Denmark • Mideast Update • Salamanca • Summer Festivals

EUROPE

June 2002

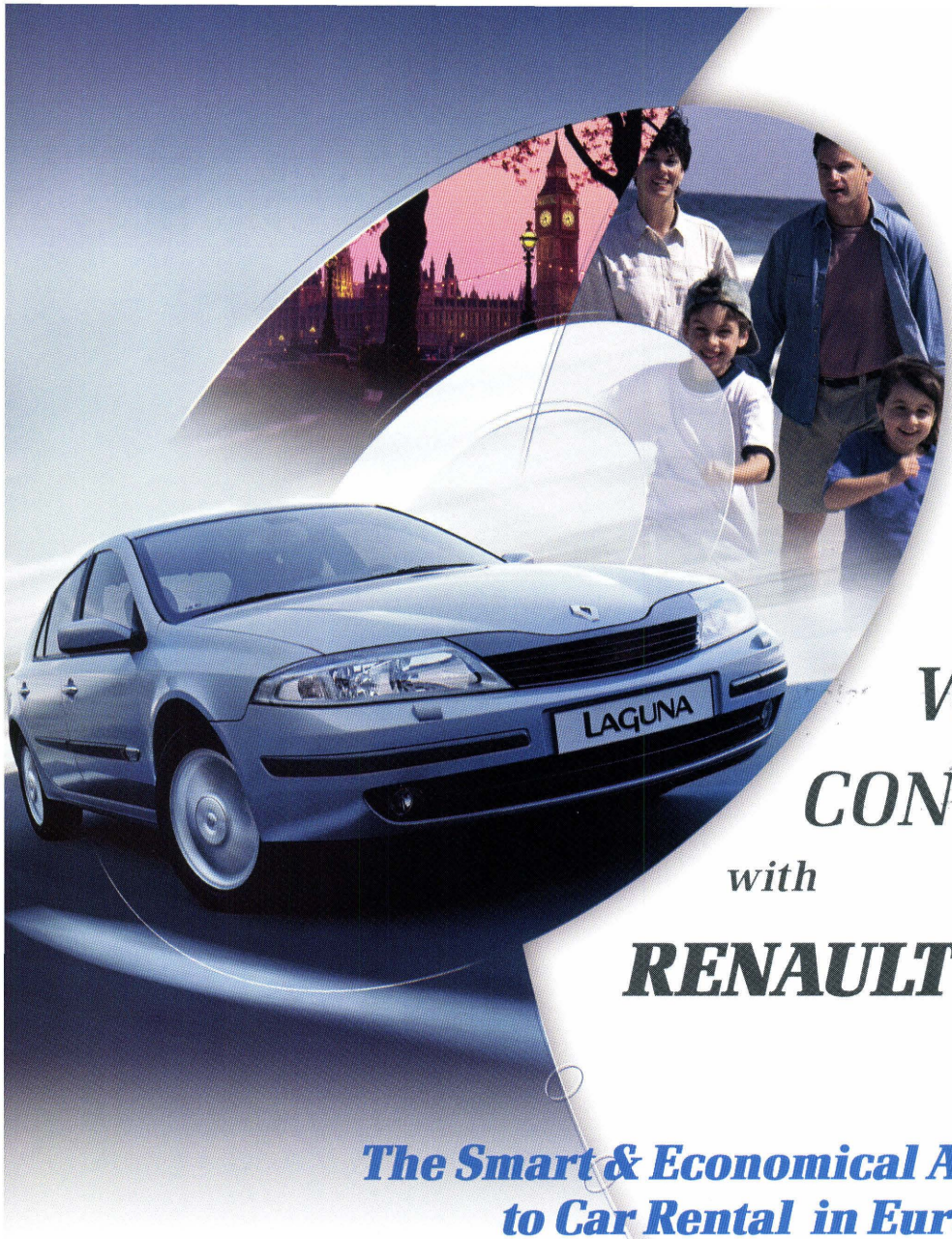
The New Russia Takes Shape

- Gorbachev Speaks Out
- G8 Preview
- Poland & Enlargement

.95/Can $3.95/EU €3

06

0 73361 64644 6



DRIVE EUROPE WITH CONFIDENCE

with

RENAULT EURODRIVE

The Smart & Economical Alternative to Car Rental in Europe.

- A factory-direct brand new car. Don't forget to request your free cellular phone.
- Fully comprehensive insurance, no deductible
- 35 delivery and return locations throughout Europe
- 24x7 English-speaking roadside assistance
- Unlimited mileage
- No age restrictions
- Tax free, no "one way" fee
- ...and so much more

Starting at $529 for 17 days.

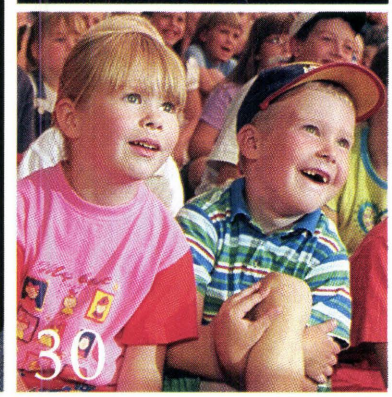
RENAULT EURODRIVE

l'Europe en Liberté

For information & reservations:

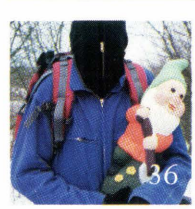
• Tel: 212-532-1221 or Toll-Free 1-800-221-1052 • Fax: 212-725-5379 •

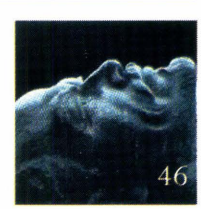
• E-mail: Info@RenaultUSA.com • www.RenaultUSA.com •



CONTENTS

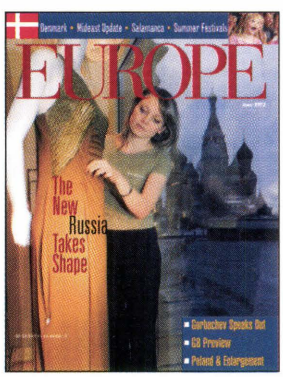
EUROPE
Magazine of the European Union
JUNE 2002 NUMBER 417





DEPARTMENTS

LETTER FROM THE EDITOR



Will Russia ever become a member of the European Union? That appears highly unlikely in the near future. However, relations between the EU and Russia continue to strengthen. "The economic integration between the 375 million Europeans and the 196 million Russians will be deepening as Moscow and Brussels try to build the political institutions that can manage the new relationship," writes Martin Walker, a former Moscow bureau chief for the *Guardian* and currently an international correspondent for UPI, in his article entitled "The New Russia Takes Shape." Walker also analyzes the growing Russian economy and looks at EU-Russian trade and how that trade is increasingly denominated in euros. Italy is working especially hard to build its trade with Russia, investing heavily in a range of Russian sectors, from oil to dairy produce. Writing from Milan, contributing editor Stephen Jewkes reports, "Italy is today Russia's second biggest trading partner among the industrialized nations."

Meanwhile, Mikhail Gorbachev, the former leader of the Soviet Union, has embarked on several new careers since his departure from office, including a stint as a pitchman for Pizza Hut and a highly paid public speaker. He also helped found Green Cross International, an environmental organization based in Switzerland, and heads a public affairs foundation in Moscow. In an exclusive interview with *EUROPE* contributing editor Axel Krause, Gorbachev discusses Russia's relations with the EU and NATO, the performance of Russian President Vladimir Putin, and the international war on terrorism.

The distance between the EU and Russia is likely to shrink geographically as Poland's negotiations with the Union move toward their final phase. Amy Kaslow, a popular voice on Public Radio International's Marketplace, recently traveled to Poland to see how Poles are preparing for EU membership possibly by the year 2004. Find out why the Polish minister for European integration Danute Huber told her, "It's going to be a very difficult year and a half ahead."

The annual G8 economic summit takes place later this month in the mountains of Canada near Calgary. Barry D. Wood, a veteran of many of the previous G8 summits, explains why this time the G8 will have a different feel about it. For one thing, this year's host, Canadian Prime Minister Jean Chretien, has reduced the size of the member delegations and plans on focusing on Africa and the AIDS epidemic.

Denmark is preparing for its six-month EU presidency, which begins next month with one main issue in mind: enlargement. Maria Bernbom, reporting from Copenhagen, explains why enlargement will be the focus of the Danish presidency.

Giancarlo Chevallard, head of the European Commission's Tel Aviv delegation, spoke to *EUROPE* last month about the turmoil in the Middle East and the EU's growing role in the region.

Salamanca is one of the Cultural Capitals of Europe this year. Benjamin Jones, our contributing editor in Madrid, offers some background on the historic university town and the festivities it has planned for this summer.

If you decide to travel to Scandinavia this summer, *EUROPE* gives you a comprehensive festival guide for Denmark, Sweden, and Finland.

Robert J. Guttman

Robert J. Guttman
Editor-in-Chief

EUROPE

PUBLISHER	Willy Hélin
EDITOR-IN-CHIEF	Robert J. Guttman
GENERAL MANAGER	Anne Depigny
SENIOR WRITER	Peter Gwin
ASSOCIATE EDITOR	Susan J. Burdin
SECRETARY	Julie Calaz
CONTRIBUTORS	
ATHENS	Kerin Hope
BERLIN	Terry Martin
BONN	Wanda Menke-Glückert
BRUSSELS	Dick Leonard
COPENHAGEN	Leif Beck Fallesen Maria Bernbom
DUBLIN	Mike Burns
THE HAGUE	Roel Janssen
HELSINKI	David Haworth
LISBON	Alison Roberts
LONDON	Bruce Barnard David Lennon
LUXEMBOURG	Alan Osborn
MADRID	Benjamin Jones
MILAN	Stephen Jewkes
NEW YORK	Lionel Barber
PARIS	John Andrews Axel Krause Ester Laushway
ROME	Niccolò d'Aquino
STOCKHOLM	Ariane Sains
VIENNA	Alexandra Hergesell
WASHINGTON	Martin Walker
DESIGN	The Magazine Group, Inc. Jeffrey Kibler
INTERN	Aniela Zagajeski
ADVERTISING INFORMATION	Anne Depigny tel. (202) 862-9558 fax (202) 429-1766

EUROPE, *Magazine of the European Union* (ISSN 0191-4545), is published on the 1st of each month, except January and August, by the Delegation of the European Commission, 2300 M Street, NW, Washington, DC 20037.

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) 862-9519. Available in microform from UMI, 300 N. Zeeb Rd., Ann Arbor, MI 48106; (313) 761-4700

World Wide Web: www.eurunion.org

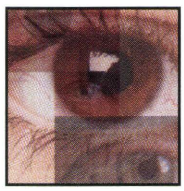
Newsstand distribution: Eastern News 1-800-221-3148

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.

EYE ON THE EU

Profiling personalities and developments within the European Union



HOW WILL THE COMMISSION FARE AT THE CONVENTION?

Who loves the European Commission? Hardly anybody, if you believe its critics in the popular press, who customarily describe its members as "unelected Brussels bureaucrats," often bracketing this with criticism of its employees' salaries and the untrue assertion that these are tax-free.

It is not just the press—or large parts of it—which has it in for the Commission. Governments of the member states have often made it the scapegoat for their own discontents.

Even the Blair government in the United Kingdom, whose attitudes toward the European Union have been so much more positive than those of its Conservative predecessor, seems to have carried over its low opinion of the Commission. Peter Hain, the UK's Europe minister, who is also its representative at the convention on treaty reform, referred to it dismissively as a mere "civil service" in a recent speech in Brussels, seemingly oblivious of the important political role assigned to it by the Treaty of Rome.

There is now a risk that pressure will build up within the convention to reduce that role, to the alleged benefit of either the Council of Ministers or the European Parliament. Many veteran Brussels watchers believe it would be a black day for Europe's future if that were to happen.

Under the Rome treaty, the Commission has three main tasks. It has the right of initiative—the right to propose legislative action to the Council of Ministers, whose role is to decide, in consultation or co-decision with the Parliament, whether to adopt them.

It acts as the "guardian of the treaties." It has to ensure that the member states respect their obligations under the treaties, with the right to arraign them before the Court of Justice if they appear to be in default.

Finally, it must manage common policies adopted by the Community.

The "founding fathers" of the EU assigned these responsibilities to the Commission because they believed that they should belong to an independent body, which represented the interests of Europe as a whole. By contrast, both the Council and the Parliament represent sectional interests, however large: those of the member states in the case of the ministers and those of their constituents in the case of the members of Parliament.

The independence of the commissioners is underlined by their oath of office in which they undertake "neither to seek nor to take instructions from any government or body." Although they are nominated by governments, they cannot be fired by them.

The future of the Commission is currently being debated in a thoughtful exchange of opinions on the Web site of the Brussels-based think tank, European Policy Center www.theEPC.be. Two former senior Commission officials, John Temple Lang and Eamonn Gallagher, kicked off the discussion with a long paper on the subject.

Their argument centers on the point that only the independent status of the Commission makes majority voting in the Council acceptable to all the member states. In drawing up its proposals, the Commission has to take into account not only the presumed wishes of the majority, but it also has to build in the maximum concessions possible to meet the objections of the minority.

The independence of the commissioners is underlined by their oath of office in which they undertake "neither to seek nor to take instructions from any government or body."

It is only because they are convinced that, in general, they will get a fair deal from the Commission that member states are prepared to accept being outvoted on particular occasions.

The two authors carry their argument a stage further, saying, with great insistence, that this degree of trust in the impartiality of the Commission is only possible because every member state is represented on it. They deplore the provision in the Nice Treaty that once the membership of the EU reaches twenty-seven members, the number of commissioners should be less than the number of member states.

The argument for a smaller Commission is that there are not sufficiently worthwhile portfolios to justify a larger membership, that it would be invidious to distinguish between senior and junior commissioners, and that what is needed is a small efficient executive body rather than a large talking shop. Temple Lang and Gallagher reply that the executive role of the Commission is less important than its representational role and that its essential function is to be "a policy-proposing think tank."

There are those who argue these two roles are not incompatible and that full representativeness *over time* should be the objective rather than that all countries should permanently have the right to a commissioner. The optimum size, they contend, would be twelve or at most fifteen members, with a flexible rotating system among the member states. If a rule were agreed upon that no member state should be continuously represented for more than two consecutive five-year terms, and that none should be excluded for longer than two terms, up to thirty-six (or forty-five) countries would be accommodated, which is comfortably above the number envisaged for the foreseeable future.

Over the years, the Commission's performance has varied, but a strong argument can be made that it has been at its best when led by strong presidents, such as Walter Hallstein and Jacques Delors. Maybe the most positive contribution the convention could make would be how best to foster—perhaps by direct election—the emergence of such strong leadership.

—Dick Leonard

EURO NOTES

Reporting news, notes, and numbers from Europe's financial centers

EURO WEATHERS TWO POLITICAL STORMS

Europe's single currency came of age this spring when the strong performance of Jean-Marie Le Pen, leader of the extreme right and anti-euro National Front, in the first round of France's presidential election barely affected its value on the foreign exchange markets. Pascal Lamy, the EU's trade commissioner, said his success would have triggered a devaluation of the French franc by up to 40 percent. "The euro protected France from Le Pen's first round score," he said.

The slaying of Pim Fortuyn, a right wing Dutch populist politician on the eve of a general election, likely would have fatally wounded the guilder, one of Europe's strongest currencies, but the country's first political assassination since the seventeenth century had no impact on the euro.

There are signs also that the long-awaited recovery of the euro against the dollar—it has lost more than a quarter of its value since its launch in January 1999—might soon get underway. True, its recent "strength" on the currency markets mostly reflects the weakness of the dollar prompted by bearish US economic numbers. But currency analysts say a rebound in the twelve-nation euro-zone economy, aided by the European Central Bank's interest rate cuts, in the second half of the year will enable the euro to flex its muscles.

The euro's anemic performance against the dollar—it was fetching around 90 cents in mid-May compared to $1.17 on its debut—does not accurately reflect the contrasting performances of its member economies and the United States. The euro-zone economy has made some significant gains despite suffering one of the steepest slowdowns in a decade. The number of people seeking work increased by only 0.1 percentage points over the past year to 8.4 percent in May while US unemployment touched an eight-year high of 6 percent. Between 1996 and 2001, euro-zone employment grew by 1.6 percent a year, outpacing a 1.3 percent rise in the US, although US annual economic growth averaged 3.6 percent versus the euro zone's 2.5 percent. The EU's ability to create jobs in the midst of a global economic downturn reflects an increasing flexibility in its labor market, the rise in part-time and temporary work, cuts in employers' social security costs and income tax, and a clampdown on welfare cheats.

The dollar still has the edge, however, because US productivity gains continue to race ahead of growth in the European Union. If the EU can match the US success in keeping unemployment low while boosting productivity, the euro will rapidly claw back its losses against the greenback.

But there is a real risk that Europe's politicians are willing to jeopardize the euro's still fragile success by breaching the deadlines they agreed to at the Barcelona summit in March to achieve budgets close to or in balance by 2003 or 2004.

In France, President Jacques Chirac has made spending commitments on the eve of June's parliamentary elections that would push back the date for a balanced budget to 2007. In Germany, Chancellor Gerhard Schröder and Edmund Stoiber, his main rival in the September 22 general election, have both promised to increase government spending, which will also make it impossible to balance the books by 2004.

The outcome of the battle over budget limits set in the so-called "growth and stability pact," engineered by Germany to curb irresponsible spending by the Mediterranean members of the euro zone, will determine how seriously the foreign exchange markets treat the euro as a rival to the dollar. The European Central Bank is in no doubt that the euro zone is playing for extremely high stakes. "If countries were not to adhere to the growth and stability pact, the credibility of fiscal policy in the euro areas would be seriously impaired."

Pim Fortuyn's murder drew angry protests and crowds of mourners but did not affect the euro.

The European Commission has dismissed suggestions that it might let the 2004 target date for the four borderline countries—Germany, France, Italy, and Portugal—slide to 2005 or even later. But Pedro Solbes, the commissioner for economic and monetary affairs, has offered a concession by saying Brussels would regard a small deficit, of up to 0.5 percent of GDP, as coming within the definition of a budget "close to balance."

Economists are increasingly divided over the impact of the stability pact, with some claiming it is largely to blame for slow economic growth in the euro zone and should be made more flexible while others say it must stay as it is to maintain fiscal discipline.

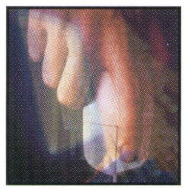
Despite all of these travails, the popularity of the fledgling currency is still rising, aided by a near flawless introduction of bills and coins on January 1. Both Sweden and Denmark are showing pro-euro majorities in the most recent polls, suggesting the two countries will soon start preparations to join the euro zone. Anti-euro opposition also seems to be softening in the United Kingdom, the EU's third-largest economy, prompting speculation that pro-euro Prime Minister Tony Blair will hold a national referendum on joining in the summer or fall of 2003.

Meanwhile, the theory of a single currency will harden into reality for tens of millions of Europeans who for the first time will not have to go to foreign exchange bureaus before they head off for their summer vacations or when they return home. This means the euro has finally arrived.

—Bruce Barnard

e-EUROPE

Tracking the news and trends shaping Europe's technology sector



UPGRADING THE INTERNET AND THE IPV6 DEBATE

Let's start with a quiz: IPv6 is: a) the new six-cylinder Volvo; b) the acronym for a travel industry lobby called Intelligent People Vacation Six (times per year); c) the marquee slogan for an upcoming pro wrestling match pitting Ivan the Pulverizer versus Mr. Six; d) shorthand for Internet Protocol version Six? If you're like me, you would pick any answer to avoid d. Even a vacation in a Volvo *with* professional wrestlers would be better than having to decipher d. Right?

Its foreboding name notwithstanding, Internet Protocol refers to something quite elemental. Essentially, it's the lingua franca of cyberspace, allowing computers around the world, from giant servers to the littlest PCs, to talk to each other over the Internet. Currently, most computers use Internet Protocol version Four, but it is more than two decades old and was developed when the Internet was in its infancy to serve the needs of the US government and academics. Experts have agreed for some time that an updated version of the IP is needed to help the Internet continue to grow and evolve as a public resource, as well as make it more efficient and secure. To that end, the Internet Engineering Task Force, a multinational noncommercial group, has developed IPv6.

So, what's this got to do with me, you ask? One of the biggest issues regarding this upgrade revolves around something important to every computer user: Internet addresses—more specifically, their growing scarcity. As Rob, my personal technology guru, informs me, every device that communicates over the Internet must have its own IP address. Anytime you type in someone's e-mail address or a Web site, you're telling your computer to find another specific computer among the millions on the Internet, and it can only do this with the proper address.

For the most part, we know these addresses by their "domain names," such as www.cnn.com or billybob@aol.com, which are relatively easy for humans to remember. But computers know them by numerical coordinates, which give the exact location on the Internet of the computer that hosts the Web site or contains the e-mail account. These coordinates are known as IP addresses. And here's the problem: IPv4 only allows for a little more than 4.2 billion addresses, and technologists say that isn't enough.

Wait a minute. There are only a little more than 6 billion people on the whole planet. Aren't we being a little optimistic that every human being is going to get on-line with his or her own computer? (I know those free AOL CDs are everywhere, but I had no idea...)

"Dude, it's not just computers. It's *everything* that hooks up to the Internet," Rob reminds me. In the near term, 'everything' includes mobile phones, which are rapidly gaining Internet-based features and, therefore, require IP addresses. Analysts expect the global total of mobile phone subscribers to reach 1.2 billion by 2005, which coincidentally is the date when all IPv4 addresses will be used up.

It's not just mobile phones. Over the next several years, a broad range of Internet-connected products is expected to emerge on the consumer scene. Cars, washing machines, smoke alarms, refrigerators, and countless other appliances and gadgets are likely to be connected to the Internet, allowing them to communicate everything from a potential maintenance problem to a fire emergency to a shortage of milk. And each of them will need an IP address.

European Union leaders are especially concerned about the growing scarcity of IP addresses and their distribution. A European Commission task force noted in a report published earlier this year that 74 percent of all IP addresses have been allocated to organizations located in North America. As an example, the report notes that Stanford and MIT each received more IP addresses than the entire People's Republic of China.

IPv6 would solve the address shortage since it allows for a nearly unlimited supply of addresses, but proponents say the new protocol also will bring several other needed improvements, notably in security and overall reliability.

So, what's the holdup? Switching the entire computing world to a new IP standard is a massive undertaking. First, it has to be supported by a range of players—hardware makers, software companies, telecommunication firms, and Internet service providers, among others. Furthermore, since there are plenty of IP addresses in the US, many American companies don't see IPv6 as a priority. Meanwhile, leaders in Europe and Asia see early adoption of IPv6 as a way to leapfrog the US as the world's Internet leader.

For the home user, the switch to IPv6 will largely be transparent, taking place in the course of regular software upgrades or when a new computer is purchased. Currently, Linux is the only consumer operating system that has an IPv6-ready version, although upcoming versions of Windows and Macintosh will both support the new protocol.

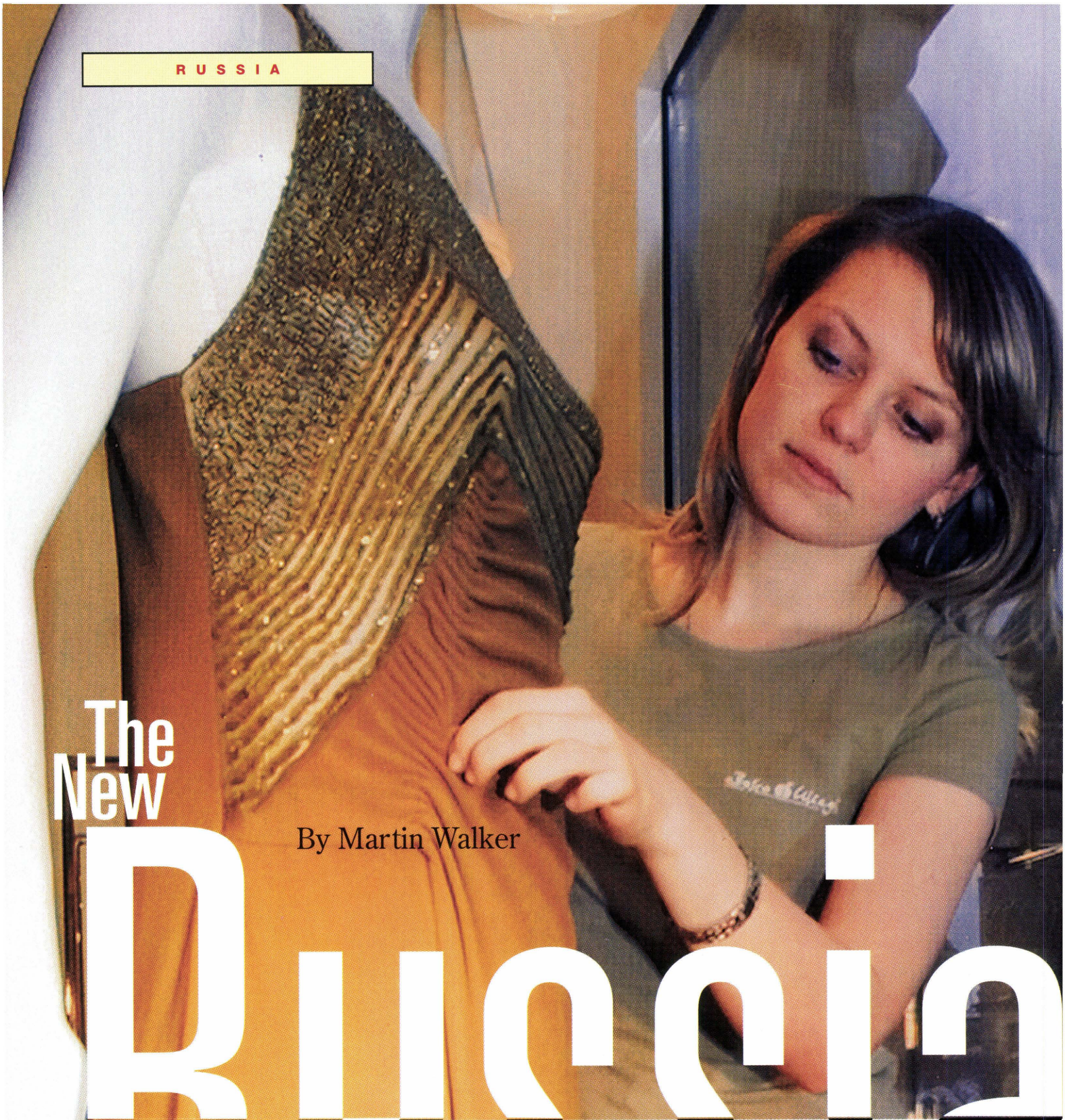
Brian Carpenter, IBM's chief Internet engineer, sees IPv6 widely in use by 2009. "Deployment should start seriously in 2004 in Asia and Europe, which means that vendors need to be implementing right now, and service providers need to be actively planning," he says.

