

Austrian Foreign Policy Yearbook 2000

Federal Ministry for Foreign Affairs

FOREWORD

The year 2000 saw Austria confronted with important tasks and unusual challenges. As a member of the European Union, Austria had to play an active part in shaping the reform of the Union. The development of the EU Common Foreign and Security Policy and the Common Security and Defence Policy continued apace. Austria also exercised important security and cooperative functions in Europe by holding the chairmanship of the OSCE in 2000. It was the year that, with Austria's vigorous participation, the scene was set for the prosperous further development of the European Union and for the fulfilment of the major European tasks that lie before us.

In the fulfilment of these tasks, however, Austrian foreign policy found itself confronted with extremely difficult and unusual conditions arising out of the bilateral sanctions that were imposed on Austria by the other fourteen EU partners. Due to this unjustified isolation it was not always easy to safeguard Austrian interests within the EU and further afield. The Federal Ministry for Foreign Affairs and the Austrian representatives abroad conducted an intensive information campaign in order to maintain a degree of objectivity in foreign public opinion. Finally, in accordance with the recommendations contained in the report by the so-called "Three Wise Men", the sanctions were lifted on 12 September, which opened the way to a normalisation of relations with the other partner states.

The dominating event of the European integration process in 2000 was the Intergovernmental Conference on the institutional reform of the Union. The most important result of that conference was the Treaty of Nice that was adopted by the European Council in December and which created the conditions for enlargement. The Treaty anchored the right of every Member State to a member of the European Commission for years ahead, something that is essential for the acceptance of the Union by the population. Steps were taken to prevent the emergence of a two-class society within the EU by redistributing the allocation of votes within the European Council. Austria also succeeded in having a revision of Article 7 of the EU Treaty accepted, so that in future no European country will ever again be treated as Austria was treated by the EU 14 in 2000. The Treaty also extends majority voting to a whole series of additional areas, whereby Austria – which supported the extension in principle – managed to have unanimous voting retained in particularly sensitive areas. Austria played a very constructive role in the negotiations and won widespread recognition for the ideas that were put forward.

The Treaty of Nice did not represent the only progress that was made in the EU enlargement process. The accession negotiations with Estonia, Poland, Slovenia, the Czech Republic, Hungary and Cyprus continued successfully, and those with Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia commenced. Austria stands for an efficient negotiating process that leads to a swift conclusion and allows all the participants to take full advantage of the considerable opportunities opened by the enlargement. Fairness, openness and flexibility, and of course also the protection of national interests, are the leading maxims of the Austrian negotiators. Austria insists on transitional arrangements regarding the free movement of persons, which in view of Austria's geographical situation is a particularly sensitive negotiating chapter.

The enlargement of the European Union is an epoch-making development that will change the face of Europe and its role in the world. It will extend the European zone of peace, security and prosperity to the eastern part of the continent which the Iron Curtain for far too long cut off from the developments toward democracy, market economy and European integration. One of the most essential tasks for Austrian foreign policy is therefore to make good preparations for the accession of its immediate neighbours in Central and Eastern Europe in both a bilateral and a European context. We therefore inaugurated the concept of Strategic Partnership during 2000 – a concept intended to deepen traditional relations still further and identify common interests at European level that will come to full fruition after the entry of those countries, irrespective of bilateral problems that will have to be resolved beforehand.

The dominant issues of the EU Common Foreign and Security Policy (CFSP) in 2000 were the transformation in the Federal Republic of Yugoslavia and the consequent stabilisation in the Western Balkans, the deterioration of the situation in the Middle East and the continuing tense situation in Chechnya. There was rapid progress in the development of the Common Security and Defence Policy (CSDP). The necessary structures were set up and a Capabilities Commitment Conference was held in order to build up an efficient EU military crisis management system. European solidarity in matters of crisis management and conflict prevention will be of steadily increasing importance in the future. Efforts continued to create EU civilian capacities to complement military crisis management. The EU regards future cooperation between itself and NATO as a central task of its crisis management system. As a result of Austria's participation in the CFSP and CSDP on the basis of the Treaty of Amsterdam and the related revision of Article 23 of the Federal Constitution, neutrality is no longer relevant in an EU context.

Austria held the Chairmanship of the Organization for Security and Co-operation in Europe during 2000. The operative tasks of the OSCE cover a wide spectrum of conflict resolution and the Human Dimension: from the supervision of numerous elections to minorities policy and the protection of women and children in crisis regions. The central activity was intensive efforts to stabilise the conflict regions in the Balkans. As regards a number of almost "forgotten" conflicts in the Caucasus and Central Asia, the Austrian Chairmanship succeeded in raising awareness by the international community of the necessity of defusing the situations, and achieved a series of successes on the humanitarian side. Partly on Austrian initiative, the OSCE also paid increased attention to the problem of small arms. And it was under the Austrian Chairmanship that Yugoslavia was readmitted to the OSCE as a full member.

