREE

**P**robably the most important feature of the Amsterdam Treaty, which came into force just more than a year ago—May 1999—was the commitment to establish “an area of freedom, security, and justice” within the European Union. The declared objective was to accomplish within five years, complete freedom of movement of persons across internal frontiers, without border controls, and irrespective of nationality. At the same time, asylum and immigration matters, external border controls, measures to combat financial fraud, customs cooperation, and judicial cooperation in civil matters were to be brought into the framework of the European Community.

An essential element of the treaty was that these matters were to be taken out of the so-called Pillar Three, established under the earlier Maastricht Treaty. Under Pillar Three, decision-making is reserved for the member states, acting by consensus, without any significant role for the Commission, the European Parliament, or the European Court of Justice.

Pillar Three had turned out to be a failure. Without anybody having specific responsibility for bringing forward proposals or for ensuring that decisions taken were actually carried out, with unanimity rather than majority voting being the

norm, and with no parliamentary or judicial scrutiny, it was hardly surprising that progress in this area had been almost non-existent.

Under the Amsterdam Treaty, these matters will gradually be brought under the aegis of the normal decision-making processes of the Union—though other Pillar Three issues—including police cooperation through Europol and judicial cooperation in criminal matters will remain under intergovernmental control.

The Amsterdam Treaty presented the possibility of a fresh start being made, but there was always the risk that, unless it was energetically followed up, its provisions would have remained a dead letter. A special summit meeting was held in Tampere, Finland, last October to set the new agenda and to propose deadlines for specific actions under the four main target areas: First, working towards a common EU asylum and migration policy; second, creating a genuine area of freedom, security, and justice; third, intensifying the Union-wide fight against crime; and fourth, promoting stronger external action—looking beyond Europe and anticipating humanitarian crises and international developments likely to have a direct effect on the European Union.

At the same time, both the European Commission and the European Parliament took steps to enable them to meet their new responsibilities under the

treaty. The Commission established a Directorate-General for Justice and Home Affairs and made one of its top officials, Adrian Fortescue, the director-general.

The commissioner in charge, Portugal’s António Vitorino, announced that he was going to keep and publicize a scoreboard of progress under each of the subject headings so that it would be easier to keep all the EU institutions as well as the member states up to the mark. Altogether, Vitorino listed more than 100 measures that would need to be adopted if the Tampere objectives were to be met.

The Parliament revamped its Committee on Citizens’ Freedoms and Rights, Justice, and Home Affairs, of which the British Liberal Democrat MEP, Graham Watson, was elected chairman. Since then, this committee has been exceptionally active in monitoring progress and pressing its views on the Council of Ministers.

Recently in Brussels, Watson gave a public lecture in which he stressed the importance of a common approach to asylum policy. So far, he argued, there was no agreement on who could claim to be a refugee, when he or she could claim a right of protection and what counted as persecution. Member states, he said, differed in their interpretation of refugee status. They all agreed that if a person is hounded by their own state authorities they should be

given refugee status. Yet only the UK, Sweden, and the Netherlands accept that a person can be under threat to their lives or liberty in a country where there is effectively no state, such as in Somalia, Sierra Leone, or Afghanistan at present.

Greece, Luxembourg, and Portugal, he said, do not recognize the fact that persecution can come from non-state agents and that public authorities might be unable or unwilling to offer protection to certain groups. Many people in Colombia or Nigeria or even Russia live in fear of guerrilla or mafia threats. Turning to public authorities can be worse than useless where officials are controlled, or themselves threatened, by the same persecutors.

Asylum and immigration is a contentious issue in all EU countries. There are some one million displaced people in Europe. A further one million try to flee their homes each year. Some exist in a no man’s land, trapped in interminable bureaucracy. Yet, the Tampere summit called for a common asylum and migration policy, and it is in all our interests, said Watson, to have a system for dealing with asylum seekers across Europe quickly and fairly. In conclusion, he argued against buck passing and hazy definitions because, in the end, the cost to the European citizen is higher, he said, and the cost to the well-being of asylum seekers immeasurable.

—Dick Leonard





## ECB SPRINGS SURPRISE HIKE

**T**he European Central Bank has acted decisively to bolster the euro. The larger-than-expected hike from 3.75 percent to 4.25 percent on June 8 was a deliberate attempt to exploit shifting market sentiment in favor of a stronger euro, although it was cast chiefly in terms of stamping out the threat of rising inflation.

The turnaround in market sentiment started to occur in mid-May when the euro briefly sunk below \$0.90. For the first time in months, Europe's central bankers and political leaders hinted at the possibility of intervention in the currency markets.

This threat combined with a more effective public presentation of the impressive growth inside the euro zone appeared to catch the attention of analysts and traders. At the same time, market perceptions began to shift in favor of a slowdown in the US and the consequent assumption that the Federal Reserve will stop raising interest rates.

The more euro-zone growth starts to catch up with that of the US, and the narrower the interest rate differentials between the two areas, the better the chances of a euro recovery. Equally significant, unemployment is dropping in countries, such as France and Spain, while capital flows are starting to work in the euro's favor.

Last year, the euro zone's regular current account surplus was more than wiped out by monthly net outflows of more than 10 billion euros (\$9.40 billion) in foreign direct and portfolio investment. But in the first three months of this year, the euro zone actually witnessed a net inflow of foreign direct investment, admittedly mainly because of the takeover of Mannesmann, the German telecommunications group, by Vodafone Airtouch of the United Kingdom.

The question is whether the unexpectedly bold rate hike will affect prospects for growth in the euro zone. Some analysts complained that the 0.5 percent hike smacked of "overkill," especially when unemployment rates in the core economies of France and Germany were still almost at 10 percent. But few can doubt that monetary policy in the euro zone has been especially accommodative since the launch of the single currency on January 1, 1999.

Inflation in the euro zone's periphery is picking up, not only in Ireland but also in Spain and Portugal. For this reason, as well as the need to bolster the euro, the ECB appears to have tipped the balance in favor of capping price pressures in the periphery rather than actively promoting growth in the sluggish regions.

Wim Duisenberg, ECB president, gave the impression that the latest rate hike should be enough for the time being. In this respect,

he and the rest of the ECB board seem to have drawn the right conclusion from the previous 0.25 percent hike, which was universally discounted by the markets even before it was announced. The ECB president has reverted to his (and the old Bundesbank's) natural inclination to surprise the markets with tough action.

There is another aspect to the debate. Without necessarily intending to do so, the ECB's activist move came in the same week that the Bank of England's monetary policy committee left rates at 6 percent. Many commentators detected the beginning of convergence between rates in the euro zone and those in the United Kingdom.

These views became even more pronounced in the light of the Paris-based Organization for Economic Cooperation and Development report on the UK economy. The OECD said, "On several scores, even as an 'out', the United Kingdom is projected to be as close or even closer to the economic center of gravity of the euro area than some of the current 'ins'."

The report added that the UK will be more or less in line with France and Germany next year on the key measure that determines whether the economic cycles of different countries

have moved into line, the so-called output gap, which relates to the difference between actual and potential gross domestic product.

None of this offered much succor for the British government, which would prefer to leave on ice the issue of joining the euro until after the next general election. Prime Minister Tony Blair and Chancellor of the Exchequer Gordon Brown are committed to the five economic tests as a measure of when the UK should join.

These tests are imprecise, particularly when it comes to the declared need for the convergence of "business cycles and structures." They offer a useful alibi for avoiding a commitment to a fixed timetable for EMU membership. But as the general election approaches—and the opposition Tories move four-square toward a "save the pound" campaign—Blair is coming under increasing pressure to show his hand.

A stronger euro, a more authoritative ECB, and a resurgence of growth in the euro zone would shift the terms of debate about the euro in the United Kingdom. In this respect, the ECB's 0.5 percent rate hike is by far the most significant action that it has taken in the past eighteen months.

—Lionel Barber

The question is whether the unexpectedly bold rate hike will affect prospects for growth in the euro zone.



Tracking the news and trends shaping Europe's technology sector

# e-EUROPE

## VIRGIN ALL OVER THE WEB

In a recent ranking of Europe's top web sites, the presence of one name comes as a bit of surprise—Virgin.com. Oh yes, of course, I remember now. Virgin is that sprawling conglomerate belonging to the UK iconoclast Richard Branson. They sell records and wedding gowns and cars...wait, aren't they an airline?

Of course, the Virgin Group comprises all that and more. Interestingly, the wacky world of Virgin, which seems incredibly disjointed in the bricks-and-mortar world, is somehow less confusing on the web. In fact, after cyber heavyweights like Yahoo, MSN, AOL, Virgin.com has carved out a web audience of 1.2 million unique visitors per month comparable to the BBC.co.uk (1.7 million) and Disney's web vehicle Go.com (1.3 million).

It appears that Branson has taken a page from Amazon.com founder Jeff Bezos's 'sell some of everything' strategy. The Virgin site is organized as sort of a clearinghouse of hot links to all the Branson business interests (although not all are equipped for e-commerce). Of course, the Virgin core enterprises are well represented—music, books, and airline tickets. However, Virgin.com also offers vacation packages, train tickets, mobile telephones, wedding dresses, cars, wine, and financial services.

Beyond straight e-com-

merce, the site also offers some of the web services associated with popular portal sites, including free Internet access, free e-mail, news updates, and chat sessions with celebrities through its Virgin.net link. The Virginstudent.com link offers users an on-line calendar, an e-address book, and the ability to store files (such as digital photos, audio, or video files).

This summer, Branson continued his Internet expansion with two launches in June. Virgin.com debuted its wine link—Virginwines.com. It sells a broad range of wines from vintners located all over the world, including the expected (Europe and California) and the unexpected (India and Africa). The site also includes a handy search function, "the Wine Wizard," which will look for a bottle based on your criteria—price, type of grape, country of origin, or food with which it will be served.

At the end of June, Virgmoney.com went live, seeking to combine the Branson marketing magic with the fiscal know-how of Australian financial group AMP, to compete for on-line investors in the UK's growing Internet financial services sector. The site offers a broad range of financial products including individual savings accounts, mortgages, as well as on-line stock trading.

Next up appears to be a foray into selling energy. Virginenergy.com, a joint venture with London Electricity, currently is signing up potential customers and promising simplified billing, better cus-

tomers service, and cheaper prices for users willing to switch their accounts to the on-line service. The new venture's launch date has not yet been announced.

Because the Virgin empire is privately held, it is unclear whether the Internet businesses are profitable. Although with the December sale of 49 percent of Virgin Atlantic to Singapore Airlines for nearly \$900 million dollars, it appears that Branson has plenty of cash to keep his e-ventures going for quite some time.

## BT CLAIMS PATENT ON HYPERLINKS

British Telecom recently announced that it holds patents for the technology behind hyperlinks, which allow web surfers to click from one web page to another. The company acknowledged that it has begun contacting major Internet companies about licensing the technology.

Hyperlinks, which are usually recognized as highlighted words within text or as photographs or illustrations, constitute one of the World Wide Web's core technologies, allowing publishers to connect easily vast amounts of information and users to navigate quickly around the Internet.

BT officials say the company discovered its hyperlink ownership during a review of its 15,000-patent catalogue. The patent was filed by now-retired scientist Desmond Sargent, who developed the idea for using computers to

display "information blocks" and link them "via telephone lines" for the British Post Office during the 1970s. (BT was part of the Post Office until it was privatized in the mid-eighties.) The Post Office applied for the patent in 1980 and received it in 1989 (US patent number 4,873,662).

So far, most major Internet companies have remained cautiously mum while their lawyers evaluate BT's claims, but the reaction from users on-line was less muted. The Internet forum Slashdot.com featured several outraged responses to BT's claims as well as a wide-ranging discussion about the origins of hyperlinks. However, one respondent, seemingly enthusiastic for what could be the next major "new economy" court battle, opined, "Let them go after Microsoft and AOL. It should be fun to watch, anyway."

## BUSINESS BYTES

DADA, the Italian Internet service provider and portal, enjoyed an auspicious initial public offering on the Milan Stock Exchange. Its shares exceeded expectations, opening 10 percent higher than its initial offering price. Analysts attributed the strong showing to the dearth of technology companies traded on the Milan bourse. The sale raised more than \$100 million for the Tuscany-based firm...**Lastminute.com**, the British on-line travel firm, announced a deal with US entertainment promoter **SFX**. The London-



based e-firm announced that it would sell tickets to SFX events in the United Kingdom, effectively doubling its entertainment offerings. Last minute.com could use a boost since its stock price has lost 50 percent of its value since April. CEO Brent Hoberman has sought to allay investor worries, stating recently that the e-firm had more than \$200 million in the bank and is pleased with the growth levels it has experienced so far... In June, German publishing behemoth Bertelsmann beat **Amazon.com** to Asia, launching the Japanese version of its on-line bookseller, **Bol.com**. The company hopes to win a share of the Japanese on-line book market, which is expected to be worth nearly \$2 billion by 2004. **Yahoo**, **Tohan**, and **Seven-Eleven** have already established strong sites in Japan... German semiconductor maker **Infineon Technologies** saw operating profits far exceed expectations for the fiscal quarter that ended in June, leading the company to increase its profit forecast for fiscal 2000. The company released a statement attributing the increase to a rebound in memory-chip prices and "consistently high" demand from "all other segments in wireless and wired communications." Infineon, which is controlled by **Siemens** and is one of Europe's three biggest chip manufacturers, has seen its stock price increase nearly 30 percent since it was offered in March... **Laura Ashley**, the demure London fashion retailer, announced that it will launch an e-commerce site in time for the 2000 holiday season. The company, which currently operates an informational web site, [laura-ashley.com](http://laura-ashley.com), has enlisted web designer **blueberry.net** to design the e-commerce site.

—Peter Guin

# Visit

# EUROPE

M A G A Z I N E

on the Worldwide Web

at <http://www.eurunion.org>



# Squaring Off

## The Media Image Race for the Presidency of France

By Axel Krause

**W**ho will be elected France's next president? That question, long considered a matter of idle speculation, has captured the nation's attention, fueled not by gloom, nor crisis, but a renewed mood of confidence in France's robust economy.

True, national elections are not scheduled until the spring of 2002. But since early summer, President Jacques Chirac and Prime Minister Lionel Jospin have actively geared up for the first phase of what is emerging as an intense, probably acrimonious, battle for

control of the presidential Elysée Palace. Both have presidential campaign teams in place that became operational in early June.

The winner will play a preeminent role in shaping France's destiny during seven years, or possibly five if the presidential term is shortened, with wide implications for the future of the European Union.

Looking ahead, insiders predict, most public events in which they are players will be heavily influenced by the presidential race, the first in seven years. These events include the six-

month French EU presidency, which began July 1, and the G8 summit meeting of industrialized nations being held in Okinawa, Japan, July 21-22.

In media-image terms, the race was kicked off by a May 4 cover story in the

Prime Minister Lionel Jospin (second from right) and his wife Sylviane (right) joined French film stars (from left) Isabelle Huppert, Gerard Depardieu, and Carole Bouquet at this year's Cannes Film Festival.







French President Jacques Chirac strolls along the Mediterranean with his four-year-old grandson, Martin.

popular, weekly *Paris Match* magazine which, surprisingly, showed Chirac at a seaside resort—sporting a casual sweater and running shoes, while cuddling and strolling with his four-year-old grandson, Martin—headlined “*Le président grand-père,*” the grandfather president.

A week later, to the surprise of many, a smiling, relaxed, tuxedo-clad Jospin appeared at the gala opening of the Cannes Film Festival, accompanied by his wife, Sylviane, and confided to startled reporters that in his youth, he had always wanted to be an actor. His appearance also drew wide media coverage.

Both events were arranged by their increasingly active communications strategists with a view to “humanizing” and changing the not-so-flattering way the two leaders have been perceived by many French voters—Jospin as dry, dour, obsessed by ambition and work; Chirac as stiff, pushy, obsessed by wanting to look younger and in power.

More substantively, both men, who share many values and are graduates of

France’s elite graduate school for civil servants, ENA, the *Ecole Nationale d’Administration*, are now also striving to prove they are best-qualified to lead not only France, but the European Union, in meeting such challenges as accelerating low-inflation economic recovery; reducing unemployment; and promoting new technologies and investments, while providing a counterweight to what Jospin’s Foreign Minister Hubert Védrine has repeatedly described as the world’s “hyperpower”—the United States.

Until now, neither Chirac nor Jospin, who jointly govern France under a power-sharing arrangement known as *cohabitation*, have officially declared themselves candidates, but they are expected to do so by the end of the year. The delicate, power-balancing arrangement, still cordial and convergent in many areas, stems from the massive leftist victory in the June 1997 parliamentary elections, which forced Chirac to name Jospin as his prime minister, with responsibility for running his

hand-picked leftist-coalition government. It includes Communists and environmentalists; of the thirty-three members in his cabinet, eleven are women, including Employment Minister Martine Aubry, daughter of former EU Commission president Jacques Delors.

The two men differ sharply in their ideological convictions—Chirac a conservative Gaullist, Jospin a leftist-leaning Socialist—but consider the following: both are taking credit for, and encouraging, France’s buoyant economic growth; they agree on the need to press for economic and social reforms at home and abroad, including as part of their shared role in heading the EU presidency; and both are fiercely ambitious, equally determined—with solid financial backing—to win the presidency. For different reasons, both men are also highly popular, according to most opinion polls, with Chirac slightly ahead.

Yet, some important things have been, or are, going wrong. Consider the following:



Unemployment is chronic and remains high—just under 10 percent of the labor force currently, which is down only slightly from a postwar high of 10.6 percent three years ago. France's 2.5 million jobless places it slightly above the EU average and is more than double the declining US unemployment rate. Many jobless find they are unqualified, or too old, for openings.

Urban and suburban violence is growing. Local police are frequently arrogant and tough in dealing with young, North African immigrants, but not only in southern France. For example, a poor neighborhood in the northern city of Lille, where Aubry is running for mayor, was recently hit by rampaging youth after a policeman shot and killed a twenty-five-year-old Algerian man.

Large numbers of young French men and women are fleeing abroad for better jobs and to avoid France's record-high taxes. The United Kingdom alone counts some 300,000 French expatriates, and the numbers are climbing. A recent survey published by the daily *Le Figaro* showed that 48 percent of owners of small companies were considering shifting some production outside the country.

Both Jospin and Chirac have proven unable to control dissidence and political infighting among their supporters. Meantime, Chirac has been widely rebuked for immobility, and Jospin has been criticized for his handling of a major budget surplus and, during a recent Middle East trip, for describing attacks by Lebanon's Hezbollah fighters against Israeli soldiers as "terrorist."

But many things are also going reasonably well, which will greatly help strengthen the difficult role of managing the French EU presidency:

Economic growth is now the highest among the largest EU members, with gross domestic product expected to attain 4 percent this year, up sharply from last year's 2.9 percent expansion rate. Unemployment continues falling, as job creation expands rapidly. Some regions report their unemployment rates dropped to nearly 5 percent in recent months.

The Paris Bourse is booming as growing numbers of French citizens and foreigners take advantage of attractive stock and bond prices and the per-



**Employment Minister Martine Aubry is one of eleven women in Prime Minister Jospin's cabinet.**

formance of highly-profitable companies, many high-tech startups.

Although large French companies recently announced multi-billion-dollar investments abroad, France retains its position as the second-ranking recipient of foreign investment in the EU after the United Kingdom. In April, the government's investment agency announced that last year this amounted to 447 projects, two more than in 1998, nearly a third from the United States.

While cohabitation works smoothly because of cordial relations between Chirac and Jospin, even Jospin's critics concede that he successfully manages a strong, skilled team. Picking former Prime Minister Laurent Fabius as finance minister to replace Dominique Strauss-Kahn, who resigned in March amid corruption allegations, was considered a very smart and necessary move.

To the surprise of many, the opening political shot in the emerging campaign was fired May 9 by former president Valéry Giscard d'Estaing, who has retained his seat as an influential, centrist leader in the National Assembly. His proposal: reduce the presidential term from seven to five years, renewable once.

The objective, long supported by Jospin, is to avoid continuing with the longer term starting in 2002, to make sure the presidential term coincides with that of the National Assembly. During the past three years, the parliament has been controlled by the Socialist-led leftist coalition, which will also be up for re-election, roughly two months before the presidential election.

Polls published throughout the early summer showed that more than 75 percent of French voters supported Giscard's reform proposal. The idea is hardly new, but for nearly three decades has failed to win Elysée Palace backing, notably from former president François Mitterrand and its present occupant; in a televised interview last July, Chirac flatly brushed off the idea on the grounds that it would gravely weaken the presidential system. Nearly a year later, June 5, in another television interview, he openly reversed his position, supporting a five-year term, but renewable, and asked for a favorable vote in the National Assembly and the Senate. He suggested a national referendum for early October.

But, in light of wide public support for the proposal, from not only other so-



cialists and leftists but also many conservative leaders, Chirac was placed on the defensive, reinforcing the stature of Jospin. By late May it appeared likely that the president was reversing his earlier position and would support a nationwide referendum that would amend the constitution, probably within the next year. One reason widely cited: he will be sixty-nine at the time of the election and might appear too old for a seven-year term. Jospin will be sixty-four.

"The presidential campaign is launched," commented the weekly Sunday newspaper *Le Journal du Dimanche*.

The outcome, however, according to most observers, will be determined not so much by issues, but by the candidates' personalities and the ways in which they are perceived by voters. For that reason, recently-assembled teams on opposing sides of the Seine have been busy plotting their communications strategies, relying heavily on US-inspired methods, including marketing and intense, frequent polling.

At the right-bank Elysée Palace, Claude, the president's daughter has reinforced her key position as his commu-

nications director. She has assembled a staff that includes seasoned experts in political marketing, psychology, sociology, diplomacy, speechwriting, and polling. One of Chirac's trusted friends and advisors, Jerome Monod, recently resigned as chairman of the supervisory board of France's large, multinational Suez-Lyonnaise group to join the Chirac team to provide ideas, organizational and fund-raising skills and contacts. The goal is to shape the president's image to reflect what the daily newspaper *Le Monde* described as a leader who is "experienced, but modern, with an international dimension, with an ear for people's concerns...[able to] embody the spirit of the times."

Chirac's team believes they already are far ahead of Jospin in projecting a presidential image of being, above all, *sympathique*, which best translates into nice guy. National opinion polls regularly show Chirac with a 61 percent rating, Jospin around 53 percent. Not enough, say Chirac's advisors, confirming a frequent observation that *Le Monde* summed up: "If the head of state has captured the *sympathie* of the French, he has not captured their confidence."

As a result, he is striving to project a more statesmanlike image, more concerned about people's daily lives and problems, acting more senior and less "debonaire," a description recently applied to him by respected, French political journalist Alain Duhamel. The May cover story of Chirac and his grandson was one result of the emerging strategy being developed by his daughter and her staff with his enthusiastic support.

Meantime, in the offices of the prime minister, Jospin's communications director, Manuel Valls, tells visitors that there is "no coaching over here," meaning that Jospin feels ill at ease with teams of experts and prides himself on being the key strategist. His approach to image building is described by Valls and others as "light and discreet" compared to that of the Elysée, but they are no less determined to project a presidential image for the prime minister. And while Jospin is also relying on the improving performance of the economy and of most of his ministers, his staff has been consulting and closely studying the strategies of British Prime Minister Tony Blair.

