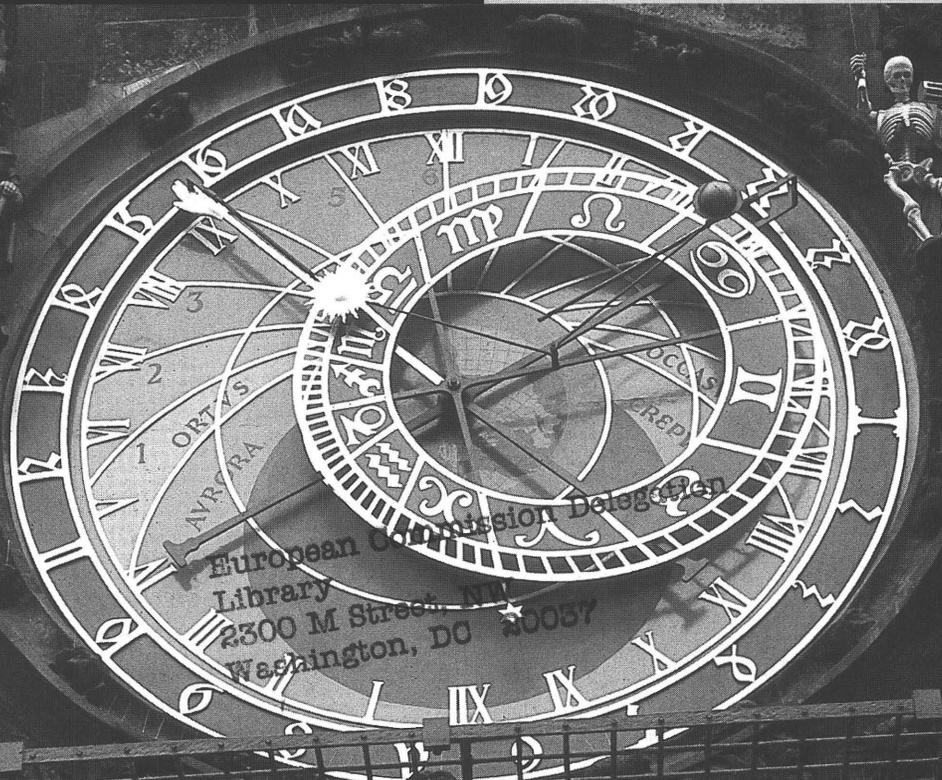


European Dialogue

The Magazine for European Integration

January-February 2000/1

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As the EU dismantles border controls between its own states in order to allow people and goods to travel freely, it needs to ensure checks on its external frontiers between member states and third countries are as watertight as possible.

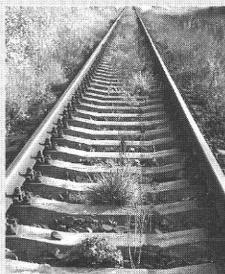


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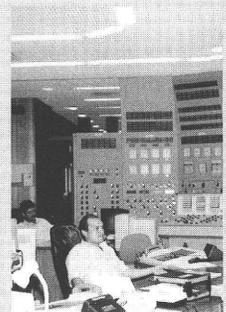


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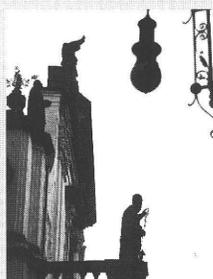
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Policing the EU's current and future eastern perimeter

At first sight it may appear a paradox: as the EU dismantles border controls between its own member states in order to allow people and goods to travel freely, it is working overtime to make checks on its external frontiers between EU member states and third countries as watertight as possible.

"The general principle is that there should be free movement inside the Union and the counterpart to getting rid of internal controls is to improve external ones. Previously each member state controlled goods when they came in or went out of their own country, so they were less worried about what their neighbours were doing. But with the single market, if there is one weak link or preferential treatment in just one area, it can affect everything," explains a Commission official.

As controls at the internal borders disappear, customs services in member states are carrying out more duties on the Union's external frontiers on behalf of other EU countries. This also improves trade by reducing delays at borders and easing bureaucratic controls. However, on external borders more controls are needed to collect state revenue and to tackle crime and illegal immigration. Only controls at the internal borders — the state borders between member states — are "suppressed" while the state borders themselves remain.

The many regulations in place are designed to stop illegal

immigration or miscellaneous trafficking, to clamp down on counterfeit goods (estimated to account for up to 7 per cent of trade world-wide), and to check that imports meet EU public health, environmental and veterinary standards. According to one calculation, customs officers have to ensure that up to 400 separate import controls are respected. Although national customs administrations are separate and independent services, they all operate within the same legal framework and are linked by an extensive computer network. This can be used to provide regular updates from Brussels on tariff provisions, while a separate computerised system — which will also link four candidate countries, Hungary, Slovakia, the Czech Republic and Poland — is being developed to try and stamp out transit fraud.

In addition the Customs Information System in Brussels can be used by national administrations to exchange data. "There is a fine balance to be struck between security and efficiency, between preventing crime and not damaging competitiveness. At the end of the day, customs are working for their partners, which is the world of trade. Perhaps there should be more consultation with that world to establish what its concerns and problems are. What is also important is that customs officers do not operate in isolation. They have to work with a range of other professions: the immigration authorities, police, phytosanitary officials and public health experts," points out one official.

The drive to improve customs procedures in the candidate countries so that they meet EU standards and prevent any chinks appearing in the external frontiers is a prerequisite for membership. This process is taking place against a background of insufficient infrastructure, a lack of harmonised practices, a high level of crime, a paucity of well trained, motivated personnel and increasing traffic flows. Even without the enlargement, putting in place an effective border system is something all candidate countries should be striving to achieve as it is in everyone's interests.

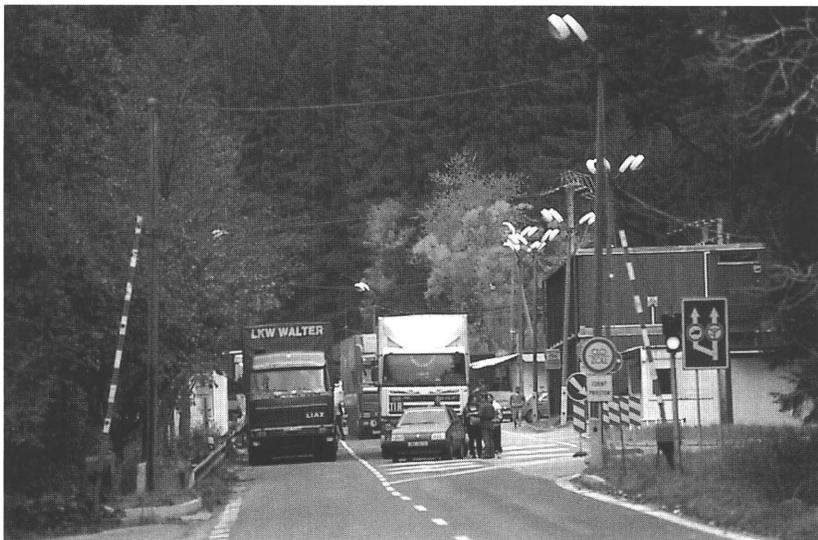
"With or without enlargement, EU member states and the applicants face the same problems of illegal immigrants, organised crime and trafficking in human beings to name just a few. At the end of the day, there is more security for the European citizen in a Union without internal borders than one with since you need organised and sophisticated co-operation between member states at all levels, including the police. If you have that in a legal structure, it is far better than ad hoc co-operation," explains one EU official. Preparations for this major shift as the EU's external frontier moves eastwards have been under way for a number of years. Poland, which will be right at the crossroads of traf-



Sue Cunningham/SCP

Slovenia and Croatia needed new border crossings following the independence of those two states. When Slovenia joins the EU, its border with Croatia will become on the EU's external borders.

Sue Cunningham/SCP



As controls at the internal borders disappear, customs services in member states are carrying out more duties on the Union's external frontiers on behalf of other EU countries.

fic between the enlarged Union, Ukraine, Russia, Belarus and the Baltic states, has been making efforts to improve its border management.

Despite the daunting amount of legislation which must first be processed and then implemented, the EU is determined to use whatever means it has at its disposal to help candidate countries reach the necessary EU standards. "The applicants have to do 90 per cent themselves, but the EU can help with 10 per cent," explains an official.

The main vehicle for this aid is the Phare programme which EU leaders decided (at their 1994 Essen summit meeting) could also be used for justice and home affairs projects. Some projects involve several countries while most of them target just one.

EU funding is used partly to finance physical schemes to improve border crossings and access roads and equipment, and partly on strengthening institution building, training staff, fighting corruption and other actions. Between 1997 and 1998, for instance, the Phare programme allocated €15m to Poland to reinforce its frontier controls, particularly on its border with Germany. The funds have been used to improve basic infrastructure and methods of detection through the use of infra-red equipment, the training of border guards and development of linguistic skills. In 1999 Romania received around €10.5m to help it secure its border, particularly with Moldova and Ukraine.

Twinnings — whereby experienced officials from EU member states spend a minimum of a year in a candidate country sharing their professional experience — are another effective tool. One of the first ones which began last autumn is a 12-month programme, funded with €1.5m of Phare money to help Poland improve its eastern border management and infrastructure both at the frontier and the hinterland to bring them up to the standards required for EU membership.

The scheme involves a partnership between a quartet of Union members — the Home Office in Britain and the

Ministries of the Interior in France, Germany and the Netherlands — and their Polish opposite number, the Ministry of the Interior and Administration. The various components contribute to the overall aim of tackling serious crime, developing co-operation between separate Polish ministries and training Polish officials.

French civil servants are advising the Poles on how to improve border controls, including detecting false identity cards and travel documents, as well as rooting out corruption and ensuring discipline in the customs service. Germans are sharing their data processing expertise, while the Dutch are demonstrating

how to identify and remove illegal immigrants.

Separate projects being run jointly by Britain and the Netherlands are concentrating on criminal intelligence, organisational development (including ways to bring cases to court more quickly) and forensic science with DNA training and establishment of a Polish DNA database.

The final element of the programme, being run by the Netherlands, advises the Poles on how the police can improve their public relations image.

Other customs projects financed by Phare include the fight against corruption in Bulgaria, tax reform in Slovenia and establishing a computerised customs master tariff system in Lithuania

On a smaller scale the Odysseus programme is helping with strengthening border controls. With €12m over five years, it brings officials from inside and outside the Union together for seminars and training courses lasting a few days on specific aspects of border controls, immigration and asylum policy. Recent examples of this practical form of educational networking have been separate meetings on visa policy as it relates to sea borders in the Mediterranean and the Baltic Sea and to land borders in south-east Europe.

Now there is no doubt where the Union's external borders lie. But no one can confidently guarantee where they will be extended to as the next enlargement process gets under way.

Sue Cunningham/SCP



Equipment is another priority area. If the candidate countries are to make full use of the computer networks available in the Union, then their systems will need to be compatible

The challenge of securing the Union's external borders goes far wider than establishing the infrastructure for efficient frontier crossings. It also requires the presence of a professionally trained and reliable customs service ready to co-operate with other services inside its own borders and on the other side of the frontier fence.

"If customs officers have poor conditions and low pay, then they will go to other jobs or be more likely to be involved in corruption and the money spent on infrastructure will be wasted," explains one official.

The various projects supported with EU funding are all assessed within the Commission's customs and taxation pre-accession strategy which was endorsed by senior customs officials from EU member states and the candidate countries in July 1997.

It has three strands. The first imperative was to ensure political support for the changes which needed to be made so that under-funded customs services with poor facilities were brought up to EU standards. This was accompanied by necessary legislation. Thirdly, and the most important objective, is the improvement of overall operational performance.

"This is the real problem where you are confronted with delays at the border, poor conditions, unpredictable weather and the possibility of terrorist and other threats. We are putting most effort into this," says one official.

To raise standards to a uniform level, the Union has drawn up for each candidate country a gap analysis to identify where extra work is required and a needs analysis to establish which shortfalls would need to be remedied by EU assistance. It has also created blueprints for each of the 13 customs sectors: legislation, border and inland control, investigation and enforcement, organisation and management, ethics, human resource management, training, revenue collection and accounting, trade facilitation, transit and movement of goods, customs laboratories, infrastructure and equipment and computerisation.

Equally important is the development of good co-operation with countries which will be on the other side of the Union's common external frontier: Belarus, Russia, Moldova and Ukraine. "We try to place as much emphasis on regional programmes as possible so that customs officers operate internationally, not separately. If Poland is going to be our new external frontier, then it needs to know what Ukraine is doing. We also want to stress that customs work is not just carrying out prohibitive work. It is also about facilitating trade," stresses one EU official.