Despite this intensive preoccupation with European affairs, Austrian foreign policy was also fully engaged in the non-European regions North and South America, Asia, Africa and the Middle East as well as in the international organisations, especially the United Nations. The main policy aspects here lay traditionally in humanitarian, human rights and refugee policies as well as the environment and economic cooperation. Considerable stress was also laid on arms control and UN peacekeeping missions, where Austria is one of the 20 largest providers of troops. Austria's programme of development cooperation also continued, bilaterally in selected target countries of Central America, Africa and Asia, and multilaterally through contributions to European and international development organisations.

Cultural policy remained a vital pillar of foreign policy generally, with around 4,000 events in over 80 countries projecting Austria's image abroad as a nation with a pronounced national culture. The central themes in 2000 were the discussion on European values, an appraisal of Austrian history, the contribution of culture to the stabilisation of the Balkan region, Austria as a partner of the neighbouring Central and Eastern European countries, and the consolidation of a positive image of Austria abroad.

As Austrian Minister for Foreign Affairs, I welcome the unanimous decision by the government and parliament to deal with questions arising out of Austria's history by creating a Reconciliation Fund and resolving outstanding questions concerning the aryanisation of property. Austria, as a confident and democratic land, takes a confrontation with both the brighter and the darker episodes of its history very seriously. Supported by the lessons of history, we want to work with openness, tolerance and a sense of responsibility towards the welfare of coming generations in Austria and Europe as a whole.

The Austrian diplomatic representatives in 2000 again did their utmost to provide a reliable service for Austrians who live abroad or are there temporarily on business or as visitors. The citizens' service operated by the Federal Ministry for Foreign Affairs, which holds up-to-date information for travellers in 199 countries, is a centre for enquiries of all kinds within Austria. Its services are also available on the Internet.

The Federal Ministry for Foreign Affairs has to cover a wide spectrum of political, economic, development, humanitarian, cultural, consular and administrative functions. I hope that this Yearbook will serve its readers as a usable source of information, and at the same time as proof that Austria's foreign policy is meeting these wide-ranging challenges with professionalism and commitment.

Benita Ferrero-Waldner

Federal Minister for Foreign Affairs

A. Austria in the European Union

I. The European Union

Austria's Role in the European Institutions

Austria is represented in all the institutions of the European Union. The Austrian member of the **European Commission**, Franz Fischler, was reappointed to the new Commission on 15 September 1999 and holds responsibility for agriculture, rural development and fisheries. Hubert Weber is the Austrian member of the **European Court of Auditors**, while Peter Jann and Josef Azizi are Austria's members in the **European Court of Justice** and the **Court of First Instance** respectively. Christine Stix-Hackl was appointed **advocate-general** during the year.

The **European Court of Justice** dealt with 33 new cases referred to it by Austrian courts for preliminary rulings. At the end of 2000, 10 cases were pending against the Republic of Austria concerning alleged violations of Community law.

The distribution of Austria's 21 seats in the **European Parliament** is as follows: Social Democratic Party of Austria (SPÖ) 7; Austrian People's Party (ÖVP) 7; Freedom Party of Austria (FPÖ) 5; Green Movement 2. In the year 2000, the European Parliament held 12 regular plenary sessions in Strasbourg as well as 6 mini plenary sessions in Brussels.

The **Committee of the Regions** is an advisory body which represents the interests of the EU citizens through its 222 representatives of regional and local authorities. Austria holds 12 seats, members are appointed by the nine Länder and the local and regional authority associations. In 2000, five plenary sessions were held.

The **Economic and Social Committee** consists of 222 representatives of the various groups with an interest in the EU legislative process. It is organised in 3 groups representing employers, employees and various other interest groups as well as six technical sections. Austria holds 12 seats in the Committee. In 2000, the Committee held eight plenary sessions.

Under Austrian constitutional law, the **Austrian Parliament** has a right to information and is entitled to adopt opinions on issues of European Union policy. Where such policies require Austrian legislation for their implementation or are directly applicable under EU law, these opinions are of a binding character. Four such opinions were adopted in 2000: two on the enlargement of the Union, the others on water policy (by the standing sub-committee on EU matters) and on the system of ecopoints for heavy goods vehicles in transit through Austria. Similar powers are exercised by the Austrian federal **Länder** in relation to their fields of competence. In 2000, they adopted common positions on specific aspects of EU accession negotiations with Hungary and association talks with Turkey, and on two draft EEC environmental directives.

The competent Austrian federal ministers are bound by the terms of these opinions, and in dealings with the European Union may depart from them only for vital reasons of foreign and integration policy.