As for the cost, he thinks it is often overstated. "People will tell you that switching to IPv6 has a high operational cost. My belief is that this will never show up in the bottom line." Rather, he says, the industry is constantly installing new hardware and software. "The end-user costs of IPv6 will be mainly covered by that process and will be paid back by the savings on the operational problems (arising from the old system)."

He concedes, however, that software and hardware makers will have to fund development costs.

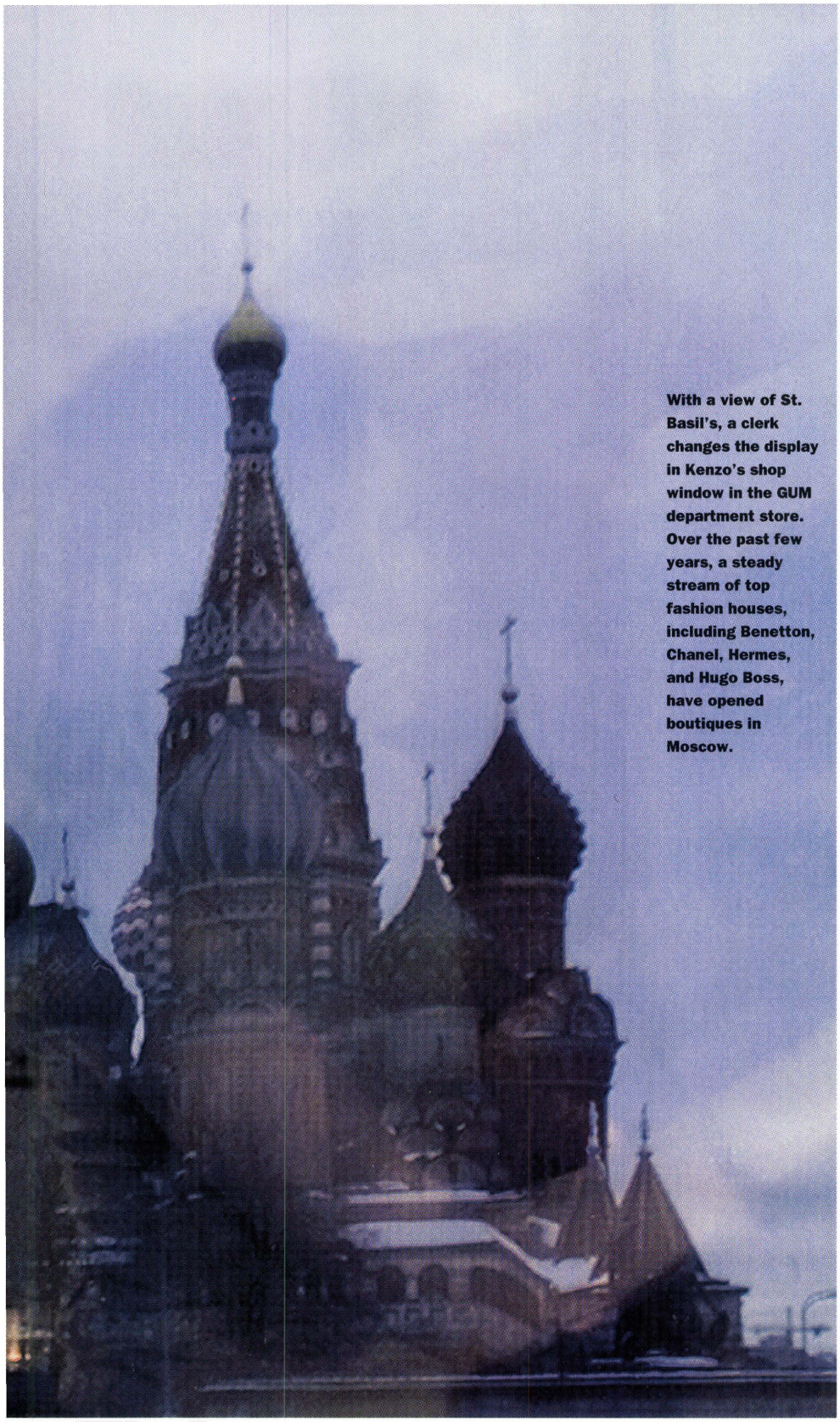
So maybe you still think IPv6 is techno-gobbledygook, however important it is to your e-mail/Web-surfing habits. But it beats a vacation with professional wrestlers. Right?

—Peter Gwin



The New Russia

By Martin Walker



With a view of St. Basil's, a clerk changes the display in Kenzo's shop window in the GUM department store. Over the past few years, a steady stream of top fashion houses, including Benetton, Chanel, Hermes, and Hugo Boss, have opened boutiques in Moscow.

Takes Shape

Increased contacts with Europe, improved investment conditions, and an important ally in the terrorism war—what's next: Should Russia join the EU?

Two weeks after terrorists slammed two hijacked airliners into New York's twin towers, Russian President Vladimir Putin addressed the German Bundestag in Berlin. In the fluent German he had learned as a KGB intelligence agent, he warned that "the security structure created in previous decades is unable to handle the new threats of today. We continue to quarrel about issues that still seem to us to be important but fail to see the new, real threats of today. We continue to live by the old system of values. We talk about partnership, but in practice we have not yet learned to trust each other—and without that atmosphere of trust, a united Greater Europe cannot exist."

Putin went on to argue that the politicians of Europe, Russia, and the United States were all to blame, for failing to realize that the world had changed around them and failing to adapt. "We have not yet managed to work out an effective mechanism for cooperation," he said. But the world was changing so fast, with new trading patterns creating new financial and political realities that the politicians would be forced to catch up.

Putin could claim to have adjusted his own thinking after September 11. He had dropped Russia's long-standing opposition to the inclusion of the three Baltic States, formerly parts of the Soviet Union, into NATO, and declared EU enlargement to be "an opportunity for Russia, not a threat." And he boasted proudly that for the first time in Russian history, the state now spent more on education than on defense.

Foremost in Putin's mind was the assumption that for Russia, the coming enlargement of the European Union from fifteen to more than twenty member states means that Europe's share of Russia's exports will leap from the current 35 percent to more than 50 percent. Since Putin's speech, Russia's decision not to join the OPEC oil producer's cartel, and its new bid to become the world's leading energy exporter, has intensified the mutual dependency between Russia and its biggest energy customer, the European Union. Energy still accounts for 40 percent of Russia's budget revenues.

Yuri Baklanov, a 22-year-old student who also works for a Canadian company, tries on a French designer suit on sale for $519.

The economic integration between the 375 million Europeans and the 196 million Russians will be deepening as Moscow and Brussels try to build the political institutions that can manage the new relationship. In this context, "Brussels" means NATO as well as the EU. This year's planned enlargement of NATO at the Prague summit this fall advances in parallel with the new effort to include Russia in a new NATO council with the nineteen members of the alliance, known so far as "NATO at 20." At the same time, Russia and the EU at their summit last October defined their joint goal as the building of "a common European economic and social space."

Both NATO and the EU stop short—so far—of including Russia as a potential member of the two organizations, while not excluding the eventual prospect. Russia's population would dominate the institutions of the EU, while its vast geographic reach, and its uncertain relations with neighbors like China and the Islamic states of Central Asia, would entail a dramatic shift in the character of NATO as a transatlantic alliance.

"We are not talking about preparing Russia for EU membership or seeking t EU legislation. But Russian companies will be able to compete more effectively i legislative and regulatory framework is similar."

But the level of consultations now taking place routinely between the EU and Russia is starting to approach the level of contacts between the EU and the United States. There are two summits a year with the Russians, as with the Americans. The EU and Russia are now holding monthly talks in Brussels on political and security issues, and the new high-level group meetings between EU Commissioner for External Affairs Chris Patten and Russian Deputy Prime Minister Viktor Khristenko seek to map the plans for the common economic space.

"We are not talking about preparing Russia for EU membership or seeking to have Russia take on the whole body of EU legislation. But Russian companies will be able to compete more effectively in the European single market if the legislative and regulatory framework is similar," says Patten, who sees the real prize of a potential vast new market of 150 million prosperous Russian consumers as Europe's neighbor. But there is a long way to go. "Russia has a lot to gain. With a population ten times as big, Russia's gross domestic product is similar to that of the Netherlands. The level of foreign investment in Russia is one-tenth that in Hungary."

There are constant negotiations between officials on common environmental and manufacturing standards. They have agreed that Russia will adopt EU environmental standards for its oil and gas pipelines and on integrating their energy plans, with Russia proposing at the latest meeting to connect the EU and Russian electricity grids. In March, President Vladimir Putin introduced new legislation to scrap Russia's

EU Common Foreign and Security Policy point man Javier Solana (right) speaks with Russian Vice Premier Viktor Khristenko.

ave Russia take on the whole body of
e European single market if the
—Chris Patten

complex mass of manufacturing standards and replace them with new ones that would be compatible with those in the European Union.

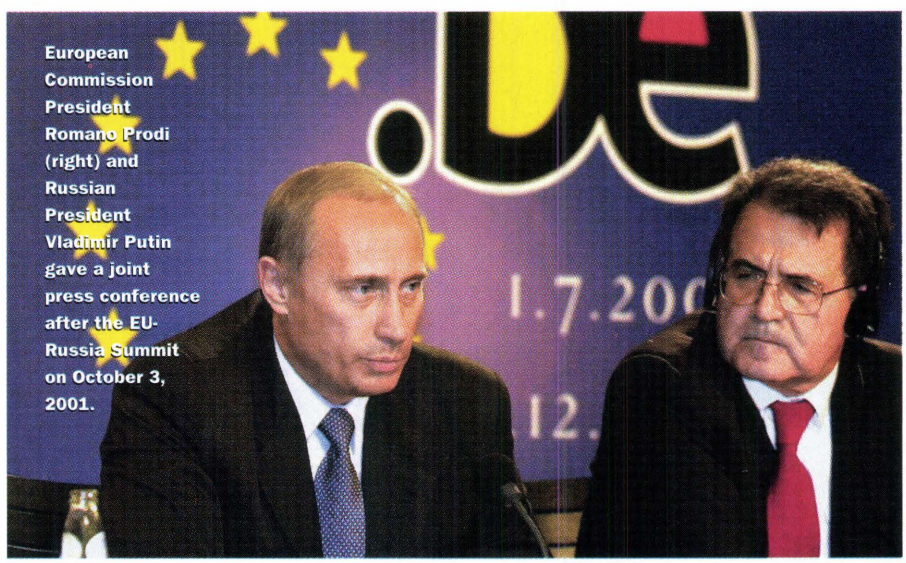
There are parallel negotiations underway, led by EU Trade Commissioner Pascal Lamy, to help prepare Russia for membership in the World Trade Organization—which means a thorough overhaul of Russian institutions. After his talks in Moscow in December, Lamy was asked at a press conference what were the main priorities for Russian reform. "I would say banking, the judiciary system, and intellectual property protection," Lamy replied. "In these three areas, it is not a question of getting the right regulations and also getting the right level of enforcement and implementation. To this I would add an efficient system for anti-robbery and anti-corruption."

Lamy's formidable list of reforms stemmed not only from the long and often unhappy experience of EU officials and businesses but also from the grim memory of the Russian financial collapse of 1998. EU donors and investors have been burned before. Despite the Putin reforms and the highly successful overhaul of the Russian tax system, life for foreign investors in the Russian provinces remains difficult and even dangerous.

Although Russia warmly supports EU enlargement and sees it as an opportunity to boost its own trade with increasingly prosperous Poles and Hungarians, there remain some serious political differences. The Ukraine parliamentary elections in April were marked by charges and countercharges that one party was in Moscow's pocket and that another was a stalking horse for the Americans and the EU. Belarus, which now seeks a form of reunion with Russia, remains uncomfortably close to a dictatorship. Speeches in the Russian Duma routinely reflect sharp doubts about Putin's strategy of linking Russia ever more closely to the West. EU leaders remain concerned about the ruthless tactics of the Russian army in Chechnya and about the assertions of Kremlin control over Russia's media.

Above all, some EU officials sound a note of caution because so much that is hopeful in Russia seems to depend on a single figure—Vladimir Putin. And that, they note, reminds them of previous false dawns in the EU-Russian relationship, when so much depended on Mikhail Gorbachev and then on Boris Yeltsin. The relationship will not reach real maturity until it can thrive, irrespective of the leader in the Kremlin.

Martin Walker, based in Washington, is United Press International's international correspondent and a contributing editor for EUROPE.

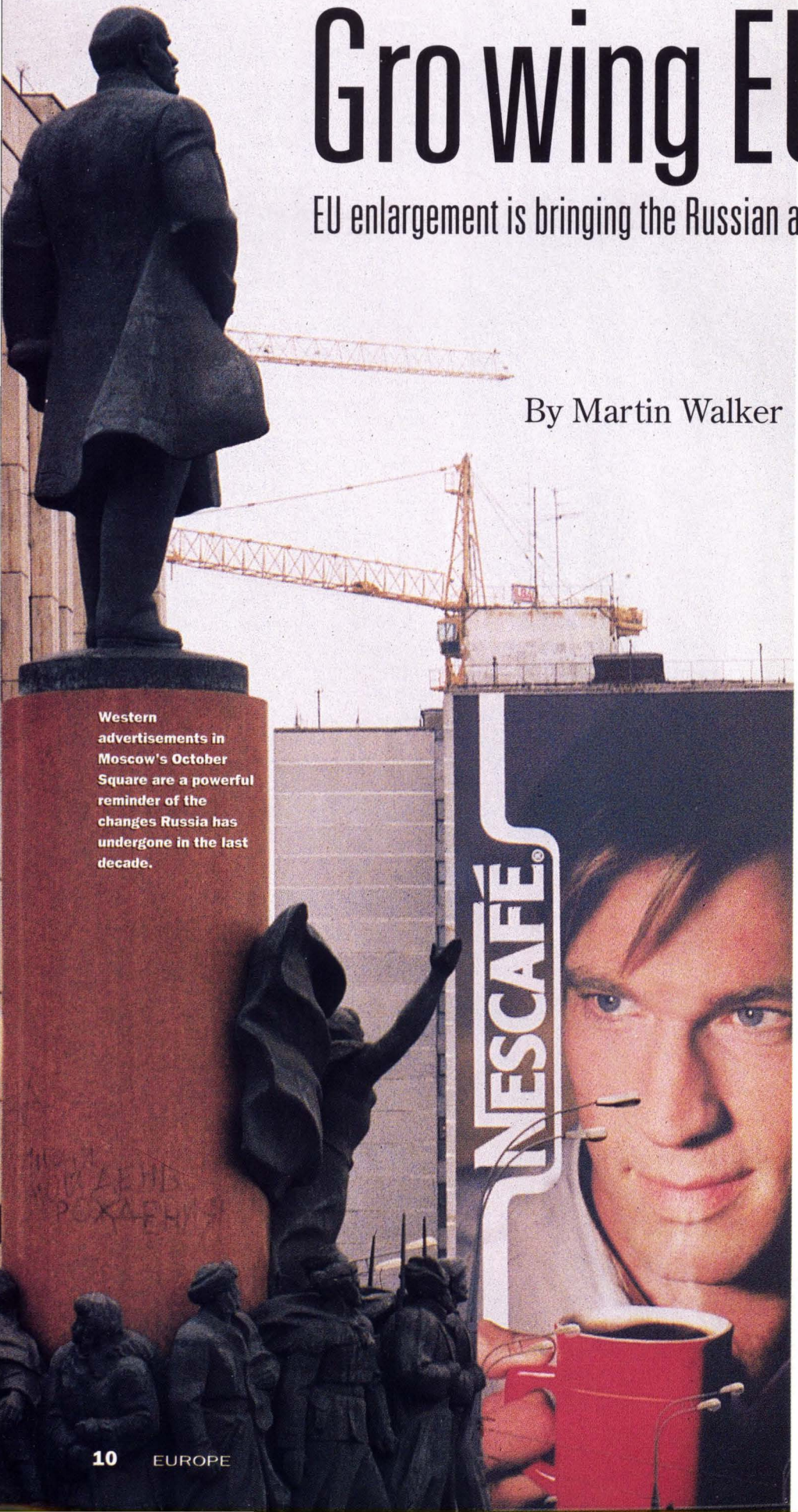


European Commission President Romano Prodi (right) and Russian President Vladimir Putin gave a joint press conference after the EU-Russia Summit on October 3, 2001.

Growing EU-Russian

EU enlargement is bringing the Russian and European borders closer togethe

By Martin Walker



Western advertisements in Moscow's October Square are a powerful reminder of the changes Russia has undergone in the last decade.

More than a third of Russian trade is now nominally denominated in euros, but about 80 percent of foreign trade contracts are signed in dollars, and a similar proportion of the trades at Moscow's Interbank Currency Exchange are in dollars. Russians are estimated, by their own central bank, to have some $30 billion in greenbacks hidden away in mattresses and cookie jars. And the Russian central bank is so far keeping only 10 percent of its reserves in the new European currency.

"The world economy is still strongly dependent on the United States, and I think the dollar will dominate international trade for a long time," Russian Finance Minister Alexei Kudrin noted in December, as the new currency was about to launch. He added that the 20 percent fall in the value of the euro against the dollar after 1999 had damaged the euro's credibility.

"Russia is a moderately dollarized economy. There is no denying the fact that in the sphere of circulation of cash, the dollar is the second, unofficial currency," commented economist Aleksandr Khandruyev in the *Russia Journal*. "If you invest your money in rubles, in say Sberbank (the national savings bank), you will have a negative interest rate. Inflation devours your rubles."

But all this may be about to change because the Russian economy is taking off, fueled by higher energy prices and the startling improvements in Russian oil field production rates through the impact of foreign technology and investment.

"Today, Russia is an extremely dynamic part of the European continent—thanks to several economic factors and not least thanks to one of the most liberal tax systems in the world," boasted President Vladimir Putin to the German Bundestag last September. "Our income tax is 13 percent and the profit tax is 24 percent."

Trade

and their economies are starting to reflect the shift

Russia's economy grew at 8.3 percent in the year 2000 and at 5.8 percent last year. In his annual economic report in March 2002, Trade Minister Gherman Gref forecasted a stable growth rate of more than 5 percent through 2005, with real incomes rising by 6 percent a year, inflation falling to 12 percent this year and in the 8–10 percent range thereafter. That was based on assuming a low oil price of $18–21 a barrel.

"Last year was the first year when we saw a relative decrease in capital flight. By 'relative' I mean as a percentage of the balance of payments, the balance of trade. During the first two months of this year, capital flight decreased for the first time in absolute figures," Graf noted.

This Russian prosperity was based strongly on a surge in trade with the European Union. Russian exports to the EU rose from $22.3 billion in 1999 to $40 billion in 2000 and $45 billion in 2001. Over the same period, EU exports to Russia rose from $12 billion in 1999 (after the Russian financial collapse of 1998) to $21.3 billion in 2001. Last year, for the first time since the Berlin Wall fell, Russian trade with united Germany exceeded its trade with the two Germanys of 1988, when the former East Germany was closely tied to the Soviet economy.

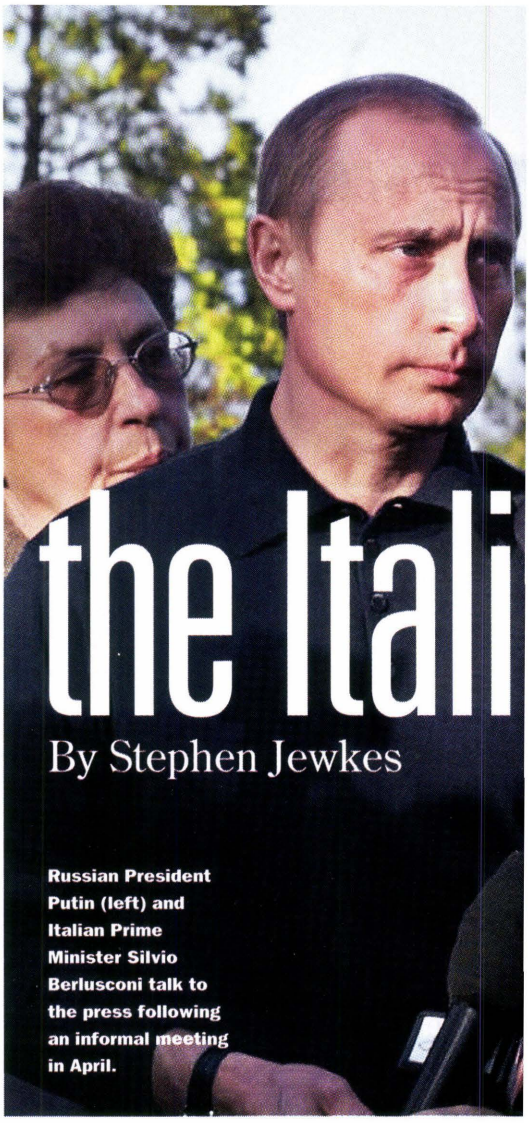
As the Russian and EU economies grow closer, with the coming EU enlargement and the joint pledge to build "a common European economic space," two outstanding problems remain. The first is what the *Russia Journal* described in February as "the euro stab in the back." This was the disruption in Russian steel exports to the EU that followed the expiration of the earlier steel agreements on December 31 and the knock-on effects of the US imposition of 30 percent tariffs on imported steel. Novolipetsk Metalworks claimed that 80,000 tons of Russian steel was "stuck in ports and warehouses as a result of the imposition of unilateral restrictions by the European Union." EU Trade Commissioner Pascal Lamy claims the problem is now being tackled through his negotiations with Russia over helping Russia to join the World Trade Organization.

The second problem is the low rate of EU investment in Russia, running until last year at one-tenth of the level of foreign investment in Hungary, although there are signs that this is now growing fast as the Russian economy picks up speed. As President Putin said after talks with EU commissioners Lamy and Chris Patten in Moscow in December, "We are working to ensure that European business and investors can work much more easily in promoting economic integration and convergence."

Moscow now boasts scores of foreign- and domestic-owned designer boutiques.

Doing Deals in Russia the Itali

By Stephen Jewkes



Russian President Putin (left) and Italian Prime Minister Silvio Berlusconi talk to the press following an informal meeting in April.

After his two-day summit in Moscow this April with Russian President Vladimir Putin, Prime Minister Silvio Berlusconi of Italy said that trade relations between the two countries were about to undergo "epochal changes." The Italian premier was not just talking about trade balances. In the offing, it seems, is a quantum leap in economic cooperation that could bring the two countries' broadly complementary economies closer still.

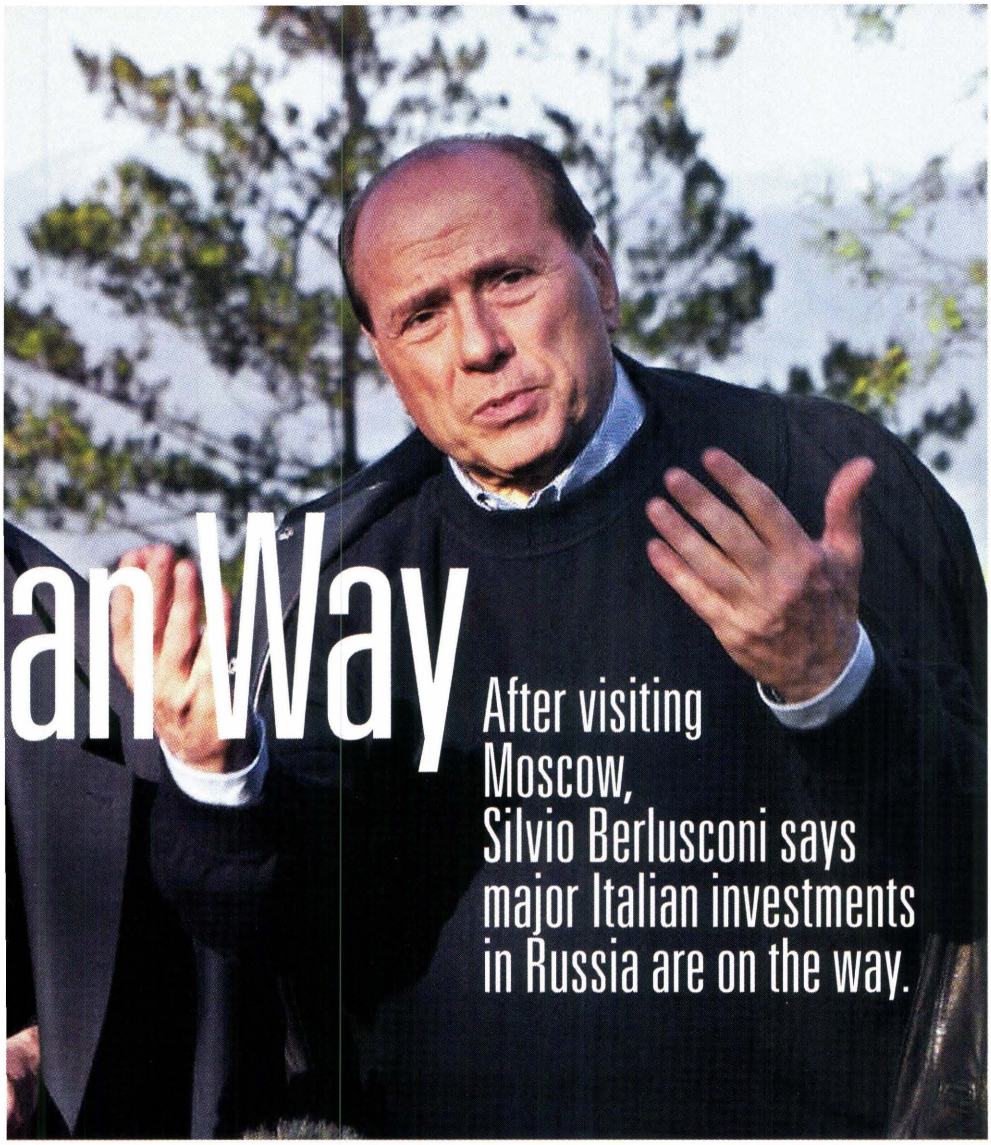
The Italian energy company ENI is building a pipeline across the Black Sea to bring Russian natural gas to Turkey.

In line with his declared intent to make foreign policy more user-friendly for Italian business, Berlusconi, still doubling as foreign minister following the resignation of Renato Ruggiero in January, said he would ask entrepreneurs in the affluent Veneto area to repeat the so-called "Manfredonia experiment"—this time in Russia. As in Manfredonia (part of Italy's underdeveloped South) the idea is to transfer whole industrial districts onto Russian soil, providing Moscow makes available land, tax breaks, and security guarantees.