What Jospin will seek to avoid is a repeat of the highly publicized incident in late February when, during a news conference in Jerusalem, he attacked the Hezbollah of Lebanon. Two days later, at Birzeit University near Ramallah, Palestinian students shouted anti-French slogans and threw stones at Jospin, wounding him and battering his armored car and France's traditional pro-Arab diplomacy. He was immediately summoned by Chirac to report on his return to Paris and explain what was widely described as "Jospin's gaffe."

While the meeting was deliberately, slightly delayed by Jospin, the president did sternly remind Jospin that "the interest of France commands that it speak with a single voice" in foreign policy. There may be similar incidents involving other issues in coming months, observers say, as *cohabitation* becomes more strained in the struggle for control of the nation's most powerful political job. ☹

*Axel Krause is a EUROPE contributing editor based in Paris.*



Claude Chirac, the president's daughter, has reinforced her key position as his communications director.



# Hubert Védrine

## Foreign Minister of France

Hubert Védrine was named foreign minister by Prime Minister Lionel Jospin three years ago. Throughout his career, Védrine, fifty-two, has enthusiastically supported EU integration at all levels, as well as a strong French-German alliance.

On May 17, he answered a wide range of questions asked by *EUROPE* contributing editor Axel Krause, ranging from the EU presidency to French-US relations. The interview took place in French in his office in the stately, nineteenth-century building housing the ministry of foreign affairs on the Quai d'Orsay.

### What is the central theme of the French EU presidency?

Making sure that Europe functions better, now and in the future, to better respond to the concrete aspirations of Europeans.

### Is this a political goal?

Yes. Functioning better, including decision-making, is a political objective. It applies to all aspects of how Europe operates—today as fifteen [EU member states] and, in the future, as an enlarged number, which will be even more difficult.

### You mean the goal is finding ways of making the EU more efficient, in terms of governance?



The goal is to make sure that Europe is better positioned to make decisions and to express its goals for the future more clearly.

### Aren't you really talking about improving EU management?

Yes. But more is involved. There are times when problems of management become strategic. This is not an ordinary management problem. We are not in an ordinary period. The Europe of fifteen is at the limit of its capacity to function, with its existing institutions. That is precisely why we are having the intergovernmental conference [IGC]. These issues are not technical.

### How many issues are on the table for the French EU presidency?

A considerable number. We will take over from the Portuguese, building on what they have accomplished.

### When Prime Minister Lionel Jospin first outlined French presidency priorities on

### May 9 he was vague on specific goals. Why?

I believe he was very clear. When an EU presidency begins, it cannot act the way it likes, as if writing on a blank page. It is, as you know, a rotating system with a certain continuity. Issues on the table reflect a certain state of development. For this reason, the prime minister said he would like to see progress on the following: the IGC, development of European defense, negotiations for [EU] enlargement, the draft charter of fundamental rights. And he emphasized the need for promoting economic growth, jobs, a social agenda, the information society, better answers for preoccupations of citizens and consumers, such as public health. Our goal is to come up with the best possible decisions with regard to each of these issues.

### Will Sweden, which follows France, operate in the same manner?

I am sure it will. Europe cannot be reinvented with each presidency. This is an original approach, operating in a spirit of [EU] teamwork and continuity. I am sure the Swedish presidency will take account of what went before. In fact, we are already consulting each other.

### Two ideas for the future of the EU are circulating—one that Europe will become a vast, economic free trade area. The other that the EU should develop a strong, integrated political identity, perhaps a federal structure, which was proposed May 12 by German Foreign Minister Joschka Fischer. Are these ideas compatible?

It is clear today that Europe will be paralyzed if we enlarge Europe to thirty countries under the existing system. The very acceptance of that idea represents progress. When after the Amsterdam summit we, the French, proposed reforming the EU institutions, only three countries signed the declaration [France, Italy, and Belgium]. Now everyone agrees we cannot go on this way. Developing this awareness was slow. The decision taken at the Helsinki summit to open [membership] negotiations with six countries and the acceptance of Turkey's possible candidacy was an electric shock, notably in France and to a lesser degree in Germany. There are two approaches to solutions.

### Which are?

Pragmatic and federal ones. They are



not the same, and it is far too early to draw conclusions. We are talking about an important debate, which is only brewing. But we do want it to take place during our presidency. One should not exclude the other. We cannot, however, have a discussion within the IGC about the ideas of Mr. Fischer, Mr. [Jacques] Delors, or of someone else. The debate over the future of the EU is long-term. That can touch off very favorable or very hostile reactions. This is not a goal of the French presidency...we are not a think tank. Our goal is to come up with the best possible solutions to immediate problems.



French Foreign Minister Hubert Vedrine with Secretary of State Madeleine Albright during last year's Kosovo peace talks.

**Yes. But Mr. Fischer's idea was not to organize an academic debate on the future of Europe but to integrate his ideas into your agenda for the presidency discussions.**

Joschka Fischer made his speech for both personal and political reasons. The debate he started should stimulate work within the IGC, but it cannot replace necessary negotiations within the IGC. He agrees with this fully.

**But since it has touched off heated, widespread debate, might it perhaps influence your deliberations in the months ahead?**

It certainly will, as have similar, convergent ideas of [former European Commission president] Jacques Delors. Our priority is directing the presidency so we come out with the best, possible results based on consensus. This includes making progress on developing within the IGC a flexible mechanism for "enhanced cooperation," allowing those EU member states that want to

move forward to do so...avoiding antagonistic, theoretical debate.

**Do you share the widely held perception that the EU today is bogged down, blocked, and in crisis for lack of forward motion?**

Like our prime minister, I believe Europe is doing well, objectively speaking, but doing badly psychologically. Economic growth has never been so good. The level of people's optimism is very high. The climate of opinion in Europe is not pessimistic. But, if by contrast, we speak of building Europe, the [EU] institutions, there is a climate of hesitant questioning, a malaise. Because

people do not know how we are going to be able to reconcile the European project [for streamlining EU institutions] and EU enlargement. This is not to say that Europe is in crisis.

**What is your goal for the final, EU summit in Nice in December with regard to streamlining the European Commission, and expanding qualified, majority voting in the Council of Ministers?**

Our goal is to conclude the negotiations on voting and streamlining the Commission while making "enhanced cooperation" more flexible. But this is not a promise because the presidency cannot substitute itself for the fourteen others. But we will be do our best, and not [proposing to other EU member states] to sign just anything in the form of an agreement.

**How do you see the current state of US-French relations in the broader context of often-conflictual transatlantic relations, particularly regarding trade?**

Transatlantic relations, in economic

and trade terms at both the French and European levels, will always be marked by disputes. They are part of economic life. However, it should be noted that there are entire economic sectors where there are no problems. There are no more, no fewer [trade disputes] than before. What has struck me during several years is this continuity. Today, we still face disputes involving genetically modified organisms, growth hormones, bananas, aviation, steel, textiles, films, extra-territoriality...at the EU level. Yes, these are problems. But we have procedures for dealing with them. Either at the Euro-American level or at the World Trade Organization. These issues do not necessarily lead to political disputes.

**What about in the context of French-American relations?**

That question is a bit different. These relations have a distinctive and very rich dimension. What strikes me at the moment is that our relations are characterized by great serenity and maturity. I believe we are reaching a stage in our relations in which we communicate in a normal manner and cooperate calmly and efficiently, without our being criticized here in France as American lackeys. This means saying we disagree, or raising questions, without having a blowup. Secretary of State Madeleine Albright and myself have worked very hard on this.

**How so?**

The work I have done with her, the relations between President Chirac and Prime Minister Jospin with President Clinton, the way in which we express ourselves, even when criticizing, have led to a more mature and less-hysterical relationship. We don't agree on certain points regarding relations with Iraq? We talk it over, we discuss. It is not a catastrophe and doesn't destroy our overall relationship.

**We have seen incidents reflecting grassroots anti-Americanism in France recently, such as the ransacking of a McDonald's restaurant and attitudes in the US Congress alleging that France and other Europeans are not pulling their weight in Kosovo. What is your reaction?**

I do not believe there are anti-American sentiments in France today. There was anti-Americanism here in other, recent



periods of history, such as during the Vietnam War, which had nothing in common with what we see today. In fact, Americans are rather liked and admired. People here love American films, yet we refuse to see the French film industry dismantled. Anglo-Saxon newspapers are completely wrong to single out one incident...a McDonald's was also burned down in England three weeks ago. On the other hand, an anti-hegemonic, anti-globalization attitude does exist here, but then it also exists in the United States.

**And criticism regarding the European role in Kosovo?**

That comes from the US Congress. It reflects a point of view we know and are familiar with, essentially isolationist. Congress enjoys sanctioning because it is a way of influencing the rest of the world without paying the bills, without sending soldiers. This is not always the administration's point of view, however, and we are capable of understanding the differences. We are working well together [with the administration] on Kosovo.

**There have been recent, expressions of concern by Europeans about the proposed, US missile-defense system. Did it come up in your recent Washington talks with Secretary Albright and others?**

It was not the main purpose of the visit, but we did discuss it. All my interlocutors insisted on the fact that President Clinton had not yet taken his decision. And that he will decide on the basis of his assessment of the danger, the credibility and cost of the system, and the strategic consequences. I emphasized we were raising serious questions that many Americans are also asking mainly regarding the evaluation of the danger, which we consider questionable, and the consequences. We are particularly concerned about a chain reaction which would destabilize strategic balances in the world. But I also recognize there is enormous pressure on President Clinton to go forward.

**Do you believe that the recent decision by the United Kingdom to purchase European military technology, including the military Airbus, instead of buying American, will have an impact on EU defense policy discussions?**

It was an industry-related decision but

certainly confirmed the commitment of Tony Blair to Europe and to European defense.

**Assuming that European defense advances and with the Western European Union disappearing, who would be responsible for managing EU defense—the Council?**

Yes. It is not an area of competence for the Commission. This is why we are establishing new organizations, such as the interim Political and Security Committee under the authority of the Council of Ministers. This Committee will become permanent after our presidency.

**There has always been talk of the French-German locomotive being essential to advance EU integration. Is this "alliance within the alliance" still necessary to move forward?**

It certainly was the case with De Gaulle and Adenauer, Giscard and Schmidt, and Mitterrand and Kohl. Under them, the alliance attained virtually all of its early major objectives—from the reconciliation of Germany and France to the launch of the euro. We then entered a new phase in which, you might say, the French-German relationship had become a victim of its success. At the same time, the issue of EU enlargement came to the forefront with the result that all of the other countries playing a driving role since the beginning—including the Benelux countries and Italy—were faced with the enormous difficulty of reconciling enhanced union and enlargement.

**Where is the French-German alliance heading today?**

I note that practically everywhere in Europe there is anticipation, expectation that France and Germany will move on institutional reform. No one expects France and Germany to take decisions on behalf of others. But everyone wants to know what Germany thinks, what France thinks, and if they are thinking along the same lines. The anticipation is strong, and we shall take this into account and act accordingly.

**Does the French presidency have any ambitions for the G8 summit?**

As you know, the heads of state have their global discussions and, a few days before, the ministers of finance

and foreign affairs will meet separately in Japan. We foreign ministers will talk about Russia, Kosovo, the Middle East peace process. We will use our presidency to highlight European concerns about new technologies, food safety, regulation of international shipping, and new rules for a globalized world.

**What does *cohabitation* mean for the conduct of French foreign policy?**

The president of the Republic plays an eminent or prominent role in international relations and defense. But it is not a domain "reserved" exclusively for the president in the constitutional sense. During *cohabitation* this is even more pronounced. The president sets the orientations of our policy and takes strategic decisions with Lionel Jospin's government. Policies are also implemented jointly.

**Last fall, you suggested that the United States would be well advised to give up unilateralism for multilateralism. What is your view today?**

I believe the United States is divided over this question. It has a certain, natural tendency to be unilateralist—to take decisions on its own, which is understandable—but this is not acceptable to its partners. Yet, if France were in the same situation, it would perhaps have a similar attitude. The other tendency, pronounced within the administration, is to be multilateral, which is a difficult role since what the American people want and expect is leadership. In our view, being a friend and ally does not mean going along with the US automatically, especially when unilateral decisions go contrary to our interests, such as those involving extra-territoriality laws. We will continue urging the United States to move in the direction of multilateralism.

**Might the outcome of the US presidential election in November change your perception?**

I do not believe a change in administration will change anything fundamentally with regard to the basic aspects of French and Euro-American relations. Our state of mind will remain the same: being open, pragmatic, and geared to defending our interests. ☺



# France's Other Presidential Priority— The EU Fifteen

By Axel Krause



France's Hubert Védrine, Germany's Joschka Fischer, and the UK's Robin Cook (left to right) huddle during the EU foreign ministers March meeting held in Eltville, Germany.

**F**irmly in charge of the EU presidency since July 1, France is determined to make it a success, hopeful of sweeping, political agreements that will enable the fifteen-nation bloc to double its membership in the next decade.

Two clouds hang over the presidency horizon—*cohabitation* and relations with Germany.

“Be clear about this—under no circumstances will we go for minimalist solutions,” a senior advisor to President Jacques Chirac said, “but only for those that permit the European Union to be stronger and efficient internally...it will be difficult.”

Whatever happens, he added, “there should be no problem working through cohabitation.”

The Elysée Palace advisor was referring to the power-sharing arrangement under which Chirac and Prime Minister Lionel Jospin govern France and jointly direct the EU presidency, which coincides with the emerging campaign for the presidency of France.

“This is the other presidency of vital concern to France and the strains, and

differences, between [Chirac and Jospin] may surface again, whatever they say now,” commented a senior ambassador of an EU member country.

The other key issue surfaced in the controversial speech on Europe's federalist future, made in Berlin May 12 by Germany's vice chancellor and foreign minister, Joschka Fischer. A phrase, overlooked by many observers, predicted that “without it, no European project will succeed.” Fischer was not referring to federalism but to the French-German relationship, the “alliance within the alliance,” which, as French Foreign Minister Hubert Védrine told *EUROPE*, has been responsible for the EU's main achievements over five decades.

However, as both top French, German, and EU officials concede, not only has the Paris-Berlin axis weakened, wavered, and come under strains since Gerhard Schröder became chancellor two years ago, but the drift helps explain the currently troubled state of EU reforms and integration, widely described in EU capitals as being in crisis, a state of being *en panne*, which in French means broken down.

For Chirac, Jospin, and German leaders, revival of the axis has become a matter of urgent priority and is, as Fischer emphasized, “even more indispensable than it was fifty years ago.” Or as European Commission President Romano Prodi recently told the French daily *Le Monde*: “There is no Europe without strong initiative from these two countries...[French-German leadership] is not enough but is necessary.”

To do what? When? How? With what other EU member countries?

As the French presidency got underway, most issues were only beginning to be discussed, often in foreign ministry-led sessions that began July 3 in Paris. An average of some twenty, senior-level meetings per month were scheduled in other cities, including Lille, Marseille, Versailles, Evian, Biarritz, with the windup EU summit meeting of heads of state and government to be held in the Mediterranean port city of Nice December 7–8.

The agenda containing specific goals, particularly with regard to streamlining EU institutions, was being kept deliberately broad and vague by top French officials for a simple reason: there was no agreement among most EU members on, for example, how to restructure and bolster decision-making within the EU Council of Ministers. That is a key French goal that surfaced in blurred form when Védrine, in the interview, said the main theme of the presidency was “making Europe function better.”

A major breakthrough came during a closed-door, one-day meeting between French and German leaders held in the scenic town of Rambouillet near Paris on May 19. Védrine, who accompanied and had thoroughly briefed Chirac and Jospin, told reporters that it was “the best French-German meeting since I became minister” three years ago.



Fischer, who accompanied Schröder and has developed close, friendly relations with Védérine, was similarly upbeat, but all participants declined to say what, specifically, lay in store for negotiators as they worked toward the Nice summit. Nevertheless, most observers were convinced that French and German leaders were getting their act together, amid intensified plans for bilateral meetings, with a view to achieving substantial progress starting in September.

Although top French officials, notably Védérine, made it clear that Fischer's Berlin speech would by no means be the center of political discussions of the presidency, it certainly would be used as a starting point and reference for streamlining the Council and the Commission. In his speech, Fischer proposed that the EU move toward a federal structure, with a two-house parliament and possibly a directly elected president that would function under a new EU treaty.

Some EU insiders said that, if a consensus emerged in the coming months, the French would propose a draft agreement at Nice that would move toward allowing those member states that wanted to move ahead as a core group toward the goals Fischer outlined (a concept strongly supported by, among others, former Commission president Jacques Delors). Those that so preferred, could remain outside until they decided to join.

The method is described in Brussels jargon as "reinforced cooperation," or a multi-speed EU. Prodi, who supports the idea, has suggested the core group could begin with the EU's six founding

members—France, Germany, the Benelux countries, and Italy. Others would be free to join later, he said, adding that Greece and Portugal might also be in the core group. A task force to establish the project may well be part of the final agreements reached in Nice.

But getting agreement will be difficult. The initial reactions to Fischer's proposal for a federal structure in the EU ranged from weak support in the Italian government; to cool and polite rejection in Sweden, Denmark, and the United Kingdom. In France, opposition leaders attacked the project as endangering French sovereignty, along with a key member of the Jospin government—maverick-leftist interior minister, Jean-Pierre Chevènement, who, during a television interview, declared Fischer's speech a confirmation that Germany had not yet worked Nazism out of its history and still dreams of the Holy Roman Empire. An uproar in France and Jospin's annoyance forced him to apologize the next day and declare, "I am a friend of Germany."

Many senior French diplomats also believe that a lot will also depend on UK Prime Minister Tony Blair. He maintains friendly relations with Chirac, Jospin, and Schröder and is widely regarded in French political circles as being pro-European, blocked by euro-skeptical British public opinion. Védérine, among others, is convinced that if Blair moves to expand his country's commitment to EU integration beyond defense, the UK would be squarely in the center of the action, thus enhancing the chances of success at Nice in December. ☺

# Laurent Fabius

France's Minister of the Economy, Finance and Industry

By Axel Krause

Hours after Prime Minister Lionel Jospin named Laurent Fabius his new minister of the economy, finance and industry, Socialist Senator Henri Weber hailed the new cabinet member as "the right man in the right place, who will set off fireworks."

Fabius's appointment was the cornerstone of Jospin's cabinet reshuffle in late March, motivated largely by his determination to replace the charismatic Dominique Strauss-Kahn, who had resigned earlier to defend himself against allegations of corruption.

Jospin needed another powerful Socialist leader to become the second-ranking person in the government. Fabius, once the youngest prime minister in France's post-war history and on friendly terms with Jospin, fit the bill, even if the two protégés of former president François Mitterrand have always differed over the directions of French socialism.

Reacting to Weber's comment, Fabius said fireworks "are too much to expect, because I have a problem-solving approach, and France has problems, needs reforms to change, to move a bit, to be more open. I have a concern for being both efficient and for solidarity" among all segments of French society.

"I am also very European," he said, recalling how in the early 1980s he was among those in the Socialist government strongly urging a wavering Mitterrand to remain within the European Monetary System. They included his boss and finance minister at the time—Jacques Delors, who in December 1984 moved on to Brussels to become president of the European Commission.

Currently, as part of a strategy being closely coordinated with Jospin—not unrelated to the emerging presidential race—he is working on further cuts in personal and corporate taxes, among the highest in Western, industrialized countries. The total tax burden in France represents 45.6 percent of gross national product and has been climbing.

"This [tax burden] is a major handicap for creativity," Fabius said, a centrist, pro-business Socialist, "but we are also planning another important tax decrease next year,"



noting that France's total tax bill fell by some \$13 billion this year, thanks also to a substantial budget, windfall surplus. The goal is to drop the taxation-level percentage of GDP by 0.5 percent per year, while providing "a cocktail [of tax cuts] favorable to households," he explained.

and a deputy, who quickly decided to promote Fabius' career, whom he viewed as the symbol of a younger, dynamic France.

In the wake of Mitterrand's tumultuous victory over conservative President Valéry Giscard d'Estaing in May 1981, Fabius was tapped by the presi-

dent-elect as junior minister for the budget, under Delors. "Having been out of power for thirty years, few of us had any governmental experience," he recalls.

But Fabius learned quickly under the center-leaning Socialist Delors, who was older and sterner by temperament. "We were called to take on responsibilities at an early age," recalls Fabius, then thirty-five years old and who had grown even closer to Mitterrand. By July 1984, the president had decided to replace his prime minister, Pierre Mauroy, with Fabius,

who thus became at the age of thirty-seven the youngest prime minister in the country's postwar history. Fabius held that post for two years, before returning to the National Assembly amid two tragic events that marked his term. In varying degrees, both events damaged his meteoric political career.

The first was the deliberate blowing up by French secret service agents of the *Rainbow Warrior* ship of the non-governmental organization Greenpeace, which was protesting France's nuclear testing in the Pacific area. The attack took place during early July 1985 in the New Zealand port city of Auckland, killing a photographer. Fabius and his defense minister, Socialist Charles Hernu, were widely blamed for having engineered and then badly bungled the operation, which resulted in the conviction and jailing of two French agents and a severe blow to French prestige in the Pacific area. The failure "degraded my image," Fabius wrote in his autobiography.

A far graver affair, which also occurred in 1984 and 1985, but surfaced only later, involved blood transfusions contaminated by the AIDS virus and administered in state-run hospitals. In trials that only ended this year, hundreds of victims, including families of those

who died as a result, accused not only government health officials but the prime minister. Pleading he was not directly responsible, Fabius was cleared of the charges, but the negative image of Fabius as a player in the tragic case remains.

His approach to his current post—many consider it a rehabilitation—has drawn favorable responses from a wide range of groups: business leaders, trade unions, including those close to the Communist Party, a coalition partner in the Jospin government; most of the French media, diplomats, and investment analysts.


A London-based analyst recently described Fabius as "experienced, balanced, with centrist appeals, and a sense of what business needs."

Socialist Party insiders in Paris said that his entering the government would also "neutralize" any plans he and his supporters might have to challenge Jospin's leadership. "This is the Mitterrand heritage, bringing potential enemies into your tent," commented one knowledgeable insider.

Grandson of an American on his mother's side and an admirer of American methods, he performed well during an ENA internship with the US management consulting firm, McKinsey & Company, which left a deep impression, insiders say. In his new job, the finance minister has surrounded himself by a team of officials in their thirties, including his chief of staff.

In early June, he floated a controversial idea championed by his predecessor—reinforcing the political powers of the eleven EU members in the European Monetary System, which he would like discussed by fellow-finance ministers during the French EU presidency. Non-euro countries, notably the United Kingdom and Sweden, are understandably opposed to the idea.

Amid speculation that he is well-placed to become prime minister in the event Jospin steps down or wins the presidency in 2002, Fabius chuckles when asked what his next job may be, shrugging off an answer. He likes recalling the words former German Social Democrat Chancellor Willy Brandt asked be placed on his tomb: "I did my best." But that didn't seem very forward-looking, a visiting journalist suggested. Fabius quickly added: "I will do my best." ☺



France's finance minister, Laurent Fabius, attended the April IMF meetings in Washington.

But, he quickly added, "It is easier to be minister of the economy and finance when there is growth than when there isn't," confirming that this year's GDP will rise by nearly 4 percent from the 1999 level and by 3 percent or possibly more next year.