This emphasis on the need for international co-operation was demonstrated last October when a special conference of senior customs officials was held in Finland. It brought together existing member states with land external borders — Finland, Austria, Germany, Greece and Italy (France has land external borders with Switzerland, Monaco and Andorra; Sweden with Norway and Spain with Andorra,

but they did not attend the meeting). Several candidate countries and the neighbouring states of Russia, Ukraine, Moldova and Belarus to examine concrete, practical issues they will all have to address.

"Customs always think a little bit ahead. We know we will have a problem with new frontiers, like between Poland and Ukraine for example, and that one day new member states will accede and they will have to ensure they act in the customs area as if they had always been in the Union. We have two major concerns: the uniform application of EU legislation and the fact that we must not neglect our future new neighbours," said one EU official.

Russia, for instance, is such a major factor in EU trade that the Union has separate projects looking at how to improve customs facilities at its ports, airports, land frontiers and inland clearance centres. Under one training programme, officials from Moscow studied practices at Heathrow airport outside London. On their return they were able to introduce some changes which helped to ease the flow of cargo and passengers.

Now there is no doubt where the Union's external borders lie. But no one can confidently guarantee where they will be extended to as the next enlargement process gets under way. That will depend on which countries join first. Any



Hungary and Romania have already developed efficient border crossing points. These will disappear when both Hungary and Romania are EU members.

number of permutations are possible and these will change with each successive enlargement. The line could, for instance, be initially drawn between the Czech Republic and Slovakia if the former becomes an EU member state before the latter or far further east if they both join at the same time. Politically, the second option would undoubtedly be easier to implement.

The three Baltic state candidates are another area where potential complications could arise for a period if Estonia accedes to the Union before Latvia and Lithuania. Under such a scenario, Estonia would be responsible not only for the external frontier on its east with Russia, but also with Latvia.

In addition the organisation required in effectively policing and managing the Union's external borders may involve a heavier burden on relatively new countries —

such as Estonia, Latvia, Lithuania which gained independence only in 1991, Slovakia which had been part of Czechoslovakia and Slovenia, formerly part of Yugoslavia — than on longer established countries like Hungary.

Not only have all these countries had to develop their own customs authorities, but at times the process has required settling disputes with neighbours over exactly where the border is.

One thing is clear: new EU members will not be allowed an opt out of all or parts of the Schengen *acquis* integrated into the EU. For different reasons Britain and Ireland chose not to sign up to the core commitment to abolish all internal border controls between EU states and allow free circulation. They negotiated this flexibility during the drafting of the Amsterdam Treaty. Both countries implement border controls, and do not participate in Schengen

Finland manages sensitive frontier

Finland has more experience than most EU members in managing one of the Union's most sensitive external frontiers. When the country joined in 1995, it brought with it a 1,269 kilometre border with Russia. It has the responsibility of knowing that any people or goods who enter Finland can then travel freely throughout the entire Union.

Frontier traffic is channelled through 10 customs offices stretching from Raja-Jooseppi in the north to Vaalimaa in the south. One of the busiest is Nuijamaa, just north-east of Helsinki. This crossing point saw almost 1.5m people and 655,000 cars, trucks and buses cross from one country to the other in 1998.

For the 45 customs officers on the Finnish side of the frontier and the 80 on the Russian side, there are obvious advantages in co-operating to stamp out smuggling and illegal activities — practices which are detrimental to both countries.

One of the earliest schemes, funded by the EU's Tacis programme, began in 1997 and allows customs officers from each side of the frontier to spend a week in the other's country. Emphasis is placed on five specific aspects of an official's work. These cover customs crime reconnaissance, using technology to verify passports and TIR documents, applying risk analysis to goods surveillance, use of X-rays in checking vehicles and combating customs crime.

There is also regular contact by telephone and fax between the customs services on both sides of the frontier as they collect and exchange information on the sender and receiver of freight being shipped and the route taken.

"I tend to go there at least once a week and spend a whole day there. It is easier for me to go there as I have a customs car. They have cars, but not every day. I can speak to them in Russian, English, German or Finnish," says a senior Finnish customs officer.

Smuggling is a never-ending problem. Sometimes it might be drugs, other times cigarettes which are brought into Finland illegally especially as the demand in Russia for western currency

increases. Occasionally, it may be illegal immigrants who try to steal into the EU by hiding in the false floor of a bus.

As part of their armoury, the Finnish customs officers use powerful X-ray machines and scanners which can peer into cars, lorries, coaches and containers to check their contents and reveal if any secret compartments have been installed between the outside and inside walls. These are reinforced by fibre scopes, stethoscopes and three sniffer dogs — two Alsatians and a retriever. But, despite all this help, one officer maintains: "The best results invariably come from a customs officer using his eyes."

In a large shed near the customs post, Finnish officials examine suspicious looking cars, possibly five to six a day, to determine whether they hide contraband cigarettes (now more popular among smugglers than alcohol), or drugs in their petrol tanks, door frames or wheel hubs. There is even a rudimentary wooden box shaped like a toilet on which suspected smugglers have to sit until they have revealed the contents of their insides.

Counterfeit goods and cigarettes are confiscated and disposed of in a nearby rubbish dump. Drugs are destroyed in a centre 80 km away and the alcohol is watered down and poured away some distance from Nuijamaa since the local sewage system is unable to cope with the volume.

The customs officers are also conscious of the need to ensure the smooth flow of legitimate traffic and are keen that the Russians implement their border crossing programme. This involves three separate lanes: green (where no checks are carried out), yellow (where there might be checks) and red (where checks take place).

"The Russians initially thought only two lanes were necessary: yellow and red. But with the three lane model you can deploy resources where they are needed and keep useless checks to a minimum. It helps keep traffic flow smooth and you increase efficiency by collecting a lot of information on the goods and routes involved beforehand," explains a senior Finnish official.



Sue Cunningham/SCP

Alsatian dogs are being trained to help customs officials in their fight against illegal drug trafficking and other offences.

co-operation, although Britain has recently asked to participate in some of the convention's activities. In contrast their 13 partners decided to co-operate closely and implement the Schengen provisions between themselves.

Now that Schengen is part of the EU *acquis*, every new member must implement it in its entirety and will not be able to ask for exemptions. The responsibilities are set out in a common manual which lays down procedures and a common set of consular instructions which cover such items as those countries whose nationals require a visa to enter the Union.

The responsibilities set out in the Schengen Convention were further refined by EU leaders at their December 1998 Vienna summit when the EU adopted an action plan to

establish "an area of freedom, security and justice" as foreseen in the Amsterdam Treaty. This covered issues ranging from immigration and asylum policies to organised crime, drugs and judicial co-operation. It specifically listed those measures which had to be in place within two years of the Amsterdam Treaty coming into force and those within five years.

In the first category (two years) fall minimum standards for giving temporary protection to displaced persons from third countries, harmonisation of asylum procedures, intensifying the fight against illegal immigrants and harmonising member states' legislation on the responsibilities of transporters. Within five years EU members must agree a new, more secure model for uniform visas and set minimum standards on the reception of asylum seekers.

As part of the pre-accession preparation, the extent to which each of the candidates is putting into place the hundreds of pages of Schengen rules is being carefully examined during the on-going screening process.

It is possible, however, that even if a candidate country has ratified all the necessary measures and has become an EU member that its inhabitants might not enjoy free movement into its Union neighbour. To achieve that, each new member will have to demonstrate it is capable of policing effectively those of its own borders which have become the Union's new external frontier.

"The basic rule is that the principle of free circulation is not in force when ratification is finished, but only when the country concerned is deemed ready to apply all the Schengen provisions. So there could be a discrepancy between joining the Union and lifting border controls at the internal borders," explains an EU official.

One area of co-operation which the new members will have to join from day one is the Schengen information system — a highly sophisticated and costly computer data

Eurocustoms lends support

In 1991 the EU's 15 customs administrations established Eurocustoms. The main aim of the organisation is to provide technical and management assistance on border policing, control and monitoring to candidate countries and former Soviet republics.

The organisation, based in Paris with a 27-member secretariat, is contracted to the Commission to assist with the customs programmes through the Union's Phare and Tacis schemes. Since its establishment over 2,000 customs officers from EU and EFTA member states have been seconded to work with the organisation and have found placements in candidate countries' administrations.

At present Eurocustoms — headed by a German director

Rudolf Schmidt — is helping to implement transit programmes and involved in multi-country projects concerning borders and customs.

The directors-general of the customs administrations and Eurocustoms meet regularly to discuss the EU's own customs programme, the Union's computerisation strategy and how to deal with transit fraud and international organised crime. The last meeting was in Helsinki in May 1998.

Eurocustoms is developing a web site, which it expects to have up and running in early 2000. It can be contacted at 9 Rue de la Tour des Dames, 75009 Paris, France (Tel: (331) 5507 4950).



Sue Cunningham/SCP

Germany's border with Poland now forms one of the Union's external borders, but once Poland joins the EU, its borders with Russia, Lithuania, Belarus and Ukraine will form the become the new external border of the Union.

exchange network based in Strasbourg. This allows the police and judiciary in member states to share vital information on visa applications, illegal immigrants and wanted and missing persons with each other and depends for its efficiency on confidentiality, discretion and absolute mutual trust between different national authorities.

The first meeting between Schengen members and candidate countries occurred in 1998 when the process of familiarising them with the free movement convention first began. Another responsibility which the new managers of external EU frontiers will have to come to terms with, is implementing the Union's visa policy. This may be an unpalatable reality for certain applicant states like Poland, which have close ties with countries which will not join the EU, but it is inevitable. Despite its strong economic and family links with its eastern neighbours and high cross-frontier traffic, Poland will have to ensure that Ukrainians and Belarussians comply with existing EU rules and have visas. Similarly, Romania and Bulgaria — the only two candidate countries which are on still on the EU's visa list — will have to comply with the EU rules if they become members after Hungary.

The Union's expectations of the standards the candidate countries will need to meet were spelt out in more detail in political guidelines adopted by EU leaders at their informal summit in mid-October 1999 in Tampere (Finland) on the controls which should be organised at an enlarged Union's external borders.

Controlling external borders in a balanced and uniform manner, said leaders, does not mean preventing the entry of legitimate asylum seekers. In addition, while special border crossing points can be established for small border traffic, all traffic crossing the external frontier must still be controlled. The candidates were told they had to settle any existing border disputes and establish working co-operation with their neighbours. They were informed that a police authority with trustworthy resources — and not armed forces — should ensure land and sea border controls as well as

checks at harbours and airports.

At the same time, the EU leaders pointed out that co-operation between present and future member states and their neighbours should not be treated as a military matter or as a sub-regional security arrangement.

Further preparation for the customs arrangements in an enlarged Union will come with implementation of the Union's customs 2002 action programme. This underlines the need for the exchange of officials and information, for the use of training seminars and the establishment of suitable manuals and guides.

The programme also is open to candidate countries Cyprus, Malta and Turkey. It is designed to establish practical links between ports and airports and to keep traffic flowing while guaranteeing the security of external frontiers. Union officials are adamant they are not looking to erect a new wall in Europe. Instead they stress that the new external frontiers must be properly managed for everyone's sake.

RORY WATSON, BRUSSELS



Sue Cunningham/SCP

With or without enlargement, EU member states and the applicants face the same problems of illegal immigrants, organised crime and trafficking in human beings.

EU woos its mighty

In a groundbreaking development EU heads of government in June 1999 signed a common strategy on Russia. This will last for an initial four year period. The decision not only signalled a new phase in relations between the Union and Russia, but it was the first foreign policy document approved by EU member states under the new common foreign and security policy (CFSP) introduced by the Amsterdam Treaty.

"The common strategy is a quantum leap for EU external relations," explained a senior diplomat involved in drafting the document. "It will also perform a valuable task if it succeeds in easing Moscow's growing frustration that its world power status is being eroded in the eyes of the West. It's a very important signal to Russia from the EU."

The value of a more formal basis for relations between the two sides was shown clearly by tensions which emerged during the Kosovo crisis. Russian-EU relations took a nose-dive as western Europe sided firmly against the Serbian leader, Slobodan Milosevic, who continues to enjoy support from his traditional allies in Moscow.

The difficulty of the EU's relationship with Russia has been further exacerbated as the candidate countries of central and eastern Europe have moved towards membership with the EU. The accession of the Czech Republic, Hungary and Poland in 1999 to Nato also caused tension with Moscow.

Russia's own political and economic situation remains precarious. Former President Boris Yeltsin has dismissed a number of governments, giving the country six prime ministers in 18 months.