To get the ball rolling, Italy's national trade institute, ICE, lost no time in announcing an agreement with St. Petersburg to expand technical, economic, and commercial cooperation. The accord—which will focus on construction, catering, agriculture, metallurgy, fashion, and furniture—will grant Italian companies privileged access to economic and financial information for investment purposes and facilitate joint ventures with local firms. St Petersburg, President Putin's native city, is set to mark its three-hundredth anniversary in 2003.

The St. Petersburg accord is part of a broader protocol for technical cooperation signed between Italy and Russia. As part of the agreement, Italian specialists will be recruited to help train Russian managers, while Italian business acumen will be used to promote the privatization and turnaround of former state-owned groups, facilitate conversion of the former military industry, and improve city infrastructure.

Italy is today Russia's second-biggest trading partner among the industrialized nations, just behind Germany but ahead of the United States. In 2001, Italian exports to Russia totaled $3.1 billion, 40 percent up from 2000, while Russian imports remained steady at around $7.5 billion. All together, that's a lot of trade, but it's not the whole story. ICE recognizes that the Russian market is much more important for Italian businesses than the official figures indicate. In particular, according to a recent ICE report, Russia



represents "a key area for exports from the regions of Le Marche, Emilia-Romagna, and Veneto."

If gas and oil make up the lion's share of imports from Russia (about 80 percent), Italian exports are broader based. The metallurgy and machine tools sector accounts for about 25 percent of total exports, with equipment for the food, textile, plastics, and packaging industries in growing demand. According to ICE, exports in this sector should continue to fare well in 2002, boosted not just by a recovery in Russian domestic investment but by a series of major trade fairs.

Other flourishing sectors include furniture, footwear, clothes, and textiles, each with a 10 percent share of the export trade. Interestingly, after the crisis of 1998, Italian exporters have managed to claw back and consolidate market share, as Russian attempts to develop their own industrial base have come up against technological and financial constraints.

The focus of present bilateral cooperation are the small- and medium-sized enterprises (SMEs). In April IntesaBci, Italy's biggest bank, signed an accord with Russia's Vneshtorgbank establishing a line of credit worth $30 million for Italian SMEs to finance the export of investment goods, machine tools, and related services. Interestingly, Intesa also confirmed it will be the first Italian bank to open a branch in Russia, hopefully before the fall. Other Italian banks have signed similar agreements, with the overall aim of putting in place credit facilities for SMEs worth about $100 million.

Over the years, numerous Italian companies have taken the road to Moscow. For some, the road has been bumpy. Fiat, which opened a dealership in Moscow as far back as 1913 and a factory at Togliatti in the 1960s, still trades in Russia through a limited partnership, Fiat Russia, and two joint ventures—ZAO Nizhegorod Motors (Fiat Auto, Gaz, and BERS) and Iveco-UralAZ (Iveco, UralAZ, and Gazprom). But in recent years problems have arisen. A major setback came in 2000 with the cancellation of a contract to produce its "world car," Palio.

Smaller companies have lost their way, too. Electrolux, the household goods manufacturer from Pordenone, saw an agreement to produce spare parts in Russia go up in smoke. The Brughiero-based Candy group was forced to cancel plans to build a refrigerator factory, and a joint venture of Modena's Casoni to produce liquor in Siberia fell through because of the harsh operating conditions.

Yet success stories are not hard to find. Oil giant ENI's Blue Stream gas project with Gazprom to build pipelines linking Russia to Turkey has gone swimmingly and will bring Russian gas on line next year. The group, 32 percent controlled by the Italian treasury, also has a series of take-or-pay gas import accords with Russia, drilling and exploration agreements with the country's Lukoil group, and operational interests in the Astrakhan North oil field.

Smaller operations are also faring well. Dairy-produce group Parmalat is running three joint ventures in Russia and is pleased with business. Household appliance manufacturer Merloni has invested heavily in Moscow with a washing-machine plant that today employs 6,000 people. And companies in Bologna's "packaging valley," like the GD group, report brisk trade with Russia.

And there's more. Iron and steel group Duferco, which has invested around $80 million in the Viztal steel plant at Ekaterinburg, says it is in advanced talks to import natural gas into Italy. Impregilo, the construction group that is building a section of the St. Petersburg metrorail, is on track to complete the work by 2003. And just this April an agreement was signed between the Russian car group Uaz and Modena's De Tomaso to produce a car in Cutro (southern Italy) using Russian technology and a Fiat engine.

While problems still exist, especially crime, business with Russia is looking up. The country's entry into the World Trade Organization, if and when it happens, is widely expected to help Italian exports. And with the Russian economy expanding, and recent data indicating consumer demand is picking up, Italian business is reassessing the Russian bear.

Stephen Jewkes, based in Milan, is a correspondent for Bridge News *and a contributing editor for* EUROPE.

The Return of Mikhail

The former Soviet leader is tanned, rested, and...green

Mikhail Sergeevich Gorbachev was born into a poor, Orthodox Christian, household in a village in the North Caucasus on March 2, 1931. More than five decades later, after struggling to complete his law studies and rising through the ranks of the Communist Party, he ascended the top of the Soviet Union's political structure, becoming one of the world's most powerful and admired leaders, winning the Nobel Peace Prize in 1990.

Nine years later, disheartened, without a political job, and with the Moscow-led Communist system in tatters for a decade, he was widely accused by Russians of betrayal, and blamed for the country's economic woes and its sudden decline as a world power. Furthermore, he had just lost his wife and closest confidant, Raisa, to leukemia. Gorbachev sadly told his former spokesman and biographer, André Grachev, "I have come to realize recently that my life is over."

Earlier this spring, appearing dynamic, authoritative, and upbeat, the former Soviet leader said in an interview with *EUROPE* that "things are going along quite well for me." He was referring to his current jobs, which include head of Green Cross International, a Geneva-based non-governmental organization he co-founded in 1993 with Maurice Strong, formerly a top United Nations official. He also heads a public affairs foundation in Moscow and has embarked on something of a political comeback as a leader of a small, reformist political party, which generally supports President Vladimir Putin.

Nevertheless, a paradoxical question remains: How can Gorbachev, the Russian who supported and presided over the painful, rapid collapse of communism in his country and allied nations—thus ending the cold war—remain so popular and admired in Western democracies yet so unpopular and vilified in his native Russia?

When the Berlin Wall was torn down November 9, 1989, Gorbachev was the most popular leader in the Soviet Union. Most intellectuals, business leaders, and average citizens were convinced, or at least hopeful, that *perestroika,* his policy for economic restructuring, and *glasnost,* his allowing wide freedoms of expression, would usher in a new era of efficient, corruption-free government; of economic growth, greater prosperity, but above all, would maintain Russia's role as a preeminent world power.

Things didn't work out that way, as many former Soviet citizens began to realize, as London-based Gorbachev biographer Martin McCauley noted. "He reformed the Soviet Union out of existence...from his own point of view, he was a failure."

Meantime, the economy, already declining when he took power in 1985, continued to collapse, as Communist Party officials at all levels, particularly in Russia, continued resisting Gorbachev's reforms that included slashing hundreds of thousands of government jobs amid growing unemployment. The loss of jobs hit farms and factories stretching from the Ukraine to Siberia, and Russia continues to endure 10 percent unemployment by conservative estimates, compared to around 8 percent in the European Union and 6 percent in the United States.

Despite success with some reforms, Gorbachev steadfastly brushed off calls for establishing a market economy and privatization of state-controlled companies. This created further tensions that resulted in an unsuccessful, but relatively bloodless, coup by his political rivals in August 1991. Although the coup failed, he resigned on Christmas Day, conceding the failure of his domestic reforms. Widespread disillusionment, coupled with deeply felt anger, gradually spread, and his popularity evaporated. In the 1996 presidential election, he scored 0.5 percent of the vote and was eliminated in the first round of voting.

Some analysts, like Grachev, say many Russians blame him for wrecking the Russian economy. Others, like Alexi de Suremain, say average Russians hold him responsible for having triggered the greatest blow to their pride in history. De Suremain, who for more than a decade worked in the former Soviet Union as a business representative and administered a French humanitarian agency, Pharmacists Without Borders, adds, "For Russians, proud and nationalistic, nurtured on the idea that they were the counterpower to the United States, Gorbachev, in their view, is the man who caused its collapse, lowering Russia's international position to a country comparable

Former USSR president Mikhail Gorbachev made headlines in 1997 when he appeared in a Pizza-Hut commercial with his granddaughter, Anastasia.

By Axel Krause

Gorbachev

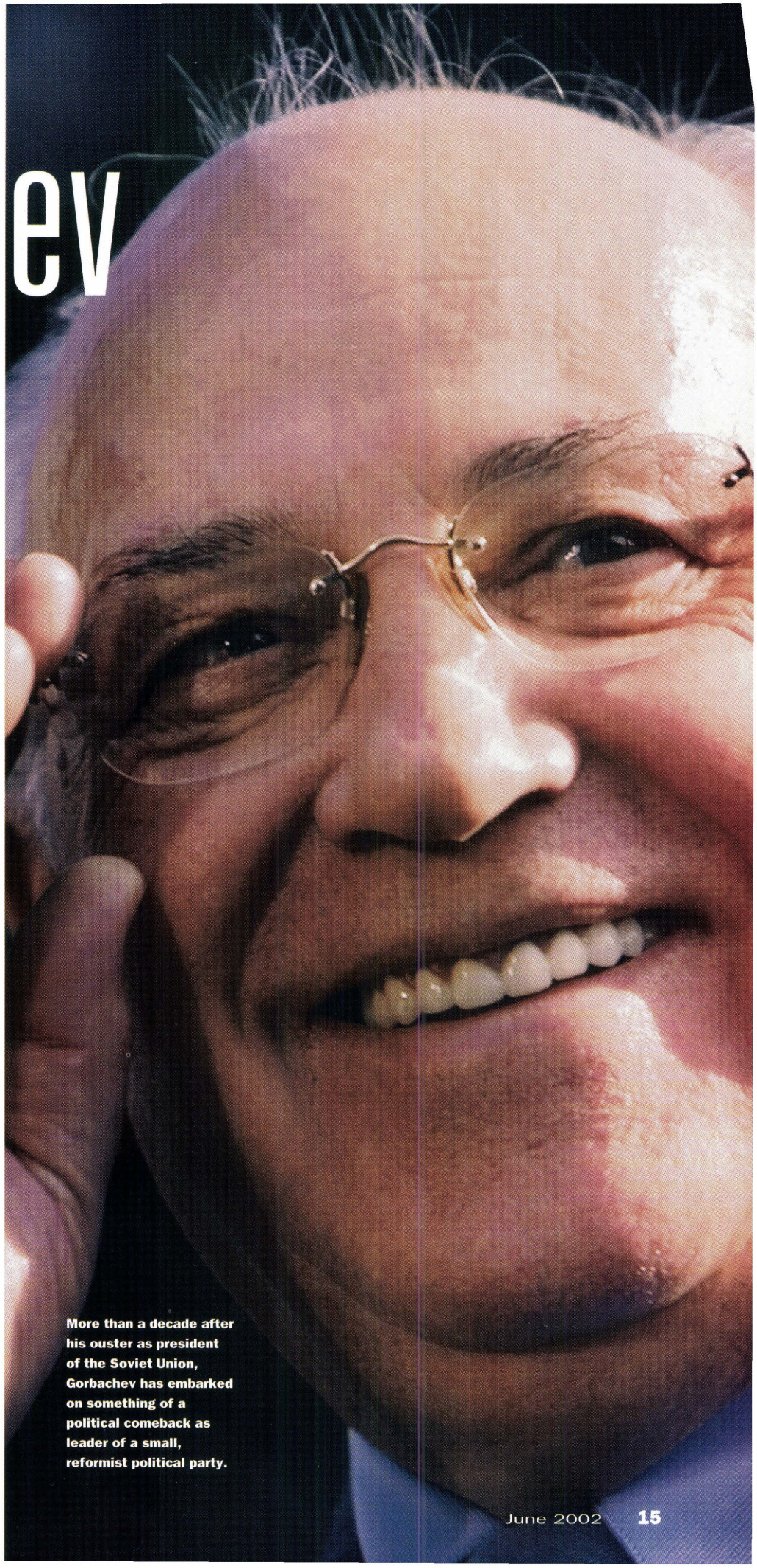
to India or Mexico…its population, the losers, served up to the United States on a silver platter."

Yet, outside Russia, particularly in the United States and in the European Union, Gorbachev continues to be greeted as a statesman and something of a hero. Earlier this spring, on a trip to the United States, he was welcomed at the White House for talks on Russia and its integration into NATO. While hardly comparable to the upbeat "Gorby-mania" that swept the West in the late 1980s, many Americans fondly recall his wisdom in ending communism and the cold war.

Europeans, long before EU enlargement became a viable concept, admiringly recall his major policy statement on the eve of a trip to France during October 1985, in which for the first time he suggested that the West support his idea that the two opposing blocs should join in building "our common home" in Europe. Grachev, formerly a senior Soviet diplomat, joined Gorbachev's staff that year, and whose biography of the leader, said the "common home" was a way of calling for the launching of cooperation between the two blocs, with a key role for EU members. In his memoirs, published in 1995, Gorbachev explained that his concept included nuclear disarmament, including in France and Britain, and establishment of a "permanent center" linking NATO and the Warsaw Pact alliances.

It was a concept he frequently raised—unsuccessfully—with EU leaders and notably with those he admired most—Felipé González of Spain, Germany's Helmut Kohl, France's François Mitterrand, and the UK's Margaret Thatcher. It's an issue he still pursues because, he argues, now that EU enlargement is happening, it should include Russia.

Axel Krause, based in Paris, is a EUROPE *contributing editor and a former Moscow bureau chief for* Business Week.

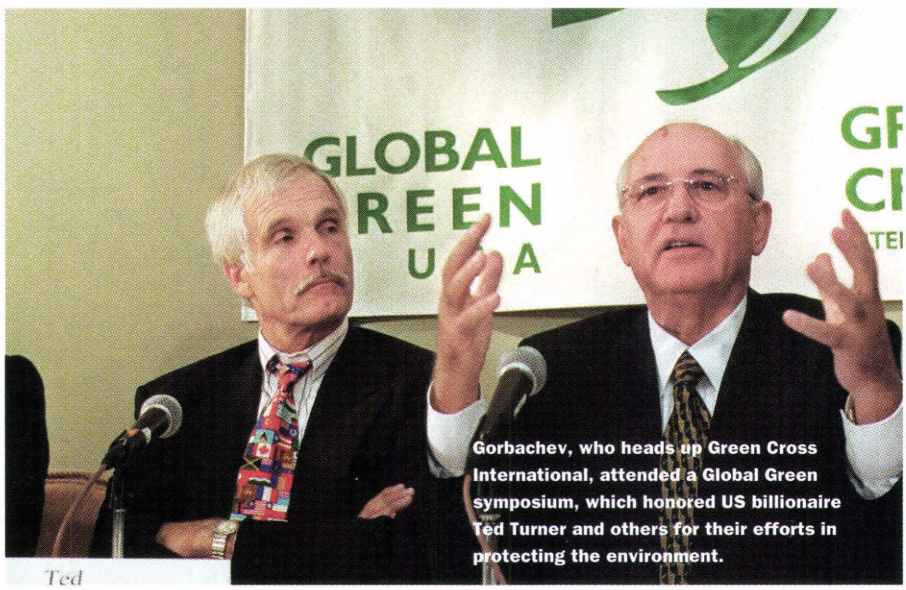


More than a decade after his ouster as president of the Soviet Union, Gorbachev has embarked on something of a political comeback as leader of a small, reformist political party.

Gorbachev Speaks

Mikhail Gorbachev recently sat down for an interview with EUROPE *contributing editor Axel Krause in the French city of Lyon as he prepared for Green Cross's participation in the World Summit on Sustainable Development in Johannesburg at the end of August. Speaking in Russian, he covered terrorism, his support for President Vladimir Putin, Russia's emerging relations with the European Union and NATO, relations with the Bush administration, and his future in Russia's political life.*

EUROPE INTERVIEW



Gorbachev, who heads up Green Cross International, attended a Global Green symposium, which honored US billionaire Ted Turner and others for their efforts in protecting the environment.

Ted

What, concretely, do you expect will come out of your call for action by governments at the World Summit on Sustainable Development?

For the time being, we are still working on what might be proposed. But one thing is clear already—the main thing is to begin action to build solidarity in order to implement obligations and commitments undertaken by governments, following the UN summit on the same theme ten years ago. We are not at all happy with what has happened with regard to the environment during these past ten years. Important decisions need to be taken.

Are you referring to environment-related obligations undertaken by UN members, notably your country, the United States, Japan, and others that are not being implemented?

I mean that, while obligations and commitments have been undertaken within the UN framework, there is no mechanism to implement these by the governments concerned. This is why the strategy for sustainable development as envisioned ten years ago is not working. I propose the creation of an international environmental tribunal. Under its jurisdiction, governments and industries would be subject to penalties for committing crimes against nature. And Russia would be submitted to the same rules and sanctions.

President Bush, members of his administration, and many Americans consider combating terrorism as the number one problem the world faces today. Where would you rank it among the world's most important problems?

I have always been saying and repeating that the number one problem is ecology, that is protecting the environment. But, equally, I would also put on any list of priorities the need to fight against poverty. These vital priorities would provide ways of combating international terrorism. So, in effect, we face three important problems, each of equal importance.

When your successor in Moscow, Boris Yeltsin, decided to use armed force in Chechnya, you opposed it. Do you consider Chechnya a problem of terrorism, or some other kind of problem?

The roots of the situation in Chechnya, linked with the history of that region, are very complicated. So how does it look nowadays? Today there is real intention, and some action has been taken on the part of the Putin government to solve the problem…at the political level. In these circumstances, in Chechnya, and not only there, but internationally, we found ourselves confronting terrorist forces.

You mean you continue supporting President Vladimir Putin's Chechnya policy in all its aspects?

I know that President Putin is really interested in solving this problem. I am supporting Putin when he says that the main priority for Chechnya is to resume a normal life—creating a working governmental administration, getting the school system to work again, reconstructing housing and resettling refugees who are starting to return.

Just before departing for France on a state visit in October 1985, in a major statement, you told French television that Europe can be, and should be, "our common home." What did you mean when you suggested this, four years before the fall of the Berlin Wall?

It is not a matter of whether Europe can be our common home. It *is* our common home. But we have to learn how to live in that common home.

But what, specifically, does that mean?

The question about the common home makes even more sense today than it did at the time I first launched the concept in the West [in 1985]. I believe that Europe can go on developing its own system of European protection and it can grow if Europe is united. But this does not mean that Europe can be united only through the European Union. There must also be extension eastwards, to Russia.

How can this be accomplished?

We need to find a mechanism of cooperation between Russia and the European Union, and between Russia and NATO.

Does the fact that Estonia, Latvia, and Lithuania are seeking EU and NATO membership concern you when you speak of the common European home?

I am not a member of the government, so what I say is my own opinion. This is what I think: If we are able to develop ways of cooperating, working together with the European Union, involving the leaders of Russia and the European Union, we should also be able to develop new ways of cooperating with NATO.

You mean becoming a member of NATO?

The idea is for Russia to become the twentieth participant of the organization, with involvement in decision-making with regard to defense problems. In this context, the joining of other states, notably the Baltic countries, would not take on a dramatic character. But if there is no synchronization of the process, things will become more complicated and lead to tensions.

But NATO is basically a Western, US-led military organization. Doesn't this pose some problems for you?

Of course, it is a military organization. What else do you think it is? But it is more—a military-political organization. It would be better for it to be politically military in character or, better yet, to become a political organization only.

I am still not clear on how Russia, in your view, should fit in?

I am only saying ways can be found. This might be achieved by Russia not necessarily becoming a full-fledged member of NATO but through a mechanism that would allow Russia to participate in decision-making, especially when the problems concern Russia. This is of vital concern, bringing Russia into the NATO framework.

And if this fails?

The result could well be the creation of a new line of demarcation between us.

Do you still consider NATO a threat to Russian interests?

It is not a threat anymore, and I hope the situation will remain that way. But our relationship [with Western Europe] would be greatly improved and convincing if we could find a mechanism to have a better, cooperative relationship between Russia and NATO.

How do you view the American approach to this idea?

It seems that the country with the most misgivings is the United States. And I do not understand why the Americans are so opposed to the ideas mentioned. Because Russia is a serious country with talented, experienced political leaders and diplomats. Yet, when it comes to decision-making, [the Americans] want to be in charge, to command as they see it. That is enough on that question.

Turning to the European Union, do you see it primarily as an economic force in the world or as an emerging global political power?

For the time being, it is more of an economic force, but it has to, should, become a political one. Yet, as history has shown, any unification of this kind, when it develops, has some limits. One cannot expand, enlarge too widely, too quickly, otherwise it will slow down or cease altogether. It is already difficult for the EU to regulate and manage its affairs, even today.

Could you be more specific?

I would not like to see the European Union heading toward a more difficult, unstable situation. That would be bad for everybody. So we have to be very cautious. And that is also why I have put forth the question of adhesion, of making Russia a member of the European Union. I do not know whether the European Union would accept it nor for that matter whether [Russia] would.

Are there alternatives?

There are other ways of cooperating. There are mechanisms that could be developed and applied for EU-Russian cooperation and consultation, similar to what I have mentioned with regard to NATO, and that we are already developing together.

You have taken a lead role in Moscow for the emergence of your Unified Social Democratic Party of Russia. Given your heavy schedule for traveling abroad, how do you plan to also organize what appears to be a political comeback at home?

Is the sense of your question that it's time for Mr. Gorbachev to relax, calm, slow down? One of our newspapers recently suggested something along those lines. When I am asked that question, my answer is that, in fact, things are going along quite well for me.

In the context of Russia today, how do you define yourself and your allies politically?

We are social democrats in a social democratic country, and we support the president. We may have disagreements in our discussions regarding details. But regarding the main issues and problems, we support him because he is pursuing a policy of reforms in the interests of the majority of Russians. These are a matter of urgency as Russia today faces social and economic difficulties. The growth of poverty is alarming. Our situation is not stable. And sustainable development requires stability.

What is your reaction to President Putin's crackdown on Russia's last independent and popular television station, TV-6?

Who are the owners behind [TV-6]? Where is [TV-6's] commitment to democratic values? They are all oligarchs. Why should they be allowed to control our networks? [The owners of TV-6] have suggested, "bring in Gorbachev!"

There is a lot to be said on the subject.

By Barry D. Wood

Ready for a New G8?

The world's economic leaders are gathering in a remote location in the Canadian Rockies for a different kind of summit

This month's Group of Eight summit hosted by Canada near Calgary, Alberta, will be a very different affair from the twenty-seven annual extravaganzas that have preceded it. For starters, this gathering of world leaders (June 26–27) will be shorter—cut by a full day to just one and a half days. There will be no communiqué at its conclusion—only a one-page summary prepared on the spot. Delegation sizes are being slashed by up to 70 percent. Russia, the US, Japan, Canada, France, Germany, Italy, the United Kingdom, and the EU are being limited to twenty-five officials each.

Canadian Prime Minister Jean Chretien, chief architect of these far-reaching reforms, jokes, "Where we're going has only 350 rooms. If you want to come, bring a sleeping bag." While last year's summit in Genoa had 2,000 participants, the Canadians say Kananaskis—an hour's drive west from Calgary and presumably out of reach of protesters—will be held to 350.

John Kirton, the University of Toronto researcher who is an authority on summits, thinks the time is right for scaling back the meetings that have been a fixture of world affairs since 1975. Last year's event in Genoa where the leaders met behind barricades and police killed an anti-globalization protester is seen as a debacle and the previous year, 2000, a monument to excess. The Japanese—unbelievably—are reported to have spent more than $100 million to host the world's movers and shakers on Okinawa. (The two previous meetings in the United Kingdom and Germany collectively cost less than $12 million.)

Leaders of the G8 countries pose for an official photo following last July's disastrous Genoa summit.

Kirton believes the Alberta meeting will return the summits to their original purpose of being informal, free-wheeling gatherings. "This really will be a walk in the woods summit," he says. It sounds almost like Rambouillet in November 1975 when Giscard, Schmidt, and Ford strolled through the rain discussing exchange rates and the oil markets.

The idea for streamlined summits has been endorsed at the White House where President Bush greeted Chretien as "deano," a tribute to the Canadian's senior standing—having already attended eight summits since becoming prime minister in November 1993. Conveniently, perhaps, Bush's turn to host the summit comes in the summer of 2004, just ahead of the fall presidential election.

Dan Tarullo, a former summit planner for the Clinton administration and now a Georgetown law professor, says Kananaskis provides Bush the perfect platform for pushing his post-September 11 anti-terror agenda. Summits, says Tarullo, have always been hostage to world events. But he increasingly questions their value. "They've ceased being economic. They don't do any harm, but why do we have to have them?"

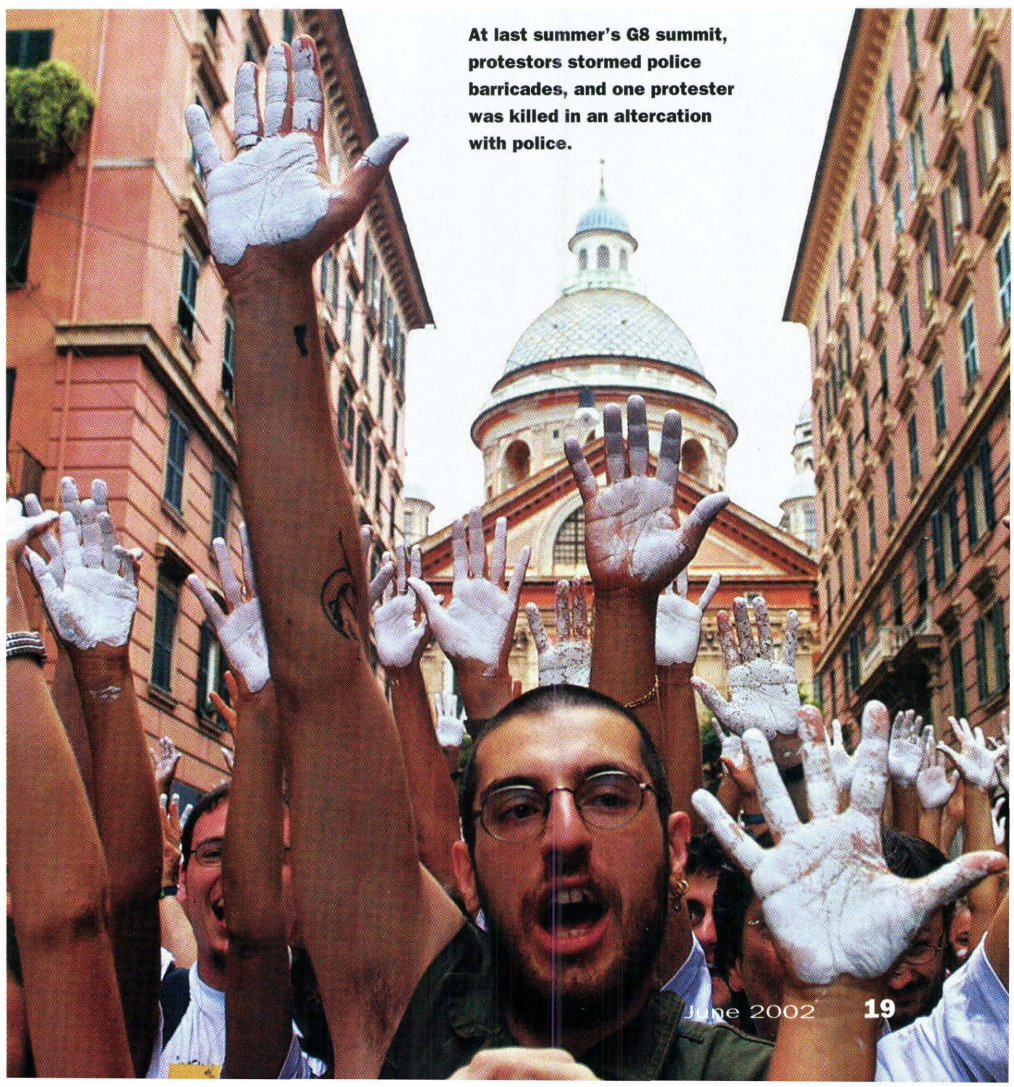
Implausibly to some, the Kananaskis meeting will focus heavily on the problems of Africa, particularly AIDs and the continent's new home-grown development plan. Chretien has invited the presidents of Senegal, Nigeria, and South Africa to attend. A staple on the G8 agenda since 1998, Chretien says Africa "is on the fringes of our globalized world and risks falling back. We must reverse the situation."