The Intergovernmental Conference and the Treaty of Nice

The themes dominating the European Union in 2000 were: the forthcoming enlargement of the Union, and the institutional reforms required by this process. The Intergovernmental Conference that was convened for this purpose opened on 14 February 2000 under the Portuguese presidency. Its work was completed at the European Council in Nice on 7-11 December under the French presidency. The resulting Treaty of Nice was to be formally signed during 2001.

The principal issues were: the size and membership of the European Commission, the weighing of votes in the Council, a possible extension of qualified majority voting in the Council, "as well as other necessary amendments to the Treaties arising as regards the European institutions in connection with enlargement and in implementing the Treaty of Amsterdam". The IGC differed from previous conferences on institutional reform in that it concentrated on the operational viability of the existing institutions without endowing the Union with new competences. Decisions were taken with a view to an enlarged European Union of 27 members.

The European Commission

The smaller Member States, including Austria, succeeded in having the principle of one commissioner per member country reaffirmed. The five larger states agreed to give up their second commissioners in exchange for an increased voting weight in the Council. This arrangement will have to be reviewed once the accession treaty of the 27th Member State has been signed. At this point in time, the Council will have to take a unanimous decision on limiting the size of the Commission on the basis of a fair and equal rotation procedure. The new provisions will be applicable once a new Commission takes up its functions following the accession of the 27th member. The President of the Commission has been invested with additional powers, including the right to ask an individual commissioner to resign following the approval of the college. The overall agreement ensures that the balance between the larger and smaller Member States will be maintained in the future, and guarantees that all members will continue to be represented in the Union's central institutions on a basis of equality.

Distribution of Votes in the Council

Being the key to the balance of power between the larger and smaller Member States, the weighing of votes was the most controversial issue at the conference. The new system for the enlarged Union allocates 29 votes to each of the four largest Member States (France, Germany, Italy and the United Kingdom) while the smallest future Member State, Malta, received 3 votes. Austria, Bulgaria and Sweden will have 10 votes each. Once the EU reaches 27 members, qualified majority decisions can be taken by a minimum of 258 votes representing a majority of members. One member of the Council may request verification that the Member States constituting the qualified majority represent at least 62% of the total population of the Union. The new system will come into force on 1 January 2005 with every enlargement requiring adaptations. The agreement on the reweighing of votes was coupled with a declaration according to which, from 2002, one meeting of the European Council in each presidency will be held in Brussels, and that once membership reaches 18 states, all meetings will be held in Brussels.

Extension of Majority Voting

The Conference agreed that decisions of a constitutional nature, decisions requiring ratification by national parliaments, exceptions to the Internal Market and decisions on own resources should still be taken on the basis of unanimity. The European Council in Nice decided to introduce qualified majority voting in 30 areas. These include the freedom of movement of persons, transnational cooperation in civil law, some aspects of social policy, certain international negotiations on services and intellectual property, appointments to senior jobs in EU institutions, and the rules of procedure in the European Court of Justice. Insofar as such measures are of a legislative nature, the European Parliament is granted the right of co-decision. For another 15 areas, the European Council envisaged qualified majority voting at a later date. Austria was basically in favour of extending qualified majority voting, but insisted on maintaining unanimity in certain sensitive areas like water resources, land use, regional planning, the choice of energy carriers, and strategic transport policy. Unanimity will be required for the meantime on asylum and immigration policies.

Enhanced Cooperation

The Treaty of Amsterdam allowed for closer cooperation between groups of Member States in individual sectors, provided these remain within the limits set by the Treaties. The Treaty of Nice abolishes the right of veto previously granted in this area but specifies that this cooperation has to respect the coherence of the Union, that it must be open to all Member States, that the rights and responsibilities of non-participating members must be respected and that core areas of the Internal Market are excluded. For the first time, enhanced cooperation is permitted within the area of the Common Foreign and Security Policy, although with the exclusion of military and defence policy issues.

Other Institutional Reforms

After enlargement, the **European Parliament** will have a maximum of 732 members. This implies that most existing Member States will have their allocations of seats reduced. Austria's seats will be reduced from 21 to 17. Parliament's legislative role has been strengthened, and it now has the right of recourse to the European Court of Justice. Both the **Committee of the Regions** and the **Economic and Social Committee** will be enlarged to 344 members, Austria's representation of 12 members in each remaining unaltered. Judicial panels for specific areas may be attached to the Court of First Instance by unanimous decision of the Council. Plenary sessions of the court will mostly be replaced by meetings of a smaller body, a so-called "Grand Chamber" of eleven judges.

Democratic Standards

Article 7 of the Treaty of Amsterdam specified that a country's membership in the European Union can be suspended in the event of serious and continued violation of the basic principles of democracy. The crisis over the sanctions imposed by 14 Member States against Austria revealed, however, that this provision does not offer any legal basis for action in cases not involving serious and continued violations. On the basis of an Austrian initiative further developed by the European Commission, the existing procedure was supplemented by an early warning phase for cases where there is a clear risk of a serious breach of democratic standards and human rights. During this early warning phase, recommendations can be addressed to the state in question. This procedure can be invoked by a majority of four fifths of the members of the Council after approval by the European Parliament. Decisions can be made only after the state concerned has been heard, and have to be both justified and proportional. At Austrian request, this procedure was made subject to the control of the European Court of Justice.