Against this difficult background the EU's policy has been to try and do all in its limited power to bolster democratic reformist sentiment in Russia. The main thrust of the common strategy is to assure Moscow of its place within Europe, rather than drive it towards isolationism.

This overriding desire is made clear in the common strategy paper. The EU commits itself to closer cooperation with Russia and welcomes its return to its

place in the European family.

At a meeting in New York in mid-September 1999, External Affairs Commissioner Chris Patten met Russia's Foreign Minister Igor Ivanov. Both sides expressed strong support for turning the inspiring words of the common strategy document into reality. More urgent was the need from the Russian perspective to bring to an end the spate of bombings which was then terrorising the country and deal with the crisis in Dagestan and Chechnya.

The EU does not want these crises to slow the process of democratic reform which it sees as key to the Union's ability to provide support for Russia.

Russia has several partners within the EU structures. Besides External Affairs Commissioner Chris Patten and the individual foreign minister of whichever member state happens to hold the EU's six-month rotating presidency, a key role will be played by Javier Solana, the Union's high representative for CFSP. He has the job of presenting a united EU foreign policy line to the world. On past evidence, finding that common stand will be no easy task.

For Russia extra piquancy will be added to the equation by the fact that Mr Solana recently relinquished the post of secretary-general of Nato. The stance taken by the alliance on Kosovo did much to cool bilateral EU-Russian relations in the summer of 1999.

Whatever the difficulties, the commitment to forging better relations by both sides now indicates a determination to make the new EU strategy work. "Russia is right at the top of the list of [my] priorities, because unless we get that relation-



Sue Cunningham/SCP

ship right, and unless we play a role in the successful economic and political development of Russia, it will mean a source of considerable instability on our continent in the future, perhaps the greatest source of instability," Mr Patten told a European Parliament hearing to confirm him as a new member of the Commission.

Mr Patten says Moscow especially needed help to cope with drug trafficking, financial mismanagement, fraud and crime and should be drawn into the European space to reduce problems when Russia shares a border with the EU under the next enlargement. With the accession of Finland, the EU had its first direct border with Russia and further enlargements will see the country coming even closer to EU member states.

The EU's strategy sets out a number of goals. It aims to consolidate democracy, the rule of law and public institutions and help integrate Russia into a "common European economic and social space".

Among the ideas aimed at improving co-operation to strengthen stability and security in Europe is the possibility of creating a permanent mechanism for political and security dialogue.

For the EU, with its reliance on imported energy — much of which comes from former Soviet states and Russia — the strategy also aims to achieve greater co-operation in developing energy policies.

With the growth in organised crime originating east of its borders, the EU strategy also targets money laundering and illegal traffic in drugs and human beings. Although the strategy does not envisage any major new funding, it does include the promise of working towards the eventual creation of a free trade area between the two sides. The EU has also pledged to support Russian efforts to meet the requirements for membership of the World Trade Organisation.

The common strategy also entails a major internal goal — to make the EU's overall external actions toward Russia more coherent. This means in practice that it binds not only Community policy and instruments but also those of the member states. It will also force Union members to speak with a single voice on EU-Russian relations, including a common front within international financial institutions such as the International Monetary Fund.

Implementation of the common strategy is well underway. In mid-July 1999 the Finnish Presidency produced a work plan for its implementation. Proposals for starting a political dialogue are being drawn up and a draft EU-Russian action plan to fight organised crime is also being prepared. A high-level EU-Russian economic dialogue took place in Moscow in October 1999 between the Finnish economic and finance ministries under the auspices of the EU together with the Commission and key Russian government decision-makers. In early November the Finnish as president of the Council held high level talks between EU ministers, Russian diplomats and Commission officials, including Commissioner Patten. The continuing violence in Chechnya, however, meant that some EU member states stayed away from the meeting. I find it a little bizarre when the Russian foreign minister talks about human

rights and the northern dimension [the name given to Finland's initiative on Russia] when Chechnya is going on," remarked Toomes Hendrik Ilves, Estonia's Foreign Minister who attended the talks. Finish Prime Minister Paavo Lipponen said, "Everybody can draw their own conclusions on participation. we have to maintain the dialogue with Russia and this meeting provides an opportunity." Meanwhile, the core of the relationship will remain the partnership and co-operation agreement which entered into force December 1 1997. This establishes an institutional, political and administrative framework to facilitate all forms of bilateral co-operation, including regular high-level summit meetings.

Added to this is the EU's Tacis programme which in 1999 provided €69m in technical assistance for reform projects in Russia.

Future relations are also a concern of the Russian leadership, which presented EU leaders at the December 1999 Helsinki summit with Russia's own strategy. Russia will take a pragmatic approach at first, to ensure partnership and co-operation works effectively, rather than focusing prematurely on institutional links, according to Russian diplomats. After 2010 they believe it will be time to study new ways to extend co-operation. ■

ANTHONY KENT, BRUSSELS



LUKoil's Moscow headquarters is a fine example of the modern business buildings populating the city reflecting growing market activity.

Co-operation deal with Russia

The EU's new co-operation strategy with Russia is based on several factors outlined in the preamble and first article of the EU's common strategy. Of paramount importance, says the EU, is "the rule of law and respect for human rights", particularly of minorities; "the establishment of a multiparty system with free and democratic elections and economic liberalisation aimed at setting up a market economy".

The EU believes the full implementation of a partnership between the two sides presupposes the continuation and success of Russia's political and economic reforms. The EU wants to encourage this process through regional co-operation, developing regular political dialogue on bilateral and international issues and providing technical assistance for the implementation of economic reform.

The Union says it is "conscious of the need to improve conditions affecting business and investment and conditions in areas such as establishment of companies, labour, provision of services and capital movements". It believes its new agreement with Russia will create the right climate for trade and investment to grow.

Environmental issues are another concern of the EU as co-operation in space activities, promotion of cultural co-operation and the free exchange of information.

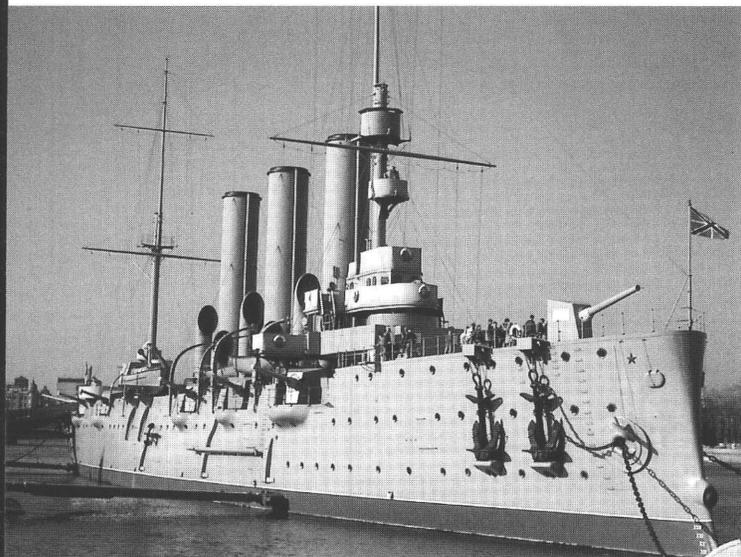
The main objectives of the agreement between the EU and Russia are to:

- provide a framework for political dialogue
- promote trade, investment and economic relations
- strengthen political and economic freedom
- support Russian efforts to consolidate democracy, develop its economy and complete the transition to a market economy
- provide a basis for economic, social, financial and cultural co-operation
- provide an appropriate framework for the gradual integration of Russia into a wider area of co-operation in Europe
- create the conditions for the future establishment of a free trade area between the EU and Russia and conditions for bringing about freedom of establishment of companies and cross-border trade in services and capital movements. ■

The White House in Moscow, where former President Yeltsin once ordered troops to fire on recalcitrant parliamentarians, stands as the symbol of the country's still fragile democracy.



Tacis support helps re-build Russia



Patrick Cunningham/SCP

The Aurora, now permanently moored peacefully in St Petersburg, fired the shot which signalled the beginning of the revolution. Now it's a major tourist attraction.

The Tacis programme was set up to help the former soviet republics establish an open market system and build democracy. Russia, due to its size and importance, takes the lion's share of Tacis programme funds. Areas of co-operation between the EU and Russia under the programme include: human resources development; social protection; food and agriculture; energy, transport and telecommunications; environment; strengthening of institutions and legislation and training. Russia also benefits from the Tacis nuclear safety, inter-state and cross-border co-operation and regional programmes. Programmes such as city twinning and others aim at securing democracy and helping to build the institutions necessary for the efficient and democratic running of the country.

One example of a project under the cross-border co-operation programme is a scheme which is helping to develop an environmental quality management system for the Patsojoki flowing between Russia and Finland. The project is addressing nature conservation and water pollution.

The project will help set up an environmental monitoring system which will allow more effective pollution control. Co-operation between the regions of northern Finland and Petchenga through which the Patsojoki flows is seen as a priority in the (Finnish) Barents Interreg (inter-regional) programme and is linked with an ongoing Interreg project supporting the development of small- and medium-sized enterprise co-operation in east Finland and northern Lapland.

The development of tourism is also an important element in this Interreg project. The improvement of the Patsojoki ecosystem would create new possibilities for developing this sector.

Another project concerns water quality management in

the regions of Kaliningrad bordering Lithuania and Poland, and in Kaliningrad's coastal zone where water pollution of rivers and minor watercourses is a major environmental problem. Several rivers in the Kaliningrad region provide drinking water.

A lack of quality monitoring of the water resources can cause health risks. Due to insufficient waste water collection and treatment, badly kept and located landfills and agricultural runoffs, a number of drinking water sources in Kaliningrad region are polluted.

The aim of this project is to develop a cross-border river-basin management network, set up efficient water quality monitoring systems, develop a management plan for open water resources and help to implement a comprehensive waste water management plan along the coastal zone of Kaliningrad. The project will be co-ordinated with or linked to several regional, national and international activities. ■



Sue Cunningham/SCP

Street traders are just one sign of Russia's budding market economy, — an area targeted for EU support.

Tacis funds allocated to Russia by sector 1991-96 (in €m)

	1991	1992	1993	1994	1995	1996	Total
Nuclear safety and environment	12.89	0.0	0.0	0.0	0.0	5.5	18.39
Restructuring state enterprises and private sector development	27.2	29.76	54.5	43.4	40.6	31.3	226.76
Public administration reform, social services and education	46.64	24.57	44	18.85	52.8	33.8	220.66
Agriculture	50.85	21.49	12.5	16.3	17.0	10.6	128.74
Energy	41.5	16.0	21.1	19.5	18.0	11.5	127.6
Transport	32.87	14.25	13.55	13.9	12.6	8.5	5.67
Policy advice	0.0	0.0	0.0	18.95	0.0	0.0	18.95
Telecommunications	0.0	4.93	5.1	4.1	5.4	3.0	22.53
Facilities	0.0	0.0	0.0	0.0	0.0	26.0	26.0
Other	0.0	0.0	10.0	15.0	14.79	2.8	42.59
Total	211.95	111.0	160.75	150.0	161.19	133.0	927.89

Note: Total Tacis funding 1991-96 in Russia totalled €927.89m; the Tacis indicative programme 1996-99 approved (26.06.96) a funding envelope of €600m; the Tacis action programme 1996-97 approved during 1996 €107m (26 projects) and approved in 1996 (08.11.96) facilities worth €26m.
Source: European Commission, Tacis programme.



The Union is conscious of the need to improve conditions affecting business and investment, and conditions in areas such as establishment of companies, labour, provision of services and capital movements.

Exchange rate regime choices

Ten years ago the idea of bringing industrial and competition policy standards up to the levels operating in the EU was ambitious. Since January 1999 candidate countries have been faced not just with treaty obligations to be ready for economic and monetary union, but the reality of the 11-member euro area itself.

This situation has left a number of questions open, both for the front-running applicants and for Union members themselves.

What practical measures can candidate countries take to ensure that they meet the stringent demands of abandoning their national currencies in favour of the euro?

What transitional arrangements can they put in place to guide their monetary policy in the run-up to EU and then EMU membership?

A new book* by economists David Begg, Charles Wyplosz and László Halpern for the Centre for Economic Policy Research seeks to answer these questions but, in doing so, questions the key demand of the applicant governments. "Accession countries should not be given a fixed and unconditional date of EU entry," they say. Instead the EU could usefully follow the example set by the EU Treaty, which establishes an "earliest date" for monetary union to begin, but only if specified criteria are met.