Since the beginning, it's been acknowledged that it's useful for leaders who don't really have peers to spend time with one another. But while the summits have evolved from relatively intimate discussions of global economic matters to politically dominated media spectacles, Russia's role has remained problematic. Russia, in one form or another, has been a fixture at G7 meetings since Mikhail Gorbachev came to Margaret Thatcher's London party in 1991. While Russia theoretically became a full member of a re-christened Group of Eight in 1998, Moscow is still not fully integrated into the club. Even at Kananankis, Vladimir Putin will not attend a G7 leaders session where global financial issues are discussed. Russia still hasn't hosted a G8 meeting and apparently won't next year, even though 2003 would be its turn to do so.

This year's G8 summit will be held in Kananaskis, a small resort town in the Canadian Rockies.

Mark Medish, a Russia expert in the Clinton administration, believes the time has come for Russia to host the annual summit. "Russia under President Putin," he says, "since September 11 has fully enlisted in the war on terror in the way we've been wanting them to do." It's time, says Medish, for Russia to be more than the unwelcome partner that you had to invite to the party. E

Barry D. Wood, based in Washington, wrote about bicycling in the Baltics in EUROPE*'s March issue.*


At last summer's G8 summit, protestors stormed police barricades, and one protester was killed in an altercation with police.

PREPARING Poland

By Amy Kaslow

Poles need the EU's markets and vitality, but they are chafing at the rigorous reforms required for membership

On the spring afternoon just before Danute Huber presents Poland's Council of Ministers with her latest strategies for Polish membership in the European Union, she is in her Warsaw office, juggling phone calls and trying not to be late for the next meeting.

"It's going to be a very difficult year and a half ahead," concedes Huber, Poland's minister for European integration. Huber, who is supervising the negotiations for accession into the EU, is under a tight deadline and mounting pressure. She is working nonstop to meet Polish citizens' demands and the exacting requirements for admission to the European Union.

But if the government fails to boost economic growth and put people back to work, it loses precarious domestic support to become part of a larger Europe, where, as many Poles believe,

Poland's immense and outdated agriculture sector remains the critical issue that must be addressed in the EU membership negotiations.

Young Poles have quickly adopted many Western pastimes and fads, including rollerblades.

their national identity will be usurped and their standard of living undermined.

Poles chafe at the reforms that Huber and her team know are essential to Poland's accession success: deficit reduction and social spending cuts, more flexibility in the labor market, and pushing inefficient farmers to modernize or move out of agriculture.

Domestic approval for the nation's planned 2004 entrance into Europe's elite club is the biggest obstacle Polish EU advocates must clear. But that sentiment is inextricably linked to how fast and far the government can go with an economic recovery plan.

Recent surveys show support for Poland's place in the EU has only a razor-thin lead. Some 56 percent of Poles favor the country's push for membership, and there is little enthusiasm among Poles to vote in the EU referendum, scheduled sometime in the summer or early fall of 2003. Huber and her government allies must also counter a pushback from the 20 percent of legislators installed in last year's elections for the lower house of the Polish Parliament who represent anti-EU parties.

Helena Hatka worries that "support for EU accession is systematically sinking." Hatka, governor of Poland's Lubuski province, says, "Our mentality is still socialist, especially among the older people." More than one million retirees who can't make it on their meager pensions are competing for jobs with skilled new graduates who can't find work. At least one million new entrants into the workforce will make a bad situation untenable. Officially, Poland's 17.4 percent jobless rate registers more unemployed than at any time since 1989; unofficially, Poles put it at 30 percent. Fiscal prudence means that the social safety net has more holes. "EU-skepticism is based on fears, and a frustrated society," says Hatka.

In an aggressive bid to reassure his own countrymen, Poland's President Aleksander Kwasniewski rebuked the notion of a European "super state," in favor of "respect for the national factor, for building a Europe of fatherlands, for appealing to the fundamental values from which our civilization arises." Poland's foreign ministry put the EU on notice that it will take the lead in securing European ties with the former Soviet republics, given Poland's historical

From left to right, Polish Prime Minister Aleksander Kwasniewski, German Chancellor Gerhard Schröder, and French President Jacques Chirac

and geographic connections to Russia and Ukraine.

Bold language for an EU hopeful or savvy talk directed at a skeptical domestic crowd? It's undoubtedly both, as Europeans take greater notice of Poland, which would be the sixth-largest EU member, and as Polish citizens grapple with their own indecision about membership.

Bravado aside, the Poles need Europe's markets and vitality.

EU Enlargement Commissioner Günter Verheugen

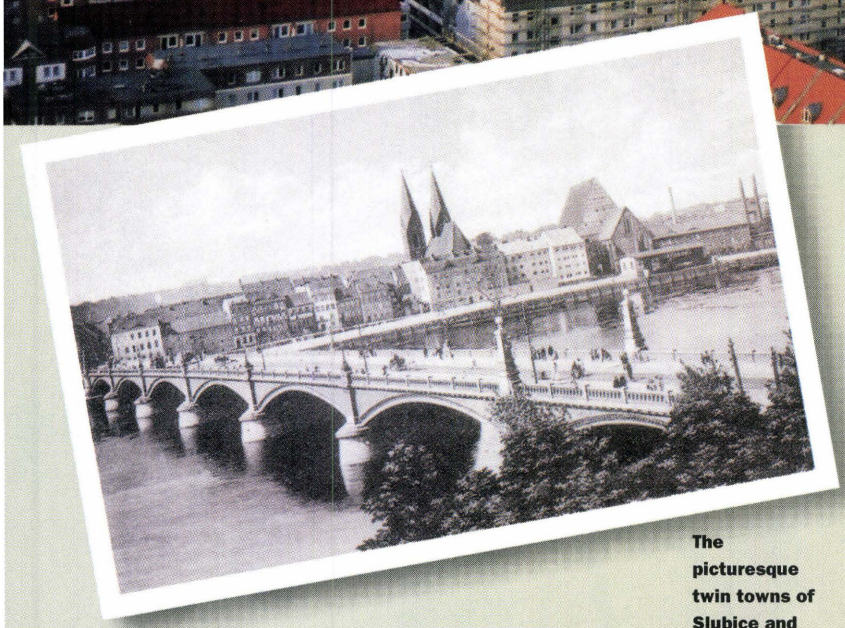
Poland's slow GDP growth, high interest rates, and anemic consumption cannot brighten fading foreign interest in its market, a trend brought on by high taxes and burdensome employment regulations that make it all but impossible to fire workers and benefits mandates that inflate hiring costs by almost 50 percent.

While other post-communist Eastern European neighbors are achieving double-digit gains in foreign investment, Poland is failing. But the government is banking on massive investments in infrastructure to fuel 5 percent GDP growth by 2004, and the Parliament has approved training grants to foreign companies willing to produce in Poland and employ Polish labor. And there is plenty to employ.

Farmers, for example, represent 18 percent of the workforce, yet they produce less that 4 percent of GDP. Most are not market-oriented. Yet they say it is the EU that will prevent them from competing on equal footing, and they reject the current EU offer to allow them to receive just 25 percent of the aid now given to farmers by the Polish government. Economic planners in Warsaw are pressed to generate jobs outside agriculture for the many non-market farmers who will lose their jobs. And reaching an acceptable farm agreement appears to be a Herculean task as the EU and Poland move through the accession talks. "It will be the toughest part of our negotiations," Huber says.

That is a mouthful from a woman who will struggle every day through the next year of Polish challenges and European scrutiny.

Amy Kaslow is an independent journalist and a senior fellow at the Council on Competitiveness in Washington, DC.



Slubice 2002

The picturesque twin towns of Slubice and Frankfurt an der Oder lie across from each other on the banks of the Oder River.

Since 1989, this Polish town has seen a decade of dramatic changes, not all of them good.

By Amy Kaslow

From a distance, Slubice is one of the picturesque twin towns perched along the banks of the Oder River, the natural boundary between Poland and eastern Germany. But up close, perhaps the most attractive part of Slubice is along the water's edge, where it's easy to see clearly across to its German sister, the city of Frankfurt an der Oder.

In the heady days after the fall of communism, hopes were high here, but realities were grim. The day the border opened, Poles queued up for hours to cross the bridge into eastern Germany. Once there, they parked near harvested fields, and filled their trunks with whatever remained of picked over potatoes. Some of the earliest Polish capitalists packed their broken down cars with cheap German electronics for resale to their goods-starved Polish compatriots.

Today, Slubice's outdoor market—a ramshackle maze of plastic, canvas, and corroding metal stalls—is virtually empty. For years, it was the area's only source of staples and other supplies. "Poles know better," sniffs a local university student, passing one of the few remaining merchants.

Indeed, the town now boasts BricoMarche a large French supermarket, replete with fresh produce, sparkling cases of cheeses, meats, and an array of international delicacies.

In 1989, ninety percent of Poland's communist economy was state-driven; thirteen years later in 2002, the cash-strapped government is pushing the private sector as the engine for growth.

Joblessness is acute and a growing sense of helplessness is setting in. Many Poles know but more need to see that simply dumping communism was no promise for progress, that developing the economy takes plans, even partnerships. Government leaders say GDP growth, now a sluggish one percent, will reach 5 percent by 2004, and many see foreign investment is the centerpiece of that economic recovery. That money, which flowed soon after 1989, has slowed to a trickle.

In the interim, EU aid is pouring into Poland. In Slubice alone, the examples of EU assistance are everywhere: the bridge over the Oder River; the beautifully designed university, a sister institution to the one across the river; and a massive renovated sports complex across town.

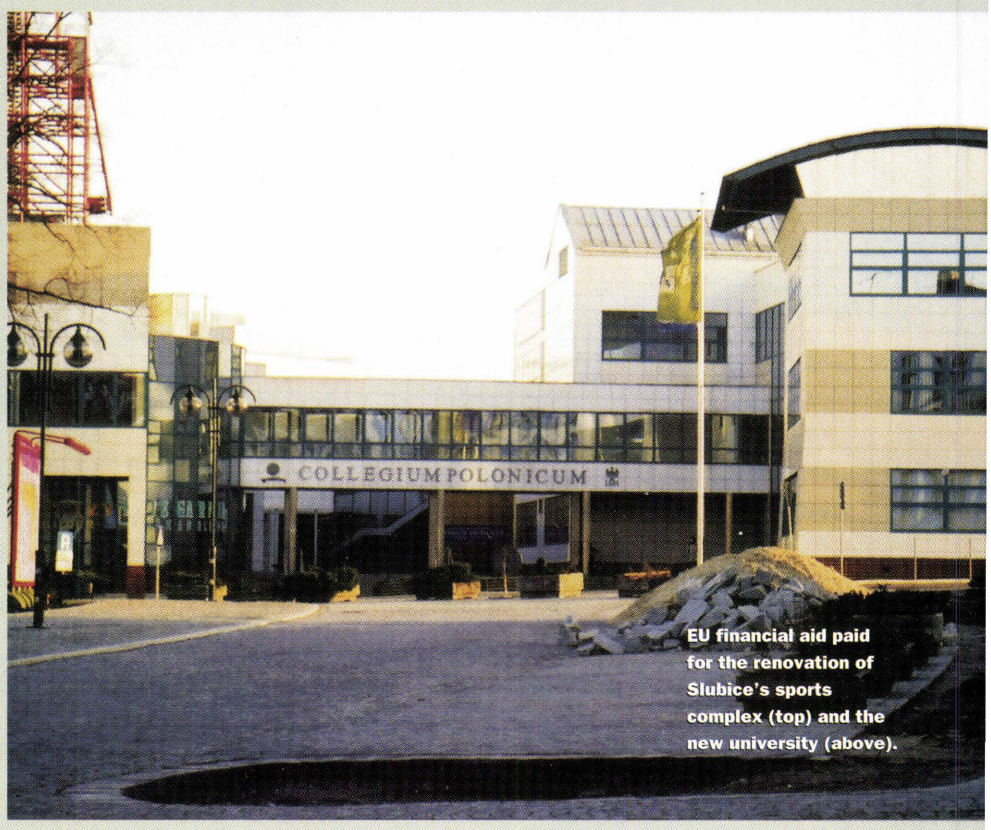
Since 1989 and more recently with Poland on the EU track, aid officials in Brussels have targeted projects that improve the quality of life. But Poland has

done much on its own, with limited resources. If public health is a barometer of living standards, Poland has made strides countering the AIDS epidemic, which is now growing faster in Eastern Europe than in any region in the world. The Catholic Church deftly headed off a Polish crisis by telling drug users and the sexually active that methadone treatment, needle exchanges, and condoms were widely available.

Poland's success story is told in Brussels, where the policy community is wary of HIV-AIDS and the constant movement of human capital. Indeed, Polish workers are alluring to Western European employers tapping into the pipeline of relatively cheap, skilled labor that flows from East to West. Controlling Poland's exposure to the virus goes a long way toward stemming the tide of disease in borderless Europe.

That's important. If opportunities don't improve in Poland, Poles will be crossing the bridges and borders in droves, in search of a better life.

—Amy Kaslow



EU financial aid paid for the renovation of Slubice's sports complex (top) and the new university (above).

EUROPE update

JUNE 2002 VOLUME X / NUMBER 6

WHAT THEY SAID: DIPLOMAT DISCUSSES EU ROLE IN MIDEAST

Giancarlo Chevallard, head of the European Commission Delegation in Tel Aviv, recently discussed with EUROPE *the EU's endeavors to help bring peace to the Middle East, its humanitarian assistance efforts, and his views on the ongoing violence and security issues.*

What role, economically and politically, does the European Union play in the Middle East? How much assistance does the EU give to the Palestinian Authority, to Israel, and for humanitarian assistance in the region?
Economically the EU has increasingly become the leading partner in the region. It is the Middle East's immediate neighbor. The EU has concluded ambitious association treaties with all countries of the region (except Syria), providing notably the achievement of a single Euro-Mediterranean Free Trade area by 2010. The EU single market and the euro attract the countries of the region with a view for their stable anchoring to the European economic pole. The EU is, therefore, their major trading partner and cooperates increasingly with each of these countries to promote economic development.

This cooperation takes different forms, given the huge differences within the Middle East. For instance, with Israel the EU cooperates successfully in research and development programs. With Egypt and Jordan, it funds various schemes designed to modernize their economic systems.

Politically, the EU has a secondary, though increasingly important, role. There is no doubt that the US is the leading player. The EU coordinates its positions with Washington with a view of ensuring the maximum joint leverage. I believe this role is going to become more important in the future. Fundamental security and economic interests of the EU are at stake in the region. The EU's common foreign and security policy, after a slow departure in the last decade, is likely to become more proactive and action-oriented in the near future, especially as it concerns the Middle East. Our main challenge for the time being is to be accepted as a trustworthy player by the Israeli government.

The EU has contributed well over $400 million to the Palestinian Authority since the beginning of the intifada, significantly stepping up its financial assistance. This makes the EU one of the principal donors. In particular, increasing funds have been released for humanitarian interventions in the territories. A massive new program of action is underway to alleviate the humanitarian emergency created by the latest events.

Israel's economy is roughly on a similar level as the EU members'. It is therefore natural that the EU does not provide assistance to Israel.

In addition to your role as head of delegation in Israel, do you have any role in the West Bank? Does the EU have any offices in the West Bank?
This delegation has no direct role concerning Gaza and the West Bank. The Commission has a specific assistance office in Jerusalem for managing the flow of aid from Brussels to the territories.

Miguel Angel Moratinos is the EU's special negotiator for the Middle East. What exactly is his role and what role does Javier Solana, the EU's high representative for Common Foreign and Security Policy, have to play in the Middle East?
Miguel Angel Moratinos has been the EU special envoy for the Middle East Peace Process since 1996. His contribution in maintaining communication between Israel and the Arab side has been growing over the years. He has provided the EU with an inside view of the conflict so as to facilitate the adaptation of the EU diplomatic and economic instruments of action. He has become an essential figure in the peacemaking efforts and a key component of the so-called "quartet," namely the standing committee made up of the US, EU, Russia, and UN special representatives for the Middle East. His role as go-between is particularly relevant in this time of total distrust.

He reports, of course, to President Prodi and to Javier Solana. Solana represents the EU's highest political level involvement in the crisis. His mandate, coming directly from the EU foreign ministers, is to exert a moderating influence on the two sides. The EU is convinced that the only way out of the escalation of violence is the opening of a political-diplomatic process. Solana's frequent visits to the region are designed to offer EU assistance in bringing the parties around the same table to discuss the substance of the conflict.

Some analysts in the United States have stated that the European Union is pro-Arab and anti-Israeli. How would you respond to these comments? Do you feel the EU is neutral in the Middle East?
The EU is not neutral in the Middle East. It is balanced and equidistant, which is different. It forcefully condemns terrorism and the excessive use of force as well as the violation of human rights and extremism of each of the two sides accordingly, as a sign of

WHAT THEY SAID . . . (CONTINUED)

involvement not of neutrality. As President Prodi has stated, "The time has come for the Israelis and Palestinians to break away from the infernal cycle of violence, revenge, and retaliation. Violence can only create more violence. It will never bring peace."

The EU wants to stay out of the simplistic logic whereby either you are pro-Israeli or pro-Arab. This black and white approach is the main source of today's dramatic developments. We consider that in due time the EU's even-handed approach will be an asset for building bridges between the two sides.

The causes of the hatred and violence in the area are many and extend over decades if not centuries. Briefly, what do you feel are the main causes of the recent violence and terrorism?

I will not go over history. Let me put forward two elements that are striking for the newly arrived diplomat in the region. First, the enormous gap in living conditions between the Israelis and the Palestinians in the same small piece of land is an obvious cause for trouble. I mean not only that standards of life in Israel are far higher but also that the Palestinian people's ambitions to build a state and to be responsible for their future have been frustrated over the last decades. Second, there is an acute problem of leadership, especially in making the necessary sacrifices to reach peace and to build two neighboring democratic states.

Why do you think the Palestinians advocate their young people becoming suicide bombers?

As a Westerner I am horrified by the videotaped images of these young people sacrificing their lives to destroy other young lives. I strongly condemn these terror acts, and I have no understanding whatsoever for those Palestinian adults who arm their teenagers in order to take away innocent lives. These young suicide bombers are undoubtedly the product of an authoritarian religious society where human life does not have the same price as in our Western culture. They are also the end result of the Palestinian community's desperation, because of the perceived hopelessness of the individual and collective future.

How safe do you and your staff feel living in Tel Aviv? Are you taking security precautions?

Security conditions have obviously continued to worsen in Israel in the last eighteen months. There is the fear of terror attacks but also the shock of living in a country in a 'war' frame of mind. Individual living patterns have changed considerably. Like the US and other European embassies, the delegation has introduced some elementary security precautions. But the best precaution against terror lies in the good judgment of the individual staffers.

EU NEWS

France Moves to the Right

France and its Western allies have been breathing easier since the defeat of extreme-right leader Jean-Marie Le Pen in the second round of presidential voting on May 5, handily won by the incumbent, conservative, neo-Gaullist Jacques Chirac. Massive, nationwide support for burying Le Pen's program—which included withdrawing from the European Union, restoring the franc, the death penalty, and protectionism—provided Chirac more than 80 percent of the vote, the highest score for any postwar president, including General Charles de Gaulle.

Determined to implement a reform program and win the two-round legislative elections June 9-16, Chirac quickly named as his prime minister Jean-Pierre Raffarin. Stocky and congenial, the fifty-three-year-old, former public relations consultant and member of the European Parliament and France's Senate, resigned as president of a regional council and of France's rightist, pro-business, Liberal Democracy Party to take charge of his Left-Bank headquarters in the Hôtel Matignon.

Responding to Chirac's wishes, he named a cabinet of twenty-seven Chirac-supporting conservatives, including Michèle Alliot-Marie, the first woman to head the powerful defense ministry; Dominique de Villepin, minister of foreign affairs; and Francis Mer, who resigned as co-president of the world's largest steel company, Arcelor, to become minister of the economy, finance, and industry.

What Raffarin and Chirac described as a new rightist, non-elitist, reform-bent government moved quickly—ordering police crackdowns on growing urban crime, preparing a 5 percent income tax cut effective this year, easing fiscal charges for businesses, and moving on stalled negotiations with striking doctors as part of a "social dialogue" to defuse simmering disputes with other professional groups, trade unions, and associations of retired people.

But virtually all the proposals will require approval by the 577-member National Assembly, which, although in recess, remains controlled by the Socialist Party and its leftist allies, despite the surprise defeat of former prime minister Lionel Jospin in the first round of the presidential election on April 21. The Socialists, minus Jospin, who after his defeat announced he was withdrawing from politics, have been fighting hard to keep control of France's national legislative body. Its leaders describe the Raffarin government as transitional, with no mandate, until the results of the June elections are in.

"Having voted massively in favor of Chirac to preserve democratic values, largely with our help, France woke up, unhappily, to find itself governed by a rightist clan," fumed former education minister, Jack Lang. "It will be difficult, but we have a reasonable chance of winning," added Elisabeth Guigou, who stepped down as Jospin's social affairs minister and is also seeking a legislative seat.

If the Socialists and their environmentalist allies win, it will come as an unwelcome blow to Chirac, who is determined to end, once and for all, *cohabitation*, which he describes as "suicidal." This is the power-sharing arrangement under which he and Jospin have jointly and painfully governed France following the left's surprise victory in the previous legislative elections of 1997. Polls and recent interviews with *EUROPE* show that many French voters, now aware of the many, behind-the-scenes Chirac-Jospin clashes, want a single, strong executive at the presidential Elysée Palace, with an obedient prime minister and government, similar to the ruling patterns of De Gaulle and François Mitterrand. Others say they prefer cohabitation because, while cumbersome, it provides a counterweight to the centralized powers of the presidency, particularly in foreign policy and defense.

In Washington, President George W. Bush made it clear that he was relieved and pleased by Chirac's presidential victory, having never hid-

den his administration's annoyance with constant, Jospin-inspired criticism of Washington's "hyper-power" role in world diplomacy amid recent fears of a strong, extreme-right political force emerging in Continental Europe's only nuclear power. In a congratulatory phone call, Bush told Chirac, with whom he has maintained warm personal relations, that he was looking forward to continuing to work closely with him in the months ahead on such issues as the Middle East and combating terrorism.

Clouding the outlook for both camps were recent signs of a revival of unemployment, after three years of decline. With barely 1.5 percent growth this year, joblessness has risen to just more than 9 percent of the workforce, compared to an average of 7.6 percent in the European Union, a performance even the most optimistic leftists concede will be difficult to defend, while Chirac's team counts on tax cuts and pro-business reforms to boost economic expansion.

—Axel Krause

Spanish Prime Minister José María Aznar (left) and European Commission President Romano Prodi met with President Bush at the White House for the annual EU-US summit on May 2.

EU-US Leaders Hold Summit in Washington

Leaders from both sides of the Atlantic gathered at the White House for the annual EU-US summit on May 2. European Commission President Romano Prodi and Spanish Prime Minister José María Aznar, whose country currently holds the rotating European Union presidency, along with several EU officials met with President Bush and members of his cabinet to discuss trade relations, the Middle East, Afghanistan, and counterterrorism cooperation.

Prodi and Bush held a joint press conference immediately following the four-hour meeting. Prodi emphasized the US and Europe shared "deep values and the same common strategy," but at the same time referred to trade tensions between the two sides in steel, agriculture, and export subsidies.

"We tackled some cases in which we have differences still…which we believe are certainly harming us." He said, however, that the tone remained constructive. "Even in this sphere, we shall demonstrate a friendly way of working."

Echoing Prodi's positive assessment of the transatlantic relationship, Bush said the two sides had brought a "spirit of cooperation to our common economic agenda" and vowed to "work with Congress to fully comply with the WTO decision on our tax rules for international corporations," referring to the US system of tax breaks for exporters.

On the Mideast peace process, President Bush said during the joint press conference, "The United States and the EU share a common vision of two states—Palestine and Israel, living side by side in peace and security." And that "when the EU and the US work together, we multiply our effectiveness. Today we discussed our desires to continue working together."

Meanwhile, at the State Department, a meeting on Mideast peace, which included leaders from the EU, US, the Russian Federation, and the United Nations, resulted in a new initiative for an international peace conference to be held early this summer.

LETTER FROM TEL AVIV

Tel Aviv in May is beautiful with the purple-blossomed hibiscus, not yet searing heat, blue skies, and the glistening coastline all exuding a typical Mediterranean scene. It has been called "the white city" because of its Bauhaus architecture, but pollution and the higgledy-piggledy building of the last few years have managed to detract from these clean art deco lines. However, comments on flora and architecture somehow seem out of context right now and one soon discovers nothing conforms to normality here.

Although a more relaxed atmosphere reigns in Tel Aviv since the "Passover massacre"—we have luckily not had a terrorist attack for a good spell—this does not mean there have been no attempts: at least one suicide bomber a day has been thwarted by the ultra-efficient security forces.

And the notion of "relaxed" is relative—shops, restaurants, cafes, supermarkets, offices, banks, schools, and kindergartens all have security checks at their entrances. It is surreal to be searched before entering a McDonalds to grab a burger and fulfill that fast-food craving, but it is this security that has managed to keep high anxiety at bay and permitted people to lead "normal" lives.