The Follow-Up Process

During 2001, a comprehensive debate is to be conducted with all interested parties with a view to deciding how the institutional reform process is to be continued. It is foreseen that the next Intergovernmental Conference will be held in 2004. The process should address, inter alia, the following questions: a more precise delimitation of the competences between the European Union and the Member States, in the light of the principle of subsidiarity, the status of the **Charter of Fundamental Rights** proclaimed in Nice, a simplification of the Treaties, and the role of national Parliaments in the European architecture.

Enlargement of the European Union

In 2000, the ongoing accession talks with Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia, the so-called **Luxembourg Group**, were extended to cover all negotiating chapters. Initial negotiations with the so-called **Helsinki Group**, consisting of Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia, were formally opened on 15 February 2000. Between five and nine chapters were opened with each state by the second half of the year.

Austria presented an **Information Note** on the subject of the free movement of persons. The Note described the specific Austrian situation arising out of the country's geographical position, the differing wage and income situations as well as Austria's close historical and cultural relationship with neighbouring countries in Central and Eastern Europe. It calls for temporary regulatory frameworks, which will be necessary to bridge the period of economic imbalance between the Central and Eastern European countries and Austria. This Note was expressly welcomed by the Commission and the other Member States.

Several EU Member States are interested in increased immigration by citizens from Central and Eastern European countries, and could therefore be in favour of liberalising the movement of persons. Together with Germany, Austria succeeded in having the sensitive nature of the movement of labour as well as the cross-border commuting problem emphasised in common EU positions. Austria also welcomed the German request for transitional periods with regard to the free movement of persons and services.

The first substantial negotiations on transitional arrangements began during the second half of 2000. Generally acceptable solutions were found in the areas of services as well as employment and social policy. Good progress was made in the wide-ranging fields of transport and environmental policy. In connection with the energy chapter, a special formation of the Council's working group on nuclear questions is to report on the safety of nuclear power stations in candidate countries by the summer of 2001.

The European Council in Nice decided that the accession negotiations should be structured in such a manner that they can be concluded with suitably prepared candidates by mid-2002. The candidates will be judged according to their individual progress, with negotiations being accelerated where appropriate. The Union's enlargement strategy entered a new phase with the creation of the **Instrument for Structural Pre-Accession** (ISPA) for environmental and transport policy, and the **Special Accession Programme for Agriculture and Regional Development** (SAPARD), as well as a new orientation of the PHARE programme for financial aid. The available capital was increased to €1,000m annually, to be administered on a decentralised basis. Support will also be provided by these means for Austria's cross-border cooperation programmes with Hungary, Slovakia, Slovenia and the Czech Republic.

Economic and Monetary Union

The European Council in Feira in June 2000 approved the **Elements of Economic Policy** for the Member States and the Community. The Commission identified the main challenges for the immediate future as the reduction of unemployment, transition to a knowledge-oriented economy, coping with ageing populations, and strengthening social cohesion.

Agreement was reached on the so-called **Taxation Package**, a code of conduct for company tax, tax due on savings income, and license fees. Austria expressly accepted the OECD report on improving access to bank information for taxation purposes, but for constitutional reasons was unable for the time being to agree to the abolition of bank secrecy for non-residents. The present Austrian system of taxation at source and banking regulations can be maintained for residents. Banking secrecy thus applies to those paying tax within the country. For those liable to taxation elsewhere, banking secrecy will be replaced by a system of information exchange from the year 2010.

The third stage of Economic and Monetary Union, which began on 1 January 1999, will be completed on 1 January 2002 with the introduction of Euro coins and banknotes. On 9 March 2000, **Greece** applied to join the Euro zone. This was approved in the light of Greece's satisfactory fulfilment of the convergence criteria, so that the zone will have twelve members from the start of 2002. However, the Euro referendum in **Denmark** on 28 September 2000 resulted in a vote against joining the common European currency.

Employment and the European Company

Four million new jobs, mostly in the service sector, have been created within the EU since the Luxembourg summit in 1997. Employment rose from 61.3 per cent in 1998 to 62.2 per cent in 2000, whereby the rise in full-time equivalent was less pronounced. The figure for women was 52.5 per cent. Unemployment fell by 4 million since 1994 to a rate of 8.1 per cent in 2000. Full employment is the most important long-term goal of EU economic policy. The immediate strategy is to increase the overall employment rate to around 70 per cent and the employment of women to over 60 per cent by 2010. The quality of the jobs created should also be taken into account in the national programmes. Corresponding measures to this end are to be taken at an annual special meeting of the European Council.