Candidate countries have consistently pressed the EU to set a date — as early as possible — for their membership. Messrs Begg, Wyplosz and Halpern disagree, arguing that such an approach could not fail to inject urgency into the candidates' campaigns

to bring their inflation, budgetary and labour market performance into line with the euro11.

The three economists explain the importance of introducing true price stability in the candidate countries both as a goal in itself and also in readiness for EMU membership. Persistent double-digit inflation distorts economies, leading to inefficient allocation of capital, under-development of financial markets and banking systems and wrong-headed investment decisions by industry.

However, governments in transition economies sometimes believe they have already achieved their goal. Price stability — internationally defined as annual inflation of less than 2% — is inappropriate in economies that are consistently improving the quality of goods. Any transition economy worth the name should be doing that much more quickly than a mature economy.

Similarly, public investment should still be significant in order to iron out market imperfections and poor tax compliance.

Above all the classic fiscal and monetary squeeze long practised by governments in full market economies —

designed to choke off inflation with high interest rates and replace public with private capital — can be counter-productive. "The policies that deliver low inflation, in particular the orthodox squeeze play, may threaten incipient businesses, institutions and markets at a time when they are still vulnerable," say the three economists.



Margie Lindsay/SCP

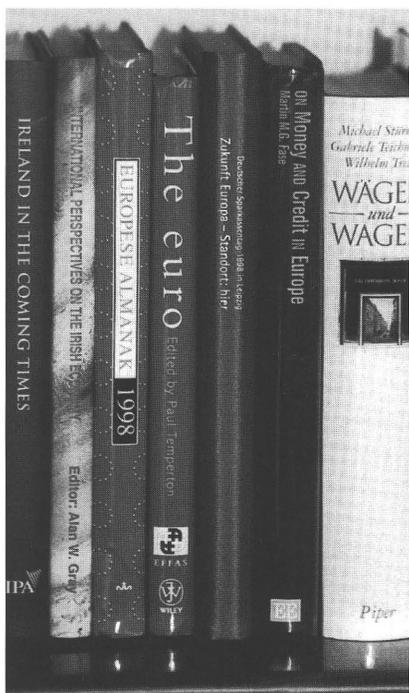
ECB President Willem Duisenberg insists there should be no transitional arrangements for candidate countries trying to join the euro area.

Nevertheless, all applicant countries need to force inflation out of the system. Since most of them already have high unemployment, the costs of doing this quickly are relatively limited.

What they all need, however, is an anchor or target for achieving this aim. They have all been offered one by the Union in the form of the revamped European Monetary System (EMS II).

EMS II is a mutual support system for countries wanting to establish an exchange rate target for their currencies. At the moment only Greece and Denmark belong to (ERM II) under which the krone and the drachma are assigned a central pivot against the euro and are then allowed to fluctuate 15 per cent either side of this rate.

The Danes have a promise that, as long as they practice sound economic management, the European Central Bank will intervene to support the krona when it moves 2.25 per cent away from its pivot. Under the old ERM, most mem-



Margie Lindsay/SCP

bers had a 2.25 per cent corridor, but this system was abandoned in August 1993 after massive speculative attacks in the currency markets. The EU Treaty specifies that only countries which have participated within the normal bands of the ERM for two years can join EMU.

The three economists point out one major drawback for candidate countries when it comes to EMS II membership: "Since EMS membership is restricted to EU members,

accession countries cannot join the ERM before accession to the EU," they say. "Conversely, since membership of EMU requires prior satisfaction of the Maastricht criteria, including the requirement to have participated in the ERM for two years without a parity realignment, the earliest possible date at which new entrants can join EMU is two years after their EU accession."

Although EMS II is often viewed as the natural regime for candidate countries during the interim period before full membership of EMU, Messrs Begg, Wyplosz and Halpern are convinced it is "neither necessary nor sufficient for delivery of the most appropriate form of external conditionality".

This is because EMS II only measures one outcome: the performance of the exchange rate. Candidate countries need much more than this. They need incentives to ensure their fiscal responsibility, bring about true central bank independence, invest in infrastructure, introduce tax reform and police financial markets.

"Countries like Italy and Spain made substantial adjustments to their macro fundamentals, using the carrot of membership to force through necessary changes," they say. "Although exchange-rate stability was one of the entry conditions, it was only one such condition. Without the Maastricht fiscal conditions, it is unlikely that pressure for fiscal reform would have been nearly so great."

The economic team recommends one of three transitional regimes for the candidate countries: an internal inflation target accompanied by a floating exchange rate; a wide crawling band whereby set parity depreciations would be pre-announced; or a currency board.

It is essential that no applicant attempts to mirror Hungary's experience and manage a crawling parity with a narrow permissible band. "For some time to come, markets and financial institutions in transition economies will remain vulnerable both to the capital inflow problem and to swings in market sentiment," say the economists. "Preservation of an important degree of exchange rate

flexibility is one of the safety valves that must be preserved. Any form of external nominal anchor must be located within relatively wide bands."

As long as the Union ensures tough conditions on structural adjustment and fiscal responsibility for EU and EMU membership, the band can be wide. The moment they join the Union, they will be subject to the rules of the growth and stability pact, which ensures budgetary discipline among EU and EMU members.

In the unlikely event that a candidate country wins entry to the EU with tight public finances but still with double-digit inflation, the accession government could volunteer to maintain a fixed central parity within the usual wide band and hope to make quick progress in dousing inflation. If this was still too great a strain, the government could pre-announce an initial and fixed period of crawl within a wide band at the end of which it assumes the fixed parity prior to entry. ■

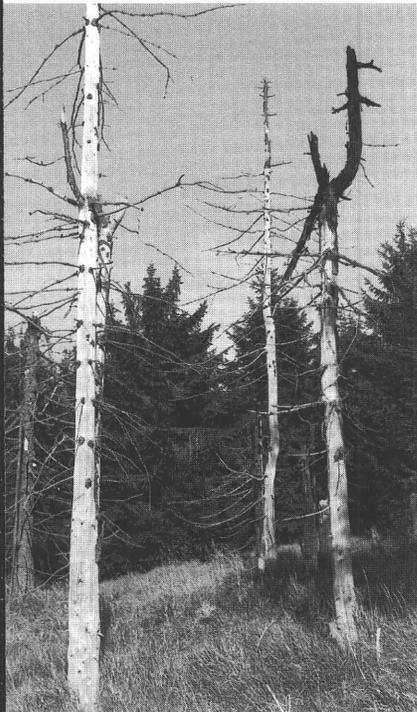
TIM JONES, LONDON

* Monetary and Exchange Rate Policies, EMU and Central and Eastern Europe (*Economic Policy Initiative Forum Report five*) by David Begg, Charles Wyplosz, László Halpern. Available from CEPR, 90-98 Goswell Road, London EC1V 7DB (Tel: (44 207) 878 2900; Fax: (44 208) 878 2999; E-mail: cepr@cepr.org).



Margie Lindsay/SCP

Environment and transport projects targeted



Sue Cunningham/SCP

Financial assistance is granted to environmental projects which enable the beneficiary countries to comply with the requirements of Community environmental law and with the accession partnerships.

enabling the beneficiary countries to comply with the requirements of EU environmental law and with the objectives of the accession partnerships — and transport infrastructure measures, in particular those of common interest and those which enable the beneficiary countries to comply with the accession partnerships. These include measures to ensure co-ordination and efficiency between national networks both with each other and within the trans-European networks, and to provide access to these networks.

○ Phare programmes will continue to focus on the main priorities for the adoption of the *acquis* — building up the administrative and institutional capacities of the candidates and financing investment, excluding the types of investment financed under the two new instruments.

Only one of these three instruments may be used to fund a project. ISPA is limited to programmes for the environment and transport. Financial assistance is granted to environmental projects which enable the beneficiary countries to comply with the requirements of Community environmental law and with the accession partnerships.

The total cost of each measure cannot, in principle, be less than €5m unless there are special circumstances.

A balance needs to be struck between environment and transport infrastructure measures.

The instrument for structural policies for pre-accession, known as ISPA, will provide leverage financing for large investment projects aimed at helping candidate countries implement priority EU environment and transport legislation. The grant funding is hoped to encourage other sources of finance — ranging from private sources to international financial institutions — to help applicant countries meet the environmental and transport requirements of the EU prior to accession.

Three pre-accession instruments are now available to candidate countries:

○ SAPARD intended to finance measures to support agriculture and rural development with a view to improving farm structures, the processing and marketing of agricultural and fishery products, plant-health and veterinary controls and food quality controls. Integrated rural development measures, including rural infrastructures and agri-environmental measures (ED 1999-4 page..)

○ ISPA: designed to finance investment projects — environmental measures

The selection and approval of projects is based on national transport and environmental programmes included in the national programme for the adoption of the EU *acquis*. An indicative allocation between the candidate countries of the total assistance under ISPA is made on the basis of population, per capita GDP in purchasing power parities and surface area. Allocations may be adjusted to take account of the performance in previous years of each country.

Under ISPA the EU can grant assistance up to 75 per cent of the public or equivalent expenditure. This rate can be increased to 85 per cent where more finance is needed in order to implement projects essential for achieving the general objectives of ISPA. Assistance may, however, also be reduced in special cases. Preliminary studies and technical support measures may attract 100 per cent financing.

The Commission will co-ordinate the measures and consistency between those measures and those financed by other contributions from the EU budget, including cross-border, transnational and inter-regional co-operation, the operations of the European Investment Bank and other Community financial instruments.

The Commission will also seek co-ordination and consistency between measures under ISPA and the operations of the European Bank for Reconstruction and Development (EBRD), the World Bank and other international financial institutions.

Assistance will be granted for transport infrastructure measures which promote sustainable mobility, in particular those which promote the development of the trans-European transport network.



Sue Cunningham/SCP

The candidate countries are responsible for implementing projects under Commission supervision. Beneficiary countries must establish management and control systems no later than January 1 2002.

The Commission and the Court of Auditors will be able to carry out technical or financial audits.

Although ISPA funding becomes available on January 1 2000, disbursement of funds is not expected to begin until February or March. Once the decision to finance a project is approved, the Commission is expected to be able to make an advance payment of around 20 per cent of total project financing. This money will be used by the recipient country to start actual work on the project. The rest of the funding will be disbursed as implementation of various phases of the project are completed. The final payment of probably around 20 per cent of the total funding, will be made only when the project is completed, and after a report is submitted to and approved by the Commission to ensure full compliance with the funding regulations. ■

Council Regulation (EC) 1267/1999 of June 21 1999 establishing an Instrument for Structural Policies for Pre-accession. Official Journal L 161, June 26 1999.



Sue Cunningham/SCP

A balance needs to be struck between environment and transport infrastructure measures.

Transport infrastructure (figures as of 1996, in km)

	Bulgaria	Czech Republic	Slovakia	Estonia	Hungary	Latvia	Lithuania	Poland	Romania	Slovenia	All 10
Motorways	314	423	215	65	365	—	404	258	113	310	2,467
State roads	3,030	55,088	3,073	15,303	6,487	7,037	20,717	45,376	14,570	1,370	172,051
Provincial/ local roads	33,943	66,449	3,921	58,800	23,197	44,618	39,161	329,315	58,477	13,189	671,070
All roads	37,287	121,960	17,867	74,168	30,049	51,655	60,282	374,949	73,160	14,869	826,246
Railway lines	4,293	9,435	3,673	1,020	7,715	2,413	1,997	23,420	11,385	1,201	66,552
of which electrified	2,710	2,859	1,516	132	2,353	271	122	11,626	3,960	499	26,048
Inland waterways	470	630	172	320	1,373	347	369	3,812	1,613	—	9,106
Oil pipelines	578	736	—	—	2,071	766	399	2,278	3,546	0.0	10,374
Area ('000 k ²)	110.9	78.9	49.0	45.2	93.0	64.6	65.3	312.7	236.6	20.3	1076.5
Railway lines density*	39	120	75	23	83	37	31	75	48	59	62

*length of lines/area, m/km². The railways of Estonia, Latvia and Lithuania are broad gauge (1,524mm). Source: UN-ECE.

Policies and attitudes shift

“Recognising that nuclear energy represents an essential resource for the development and invigoration of industry and will permit the advancement of the cause of peace” does not at first glance sound like the EU’s current position on nuclear energy.