Needless to say, paying for this increased security means prices are rising and salaries are constantly being eroded in a country that is already expensive. It took me some time to realize what the cashiers were asking at the supermarket checkouts—how many installments would I like in order to pay for my groceries? Recently, the world's isolation toward Israel has been felt very acutely here—another high price to pay for Israel's military solutions.

Living here means living the news. Watching CNN reports on what is happening in your backyard can be chilling if you think about the implications, but what helps is developing the very attitude that Israelis have in order to survive—a zest for living in the moment, a tough exterior, a daily grasp of politics, an optimism of better days ahead, and never planning too far in advance. But even with an overdose of world media coverage and the "right attitude," as a foreigner I still have the feeling that understanding the region is elusive, so perhaps the best antidote is to admire the flora and architecture, live life to the full, and hope that peace will come and be seized by all.

Fiona Bagnall recently moved to Tel Aviv to work for the European Commission Delegation. She filed this report before the May 8 suicide bombing which killed fifteen people and critically injured scores of others at a club in the coastal town of Rishon Letzion.

BUSINESS BRIEFS

The **Heineken** family has made clear it has no intention of relinquishing control of the Netherlands-based brewer following the death in January of Alfred "Freddy" Heineken. Control has passed to his daughter Charlene de Carvalho, who pledged to "play a full role as the family shareholder…fully sharing my father's commitment to the outstanding reputation of our company."

The forty-eight-year-old mother of five who lives in London has been on the management board of Heineken Holding, the vehicle used by the firm to control the business for fourteen years, and she inherits a veto power on key matters including planned share issues.

Analysts say the family's reluctance to ease its grip by allowing Heineken to issue shares to finance acquisitions curbs its ability to take part fully in the global consolidation of the brewing industry.

•••

Barilla, the world's leading pasta maker, is acquiring **Kamps**, Europe's biggest bakery chain, for $1.5 billion in a rare foreign takeover of a German company that caps the financial revival of the privately owned Italian firm.

The takeover continues an aggressive overseas expansion by the 125-year-old Barilla, which has opened a pasta plant in Iowa and paid $318 million for **Wasa** of Sweden, one of the world's biggest cracker makers, since it returned to financial health in 1999 following a collapse in pasta prices in the early 1990s and the death of its chairman Pietro Barilla in 1993.

Düsseldorf-based Kamps, which was set up by Heiner Kamps in 1982, and floated on the Frankfurt stock exchange in 1998, became vulnerable because its earnings have suffered from debt taken on to finance nineteen acquisitions in Germany, France, and the Netherlands.

Parma-based Barilla made an operating profit of $295 million on sales of $2 billion in 2001 and has debts of $118 million. Kamps made $18 million on revenues of $1.5 billion and has $700 million of debt.

•••

The UK suffered most from the collapse of US investment in Europe in 2001, but London was the most attractive location for foreign firms for the second year running, according to a report that highlighted big differences in performance between the fifteen EU countries.

The number of new projects in the UK tumbled 34 percent, nearly three times the average 12 percent decline across Europe, but it remained the top location for foreign investment, attracting 19 percent of all spending, according to an annual review by **Ernst & Young**. The 26 percent fall in US investment in Europe hit the UK hardest because it is a major recipient of US spending on technology industries such as computer software and telecommunications.

London, however, remained the top draw for foreign firms, attracting ninety-four projects, ahead of Catalonia in northeast Spain with eighty-six, the Ile-de-France/Paris region gained sixty-one, and Stockholm attracted fifty-six.

France suffered a 25 percent drop in inward investment, but it stayed Europe's second-most popular destination with 13 percent of all spending, down from 16 percent in 2000. Foreign investment in the Netherlands, a favored location for US and Japanese firms, crashed 37 percent.

Ireland's fears that it was no longer a prime investment location for American firms whose lower spending largely accounted for a 46 percent drop in inward investment in 2001 were eased after **Intel**, the world's largest computer chip maker, announced it will resume construction of a $2 billion plant west of Dublin.

The plant, one of the most technologically advanced manufacturing sites in Europe, was put on ice at the end of 2000 because of the worldwide decline in demand for chips. It was due to open by the end of 2001 but is now expected to come on stream in the first half of 2004.

Intel, which currently employs about 3,150 people at its giant complex in Leixlip, says the new plant will create 1,000 additional jobs and take its investment in Ireland to more than $5 billion.

•••

DaimlerChrysler has returned to profit after mass layoffs and plant closures stemmed losses at its troubled US **Chrysler** car division and its flagship Mercedes cars continued to attract more buyers.

The company earned $2.4 billion in the first quarter of the year compared with a year-earlier loss of $3.4 billion with Chrysler returning to profit for the first time since mid-2000 with an operating surplus of $115 million euros against a $1.3 billion deficit a year ago.

Chrysler is still in the red after a $273 million charge for restructuring that involved 26,000 job losses and the closure of plants in Canada and Mexico. But Dieter Zetsche, Chrysler's chief executive, says the company may do better than the projected break-even this year and make a profit. It still faces an additional $636 million of restructuring costs, but new models are expected to steadily increase its US market share.

The Mercedes car division made an operating profit of $594 million as sales rose 7 percent compared with the first quarter of 2001. But **Mercedes-Benz** still has a long way to go before its takeover of Chrysler matches the success of **Renault**'s acquisition of a controlling stake in the then-troubled **Nissan**.

•••

National Grid, the United Kingdom's biggest electricity transmission company, and **Lattice Group**, the leading gas pipeline operator, are planning a spending spree in the US after completing a $22 billion merger that will create Europe's fourth-largest power utility.

While the firms wait for UK and US regulators to clear the deal, they are eyeing opportunities in electricity and gas markets in the Northeast US where they already have considerable experience. National Grid has invested $13 billion buying power distribution firms in the region—including the $3 billion acquisition of **Nigara Mowhawk** in 2000—the size of deal that analysts say the combined company will be capable of every two years.

The company is targeting the US because, while continental Europe is opening its power markets, governments are reluctant to force national companies to surrender ownership of transmission networks to independent foreign operators. Analysts say potential US acquisitions include **Nstar** of Boston, **Energy East** of Albany, and **Northeast Utilities** of Hartford.

•••

Japanese video game maker **Nintendo** launched its long-awaited GameCube in Europe last month and appears to have set off a price war. The company announced it sold 10,000 of the consoles in the first two hours of its May 3 debut. Furthermore, it cut the GameCube's retail price to roughly $188, almost $100 cheaper than **Sony**'s best-selling Playstation2 and **Microsoft**'s new Xbox. However, both companies announced they would follow suit and cut their prices.

Analysts say the European sales of video and computer games are expected to grow to $7.5 billion this year or about 31 percent of the world market.

—Bruce Barnard

EUROPE update

Contributors

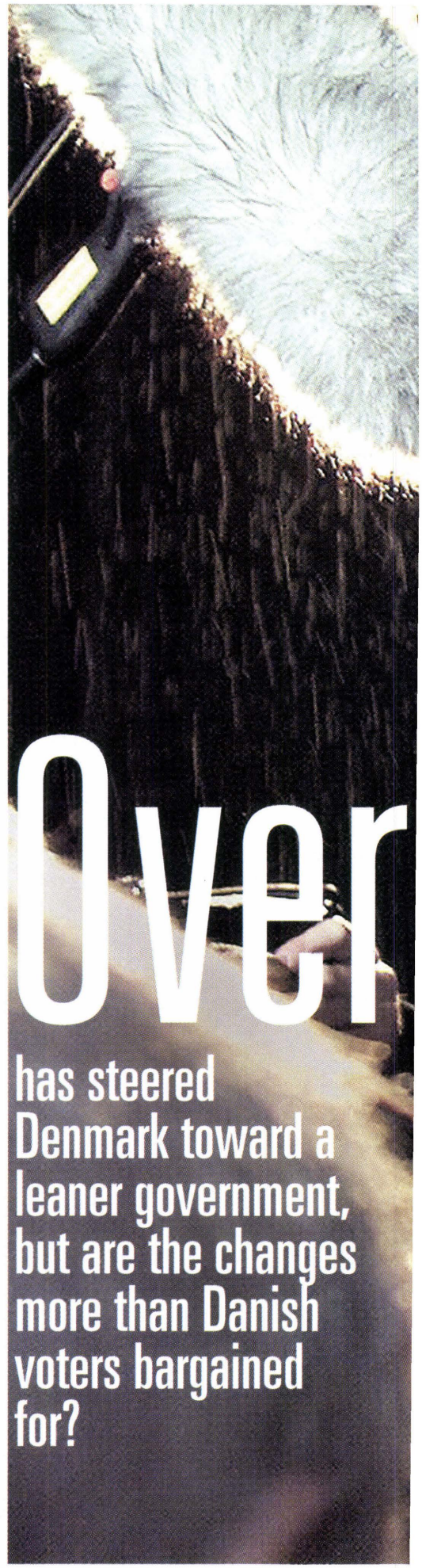
Bruce Barnard reporting from London
Axel Krause reporting from Paris

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.

The Liberals Take Over

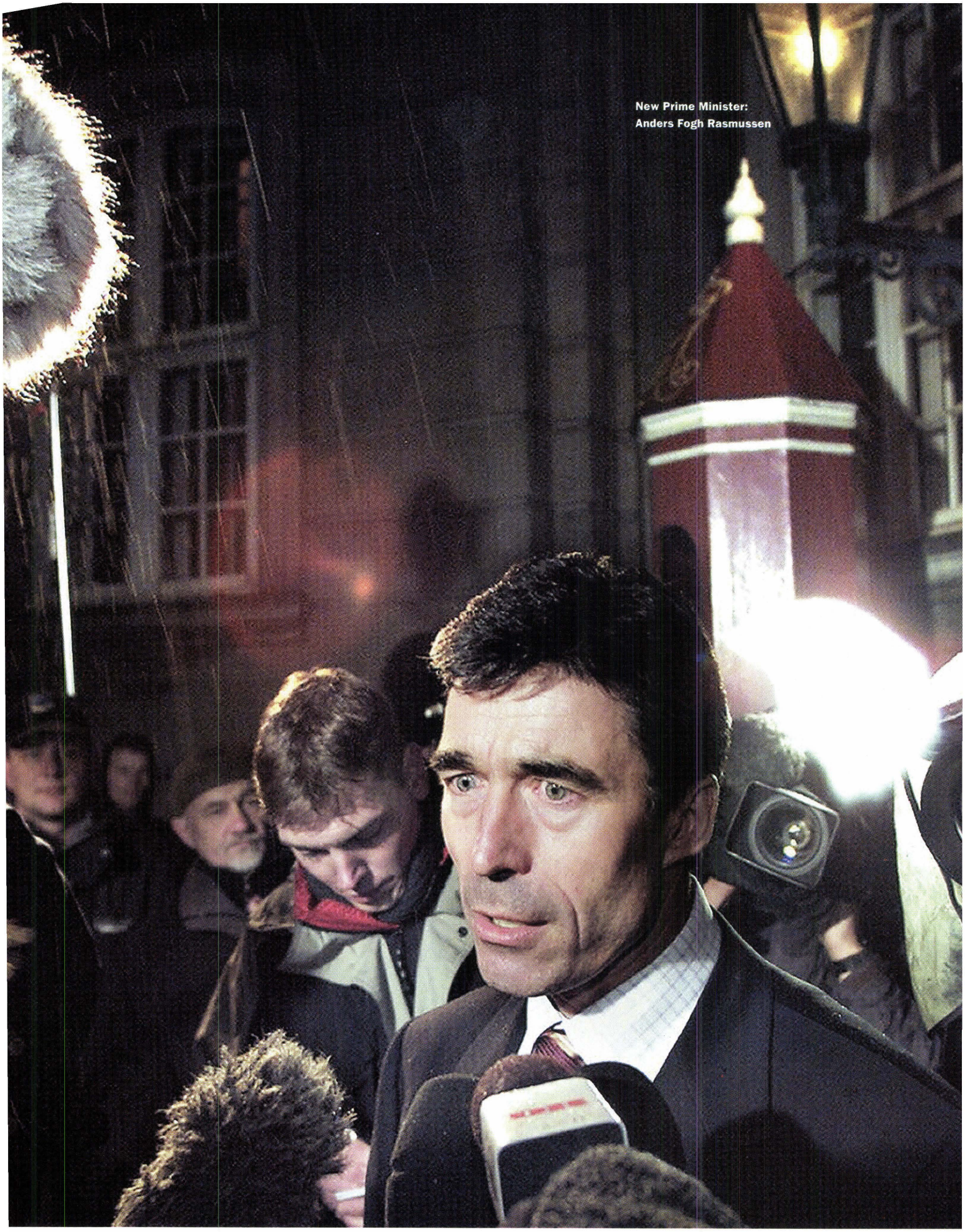
By Maria Bernbom

Anders Fogh Rasmussen has steered Denmark toward a leaner government, but are the changes more than Danish voters bargained for?



I voted for the Liberals, but only because I wasn't aware just how liberal they were," has been a familiar comment of late among Danish voters. Indeed, many Danes weren't exactly sure what brand of liberalism they were getting after the Social Democratic-led government called snap elections in November, only to suffer a surprising defeat to the Liberal Party (Venstre) led by Anders Fogh Rasmussen. Prime Minister Poul Nyrup Rasmussen, no relation to his challenger, whose Social Democratic Party had held office for nine years, finished second with fifty-two seats in the Folketing, Denmark's parliament. The Liberals won fifty-six and promptly joined with the Conservative People's Party (Konservativt Folkeparti) to hold a seventy-two-seat bloc in the 179-seat Folketing, enough to win the right to form a coalition government.

To Americans, a Liberal-Conservative alliance may sound a bit like an oxymoron. However, in Europe, "liberals" tend to emphasize business and industry issues, striving to free businesses and employers from ted-tape and reducing taxes, rather than social issues. Therefore, a vote for the Danish



New Prime Minister:
Anders Fogh Rasmussen

Liberals was seen as a vote for bolstering Danish business, and Fogh Rasmussen emphasized throughout the campaign that Denmark needed to strengthen Danish industry and improve conditions for families and elderly citizens. Since taking office, his government has done just that but with such fiscal stridency that it has startled some Danes. To make ends meet, the government has reallocated funds drastically, a move that surprised even its own supporters.

Nearly a decade in opposition has given the Liberal Party and the Conservative People's Party considerable time to consider on which areas to concentrate once in government.

Most of their pet issues became well known during the election campaign. Under the heading "growth, welfare, and renewal," Rasmussen and company have promised to freeze taxes and strengthen Danish research, while it says it will improve the welfare system by reducing hospital waiting lists and by upgrading home care for elderly citizens. Similarly, the government has sought to help families by introducing a flexible one-year paternity leave. However, its decision to finance these measures by wielding a sharp cost-cutting axe caught most Danes off-guard. In total, the Liberal-Conservative budget has shed nearly $830 million worth of expenditures out of a budget of roughly $53 billion.

Danes have so far elected to keep the krone, but recent polls show growing support for switching to the euro.

The influential *Børsen* newspaper ranked Pia Kjaersgaard, leader of the Danish People's Party, as Denmark's most powerful woman.

However, the shift of priorities has not gone by without objections. On the day the budget was passed, 10,000 trade union demonstrators gathered outside the Folketing to protest the government's focus on the interests of employers while ignoring average wage earners. As Hans Jensen, president of LO, the confederation of Danish trade unions, declared, "The class struggle is not over."

Another contentious issue has been the government's decision to reduce the extensive number of Denmark's official boards and councils, which deal with issues ranging from narcotics to arts and transportation. The resolution sprang from a desire to reckon with rigid systems, as Prime Minister Fogh Rasmussen phrased it in his first New Year's speech to the Danish people. "We wish to tidy up the intermediate layer, which drains our resources and removes attention from the essential matters," he said.

So far, 103 boards, councils, and committees have been shuttered, which the government estimates will save $35.5 million. However, both national and international criticism followed the move, especially with regard to the closure of the Board for Ethnic Equality.

The board was closed to appease the

nationalistic Danish People's Party, Dansk Folkeparti, which insisted on finding savings among immigration expenditures. Since the party's twenty-two Folketing seats are integral to the government's ability to pass legislation, its opinion had to be taken into account in order to pass the finance bill.

That power has indeed changed hands in Denmark was amply illustrated when the Danish newspaper *Børsen* published a ranking of the country's power players. According to their analysis, Pia Kjærsgaard, the leader of the Danish People's Party, has emerged as Denmark's most powerful woman, ranking number five on the list.

The *Børsen* list also indicated that power today is concentrated among Liberal-Conservative and pro-business leaders, who favor the changes heralded by the Danish government, as they are seen to provide better opportunities for Danish industry.

Most of those topping the power list have said they believe that Danish trade would benefit from joining the euro, even though the consequences of remaining outside the EU currency remain unclear.

Surprisingly, however, Danish business is no longer alone in favoring the euro, as had been previously the case. According to recent opinion polls, a majority of the Danes are willing to trade the krone for the euro. This has led the foreign minister, Per Stig Møller, a Conservative, to suggest that a new public referendum on the matter could be held within a few years.

That a referendum on the euro is even mentioned by such a high-ranking official only further indicates the significant political shift that has occurred in Denmark and that Liberal-Conservatives feel comfortable in the driver's seat.

Indeed, the government appears to be traveling with a well-prepared road map. But how they will do on their driver's test remains for Danish voters to judge. However, the next general election is not due until November 2005.

Maria Bernbom, based in Copenhagen, is a contributing editor for EUROPE.

Enlargement[3]

Danes prepare for the EU presidency with one main issue in mind

Four thousand police officers have been called on duty. Rooms have been booked and cars sponsored months in advance to prepare for the 1,500 delegates and hundreds of reporters and photographers expected to arrive in Denmark between July and December. The small nation is ready to take on the extensive task of hosting the EU presidency.

However, it is not only a major logistical undertaking awaiting the Danes. Comprehensive issues are already filling the political agenda. Furthering the Lisbon Process (which was agreed on by EU leaders two years ago and included the goal for the Union to become a dynamic, knowledge-based economy within ten years) and strengthening the relationship between Europe and Asia rank high on the presidency to-do list. Similarly, each ministerial area has its own subjects to work on.

The most significant issue is undoubtedly EU enlargement, as the Union expects to finalize negotiations with the first new member states at the end of this year.

As Danish Minister for European Affairs Bertel Haarder of the Liberal Party explained to *EUROPE*: "During the Swedish presidency, the Swedes had three capital E's to work for: Employment, Environment, and Enlargement. So, too, Denmark has three E's on the agenda: Enlargement, Enlargement, and Enlargement."

The minister believes that Denmark is exactly the right country to host the presidency while the process takes place. "The enlargement enjoys very strong public support in Denmark. Actually, it is the one issue regarding the EU that the Danes most strongly sanction," he explained, alluding to the many areas in which Denmark holds reservations toward European cooperation.

By public referendum, Denmark has chosen to remain outside the common European currency, the euro, and the joint defense force. Because of these reservations, Denmark will not be able to lead negotiations when these issues are discussed during their presidency. Instead, Greece, which is next in line for the presidency, will take over the chair for those sessions.

"It has all been arranged, and it will become a reality," Haarder says, but asserts: "Although we also have certain reservations regarding the judicial cooperation, we will still lead negotiations in this area."

At the Barcelona summit in March, leaders debated the idea of sharing coming presidencies among a group of smaller and larger countries in the future. It's an idea the Danish minister welcomes. "The Danish government is supportive of a group presidency," Haarder says. "The present model means that years pass before each country comes into contact with the presidency, and so it would be better to take part in a shared one more often."

"Naturally, there would be a total equality of rights among small and large countries," says the minister, but he explains that the model will not be changed soon. "The issue must first be discussed at the convention and at the intergovernmental conference. And it will take at least two to three years after that before the decision is carried through."

—Maria Bernbom

eu2002.dk

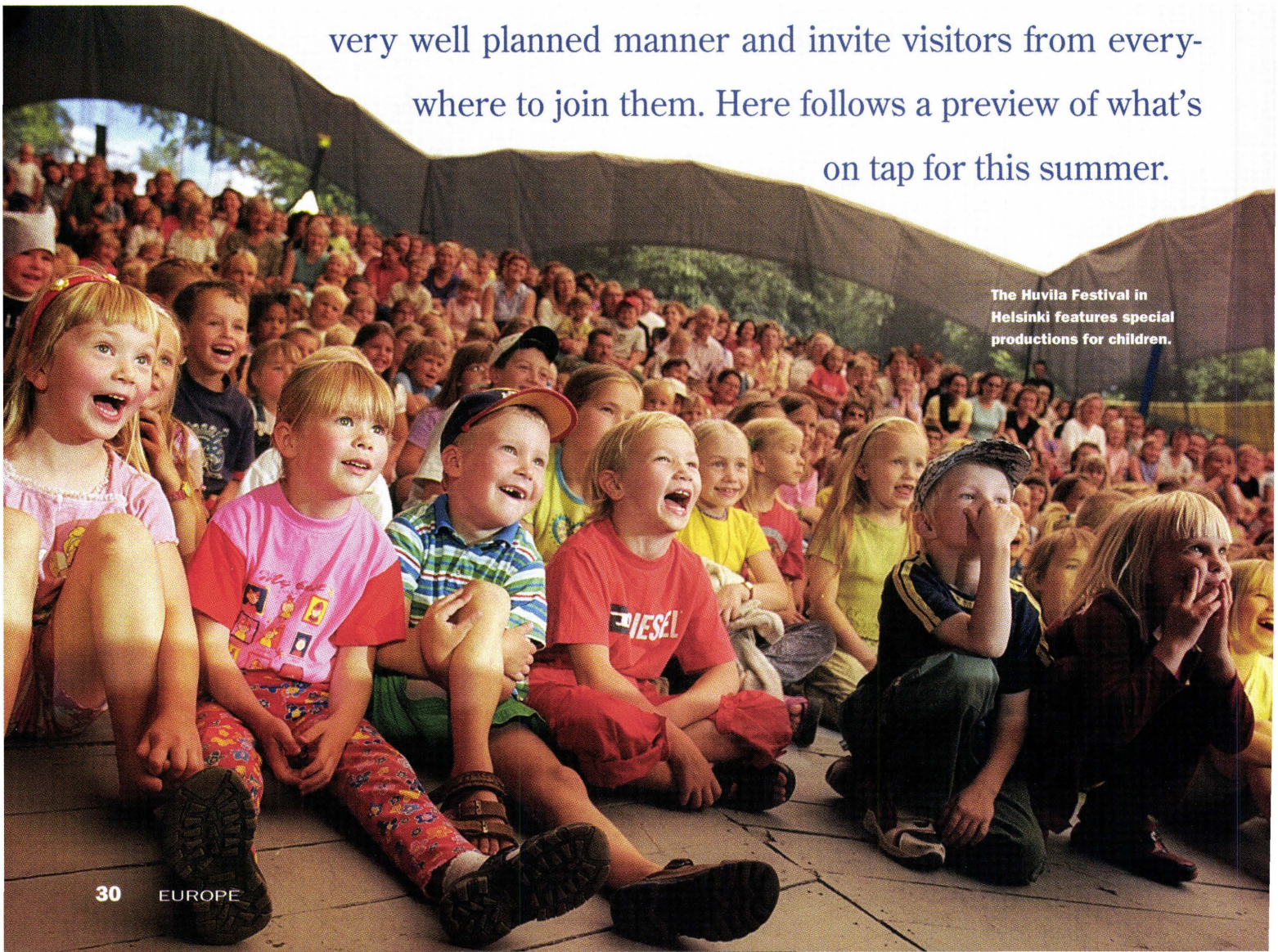
"The enlargement of the European Union will be the leading issue during Denmark's presidency."

Bertel Haarder, Danish minister for European affairs

Endless Summer

Scandinavian Style

Summer in Scandinavia is festival season. After months of dark and bitter cold, the people living in Europe's northern reaches emerge from winter to celebrate their extra-long days of summer sun with a passion that only eight months of shoveling snow and dressing in heavy layers can bring. Of course, in good Scandinavian fashion they do their celebrating in a very well planned manner and invite visitors from everywhere to join them. Here follows a preview of what's on tap for this summer.



The Huvila Festival in Helsinki features special productions for children.

Finland's Summer Sounds

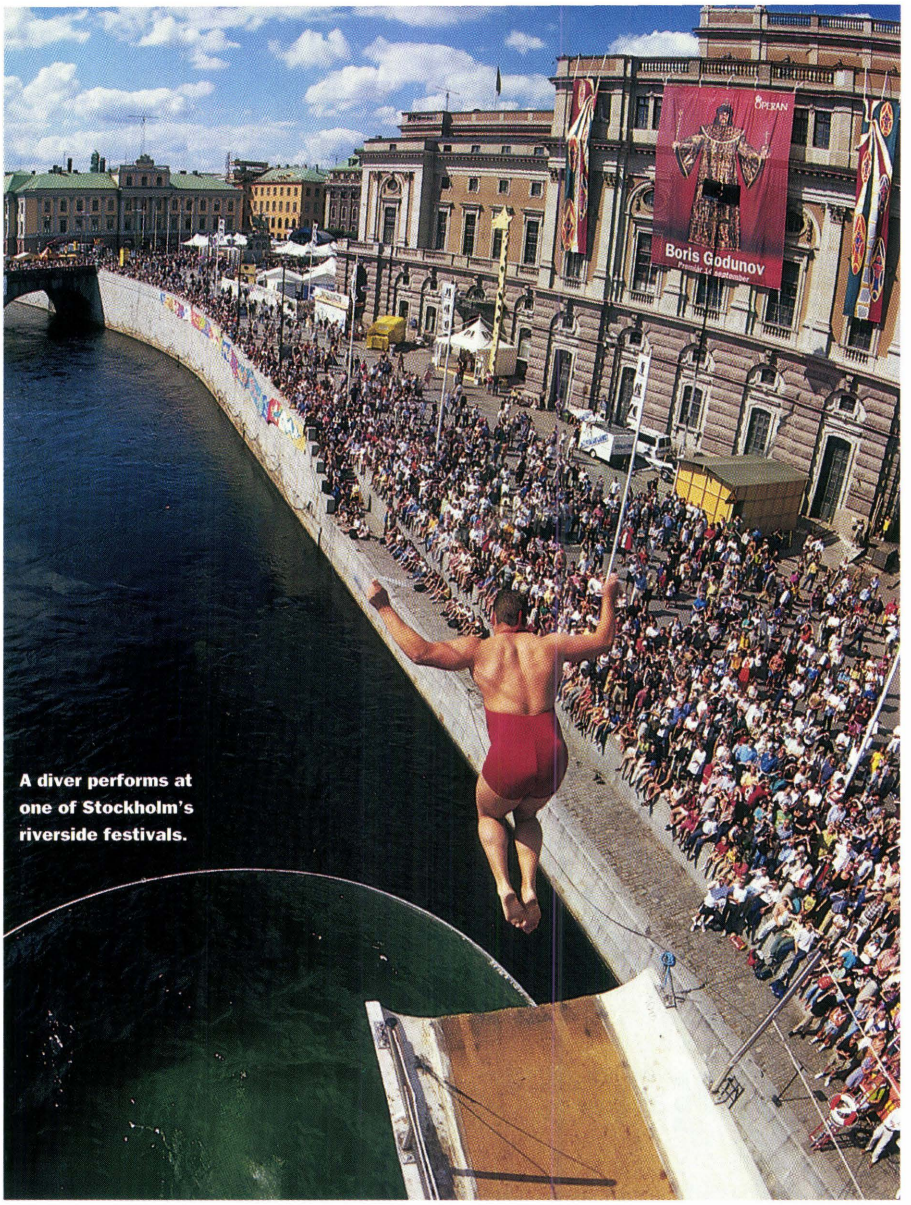
Close your eyes. Imagine a land with truly pristine lakes and forests, modern urban settings, fairy-tale villages, and more natural blondes than you've ever seen gathered in one place. Add days that never end and a gentle climate where the only sweating happens in a sauna. Top it off with stellar festivals to suit every taste, and you have the ingredients for a memorable summer holiday in Finland.