It's also easier, Fabius might have added, when you consider his background and experiences—a mixture of brilliant success and some tragic failures.

As a young man who excelled in France's most prestigious university-level *grandes écoles*, including ENA, and had toyed with the idea of becoming a lawyer, professor, and business executive, Fabius was born into a wealthy, Parisian family August 20, 1946, son of a successful antique dealer. In his autobiography, *The Wounds of Truth*, published five years ago, Fabius acknowledges his youthful image of being rich, spoiled, and ambitious, which he handled by indifference. "I was wrong," he wrote, and "partly responsible."

Quickly, his interest turned to politics and by 1978, was elected a Socialist deputy from the Seine-Maritime region north of Paris and two years later, named a national secretary of the Socialist Party. In 1976, he was introduced to Mitterrand, then head of the party



# VIVE

## Heading for Hollywood

Once upon a time there was a boring utility called Compagnie Générale des Eaux, whose name spelled out exactly what it did:

the supply and treatment of water to cities such as Paris, Lyon, and Nantes and the irrigation of the French countryside. Fast forward a century and a half (Générale des Eaux was founded in 1853), and both the name and the company have changed. Vivendi, a trendy word (personally chosen in 1998 by chairman Jean-Marie Messier) that can mean all things to all people, is now one of the world's leading multinationals. Its activities range from sewage treatment in Hawaii to the Internet. It is Europe's largest pay-television firm; one of Europe's biggest mobile telephone players; and the largest supplier of water-treatment equipment in the United States. Put everything together and Vivendi is today a multinational giant employing 275,000 people with revenues last year of \$38 billion. Moreover, it is getting bigger. In June, Messier sealed a \$34 billion deal with Canada's Seagram to create Vivendi Universal, with the French company controlling Universal Studios—and so becoming one of Hollywood's biggest players.

How did it happen? The temptation is to ascribe everything to Messier, a go-ahead manager who joined the company in 1994 as its managing director and then became chairman and CEO two years later. But, in fact, it has had international ambitions almost from the start. In 1880, for example, it won a contract to supply water to Venice, and similar contracts soon came for Constantinople (as Istanbul was then known) and Oporto. By the 1960s, the company was moving from water management into heating networks and waste management; in the 1970s civil



engineering was added to the empire; and in the 1980s pay-television (through a share in Canal Plus, France's first encrypted channel), telephony, and construction.

In other words, the boring utility dis-

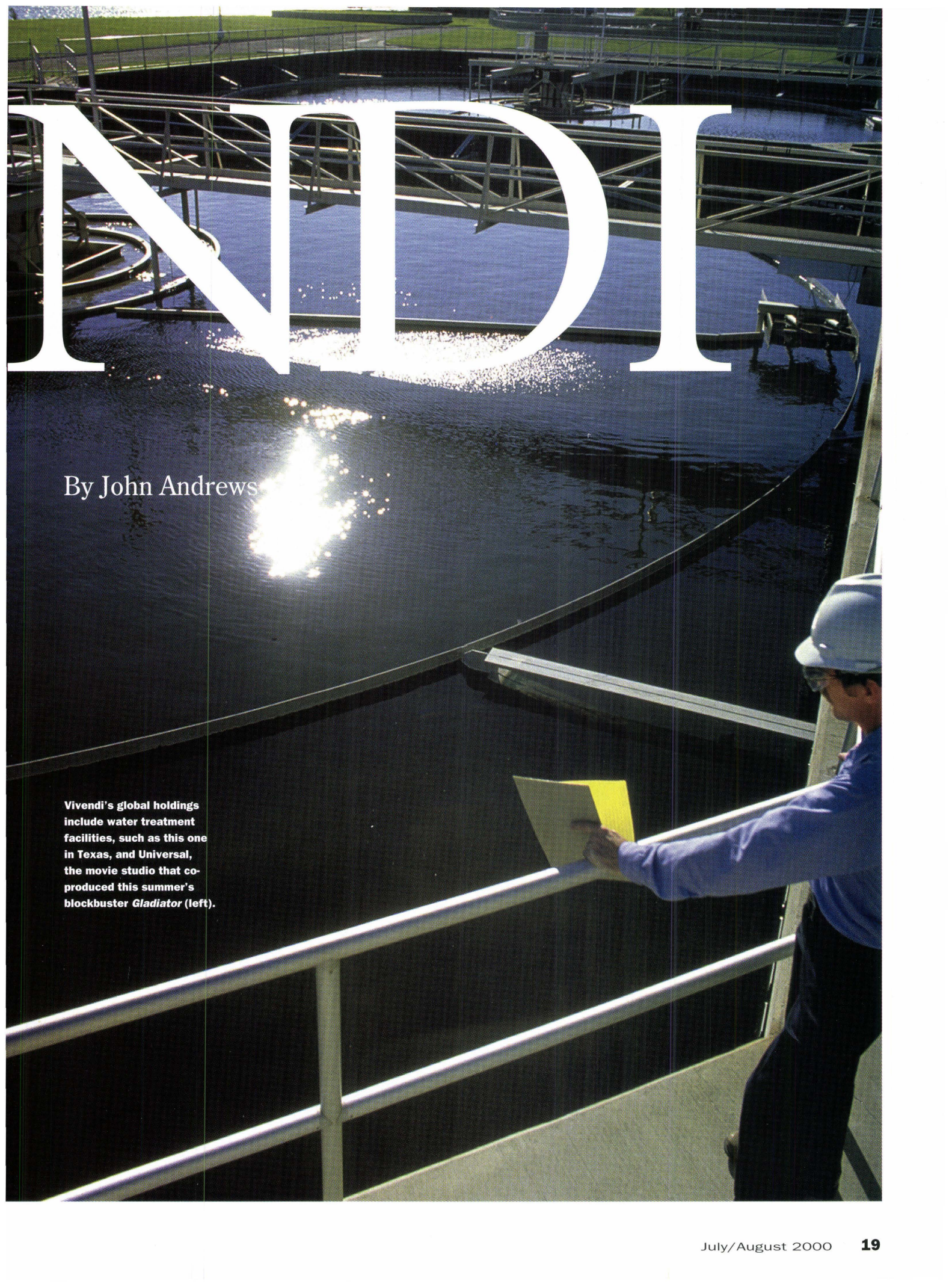
appeared long ago. What Messier inherited was a sprawling conglomerate whose activities ranged from sewers to theme parks and motorway cafes. It was also racking up huge losses (\$527 million in 1995, compared with last year's profit of \$1.3 billion on sales of \$39 billion) thanks to a crash in the French property market. The Messier solution was to trim the work force by a tenth and reduce the sprawl to two core groups: environmental services, which means water, energy, and waste-management; and communications, which means television, telecommunications,

and publishing (Vivendi took a 30 percent stake in the Havas media group in 1997). Construction and property, which in 1998 accounted for a third of sales but only a tenth of profits, have been sold off.

The question that still lurks, however, is whether a new name and new focuses add up to a coherent group—or is the new Vivendi a two-humped camel, doomed to move awkwardly because environmental services (for all the hint of "green-ness") represents old-fashioned utilities while communications represents the digital revolu-



# VNDI



By John Andrews

Vivendi's global holdings include water treatment facilities, such as this one in Texas, and Universal, the movie studio that co-produced this summer's blockbuster *Gladiator* (left).



# Vivendi's Jean-Marie Messier

Jean-Marie Messier makes an unlikely revolutionary. After all, the forty-three-year-old Vivendi boss epitomizes the French elite, so brilliant that he not only graduated from the Ecole Polytechnique and then the equally prestigious Ecole Nationale d'Administration but he was also selected to be an inspector of finances—a post reserved for the best in the French Ministry of Economy and Finance. That is the sort of early career that traditionally adds up to a fast-track route to the very top (as a certain President Valéry Giscard d'Estaing once demonstrated).

Yet where many of his peers still talk of the “French exception” and where the political establishment sneers at the raw ways of “Anglo-Saxon” capitalism, Messier preaches the revolutionary message of shareholder value, stock options, and a free market. His way with journalists is to hang his well-cut jacket on the back of his chair and adopt the shirt-sleeve approach of his American counterparts. Should the EU's taxes be harmonized? Yes, but only if they are harmonized downwards. Should France be afraid of foreign ownership (some 40 percent of the Paris stock market is held by foreign pension funds and investors)? Of course not: the more the merrier.

It is refreshing stuff, whether he delivers his message in elegant French—peppered with American business jargon—or in English, the language of an in-

creasing number of French multinationals.

It would be a mistake, however, to think Messier speaks with the zeal of the recently converted. In fact, he has been a market-minded internationalist for his whole career. He made his name as an inspector of finances with a study on the Thatcherite program of privatization in the United Kingdom. So much so that in 1986, he was chosen by the then prime minister,

Edouard Balladur, to prepare a program of French privatizations and was appointed director of a ministerial office—at the age of twenty-nine, the youngest ever.

Perhaps he would have stayed in government, but the electorate decided otherwise. In 1988, the Left was voted back into power, and with Balladur out of office, so were advisors like Messier. The public service's loss was the private sector's gain. Messier was snapped up by the investment bank Lazard Frères to be its youngest-ever partner—and to work for a spell in New York. It is the American art of buying and selling

businesses that has helped him transform old, loss-making Compagnie Générale des Eaux, which he joined in 1994, into today's vigorous Vivendi (he chose the new name himself).

The question is what next. Playing on his initials, the French press often call him “J2M,” but some observers call him “J6M”—Jean-Marie Messier, Moi-Même, Maître du Monde (Jean-Marie Messier, Myself, Master of the World). Does that imply a touch of arrogance beneath the charming, approachable exterior? Maybe, but then Messier has a lot to be arrogant about. ☹

—John Andrews

**CEO Jean-Marie Messier has put together a deal to buy Seagram, providing Vivendi with a wealth of music, film, and television content.**





tion? Messier complains that no one questions GE for being in both jet engines and finance, and in any case, he has certainly delivered a rising share price.

It is a good riposte (though critics might point out that GE's finance operations grew logically enough out of the need to help their customers pay for their products). But the question remains valid. Messier talks of using new technologies to "solve any environmental challenge," and doubtless the computer and marketing whiz kids of the communications core can help their colleagues in the water and waste-management worlds. Yet it is easy to see that the chairman's own enthusiasm is to march ever onward under the digital banner. In May this year, for example, VivendiNet (a joint venture of Vivendi and Canal Plus) agreed with the United Kingdom's Vodafone to launch a multi-access Internet portal for Europe. And last March Vivendi joined with the French car maker Peugeot Citroen to announce a joint venture called "Wappi!"—a system that will allow car-drivers to access the Internet on any type of screen, from a computer to a personal telephone. "Be happy, be Wappi," jokes Messier.

The joke has a serious message. The Messier vision of Vivendi's digital future is to marry infrastructure with content. With mobile telephones, the company is already well placed to take advantage of wireless technology, which will give the Internet its next leap forward. At the same time the Internet portal will have an easily available customer base through Vivendi's pay-television assets—which were increased last July with the purchase, from the UK's Granada and Pearson companies, of a quarter of Rupert Murdoch's British Sky Broadcasting satellite television network. With the programming resources of Sky and Canal Plus to play with, Vivendi will have the content as well as the technology to keep existing customers happy and attract new ones. In other words, Vivendi will be Europe's answer to AOL-Time Warner or Disney—and the "environmental services" hump will look even more awkward. ☐

*John Andrews, the Paris bureau chief for the Economist, is a regular contributor to EUROPE.*



Vivendi is the largest supplier of water-treatment equipment in the United States.

# HIGH YIELDS

100% NO LOAD

**11.28%**

Current  
30-day yield  
as of  
5/21/00

## T. Rowe Price High Yield Fund (PRHYX).

If you are seeking high income and can accept the greater risks of investing in high-yield bonds, consider this fund. It aggressively seeks high current income from long-term, medium- to lower-quality "junk" bonds. Our own credit analysis and broad diversification help you benefit from these securities. Yield and share price will vary substantially more than higher-quality bond funds. \$2,500 minimum. No sales charges.



**Call 24 hours for your free investment kit including a prospectus**  
**1-800-401-4563**  
[www.troweprice.com](http://www.troweprice.com)

Invest With Confidence®  
**T. Rowe Price**

**0.32%, 8.56%, and 9.71%** are the 1-year, 5-year, and 10-year average annual total returns, respectively, for the periods ended 3/31/00. Figures include changes in principal value, reinvested dividends, and capital gain distributions. Investment return and principal value will vary, and shares may be worth more or less at redemption than at original purchase. Past performance cannot guarantee future results. For more information, including fees and expenses, read the prospectus carefully before investing. T. Rowe Price Investment Services, Inc., Distributor.

HYF054639



# Renault's R

A decade after it almost went bust, the French car maker has made a startling comeback

Renault's revival is partly due to the launch of several stylish models, such as the compact city car, the Twingo.



By Bruce Barnard

# renaissance



**R**enault continues to confound its critics and rivals, not just by surviving, but by positively thriving in the consolidation sweeping the global auto industry.

Ten years ago, the French car maker was every analysts' favorite to go bust, be bailed out by the state (its main stockholder), or be swallowed by a competitor following its humiliating failure to merge with Volvo, the Swedish auto company.

It was only recently taken off the losers' list following a remarkable rebound that saw losses of \$680 million in 1996 turn into combined profits of around \$1.65 billion in 1998 and 1999. However, it quickly fell out of favor again last year after paying \$5.4 billion for a controlling 36.8 percent stake in Nissan Motor, the ailing Japanese manufacturer, a move dismissed by most industry watchers as a high risk gamble doomed to failure.

Not so. Renault shook Japanese industry to its roots last October by springing a ruthless and unprecedented cost-cutting program on Nissan, involving five plant closures and 16,500 layoffs. It tightened its grip earlier this year by promoting Carlos Ghosn, the chief operating officer responsible for the cuts, to president of Japan's second-largest car manufacturer.

A year after the share deal, Renault and Nissan are combining their operations in Europe in a bid to boost their share of total sales from 14.2 percent to 17 percent and overtake Volkswagen as market leader.

Renault is active on other fronts as it strives to keep pace with the accelerating consolidation of the global auto industry. It recently paid around \$560 million for a 70 percent stake in Samsung Motors, the financially troubled South Korean manufacturer, to strengthen its presence in the fast-growing Asian market. Furthermore, it has just sold RVI, its truck and bus division, including



Mack Trucks in the US, to Volvo in exchange for a 20 percent stake in the Swedish truck maker. The deal, worth around \$1.5 billion, makes Renault the leading shareholder in the world's second-largest truck and bus company, while freeing it to focus its energies on the fiercely competitive car business. The French car maker also moved into Eastern Europe with the acquisition last July of a 51 percent stake in Dacia of Romania.

Renault's purchase of Nissan is now seen as a clever trailblazing move by an industry striving for global reach by having volume production in at least two of the three big markets—Europe, Asia, and North America. Daimler-Chrysler recently paid \$2 billion for a 34 percent controlling stake in Mitsubishi, Japan's fourth-largest car maker. General Motors has boosted its stakes in Isuzu and Suzuki and likely will raise its holding in Subaru, and Ford owns a third of Mazda.

Renault's revival is largely due to two men: Louis Schweitzer, a fifty-eight-year-old former high-flying career civil servant who was appointed chairman in 1992 and Ghosn, a forty-two-year-old manager he hired from French tire maker Michelin in 1996. They shared a common goal: to transform Renault from a bloated, high-cost, poorly managed laggard into an efficient manufacturer able to compete with industry leaders like VW and Ford. And they succeeded: last year Renault posted the second-biggest margins in Europe, behind its domestic rival Peugeot, but comfortably ahead of Volkswagen and Ford, which was barely profitable in Europe.

Schweitzer laid off 7,000 workers in his first year on the job and incurred the wrath of the French and Belgian governments, the Belgian king, and labor unions by closing a giant factory at Vilvoorde in the suburbs of Brussels in 1997. But it was his lieutenant Ghosn who wielded the axe. He is on target to cut costs by \$2.7 billion between 1998 and 2000 and is planning to remove an additional \$2.7 billion from the bottom line during the next three years. Nick-

**Renault's purchase of Nissan is now seen as a clever move, giving it volume production in at least two of the three big markets—Europe and Asia.**



**Renault made Carlos Ghosn president of Nissan after it purchased 36.8 percent of the Japanese car manufacturer.**

named "Le Cost-Cutter," he was the natural choice to take the knife to Nissan.

Analysts credit Schweitzer with transforming a company that was for thirty years a single-brand, mainly European group into a global operator focused on its core car operations.

Renault's success is also due to the launch of several stylish models, such as the Clio, Twingo, and the Espace, the original multipurpose vehicle. That is why General Motors recently poached Renault's star designer, Anne Asensio.

Renault is making money while its rivals stumble. Germany's BMW sold Rover, its British unit, for a symbolic \$15 and gave the new owner a dowry of \$750 million. Ford is restructuring its European business in a desperate bid to make money and claw back lost market share. The fiercely independent Fiat sold a 20 percent holding to General Motors, and the going is getting tougher with over-

capacity reaching around 20 percent—or more than 4 million vehicles a year.

While Renault is holding its own in Europe, the jury is still out on whether Ghosn can turn around debt-burdened Nissan. The planned plant closures are aimed at tackling the root problem: Nissan can make 2.4 million cars a year, but it is only selling some 1.3 million, a disastrously low capacity utilization in an industry that needs to be working at 75–80 percent of its potential output to break even. Ghosn plans to shrink capacity to around 1.65 million units a year, share production "platforms" with Renault, slash the number of suppliers from 1,145 to around 600 within three years, shut sales outlets in Japan, and streamline dealer networks in Europe and the United States.

Ghosn overcame huge odds to turn around Renault, and the smart money is betting he can do the same for Nissan. Not bad for a company whose obituary was penned several times over the past decade. ☹

*Bruce Barnard, based in London, is a contributing editor for EUROPE and a correspondent for the Journal of Commerce.*



# EUROPE

## update

JULY - AUGUST 2000

VOLUME VIII / NUMBER 7

## WHAT THEY SAID: COMPETITION COMMISSIONER MARIO MONTI

*Mario Monti, the EU's competition commissioner, recently spoke with EUROPE editor-in-chief Robert J. Guttman about the AOL-Time Warner merger, the euro, Microsoft, and the role of competition authorities in the age of globalization and the Internet. The interview took place the week before the Commission ruled against the proposed MCI Worldcom-Sprint merger.*



**Briefly, explain why the EU is involved in antitrust decisions where only American firms are merging, such as MCI Worldcom-Sprint?**

The European Commission, as a competition authority, has to intervene whenever there might be violations of competition law in the European market. That is, the single market of the European Union plus the three other countries belonging to the European Economic Area—

Norway, Iceland, and Liechtenstein. So, it doesn't matter where the companies putting in place a certain behavior are based as long as the effects of their behavior alter the competition conditions in the European market. So that's why, for example, we assess mergers between companies based in the European Union or mergers between one company based in the EU and one based elsewhere or even mergers between two companies based outside the European Union.

**Does a merger have to be worth a certain amount of money to trigger action by the EU?**

Yes, there is the merger regulation which specifies the threshold for a certain merger to be of Community competence. There are various thresholds set. For mergers, if the companies have a combined annual worldwide revenue of 5 billion euros (\$4.7 billion) and each has 250 million euros in revenue within the European Union as a whole. Equally, if there is, for example, a cartel, some sort of price fixing behavior between companies, or market sharing agreement between companies, again if that is felt within in the European Union territory, the European Commission would intervene, irrespective of whether the behavior is put in place by European Union companies or others.

**Who brings the investigation? How does it start?**

If it is a merger, the merging companies have to notify of the operation to the European Commission. Then, there are tight deadlines. We have thirty days from the notification at the end of which we may either approve the operation or go into the so-called second phase, which may last as long as four months. A merger review will conclude either through an outright authorization of the operation as it stands, if it does not pose competition concerns, or through an authorization with conditions, with undertakings by the companies involved, such as the disposal of certain assets or the outright prohibition. The criterion is whether the operation creates or strengthens a dominant position in the European market.

Of course, in other aspects of antitrust policy, like cartels, obviously we are not notified by the companies themselves. They are found out through investigations initiated either through complaints presented by competitors or consumers or through official investigations.

**Could you briefly define the antitrust policy of the European Union? Does the EU feel that big is bad?**

No, no, no. We do not have a sentiment that big is bad. Mergers may indeed contribute to efficiency, to innovation, to consumer interest,

but there may be circumstances in which a merger creates either a single or a collective market dominance by one or two or maybe three players and then this goes to the detriment of consumers. Hence, we have to make sure that the merger is authorized only when certain remedies are offered by companies so that the competition concerns are eliminated.

**Is there an anti-American bias in the EU's competition rulings?**

No, not at all. Not at all. If we take recent examples of mergers that have been prohibited by the Commission—which is the most extreme decision of all—we have had in September a merger prohibited between two UK package tour companies, Air Tours and First Choice. Then in March, a merger was prohibited between Volvo and Scania, two Swedish companies. Also, in March, a merger between Alcan and Pechiney, so one North American and one European company, which was going to be prohibited except that the parties withdrew their operation at the last moment. So as you see there is no, not at all, any animosity against US companies. The competition authority's activities both in Europe and the United States and elsewhere would soon lose credibility if it were conducted and seen to be conducted with some sort of trade policy second thoughts.



## WHAT THEY SAID (CONTINUED)

### **Will the proposed Vivendi-Seagram merger come under the European Commission's scrutiny?**

It would certainly come under the review of the European Commission. The operation has of course not yet been notified.

### **Do you see this merger as a sign that Europe is becoming more aggressive, more global, and more like American firms?**

I cannot express a view from the competition point of view so far. But certainly, we see a very vibrant phase both for European and for American companies, for companies in general throughout the world. As I said, we look at mergers with a positive spirit as long as any concern from the point of view of competition and the consumer can be met through adequate remedies by the company. But I'm not pronouncing on that particular one which is not yet seen.

### **Are you looking into the AOL-Time Warner merger?**

Yes. We are looking into that. As I mentioned, we have the first phase of thirty days and then a second phase. We have decided in the last few days the opening of the second phase. We have two concerns mainly on the AOL-Time Warner merger. One concern is that we feel that the operation might lead to the creation of a dominant position on the market for downloading music over the Internet and the related software markets. And the second concern is that AOL's market position on the US Internet service provider market may be leveraged into Europe by virtue of the access to Time Warner advertisement content. This may also have an effect on the markets for supply of paid content for the Internet. These are the two main concerns we are looking at in relation to this operation.

### **And what about Microsoft?**

We have a number of investigations concerning Microsoft. I will not mention several cases that we have had in the past. The one that was launched most recently was launched in February when we requested information from Microsoft, and we are presently examining their answers. There the issue is that there have been several complaints from end users, from small and medium-size enterprises active in the IT sector, and from competitors of Microsoft revolving around the complaint that Microsoft designed parts of Windows 2000 in a way which permitted it to leverage its dominance in PC operating systems onto other markets, like the market in server operating systems. We are reviewing the information obtained. Clearly, it's a complex technical issue.