The Council meeting in Lisbon agreed on the principles of the Union's employment policy in 2001, with greater emphasis on the involvement of social partners and the special importance of lifelong learning. In order to implement these guidelines, the European Council of Nice adopted a **Social Policy Agenda** containing a work programme for the period 2000 to 2005. Its aim is to modernise the European social model as well as to implement the Lisbon decisions, together with the greatest possible economic dynamism, employment growth and social cohesion.

The European Company (**Societas Europea, SE**) has been discussed at intervals for almost 30 years at EC level in order to simplify the foundation of transnational firms through the creation of a European Company Statute. The national company forms would remain untouched. The Council of Employment Ministers on 20 December 2000 achieved political agreement on the European Company Statute and the directive on the status of employees. This provides for the right of European Company employees to information, consultation, and participation in the company institutions.

The Internal Market

The European Council in Lisbon inaugurated a more efficient and comprehensive economic coordination of all relevant institutions and processes. An annual statement on broad Economic Policy Guidelines is to be drawn up by the ECOFIN Council. The structural reform process for goods and capital markets agreed upon in Cardiff is of particular importance for the Internal Market and will be continued in 2001. At the beginning of 2000, the Commission with the participation of the Member States drew up a new **five-year strategy** based on four strategic objectives: citizens, firms, market, and the external dimension. This will be brought up to date through regular evaluations. The initiatives in respect of the information society culminated in a European **action plan** which, in Austria as elsewhere, was supplemented by numerous national measures. A **white book** was published on food safety, and a food agency is planned. Agreement was reached on directives on copyright in the information society. The Commission published proposals on reforming the public procurement system and on public patents, and issued a statement on life assurance.

Transeuropean Transport

Austria's problem of excessive transalpine goods traffic by road remained acute in 2000. On 26 September, the European Court of Justice ruled that the toll levied on heavy goods vehicles for the use of the Brenner motorway was too high and discriminating against non-Austrian carriers. Appropriate measures will be required. On 4 December, Austria lodged a complaint at the European Court regarding a Council decision contrary to Protocol 9 of Austria's accession treaty. Since the present ecopoint system for transit goods vehicles ends in 2003, Austria is already working on an alternative system that will have the same effect in reducing environmental damage.

Negotiations are being held with a view to setting up a European air safety agency. The Commission has also taken the initiative towards creating a single European air space and is conducting a dialogue with the United States in this connection. The so-called definition phase of the GALILEO project for the establishment of an independent European satellite navigation system was largely concluded in 2000.

Environmental Standards

Article 6 of the EC Treaty specifies that the demands of environmental protection must be taken into consideration in the other areas of Community policy. Nine formations of the Council of Ministers have been asked to draw up strategies for integrating environmental considerations into their work. At its meeting in Helsinki in December 1999, the European Council requested regular evaluation, examination and observation, in order to adapt and deepen these strategies. The European Council in Nice in December 2000 regarded these reports as an important contribution towards the formation of a European sustainability strategy, which will be further examined at the Council meeting in Göteborg in June 2001. The most important goal of the guidelines drawn up to this end is the linking of the environmental, economic and social dimensions.

Research, Education and Youth

The implementation of the **Fifth Framework Programme for Research and Development** (1998-2002) continued according to plan. Austria participated successfully in all areas. The Member States reacted favourably to the Commission's proposal for the creation of a single **European Research Area**, intended to complement the Framework Programme by strengthening inter-state research cooperation. Cooperation between the EU and the European Space Agency (ESA) was stepped up in 2000, with an emphasis on large projects like the GALILEO satellite navigation system and the GMES environmental observation project. The Commission's proposals for the **Sixth Framework Programme** (2003-2007) were expected in early 2001.

The **Socrates II** (general education) and **Leonardo II** (occupational training) programmes came into effect at the beginning of 2000. They cover the period 2000-2006 with increased budgets of €1,850m and €1,150m respectively. At least 27 per cent of the means will be allocated to school education. Adult education is now covered, and a programme for the new information and communication technologies has been introduced. The **TEMPUS** programme was reformulated and extended for the period 2000-2006. Subsidies are available for the newly independent states as well as for the non-associated states Albania, Bosnia-Herzegovina, Macedonia and Croatia. The cooperation programmes with the US and Canada on higher education and occupational training were extended by follow-up agreements signed in December.

The European Council, at its special meeting in Lisbon in March, declared education a policy priority for the establishment of an information-based economy and society. Measures are to be introduced to increase the per capita investment in human capital, halve the number of young people leaving school without qualifications, open schools as multi-purpose educational centres for all, establish a European framework for basic learning, especially as regards IT skills, and encourage mobility for students and teachers. The e-learning initiative foresees the equipping of all schools with computers and Internet connections.