Beyond the Savonlinna Opera Festival, which is Finland's best-known summertime event, this Scandinavian country hosts a number of world-class festivals, each unique in character and setting.

The Helsinki Festival is the largest and most diverse of Finland's summer festivals. Founded in 1968 to bring together Finnish and international performing and creative arts, it features everything from symphonic works to baroque orchestras, world music, dance, theater, visual arts, and film. Performances are held throughout the city and at the Huvila Festival Tent, a striking, open-air venue on the city's waterfront. On August 29, the festival celebrates the Night of the Arts, with galleries staying open until midnight and numerous shows and performances.

If the Helsinki Festival is a big party, then the Kuhmo Chamber Music Festival is a musical balm for the heart and soul. Set in the lovely eastern village of the same name, surrounded by one of Europe's largest forests and dotted with pristine lakes, Kuhmo has brought together chamber music lovers and musicians in an egalitarian atmosphere every summer since 1970.

"Chamber music is possible when it happens between human beings in a small place. Only then can there be direct communication between the players and the audience, soul to soul," says Seppo Kimanen, the event's artistic director. The program is entirely different each year, and 2002 promises an unusual experience. Entitled *A Country, A City, A Sea,* it will focus on forms of chamber music, old and new, from Russia, Vienna, and the Mediterranean. "To make sense of this plentitude, we will forget common sense. It will be a total fantasy world, a non-verbal music drama for two weeks," enthuses Kimanen.



A diver performs at one of Stockholm's riverside festivals.

Lest this all sounds a bit too serious, Kuhmo is also known for good food (last year's festival featured chefs from Japan and Corsica), fine wine, and sparkling conversation. Accommodations are limited, but with advance notice, the festival is happy to help overseas visitors find lodging, often with local families.

For a little more foot-stomping, leg-shaking fun, the Kaustinen Folk Music Festival is worth investigating. Celebrating its thirty-fifth year in the picturesque village of Kaustine, it is the largest international folk music and dance festival in the Nordic countries and features the best Nordic folk artists. This year, multicultural British folk music will be featured, with Anglo-Indian, Caribbean, and African bands.

Finally yet importantly is the Avanti Summer Festival, founded in 1986. Situated in Porvoo near the capital, it offers a small-town atmosphere but within easy driving distance from Helsinki. With a new artistic director each year, the festival focuses on classical music, which is complemented by contemporary sounds, including jazz, klezmer, and something called Finnish tango. According to Avanti director Sirpa Hietanen, it has a "summer camp feeling in a very relaxed atmosphere, with a long-lasting sauna party plus swimming every single night in the bright, white nights of June."

—Shaazka Beyerle

Sweden's Midsummer Festivals

They will literally be dancing in the streets when Stockholm kicks off a week of festivities June 1 to celebrate the city's 750th anniversary. The centerpiece of the dance and music program June 2 will be an exhibition of traditional Swedish reels, some dating back to the 1500s. But there will also be salsa, jazz, and tango.

Throughout the week, visitors can enjoy a medieval market, parties at the Royal Castle and the Stockholm City Hall (where the Nobel Prize dinner is served every year), a children's contest to build

the ship of the future, and an extensive exhibit at the Stockholm City Museum about the city's history and culture.

Because Stockholm's harbor has always played a key role in the city's development, there are special activities planned around the water. Among them, a gathering of steamboats from all over the world and an exhibition at the Medieval Museum about salmon and fishing's importance to Stockholm.

But the capital city's party is only a small part of what's happening in Sweden this summer. The season officially begins with the traditional Midsummer Festival, this year on June 21–22. Swedes celebrate the first day with a lunch of herring, boiled new potatoes, and plenty of aquavit, and it's eaten outdoors regardless of the weather. In most communities, there's dancing around the midsummer pole (a kind of maypole) in local parks. At midnight, on this longest day of the year, Swedes are still sitting outside.

You can join the dancing festivities anywhere, but for the whole experience, check out midsummer parties at the Harju Homestead, near Haparanda on the Torne River, Hembygdsområdet in Gällivare, or Kukkolaforsen in Haparanda, all far north of the Arctic Circle. Theoretically, midsummer should be warm and sunny, but you might want to be prepared with a sweater and an umbrella.

Also in northern Sweden, the community of Pajala sponsors Harrens Dag on July 27. Billed as "the world's longest fishing contest," it offers anglers the chance to win a prize for the biggest grayling they can catch in the local river. One word of warning for visitors to northern Sweden: bring plenty of insect repellent. The region's mosquitoes are legendary and legion.

In middle Sweden, a top summer event is the Hälsinge Hambon dance competition in the Hälsingland province, about 180 miles north of Stockholm.

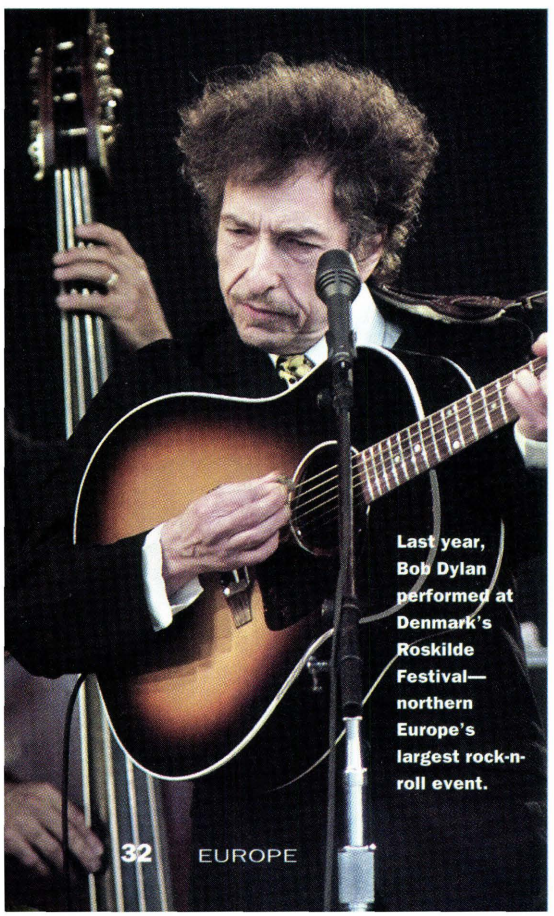
A midsummer pole is hoisted as part of traditional Swedish festivities.

At least 500 pairs of dancers, in traditional folk costumes, whirl along a forty-five-mile-long route. They begin at 6:30 in the morning in the tiny village of Harga, where, according to legend, the devil led the town's young people to destruction with his evil fiddling. About twelve hours later, the first couples cross the finish line in the town of Järvsö. You can see the dancing anywhere along the route.

At the opposite end of the country, Göteborg, Sweden's second-largest city, boasts a full summer program. Since it sits on the west coast, many events are also based on water. The Volvo Ocean Race stops in Göteborg harbor through June 8, with activities and entertainment planned at the harbor. The Göteborg Symphony Orchestra will play a special concert on June 6, Sweden's national day.

From July 22–27, the Swedish boule championship will be played in central Göteborg. The city finishes up the summer with Göteborgkalaset, its annual party with music, entertainment, a chance to sample local restaurants' specialties, and children's events, August 9–17, and all the entertainment is free.

—Ariane Sains



Last year, Bob Dylan performed at Denmark's Roskilde Festival—northern Europe's largest rock-n-roll event.

Denmark:
A Festival for Every Taste

Every year Denmark sets the stage for numerous music festivals as diverse as their audiences. The small nation has a long history of hosting music festivals, and for many Danes, it has become a tradition to spend a few days every summer celebrating music. Two major types predominate: the "campout" festivals, where guests are encouraged to bring a tent and stay at the site for the whole affair à la Woodstock, and the "urban" festivals, which tend to spread their performances over several days and among various clubs or cafes.

The most famous Danish campout festival is held in the picturesque city of Roskilde, situated some twenty minutes by train from Copenhagen. Inspired by Woodstock, the Roskilde Festival was first held in 1971 and has since developed into a major gathering point for young people from all over the world.

Every year, 90,000 tickets are sold to an audience, who during four days in late June gets the chance to enjoy different genres of music spanning from hard rock to hip-hop and techno. This year's artists include the Red Hot Chili Peppers, Garbage, and the Pet Shop Boys, among other Danish and foreign artists.

Behind the festival is the local charitable organization Foreningen Roskildefonden, which assures that the profits are directed toward humanitarian and cultural purposes. The nonprofit idea is a cornerstone of the Roskilde Festival, which is also based on the unpaid labor that a number of volunteers put in every year. The aim is to give the audience an experience that not only centers on music but also a sense of community, on quality, service, and safety.

The latter point has loomed particularly large since the 2000 festival when nine young people were trampled to death during a performance by Pearl Jam. To prevent similar episodes in the future, safety procedures have been tightened extensively, and the organizers have appealed to the audience to show more consideration and responsibility at concerts. Last year's Roskilde Festival was held without any major problems.

The best-known of the urban festivals is the Copenhagen Jazz Festival, which starts on the first Friday of July and lasts for ten days. The festival, which began in 1979, underlines Copenhagen's reputation for being one of the world's leading jazz cities and includes more than 500 different performances and events. Many performances are held in the squares and streets of the Danish capital and are free of charge to the shared joy of Copenhageners and tourists. Most events, however, are appropriately held in cozy cafes and dusky nightclubs, setting just the right mood for jazz aficionados.

While the Copenhagen Jazz Festival is aimed at a mature audience, the Langelandsfestival, held on one of Denmark's small islands, appeals to families with children. Here, a special children's area allows the youngest guests to play and have fun supervised by responsible caretakers, while their parents enjoy performances by a lineup of mostly Danish bands.

The children's area, however, also has a stage of its own where shows and concerts directed at children are held to give families an opportunity to experience the joy of music together.

—Maria Bernbom

The Huvila Festival takes place every summer on Helsinki's waterfront.

Scandinavian Festival Guide 2002

Finland

Finnish Tourist Board		www.mek.fi
Kuopio Dance	June 13–19	www.kuopioinfo.fi
Avanti!, Poorvo	June 26–30	www.avantifestival.fi
Savonlinna Opera	July 5–Aug 4	www.operafestival.fi
Kaustinen Folk	July 13–21	www.kaustinen.fi
Kuhmo Chamber Music	July 14–28	www.kuhmofestival.fi
Tampere Floral	July 25–Aug 3	www.tamperetunnetuksi.net
Turku Music	Aug 9–18	www.turkumusicfestival.fi
Helsinki Festival	Aug 23–Sept 8	www.helsinkifestival.fi

Sweden

Swedish Travel & Tourism Council		www.visit-sweden.com
Jubilee Week: Stockholm 750th Anniversary	June 1–6	www.stockholm.se
Volvo Ocean Race, Göteborg	May 31–June 8	www.stopovergoteborg.com
Midsummer's Eve (all across Sweden)	June 21–22	www.visit-sweden.com
Music on Lake Siljan	June 29–July 7	www.musikvidsiljan.se
Hälsinge Hambon Dance Championships	July 13	www.halsingehambon.x.se
Stockholm Jazz	July 16–21	www.stockholmjazz.com
Boule Championship	July 22–27	www.goteborg.com
Harrens Dag (Grayling Day), Pajala	July 27	www.pajala.se
Medieval Week, Visby	Aug 4–11	www.medeltidsveckan.com
Göteborgkalaset	Aug 9–17	www.goteborg.com

Denmark

Danish Tourist Board		www.visitdenmark.com
Viking Plays, Lindholm Hoje, North Jutland	June 18–30	www.aaalborg-tourist.dk
Hans Christian Andersen Parade, Odense, Funen	June 23–Aug 4	www.visitodense.com
Roskilde	June 27–30	www.roskilde-festival.dk
Copenhagen Jazz	July 5–14	www.cjf.dk
International Steam, Vejle	July 12–14	www.visitvejle.com
Langelandsfestival	July 25–28	www.langelandsfestival.dk
Baltic Sail annual regatta, Elsinore	Aug 16–18	www.balticsail.org
European Medieval, Horsens, Jutland	Aug 30–31	www.visithorsens.dk
Aarhus Festival	Aug 30–Sept 8	www.aarhusfestuge.dk

Salamanca

Spain's historic university town takes its turn as a European Cultural Capital

By Benjamin Jones

Standing on the banks of the Tormes River and gazing northeast toward the city of Salamanca, just across the water, one spies a Roman bridge of fifteen arches gracing the foreground and behind, etched against the blue Castillian sky, stand the towers of two cathedrals—one medieval, the other Renaissance.

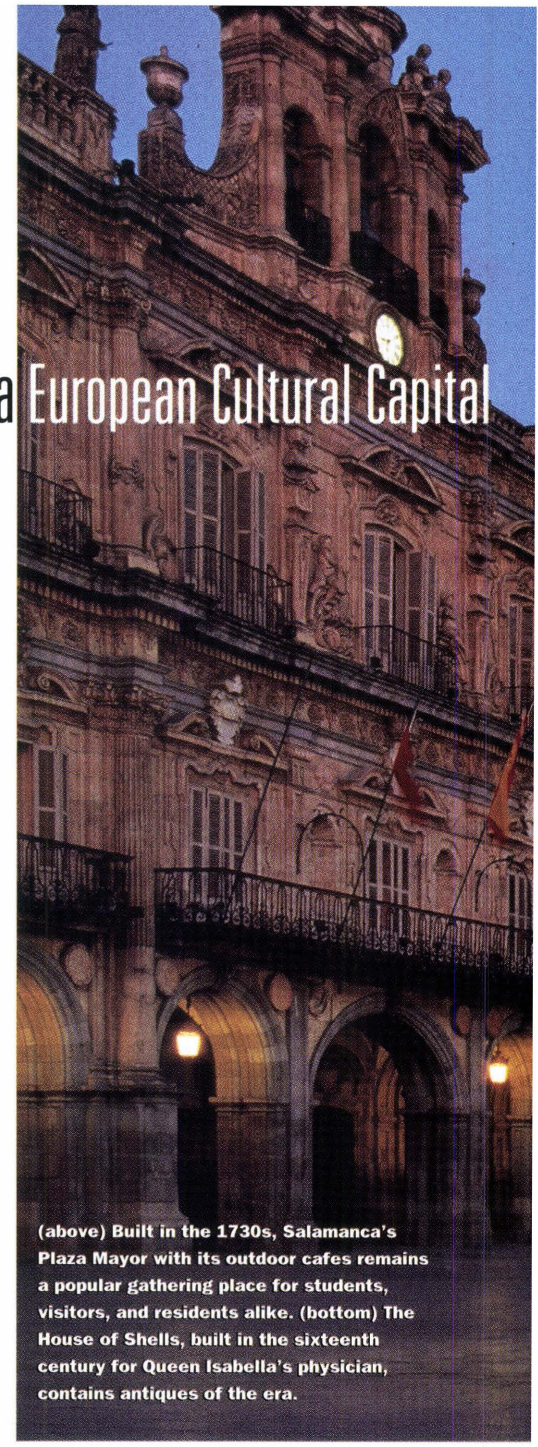
It is a view that perfectly captures Spain's rich past and offers a charming visual introduction to Salamanca, which this year hosts some 800 events as the 2002 European Cultural Capital.

Classical, pop, jazz, and rock music, dance, art, photography, theater, and numerous other events scattered among venues around this ancient city are all on the prodigious schedule. Located just a few hours drive from Madrid, Salamanca is home to one of Spain's most important universities, one that in ages past rivaled the likes of Oxford, Bologna, and Paris as a prestigious seat of learning.

Strolling around this compact city to view the many architectural treasures from the Spanish Renaissance, a visitor might also stumble upon the sculptures and drawings by Auguste Rodin on display at several locations during the cultural year.

One of those locations is the Plaza Mayor, or main square. Many Spanish cities have one, but Salamanca's central plaza is considered the most beautiful and spacious of all. Built in the 1730s, the plaza once was the site of royal tournaments. Throughout the ages, its outdoor cafes have been popular gathering places for students, residents, and visitors alike.

Besides the works by Rodin, other art highlights this year include exhibitions of photos by Henri Cartier-Bresson and American Helen Levitt, paintings by Monet, Gaugin, Picasso, Chagal, Leger, and other modern masters on loan from a Belgian museum, paintings from St. Petersburg's famed Hermitage Museum, sacred art, Flemish tapestries, and ancient Colombian gold.



(above) Built in the 1730s, Salamanca's Plaza Mayor with its outdoor cafes remains a popular gathering place for students, visitors, and residents alike. (bottom) The House of Shells, built in the sixteenth century for Queen Isabella's physician, contains antiques of the era.

Drama and opera buffs will delight in such works as *Luces de Bohemia* by Valle-Inclán and Lindsay Kemp's *The Fairy Queen*. And theater lovers will want to check out the varied program of productions based on the works of Genet, Chekov, Shakespeare, Strindberg, Euripides, and more contemporary playwrights such as Arthur Miller. A special production of *Carmen* to be performed in the city's bullring is also planned.

Throughout Spanish history, Salamanca has played an important role. Hannibal captured the city in 217 BC, and it changed hands a number of times during the centuries of conflict between the Christians and the Moors.

After the Reconquest, a school founded in 1220 evolved into the university for which Salamanca gained and maintained its fame.

In the fifteenth and sixteenth centuries, the city was at its height of intellectual influence with scholars from around Europe flocking to join the 10,000 students enrolled in classes there. Queen Isabella bestowed the funds to pay for an extensive restoration of the university and the construction of the New Cathedral, adjoining the much smaller Old Cathedral that was built around 1100.

Nearby is the university itself, and the Patio de Las Escuelas will also be used as an exhibition space for some of the 2002 cultural events. Other sites to visit around Salamanca between performances and exhibitions are the Casa de Las Conchas, or House of Shells, which was built in the early sixteenth century for Queen Isabella's physician and contains furniture and antiques of the era, and the Palacio de Monterrey.

There is also the magnificently decorated Convent of Las Dueñas, the San Esteban monastery (whose monks helped Christopher Columbus in his appeals to Queen Isabella for funding his explorations), and the Casa de Las Muertas, or House of the Dead, with its grim façade of skulls.

After a day of sightseeing, in the evenings the visitor can enjoy the dance and musical performances of Salamanca's cultural year. Along with a number of symphony and chamber orchestras, some of the artists scheduled to appear include the Irish band the Corrs, B.B. King, Laura Pausini of Italy, as well as groups from Germany, Poland, Portugal, and Hungary. Les Ballets Trocadero of Montecarlo and Argentina's Ballet Folklorico are among the many dance troupes on the calendar.

Day or night throughout 2002, Salamanca will have something on offer for just about every taste.

Benjamin Jones, based in Madrid, is a contributing editor for EUROPE.

CAPITALS

An overview of current events and trends in Europe's capitals

Gnome Liberation Front commandos claim to rescue garden gnomes from captivity.

PARIS

TRIVIAL PURSUITS

Now that June is bursting out in all its glory, gardens are a hive of activity. While most of the attention involves plants and takes place in the daytime, unnatural things are happening under the cover of darkness, particularly here in France. Garden gnomes, by and large a sedentary lot, usually standing in their little patch of earth year after year without so much as blinking, are going AWOL, but they aren't scampering over the garden fence and heading for freedom on their own.

Their breakouts are being masterminded by the *Front de libération des nains de jardins* (FLNJ)—the Garden Gnome Liberation Front. In spite of the serious-sounding name they operate under, the Front members are gno more, gno less than a fun-loving bunch of kooks indulging in a fairly harmless evening hobby. Since the summer of 1996, they have been conducting commando-style nighttime raids to "free" ornamental garden dwarves. Claiming that these diminutive statues are not as dumb as they look, but actually have a soul, they swoop down on people's backyards, kidnap them, and 'turn them loose'. Since starting operations, the FLNJ has been gathering momentum and supporters not just in France but also in Spain, Germany, Italy, Canada, and the United States.

Operating in cells that, for security reasons, keep their identities hidden even from each other, they communicate only over a central Web site www.flnjfrance.fr.st using pseudonyms like Screameur, Buzz, Space Imp, and Atchoum (the French for Sneezy). In principle, they liberate only dwarves and leave other garden toys and decorations—such as fake mushrooms, plastic frogs, or cement Bambis—where they find them. But they do make exceptions for statues of Snow White because she is so intimately linked with dwarf culture.

Their modus operandi varies slightly from cell to cell. Some wear full combat

gear; including facemasks to conceal their identity, others dress more casually to blend in with the general public. No matter how they operate or how they make their getaway—on foot, by bicycle or car—all of them leave a letter behind claiming responsibility on behalf of the FLNJ and usually giving details on where the gnomes have been liberated so that their owners can reclaim them. Most often, the gnomes taste their few hours of freedom in a nearby wood or field but sometimes, to draw attention to their plight, they congregate in places that are more public.

Last summer, in the town of Chavelot in northeastern France, for example, more than 100 gnomes assembled on a traffic island, some of them grouped together to form the words "Free the Gnomes." The next day, in nearby Saint-Dié, seventy-four gnomes gathered on the steps of the town's cathedral, brandishing a banner of the FLNJ. Local police declined to comment on the incident, fearing a rash of gnome escapes/liberations in the area.

The first international garden gnome congress was held in Brittany in 1998, with 410 gnome delegates from France, Germany, and Poland attending. In addition to other events, there was a lecture on gnome rights given by Fritz Friedman, a Swiss professor of Gnomology.

In February 2002, a much larger congress in Germany attracted members of gnome liberation organizations from Germany, France, Switzerland, and Austria. Several proposals for gnome rights were drafted, including a demand for garden owners to be issued with lawnmower licenses to ensure gnome safety and a call for legislation to ensure that gnomes are not left at their posts after 5:00 pm or exposed to the elements at night.

The American wing of the gnome liberation movement first went public last July, launching a Web site www.kazm.net/gnomes with details of Gnome Liberation Front actions and publishing a press release calling for the liberation of all gnomes in the United States.

Just a week later, in Newark, twenty-four recently freed gnomes were found playing baseball in a local park. That happy scene was disrupted by the arrival of the police, who rounded them up and returned them to their owners. More tragically, last August fifteen gnomes were found hanging from a tree in Alsace, in what appears to have been a collective suicide.

In spite of these setbacks, the fight for gnome freedom goes on. One can only wonder what's next—the liberation of plastic flamingos cannot be far off.

—Ester Laushway

BRUSSELS

SCANDAL FIGURE SUICIDE

It was a lonesome death for a lonely and embittered man. Alain van der Biest left his home in a Liège suburb on the morning of March 17, telling his wife that he was going for a drive to Antwerp. He did not get that far, stopping instead at the nearby empty house of his mother who had died two months earlier.

He let himself in and took a massive overdose of antidepressants. His wife discovered him, already over twelve hours dead, at 4:30 the following morning. An everyday tale of a suburban tragedy? Yes, except that Van der Biest, fifty-eight, was no ordinary man. He was a former Socialist minister facing charges of having plotted the murder of André Cools, a former Belgian vice-premier and leader of the French-speaking Socialist Party (PS), who was gunned down in a Liège car park on July 18, 1991.

Van der Biest left a brief, loving note for his wife, in which he proclaimed his innocence and said he wanted to end his "calvary." The situation had continued for at least ten years since he had first been accused of the crime and during which he had twice been held in prison, once for four months in 1996-97 and again briefly last December.

The case was due to come to court in April, when together with eight other defendants he was to face a hearing that would decide whether he should be sent for trial before a criminal court. His legal team was confident that he would be acquitted, but the continuing strain in the end proved too much for him.

It is now far from certain that Belgium's biggest murder mystery will ever be solved. Two young Tunisians confessed to the crime in 1998 and were sentenced to twenty years imprisonment by a court in Tunis. They had been recruited as hit men by petty mafia criminals of Italian origin from Liège, but they had no idea who had ordered the crime.

The problem facing the investigating magistrate in Liège was determining the motive for the crime. Cools, who was effectively the local political boss of Liège, which is reputed to be Belgium's most corrupt city, had his finger in many pies. As Guy Mathot, another former Socialist minister and sworn enemy of Cools—who was himself an early suspect—once said, if everybody who had had a quarrel with Cools were to be suspected, half of Liège would be in the dock.

Van der Biest had been a protégé of Cools but had fallen out with him. He was an unlikely suspect. A poet and novelist, with a sharp wit, and a problem with alcohol, few of his political associates credited him with sufficient ruthlessness and determination to plot such a crime.

Nevertheless, several of the petty criminals who had contacted the Tunisian hit men, and who are charged with being accessories to the murder, were associated with him or were employed in his ministerial office. If Van der Biest was not the "Mr. Big" behind the murder, he may well have known who was. If so, it is a secret he has carried to his grave.

—Dick Leonard

LUXEMBOURG

WELCOME TO VENICE, LUXEMBOURG

The filming has just finished on *Secret Passage*, a film set in fifteenth-century Venice, and the scenes are full of the city's exquisite vistas, its famous canals and bridges, stately palaces, and elegant churches. But wait a moment—this film was actually made in Luxembourg on a set that just a few years ago was a steelworks. You could hardly find a more colorful illustration of the changes that economic pressures have wrought in this tiny country.

Secret Passage, produced by Luxembourg and British companies, is a drama about the persecution of the Jews in 1492 when Spain ordered them to convert to Roman Catholicism or flee the country. The story follows one such exile to Venice where she meets and falls in love with a nobleman.

Why not film in Venice itself? Jimmy de Brabant, a Canadian who heads Delux Productions that has made the film, says there are too many tourists there, and the city is unwilling to inconvenience them for the sake of filmmakers. Hotels are too expensive for the long stays required by film production workers. And few fifteenth century buildings have been faithfully preserved.

So the city was recreated by Delux specifically for the movie at a cost of around $6 million. De Brabant told *EUROPE* that it took a year of research by production designers and is "completely fictitious." No actual canals or buildings have been copied, "but the set respects 100 percent the style, and the size, and everything else about Venice at that time," he says.