### **How closely do you work with the US Department of Justice and FTC?**

Very closely. We have bilateral cooperation agreements dating back to 1991 and further agreements intensifying the cooperation dating from 1998. We also set up in October 1999 a working group in order to improve transatlantic cooperation in the field of merger control. We really have an excellent day-to-day cooperation, especially in assessing mergers. This is, of course, more and more helpful given the number and importance of mergers that at the same time effect the American and the European Union market. We believe that this cooperation is helpful, first for the competition authorities on the two sides of the Atlantic, but also for companies because they are able to face converging rather than disparate and possibly conflicting approaches.

### **You mentioned an "antitrust renaissance." What do you mean by that?**

We have the impression that, at least in the US and

the European Union, but perhaps also more broadly, there is more and more the persuasion that keeping markets competitive is of key importance for growth, innovation, employment, and for consumers. There is increasing interest and respect for the action of competition authorities. Companies and the public opinion at large are prepared to see sometimes even rigorous and tough competition authorities decisions made. They are increasingly accepted as part of a well-functioning market economy. Part of the renaissance, in a sense, is also the increasingly close cooperation between competition authorities that we, the European Union, would like to gradually evolve into the multilateral context with the beginning of some negotiations on core principles of competition policy in the context of the WTO.

### **Has the euro increased competition across Europe?**

Sure. The euro is increasing competition across Europe in at least two respects. One, the euro already makes price comparisons more immediate—this will further increase once the euro is in the pockets of citizens. So there is an increase in price transparency across Europe. This in itself increases the degree of competition in the markets. Secondly, the euro has, since its inception at the beginning of 1999, had a huge impact in putting together a huge and deep corporate bond market, denominated in euros. This has provided companies with a much larger potential for financing merger operations. This is one of the factors that has brought about the merger wave as far as Europe is concerned.

### **Do you think the merger wave is going to keep growing?**

I think for the foreseeable future, yes. In fact, recently we have seen Europe even more dynamic than the US in this

respect. Of course, there is the need to overcome any remaining obstacles to cross-border mergers, to overcome the tendency of national governments to favor the creation of the so-called national champion, relative to the cross-border merger operations.

### **Do the world's antitrust authorities need new guidelines for the age of globalization, the Internet, and the e-economies?**

I believe that the traditional competition laws are based on principles that show a [surprising] resiliency. Of course, there is a need with these new technological evolutions to apply the competition principles in the light of the new market situations that develop, to pay attention to new phenomena, such as a possible gate keeper effect, all these new modalities like the business-to-business exchange. But I do not believe for the time being at least that these new phenomena require any fundamental change in the competition laws.

### **Is it rare for the EU to block a merger?**

It is relatively rare. There had been ten cases of an outright prohibition in the first nine years of life of the merger regulation. In the last year, there have been these two prohibitions—Air Tours-First Choice, Volvo-Scania—and virtually a third one on Alcan-Pechiney, if it were not for the last-minute withdrawal. In the light of the increasing numbers of mergers and of the increasing complexities of mergers and of the fact that so much concentration is going on and every further merger down the road in a particular market may increase the degree of concentration, it should not be surprising that the number of prohibitions could increase. But this is not due to a negative policy view on mergers but simply because of these objective facts.



## WHAT THEY SAID (CONTINUED)

### How do you respond to charges that you are antibusiness?

The opposite is, of course, true because one essential

requirement for a sound business activity is the absence of market foreclosure, the ability for new businesses to enter markets and

keeping barriers to entry low. So, a competition authority is really working in the interest of business, as it is in the interest of con-

sumers. Of course, it is working against the interest of anticompetitive behavior by business, by definition.

## EU NEWS

### LISBON SUMMIT PRODUCES TAX DEAL

If the truth were told, considerably fewer Europeans were following June's European Council than were watching the European soccer championships, which at the time were generating more than the usual number of thrills and spills. But like Europe's premier sports tournament, the meeting of the EU's top decision-making body in the northern Portuguese town of Santa Maria da Feira on June 19-20 generated some surprises.

The host in Feira, Prime Minister Antonio Guterres, compared his government's unexpected success in securing agreement on a "tax package"—committing EU states to bring their taxation of investment income into line—to the Portuguese football team's last-minute goal against Romania that sent them into the quarterfinals of the tournament.

"This is a great victory for us," Guterres said afterwards, praising his finance minister, Joaquim Pina Moura, for his untiring work to persuade his colleagues into a deal on the eve of the summit. "No one believed the Portuguese presidency would manage it."

The tax issue had seemed virtually intractable, after more than a decade of at times bad-tempered negotiations. They pitted states such as Germany, which wanted other EU members to impose a withholding tax on investment income as it does, so as to clamp down on tax evasion, against others such as the UK, which feared such a tax could damage its financial services industry. But the need for some kind of accord

had become more urgent after the start of European Monetary Union fostered mergers between national securities exchanges.

In recent months, the outlines of a deal had emerged, whereby national authorities would exchange information on investors so that they could not evade tax. Withholding taxes would be phased out.

Then, unexpectedly, the tax imbroglio appeared to get tangled up with an issue that has overshadowed the EU this year: the diplomatic sanctions imposed on Austria by the EU's other fourteen members, after a coalition including the far-right Freedom Party came to power there.

Once Luxembourg dropped its objections to the exchange of information, the main obstacle to a tax deal was Austria. Many observers suspected this was related to the fact that it was campaigning for the sanctions to be lifted and had hinted that it might use its veto in EU meetings if they were not. In the end, Austria yielded on the tax issue, in return for a clause that exempts its citizens from the exchange of information requirement.

Guterres insisted there was no tradeoff between the tax deal and sanctions, but the Austrian leader, Chancellor Wolfgang Schüssel, expressed optimism that they would be lifted before long.

These two issues dominated the European Council, but there were important agreements in many other areas, albeit less controversial.

The fact is that an increasing amount of any presidency's work is managing many complicated

"dossiers"—reforming the Union to prepare it for enlargement, fleshing out the common foreign and security policy and trade. In these areas and many others, the European Council approved a slew of resolutions previously concluded by officials.

It will be some time before a consensus can be reached on exactly how to reform the European Commission, the EU's executive arm, and the Council of Ministers, which approves legislation. But the Feira summit did see EU governments commit themselves for the first time to the idea of "flexibility," by which member states may press ahead with cooperation in some policy areas without everyone being on board.

On security policy, leaders at the summit discussed progress so far in setting up the political and military bodies that will enable the EU to take over the defense competencies of the Western European Union. They also approved the creation of joint working groups to liaise with NATO.

On trade, EU governments restated their commitment to launching a new round of WTO negotiations before the end of the year. The issue loomed large at the EU-US summit held at Queluz Palace outside Lisbon at the end of May, which brought together President Bill Clinton, Guterres, and European Commission President Romano Prodi.

Although the summit was notably good-natured—Prodi afterwards proclaimed Clinton an honorary European—it did nothing to resolve trade disputes surrounding the EU's favored treatment of banana producers in former

colonies and US exports of hormone-treated beef. However, it did help provide the impetus for EU members to approve a "safe harbor" arrangement on data privacy, to ensure that US companies are not shut out of their markets by the EU's strict data privacy requirements.

The Transatlantic Business Dialogue, a business-led forum set up by the EU and US in 1995, welcomed the agreement. It cited the data privacy agreement as evidence of a commitment to work with business to facilitate international commerce, which it described as "critical to the development of the new digital economy."

The new economy was also at the heart of one of the major initiatives of the Portuguese presidency: the extraordinary summit on employment in March and the work that followed it. EU leaders—having in March pledged themselves to tackle the structural problems that hamper employment in the EU as compared with the US—in June approved detailed measures to do this.

### GREECE TO JOIN EUROLAND

Greece has won acceptance as the twelfth member of the European Monetary Union, leaving the United Kingdom, Sweden, and Denmark as the only EU members not using the euro. Greece will join the single currency on January 1, 2001. "With this historic step," stated Greece's prime minister, Costas Simitis, at the EU summit in Santa Maria Da Feira, Portugal, last month, "Greece makes a big leap toward stability."



## REPORTER'S NOTEBOOK

### FITTING FRANCE INTO GLOBALIZATION

It is not exactly usual for a foreign minister to produce a book while on the job. Yet that is what France's Hubert Védrine has done, publishing *Les Cartes de La France à l'heure de la Mondialisation*, (France's Cards at the Time of Globalization) that went on sale in early June. The book takes the form of a long interview with Dominique Moïsi, a leading French foreign policy analyst and deputy director of France's Institute of International Relations.

While the answers and concluding statements by the authors do not break much new ground, they succinctly explain and defend French government positions on a wide range of questions, such as goals for France's EU pres-

idency and relations with the Clinton administration, the United Kingdom, and Germany. Fayard, the French publisher, is considering translations into English and other languages.

The 190-page book shows why and how one of the world's seven powers with global influence can define and assert itself, facing the world's only remaining "hy-perpower"—the United States. That term, Védrine explains, is not meant as criticism, but to describe reality, identifying the weaker powers as the United Kingdom, Germany, Russia, China, Japan, and India. American accomplishments are at the core of globalization to which France must adjust, he urges, while "remaining ourselves."

This means willingness to

increasingly assert French values and positions and not hesitating to tell Washington it is "abusing" its position as an ally when, for example, urging the EU to admit as members the Baltic States and Turkey. French-led EU influence, he suggests, should be mobilized with a view to establishing greater international regulatory control over globalization. Surprisingly, Védrine also says the time has come for his fellow citizens to accept English as the world's predominant language, disclosing that he recently ordered French films shown on TV5, the French-controlled international television network, be dubbed or subtitled in English.

Such nuggets make the book worthwhile for anyone trying to understand contem-

porary France's approach to foreign policy, viewed from the inside by a member of France's elite who is also a Socialist. France's approach, Védrine concludes, is shared in differing ways by most of France's EU partners, also seeking the "right combination" of national and European policies to assert Europe's role in the world.



#### Contributors

Bruce Barnard reporting from London  
Axel Krause reporting from Paris  
Alison Roberts reporting from Lisbon

*Europe Update* is published by the Delegation of the European Commission, 2300 M Street, N.W., Washington, DC 20037. The contents of this newsletter do not necessarily reflect the views of the European Union institutions or the member states.

## BUSINESS BRIEFS

The attempt by **British Airways** and **KLM** to join forces to create the world's third-largest airline after **United Airlines** and **American Airlines** put pressure on rival carriers to merge as the industry enters the final phase of consolidation that likely will leave just a handful of global players in Europe.

KLM turned to BA after the collapse of its short-lived joint venture with Italy's **Alitalia** left its survival strategy in tatters.

Meanwhile BA, which sank into the red last year for the first time since its privatization in 1987, is refocusing on Europe after its planned alliance with American Airlines hit regulatory hurdles in Brussels and Washington.

The two carriers were within an ace of merging in 1992, but the deal fell through after a dispute over their respective shares in a new company. They are close to resolving the ownership issue this time, paving the way for the creation of a giant Euro-

pean carrier with annual revenues of \$19 billion, well ahead of **Lufthansa** at \$12 billion.

The BA-KLM talks sparked speculation that **Air France** and **Alitalia** will try to revive merger negotiations, prompting other carriers to respond with competing mergers. **Swissair** has set the pace by taking control of **Sabena**, Belgium's national carrier, and buying 49 percent of a company that owns France's three independent carriers, **Air Liberté**, **AOM**, and **Air Littoral**.

Some analysts reckon a BA-KLM merger would trigger an immediate response by **Lufthansa**, possibly by taking over its alliance partners, **SAS** and **Austrian Airlines**, and upping its current 20 percent stake in **British Midland**, one of BA's domestic rivals.

•••

**France Telecom** shot up the global mobile phone rankings with the \$46 billion cash and stock acquisition of **Orange**, the UK's fastest-grow-

ing mobile phone company, that makes it number two in Europe after **Vodafone AirTouch**, the world leader.

France Telecom plans to put all its mobile assets, including operations in France, Belgium, Switzerland, and the Netherlands, under the Orange brand, creating a company valued at \$110 billion with 21 million subscribers and annual sales of \$8 billion.

It was the sale of Orange to Germany's **Mannesmann** for \$33 billion last year that triggered a spate of mergers and acquisitions.

**VodafoneAirtouch** acquired **Mannesmann** for a record breaking \$183 billion, which forced the sale of Orange to placate regulators. Spain's **Telefonica** tried unsuccessfully to merge with **KPN**, its Dutch counterpart, which then sold 15 percent of its mobile business to **NTTDoCoMo**.

France Telecom plans to float 15–20 percent of its mobile company, to be renamed **New Orange**, on the Paris, London, and New York stock

markets and use the cash to make further mobile acquisitions in Europe and probably the US.

The next big move likely will come from **Deutsche Telekom**, which has reportedly begun talks to buy **Sprint** in the wake of the US firm's failed merger with **MCI Worldcom**. "For us, the US is the most important market today...that's the biggest gap we have to fill," said chairman Ron Sommer.

•••

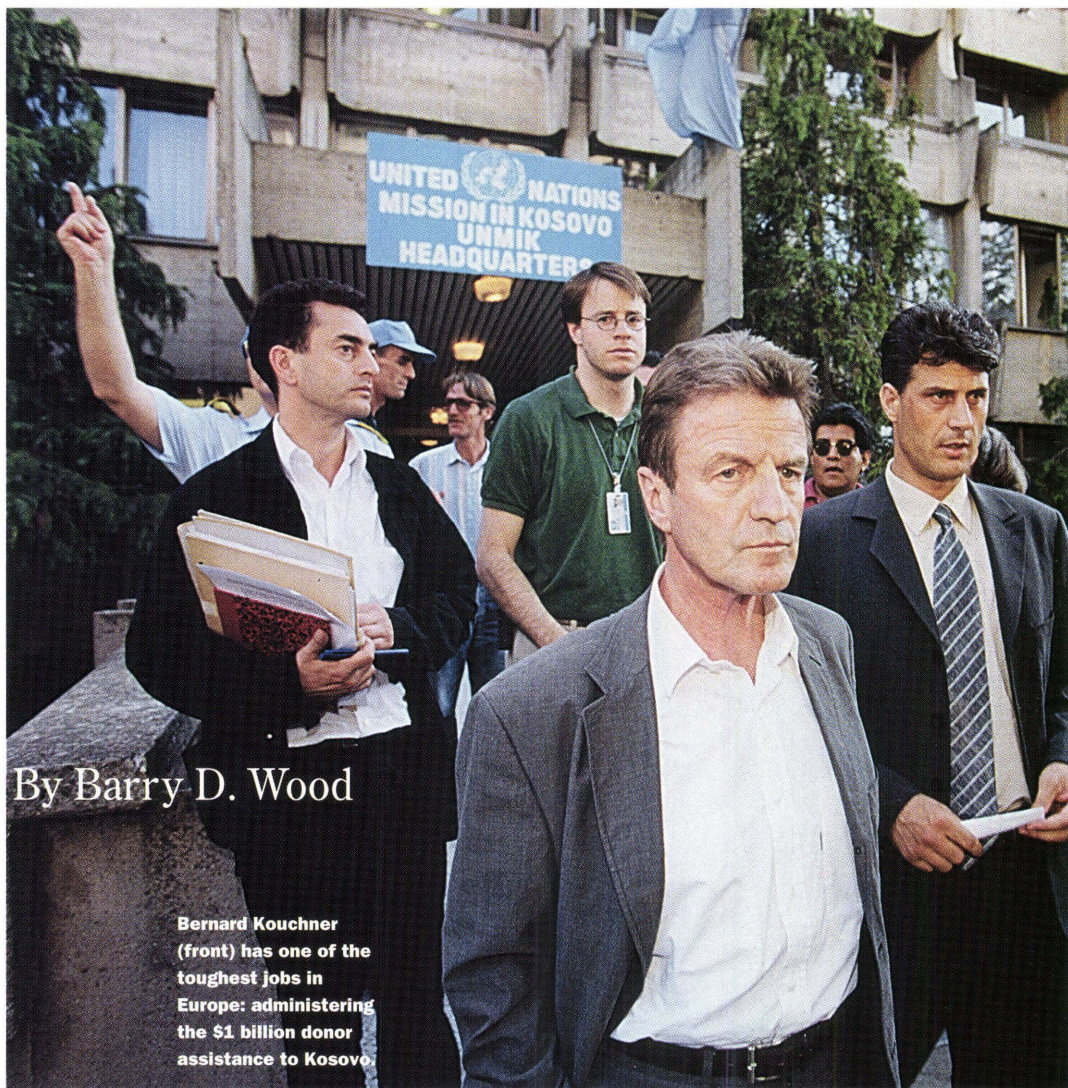
**Dresdner Bank** is negotiating a \$20 billion merger with **Commerzbank** that would create the second-largest bank in Germany and fill the void left by the dramatic last minute collapse of its planned merger with its bigger rival **Deutsche Bank**.

The merger would create the second-largest bank in Europe with \$700 billion in assets, trailing only **Deutsche Bank** with \$806 billion in assets. The combined bank would have 8 million customers compared with **Deutsche's** 7 million.



# KOSOVO

## A Glass Half Full or Half Empty?



By Barry D. Wood

**Bernard Kouchner (front) has one of the toughest jobs in Europe: administering the \$1 billion donor assistance to Kosovo.**

It has been twelve months since NATO's victorious seventy-eight-day air war forced Slobodan Milosevic into a humiliating withdrawal from Serbia's southern province of Kosovo. Under NATO protection, the more than one million ethnic Albanians driven from their homes have returned while most of the minority Serbs—perhaps 100,000—have left since NATO-led peacekeepers marched in last June.

Today, Kosovo is held together by

KFOR, a thirty-four-nation, 49,000-strong force commanded by German General Klaus Reinhardt. Civil administration is in the hands of UNMIK—the United Nations Mission in Kosovo—that was set up by the Security Council on June 10, 1999. UNMIK is headed by former French health minister Bernard Kouchner, who, as the secretary-general's special representative, is Kosovo's top administrator.

One year into what has become a de

facto NATO-United Nations protectorate, the good news is that the killing is over. The Albanians, horribly mistreated before being expelled by the Serbs, are back and rebuilding their homes and lives. The rampaging Serbs had destroyed or damaged one-third of Kosovo's houses. Most are now again habitable. In addition, basic services have been restored—hospitals are operational, roads passable, most schools reopened. Local administration of a sort





With allied NATO commander General Wesley Clark (center) looking on, Commander General Klaus Reinhardt (left), hands the command of the KFOR peacekeeping forces in Kosovo over to his successor General Juan Ortuno of Spain (right) in Pristina.

has been reestablished. There are renewed signs of economic activity.

However, there is also bad news aplenty. Serbia's dictator—the prime instigator of four Yugoslav wars since 1991 that have claimed a quarter million lives—remains in power. A year ago it was thought Milosevic was on the ropes. Kosovo, despite heroic international efforts to the contrary, is even more ethnically divided than it was. The majority Albanians exact revenge on the remaining Serbs who are clustered in angry enclaves that exist only with NATO protection. Kosovo's future status is unclear, a presumed intention of the deliberately ambiguous United Nations Resolution 1244 that at once declares Kosovo subject to Yugoslav sovereignty with substantial autonomy and self-government. With local elections not expected until October, lawlessness and criminality are pervasive with only the rudiments of a police force and judiciary in place. Reconstruction is tortuously slow, encumbered by bureaucracy. In short, there is no end in sight for the hapless international administration. Despite these problems, the organizers of last year's humanitarian war profess satisfaction. Says UK Foreign Secretary Robin Cook, "We've done better in the year since than anyone could have predicted."

Determined to avoid in Kosovo a repeat of the chaotic reconstruction that occurred in Bosnia after its war ended

in 1995, Western governments opted instead for a regional effort modeled on the successful Marshall Plan that rebuilt Western Europe after World War II. Accordingly, leaders from Bill Clinton to Gerhard Schröder met with their Balkan counterparts in Sarajevo last July to launch a comprehensive Stability Pact for the whole of Southeast Europe. Its aim is to foster regional cooperation to build democracy and market economies from Croatia right across to Romania and Bulgaria on the Black Sea. Bodo Hombach, a former top aide to Chancellor Schröder, was named special coordinator to make sure the largely EU-financed job actually gets done.

Kosovo, itself still technically part of Serbia, is not actually part of the Stability Pact. It has its own aid program, funded at \$1 billion by forty-seven donor countries and thirty-four multilateral agencies. Kouchner, who arguably has one of the toughest jobs in Europe, administers the aid, again mostly provided by the EU. Aside from achieving a balanced budget and introducing the German mark as the territory's nominal currency, Kouchner can point to another success, last December's creation of a four-member interim Transitional Council that is running Kosovo until elections produce something more democratic and permanent.

In recent interviews, Kouchner is surprisingly candid about the shortcomings of his administration. He con-

cedes that, "the judicial system is not functioning," the problem being that no one is unbiased. Serbs, he says, are unwilling to charge Serbs, and Albanian prosecutors dare not charge Albanians. Donors have been inexcusably slow to deliver on promises to provide police, and Kouchner's newly established Police Service School is only now beginning to crank out some 350 graduates every five weeks. Kouchner says, "Education so far has been a failure," because UN and Albanian personnel have not been able to work together. Will the elections take place on schedule in mid-October? Kouchner is not sure. He says that it all depends on the registration of voters, a process that has started but is being stymied on the Serb side by non-cooperation from Belgrade.

And who would win the elections? Not presumably Hashem Thaci's once lionized Kosovo Liberation Army (KLA) and its political wing, the Party for the Democratic Progress of Kosova. (In Albanian Kosovo ends with an "a" and is pronounced "Ko-SO-va.") Opinion polls commissioned by the Organization for Security and Cooperation in Europe suggest, despite its critical military role in the war, the KLA would get less than 20 percent of the vote. The rival Democratic League of Kosova, headed by pacifist Ibrahim Rugova, who led the earlier non-violent resistance to the Serbs, would get more than 50 percent support.

However, as the October local elections approach, curiously, they still seem a long way off. As always in the Balkans, it seems, extraneous events often have a direct and unforeseen impact. What will be the outcome of the renewed protests and crackdowns in Serbia? What is the impact of the May's debate in Congress, in which the opposition Republicans argued that the nearly 6,000 US troops in Kosovo be brought home by the middle of next year? While the Clinton administration has prevailed for the moment, more such debates are likely in the year ahead.

Kosovo remains a noble undertaking. But as NATO's secretary-general, Lord Robertson, recently observed, its recovery stands "on the razor's edge between success and failure." ☹

*Barry D. Wood covers Central and Eastern Europe for EUROPE.*



# Reconstruction

## A Daunting Task

The job of rebuilding Kosovo is complicated both by organized crime and an “unofficial” civil administration that operates in parallel with the United Nation’s UNMIK. The parallel body is run by the successors to the demobilized Kosovo Liberation Army, the Kosovo Protection Corps, KPC. The self-styled administration is headed by Hashem Thaci, the former guerilla commander, who is also a member of Bernard Kouchner’s Joint Interim Administrative Structure, JIAS. Independent ob-

servers say the KPC is in de facto control of most municipal authorities and state-owned enterprises. It is alleged to control the lucrative gasoline business. Critics say some KPC members are involved in gasoline smuggling across Kosovo’s borders with Albania and the Former Yugoslav Republic of Macedonia. It is alleged—but denied by the KPC—that it employs its own tax collectors, although officially only UNMIK can collect taxes.