The **White Book on Youth Policy** is the first step towards integrating youth questions into the Union's decision-making process. Austrian youth played an active and interested part in the Commission's assessment procedure; their ideas and suggestions were put into concrete form at a national conference in June 2000. Their position was also expressed at the subsequent youth conference in Paris and at the meeting of ministers for youth affairs on 9 November. The Union's youth programme for the period 2000-2006 has a budget of €520m, which allows for the annual participation of 100,000 young people in programme activities. These are mainly group exchanges, voluntary service in other countries, youth initiative projects, seminars for youth leaders, youth information projects and youth studies.

Justice and Home Affairs

The central issue in Justice and Home Affairs was the implementation of the action plan adopted by the European Council in Vienna in December 1998 for the creation of an **area of freedom, security and justice**, and the decisions of the special Council in Tampere in October 1999 on asylum and migration, access to law, and combating organised transnational crime. Progress towards implementation is monitored by the Commission on the basis of a so-called "scoreboard".

Significant progress was made during 2000 in a number of areas, including: establishing the **European Refugee Fund**, visa coordination, setting up the **European Police Academy**, combating money laundering, creating a provisional unit for cooperation on criminal law, measures to implement the mutual recognition of judgements, signing the agreement on legal aid in criminal cases, and combating child pornography in the Internet. A report presented to the European Council in Feira stressed the necessity of integrating Justice and Home Affairs into EU foreign relations as a whole, particularly in respect of combating organised crime, terrorism, human smuggling, drugs, money laundering, and cooperation on civil law. Other proposals by the Commission and individual Member States concerned the harmonisation of admission conditions for asylum seekers, the legal position of long-term foreign residents, a draft directive on the right to family reunification, cooperation on disaster relief, and European networks for judicial training and crime prevention.

The **Schengen Agreement** came into full effect for Greece on 26 March. On 29 May the Council of Ministers agreed to extend certain provisions of the Schengen system to the United Kingdom. Ireland later submitted a similar application. On 1 December the Council decided that the Schengen system would come into force for the countries of the Nordic Union (Denmark, Sweden, Finland, Norway and Iceland) on 25 March 2001, when border controls with other EU states would be removed.

II. The Sanctions by 14 EU Member States Against Austria

At the end of January 2000 Belgium sent a note to the Portuguese presidency of the EU Council demanding joint action by the 14 EU Member States against the coalition government that was in the process of formation in Austria. On 31 January 2000 the Portuguese presidency of the EU Council issued a **Declaration on behalf of XIV Member States** in the following terms:

- * *"Governments of XIV Member States will not promote or accept any bilateral official contacts at political level with an Austrian Government integrating the FPÖ.*
- * *There will be no support in favor of Austrian candidates seeking positions in international organizations.*
- * *Austrian Ambassadors in EU capitals will only be received at a technical level."*

Following this statement, the European Commission stated on 1 February, inter alia:

"At this stage the work of the European institutions is not affected. In this context the Commission, in close contact with the Governments of the Member States, will follow the situation carefully, maintaining its working relations with the Austrian authorities".

The sanctions threatened by the 14 governments took effect with the swearing-in of the new Austrian Federal Government on 4 February. This action was taken despite the fact that on 3 February the leaders of the Austrian People's Party (ÖVP) and the Freedom Party of Austria (FPÖ) had signed a Preamble to the government's programme with the title **"Responsibility for Austria - A Future in the Heart of Europe"**, which began with the words:

"The Federal Government reaffirms its unswerving adherence to the spiritual and moral values which are the common heritage of the peoples of Europe and the true source of individual freedom, political liberty and the rule of law, principles which form the basis of any genuine democracy."

The Federal Government also declared its commitment to the European peace project and to Austria's membership of the European Union as the basis of the cooperation between the coalition parties. In this respect it declared:

"The Federal Government is bound by those principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law which, under Article 6 of the Treaty of the European Union, are common to all member states of the European Union."

Norway and the Czech Republic expressly participated in the sanctions, while other European countries applied them without formal declarations. On the other hand, Liechtenstein, Switzerland, Slovakia, Slovenia and Hungary declined to take part. A number of German federal Länder adopted a noticeably independent and friendly attitude towards Austria. Israel was the only state to withdraw its ambassador from Vienna. As for the rest of the non-European states, Argentina confined bilateral contacts to a "strictly technical level". Costa Rica expressly joined in the sanctions against Austria. Canada took the same action formally, but in practice diverged from the common line. The United States restricted itself to recalling its ambassador for periodical reports.

Austria's Reaction and Activities at European Level

The action taken by these fourteen governments against another EU Member State was unique in the history of European integration. The Austrian federal Government reacted with a clear and decisive rejection of these undemocratically instigated sanctions, which were not justified by facts within Austria, and demanded their immediate withdrawal.