The mockup includes statues, arches, gates, and balustrades created in plaster from molds. It took weeks to pump enough water into the canals to allow gondolas to float. And what will happen to it all now? De Brabant has a number of propositions to consider but doubtless if you want to make a movie taking place in Venice he will be eager to hear from you.

Secret Passage is the first use of a purpose-built set in Luxembourg to mimic another city. But Paris, London, Rome, Vienna, and Berlin have all been represented on the screen by filmmakers artfully using parts of Luxembourg itself. Remember the chase through the sewers in *An American Werewolf in Paris*? Well it was actually shot in the underground tunnels beneath the former fortress of Luxembourg City.

Moviemaking began seriously in Luxembourg in 1988 when the government introduced a tax shelter scheme that effectively cut the costs of production by up to 30 percent. Several hundred successful films have since been shot in the country, including *Wing Commander, The Pillow Book, Eight and a Half Women,* and *Shadow of the Vampire.*

"Luxembourg is probably one of the cheapest countries to shoot in because fringes on salaries are among the lowest in Europe—10 percent against 58 percent in France and 20 percent in UK," says De Brabant.

But perhaps more important is what he calls the "unbelievable" variety of natural scenery.

He explains: "The north, known as 'Little Switzerland,' could almost be described as mountainous with thick forests, rivers, and so on. On the east is the Moselle wine country, the south is industrial, and in the west are the forests of the Ardennes. The city of Luxembourg has areas, which look like Paris or London or even, in some parts, a medium-sized town in the US with modern office buildings. Architecturally you have castles and chateaux with Germanic and French influences and many different styles, yet it's a small country and you can go from place to place very quickly."

Steven Spielberg—are you listening?

—Alan Osborn

BERLIN

EURO BONUS BLUES

Currency union: What a great excuse for a sale! Or so thought Europe's leading clothing retailer C&A. Its decision to offer shoppers in Germany a blanket discount during the introduction of the euro landed the company in court. On March 27, judges in Düsseldorf ruled that the sale violated Germany's strict competition laws. C&A was fined €1 million (approximately $877,000).

Back in January, it seemed like a great idea. C&A reckoned everybody could be spared a lot of hassle during the first week of currency changeover if more shoppers used debit and credit cards instead of notes and coins. Long lines could be avoided at checkout counters if cashiers didn't have to waste time counting out change in euros and cents for purchases made using marks and pfennigs. To encourage buying with plastic, the Belgian-based company offered shoppers at its 184 German stores a flat 20 percent discount on all non-cash transactions. The sale was promoted with full-page newspaper ads in key markets. Consumers flocked to the stores.

Of course, the "euro introduction sale" wasn't just about saving time at the checkout counter. C&A also expected the campaign to increase the company's sales volume, which it did. A spokesperson for C&A (a privately owned company) wouldn't say exactly how much extra business the sale generated. But the retailer admits the percentage rise was in the "two digit" range. Some claim the campaign increased C&A's turnover by nearly 200 percent.

Nothing wrong with that, you might think. But C&A's competitors in Germany thought otherwise. As soon as the sales action started, two associations promoting fair competition filed suit. They argued that the sale contravened a seventy-year-old German law forbidding retailers from offering limited-time discounts during periods other than those officially sanctioned. (Only two sales periods are of any consequence in Germany: winter's end and summer's end, and consumers set their watch by them.) In other words, the "euro introduction sale" was illegal.

An "illegal" sale? To American ears the phrase sounds like an oxymoron—or a marketing gimmick in itself, along the lines of "criminally low prices." But C&A's sale really did run afoul of the law. The first week of European currency union is clearly not on Germany's list of officially approved sales periods.

So as soon as the first euro signs began flashing on C&A's cash registers, the company found itself facing a court injunction. And, much to the delight of C&A's managers, the legal action catapulted the company onto the front pages of newspapers all over the country. Suddenly, C&A was being promoted as a champion of consumers' rights. It was better (and cheaper) publicity than the company could possibly have hoped for.

In fact, the coverage was so favorable that C&A took the risk of violating the injunction and continuing the sale anyway. As if that weren't enough, the retailer extended the discount to all purchases—card-based and cash. The court took a very dim view of that. The judges cited C&A's contemptuous behavior as one justification for imposing such a large fine. The company said it was planning to appeal the ruling. Meanwhile, the case is giving new impetus to the debate on reforming Germany's retail trade laws.

—Terry Martin

DUBLIN

COPS ON THE CATWALK

Only in Northern Ireland could it happen. After years of violence, a newly created and hopefully cross-community police force was about to go public. But instead of a formal launch—that came a week later—ten of the first recruits to the new force strutted down a fashion catwalk to unveil the casual-look uniforms and badges of the Police Service of Northern Ireland (PSNI).

Perhaps appropriately, the host of a local television crime program emceed the unconventional fashion show, which unveiled the force's new look: a green uniform, white shirt, and gold badge.

The recruits were among the first from among 8,000 who applied for the first 250 vacancies the PSNI is seeking to fill under a fifty-fifty Protestant to Catholic quota, which is designed to help redress the religious imbalance of the previous police force, the 90 percent Protestant Royal Ulster Constabulary (RUC).

An official displays the new logo adopted by the Police Service of Northern Ireland.

The new force was part of the reforms recommended by a commission chaired by Chris Patten, formerly governor of Hong Kong and now an EU commissioner.

Other changes included the appointment of an independent Police ombudsman, Nuala O'Loan, and the creation of a police authority, which, among other duties, is tasked with appointing the chief constable and other senior officers.

The PSNI, supported by the mainly Catholic Social Democratic and Labor Party (SDLP) and other Nationalist politicians, is opposed by Sinn Féin, political wing of the IRA, although most observers believe that, given time, Sinn Féin too will lend its support.

The change of style and membership of the PSNI came as Sir Ronnie Flanagan stepped down as chief constable, moving from Northern Ireland to take up a post with the UK Inspectorate of Constabularies.

The creation of the new police force graphically illustrates the changes that have occurred since the 1998 Good Friday Agreement was signed.

So, four years on, how stands the agreement itself? The answer—although Northern Ireland still does not enjoy full normality—is much better than the skeptics predicted.

There are still some rocks and potholes littering the pathway to full democracy, but dialogue *is* happening and there is widespread public support for the chosen route.

The executive body comprised of ministers drawn from all sides of the political divide, with the Ulster Unionist Party leader David Trimble at its head and the SDLP leader Mark Durkan as the number two, is working extremely well. The parliamentary assembly, elected by voters is equally reflective of both Protestant and Catholic traditions.

Large-scale violence has almost ceased. The IRA has taken its first steps toward full decommissioning of its weaponry. North-South institutions, dealing with a range of issues from economic and trade matters to tourism, environment, and more mundane matters show that cross-border discussion and support can be beneficial to both Northern Ireland and the Irish Republic.

Given Northern Ireland's track record, it may be too soon to forecast that peace and harmony are here to stay. Several outstanding issues, not least reform of the criminal justice system, still must be ironed out.

As the summer "marching season" gets underway, with its own attendant possibilities for wreckage, and the electorate faces new elections to the fledgling assembly next year and the inevitable revival of traditional political rivalries, there is still the possibility that things could go wrong.

But, fingers crossed, for the moment, it is a time to be optimistic.

—Mike Burns

COPENHAGEN

DANISH MINISTRY OF IDEAS

It is a private organization, it is nonprofit, and it has just opened its doors to the Danish public. However, it could make quite a difference to Danish society. Founded by three people and relying fully on sponsorships, the "Ministry of Ideas" (www.ideministeriet.dk) aims to make ideas blossom across Danish society—not least by helping potential entrepreneurs turn their ideas into businesses.

But why would Denmark, a technologically advanced country with a long history of entrepreneurial merit, need an institution whose sole purpose is to promote ideas?

"In Denmark, you can call almost anyone you like and discuss your ideas: experts, high-ranking officials, and CEOs of large corporations. But even so, Danes keep their ideas to themselves," Ole Kragh Møller, head of the Ministry of Ideas, says, adding that many projects are therefore never realized.

"Inventors could learn so much by taking a more open approach, as 80 per-

cent of all ideas are generated by people working together. That is why we advise our clients to talk their ideas over with anyone in their network who cares to listen," he explains.

According to Møller, there are two main reasons why Danes are unwilling to realize great ideas: "Some conceal their ideas because they fear others would steal them. But this is not a considerable risk, as only refined ideas ready to be launched are worth stealing," he asserts.

"More important is the aversion to take a risk, which stems from the security offered by Danish society in all aspects of life," Møller continues. "We are simply not used to taking risks. And fulfilling your dream by realizing an idea necessarily involves a certain hazard. In the Ministry of Ideas, we strive to overcome the aversion by making people see the possibilities in their ideas before they see the problems," he concludes.

—Maria Bernbom

LONDON

THE END OF FOX HUNTING?

Red-coated huntsmen galloping across the land behind running packs of braying dogs in hot pursuit of a bushy-tailed red fox may soon be a thing of the past, like bear-baiting or cock-fighting.

Though it has been part of the social fabric of the countryside for hundreds of years, fox hunting is to be outlawed, or severely restricted, if the government has its way. The Scottish Parliament has already declared hunting foxes with dogs illegal and beginning next season it will be a criminal offense.

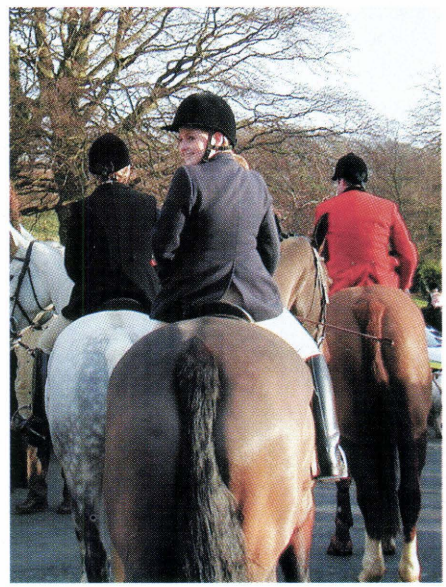
Fox hunting is a legitimate way of controlling a pest, a vermin, say the proponents of the hunt. It's a barbaric and cruel blood sport, say the opponents.

"The English gentleman galloping after a fox—the unspeakable in full pursuit of the uneatable," was how Oscar Wilde so pithily described fox hunting a century ago.

The hunt is perceived as an upper-class sport, a view that has been reinforced by the sharp split in Parliament between the House of Commons and the House of Lords in a series of votes on the issue.

The Labor Party-dominated House of Commons has repeatedly voted since 1997 in favor of a ban. This view is not shared by the House of Lords, where the assembled gentry have shown equal determination to overturn the vote of the Commons.

Animal rights protestors and hunt supporters await the arrival of the horses, riders, and dogs at the Boxing Day hunt held in Wentbridge Village in Yorkshire last December 26.



Debate on the subject is heated. Those seeking a ban say it is barbaric to set hounds and horses rushing across the countryside in one-sided pursuit of a single fox with the goal of cornering it and ripping out its throat.

"This is nothing to do with animal welfare; it is everything to do with prejudice," protested John Gilmour, master of the Fife Hunt, at the last meeting of the season. "This area is farming country that is overrun by foxes. We kill between seventy and 100 each season. Without us, those foxes will have to be shot or trapped. That means more wounded animals. The difference between hunting foxes with guns and the way we do is that we always kill the fox. We never leave it wounded."

Rural Affairs Minister Alun Michael is working on a compromise, which might see fox hunting restricted, require hunts to be licensed and animal welfare rules imposed.

"The class war on red coats and mounted followers needs to be put on one side," he said. "What people want to do is to eradicate cruelty and control the population of vermin." But his chances of being able to frame a law reflecting these two principles, which will be acceptable to both sides, are considered slim indeed.

The pro-hunt Countryside Alliance can call on the more than a million people a year who attend hunts to stage protests against a ban. But the Labor Party backbenchers are not likely to abandon their own hunt of the foxhunter. They scent blood and are moving in for the kill.

—David Lennon

ROME

CENSUS WOES

Morterone, the least populated town in Italy, has only thirty-three inhabitants, but actually only nine remain year round in the tiny hamlet in the northern province of Lecco. It is a small, delightful agglomeration of houses with a beautiful view of the mountains. The smallest Italian town in terms of physical size is Fiera di Primiero; it measures less than three

acres, which makes it even smaller than the Vatican City. But its small size hasn't kept it from generating at least one famous citizen: Lui Negrelli, the engineer who, with the help of British and international funds, planned and constructed the Suez Canal. On the other hand, Italy's most populated—some would argue overpopulated—city is Portici, located just outside Naples. There are 13,000 inhabitants per square kilometer packed into this small city, which is famous because in the 1800s the first railway in Italy was built there connecting Naples to the king's summer palace.

The census also noted that Rome has fewer than 2.5 million inhabitants, a much more comfortable population than some other European capital cities, such as London or Paris.

These are just a few of the lesser bits of data brought to light by Italy's latest general census, which also informs that by official count roughly 22,000 citizens live in what is called an "abnormal housing," which includes tents, campers, and even grottos. Most of these people live in central Italy, where many citizens still live in makeshift accommodations following the 1997 earthquake.

In addition to some of these lighter nuggets of information, the census also points to important demographic trends, including the fact that the overall number of Italians is decreasing while their life spans are increasing. Of course, this is not really news. But to have the Central Institute of Statistics officially confirm this fact is cause for concern. Over the last ten years, the Italian population has diminished by half a million people. There are slightly more than 56 million Italians, with roughly 2 million more women than men. But, at the same time, the number of houses has increased, indicating an increasing number of single-person households, many of these elderly women. This trend resembles what is happening in other Western countries. On average, an Italian family is now composed of 2.6 people. Ever fewer babies are being born, and increasing numbers of couples who either have just one child or don't have any children at all.

Based on these figures, it is logical to conclude that barring a major change in society, the Italian family is on the road to extinction.

And yet, more people live in Italy today than ten years ago thanks to foreigners—especially workers from outside the European Union—who take on jobs that Italians won't entertain. Although their number has tripled since 1991, Italy is still one of the least cosmopolitan countries in Europe. Barely 2 percent of the population is composed of immigrants, which is miniscule compared to the 9 percent registered in Germany, for example.

—Niccolò d'Aquino

LISBON

OLIVEIRA'S ARTISTRY REWARDED

Seventy years after his first film, Portuguese director Manoel de Oliveira is still turning them out at an average of more than one a year. At the age of ninety-three, Oliveira has seen one film recently complete a successful run and another arrive in Portugal after a warm reception in France. He is now in Paris working on the next one.

To mark this feat, the Foreign Press Association in Portugal named the director Personality of the Year, a prize given annually to the person deemed to have done most to promote Portugal's image abroad.

As Portugal's head of state, President Jorge Sampaio, said as he handed over the prize, sometimes it takes outsiders to recognize the value of Portuguese artists' achievements.

The Portuguese themselves have something of a love-hate relationship with Oliveira. His sensibility probably appeals more to (and some say is aimed at) French audiences, even critics. He makes no effort to ingratiate himself by using special effects or cinematic clichés, holds shots far longer than cinemagoers are used to, uses theatrical rather than naturalistic sets, and prefers philosophical musings to pulsating action.

In his acceptance speech, Oliveira joked about the criticisms and his advanced age.

"I can't stop," he said. "I use fixed shots. But even to set up fixed shots, you have to walk as fast as your legs will carry you."

The reception for Oliveira's first film, the 1931 *Douro, Riverside Toil*, set the pattern. A silent documentary on the bustling life of the river that flows through his native city, Oporto, it contains startling, Russian-influenced compositions that had the first-night audience stamping their feet in disgust but foreign critics full of praise.

Since then, apart from a long break during the Salazar dictatorship when he was prevented from working, Manoel de Oliveira has regularly produced new evidence of his idiosyncratic view of reality.

He has garnered numerous awards, including the Golden Lion at the Venice Film Festival, the Critics' and Jury prizes at Cannes, and Best Artistic Contribution at the Tokyo Film Festival.

Oliveira's reputation has won him the chance to work with world-famous actors. In his 1995 film *The Convent*, John Malkovich, Catherine Deneuve, and Portuguese actor-director Luís Miguel Cintra explore the writings of the devil in an overgrown medieval setting. In the 1997 *Journey to the Beginning of the World*, Marcello Mastroianni, in his last film role, portrayed Oliveira as an ageing director.

Last year was typically busy and saw a successful run for *I'm Going Home*, about an actor who, though at the height of his powers, decides to bow out. At the same time, Oliveira was working on *Oporto of My Youth*, which melds colorful reconstructions of period scenes, old footage, and shots of the city today to produce what Oliveira has called "a voyage outside time."

Both films contain whimsical touches and a large dash of *saudade*, a typically Portuguese sentiment translatable as "a bittersweet sense of loss." As Oliveira puts it in *Oporto of My Youth*: "It is only in my sad memory that everything remains alive."

There, at least, he is wrong. In his long career, he has produced innumerable images that endure outside his own memory, not only on celluloid but in the memories of the many who have seen them.

—Alison Roberts

MADRID

BOTELLONES CRACKDOWN

They gather in their thousands on weekend nights in plazas and other public spaces in Spanish cities, chugging on liter bottles of beer or sipping from plastic cups containing a potent mixture of soft drinks and cheap rum, whiskey, or vodka. These teenagers and young people are taking part in what are called *botellones*, or mass drinking parties, and the national and local governments are preparing a crackdown.

Violence is rare at these events, and the drinkers, who range in age from fourteen to thirty, argue that they are only

out to have fun, a time-honored tradition in the country that gave the world the word "fiesta." But residents of the areas where the botellones take place complain about the morning after litter of bottles, cups, and other refuse and, as public toilets are almost non-existent, the reek of urine the drinkers leave behind.

After a series of residents' protests in Madrid and other cities, the center-right government of Prime Minister José Maria Aznar is planning to raise the national minimum drinking age from sixteen to eighteen, tighten existing restrictions on the sale of alcohol, and boost fines for shops that sell booze to underage drinkers.

In announcing the new laws, Interior Minister Mariano Rajoy said they are also aimed at reducing the number of alcohol-related automobile accidents, which are the leading cause of death among young Spaniards.

This crackdown on a national level follows efforts by local authorities in cities across the country to stem the botellones, which have included deploying police to the plazas and public areas to chase away those youths possessing alcohol. Three regions—Cantabria, Castilla y Leon, and Catalonia—have already banned public drinking outright.

Officials estimate that around 500,000 youths gather each weekend for the drinking parties across the country, and in Madrid, some 15,000 from all social classes do the same.

A recent poll by a government anti-drug agency found that 50 percent of youths between fourteen and eighteen years of age who drink on the weekend do it in the street, while the rest prefer to imbibe at discotheques, bars, and private parties. When asked why they drank, 76 percent said they like the taste of alcohol, 58 percent said they do it for pleasure, and 16 percent said they drink to forget their problems.

Most of the respondents said they took their first drink at the age of thirteen and 41 percent said they had been drunk at least once in their lives.

—Benjamin Jones

THE HAGUE

JOINT STRIKE FIGHTER LOBBYING

Before the government led by Prime Minister Wim Kok suddenly resigned in April over a damaging report about the inability of Dutch peacekeepers to prevent a massacre during the Bosnian war, Dutch politicians were wrestling with a different military issue. In fact, they were hotly debating two major questions: should the Netherlands help develop the Joint Strike Fighter (JSF), the US warplane that is going to be produced by Lockheed Martin? And should the Dutch military order JSFs once they have come into production? Both the nation's air force and industry clearly want the answer to be yes on both counts and lobbied the government fiercely. In early spring, the government recommended approval of the package, but opposition to the plan mounted along several fronts in parliament. First, members raised doubts about the deal's financing: the Dutch government would have to put up $800 million in order to have the Dutch aviation industry participate in the JSF program. Some parliamentarians wondered whether the Netherlands will need that many military aircraft in the future. And lastly, it was pointed out that there are two European alternative offers: the Rafale fighter being developed by the French and the Anglo-German-Italian-Spanish Eurofighter.

It bears noting that none of these aircraft is airborne; all of them are in various states of development. So why not wait a while, argued some in the Dutch parliament, and decide which to buy later, when they are actually needed?

The lobbying has been going on for years. The Dutch air force is traditionally heavily US-oriented and has opted from the beginning for the JSF. After strong pressure from the unions' and employers' associations, the government decided to support the business case for the JSF, which presumably would bring jobs and foster the growth of new technologies that could benefit Dutch industry.

Critics of the JSF, however, raised questions about the financial package. The government had insisted that the Dutch companies that participate in the program would pay back the $800 million once the JSF goes into mass production and is sold worldwide. Furthermore, the Netherlands would be allowed to buy at a discount the eighty-five planes it intends to order in

Dutch politicians have been debating whether to assist in developing the Joint Strike Fighter, but now the decision must wait until after the elections.

about ten years' time, making the deal attractive for the government budget. But nobody can predict how many JSFs will actually be sold nor what the exact benefits will be for the Dutch aviation and electronics industry. In fact, only a few companies are thought to qualify for participation in its production: Philips (electronics), Stork (aviation), and Thales, a French-owned electronic equipment manufacturer based in the Netherlands.

Few people challenge the fighter's military capabilities. However, there is a strong political feeling that the Netherlands ought to support the efforts to develop a European military aviation industry instead of choosing the American option. The EU continues to build its common foreign and defense policy, but that process is going slowly and is dominated by the larger European powers. Nevertheless, the EU countries have as of yet not managed to consolidate their defense industry, as has happened in the United States. National interests are still heavily influencing industrial defense policies. EASD, the consortium building the Eurofighter, is struggling, while France has opted out of that project and chosen to support its own aircraft industry.

In the end, parliament would make the final decision. With the general elections only two months away, it appeared as though the ruling coalition of social democrats and liberals had rallied to the JSF cause and it would be approved. Then came the Bosnia report and the surprise resignation, which put a decision on the JSF on hold until after the elections. The new government will now take up the issue.

—Roel Janssen

HELSINKI

THE KOSMOS TRADITION

The number, range, and variety of this city's restaurants have increased greatly since Finland became a European Union member seven years ago. It is truly metropolitan these days, and Finnish culinary schools send students abroad to complete their studies; architects and interior designers are keen to marry some of the austere traditions of Finnish design with the latest trend or "look" from elsewhere.

As one might expect, the results have not been uniformly successful, and the more traditional restaurants are less and less common. Yuppies have a whale of a time, but family nights out, dinner for old friends, colleagues even, aren't well catered for these days.

Low tables, spindly chairs with splayed metal legs are an acoustic disaster on the modish marble floors and the severe, stripped-down interior decorations are lacking in warmth and the sort of ambiance that positively encourages something old-fashioned like good conversation.

Don't get me wrong: I am not the only grouch in town who prefers some of the older traditions of eating out or enjoying what remains of "café society" in Europe. For those with more conservative tastes, there is one splendid and inevitable rendezvous in the heart of Helsinki: the Kosmos (Kalevankatu 3).

Still in the third-generation hands of the same family, it was created seventy-eight years ago in the middle of the Finnish prohibition. With the drinking law repeal and growing prosperity, this wonderful establishment really took off, attracting a highly eclectic spread of customers: composers, actors, writers, journalists, civil servants, army officers, diplomats, academics, businesspeople, trade union leaders, politicians, a living who's who of Finland.

At the end of the Second World War, business came to a halt when the place was requisitioned and leased for use as a mess hall by the German army. With that episode behind it, the Kosmos was soon in roaring form once more.

It went through two particularly lively decades in the fifties (artists and journalists) and sixties (writers and leftist radicals who were in a ferment imitating many of the attitudes beloved of French and German intellectuals in those days).

Back then and, indeed, into the seventies, the long lunch tradition was common practice. It involved lunch guests somehow getting through the whole afternoon, later taking in dinner, and only managing to escape when the Kosmos closed at midnight. Those were the days when the restaurant was gravely reprimanded by the authorities for "disproportionate" sales of strong spirits.

No more, attitudes have changed, and these days the Finns feel the need to keep their ties a lot straighter than they used to. This is not to suggest that the restaurant's essential virtues are in any way diminished.

The owner, Katri Hepolampi, who also serves as maitre d', will helpfully suggest some of the house favorites. Would you like wild mushroom soup followed by fried Baltic herring, perhaps? Or maybe game with berry sauce? The menu's enduring preferences are escalope of veal à la Oscar, pork chop Robert, or—you guessed it—salmon with tartar dressing.

It is classic "Helsinki cuisine," Finnish cooking with long-standing influences from Swedish, French, and Russian traditions. But other international newcomers have also proved to be popular, with such dishes as paella, chop suey, and cannelloni.

There is said to be no other restaurant like it in Finland. It has the same decoration as in the twenties with tall aspidistras separating the tables or leaning against the walls. The linen is perfect, the cutlery heavy, and there are unexpected Hellenic

motifs on panels of the eating booths below chandeliers.

Given the fame and reputation of the Kosmos, it may seem ironic that clients go there for privacy. Table-hopping is not encouraged; a wave or a nod to an acquaintance across the restaurant is mostly as much as the taciturn Finns will allow themselves. In Finland, familiarity with someone is never well advertised, and the Kosmos management (my goodness, what secrets they must know) encourage an atmosphere of calm and confidentiality.

A friend chose the Kosmos as the spot to reveal he was fatally ill, another that he was going to be divorced, and another that he had been promoted into a new job. Moreover, it was in this restaurant that my predecessor on this column congratulated me on taking over. Nearly every Helsinki resident seems to have a Kosmos moment or two to recount, something fixed, decisive, or just downright fun.

Foreigners should try to visit Kosmos in the company of a Finn, however, in order to pick up all the nuances—or maybe just drink them.

—David Haworth

ATHENS

GREEK-TURKISH ENERGY DEALS

The developing relationship between Greece and Turkey has taken a big step forward with an agreement to build a cross-border pipeline to carry natural gas from central Asia to Western Europe.

The 177-mile pipeline would be the first joint infrastructure project launched since the two neighbors—partners in the NATO alliance but rivals for control of the Aegean—set aside their traditional hostility in the wake of disastrous earthquakes in both countries in 1999.

Since then, George Papandreou and Ismail Cem, the Greek and Turkish foreign ministers, have worked to reduce tensions and find ways of promoting cooperation. In the process, they have built a strong personal friendship.

Earlier this year, Papandreou and Cem achieved a political breakthrough when they agreed that Greek and Turkish experts should start talks on a package of long-running bilateral disputes, such as airspace over the Aegean Sea and ownership of mineral rights in the seabed. The aim is that if agreement cannot be reached, the two countries would jointly refer these issues to the International Court of Justice at the Hague.

This process underpins preparations for Turkey to start accession talks for joining the European Union. Diplomats say experts' talks are going smoothly with low-key meetings held alternately in Athens and Ankara.