However, these words are part of the preamble of the 1957 treaty establishing the European Atomic Energy Community (Euratom). The document, with few amendments, still provides the framework for establishing and implementing the EU’s nuclear policy. The tasks of the EU in relation to nuclear energy are outlined in Article 2 of the treaty. They are to:

- promote research and ensure the dissemination of technical information
- establish uniform safety standards to protect the health of workers and of the general public and ensure that they are applied
- facilitate investment and ensure, particularly by encouraging ventures on the part of undertakings, the establishment of the basic installations necessary for the development of nuclear energy in the Community
- ensure that all users in the Community receive a regular and equitable supply of ores and nuclear fuels
- make certain, by appropriate supervision, that nuclear materials are not diverted to purposes other than those for which they are intended
- exercise the right of ownership conferred upon it with respect to special fissile materials
- ensure wide commercial outlets and access to the best technical facilities by the creation of a common market in specialised materials and equipment, by the free movement of capital for investment in the field of nuclear energy and by freedom of employment for specialists within the Community

From the beginning of its development, the peaceful application of nuclear energy — with all the benefits and promise it brings to the society — was directly or indirectly perceived to be associated with nuclear weapons proliferation.

- establish with other countries and international organisations which relations as will foster progress in the peaceful uses of nuclear energy.

One of the fundamental objectives of the Euratom Treaty is to ensure that all users in the EU receive a regular and equitable supply of ore and nuclear fuels. The Euratom Supply Agency, operating since 1960, was set up under the treaty to do this. The supply-security aim of the treaty, however, now seems outdated, given the oversupply of uranium. There is an on-going debate concerning the quotas enforced by the agency.

Nuclear energy is an issue which attracts a wide range of political opinions and where large vested interests are at stake. From the beginning of its development, the peaceful application of nuclear energy — with all the benefits and promise it brings to the society — was directly or indirectly perceived to be associated with nuclear weapons proliferation. This association has complicated the EU’s ability to agree effective common rules for many aspects of nuclear energy.

Public opinion has also helped to push the EU into action. The Chernobyl nuclear accident in April 1986 galvanised Europe’s citizens. The disaster focused public concern about the risks caused by ageing nuclear power plants in the then Soviet states and its allies as well as on whether nuclear energy was necessary within the EU itself.

This concern is now being translated into national actions, such as the moratorium on new nuclear developments in Sweden, The Netherlands and Italy

There are also a few member states with quite an extensive nuclear industry and a corresponding percentage of electricity production from nuclear power.

Despite the industry’s importance, seven member states have no nuclear energy production at all (Austria, Ireland, Italy, Portugal, Denmark, Greece, Luxembourg).

At present there are virtually no Union actions to create “the conditions necessary for the speedy establishment and growth of nuclear industries” — one of the aims of the Euratom Treaty.



Sue Cunningham/SCP

Concern over the use of nuclear energy means that some member states are looking at alternative energy sources.



Sue Cunningham/SCP

Many of the EU's nuclear policies, however, were formed much earlier and in a world where nuclear energy development was seen as a positive step. In the 1970s large and secure energy supplies were a prime concern for European governments. Nuclear power was seen as a cheap and clean alternative to oil.

Although few new nuclear plants are being built now in the EU, nuclear energy still is a major supplier of electricity: in 1995 it accounted for 34 per cent of all EU electricity production and is forecast for the year 2000 to remain around 33 per cent. In France it accounted for 75.77 per cent, in Belgium for 55.16 per cent, in Sweden for 45.75 per cent and in Germany for 28.19 per cent, according to the latest IAEA statistics.

The other main sources of electricity come from thermal, wind and hydro production.

Today's attitudes are somewhat different than those of almost a quarter of a century ago. A shift in policy may appear contradictory, but reflects current political priorities in the member states — the result of a significant shift in the public's perception of the nuclear industry, and because member states with a nuclear industry are generally unwilling to cede control over this sensitive area to Brussels.

Since the late 1980s, the EU's nuclear policy decisions have tended to concentrate on the less contentious issues surrounding nuclear safety. But even here there are controversies and disagreements.

In general nuclear safety as seen by the EU falls under three main headings: radiation protection, waste management and installation safety. The Euratom Treaty gives wide ranging powers to enact safeguards concerning health and safety and nuclear materials. However, at present there is no EU-wide nuclear installation safety standard.

The development and adoption of harmonised basic standards for radiation protection and waste management have made significant progress, but safety standards for nuclear installations still lag behind. Significant progress has been made in harmonising the objectives and requirements of a

nuclear safety regime and its assessment.

Within the EU two groups are working on the introduction of safety standards covering the organisation, methods used to assess and technical regulations protecting both the environment and public against nuclear energy risks. These two groups are the reactor safety working group (made up of representatives from all member state organisations involved in the safety of installations) and the nuclear regulators' working group (which consists of representatives of each member state's independent nuclear safety authority).

Safety levels throughout the EU are now practically equivalent, says the Commission. For example, the joint Franco-German European Pressurised Reactor (EPR) project — the first European project to create a new generation reactor — conforms to all EU safety requirements and is helping to give impetus to Union-wide recognised standards. Another body, the Euratom safeguards directorate (as detailed under chapter seven of the Euratom Treaty), is a special department which ensures that nuclear material is used properly and not for purposes other than energy production. It is part of the Commission's energy department and has been operating since 1958. The body inspects over 400 installations each year (the majority of work deals with power reactors, re-processing, enrichment and fuel manufacturing plants). Also included are hospitals, small reactors for research purposes, waste storage and installations which deal with or contain radioactive materials.

In addition to the Euratom Treaty, there is a co-operation agreement between Euratom and the International Atomic Energy Agency.

Three main international conventions which are all ratified, but not necessarily by all EU member states, also govern nuclear safety. These are the:

- Vienna Convention on Nuclear Safety (1994) which entered into force in 1996 and all EU member states agreed

Sources of information

Useful web sites on nuclear energy:

International Atomic Energy Agency —
<http://www.iaea.org>

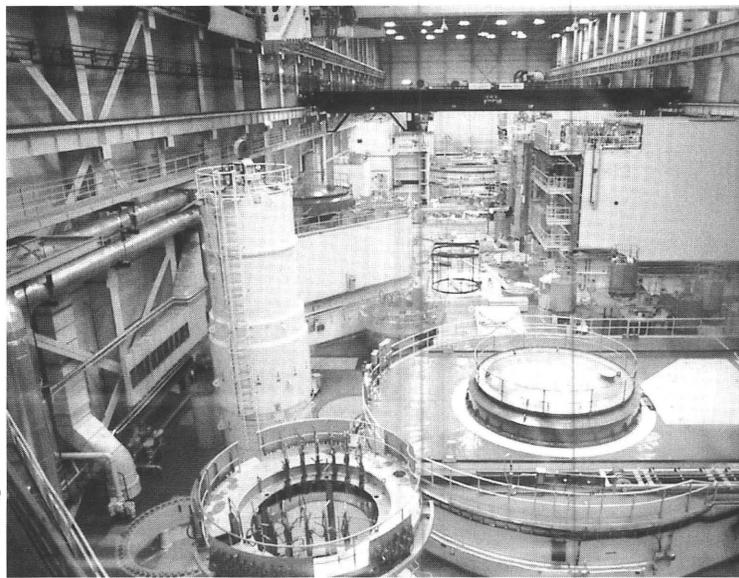
Nuclear Safety Convention —
<http://www.iaea.org>

Foratom —
<http://www.foratom.org>

Nuclear Safety Account —
<http://www.ebrd.com>

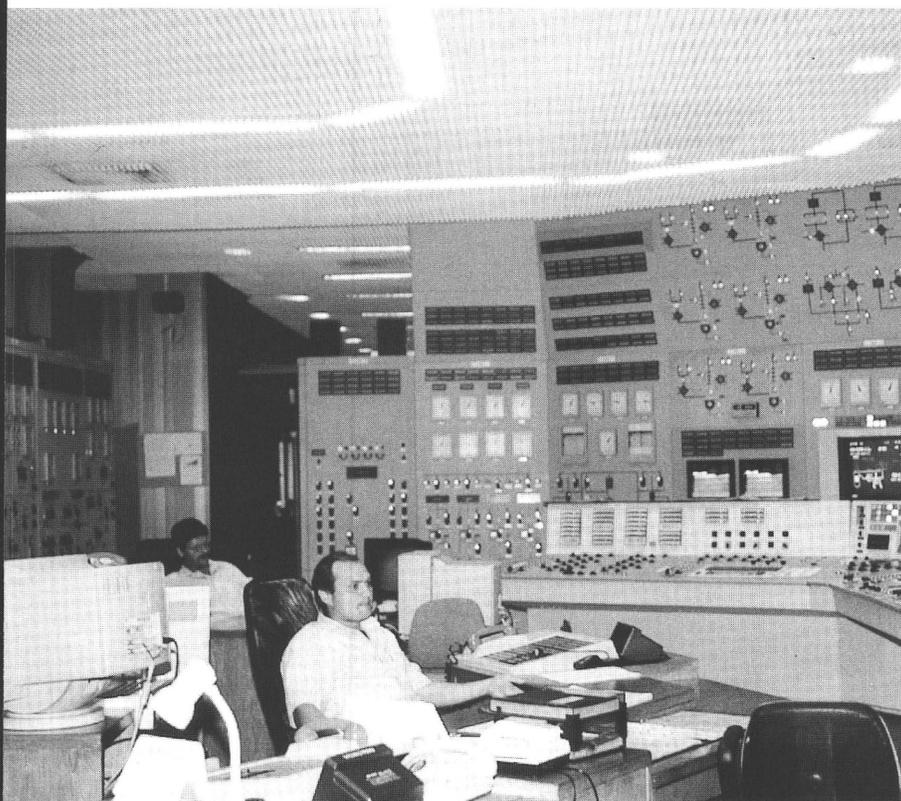
Nuclear Energy Institute —
<http://www.insc.anl.gov>

The Uranium Institute —
<http://www.uilondon.org>



Sue Cunningham/SCP

The development and adoption of harmonised basic standards for radiation protection and waste management have made significant progress, but safety standards for nuclear installations still lag behind.



Sue Cunningham/SCP

In the 1997 indicative programme the Commission outlines what it thinks is needed in order to provide the necessary framework for the EU to pursue nuclear energy development in the future. The Commission says it is the right of each member state to decide to develop or not the peaceful use of nuclear energy and that once made, this choice must be respected by all other EU members. Member states also have the right to use nuclear energy but at the same time “to ensure a high degree of nuclear safety, respect non-proliferation requirements as provided for in relevant international agreements” and maintain human health protection. Individual member states are responsible for setting safety standards and licensing nuclear installations, but national operators together with member states share the responsibility for ensuring nuclear safety. ■

DELTCO VITCHEV, LONDON

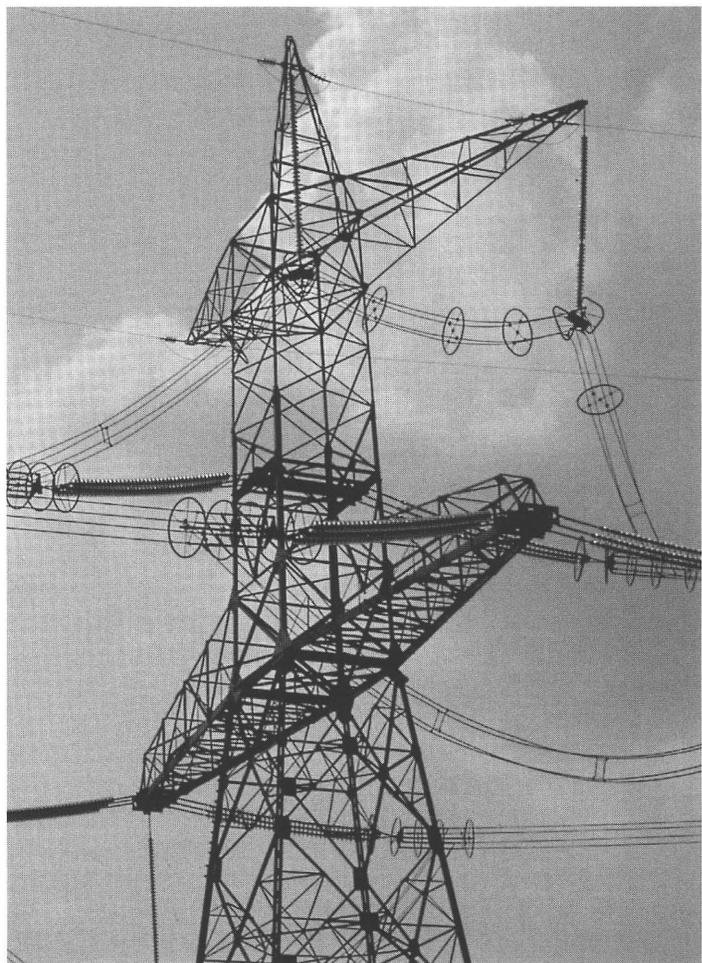
For the candidate countries, EU enlargement means their nuclear industries will have to conform to existing Union laws as well as take on the obligations and responsibilities of the Euratom Treaty.