The European Union heads the UNMIK departments responsible for economic reconstruction and

development. Through its European Agency for Reconstruction (EAR), the EU is assisting in the development of a market economy by making sure there are normal credit facilities, a rehabilitated infrastructure, and a functioning local administration. The EU is providing much of the JIAS budget and either it or its member governments are building 4,500 houses, rehabilitating the University of Pristina Hospital, and restoring power generation capacity. In addition to launching private-sector growth, the EU and World Bank identify housing, energy, agricul-

ture, and social services as development priorities.

Work progresses at a slow pace. Despite donor conferences last July and November that pledged \$1 billion for Kosovo reconstruction, the money is slow to arrive. There are significant funding shortfalls for priority projects that threaten to hold up the construction of solid waste disposal facilities and the rehabilitation of transport infrastructure. Overall, the EU provided \$473 million of support for Kosovo in 1999 and will deliver \$337 million this year.

—Barry D. Wood



The job of reconstruction in Kosovo is progressing at a very slow pace.



# THE Savoy of France Alps

As my train from Bern coursed along green slopes high above the vast blue sheen of Lake Geneva, I knew that just over the southern horizon lay an easily accessible portion of the French Alps. The most famous resort was Evian-les-Bains, home not only of one of the world's most famous bottled waters, but of luxury hotels, promenades, and baths.

But the French watering holes on Lake Geneva, while enticing, seemed a little too easy. I wanted to go on down into the French Alps, there to be entirely surrounded by French culture and to see in what way, besides currency, those snowcapped mountains differed from Switzerland's. I decided to head down to Annecy.

With a slight lurch, the little two-car train pulled out of the almost deserted Gare des Eaux-Vives in Geneva. I had taken a streetcar out to the suburban station, after learning at Geneva's main station that I couldn't get a train from there to Annecy.

Leaving Switzerland behind, within a few minutes we were coursing through an alpine valley that looked like many I had seen in Switzerland over the years. But now I was in eastern France, set on spending a few days savoring the Savoy Alps.

When I think of the French Alps, I picture the department of Haute-Savoie, which snuggles up into a lofty corner bounded by Italy and Switzerland. I have seen the Maritime Alps, which hulk

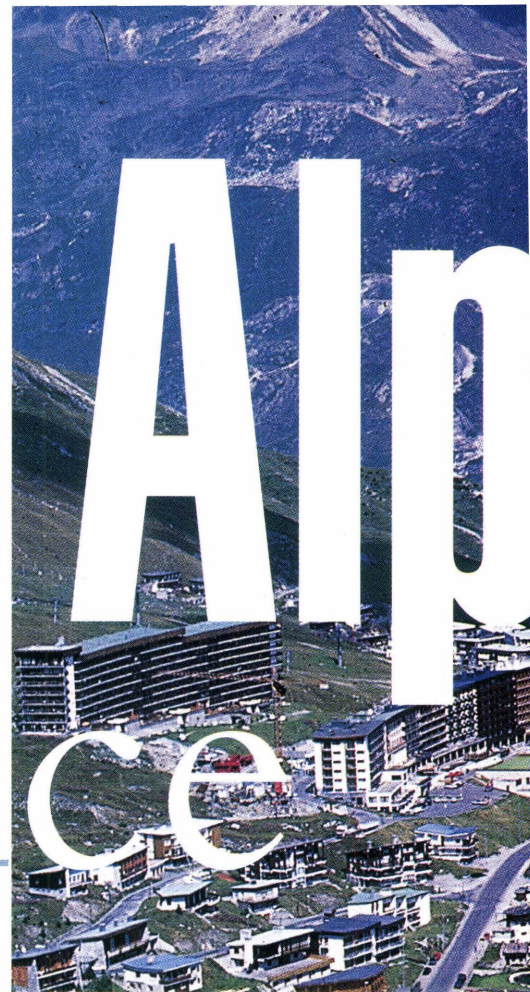
above the French Riviera, and I know that Grenoble is known as the capital of the French Alps, but I am partial to the more rural and sylvan landscape that fills my provincial idea of what the Alps ought to look like. Part of Savoy, smaller but equally beautiful, lies just over the border in northwestern Italy.

My only previous taste of Haute-Savoie had been sixteen years earlier, when I'd savored the quiet beauty of Aix-les-Bains. I had overnighted there and enjoyed one of the most wonderful lunches of my life in a garden restaurant in sight of Lake Bourget. I had always wanted to return, but on this most recent trip to Savoy, I'd been so mesmerized by Annecy that I ventured no farther southward.

Through the train window today I could see glorious fields and woods, rushing streams, and high mountainsides—just enough to wish I were driving a car or motorcycle. So many villages, so many country lanes flashed by that I longed to be able to explore them at will. But I was committed to rail travel. I would see what I could see and look forward to returning with two or four wheels.

It is a region that boasts forty-nine ski resorts, eleven white water rivers, nine natural parks, and hundreds of miles of hiking paths.

After the train pulled into Annecy, I stowed my bags at the station and set forth to explore the town. A ten-minute



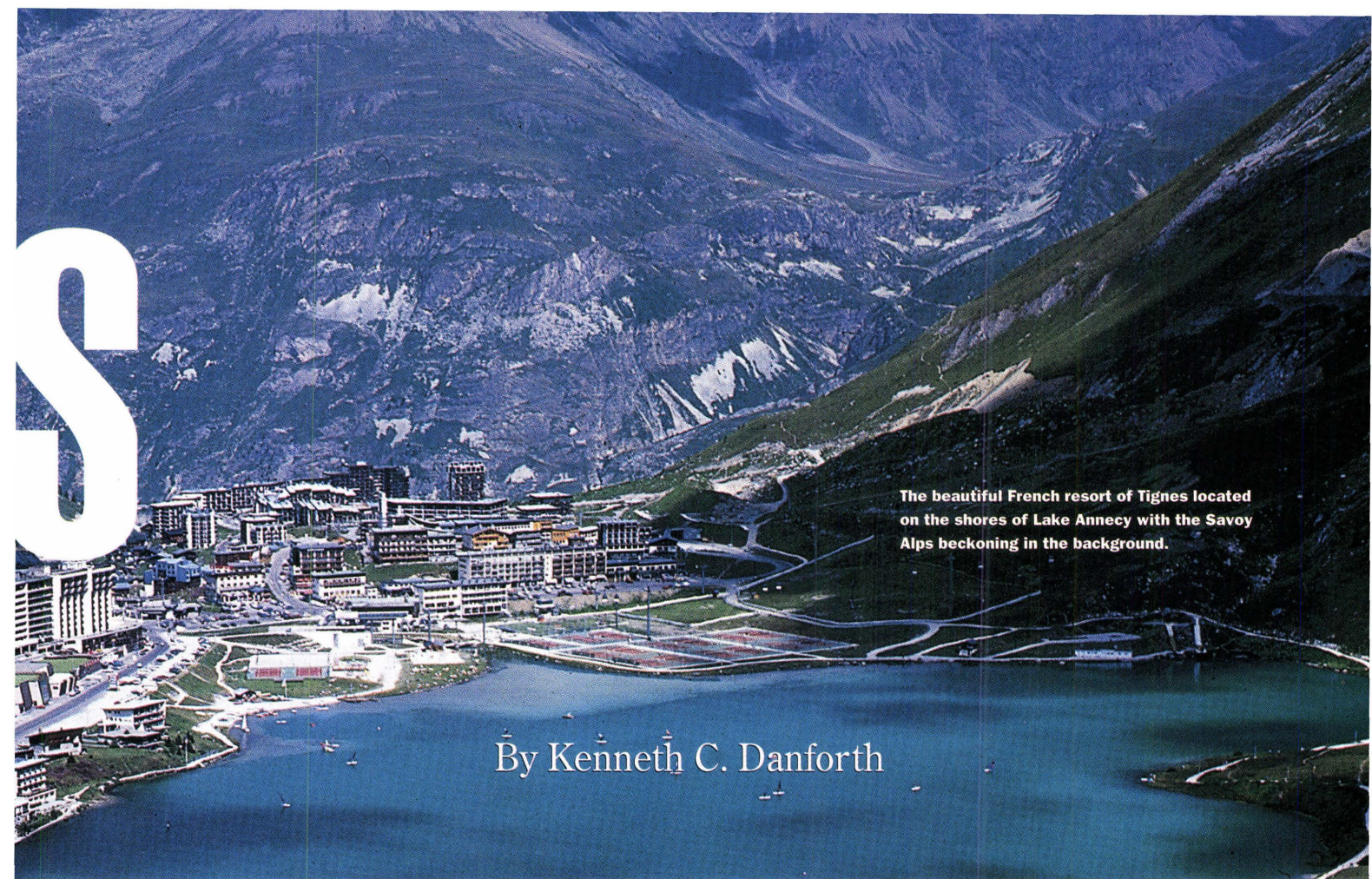
walk brought me to the shores of Lake Annecy, reputedly the purest in the Savoy. Expecting to see hotels and restaurants lining the shore in typical lake resort fashion, I was surprised to discover that Annecy's waterfront is dominated by large expanses of grass.

I was even more surprised to see that this greensward at the moment was filled with thousands of volleyball players. A tournament was underway, one so big that I didn't even try to count the number of nets. It looked like fun, but as I was hardly on a team and my menu-driven French does not include volleyball terminology, I backtracked into the old part of town, seeking a hotel far from the cries of competition.

I had imagined that the lake would be Annecy's chief attraction, and to many people it probably is. The lake is, truly, one of the most beautiful I have ever seen. However, as I was soon to discover, it has keen competition in the delightful medieval lanes of the town itself. Even if no lake were at the town's edge, Annecy would still be one of the most delightful towns in Europe.

A clear, cold river, the Thiou, flows out of the lake and, after splitting around an old stone prison, rushes in two branches through the town. On the way, it provides water music for the pa-





The beautiful French resort of Tignes located on the shores of Lake Annecy with the Savoy Alps beckoning in the background.

By Kenneth C. Danforth

trons of dozens of colorful restaurants. At sunset in good weather, throngs of people emerge from their houses and hotels and stroll along the banks of the energetic little Thiou. They saunter back and forth along both branches with no sense of urgency, casually perusing the menus posted outside each restaurant.

As the sun descends, the pleasant hum of Gallic chatter rises to the cheery clink of wine glasses and the subtle clunk of just-emptied mussel shells being dropped into ceramic bowls. The Thiou rushes past, lapping at the foundations of houses. Across the river from the restaurants, people come out onto their small balconies, wiping off their chairs and sipping wine. Children, having quickly eaten their fill, scamper up and down the river path, clowning while their parents linger over dessert and coffee.

Soon after darkness falls, submerged floodlights come on, shining brightly up through the tumbling river, illuminating the buildings as no ordinary lights could do. A little later comes the moon, infusing the whole scene with magic as if to say, I have no life, but I'll light up yours. Even at 11 pm, people promenade along the riverfront and in the pedestrian lanes that parallel

the river only two houses' depth back from the water. Small stone footbridges span the current at convenient intervals, and strollers go back and forth from bank to bank.

The next day I walked across luxurious lakeside park. It juts out into Lake Annecy like the prow of an enormous ship. The grass is immaculate, and I like the labels that identify the great variety of trees. The park even has a sequoia from California.

I boarded an excursion boat for a one-hour cruise around the lake. The boat was uncrowded, so I could easily walk from side to side to gaze at whatever happened to be the best view at the moment. I allowed myself to envy the owners of the many mansions that adorn the lakeside estates.

The most memorable image is of dozens of brightly colored paragliders rising and drifting against green slopes of conifers and gray escarpments of limestone. They seemed to be quite exceptional, in that they added to the natural beauty of the landscape while in no way polluting it.

Paragliding, a sport that has developed only in the last ten years, involves hanging from specially designed parachutes that catch thermal updrafts and allow adventurous persons to drift

silently through the rarefied air. Paragliding started out as a controlled free fall, but now experts are flying for hours over great distances.

"In 1992, we realized that when the conditions were right we could actually go up," says Dennis Trott of the Alpine Flying Center. He adds that it is "easy to learn" if you have ten days and some disposable income.

On the way from Annecy to Chamonix, I changed to a cog railway at the little station at Saint-Gervais. Chamonix is the village closest to Mont Blanc, the highest mountain in Europe.

Chamonix is much smaller than Annecy. What is not small about the little town is its omnipresent view of the majesty of the Alps. Mont Blanc and its neighboring peaks rise above the high valley of Chamonix as if to reassert the primeval dominance of the mineral kingdom.

I lingered in Chamonix overnight, nurturing two wishes—that I could return to see more of the Savoy Alps and that I could see these beautiful places in winter, when deep snow tries its best to improve the already magnificent scenery. ☺

*Kenneth C. Danforth is a writer based in Washington, DC.*



# G'day And Welcome To

By David Lennon

**T**here is something special about Sydney. The people who live there love it, and visitors are quickly captivated by its beautiful harbor, magnificent beaches, and above all the cheerful self-confidence and hedonistic energy of the Sydneysiders with their easygoing and informal Australian greeting "G'day."

It wasn't always like this. In January 1788, after an eight-month voyage from England, the floating prison ships of the First Fleet sailed into Botany Bay on the eastern coast of Australia, bring-

ing hundreds of deported convicts and the first white settlers. Early life was hard at Sydney Cove, and famine threatened to wipe out the newcomers.

Today it is sport, not survival, that is the Sydneysiders' number one interest. The 400,000 people expected to visit Sydney in September (September 15–October 1) for the Olympics will see a prosperous and confident city of 4 million inhabitants devoted to racing, soccer, cricket, and tennis.

The British and American empires spawned scores of port cities in the eighteenth and nineteenth centuries that despite local variations developed

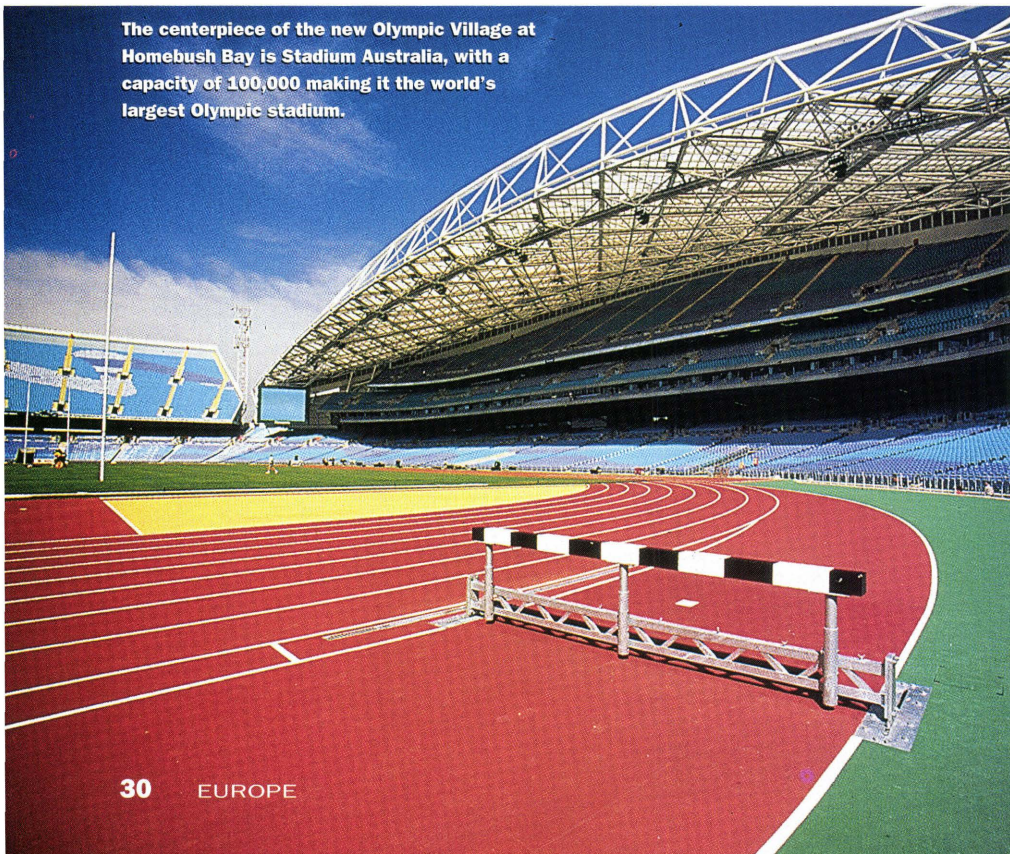
along similar lines: Vancouver, Seattle, Auckland, and Durban are prime examples. The colonial period gave them public parks and gardens, law courts, churches, town halls, and legislatures whose common architectural styles stamped them with familiarity rather than uniqueness.

Sydney grew rapidly in the latter half of the nineteenth century. The harbor's importance increased as the population expanded, and the suburban character of the city was formed in those years as land was auctioned off at a dizzying pace. The Australian dream of owning a house on a block of land took those who could afford it out of the city center, creating a vast built-up area six times as large as Rome.

Sydney began as a European city or, more correctly, an English city recreated on the other side of the globe. British and Irish settlers shaped the town. But today, clearly the US is the dominant influence on the evolving urban landscape. Also the influx of southern Europeans, which began in the 1960s, and the Asian migrants, who arrived in numbers in the past two decades, have brought a cosmopolitan flavor to what for many years was a parochial city.

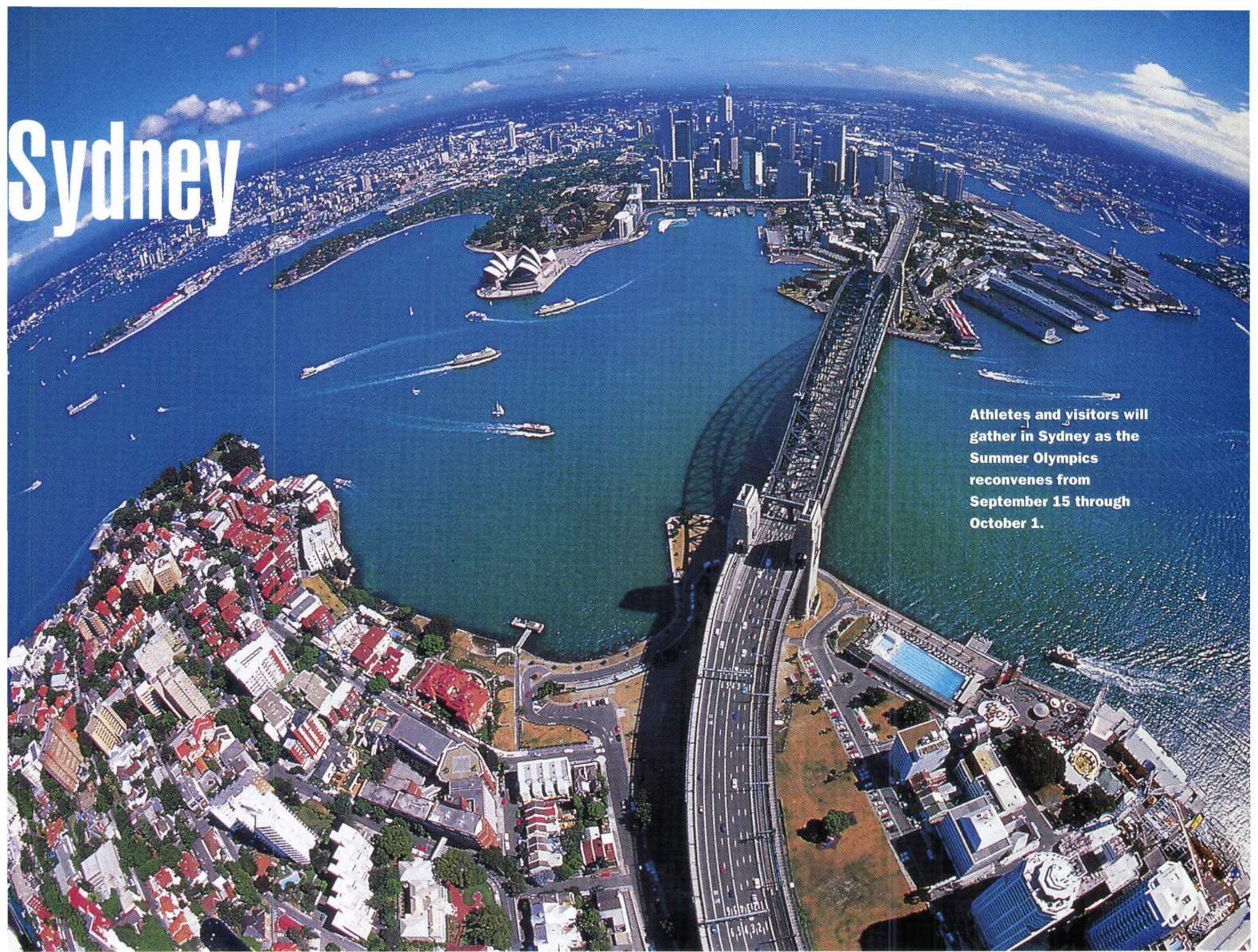
But it is the beauty of its physical location above all else that marks Sydney out. Undoubtedly the harbor is the city's glory. It is a sparkling sprawl of bays and inlets branching off the main waterway. The best way to appreciate the scenic nature of the harbor is to hop on the ferries, especially the ferry to the outlying beach suburb of Manly.

The centerpiece of the new Olympic Village at Homebush Bay is Stadium Australia, with a capacity of 100,000 making it the world's largest Olympic stadium.





# Sydney



Athletes and visitors will gather in Sydney as the Summer Olympics reconvenes from September 15 through October 1.

The venerable and sturdy ferries run to and from Circular Quay on a Sydney Cove now dwarfed by a forest of skyscrapers where once the settlers struggled for survival. For a few dollars you can have a grandstand view of the city skyline and its most famous landmarks, while surrounded by regular commuters too accustomed to the beauties of the harbor to spare it more than a glance before opening their papers or working their mobile phones.

The commuter boats dock alongside the internationally acclaimed Sydney Opera House, one of the twentieth century's finest pieces of architectural sculpture, now a global icon of not only the city but of Australia itself.

Looming nearby is the bulk of Sydney Harbor Bridge, which connects the southern and northern shores. The adventurous can walk over the top of the 500 meter-long bridge, climbing to forty stories above the water at its highest point.

Given the central role of water in the city, it is not surprising that water

sports became hugely popular from the earliest days, with crowds flocking to the regular swimming, sailing, and rowing races. Indeed, sport has always been an integral part of Sydney life. Horse racing began in 1810, with most horses imported from South Africa. The first cricket match in Australia was played in 1826 between the Military Club and the Australian Club on the site of the Domain, today a city park.

The billions of television viewers around the globe expected to watch the Games will see a city not merely transformed from a penal colony to a vibrant modern metropolis, but mostly they will be focused on the massive new sports complex created for the Olympics out at Homebush Bay. In the mid 1800s there was a horse-racing track there, but the recent history has been less glamorous, having variously been the site of an abattoir, a brick works, and most recently a dumping ground for industrial waste.

There has been a lot of criticism from Sydneysiders about the cacophony of

competing building styles at the new Olympic Village. They have also raised questions about the economic viability of the complex after the games, but for the moment the goal is to make a massive impression on the world.

Homebush's centerpiece is Stadium Australia with a capacity of 100,000, which makes it the world's largest Olympic stadium. Functional rather than beautiful, it is unlikely to challenge the Opera House as an architectural icon, but viewed from inside, it is impressive in scale.