As the Federal Ministry for Foreign Affairs put it in a statement on 1 February, the actions of the 14 EU partner countries were a breach of the spirit of solidarity and cooperation that is supposed to prevail between EU Member States. As a direct reaction, the Austrian diplomatic representatives were supplied with information material for use within the countries of their accreditation, and an intensive dialogue was opened with the public there. The success of this campaign was indicated by opinion polls in the leading countries, which indicated that public opinion was opposed to the sanctions.

During the first phase of the sanctions, Austria was faced with disadvantages and boycott measures which exceeded the sanctions announced on 31 January. In several Member States, there were calls for the

Austrian Government to be overthrown. The reduction of bilateral contacts to a purely technical level meant that Austria was not fully included in the – often informal – decision-shaping process at EU level and was correspondingly disadvantaged. Austrian candidates for posts in international organisations were boycotted in a discriminatory manner, sometimes even actively. Austria nevertheless succeeded by considerable effort, and with the help of the international community, in having the majority of candidates accepted.

There was particular disharmony in relations with certain EU partners: Thus, Belgium completely froze military cooperation with Austria. The mayor of Brussels at first excluded Austria from a tourism trade fair, the Belgian foreign minister called for a boycott of holidays in Austria, and the Belgian French-speaking community placed a ban on school visits there. France cancelled all events in the 2000 bilateral programme of military cooperation that could have had a public effect. Individual school and student exchange programmes in France and Belgium were cancelled. Cultural, educational and scientific cooperation also felt the effects, especially in Belgium and France, but also in Luxembourg and the Netherlands, where various cancellations of events had an apparent connection with the sanctions. The xenophobic undertones of these actions against Austrians, and their propagation of nationalist ideas, caused considerable damage to the European work of peace and unification.

Austrian Federal Chancellor Wolfgang Schüssel, Minister for Foreign Affairs Benita Ferrero-Waldner and other members of the Federal Government made numerous appearances on television and radio and gave interviews to the print media in other countries in order to present factual and objective information to clarify the distorted image of Austria. The Austrian embassies also conducted an information campaign with the aim of putting the public image of Austria onto a more objective basis.

The Federal Ministry for Foreign Affairs, in consultation with leading Austrian experts on European and international law, came to the following conclusions regarding the **legal aspects of the sanctions**:

1. The Statement from the Portuguese presidency of the European Council „on behalf of XIV member states“ exceeded the limit of its competence, since a Presidency is not empowered to issue declarations that are not based on decisions by **all** Member States.
2. The declaration violated fundamental legal principles as well as the spirit of the treaties that are the foundation of the Community and the Union (see Art 2 EC Treaty: Promoting solidarity among Member States; Art 11(2) EU Treaty: Enhancing mutual political solidarity, etc.).
3. The action against Austria also violated the general legal principle of “audiatur et altera pars” and thereby the principle of fairness and objectivity that is to be expected from other Member States within the framework of the European Union. Austria was not even given an opportunity to present its own standpoint.
4. The measures also offended against international legal courtesy.

In order to expedite the earliest possible lifting of the sanctions, and on the advice of prominent experts on European law, Austria refrained from legal action (e.g. bringing an action before the European Court of Justice), the outcome of which would have been uncertain in view of the so-called „bilateral character“ of the sanctions, and which in any case would have been a far too lengthy process. In so far as actions by public bodies in the Member States or EU institutions had a discriminatory effect against Austria, recourse was made to the European Commission as the „guardian of the Community treaties“, and a number of successes were achieved.

At the first meeting of **EU foreign ministers** after the sanctions had taken effect, the General Affairs Council on 14 February, Minister for Foreign Affairs Benita Ferrero-Waldner raised the subject of the measures taken by the 14 partner countries, and made the Austrian standpoint clear. The presidency refused to permit any discussion of the subject with reference to the bilateral nature of the sanctions.

Before the meetings of the **Council of Foreign Ministers** and the **European Council**, the Austrian Chancellor and Minister for Foreign Affairs conducted intensive telephone conversations with their EU colleagues to explain the work of the Austrian Government to date. They also put this in writing on a number of occasions to heads of state and government as well as foreign ministers. They pointed out in particular that the sanctions were not only **not** having the desired result, but that on the contrary they were encouraging xenophobia and nationalism in Europe and thereby weakening the European work for peace. Reference was also made to the repeated acknowledgements of the European values in the Preamble to the government programme, to the European chapter of the programme with its commitment to enlargement of the Union, and also to the planned and necessary budget consolidation in the interests of Economic and Monetary Union and the strength of the Euro. The legal measures taken by the Austrian Federal Government in the interests

of autochthonous ethnical minorities were also highlighted. These messages also underlined the fact that in neither word nor deed had the Federal Government ever violated European values or human rights, and that human rights in Austria – in contrast to the situation in many other countries – are legally guaranteed and actionable in the Constitutional Court.

A number of prominent personalities published a **Declaration for Austria**, which concluded: "This land deserves trust and dialogue – and not exclusion from the European family."