- Paris Convention on Third Party Liability in the Field of Nuclear Energy (adopted in 1960, entered into force 1968) which has been ratified, approved or accepted by 12 out of the 15 member states
- Vienna Convention on Civil Liability for Nuclear Damage (1963) which entered into force in 1977 and has been signed only by Spain and Britain.

A joint protocol combining the legal provisions of the two liability conventions entered into force 1992.

Another important issue for the development of nuclear energy in the Union is investment finance for the sector. In 1977 the Council empowered the Commission to “issue Euratom loans for the purpose of contributing to the financing of nuclear power stations”. In 1994 a decision was made to extend Euratom loans to “contribute to the financing required for improving the degree of safety and efficiency of nuclear power stations in certain non-member states”. This allowed investments to be made in improving the safety of the nuclear installations in the candidate countries.

The shift of political priorities, conflicting industrial interests and differences among individual states are particularly well demonstrated by the evolution of the EU’s fourth (1997) indicative nuclear programme, known as PINC. Under this the Commission prepares regularly (the first was in 1966, the second 1972 and the third in 1984 with an update in 1990), a programme for co-ordinated investment in and production targets for the EU’s nuclear energy industry. The Commission’s programme, however, is a recommendation only.



Sue Cunningham/SCP

Enlargement tasks

The nuclear reactor explosion at Chernobyl in the Ukraine in April 1986 directly led to international attention being focused on the ageing nuclear reactors and lax safety standards in the then USSR and its allied states. As radioactive fallout spread across much of Europe, so too did public concern about the state of nuclear energy outside the EU's border.

The accident prompted governments in Europe and the rest of the world to join forces in an effort to prevent a repeat of the accident. As a result the group of 24 industrialised countries, known as G-24, set up the G-24 Nuclear Safety Co-ordination group, known as NUSAC. This brings together representatives from the G-24, central and eastern Europe and former Soviet republics. The body discusses nuclear safety and helps to co-ordinate assistance.

For the candidate countries, EU enlargement means their nuclear industries will have to conform to existing Union laws as well as take on the obligations and responsibilities of the Euratom Treaty.

Help on this is given through the EU's Phare programme and specific nuclear safety schemes.

The Phare nuclear safety programme focuses on on-site assistance and operational safety, design safety, regulatory authorities and their technical support organisations, waste management and off-site emergency preparedness. These priorities reflect the G7 strategy adopted in 1992 and, in the case of design and operational safety of reactors, the risk classification established by the IAEA.

Enlargement presents a new challenge and opportunity for the development and clarification of the EU's nuclear policy, too. ■

Who is responsible?

The Euratom Treaty spells out the responsibilities and roles of the different institutions of the Union, which as in the other major policy areas, include the European Parliament, the Council, the Commission, the Court of Justice and the Court of Auditors.

The European Parliament exercises advisory and supervisory powers and has several committees involved in nuclear issues. Independent technical reviews for MEPs are provided by the Scientific and Technical Office of Assessment.

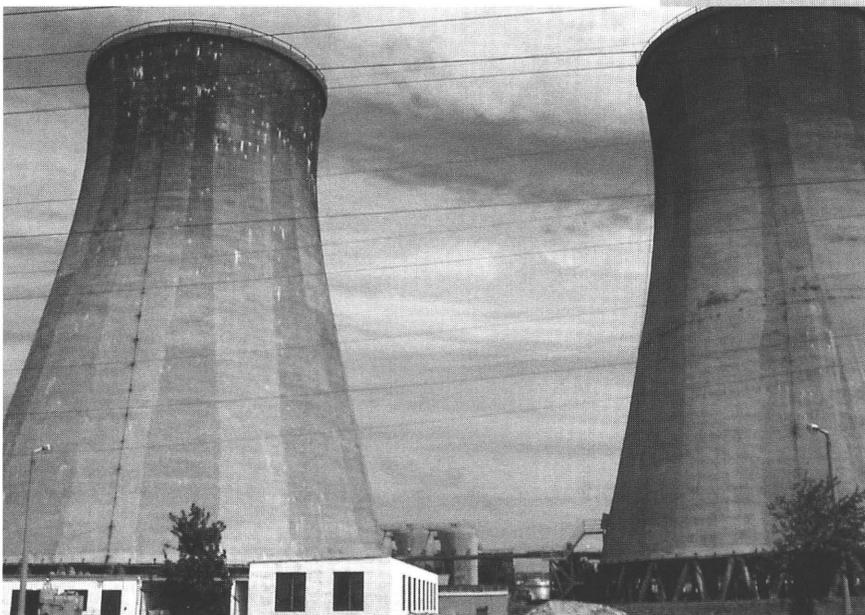
The politically sensitive issue of nuclear energy means that most of the EU's policy-making in this area takes the form of unanimous Council resolutions.

The Commission implements Council resolutions and policies on nuclear energy. A large number of departments scattered throughout the Commission's administration are involved. However most of the executive actions at present are dealt with by two departments — environment, which deals with nuclear safety and environmental issues, and the energy directorate, mainly concerned with matters relating to energy and nuclear safeguards.

A special unit within the energy department deals with economic and industrial policy, nuclear industry investments and programmes covering research and development, the nuclear fuel cycle, safe transport of radioactive material, technical assistance and industrial co-operation in the nuclear area, relations with third countries (including the candidate countries) and safety issues in third countries as well as managing world nuclear programmes. Another unit deals specifically with nuclear

conventions, agreements and external issues such as multilateral and bilateral accords with third countries and international organisations in the nuclear field including relations with the IAEA, Euratom, nuclear non-proliferation and nuclear civil liability.

The Commission's economic and financial affairs department is responsible for finance and investment in the sector. The science, research and development department looks after research programmes. A large share of approximately €3bn allocated for the EU's research and development framework programme goes to nuclear and non-nuclear research and development.



Sue Cunningham/SCP

The nuclear reactor explosion at Chernobyl in the Ukraine in April 1986 directly led to international attention being focused on the ageing nuclear reactors and lax safety standards in the then USSR and its allied states.

IN BRIEF

Employment examined

A new Eurostat publication focuses on employment and the labour market in the candidate countries. It is the first of a series of regular half-yearly employment and labour market reviews pre-



pared in close co-operation between Eurostat and the statistical offices in candidate countries. Its main objective is to provide enterprises, policy makers, researchers and the general public with a regular reference publication which includes the most recent available data, country profiles, thematic articles on selected topics as well as methodological information.

The report shows that the share of the working-age population (aged 15-64) has been rising in all candidates since 1993, except in Lithuania, where it has been stagnant. In most countries this age group accounts for roughly two-thirds of total population.

All candidates report a rising share of those aged 65 or over. The proportion is highest in Bulgaria, followed by the Czech Republic, Hungary and Estonia. The report says rates of participation in the labour market — despite considerable falls in the initial transitional period — are still higher than the EU average of 67.7 per cent. Lower rates were reported only for Bulgaria and Poland, with Hungary's participation rate equal to the EU's.

Employment grew only slightly in 1998. Poland's employment growth since 1995 was sustained but significantly lower than that of GDP. Lithuania was the only Baltic state to report a rise. Hungary recorded the first employment rise since the start of the transition. In other candidates employment stagnated or declined further.

Since the start of the transition, candidate countries have undergone rapid de-industrialisation and a move away from

farming, while employment in services expanded, at least in relative terms.

In some countries, particularly Romania, employment in agriculture grew steadily over the entire transitional period, due to a lack of jobs elsewhere. In Poland agricultural employment also remained high.

The share of agricultural employment has been gradually moving towards EU levels in Estonia, Hungary, the Czech Republic, Slovakia and Slovenia.

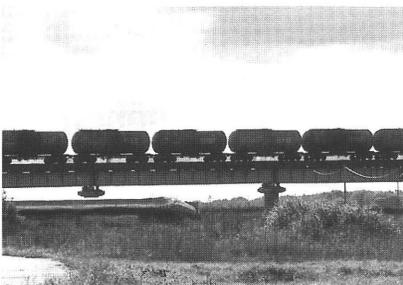
The industrial decline reflects the high over-employment before transition. From 1990-97 employment in this sector fell by more than 6m — almost a third. Bulgaria, Lithuania and Romania were hardest hit — 35 per cent to almost 50 per cent.

In most candidate countries except Hungary and Romania, service sector employment gained momentum from 1993 onwards. It grew most markedly in the Czech Republic, Bulgaria, Lithuania, Poland and Slovakia. In 1997 it accounted for the largest share of total employment in most countries.

Hungary, where development of the service sector had started in the late 1980s, reports the highest level of employment in this field, followed by Estonia, Latvia and Slovakia.

Starting from a level of less than 10 per cent of total employment in almost all candidates in 1990, the private sector's share reached almost 70 per cent in Poland, Latvia and Lithuania in 1998, slightly over 60 per cent in the Czech Republic and Slovakia and over 50 per cent in Bulgaria, Romania and Slovenia. In all countries, except the Czech Republic, agriculture accounts for the biggest share of private employment.

Full copies of the report are available in electronic form in German, English and French from:
pressoffice@eurostat.cec.be.



Energy co-operation

Six Balkan nations and the EU have signed a declaration of intent to create a regional electricity market in south-eastern Europe. The agreement commits all countries to exchange information on the inter-connection of their electricity grids and sets 2006 "as an indicative target by which a first stage of regional market development could be accomplished. The declaration was signed with Albania, Bosnia-Herzegovina, Bulgaria, Greece, Romania and the former Yugoslav republic of Macedonia. The six aim to facilitate electricity trade and transit according to fair, cost reflective, transparent and non-discriminatory criteria. Other countries in the region may also join.

Urban initiative

The European Commission has adopted its guidelines for an urban initiative aimed at the economic and social regeneration of declining towns and cities and run-down urban districts. Assistance from the European Regional Development Fund to support the new initiatives over 2000-06 will total €700m. The new initiative has two main objectives: encouraging the design and implementation of innovative strategies of economic and social regeneration in small- and medium-sized towns, cities and declining areas in major conglomerations; reinforcing and exchanging knowledge and experience on regeneration and sustainable urban development in the EU. Michel Barnier, the Commissioner responsible for regional policy, says the problems of urban areas in Europe are a key priority on the regional policy agenda.

Rural development highlighted

The Commission has approved draft guidelines for the new initiative for rural development, called LEADER+. Unlike its predecessors LEADER I + II, all rural areas will be eligible. LEADER+ will open the possibility to co-finance joint rural development projects between LEADER groups. It should make an important contribution to the revitalisation of local rural economies and to the maintenance and creation of employment in these areas. To ensure concentration of funds and to put emphasis on innovative pilot development strategies,

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selection criteria for the local action groups will be made more rigorous. The total EU contribution to LEADER+ for 2000-06 will be €2,020m. "LEADER+ will be an essential part of the strengthened EU policy for rural development established under Agenda 2000," says Franz Fischler, Commissioner of Agriculture, Fisheries and Rural Development. "It will be a laboratory, helping to bring forward and test out ambitious and original approaches to integrated rural development, which may serve as a model for other rural areas. It will be an important tool for those rural communities which have a collective vision for the future of their area and the necessary commitment to make it a become true."

Trade deal with South Africa

The EU has signed a trade, development and co-operation agreement with South Africa. The agreement will establish a free trade area between the two over the next 12 years, liberalising about 95 per cent of trade and will have long-term benefits and commercial advantages for both sides. The agreement will give South Africa preferential access to the EU market, particularly for textiles and clothing, chemicals, food and vegetables. South Africa will grant duty-free status to 86 per cent of its EU imports, whereas the EU will give duty free status to 95 per cent of South African exports. In addition the EU will implement its tariff reductions faster with most EU liberalisation being completed by 2002. South Africa's tariff cuts

will concentrate on the second half of the 12-year transition period (2006-12). The agreement also provides for co-operation between the parties in the development sector.

Help fighting crime

The Commission has launched a €4.5m programme of assistance to help candidate countries tackle drug trafficking, money laundering, car theft and other crimes. The project aims to improve police training standards in the applicant countries. Policing in respect of the rule of law, human rights and the protection of minorities is an essential component of the Union's objective of creating an area of freedom, security and justice. Assistance will be given through a system of modules targeted towards a group of change-agents — police and governmental officials who are in a position to contribute to the progress of their national systems in



order to meet the *acquis*. Four general modules will deal with police ethics: management, police co-operation in Europe and training. Thirteen specific modules will cover the problems of control of migration flows, drug trafficking, financial crime and money laundering, stolen art,

car theft, trade in human beings, trafficking in weapons and radioactive materials, environmental crime, methods of technical crime investigation, prevention of criminality, maintaining public order, policing a multicultural society, dealing with extreme phenomena.