The Olympic Games will be held in September, which is spring in Sydney, not summer, so the 10,000 athletes from 200 countries may find it cooler than expected. But the warmth of the Australian welcome, and the genial informality of the Sydneysiders will ensure that they will soon learn to join the locals in saying "No worries, mate." ☺

*David Lennon is EUROPE's London correspondent.*



# Will Athens Be Ready by 2004?

By Kerin Hope

When Lambros Papacostas, Greece's high-jump champion, grasped the boomerang-shaped blue and silver torch and circled the grassy stadium at Ancient Olympia, he was marking more than the start of a countdown to the Sydney 2000 Games.

The official kindling ceremony for the Olympic flame on May 10 also highlighted a renewed effort by the Greek government to speed preparations for the 2004 Olympics in Athens. A day earlier, Costas Simitis, the prime minister had pledged he would personally supervise the work of the Athens organizing committee for the Games.

Greece was sharply criticized in April by Juan Samaranch, the International Olympic Committee chairman, for falling behind schedule with preparations for the 2004 Summer Games. He urged "drastic changes" to overcome what he called the worst organizational crisis faced by an Olympic city in the past two decades.

Simitis's solution was to recall Gianna Daskalaki-Angelopoulou, the dynamic lawyer who led the Greek bid to secure the 2004 Olympics for Athens. After three years on the political sidelines, she has returned to take charge of the organizing committee, replacing Panayiotis Thomopoulos, deputy governor of Greece's central bank.

In May, the Greek actress Thalia Prokopiou passed the Olympic flame to Greek high jumper Lambros Papakostas at the ancient stadium in Olympia as part of the official lighting ceremony for the Summer Games.



Daskalaki-Angelopoulou's international background, along with her strong management of Greece's Olympic bid, inspires confidence among IOC officials. A former European parliament deputy for Greece's center-right New Democracy party, she has also worked as a senior administrator at Harvard University's school of government.

As president of the organizing committee, her task will be to get the Athens Games back on track as quickly as possible. "We've identified good progress in many fields, but there are delays," said Jacques Rogge, head of an IOC panel supervising preparations for the Athens Games.

"We're glad the changes have been made."

Greek officials say decision-making has been slowed by cumbersome administrative procedures and political infighting. One said, "The main difficulty has been that the committee failed to cooperate effectively with government ministries that are also involved in taking decisions for the games. But the IOC warning has given everyone a new sense of urgency about getting things done."

Daskalaki-Angelopoulou's first task will be to speed the tender process for media and communications activities at the 2004 games, as well as completing staffing arrangements so that key



Greek managers can attend the Sydney Games. "It's crucial for Athens officials to learn about security and transport, for example, at first hand," said one IOC member. "That way, we should avoid problems experienced at Atlanta."

After a series of delays, construction of the Olympic Village that will house about 16,000 athletes is due to start later this year. Its location—in a green-belt area on the foothills of Mount Parnes—was opposed by local residents on environmental grounds, leading to prolonged court battles.

A plan to select a private Greek contractor to build the village has been dropped in favor of construction by the state-controlled Public Housing Organization. A new architectural competition is underway to ensure the design meets international environmental standards. Because last year's damaging earthquake in Athens had its epicenter close to the Olympic Village site, the revised design will also incorporate improved anti-seismic measures.

Daskalaki-Angelopoulou must also tackle the looming problem of hotel accommodation for the games. The growth of tourism in the Greek islands has reduced demand for hotel beds in Athens, while zoning restrictions have discouraged investment by international chains in new luxury hotels near the city center.

While most sports facilities are already in place, construction has lagged behind schedule on a wrestling arena; a center for judo, handball, and fencing; and an indoor facility for gymnastics and table tennis. Outside the city, an equestrian center is to be built at Markopoulo and the Schinias Beach is being refurbished to accommodate rowing and canoeing events.

But a long-promised facelift for the city of Athens is making visible progress. The first stretch of a new Athens subway extension is already open, and studies show reduced levels of traffic congestion and atmospheric pollution in the city center during rush hour.

The new Athens international airport is set to open on schedule next year, and work on a toll highway that will link the airport with the city is picking up speed. In the city center, work is underway to link the main archaeological sites with tree-lined walkways and pedestrian zones that will allow visitors to stroll through a panorama of ancient ruins.

Costas Laliotis, the public works minister, has underlined the government's new commitment to the Olympics by announcing a plan to upgrade the venues for volleyball, beach volleyball, and tae kwon do on the Faliron Delta. The surrounding shoreline will become a park with artificial lakes, a bird sanctuary, and green banks of densely planted vegetation. "The games are an opportunity as well as a challenge. We'll be able to open up more areas for leisure activities as well as sports," he said. ☺

*Kerin Hope writes for the Financial Times in Athens.*



The discovery of archeological sites while expanding the Athens subway increased the complexity of the city's preparations to host the Summer Games.



# It's Only A G

By John Andrews

## Europeans are as sports-crazed as Ameri

Picture thirteen men dressed all in white—cotton shirts, long flannel pants, studded shoes—standing around on a huge oval of carefully mown grass. Two of the men hold long wooden bats, and each stands in front of a set of three upright wooden sticks, across the top of which are balanced two small horizontal sticks. Another man holds a hard, red leather ball, which from time to time he throws—but with a straight elbow—towards one set of sticks. Sometimes one of the men with a bat hits the ball, and other men scurry after it. Meanwhile, the scene is intently observed by two rather different men: they stand still in long white coats; often they wear hats; and every now and then they make strange signs with their hands.

Such, at first sight, is cricket, that

quintessential sport of the British Empire that for generations has mystified Americans and other outsiders with its rules, its length (a “test,” or international match, can last up to five days) and even its language—“Witherspoon, bowling leg-breaks and googlies from the Pavilion end, might have had a maiden over, except that Tomlinson managed a glance past fine leg for a single.”

It is as much a mystery to the uninitiated as baseball, though of course superior (English males sniff that baseball is derived from rounders, a “sissy” sport for girls that no self-respecting schoolboy would be seen playing).

But cricket is not the only mystery that divides one coast of the Atlantic from the other. How about “real tennis”—or “court tennis,” as a handful of Americans know it—with its arcane

scoring system and its huge court, complete with *dedans* and *tambour*? How about boules or petanque, a sport where the French of all ages gather around any piece of earth, be it sand or grit, to see who can cast, underhand, a heavy ball closest to a small one? Or pelota, where the Basques of France and Spain use a wicker extension of their throwing arm to hurl a ball at frightening speed against a walled court? Or badminton, where the racket-wielding players flick a feathered shuttlecock across a high net? Or handball, where teams dance around each other trying to throw a smaller version of a soccer ball into a goal. Or darts, where pub players put down their drinks and line up to aim a small piece of flighted metal into specific bits of a circular target a few feet away?

In other words, there are plenty of



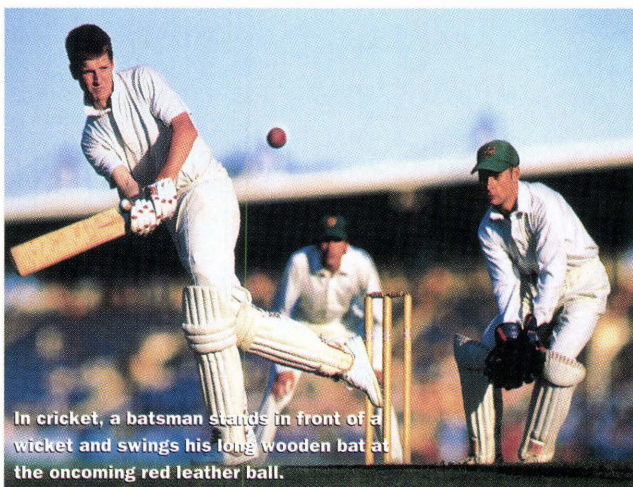
The crews of Oxford (right) and Cambridge (left) universities have been battling each other at the annual boat race along the river Thames for a century and a half.



# ame cans—maybe more

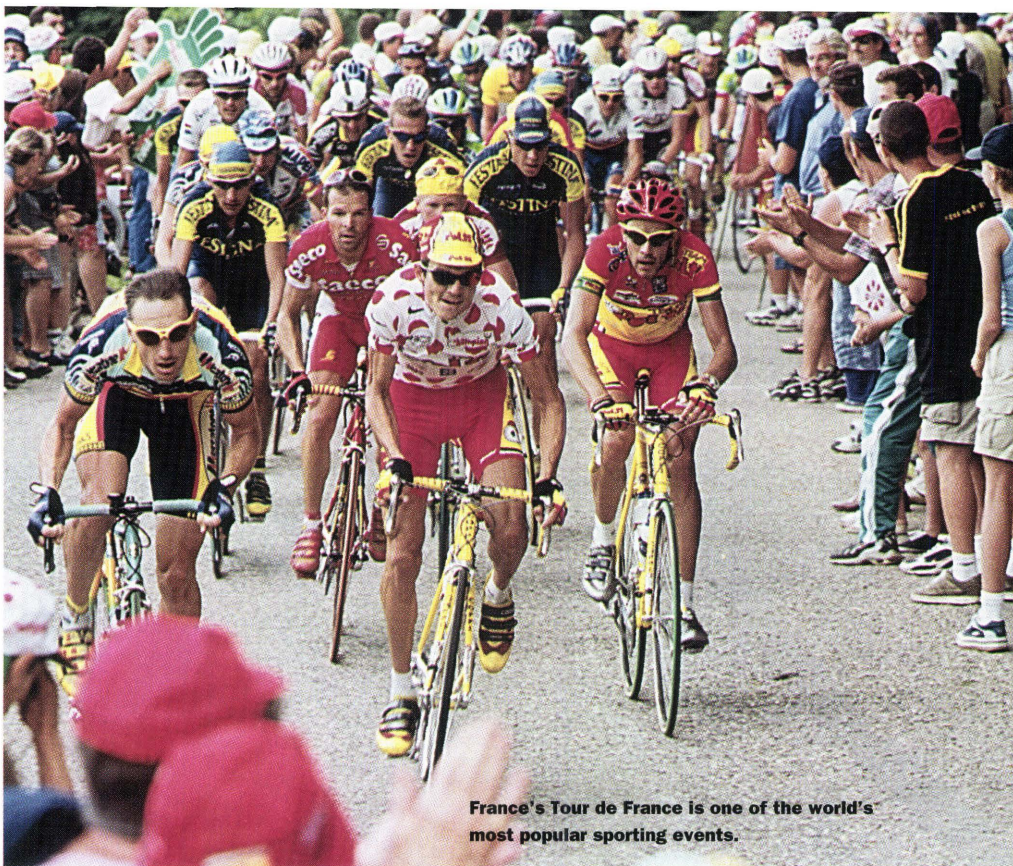
European sports that will variously amaze, puzzle, or appall Americans. Sometimes the reasons are rooted in geography and climate. A Scottish sport such as curling, where a heavy stone is pushed across the ice—a sort of frozen version of lawn bowls—preceded by broom-carrying players desperately brushing the ice to ease its passage, is hardly likely to appeal in Florida. So, too, with ski jumping, a favorite of the Scandinavians. When such sports do cross the Atlantic, they tend to be confined more or less to ethnic enclaves—as with jai alai, another name for pelota, in Hispanic Miami.

At other times, the reasons for the transatlantic divide are historical. The crews of Oxford and Cambridge universities have been rowing against each other along London's Thames River for a century and a half.



In cricket, a batsman stands in front of a wicket and swings his long wooden bat at the oncoming red leather ball.

Indeed, “the boat race” is so famous that many of the world's best oarsmen, often American, vie for a postgraduate place at “Oxbridge” in order to take part in the race. But even so, there are precious few Americans who will search their satellite and cable television channels to view something that the British watch by the millions.



France's Tour de France is one of the world's most popular sporting events.

But maybe the biggest reasons are cultural. Americans usually (the big exception is baseball) like their sports to be fast and furious and to end with someone winning and someone losing. The idea of a five-day cricket match ending in a draw seems absurd—though to any cricket aficionado achieving the draw could well be fascinating.

So, too, with soccer. True, women's soccer (barely watched in Europe) has drawn huge crowds in the US, thanks

to the prowess of Mia Hamm and her colleagues. But despite a generation of effort, men's soccer, “the beautiful game,” as Pele called it, has still failed to find a prime time slot against American football, baseball, basketball, and ice hockey. Could it be that Americans find the long sequences of play hard to take, especially when a match ends with just a couple

of goals, or none at all?

It could indeed (American television networks, anxious to slot in commercial breaks, tried in vain to persuade the soccer authorities to change a game of two halves into one of four quarters). But by the same token, Europeans tend to find the explosive nature of Americans sports too staccato to be comfort-

able. Gridiron football, for example, has only a tiny following, even though a match of rugby, its sporting ancestor, can attract scores of thousands to a ground in the UK or France and millions more on television. Conceivably, basketball—increasingly popular in much of Europe, especially France, Spain, Italy, and the Balkans—will be the exception, but it will surely never reach the heights of the NBA in America.

The truth is that in sport as in so much else Europeans are different from Americans and will remain different. But it is just as true that Europeans are different from each other. The sports that unite them (and many other parts of the world) are British in origin: for example, soccer, tennis, golf, and rugby. Perhaps that is the result of fate, or maybe of military might—the Duke of Wellington once said that the Battle of Waterloo, when the English defeated the French, was won on the playing fields of Eton. But there are just as many sports that separate them: snooker, with its set of different colored balls on a billiard table, is a British addiction; handball a French one; and water polo a Spanish one. When continental Europeans line the streets for hours and spend days glued to their television screens watching cyclists race in the Tour de France, the British are as bored as the Americans. But who cares? The joy of sport is its very diversity. Vive la différence! ☺



# CAPITALS

AN OVERVIEW OF  
CURRENT AFFAIRS  
IN EUROPE'S  
CAPITALS



In anticipation of the summer's biggest sports event, we asked our Capitals correspondents to profile athletes from their respective countries to watch in this year's Summer Olympics in Sydney, Australia, September 15–October 1.

## ATHENS

### NIKOS KAKLAMANAKIS

Greece surprised the world in 1996 when its athletes came home from the Atlanta Olympics with four gold medals. All four winners—among them two weightlifters born in Albania and Kazakhstan—overcame more than the usual obstacles to achieve a top spot in sports that attract little media attention.

Greek sports writers had a word for the Olympic champions: *peismataris*,

meaning stubbornly determined.

For Nikos Kaklamanakis, the gold medal winner in the “mistral” windsurfing category, 1996 proved an exceptional year. He was named one of the world’s five best competitors in all categories of sailing—a lifetime achievement for an international windsurfer.

Yet four years later, Kaklamanakis is as determined as ever, with his sights set on capturing another Olympic gold medal in Sydney.

With Europe’s longest coastline as well as the *meltemi*—a stiff northerly

breeze that blows steadily throughout the summer—Greece is a windsurfer’s dream. But Kaklamanakis is the first Greek windsurfer to have achieved international recognition in the sport.

At thirty-two, he will be among the oldest competitors at the Sydney Games, but he says that experience “counts for a lot in this sport.”

Kaklamanakis believes in being well prepared. He’s spent months researching sailing conditions off the coast where the windsurfing contest will be staged. Winds, weather, and ocean currents in the southern hemisphere are “noticeably different from what we have in Greece, and to compete effectively you have to develop as detailed a knowledge as you can,” he said.

Kaklamanakis took off for Australia in May to prepare for the Olympics. “What I need now is six months’ full-time windsurfing in the environment where the games will be held,” he said.







Greek windsurfer Nikos Kaklamanakis has his eyes set on capturing another gold medal at the Sydney Olympics.

A Cretan born in Athens, Kaklamanakis sailed a board for the first time at the age of eleven. At that time, sailing and water polo were the most popular aquatic sports in Greece, and windsurfing was still a novelty. As a teenager, Kaklamanakis trained with his father.

In his first Olympics at Barcelona, Kaklamanakis finished in ninth place. But in the Mediterranean Games a year later, he took the gold medal. He won gold in the 1994 world championships and took first place in a 1995 pre-Olympics competition at Savannah, Georgia in the same waters where the Olympic contest was held.

But he finished second in the world championships in South Africa that year. He blamed inadequate preparation for sailing in unfamiliar waters. "That was the point when I realized I had to focus harder to succeed at the Olympics," he said.

On shore, Kaklamanakis is an articulate spokesman for Greek sport. During a fierce bidding contest in 1997 between Athens and Rome, he argued the athletes' case for the International Olympic Committee to award the 2004 games to Greece.

While the world track and field championships were being held in Athens—just a few weeks before the IOC was due

to select the venue for 2004—Kaklamanakis staged his own contribution to the Greek bid.

As winds in the Aegean Sea increased to gale force, he sailed from Cape Sounion, on the tip of the Attica peninsula south of the capital, to the island of Crete. It was a journey that many experienced yachtsmen would have hesitated to make with the meltemi at full blast. For a solitary windsurfer "it was one of the toughest challenges you could meet," Kaklamanakis said.

—Kerin Hope

## DUBLIN

### SONIA O'SULLIVAN

It all went wrong for Sonia O'Sullivan, thirty years old, in Atlanta, in 1996, a nightmare that almost ended her running career. The Irish record holder and triple world champion headed for Georgia tipped to win gold in the 5,000 and, possibly, the 10,000 meters events.

It didn't happen. Instead, a combination of physical and emotional stress led to an ignominious Olympics and a career apparently in ruins.

Now Sonia, from the port of Cobh in County Cork, has courageously put the Atlanta chapter behind her and, in the opinion of the experts, is running better and more fluently than at any time in the past.

She is now doing things differently, has a more easygoing approach. "It's always hard to admit you might have done things wrong, but all the work and the training is more fun now. Before Atlanta I was totally focused on the one big event. Now I'm thinking differently. I feel more relaxed, and the Olympics are definitely not on my mind like they were. I have learned that you have to be able to adjust to changes when they happen or when you need to change things out and make mature decisions and have the courage to do so."

O'Sullivan's training has taken in a series of major races over varying distances throughout Europe, but she claims she still hasn't made up her mind whether it will be the 5,000 meters or 10,000 meters—or both—in Sydney. She will make that decision a week or two before the athletics program starts on September 22.

O'Sullivan's approach is pragmatic: "I'm qualified to run in three events in Sydney, the 1,500, 5,000, and 10,000 meters, but I'll go in the one which offers



me the best chance of winning.”

The leggy Irish star raced in February in Sydney’s pristine Olympic stadium, setting an Australian all-comers record time of 31.43.32 in the 10,000 meters, comfortably inside the Olympic qualifying standard. That victory and several spectacular successes in European competitions have underlined O’Sullivan’s commitment and confidence.

So, what has happened to create the new O’Sullivan?

First she has a new coach—Alan Storey—who provides her with the strong advice and support she may have missed in the past. Secondly, she is prepared to listen—and be guided.

Thirdly, and perhaps most importantly of all, she is in a settled relationship with Nick Bideau. Fourthly, with a young baby her life has taken on a new balance that was absent before Atlanta, when everything was sacrificed for training and racing.

O’Sullivan admits the new regime suits her: “I’m certainly doing a lot more work around the home, and I have much less time to think and worry about races.”

After first setting six Irish records from 1,500 to 5,000 meters in 1992, she swept across the European and world athletics stage with victory upon victory, becoming the first Irish woman to win the European 3,000 meters title (in 1994) and, the following year was undefeated at 3,000 and 5,000 meters. In 1995, she won the 5,000 meters World Championships at Gothenburg, Sweden.

Then came the personally disastrous Olympics in Atlanta. But O’Sullivan quickly put it behind her, taking a silver medal in the 5,000 meters world indoor championships in Paris in 1997 and, then, in the next year, the 5,000 and 10,000 meters European Championships in Budapest. O’Sullivan was back to her winning ways.

Last year, she gave birth to Ciara, whom she insists on taking to almost all her running engagements. As Sonia performs, Ciara happily gurgles at track side.

Not that Sonia’s role as international track star and unmarried mother has been without controversy. One Irish priest railed from the pulpit after mother and baby, minus a visible husband and father, were seen together on a television talk show.

However, massive public reaction led to an immediate and groveling apology from the clerical commentator. Sonia,

supported by her family and thousands of well-wishers, simply shrugged off the criticism and said she was in charge of her own life and no one else.

Ireland—and Sonia O’Sullivan—have both changed, for the better. The new Ireland is assured and confident, less parochial, more worldly. And so is Sonia O’Sullivan, buoyed by medical advice that giving birth will not affect her longer-term athletics career.

O’Sullivan’s great rival at 1,500 meters, the Russian Svetlana Masterkova, saw her career improve after giving birth, and Ingrid Kristiansen, the celebrated Norwegian long-distance runner, claimed that breaks from athletics during her pregnancies were a significant factor in enabling her to extend her career.

Sonia O’Sullivan now heads for Sydney, scenting the prospect of victory. Not that she underestimates her task. Recently, she identified the Ethiopian runner Gete Wami as one of the main threats. And there are others—including Derartu Tulu and the brilliant Romanian, Gabriela Szabo.

—Mike Burns

## BRUSSELS

### SABINE APPELMANS

**T**he Sydney Olympics will be only the third time that tennis will be among the sports included. It will also be the third time that Sabine Appelmans will be a competitor. At Barcelona in 1992, she made the quarterfinals, losing to Steffi Graf; four years later at Atlanta, she was beaten by Natasha Zvereva of Belarus.

That she will again be on the courts at Sydney is a tribute to her strength of character and resolve. A year ago, it must have seemed most improbable. After a decade as Belgium’s leading player, with a world ranking usually around the twenty mark, she suffered a severe loss of motivation, and her ranking fell to ninety-four. It is rare indeed for players to fight their way back from such depths (André Agassi is the most notable exception), and many felt that Sabine would decide it was time to hang up her racket.

Yet it was her desire to play at the Olympics that spurred her on. Starting at a tournament in New Haven last August, where she had to play through the qualifying rounds in order to take part, she steadily made her way back up the rank-

ings and ranked number twenty-four by the time of the “Oscar” ceremonies of the Women’s Tennis Association in March, when she was awarded the prize for the “Come Back of the Year.”

Why was Sabine so keen on getting to Sydney? “The Olympics have always been special to me,” she said when I caught up with her at a tournament in Antwerp. “I was there in Barcelona for the first time, and I was the only tennis player there on the Belgian team. So I got to be with the other athletes there, and it was a wonderful experience. It was just great to be there and something to remember and to be proud of being able to represent your country in the Olympics.”

It will not just be her tennis prowess that may draw the crowds at Sydney. She has been voted “most beautiful player on the WTA circuit” by tennis journalists, and the readers of a Belgian magazine chose her as “the ideal woman,” ahead of Claudia Schiffer, Sharon Stone, Michelle Pfeiffer, and Pamela Anderson.

Not that she has allowed this to go to her head. She is completely unaffected and comes across as a modest, sensitive, thoughtful, and charming woman, with none of the self-obsession of many sports stars.

How Sabine will do at Sydney is unpredictable. She has, in the past, beaten an impressive number of high-ranked players, including Navratilova, Graf, Novotna, Sanchez-Vicario, and Martinez, but she has also lost on occasions to players ranked a great deal lower than herself. These included, most notably, France’s Sarah Pitkowski at a Fed Cup match in Ghent two years ago. This was a disappointment that still haunts her and was probably behind her self-exclusion from the recent match in Moscow, which was surprisingly won by a below strength Belgian team.