Greek companies are also gradually moving into Turkey, with business associations establishing closer contacts. NovaBank, an Athens-based bank owned by a Greek-Portuguese joint venture, has become the first Greek bank to make an acquisition in Turkey. It has taken control of Sitebank, a bank that was offered for sale under the Turkish government's restructuring program for the banking sector. The number of Greek companies doing business in Turkey has grown from fewer than 100 to about 300 since the rapprochement was launched.

But the pipeline, which would cost $300 million and take three years to build, is the first intergovernmental project to take practical shape. Botas, the Turkish state gas company, and Depa, its Greek counterpart, have agreed the Greek spur of the pipeline would start from Karacabey in western Turkey, run beneath the Dardanelles Strait, and to Komotini in the northeast Greek province of Thrace.

It would later be extended to western Greece and, through an undersea link, to Italy under a scheme for Greece to become a transport hub for natural gas from Central Asia and Iran.

The agreement with Turkey also provides Greece with an alternative gas supply to fuel electricity production. At present, Depa relies on imports of Russian natural gas, most of which will be allocated for three city gas distribution networks that are under construction in Athens, as well as the northern city of Thessaloniki and Larissa in central Greece. There the Greek-Turkish pipeline would carry 3.5 billion cubic meters of gas a year, which would feed a series of private power plants to be built by Greek and international contractors following the liberalization last year of Greece's energy market in line with EU directives. Traditionally, Greece has relied on locally mined lignite, a cheap but highly polluting form of soft coal, to fuel big electricity plants, but the government has banned construction of additional lignite-fueled plants.

With demand for electricity growing at twice the average rate for European Union countries, Greece has awarded seven licenses for private companies to build new gas-fired power plants over the next decade. "Finding new sources of gas supply is critical to developing the Greek energy market, and the Turkish pipeline project is the best solution," says an Athens-based energy consultant.

Greece has already started talks with Socar, the Azerbaijan state oil company, to buy Caspian gas that would be shipped by pipeline to Georgia, Turkey, and, through the new pipeline, to northern Greece.

—Kerin Hope

STOCKHOLM

MUSHROOM MANIA TESTS THE BOUNDS OF ALLEMANSRÄTT

When he wrote "how do I love thee, let me count the ways," it's unlikely the poet was thinking of mushrooms. But for Swedes, the sentiment couldn't be more apt for the spongy vegetables.

Put simply, Swedes not only love to eat mushrooms, they love to pick them. A politician admitting to not enjoying a little recreational mushrooming in the forest would probably be drummed out of office. Every year, adult education classes are offered in identifying, plucking, and cooking mushrooms. Even the language reflects the love affair with fungal growth, distinguishing between the white store-bought mushroom and the kind picked on a forest walk.

Swedes can't really explain where this love of mushrooming comes from, but it is certainly based on a broader love of nature. And an integral part of that is the philosophy known as *allemansrätt*. Literally, it means "everyman's right" but really translates as the right to enjoy nature wherever it's found, while giving it the greatest respect.

For someone who didn't grow up with it, allemansrätt can be difficult to understand, especially because it doesn't adhere to a precise set of published rules. On the one hand, it means that any person has the right to walk anywhere, camp anywhere, and pick mushrooms, berries, or flowers in many places. Although there is of course private property, technically there is no such concept as 'trespassing' in nature. Allemansrätt means all

beaches and forests in Sweden are public and that the few "no trespassing" signs posted carry no legal weight.

But that's only possible because of the inherent understanding Swedes have of what allemansrätt isn't. It isn't a license to trample the lawn in front of someone's house, denude flowerbeds in a park, race snowmobiles across a farmer's field, break branches off trees, or leave piles of garbage behind in an isolated camping site. Growing up with the concept, Swedes learn how close to a house they can gather wildflowers, when to ask permission to camp, and when starting a fire is not a good idea.

The dividing lines are subtle. As more foreigners settle in Sweden and more continental European tourists come each summer, the freedom of allemansrätt becomes increasingly sorely tested. Unfortunately, too many people interpret it as a license to despoil nature.

At one point, some members of the Riksdag, Sweden's parliament, considered formalizing allemansrätt into a law. But despite their distress about the peril to their countryside, most Swedes were disturbed by the idea of legislating something so innate. Allemansrätt, they felt, wouldn't be allemansrätt anymore if its principles had to be set out by law.

Instead, the politicians and nature organizations have tried to better explain allemansrätt to the uninitiated. Brochures briefly outlining the main dos and don'ts are available in several languages at tourist information stops. They also advise asking when a situation's not clear or simply erring on the side of caution.

Thus far, the program seems to be working. Forests, beaches, and waterways remain reasonably litter free, and tourists still remark on their beauty. For now, the right of everyman, including the right to pick mushrooms, seems secure.

—Ariane Sains

VIENNA

FILM LEGEND REMEMBERED

Hollywood legend Billy Wilder died on March 30, 2002 of a lung infection at the age of ninety-five. Wilder, an Austrian, emigrated to America in 1933, where he went on to direct numerous hit movies, including *Some Like It Hot, The Apartment,* and *An Affair to Remember.*

Born in 1906 to Jewish parents in Sucha Beskidzka, which was then part of the Austro-Hungarian Empire but is now in Poland, Samuel Wilder was nicknamed Billy by his mother. He initially embarked on a law career and studied in Vienna before moving to Berlin in 1926 where he found work as a journalist for a time. His interest soon shifted to movies, and he began working on silent pictures like *People on Sunday.*

"Those were the most important days of my life," Wilder once said about his youth in Vienna and Berlin.

When Adolf Hitler and the Nazis came to power in 1933, Wilder joined a wave of Jewish filmmakers who emigrated to the United States. He learned English very quickly and continued with the business of making movies. The industry was entering what would become the Golden Age of Hollywood as sound was introduced and cleverly written dialogue became an important movie ingredient. Although working in a new language, Wilder soon distinguished himself as a writer of sparkling wit and by 1942 was directing his own scripts. Over the course of the next five decades, he was nominated for twenty-one Academy Awards, winning six, two for best picture, as well as a lifetime achievement Oscar.

When asked about his filmmaking philosophy, he summed it up saying, "I just made pictures I would have liked to see."

Over the years, he worked with scores of renowned actors and actresses. He had a better relationship with some than with others. He complained that Marilyn Monroe, who starred in *Some Like It Hot,* was always late and never remembered her lines, but he was much more complimentary to Marlene Dietrich, whose beauty he once described by saying, "She did not have a face like any normal person."

Shirley MacLaine, who starred in Wilder's Oscar-winning *The Apartment,* responded to news of the director's death by saying that she had learned more from the "great master" than any other person.

Audrey Wilder, his wife of fifty-three years, requested that film producer George Schlatter announce the director's death. Schlatter said Wilder died peacefully in his sleep. He called him a wonderful friend and said that, although Wilder had a tyrannical side, "the actors loved him."

The city of Vienna also loved Wilder and claimed him as an honorary citizen in the year 2000. Mayor Michael Häupl released a statement saying, "With great sadness Vienna bids goodbye to Billy Wilder." He said that Vienna was indebted to the director for his lifelong work and because he never forgot the city of his youth.

—Alexandra Hergesell

The late Austrian-born filmmaker Billy Wilder posed in 1955 with Marilyn Monroe, one of the stars of his hit *The Seven Year Itch.*

Photo and Illustration Credits

Cover: AP/Wide World Photos
Pg. 4: Reuters Photo Archive
Pg. 6: AP/Wide World Photos
Pg. 8: AP/Wide World Photos
Pg. 9: Sergei Chirikov/AFP Photo (top); Olivier Hoslet/AFP Photo
Pg. 10: Sovfoto/Itar-Tass
Pg. 11: AP/Wide World Photos
Pg. 12: AP/Wide World Photos
Pg. 13: AFP Photo/Itar-Tass Pool
Pg. 14: AFP Photo
Pg. 15: AP/Wide World Photos
Pg. 16: AP/Wide World Photos
Pg. 18: AP/Wide World Photos
Pg. 19: Larry MacDougal/iPhoto (top); AP/Wide World Photos
Pg. 20: Duclos Alexis/Gamma
Pg. 21: Dave Houser/Corbis
Pg. 22: AP/Wide World Photos (top); Jan Skarzynski/AFP Photo
Pg. 23: Amy Kaslow
Pg. 24: Amy Kaslow
Pg. 26: Corbis
Pg. 28: Francis Dean/Photographers Showcase
Pg. 30: Anu Akkanen/Helsinki Festival
Pg. 31: Swedish Travel and Tourism Council
Pg. 32: Swedish Travel and Tourism Council (top); Reuters Photo Archive
Pg. 33: Sakari Viika/Helsinki Festival
Pg. 34: Tourist Office of Spain
Pg. 35: Tourist Office of Spain
Pg. 36: Zoe/Gamma
Pg. 39: Cathal McNaughton/Getty/Newscom
Pg. 40: Sue Burdin
Pg. 42: Lockheed Martin
Pg. 45: Archive Photos/Newscom
Pg. 48: AFP Photo (top and middle); Hulton Getty/Newscom

ARTS & LEISURE

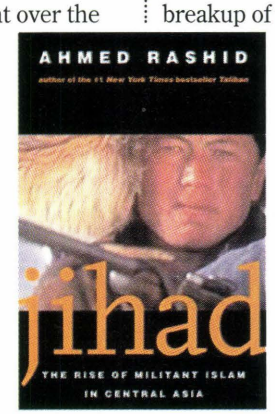
Reviewing the new & noteworthy in books, film, and beyond

BOOKS

JIHAD: THE RISE OF MILITANT ISLAM IN CENTRAL ASIA

By Ahmed Rashid; Yale University Press; 281 pages; $24

To the extent Western policymakers gave Central Asia much thought over the past few decades, it was as part of the Soviet Empire. The terrorism war has now propelled the forsaken nations that comprise Central Asia into the crucible of geo-strategic interests and made it the point where Russian and American empires potentially collide with each other and also with militant Islam.



For those forced into a crash course on Central Asia—in shorthand, the Stans—there could be no better guide (the word primer would deny this book's depth and sophistication) than this exposition of history, current policy, and the volatile mix of politics and religion.

The author, Ahmed Rashid, is a Pakistani journalist who has covered the region for the *Far Eastern Economic Review* and the *Daily Telegraph*. He was rushed onto the global stage when September 11 turned his definitive work on the Taliban from an obscure work for specialists into a best-seller. As always, he combines first-rate reporting and analysis with a crisp and readable presentation.

Rashid briefly traces the expansion of the Czarist Empire into Central Asia, its collision with the British in the "Great Game" to Stalin's conquest of the region and decades of communist suppression of religion, which perversely gave Islam a covert political force as it became the only form of opposition. Unfortunately, the breakup of the Soviet Union did not lead to democracy and free markets in Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan, much less benighted Afghanistan. Instead, Rashid tells a repetitive story of repression, corruption, and incompetence. Even the discovery of major oil reserves did not bring economic gain, rather it seemed to add to corruption and to the creation of new and richer oligarchies. And the thousands of disenchanted in these countries do not look to democracy, free markets, or modernization as an alternative, but rather to an increasingly militant Islam.

As Rashid writes, "One of the most intriguing questions about Islamic movements in Central Asia today is how a highly secretive, pan-Islamic movement that originated in the Middle East and largely does not even address pertinent issues of public concern in Central Asia has become the most popular, widespread underground movement in Uzbekistan, Kyrgzstan, and Tajikistan."

He is referring to a group known as Hizb-ul-Tahrir al-Islami, a group with a vision of uniting Central Asia and parts of China (and eventually the entire Muslim world) into a new caliphate. Its growth has exceeded that of a better-known Islamic Movement of Uzbekistan, the other principal militant group in the region. One barometer of that is there are now far more of the former than the latter imprisoned by Central Asian governments.

Now, against this backdrop, Central Asia nations have become allies of Washington in the terror war even as Russia and China try to extend their neighborly influence. A combination of strategic centrality and oil have brought forth conditions for a new "great game" though one in which the Central Asian nations may have more cards at their disposal and the chance to play the great powers off against each other.

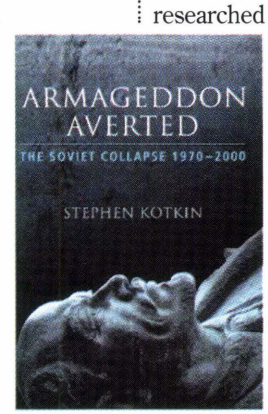
For all the potential for pessimism that this poor and badly governed region offers, Rashid concludes on a resolutely optimistic note. He hopes and expects the engagement of the major nations and international corporations offers Central Asia the greatest chance for peace in its long, sad history. But that depends on whether those powerful players have the will and capability to force adherence to some basic standards of democracy and economic development on what the author calls basically failed states. That sounds like a very tall order.

—Michael D. Mosettig

ARMAGEDDON AVERTED: THE SOVIET COLLAPSE 1970–2000

By Stephen Kotkin; Oxford University Press; 196 pages; $25

Just because it could not sustain the multidimensional global rivalry did not mean that the world's largest-ever police state—with a frightening track record of extreme violence—would suddenly liquidate itself, and, even more unexpectedly, do so with barely a whimper," writes Princeton University professor Stephen Kotkin in his new book *Armageddon Averted: The Soviet Collapse 1970–2000.*



In this succinct and well-researched book, the author, who specializes in European and Russian history, not only explains the history of the final days of the Soviet Union and the last decade of the new Russia but also why this superpower armed to the teeth went out of existence not with a bang but with a "whimper."

He places much of the responsibility for the end of the USSR on the man who truly thought he was reforming his country and his party through his policy of perestroika: Mikhail Gorbachev.

"A man at the pinnacle of power in Moscow—a committed, true believing Communist Party General Secretary—was engaged in a virtuous, yet inadvertent liquidation of the Soviet system," writes Kotkin.

He goes on to assert that Gorbachev and others with a "humanist vision of reform" of his generation "believed the Communist Party could be democratized. They were mistaken. Perestroika, unintentionally, destroyed the planned economy, the allegiance to Soviet socialism, and in the end, the party, too. And the blow to the party unhinged the Union, which the party alone had held together."

Although fortuitous, it seems to have been one of the greatest mistakes and one of the strangest examples of naiveté and poor judgment by a world leader in history. Gorbachev's self-imposed reforms led to the liquidation of the very system he was trying to save and repair. It was truly astonishing.

Gorbachev's naiveté was also apparent with regard to Soviet satellites in Central Europe. "A foreign policy aimed at a 'common European home'," writes Kotkin, "had led to the Soviet Union's ejection from Europe." He quotes Gorbachev stating, "I would be less than sincere if I said that I had foreseen the course of events and the problems that the German question would eventually create."

The author has recaptured the mood and feel of the end of the Soviet superpower with provocative profiles of not only Gorbachev but of Yeltsin and other Soviet and Russian leaders.

Kotkin's brief but powerful book should be added to any list of "must reads" on one of the most dramatic events—the fall of the Soviet Union—of the last century.

—Robert J. Guttman

EU BOOKSHELF

June 2002

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

☐ New Item **European Union-Canada Relations**. *Commission, Brussels, 2001, 17 pages.*

☐ New Item **Compendium on Co-Operation Strategies: Partnership Agreement Between the Members of the Group of African, Caribbean and Pacific States and the European Community and Its Member States**. *Development, Commission, Brussels, 2001, 57 pages.*

☐ New Item **EIB Forum Calls for a New Era in Euro-MED Partnership**. *Information No. 3/2001, European Investment Bank, Luxembourg, 2001, 20 pages.*

☐ New Item **Annual Report on the Implementation of the European Commission's External Assistance: Situation at 01.01.2001.** *Commission, Brussels, 2002, 151 pages.*

☐ New Item **A New Impetus for European Youth: White Paper.** *Commission, Brussels, 2002, 28 pages.*

☐ New Item **The Water Framework Directive: Tap Into It!** *Commission, Brussels, 2002, 12 pages.*

☐ **Transatlantic Relations After 11 September**. *EU/US News, Vol. IV, No. 8, Commission, January 2002, 15 pages.*

☐ **Enlargement of the European Union: An Historic Opportunity**. *2nd edition, European Commission, Brussels, 2001, 47 pages.*

☐ **The Economic and Social Committee in Ten Points**. *Economic and Social Committee, Brussels, 2001, 8 pages.*

☐ **The ESC: A Bridge Between Europe and Civil Society**. *Economic and Social Committee, Brussels, 2001, 36 pages.*

☐ **Euro Notes—Euro-Zone Information**. *Commission, Brussels, 2001, 6 panels.*

☐ **Financial Report 2000**. *Commission, Luxembourg, 2001, 171 pages.*

☐ **Public Opinion in the European Union**. *Eurobarometer No. 55, Commission, Brussels, 2001, 226 pages.*

☐ **A New Beginning: Leonardo da Vinci – Community Vocational Training Programme Second Phase (2000-2006)**. *Commission, Brussels, 2001, 15 pages.*

☐ **Fact and Figures on the CFP: Basic Data on the Common Fisheries Policy**. *Commission, Brussels, 2001, 28 pages.*

☐ **Inventing the Car of the Future**. *RTD Info No. 32, Commission, Brussels, December 2001, 40 pages.*

☐ **EU Employment and Social Policy, 1999-2001: Jobs, Cohesion, Productivity**. *Commission, Brussels, 2001, 43 pages.*

☐ **EU Energy and Transport in Figures**. *Commission, Brussels, 2001, 195 pages.*

☐ **The Phare Programme Annual Report 2000**. *Commission, Brussels, 2001, 119 pages.*

☐ **The Phare Programme Annual Report 1999**. *Commission, Brussels, 2001, 106 pages.*

☐ **Breaking the Silence: European Campaign Against Domestic Violence.** *Commission, Brussels, 2000, 15 pages*

☐ **Key Publications of the European Union 2001-02: An Extract of the General Catalogue of Publications**. *Office for Official Publications, Luxembourg, 2001, 102 pages.*

☐ **The European Union: Still Enlarging**. *Europe on the Move, European Commission, Brussels, 2001, 23 pages.*

☐ **The European Union: Map of the Member States and Applicant Countries**. *Commission, Brussels, 2001, 1 page.*

☐ **Enlarging the European Union**. *Map of the EU member states and candidate countries with comparative economic data. Commission, Brussels, 2001.*

☐ **The Common Agricultural Policy 2000 Review**. *Commission, Brussels, 2001, 25 pages.*

☐ **EU Agriculture and the WTO: Towards a New Round of Trade Negotiations**. *Commission, Brussels, 2001, 17 pages.*

☐ **Europe Is Changing Its Currencies – 1 January 2002: The Euro Will Be There**. *Commission, Brussels, 2001, 6 panel leaflet.*

☐ **Getting Ready for the Euro: Your Guide to the Euro Banknotes and Coins**. *European Central Bank, Frankfurt, 2001, 8 panel leaflet.*

☐ **ECHO Annual Review 2000: Humanitarian Crises Out of the Spotlight.** *EU Humanitarian Aid Office, Brussels, 2001, 32 pages.*

☐ ***e*Europe: An Information Society for All**. *Commission, Brussels, 2001, 6 panel leaflet.*

☐ **The Social Situation in the European Union in Brief**. *Commission, Brussels, 2001, 20 pages.*

ORDER FORM—FREE PUBLICATIONS

Mail to Bookshelf Requests, 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.**

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

NAME

ORGANIZATION

ADDRESS

CITY STATE ZIP

in CLOSING

After their victory over Brazil in the 1998 World Cup final, Zinedine Zidane (left) and the French national team will defend their title this summer.

The World Cup trophy was displayed under tight security earlier this year in Tokyo.

Uruguay scores a goal in its 1930 victory over Argentina in the first World Cup final.

Notes on the World Cup

• The first **World Cup** championship was held in Uruguay in 1930. Only thirteen national teams participated in the inaugural tournament, which the Uruguayan team won. That tournament drew an overall attendance of 589,300 soccer fans while the 1998 tournament attracted more than **2.7 million spectators**.

• The first World Cup trophy was designed and cast in pure gold by a French sculptor, Abel Lafleur, in 1930. Named the "**Jules Rimet Cup**" in honor of the tournament's founder, its design was based on an ancient Greek sculpture depicting Nike of Samothrace. By rule, the winning team kept the trophy until the next year's tournament, but the first team to win three World Cups would get to keep it permanently.

During World War II, the cup was hidden from the Germans under a bed in an Italian home. Before the 1966 World Cup in England, the trophy was stolen during a public exposition. A dog named "**Pickles**" found it buried under a tree. In 1970, **Brazil** won its third World Cup, giving it permanent possession of the Jules Rimet Cup. Unfortunately, it was stolen in 1983 and has never been recovered. It is believed that the thieves melted it down.

Federation Internationale de Football Association (FIFA) selected the design for the new World Cup trophy in 1974. Designed by Silvio Gazzanigi of Italy, the eighteen-carat gold and malachite sculpture depicts two triumphant football players holding a globe in their raised hands. Today, it is valued at more than $10 million.

• This year's tournament (May 31–June 30) represents **two firsts**. For the first time, the World Cup will be played in **Asia** and two countries will co-host the tournament. **South Korea** and **Japan** will each host half of the games, with the championship game played in **Yokohama**.

• **World Cup 2006** will be held in **Germany**, which also hosted the tournament in 1974. So far, Europe has hosted the tournament nine times, Latin America six times, North America and Asia once each. It has never been held in Africa, although **South Africa** is considered a favorite to host 2010.

—*Aniela Zagajeski*

Think: Who is the world's leading integrated communications company?

Think T. Think Telekom!

T-Mobile
T-Online
T-Systems
T-Com

Deutsche Telekom is a leader in mobile communications, consumer Internet services, data/IP systems solutions, and network access services. Providing integrated telecommunications services through our four strategic units, we enjoy key competitive advantages.

T-Mobile: Innovative mobile communications using the world's most available wireless technology standard, GSM.
We are one of the largest mobile communications companies in the world.

Our subsidiaries have nearly 49 million subscribers, and our subsidiaries and associated companies together have nearly 67 million subscribers. Together with VoiceStream, its U.S. subsidiary, T-Mobile is the only transatlantic provider of mobile communications based on GSM. GSM enables customers to use the same phone for voice, data and messaging services around the world.

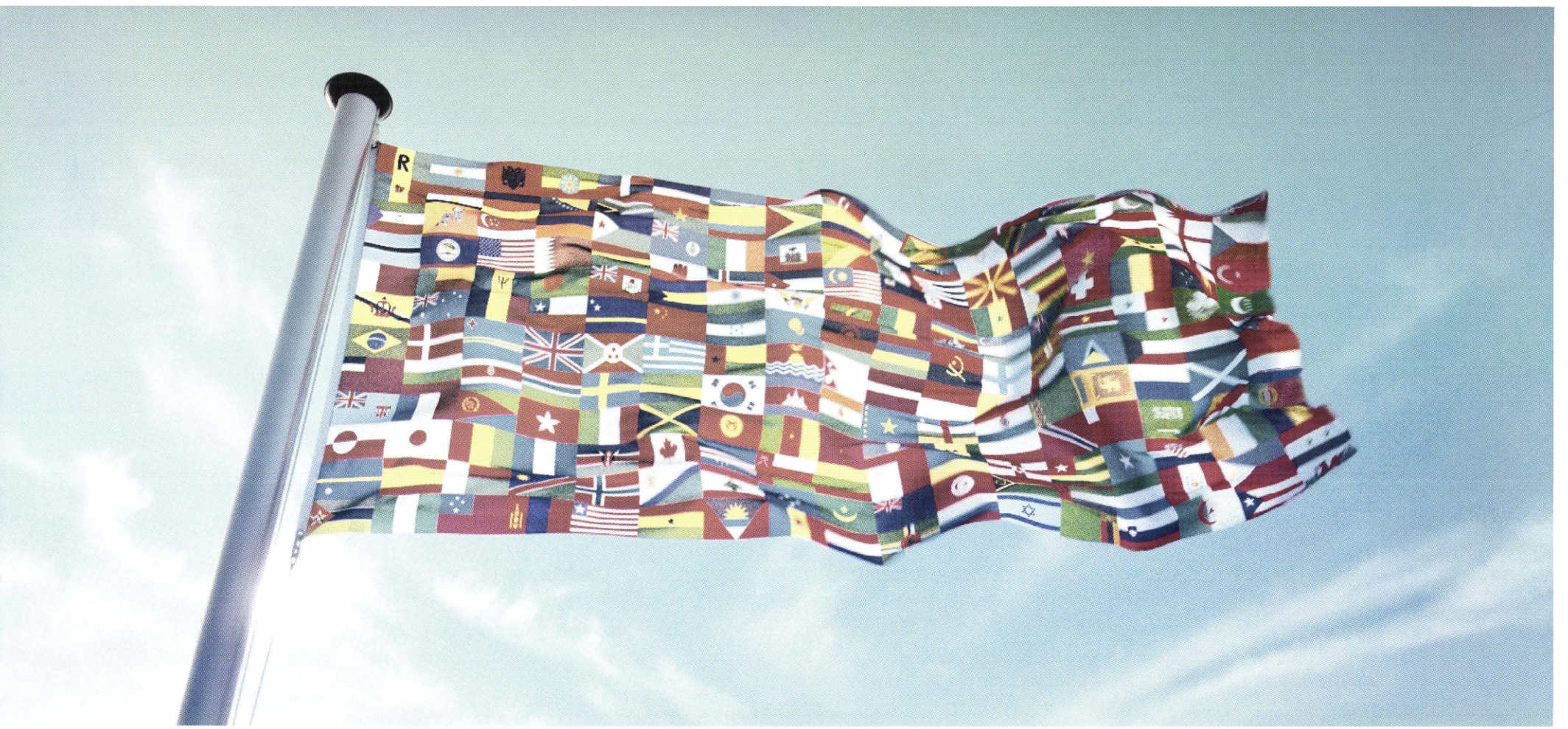
T-Online: One of the world's largest consumer Internet providers.
T-Online is the largest single provider of consumer Internet services in Europe, with more than 10.7 million subscribers in 7 countries. With more than 400 content partners, T-Online is becoming Europe's leading Internet media network.

T-Com: A world leader in DSL and Europe's leading fixed network provider.
T-Com serves more than 40 million customers in Germany, with one of the world's most modern fixed communications network infrastructures. Within Germany, Deutsche Telekom has marketed 2.3 million DSL lines so far.

T-Systems: Unique provider of e-business systems solutions.
Deutsche Telekom is Europe's second-largest provider of comprehensive integrated IT and telecommunications services. T-Systems serves business customers in more than 20 countries.

www.telekom.de/english

Deutsche Telekom



Our home country.

We don't just travel to the countries where we do business. We live in them – working together with local people to develop, produce and sell our products. In fact, right now there are over 200 countries we call home. Find out more at www.daimlerchrysler.com.

DAIMLERCHRYSLER

Answers for questions to come.