NEWS IN BRIEF

□ Transport ministers of Latvia and Lithuania have pledged to continue co-operation in transport and fuel taxation as well as in the Via Baltica transport link.

□ The Polish government has approved a bill aimed at cracking down on bootleg copies of compact discs, videos and computer programmes. The law extends copyright ownership rights from the current 25 years to 70 years and empowers prosecutors to launch investigations without waiting for complaints from producer or other interested parties, as is the case now. According to government estimates, losses caused by intellectual property theft in Poland amounted to \$227m (€206.4m) in 1998.

□ The Slovak cabinet has approved amendments to the Foreign Exchange Act that liberalise the movement of foreign capital on Slovak markets. The move improves Slovakia's chance of becoming a member of the Organisation for Economic Co-operation and Development (OECD). The amendments also allow insurance companies, investment companies and trusts to own real estate in Slovakia. The amendments, which still need to be passed by parliament, bring the Slovak crown close to full convertibility.

□ OSCE Commissioner on National Minorities Max van der Stoep says the new Slovak law on the use of minority languages in contacts with the authorities is "a considerable step forward" and is likely to improve relations between ethnic minorities and the Slovak majority.

□ The Estonian government has changed various rules on residence permits and visas that in part affect former Soviet military personnel deemed "dangerous" for Estonian independence. Around 400 Soviet officers who were granted US-funded flats in Russia will not receive a permit to stay in Estonia. Estonia will also stop issuing visas at the border. The changes came into effect in October 1999.

□ The parliamentary assembly of the

NEWS IN BRIEF

Council of Europe, has ended its monitoring of Slovakia. The decision was prompted by the favourable report of the council's two rapporteurs, Juris Sinka and Goran Magnusson, who said Slovakia has made significant progress in all areas monitored. Slovakia must still implement reforms

required. These are minerals and explosives; arms, ammunition and military know-how; fuel and energy; protection of property and persons; transport and air services; toll highway construction and maintenance; and radio and television broadcasting.

sludge treatment and disposal.

□ The European Investment Bank (EIB) is providing €40m for the development of the mobile telecommunications network in Slovenia. The loan to Mobitel, a Slovenian telecommunications company set up in 1991, will help double the network's capacity and to extend coverage to 96 per cent of the population.

□ The EU Commission wants tougher rules on food safety, including the possibility of an independent regulatory agency. Commission President Romano Prodi told the European Parliament the EU would also demand public health issues be enshrined in any new world trade accord.

□ By the end of this year, the EU will provide Moldova with a €15m credit line and humanitarian assistance totalling €2.2m.

□ Albania has formally ratified the Council of Europe Convention on the protection of ethnic minorities. Albania's ethnic Greeks constitute the country's largest minority, accounting for 3 per cent of the population.

□ Lithuania has reverted to the same time zone as Latvia and Estonia. Previously Lithuania had opted to be in the central European time zone. The change went into effect on October 31 1999.

□ Estonia has approved the protocol of accession to the World Trade Organisation (WTO).

□ According to a recent report by Eurostat, the eastern Latgale region of Latvia is the poorest region of any among the candidate states. GDP per capita in Latgale is only 16 per cent of the EU average, while Latvia itself also has the lowest GDP per capita of all candidate states — 26 per cent of the EU average, while the figure is 37 per cent for Riga. Lithuania's GDP per capita is 29 per cent of EU average and Estonia's 34 per cent. The report is based on information dating from 1996.

□ The EU has prepared a position document that opposes requests from prospective candidates to impose temporary restrictions on foreign ownership of land. The EU has asked for more information from countries that have requested transition periods, including the Czech Republic and Hungary.

□ Slovakia has approved a programme for Nato accession, based on the membership action plan approved by Nato at its Washington summit in 1999.



related to the judiciary, ethnic minorities and regional self-rule. Monitoring may be resumed if no progress is made in these areas. The assembly recommended Slovakia ratify the European Charter on Regional and Ethnic Languages.

□ Leaders of right-wing parties from 11 central European countries have pledged to boost mutual co-operation. A conference of central European right-wing parties is to be held each year.

□ Budapest and Bucharest have agreed to create a memorial park in the west Romanian city of Arad to mark Hungary and Romania's "historical reconciliation". The two countries will split the cost of setting up the park, which will include an obelisk honouring the executed generals of the 1848-49 war of independence.

□ The Romanian government has passed a bill to bring the country's criminal code closer into line with EU norms. The bill scraps provisions in the current criminal code that outlaw homosexual relations. The new bill also makes sexual harassment illegal.

□ The Polish parliament has passed a law reducing to seven the number of commercial sectors for which licenses are

The debris brought the Danube fleets of the three countries to a virtual standstill in late 1999. Ukraine claims \$70m (€67.4m) and Bulgaria \$100m (€97m) in trade losses due to the suspension of navigation on the Danube.

□ A new rule gives the Euro-11 direct representation in the G-7 for the first time. The US has long argued that Europe is over-represented. Under the new rule, the ECB head and Euro-11 chairman replace the French, German and Italian central bank governors in the first session of the G7 talks, which focus on the world economic outlook and currency issues. In a second session on other topical issues, the ECB and Euro-11 give up their seats to the three central bank heads. For small European countries, which previously were not represented at the G7, the deal gives them entrance to the closed sessions.

□ The European Investment Bank (EIB) is lending a total of €21m for 20 years to Lithuania to finance environment projects by towns and small local entities. Of the total €15m will be split among a number of towns or municipal utilities for upgrading environmental and other public infrastructure and €6m will help Panevezys upgrade its main waste-water treatment plant and sewer network and to improve

Cities hog the limelight

Appropriately enough the brains behind the European city of culture programme was the late Melina Mercouri of Greece, perhaps one of Europe's most famous actresses. In 1985 Ms Mercouri, who was at that time Greek Culture Minister, persuaded her counterparts in the other EU culture ministries to designate one city a year as a European city of culture.

Perhaps unsurprisingly it was Ms Mercouri's home town of Athens that was chosen as the first city to be awarded the title.

The aim of the city of culture scheme is to demonstrate the rich cultural and artistic diversity of European cities and highlight their common cultural heritage and creative vitality. The city chosen to be Europe's cultural capital organises hundreds of artistic events and cultural exchanges covering all areas of the arts from alternative theatre to classical music, from experimental photography to modern sculpture.

Over the past 15 years the scheme has allowed municipalities as far apart as Glasgow and Luxembourg to set out their cultural wares for the rest of the EU and the world to see. But the city of culture scheme is not just an occasion for artistic and cultural exchanges. Being chosen as a cultural capital can bring some concrete economic advantages.

Nearly all of the municipalities chosen to hold the title since 1985 have seen significant increases in tourist numbers causing a positive knock-on effect on the local economy. Since its launch the scheme has proved extremely popular. The number of cities applying increases each year.

By the beginning of the 1990s the programme was in danger of becoming a victim of its own success. EU governments realised unless they modified the scheme it would end up being hopelessly over subscribed.

It was for this reason that EU culture ministers decided to create a parallel programme, to be known as European cultural month. The new scheme placed particular emphasis on forging cultural links with the new democracies of central and eastern Europe.

Since 1990 cities in all of the candidate countries have participated in the programme.

At the beginning of the 1990s the city of culture programme also began to have a life of its own. In 1991 a formal network of European cities of culture was set up to enable professionals who had been involved in organising the event since 1985 to exchange experiences. This information-sharing forum has enabled the organisation to improve each year and helps to ensure that mistakes made early on have not been repeated.

Until now the city of culture programme has been what EU experts call an inter-governmental exercise. This means all of the important issues concerning the scheme — including deciding which city will be awarded the title — have been dealt with by EU governments directly. The programme receives some funding from the EU's Kaleidoscope programme, but is not officially an EU project.

However, the Maastricht Treaty changed this. It says that in future any issues concerning European cultural policy should be dealt with by the Community's institutions. For the city of culture programme this meant the European Parliament and Commission would have a greater role in deciding how the scheme was run and that some money would be made available from the EU's budget.

The Commission used the Maastricht Treaty's new powers on cultural policy to present in October 1998 a proposal suggesting ways in which the cultural capitals scheme could be developed. The plan, currently being examined by EU governments and the European Parliament, calls for a European city to organise every year, if necessary with other cities, a cultural project on a topic of European interest.

Traditionally the city of culture programme has always operated on the premise that only one city a year would be chosen as Europe's cultural capital. This year, however,



Sue Cunningham/SCP



Sue Cunningham/SCP

capital where they were assembled into a huge tunnel. On New Year's eve people allowed to walk through the tunnel, making a symbolic journey from one millennium to another.

Many of this year's cultural capitals have also been assigned European projects to carry out as part of the year 2000 celebrations.

Avignon has been given the task of preparing a self-portrait of each of the year 2000 cultural capitals. This will form the basis of an exhibition to be presented in all nine cities.

Bologna will be concentrating on the ARCE Net project, a feasibility study on setting up a virtual museum, a network of cultural infrastructures (art and heritage institutions in partner towns) using new technologies and on improving public access to museum collections and exhibitions.

Brussels will focus on the urban challenge, a preliminary study for an action plan on the subject of the city with a view to executing joint projects.

Santiago de Compostela will be organising a series of events and exhibitions based on the theme of images of the earth, including an exhibition of early and satellite maps covering the history of territories (in association with the geographical institutes of Spain, France, Iceland and Finland).

Krakow will be preparing a joint exhibition and parallel events (concerts, seminars) on images of God, the sound of eternity, places of mystery and magical words. Prague will be focusing on the theme of cultural inheritance. ■

SIMON COSS, BRUSSELS

things are different. Because of the historical significance of the year 2000, an entirely new was used. That is why this year Europe will have nine cultural capitals — Avignon, France; Bergen, Norway; Bologna, Italy; Brussels, Belgium; Krakow, Poland; Helsinki, Finland; Prague, the Czech Republic; Reykjavik, Iceland and Santiago de Compostela, Spain. The nine, which include four non-EU cities, were selected because they represented European culture in the widest possible sense.

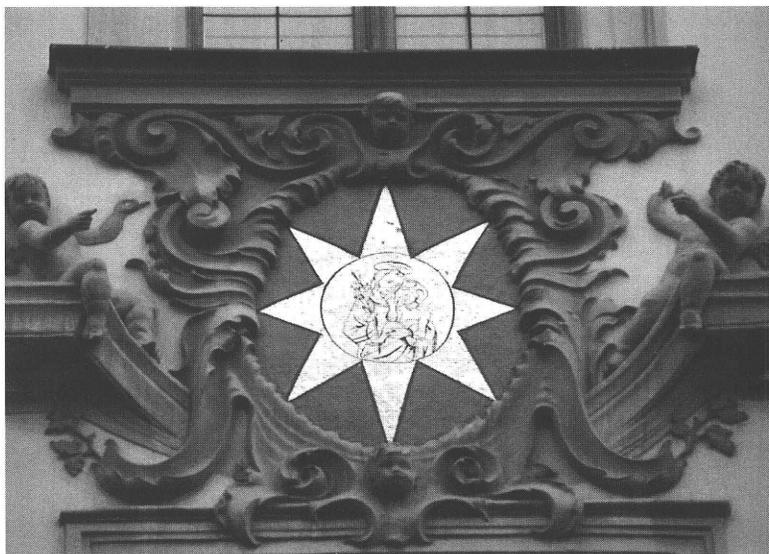
EU governments were adamant that Prague and Krakow should be among the municipalities chosen to show the importance the EU gives to its future eastwards enlargement. Bergen and Reykjavik, on the other hand, were picked to show that Europe is more than just the current 15 EU members.

There will be a certain amount of co-ordination between events in the different cities. Symbolic links between the cultural capitals were established at the end of last year when glowing rectangular glass sculptures known as KIDEs were erected in all nine cities.

Helsinki presented KIDEs to the other eight cultural capitals in September and they remained in place for three months. During that time the sculptures were connected by satellite-controlled video links, allowing people in one city to see what was going on in the others.

In December 1999 the KIDEs went home to the Finnish

More information about the cities of culture and cities which have participated in the event in the past is available at http://europa.eu.int/comm/dg10/culture/vec_en.html.