What is certain is that—win or lose—she will turn in a thoroughly sportsmanlike performance. Whatever happens it will be her Olympic swan song. At twenty-eight, her thoughts are turning to retirement, and this might well be her last full season. She is determined to bow out while she is still playing at a high level, and the objective she has set herself for this year is to recover, or improve upon, her best-ever ranking of sixteen, which qualified her for the Chase Championship in New York three years ago.

After that she is uncertain what to do. She and her husband and former coach,



## H A G U E

## CORINE DORLAND

**T**here are no mountains in the Netherlands, so one would not expect mountain biking to be the type of sport that is popular in this country. Yet, the 1996 Olympic mountain biking champion is a Dutchman, Bart Brentjes. This year, there will be a team of three men participating in the Olympics and one woman. Corine Dorland will almost certainly start at the Sidney Games.

Bicycling is a common activity in the Netherlands, not just for fun and recreation, but also for day-to-day purposes like going to work or shopping. Despite the

often adverse weather conditions, the flat country is extremely suitable for bikes. The government even promotes commuting by bike through tax incentives.

Mountain biking is a totally different activity, taking place on rough, undulating terrain. It demands a lot of endurance, and that is exactly what Corine Dorland possesses. She wants to prove herself, she wants to win, and where others jump off their bike and walk, Corine pushes on.

The attractive twenty-six-year-old worked until recently at a transport company in her hometown of Eerbeek, a village in the rural part of the Netherlands. She gave up her job in order to spend all her time training.

As a girl, she started racing on bikes, initially on cross bikes. In 1983, at the age of ten she participated in her first world championship in crossing, a sprint type of race. But crossing was not an Olympic sport, and five years ago, after she had won ten world championships, she decided that she wanted something different. She chose mountain biking. It meant she had to train differently, and with a different timing (a mountain bike race lasts about an hour), and she had to start from the bottom. Last year she became Dutch national champion, and this year she considers herself to be among the top ten in the world. Her aim is to be at the Olympics.

"Mountain biking is tough for women," she recently told a Dutch newspaper. "Women are not as strong as men, but that does not mean we are disqualified from this sport. Our willpower is stronger. Women are more determined and don't give up as easy. I've noticed that in mountain biking, men get off their bikes earlier than women do."

—Roel Janssen

## L I S B O N

## ANTONIO PINTO

**W**hen António Pinto won his third London Marathon in April, one British newspaper went so far as to say that he had "given Europe back its dignity."

Although almost all of the world's best marathon runners were in the field, including the previous year's winner, Moroccan Abdelkader el-Mouaziz, Pinto broke clear of the pack sixteen miles into the twenty-six-mile race and went on to win by a margin of almost a minute, with

Serge Haubourdin, are eager to start a family, and she is not too keen to combine this with full-time employment. She would like to continue in tennis, not as a coach but perhaps as a tournament organizer.

Yet with her looks, intelligence, and flair for languages (she is equally happy speaking Dutch, French, and English), she is a natural for television. It would be surprising if some broadcasting company did not snap her up as a sports commentator. In the meantime, any reader who wants a closer view of Sabine can always look her up on the web site ([www.esm.be](http://www.esm.be)), which is run by one of her keenest fans.

—Dick Leonard



In September, Belgian tennis player Sabine Appelmans will compete in her third Olympic Games.



a new European record of 2:06:36.

The achievement was all the sweeter for the fact that the previous European record was set in 1985 by his countryman, former Olympic champion Carlos Lopes.

"I've showed that I'm a consistent athlete: in the six times I've taken part, I've been in the first three all six times, and I've won three times," Pinto said afterwards. "I'm also very proud at the fact that the European record is staying in Portugal."

African runners have dominated marathon running in recent years, and the London event has been no exception. Of the first four athletes to cross the line in this year's men's competition, the others were all from African countries.

"There are no tactics," Pinto says when asked the secret of beating these formidable African athletes. "It's simple: you just have to be better than them."

Well, it's not that simple. In fact, in recent years Portugal has been one of the few European countries to consistently produce good long-distance runners—both men and women. (Portugal's Manuela Machado had a poor London Marathon this year, coming in ninth in the women's competition, but she was third last year.)

Pinto, who is now thirty-four, grabbed the Portuguese public's attention in 1987, when he won the national cross-country championships at the age of twenty, beating the established athlete Fernando Mamede, whose European record in the 10,000 meters he was later to beat. In 1988, Pinto was the youngest competitor in the final of the 10,000 meters at the Seoul Olympics.

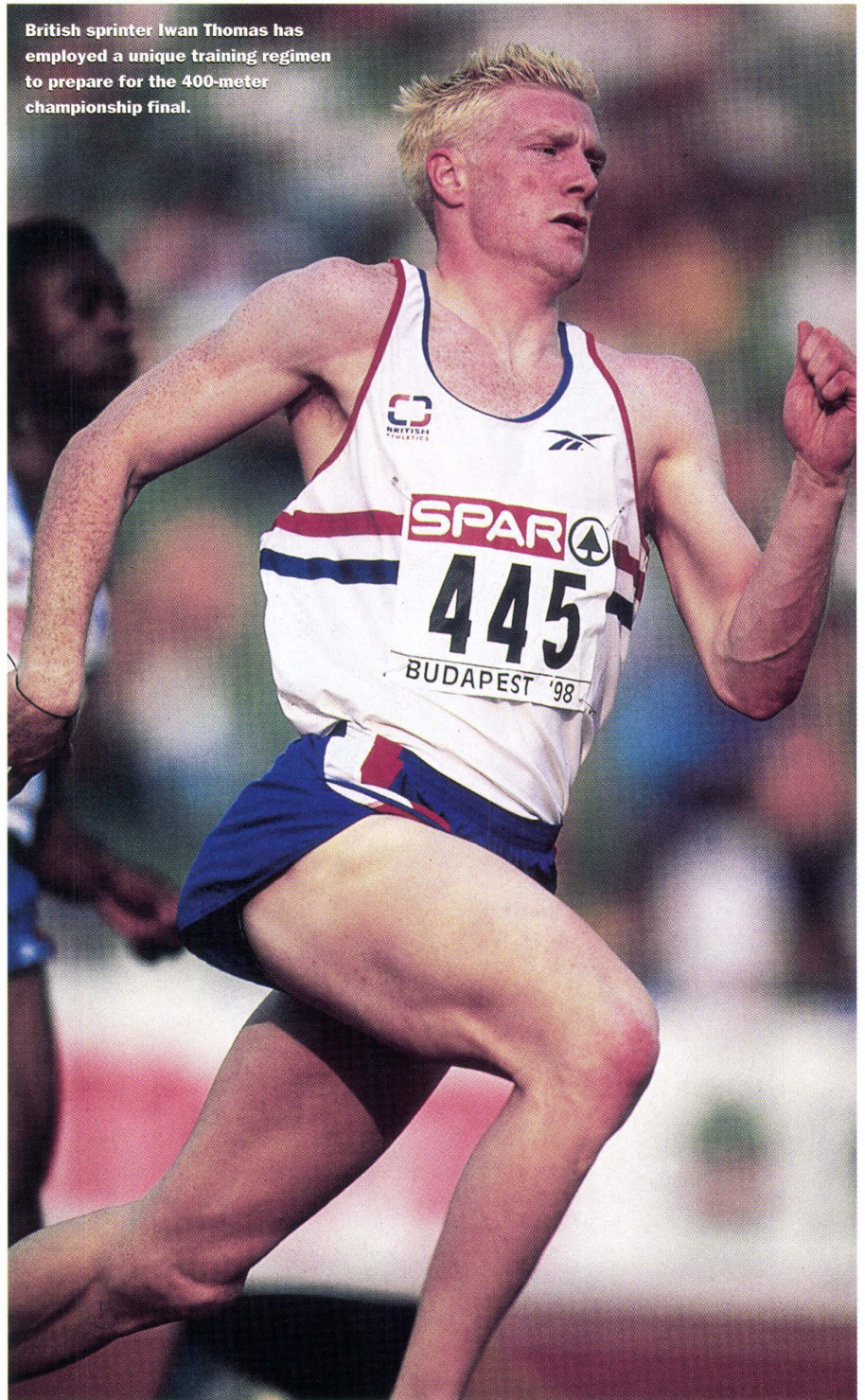
Since then he has slogged his way through numerous cross-country events and long-distance races in Portugal and abroad, not to mention fourteen marathons.

The London Marathon is a special one for Pinto, who has many supporters among the hundreds of thousands of spectators who line the streets for the event. He also describes as "fantastic" the support he received from flag-waving Portuguese emigrants in the city. But he says his most important recent success was at the European championships in Budapest, where he won gold in the 10,000 meters.

"Winning medals in championships is very special," he says. "That's why this year I'm focusing on the Olympic Games. There's nothing like going up to the podium at major competitions."

—Alison Roberts

British sprinter Iwan Thomas has employed a unique training regimen to prepare for the 400-meter championship final.



## LONDON

### IWAN THOMAS

**R**emember the British film *Chariots of Fire*? The story of how Eric Lidell won a gold medal in the 400 meters at the Paris Olympics garnered a bundle of Oscars. Sadly, that was the last time that a Briton won an Olympic gold in the 400 meters.

Iwan Thomas plans to change that at the Sydney Games. The basis of his optimism lies in his unusual training methods. Repeated runs up sand dunes. "We sprint as hard as we can, up to twenty times, up steep, sandy hills that vary in length from sixty meters to 300 meters," explained the twenty-six-year-old Welshman in a recent interview.

Thomas has a lot to prove. He was voted "Athlete of the Year" in 1998 after he won the treble of European champi-



onship, Commonwealth Games, and World Cup 400-meter titles. But last year was a disaster after he chipped a bone in his ankle during training before the track season began.

Frustrated at not being able to run any races last season, Thomas has thrown himself into training since last October. He believes the key for him is to build up the stamina needed to fight through the three qualifying rounds at Sydney before the final.

"Qualifying rounds can be grueling," he says, "and that's where my training becomes really important."

"He can be seen every Sunday in the New Forest in Hampshire with his training group pushing themselves to and beyond the limit of endurance. "By the end of one of those sessions, you know what pain is."

Sand dune training was actually one of the keys to the success of the famous Australian middle-distance runner Herb Elliot. Pick up any book on Olympic winners and invariably you will see a photo of a wiry Elliot and his coach battling their way up steep sand hills.

"I train differently to any other 400-meter sprinter," explains Thomas. "I don't suppose America's world-record holder Michael Johnson would be seen doing repetition runs up sand dunes near his Texas home."

Thomas told a recent interviewer that he believes the exercise develops vital strength in the quadriceps and the hamstrings and that the hill work also develops good form in the arms and shoulders.

It will be interesting to see if his training regime helps his form sufficiently to let him carry off the first British gold in this event for three-quarters of a century.

As he says: "I may not be able to produce a really fast time in a one-off race, but I know that I'll have the strength in the home straight of a championship final, and that's where they hand out the medals."

—David Lennon

LUXEMBOURG

NI XIA LIAN

**N**i Xia Lian thought her days of competing in international table tennis were over when she left China in 1988. She'd been an undisputed star—a member of China's world championship winning team in 1983 and winner of the world mixed doubles championship in

the same year. But then something went wrong. She was left out of the Chinese team for the 1985 world championship for what she says were "unfair" reasons. "Some players were jealous of me," she says. Although she was the coach and leading player for the Shanghai team, "I knew I'd never get into the Chinese national team again. I felt that emotionally I'd finished with table tennis," she told *EUROPE*.

China's loss was Luxembourg's gain. In 1990, aged twenty-seven, she moved to the Grand Duchy at the suggestion of a friend. "It offered the possibility of playing international table tennis again and also there was work for my husband," she said. The Luxembourgers were not initially wild with excitement. Table tennis at that time was "just a hobby," she recalls, "they never bothered with the results. But it didn't matter for me. I'd been world champion."

Whether it was due to her personality or her skill at the table, Ni almost single-handedly changed things. "After a time, I began to get results, and they started

getting very interested and began supporting me," she says. Her standing was put beyond dispute when she won the European women's singles championship in 1998 followed by the US open singles in 1998 and 1999.

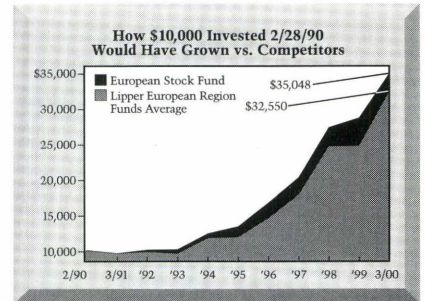
The popularity of table tennis in Luxembourg soared. Today there is a Luxembourg Table Tennis Federation with 4,296 members in 104 clubs and a highly organized league. Teams have become so ambitious that some will arrange for jobs in Luxembourg for good players from abroad simply in order to enlist their skills. "It's really due to Ni that table tennis has grown from a fringe hobby to a major leisure activity in the past ten years," says Dunc Roberts, editor of the *Luxembourg News*. Ni, who talks as she thinks, agrees. "Yes, I think it's fair to say that," she told us.

Ni and her doubles partner Peggy Regenwetter, a twenty-nine-year-old nursery school teacher, are in any case two of Luxembourg's most successful and popular sports personalities at present. The whole country rejoiced earlier this year

**CAPITALIZE ON EUROPE'S OPPORTUNITIES** **100% NO LOAD**

**T. Rowe Price European Stock Fund**

(PRESX) invests in large and small European companies positioned to benefit from opportunities arising throughout this dynamic region. And, as the chart shows, the fund has outperformed the average of its peer funds over time. International investing has special risks, including currency fluctuation and limited geographic focus. Of course, past performance cannot guarantee future results. **No sales charges.**



**Call for your investment kit including a fund profile or prospectus**  
**1-800-401-4158**  
[www.troweprice.com](http://www.troweprice.com)

Invest With Confidence®  
**T. Rowe Price**

21.52%, 20.92%, and 13.13% are the fund's average annual total returns for the 1-, 5-, and 10-year periods ended 3/31/00, respectively. Figures include changes in principal value, reinvested dividends, and capital gain distributions. Investment return and principal value will vary, and shares may be worth more or less at redemption than at original purchase. (Source for Lipper data: Lipper Inc.)

For more information, including fees and expenses, read the fund profile or prospectus carefully before investing. T. Rowe Price Investment Services, Inc., Distributor.

ESF054638



when they beat the top-seeded Germans to gain a place in the finals of the European championships. In each of the past four years Ni and Peggy have been voted the country's top sports team—an extraordinary achievement in a country where the word sport is virtually interchangeable with the word soccer.

Now the two women represent Luxembourg's brightest hopes for a medal in Sydney according to Pierre Gricius, sports writer for the *Luxembourg Wort* newspaper. The pair reached the quarterfinals of the world championships last year and Ni is currently ranked number ten in the world with Peggy at number 151. Gricius also mentions the athlete Nancy Kemp-Arendt in the triathlon, the swimmer Alwin De Prins in the 100 meter breast stroke, and the tennis player Anne Kremer, "but our best chance is with Ni and Peggy where we have a reasonable chance of a bronze."

It is a remarkable journey for Ni, who only became a Luxembourg passport holder in March after completing the required ten years of living in the country. She is relaxed about life now. She and her husband (also a former Chinese table tennis player) run their own export-import business, concentrating on trade between Europe and China.

And her own assessment of Sydney, both as a singles competitor and in partnership with Peggy? She thinks the two women can make it at least to the last eight. "But for me a gold medal is nearly impossible, and I'm not dreaming of that. If I can get a medal, I'll be very happy. My age, my situation, and my style are against me. I'm still popular in the world but not number one or two."

—Alan Osborn

## STOCKHOLM

### LUDMILA ENGQUIST

**S**ometimes, you don't have to be first to win.

When Swedish hurdling star Ludmila Engquist took a bronze medal for third place in the world championships last year in Seville, her victory was far greater than those of the two runners who placed before her. Engquist, diagnosed with breast cancer in early 1999, won the medal while being treated for the disease.

She also raced in Stockholm during her treatment, logging the world's ninth-best time for 1999.

It was something her doctors and even members of Sweden's Olympic Committee doubted could be done. When the committee announced that Engquist had cancer, it added in its statement that: "Naturally, Ludmila will not be competing at all this season."

Engquist, on the other hand, was determined to keep running—and to win.

Engquist's bronze made news around the world, eclipsing the first and second-place winners. When she returned to Sweden, she was hailed as a folk hero, not bad for a former Soviet citizen who only moved to the Scandinavian country in 1993. In December, she was voted Swede of the Year in a poll of 9,000 people by Swedish Radio.

Now, Engquist has set her sites on the Sydney Summer Olympics. At thirty-six, Engquist knows how tough the competition will be. Other competitors are younger. But she believes her training and focus can overcome that obstacle.

Engquist attributes her amazing comeback to a fermented oat drink, which she says helped banish the nausea of the cancer treatment and generally improve her health. She continues to quaff the drink daily, although she admits that she was skeptical to its benefits in the beginning.

"But the doctors hadn't offered me any kind of treatment for my stomach," she says. "We didn't have any alternative."

We, in this case, includes husband and trainer Johan. He and Engquist met in 1990 when she was Ludmila Navrosjilenko competing for the Soviet Union. A sporting goods salesman, Johan Engquist became Ludmila's manager and trainer. They married three years later, and she moved to Sweden.

Engquist has mixed feelings about her adopted country. On the one hand, she jokes that things are organized and work in a way they never did in the former Soviet Union. "If a bus is supposed to come at seven o'clock, it comes at seven o'clock. Where I grew up, nothing worked," she says.

On the other hand, Engquist finds Swedes withdrawn. "In Russia, people were more open and helpful...I don't understand the Swedish mentality. In Russia, we tried to learn from each other, but there are very few here who are interested in how I train," she says. "There is no real esprit de corps, no real pride in Swedish track and field, and that makes me very sad."

Engquist, however, seems to have always had inner strength. Her comeback from breast cancer is not the first time she triumphed over adversity when it seemed her career was over.

In 1993, during a competition in France, Engquist tested positive for anabolic steroids during random drug testing and was banned from competing for four years. But the ban was lifted in 1995, when her former husband, Nikolai Navrosjilenko admitted that he had doctored Engquist's sports drink with the drugs out of pure jealousy.

In 1996, Engquist competed for Sweden in the Olympics in Atlanta, winning the gold. She got approval from the Russian Olympic Committee to change her alliance, and became a Swedish citizen, just a few weeks before the games started.

After Sydney, Engquist sees herself competing for perhaps another year. Beyond that, she has a hankering to try bobsledding and compete in the Winter Olympics in Salt Lake City. "Obviously," she says, "the chance to be the first ever to win both the Summer and Winter Olympics is very tempting."

—Ariane Sains

## MADRID

### SPAIN'S HOOPS TEAM

**S**occer, without a doubt, is king in Spain, but basketball is clearly the second-most popular sport. Games of the US National Basketball Association are followed almost as religiously as local soccer, and every serious Spanish daily newspaper has its own US-based basketball writer opining on the American hoops season.

At home, the major local teams like Real Madrid attract passionate fans in the thousands as they play in Spanish league games or in European competition. So it's natural that everyone will be closely following the fortunes of the Spanish national team as it goes for the gold this fall at Sydney's SuperDome.

At the basketball draw last January to decide who will play whom come September, Spain was placed in Group B, along with Russia, Angola, Canada, Yugoslavia, and host Australia. It is a tough group, with Russia, Canada, and especially Yugoslavia fielding veteran teams, and coach Lolo Sainz says it will not be a walkover for his men to make it to the quarterfinals where the dreaded



US team is almost certain to be waiting.

"If we want to be a competitive team, we have to fight to be among the best. What is important is that we finish at least in third place," he said on the day of the draw in the Australian host city.

At first glance, the team from the impoverished and war-racked nation of Angola would be the least of Sainz' worries, but the Africans handily whipped the Spaniards on their home ground at the Barcelona Summer Olympic Games of 1992.

"There were two bogeymen for Spanish basketball in international games in the 1990s," the coach recalls, "Angola at Barcelona and China at the world championships in 1994. But we can't have any hang-ups or be nervous when we go up against the Angolans."

Until now, Sainz has been less than forthcoming on just exactly which Spanish players will be on the team plane to Sydney, but it is a sure bet he will be choosing several players from Spain's junior team, which won the world championships in their category last summer in Portugal.

—Benjamin Jones

## PARIS

### LAURA FLESSEL

**T**he comparison with runner Marie-José Pérec is inevitable. Born in Guadeloupe, cover-girl pretty, winner of two gold metals in the Olympics: Laura Flessel, twenty-eight, the fencing champion of the 1996 Atlanta Games, has all these points in common with the fleet-footed Pérec, who triumphed four years earlier in Barcelona. But beware. "The Wasp," as she has been nicknamed because of her lightning sting, does not enjoy being told that she is the Pérec of fencing. "No, I'm the Laura Flessel of fencing!" she insists. "I don't want anyone to forget that I am first and foremost a fencer. I owe everything to my sport and all the rest—the celebrity, the offers that come pouring in—all that is secondary and doesn't last."

Levelheaded and determined, Laura showed her strong character early on. Born in Guadeloupe on November 6, 1971, the second youngest of four children, she loved to roughhouse with her two brothers. Her parents decided to calm the little tomboy by sending her to ballet lessons. She was quite happy twirling around on the dance floor until

the age of seven, when she saw saber champion Jean-François Lamour on television and was enchanted. No dainty pirouette could compare with his dramatic lunges.

The next day, her parents signed her up for the local fencing club, where they were only too pleased to have her, in spite

of the fact that she is left-handed. Her first fencing teacher, Joël Teplier, still remembers her. "She was tiny, but already a real fighter. She was much faster than the others and very explosive, so much so that we had to work very hard to teach her to control herself."

The saber, with its swashbuckling



French fencer Laura Flessel is known as "The Wasp" because of her lightning sting.



slash and thrust, was the weapon that really attracted Laura, but it was not, and still is not, open to girls on a competitive level. So she contented herself with the foil and épée and rapidly won recognition in both disciplines.

After she had passed her baccalaureate at nineteen, Laura left home for Paris, where she started training at the Racing Club. She had to decide on one weapon and chose the épée, which was just in the process of being admitted as an Olympic sport. In 1991, her last year as a junior, she won the French championship and from then on focused all her energy on winning a place in the fledgling French women's épée team.

It took her four years, until the 1995 world championships in the Hague, where she won a bronze medal in the individual category and a silver in the team competition. During that time, she had started working in tourism and had also fallen in love and married Denis Colovic, a journalist. "It was important for me to work, to meet other people and talk about other things than fencing. It was equally important to share my life with someone and strike a balance between my sport, my work, and my private life."

Thanks to that fine sense of balance, Laura prepared for the Atlanta Olympics with a serenity that belied her twenty-four years. "I went there to enjoy myself," she remembers. "OK, it's true that I had prepared for these Olympics for four years, had even taken a year's leave of absence from my work to train hard. Physically, I was ready. Psychologically, there was the added motivation of being the very first to win an Olympic title in a new discipline. But I still went mainly to enjoy myself."