Sue Cunningham/SCP

Prague showcases past, present and future

Prague's Mayor Jan Kasl is convinced the EU's culture ministers made the right choice when they picked his city

to be one of the nine European cultural capitals for the year 2000.

"The past and present importance of Prague for central Europe as a whole, its geographical position at the imagined heart of Europe and the intersection of European cultures and its status as a symbol of transformation from a totalitarian society into a modern democratically governed and diverse society based on pluralism, are all proof that the prestigious title of European city of culture 2000 is rightly bestowed," he says. In Prague the organisers of the celebrations have devised three specific themes for this year's events. The "story of the city" will look at Prague's cultural past and try to

Art nouveau captured the imaginations of artists throughout Europe, including Prague where many buildings still carry the reminders of that era.

show how it has affected cultural life in the city today. The organisers say aside from a look at key dates in the city's history, they will also show the importance of issues such as how Prague's geographical position has affected its development.

The second theme is "a city of open gates". Events organised under this heading will look at Prague's importance as a historical and cultural crossroads between eastern



Sue Cunningham/SCP



Sue Cunningham/SCP

and western Europe. "Prague is a place where the artistic individuality of various nations found and still finds a common language. At many periods in European history, Prague was a real island of spiritual and cultural freedom, which gave the city a major international significance," explains just one of the brochures produced by the organising committee.

The final theme is "a city to live in" and will focus on recent efforts to reinvent Prague as a cultural space. Events include moves to change the way people think about art by displaying paintings or sculptures in non-traditional spaces away from museums and art galleries. ■

Krakow turns to God

Poland's ancient royal capital of Krakow has no problem justifying its selection as one of the nine European cultural capitals for 2000. Krakow has been a cultural centre recognised both within Poland and in central Europe for hundreds of years. "The city is considered the artistic capital of Poland," boasts Krakow's former mayor Jösef Lasota.

But it is not just artists who have found Krakow a stimulating place to work. The city is home to Jagellonian University, one of Europe's oldest seats of learning. Over the centuries Krakow has proved a magnet for many of central Europe's greatest thinkers.

Mr Lasota says that since Poland emerged from communist rule, more people have come to experience Krakow's architectural and cultural wonders. "The opening of the borders, which has given visitors from all over the world access to Krakow, has created a real tourist boom in our city," he explains.

As part of its contribution to this year's cultural capitals programme, Krakow will be organising a number of events and exhibitions based on the theme of images of God. A religious flavour has been evident from the start. One of the first events organised is a festival of Orthodox churches. Other religious happenings will include several exhibitions of Christian icons, a series of concerts featuring some of the oldest surviving examples of sung prayer and the opening of a permanent exhibition on the gods of ancient Egypt.

But while the theme will be an important part of the celebrations, there will also be plenty of events to please less religious-minded visitors. Fans of ancient legends will be able to look at an exhibition on giants and dragons while others will have the chance to attend the International Festival of Avant Garde Theatre. Music lovers will be able to listen to a series of jazz concerts and photography aficionados will have the chance to walk round several exhibitions.

City opportunities

When it comes to experience of European cities of culture, few can compare with Robert Palmer. The softly spoken Scot was the driving force behind Glasgow's highly successful stint in the international cultural limelight in 1990. Now he is bringing the same skills and vision to Brussels as the Belgian capital prepares to kick off in February its contribution as one of nine cities which will share the title of European city of culture in 2000.

Mr Palmer is well known on the international scene as a highly efficient organiser who can use the arts and culture as a catalyst to improve a city's wellbeing, whether it be economic and social development, rediscovering architectural or historical gems or generally nurturing a stronger sense of civic pride.

That experience led him to become president of a network of 20 European cultural cities and has brought him into contact with major centres in central and eastern Europe. This year Krakow and Prague have also been designated as European cities of culture.

But even before now, cities outside the EU have been involved in similar activities through the concept of European cultural months which began in 1992 with Krakow. Since then Budapest, Graz, Ljubljana, Nicosia and St Petersburg have all participated in the exercise.

"I have been in touch with Krakow and Prague, working quite closely with them as I have with all the cultural city months which have presented opportunities to central and east European cities. In many instances these have been as great, if not greater, than for their western counterparts," Mr Palmer explains.

He acknowledges that there are frequently problems of finance when organisers are confronted with limited state subsidies and a paucity of private sector sponsorship. "Krakow and Prague possibly over-estimated the contribution from the EU," says Mr Palmer, adding, "Only about 2-3 per cent of the overall budget is covered by the EU. But the point is not the money. It is about being part of a network and having your

eyes open to new opportunities."

Mr Palmer accepts the organisational resources to manage an event on such a scale may be absent, but has no doubts about the long-term value such an exercise can bring to a city. "In all cases there is a good return. Architecture is

enhanced, cultural infrastructure is developed and it brings a learning experience to cultural organisations in the style of management needed to administer large projects — and there is money from tourism. There has been a degree of research into this and the conclusions show there is a substantial return for the investment made. There is this clear link between investment in cultural projects and a city's subsequent economic and social health," he points out.

Being selected for a high profile slot in the cultural calen-



Sue Cunningham/SCP



Sue Cunningham/SCP

dar can help a city in central and eastern Europe move out of the shadow of its western counterparts which already have the means to promote and market themselves internationally. It gives senior organisers of the cultural programme the chance of meeting like-minded professionals from outside their own country.

That contact can give a better insight into the way decisions are taken elsewhere in Europe and open up the possibility of cross-border co-operation.

"These cities have an opportunity when the spotlight shines on them and can develop contacts with opposite numbers elsewhere. It's like having a calling card and all helps to give them more confidence," explains Mr Palmer. At the same time, Mr Palmer has clear ideas about the ingredients he believes are fundamentally necessary if the event is to be a success in its own right and, more importantly, bring lasting benefits to a city.

Importing big international stars and parachuting them onto foreign stages across the continent for one-off performances is not the answer in his eyes. Instead, he strongly advises organisers to tap into their own home grown talent.

"Where there has been success during these cultural months is when cities have turned to their roots and built on what might sometimes seem rather shaky foundations, but are foundations which use local artists. And when the cultural month is viewed as being part of a process of long-term cultural development, then it is successful. When it is a one-off, you can question the investment. But if it is part of the long-term then it can develop physical

infrastructure and expertise and offer a catalyst for different institutions," he points out.

There is another, highly significant benefit. The challenge of creating something special can transcend traditional economic, social and political divides and encourage co-operation where there was little or none before. Mr Palmer has certainly managed to achieve that in Brussels where he has broken through the barriers which have tended to keep the French- and Dutch-speaking communities in separate worlds.

His own experience of such events for well over a decade leads him to draw another lesson from the complexities of organising a programme where so many competing interests have to be constantly balanced and reconciled. "In some cities where the project has been politically managed, they tend not to succeed. But where they are set up with their own autonomy and people with appropriate skills are recruited, they are successful," he suggests.

Mr Palmer's own track record is not in doubt. No one would argue that the programme he put together for Glasgow's year as European city of culture raised the city's international profile, introduced it to a new audience and even showed Scots a refreshing side to their country's largest city.

He is now aiming to use the Brussels 2000 programme to weave the same magic for Belgium's capital, which all too often is (utterly wrongly) dismissed as a nondescript, boring city widely seen as little more than a venue for European bureaucrats.

One way of achieving this — as he showed in Glasgow — is to reach into the past to prepare the city for the future. Brussels 2000 will show people the city's historical roots, turning the spotlight on its cultural richness and vitality. A BFr 4bn (€99.2m) restoration and reconstruction programme is brightening up scores of buildings and monuments so that their treasures become more eye-catching.

This is being accompanied by an extensive programme of

cultural projects involving opera, dance, literature, visual arts and culture in all its guises. It is grouped around six main axes, all concerned with the theme of "the city": celebrating the city, re-imagining the city, the city — a public domain, the city — a laboratory, the city and its creations and the city and heritage. Many of the events will take place in public places such as streets, parks and even empty shops and launderettes. Mr Palmer is keen to use the coming year to freshen up Brussels's image. Instead of a city known for its mussels

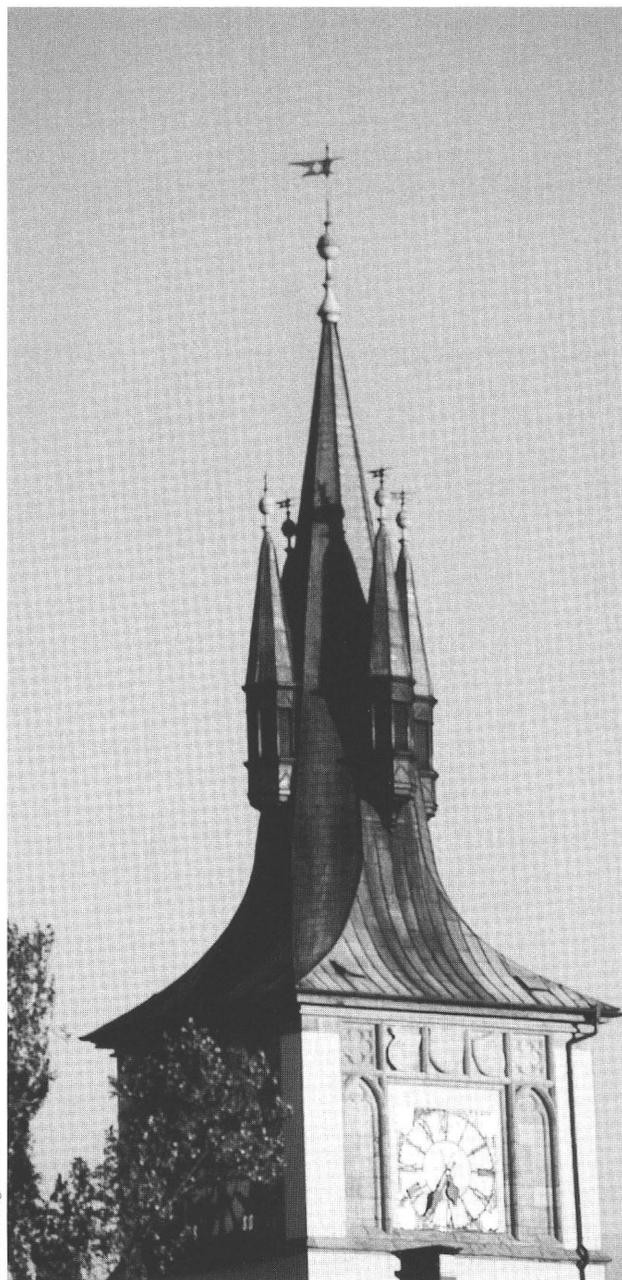
and chips and the Mannequin Pis statue (a small boy relieving himself in public), he sees the Belgian capital as intriguingly surreal — a place where different cultures, architecture, music and gastronomy live happily side by side in a multinational environment.

"Brussels is a city of contrasts, sometimes traditional and at others ground breaking. Brussels is a city where time and memory, continuity and change, intimacy and fascination meet together. The theme of Brussels 2000 is "the city". Brussels as a contemporary city, as a creative city, as a city of contradictions and as a city of paradox. The reality of Brussels is a reality that no other city in the world can claim," he observes.

Given that vision, it is not surprising Mr Palmer is adamant that organising a European city of culture programme is not a project solely aimed at boosting tourism. It is neither a longer version of well-established international festivals like Salzburg and Edinburgh or yet one more millennium extravaganza.

"This is a process of cultural development in the city starting before and going beyond 2000," he explains. That to him is the essence of a major cultural programme. Its impact lives on after its brief official life and it continues to yield dividends for the city's residents and visitors long after the posters have been taken down. ■

RORY WATSON, BRUSSELS



Sue Cunningham/SCP

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7. Do you have a subscription to *ED*?

Yes

No

8. Do you have access to the Internet?

Yes

No

9. Would you like to read *ED* on the Internet in your language?

Yes

No

10. What is your profession? _____

11. What is your age?

Under 20

20-30

30-40

50+

Name: _____

Address: _____

Tel: _____ Fax: _____

E-mail _____

Please return this questionnaire by March 31 2000 to:

Astrum / ISC - European Dialogue survey
Rue d'Arlon 39-41, B-1000 Brussels Belgium
Or fax to: + 32 2 282 4001

Or post or fax to your local EU delegation

Thank you for participation!

We care

on the net

European Dialogue

THE MAGAZINE FOR EUROPEAN INTEGRATION

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This is the site of *European Dialogue*, the European Commission bimonthly magazine for Central Europe and the Baltic states.

The magazine is managed by DGX External Information Unit.

The magazine is targeted at «decision-makers/opinion-formers having an impact on European integrations» in the ten countries that have applied to join the Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia).

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