Enjoying herself, for Laura, meant winning. Teplier, her first teacher, who has become a friend, was in front of his television (like half of Guadeloupe) as she won the gold in Atlanta. "Once Laura reaches the finals, she doesn't have any doubts or hesitation anymore. She hates losing too much," he chuckles.

As luck would have it, the women's individual finals pitted Laura against her friend and teammate, Valérie Barlois, but that day, no personal feelings were going to get between her and victory. "Valérie was an opponent like any other. It was not the time to exchange pleasantries," is how she sums it up. She dispatched her friendly adversary in short order and went on, three days later, to win a second gold in the team category.

Since then, Laura has added two more individual world championships (1998 and 1999) and one team world championship (1998) to her list of titles. She has also moved into an executive position at the Paris Tourist Office and is preparing for this summer in Sydney. With typical farsightedness, she already knows what she would like to do after the Olympics: have a baby, and then move back to Guadeloupe with her family.

—Ester Laushway

## ROME

### FIONA MAY AND JOSEFA IDEM

**T**wo athletes Italy is counting on to win a medal or two at Sidney are not Italian. Or rather, Fiona May and Josefa Idem became Italians because they fell in love with Italian men.

Fiona May, an Anglo-Jamaican athlete, was the world long jump champion in 1995; a year earlier she had traded her British passport for that of the man she had fallen in love with, Italian high jump specialist Gianni Iapichino, whom she had met in a discotheque in Sadbury, Canada. "It was in 1988, we were celebrating the conclusion of the junior track and field championships," she recalls. "He had been looking at me for a while. So, at a certain point, I called him over, with a whistle." Now Iapichino, who has since retired from competition, is his wife's trainer.

The German canoeist Josefa Idem tells a similar story. She met Italian Guglielmo Guerini, a fellow canoeist, and they got married. Today they live out in the country near Rome and have a daughter. He no longer competes and is now his wife's personal trainer. She has given Italy some of its most important victories in her specialty.

However, these two stories about changes in nationality have something else in common. The change has proven lucky for both Fiona and Josefa. They had both been successful athletes in their home countries. Josefa, in particular, had won her first German championship in 1979. But the important international victories came with their new citizenship.

Josefa has collected Olympic medals since getting married. One of these medals in particular will be remembered in the annals of competition, even if it was only bronze. At the 1994 world

championships in Mexico, Josefa competed even though she was three months pregnant. But no one knew, not even her husband.

"I felt so bad, nausea and everything. I was suffering a lot. I had lost weight. But I didn't tell anyone, so I would be allowed to canoe." Fiona and Josefa aren't as young anymore. Fiona is thirty years old and only after much uncertainty and a lot of encouragement from her supporters has decided to play her last card at Sidney. Josefa, nicknamed Sefi, is thirty-six. Both of them have already announced that, however it goes for them at Sidney, this will have to be their last Olympics.

Italians are counting on them. But whatever the Olympic results, they have already achieved a victory. After many years of marriage, they still have their husbands at their sides.

—Niccolò d'Aquino

## VIENNA

### STEPHANIE GRAF

**S**tephanie Graf knows what it means to follow in her mother's footsteps. The 800-meter runner will appear in her first Olympic competition this year, nearly thirty years after her mother raced her way onto the Austrian Olympic team in the same discipline.

But Rita Graf's dream of gold in the 1972 Junior Olympics in Munich, Germany, was cut short. She was two months pregnant with Stephanie, and too ill to compete on the big day.

Yet she must have transferred her love of the sport to her daughter, who at a young age clamored to become a runner, just like her mother. But her parents told her she was too young and took her skiing instead.

"I first did ski races, but I was always crying because I was always second," Graf recalled. But as a present for her tenth birthday "my parents allowed me to participate in a [foot] race."

She ran 1.5 kilometers and wound up in fourth place, strengthening her determination to succeed in the sport. By the age of twelve or thirteen, she was running two or three times a week and always won the races in which she competed.

She quickly found she was not a sprinter, and 2,000 meters "was too long and I hated it," she said. "After a time, I realized the only thing I was really good at was the 800."



Now the twenty-seven-year-old runs twice a day in her hometown, Voelkermarkt, logging about sixty miles each week. She also does weight training three times a week. Along with being physically fit, "if you run the 800, you have to be mentally very strong," she said, and for two years she worked with a mental trainer to learn to not psyche herself out.

Just 300 meters into an 800-meter race, a runner feels pain. "I always thought about the pain," Graf said. But this year, at the Indoor European Championships in Ghent, Belgium, where she nabbed first place, she sang songs to herself instead.

She also is the Austrian indoor record holder, with a time of 1.57.80, a time she's run three times this year, and in 1998 won the bronze medal in the European Championships in Budapest.

Four years ago, she was too slow to qualify for the Atlanta Olympics. "It wasn't the right time. It was too early," said Graf, who is following a step-by-step development program.

For the Sydney Olympics, Graf is not focusing on being first. Rather, "it's very important to be consistent to reach the finals," and she realizes competition will be stiff.

About thirty women now can run 800 meters in less than two minutes. "About fifteen will have a real chance to get into the finals," she said. "I think the step from semifinals to finals will be very hard."

While most 800-meter runners reach their peak between the ages of twenty-eight and thirty-two, Graf already is thinking about her future. She now studies Italian and mathematics at the University of Klagenfurt, and wants to teach at the high school level when she retires from track and field.

"I'm thinking about life after sports," she said. "I think it's important that each athlete should think about it."

—Susan Ladika

## BERLIN

### SANDRA VÖLKER

**"W**hen I can't see the bottom, I'm really frightened of water," admits Sandra Völker, twenty-six, one of the world's best swimmers. This year may be the most successful in Sandra's career. She is triple world champion, twenty-one times European sprint champion (short length), and thirty-one-time



Germany's Sandra Völker competed in the 1996 Olympic Games in Atlanta and is a medal favorite in Sydney.

German champion. She holds eleven world records and twelve European records. In September at the Olympic Games in Sydney, the ambitious Hamburg athlete hopes to win gold. "At the moment," Sandra says. "I'm preparing hard for the Olympics. I'm swimming twenty to forty-five kilometers a week. I'm in the water about six hours a day—and then I do extra sessions to build up my muscles and improve my stamina."

Although training dominates her normal "working day," she still finds time for in-line skating, riding her motorbike or reading books. On the web at [www.evita.de](http://www.evita.de), Sandra gives exclusive fitness and swimming tips. "You don't have to go down to the local gym to keep fit. The exercises I show people on the web site are the sort of thing you can easily do in your own room," she says.

Sandra decided to take up swimming as a competitive sport when she was twelve—late by today's standards. Before that, she did gymnastics and jazz dance. Her success and in fact her career is something of a miracle. Twice she was on the brink of giving up competitive swimming. The first low point came in the 1992 Olympics. Sandra had trained harder than she had ever done before for what was her special event at the time, the 100-meter backstroke, but she missed getting into the finals by one-hundredth of a second. "It was terrible. I

was so disappointed," Sandra recalls. It was the year of Germany's aquatic "Lolita," Franziska van Almsick from the former East Berlin who swam her way into the hearts of East and West Germans alike. At the Barcelona Olympics, barely fourteen-years-old she took the swimming world by storm winning two bronze and two silver medals. "Franzi" had become the first sports superstar of the united Germany, and the German press went on and on about her "long legs, pouting mouth, and dark eyes." Sandra almost broke under the competition with her younger teammate. Her ambition made it impossible for her to accept being number two. She could not concentrate. "The phenomenon Franziska constantly occupied my mind," she recalls.

Sandra's boyfriend Dirk Lange, also a competitive swimmer, built up her confidence again and started to coach her. He changed the direction of her training, concentrating on her skills as a specialist over short distances. Sandra is ideal for sprint stretches because she is powerfully built and has an explosive start. So Lange got her into strength training. Now she can lift 220 pounds and bench press 198.

This change of tactic soon paid off. By the winter of 1992 Völker had made it to European Championships. Her confidence over short distances grew. The year 1996 not only brought medals at the Olympic Games in Atlanta, laying the ghost of Barcelona to rest, but it was also the year she finished school and split up with her boyfriend Dirk, who, however, stayed on as her coach.

Another crisis occurred at the beginning of 1998. She decided to take a break. Training was cut back. But soon she noticed that living without competitive sport was not as easy as she thought.

Her more relaxed approach is paying off. At the World Championships in December 1998, Völker swam a new world record in fifty meters freestyle. 1999 was a particularly "super year" for Sandra. She won a gold and a silver medal at the World Championships in Hong Kong; she set a record in fifty meters back-



stroke in Monte Carlo; and at the European Championships in Istanbul, she snatched five medals (three gold, one silver, and one bronze).

This time Sandra need not fear Franziska van Almsick's incubus at the Sydney Olympics. Referring to Almsick's prospects, Kirstin Otto, a sports commentator and former East German swimmer who won six gold medals in the Seoul Olympics in 1988, laconically remarks "a star is slowly fading away."

—Wanda Menke-Glückert

## HELSINKI

### AKI PARVIAINEN

The Finnish love of track and field events is well known, but these days it is burnished by enthusiastic memories of past triumphs rather than sustained by contemporary achievements. It is astonishing that champions like Paavo Nurmi, whose long-distance running first became famous in the twenties, should still be talked about today by generations that never saw him in the flesh. Lasse Viren, who is still with us, remains the subject of vivid recollection for winning four Olympic gold medals nearly thirty years ago. The white finger of the Olympic stadium tower, where the games were held in 1952, still dominates the skyline of Helsinki's northern suburbs.

Finns have not recently produced world-class runners—though they live in hope. They have concentrated instead on so-called "strength" events such as shot-putting and javelin throwing. Asked why this is, the Finnish sports fan will deploy the old explanation that Finns are not good at team sports. They prefer the strong and rugged loner, identifying with him or her to a remarkable degree, and this better matches the national character.

It is fair to say that Finnish expectations for the Sydney Games are not very high though, as a sports-devoted nation, the events will be enthusiastically followed in every detail. Hopes of a gold medal rest almost entirely on the beefy shoulders of Aki Parviainen, a twenty-six-year-old Helsinki lad, who last year at Seville became the world champion javelin thrower, hurling his *keppi* (stick, as he calls it) 93.09 meters.

In every respect he fits the Finnish stereotype of what a sports icon should be—the loner, tireless perfectionist, good-looking, and modest to a fault

about his achievements of which the public began to take notice when he won the Youth Championship in 1992. However, in keeping with his own generation, Parviainen is more talkative and genial than older athletic stars, and his public utterances have made him a popular figure. He is a family man with two small sons and by profession a sports masseur.

"There is no need to brag or posture just because one is a champion and hopes to be so again," he says. "In the end I just want to be myself, although I do understand the demands that the resulting publicity makes."

Like many Finnish athletes, he trains extensively on the Costa del Sol in Spain where the weather is reliable and warm. He claims that there is nothing to do in the out-of-season resort of Benidorm, so he can be completely single-minded about his practicing under his trainer Jarmo Hirvonen.

He says that intensive exertions are now required for the Sydney Games because the world standard in javelin throwing has risen by about five meters during the past few years; this was particularly noticeable in Seville.

Training is always tough for Finnish athletes. Parviainen lives in the town of Joensuu not far from the Russian frontier, where the winter is dark and arduous. "At home, I have to train in small, drafty halls that are less than ideal for my purposes," he points out. Well, how does one practice javelin throwing indoors? At one end of the building, a special heavy curtain is suspended that catches the "stick" before it goes through the wall.

He complains, too, of the small muscular injuries to which javelin throwers frequently fall prey. "You have to take care of them all the time." But now, he is in good shape and good spirits. He will not encourage too much enthusiasm about his prospects in Sydney. With all the nation's hopes riding on a single athlete, his responsibility is huge and he knows it.

—David Haworth

## COPENHAGEN

### GOLDEN FOURSOME

About 100 Danes are expected to be sent to the Sydney Olympics. Final qualifications for the team are to be reviewed in August, but for the best athletes, qualifying is a mere formality.

Among them the golden foursome, the four rowers who are considered national favorites for the only gold medals that sports pundits here expect that Denmark has a fighting chance to win.

All four live in Copenhagen, which, with its proximity to numerous lakes, hosts most of Denmark's rowing clubs, and they have an impressive record in the category HPL 4-lightweight boat, with a crew of four. Three crew members were on the winning team at the last Olympic Games in 1996. Victor Feddersen, thirty-two, rowed on the winning boat at the World Championships in 1997, 1998, and 1999. He is a consultant and makes no secret of his ambition to be a winner in Sydney.

Thomas Poulsen, the thirty-year-old second member of the winning team at the last Olympics, is a trained silversmith and works for Georg Jensen, the world famous Danish silver retailer. He is also a mountain biker and a devoted Discovery Channel fan. The last Olympic veteran is Eskild Ebbesen, a twenty-eight-year-old student working toward a Master's degree in sports studies.

The fourth and youngest man on the team is the twenty-seven-year-old Thomas Ebert. He is a naval engineer at Carl Bro, a Danish-owned international consultancy firm, and in his spare time is a hunter. He won three World Championships and three World Cups with Victor Feddersen since the last Olympics.

Three of the rowers belong to the Danish Students Rowing Club, located just north of the Port of Copenhagen. Victor Feddersen is the odd man out; he is a member of the Bagsvaerd Rowing Club, on the shore of a lake ten miles north of Copenhagen.

Rowing is not the only water sport strongly represented on the Danish Olympic team. Mette Jacobsen, twenty-seven, won the 1999 women's World Championship in butterfly on the short course, and Kristine Roug figures to give a strong showing in sailing.

Altogether Denmark will compete in fourteen different Olympic disciplines. Other Danes to watch are Peter Gade in badminton, an All England winner; Camilla Martin, who won the badminton World Championship in 1999, and track star Wilson Kipketer, a professional runner and winner of the 1997 track and field World Championship in the 800 meters. However, none of them are expected to do as well as the golden foursome rowers.

—Leif Beck Fallesen



# ARTS & LEISURE

## ART

### THE IMPRESSIONISTS AT ARGENTEUIL

*National Gallery of Art; Washington DC; until August 20.*

*The Wadsworth Atheneum Museum; Hartford, Connecticut; September 9–December 3*

In December 1871, Claude Monet moved to the northwest Paris suburb of Argenteuil. A railway line constructed twenty years before had made it possible for middle-class Parisians to escape the city, and in the interven-

ing two decades, it had attracted many residents and several businesses, transforming the cute village into a prosperous growing town.

As Argenteuil was coming into its own as a thriving suburb, the revolutionary new movement of painting known as Impressionism was emerging on the Paris art scene. Actually, the term “Impressionism” was first used in mockery by a critic who attended the first group exhibition where Claude Monet’s painting *Impression, soleil levant* was on view. Independent and innovative, these painters possessed a new vision of form, light, and subject and

developed new painting techniques in order to express themselves—employing small irregular brushstrokes and unmixed primary colors and often leaving their finished canvases with uneven surfaces. The Impressionists chose their scenes from modern life and painted outdoors as nature was for them a source of sensory impressions. They rejected the constraints of the official art exhibitions of the times and organized their own art exhibitions.

As one of its leading figures, Monet helped mark the path that many of his fellow Impressionists would follow

out of the streets of Paris and into the lanes of suburbia. They came to visit him, share meals, and, of course, paint. Argenteuil offered a broad variety of subjects, and during the 1870s and 1880s, the Impressionists captured its garden scenes and river views as well as its smokestacks and trestle bridges on hundreds of canvases.

Not long after his arrival in Argenteuil, Monet painted *The Promenade at Argenteuil*. Although serene and harmonious in its composition and rendering of the light and atmosphere, the painting depicts modern life with the industrial chimneys silhouetted against the sky.

A new exhibition of the works that emerged from this town is making a couple of stops in the United States through the end of the year. *The Impressionists at Argenteuil* features fifty-two oils by Monet, Eugene Boudin, Gustave Caillebotte, Edouard Manet, Auguste Renoir, and Alfred Sisley.

*The Impressionists at Argenteuil* can be seen at the National Gallery of Art, Washington DC until August 20. The Wadsworth Atheneum Museum, Hartford, Connecticut will host the exhibit from September 9 through December 3, 2000.

—Anne Depigny



Claude Monet painted *The Promenade at Argenteuil* soon after arriving in the Paris suburb where he would live for six years.



## BOOKS

## NEW BALKAN BOOKS

**Virtual War: Kosovo and Beyond**

By Michael Ignatieff;  
Metropolitan Books;  
246 pages; \$23.

**Kosovo: War and Revenge**

By Tim Judah; Yale University  
Press; 336 pages; \$18

**The Balkans**

By Misha Glenny; Viking;  
726 pages; \$35

**T**he scariest thing about the Kosovo war is that it, not the Persian Gulf war of 1991, may be the real model of future conflicts—messy, replete with unintended consequences, and concluded with no clear-cut victories or idea of what happens next.

The NATO bombing campaign, which its leaders expected to be brief, went on for seventy-eight days. A war fought for humanitarian purposes created Europe's worst humanitarian disaster since World War II. And instability in the Balkans, with all its potential consequences for the rest of Europe, is as virulent now as a year ago.

All these points and more are raised in three thoughtful, well-written, and important books. British journalist Tim Judah has produced as a well-informed a work on Kosovo as is likely to appear in the English language. Misha Glenny, a BBC journalist who anticipated the dreadful consequences of the collapse of Yugoslavia long before most of his colleagues, has mined new depths in his latest book aimed at showing how outside intervention has proven so disastrous for the Balkans for more than a century. But if non-specialist readers are to settle on one international affairs book for this year, they might be best directed to Michael Ignatieff's treatise on

modern war and its military and political consequences.

Ignatieff, a Canadian resident in London and familiar to American readers through his pieces in the *New Yorker* and *New York Review of Books* as well as a recent biography of Isaiah Berlin, has used this book as a device to develop theories around earlier reporting.

The title reflects the book's major premise, that when advanced Western countries attack lesser developed foes without suffering casualties, the war is virtual and not real for them except for the few hundred pilots firing their precision weapons at vast distances. It raises a key question of whether Western nations are now more likely to embark on military campaigns if they appear so risk free. The American political and popular response thus far to the Kosovo experience would seem to answer no. And on the other side of the Atlantic, Kosovo provoked such fissures in NATO that leaders would be loath to repeat it. Kosovo was a war without victory parades or inflated poll ratings for either the military or civilian leaders.

Ignatieff's reporting from NATO headquarters in Belgium as well as from Kosovo lights on anomalies as well as questions. For example, there are platoons of lawyers now attendant on military bombing decisions, but it is not out of the question that recently created war crimes tribunals could end up investigating NATO attacks on Serbian targets.

And there is the ultimate question: if Western nations are so concerned about maintaining standards of human rights in the Balkans or elsewhere, to what degree are they ready to risk the lives of soldiers on the ground to match their oratory?

Judah has been covering the collapse of Yugoslavia from the beginning, first in

Belgrade for the *Times of London* and the *Economist*. His reporting is exhaustive and often exquisite, for instance noting that at the Rambouillet conference French culinary hospitality varied with the intensity of negotiations among Serbs and Kosovars. If there was hope of agreement, the number of cheeses served the delegates dropped from twelve to one mere Brie as did the offerings of Cognac.

Judah and Ignatieff agree that the war commenced among critical miscalculations. NATO leaders believed a few days of bombing would bring Serbia to terms. Yugoslav president Milosevic thought NATO lacked the will to pursue a longer or bloodier war, a view enhanced by President Clinton's critical tactical error of publicly stating at the outset that ground troops would not be involved.

Judah concludes with the pessimistic prediction that NATO troops, no longer needed in Germany, will find their next half-century's vocation in Kosovo. And if the Serbs have remembered the first Battle of Kosovo for more than 600 years, how long will they wait to gain revenge for the second?

And what all three authors agree upon, and the first two documents, is how much Kosovo was a propaganda and information war fought intensely by both sides. By inviting CNN and other Western news organizations to cover the bomb damage, Serbia was trying to weaken the will of the Western public. NATO exploited the pictures of the refugee flood, especially the Holocaust imagery of deportees in trains, to assert its moral position.

While Judah and Ignatieff regard Western intervention in Kosovo as basically inevitable and moral, Glenny takes a different tack. To claim a moral victory, he argues, would require revers-

ing a pattern of more than a century—of the West massively intervening, in his words deploying or exciting violence, and then retreating and disclaiming responsibility for the consequences. He argues that much of the last century of Balkan violence can be laid on the West's doorstep since the Congress of Berlin in 1878, the 1914 Austrian ultimatum to Serbia, and the post-World War II carve-up of the Balkans between pro-Soviet and pro-Western regimes or spheres of influence. This, of course, is in sharp contrast to the prevailing popular Western view that the Balkans are full of blood-thirsty people whose squabbles drag the West into destructive wider wars.

Based on the West's halting efforts so far to bring order or restoration to either Kosovo or Bosnia, Glenny asserts that without a massive political and economic investment in the region, its suffering will continue for decades more into the new century and millennium.

Whether Balkan suffering is the cause or effect of larger wars, that is the most pessimistic prediction of all.

—Michael D. Mosettig

**Photo Credits**

Cover: AFP  
p. 8: Stephanie Cardinale/Corbis Sygma  
p. 9: Eric Hadj/Sipa Press  
p. 10: AP/Wide World Photos  
p. 11: Despotovic/Corbis Sygma  
p. 12: Reuters  
p. 13: P. Lesegretain/Corbis Sygma  
p. 15: Reuters  
p. 17: AP/Wide World Photos  
p. 18: Courtesy DreamWorks  
p. 19: Courtesy US Filter  
p. 20: P. Lesegretain/Corbis Sygma  
p. 21: Courtesy US Filter  
p. 22: Courtesy Renault  
p. 24: Isett Stuart/Corbis Sygma  
p. 25: Patrick Robert/Corbis Sygma  
p. 26: AP/Wide World Photos  
p. 27: Yannis Kontos/Corbis Sygma  
p. 29: Andre Jenny/International Stock  
p. 30: Australian Tourist Commission  
p. 31: Bryan Peterson/FPG  
p. 32: Reuters  
p. 33: Yannis Kontos/Corbis Sygma  
p. 34: AP/Wide World Photos  
p. 35: F. Nebinger/Sipa (top);  
Amwell/FPG (bottom)  
p. 36: Australian Tourist Commission  
p. 37: AFP  
p. 39: AFP  
p. 40: Mark Thompson/Allsport  
p. 43: Jean-Yves Ruzsniowski/Corbis  
p. 45: AP/Wide World Photos  
p. 47: National Gallery of Art,  
Washington, Alisa Mellon Bruce  
Collection



No One Covers the New Europe Like...

# EUROPE

M A G A Z I N E

Subscribe to EUROPE, the only magazine that covers timely and important business, economic, and political events not only in the European Union but throughout Europe. From Paris to Moscow, from politics to travel, EUROPE gives you the information you need to stay on top of the news.

No one covers the New Europe like EUROPE.

Return this coupon to EUROPE, P.O. Box 55935, Boulder, CO 80322-5935

\$19.95 for one year (10 issues).

\$34.95 for two years (20 issues).

Name .....

Address .....

City .....

State..... Zip .....

payment enclosed

please bill me.

5L00



The world is changing.  
Here is another sign.



[www.francetelecom.com](http://www.francetelecom.com)

 **france telecom**