Federal Chancellor Schüssel discussed relations between Austria and the other EU members at his meeting with Portuguese Prime Minister António Guterres in Brussels on 13 March as well as at the informal meeting of the European Council in Lisbon on 23 March. He mentioned the effect of the sanctions on school pupils, students, researchers, artists and business people, and demanded a resumption of the dialogue between all 15 Member States. Prime Minister Guterres declared in the name of the 14 states that the rights of Austria and the Austrian citizens must be protected and appealed to the Member States to refrain from actions having an effect on Austrian civil society.

Austrian Federal President Thomas Klestil visited the **European Commission** on 8 March and the **European Parliament** on 12 April, where in his speech he made an appeal "not to lose sight of the principles of objectivity and fairness, and to seek and find a way out of the current situation." The President of the European Parliament, Nicole Fontaine, expressed the hope "that Austria will be able to become a full member of our Union once more". This statement, which was later described as a misunderstanding, aroused considerable displeasure in Austria, where it was regarded as a deliberate provocation.

In Austria itself the Federal Government made several unsuccessful attempts to have a **joint resolution** against the sanctions adopted by all four parties represented in Parliament. The main reason for the failure of these efforts was that the Opposition was only ready to condemn the boycott measures against the Austrian population, while regarding the sanctions against the Government as justified. The Austrian people, however, did not follow this differentiation, which was also the attitude of the 14 EU states, and regarded themselves as directly affected and unjustifiably discriminated against by the sanctions.

Although the parliamentary Opposition declined to support a joint defence against the sanctions, the **Conference of Länder Governors** (in which all three major parliamentary parties are represented) on 17 May issued a joint declaration which stated that the Conference "expressly supports the diplomatic and political efforts by the Federal Government and expects that these will lead to the lifting of the sanctions. The federal Länder are supporting these efforts through their own contributions at regional level." The Conference also demanded that the sanctions should be replaced by "a transparent system of mutual understanding and respect that should apply to all members." The legislatures of Carinthia, Styria, Tyrol, Salzburg, Vorarlberg and Upper Austria adopted resolutions demanding that their respective Länder governments should actively work for the lifting of what they described as the unjustified and undemocratically imposed sanctions.

Since, however, there was still no sign that the 14 states were prepared to redefine their attitude after three months of intensive Austrian efforts, the Federal Government on 5 May adopted an **"Action Programme for the Lifting of the Sanctions"** in order to defend Austrian interests: national and international opinion polls, a "diplomatic offensive" to inform the opinion leaders and general public throughout Europe, a proposal to redraft Art 7 of the EU Treaty to be discussed by the Intergovernmental Conference, and a national referendum in Austria in the event that, by the end of the Portuguese EU presidency on 30 June, there existed no concrete plan for the lifting of the sanctions.

At the informal **meeting of foreign ministers** in the Azores on 6/7 May, the Federal Minister for Foreign Affairs, Benita Ferrero-Waldner, succeeded for the first time in launching a general discussion on the sanctions. Several Member States indicated then that they would be prepared to consider an "exit scenario" for domestic political reasons and lack of understanding for the sanctions among their populations as well as in consideration of the Austrian arguments and the patent lack of effect that the measures had had.

In a resolution addressed to the **European Council of Feira** on 19/20 June, the European Parliament asked the Council presidency "to evaluate relations between 14 Member States and Austria, and to develop, with all the parties in the EU concerned, a procedure that will lead to an acceptable solution."

Finally, on 29 June, the Portuguese Prime Minister – again in the name of the 14 Member States – asked **Luzius Wildhaber**, President of the European Court of Human Rights, to nominate three personalities to draw up a report on the Austrian Government's observance of the common European values, in particular the rights of minorities, refugees and immigrants, as well as "the development of the political nature of the Freedom Party of Austria".

Luzius Wildhaber, after obtaining Austrian agreement to this procedure, on 12 July issued a mandate to **Martti Ahtisaari**, former President of Finland, **Jochen Frowein**, Director of the Max Planck Institute for Foreign Public Law and International Law, and **Marcelino Oreja**, formerly Spanish Foreign Minister, Secretary-General of the Council of Europe and Member of the European Commission, to draw up what became known as the "Report by the Three Wise Men". Wildhaber recommended that they produce the report as swiftly as possible.

The Report of the "Three Wise Men" and the Lifting of the Sanctions

Austria regretted that the sanctions were not lifted immediately, but assured the three investigators of the fullest support in their task. They held discussions in Vienna on 27/30 July and Heidelberg on 29 August with the Austrian Government, the parliamentary parties, the social partners, religious communities, judges, ombudsmen and representatives of various Austrian non-governmental organisations. On 8 September the „Three Wise Men“ delivered their report to French President Jacques Chirac as head of the European Council. Its general conclusions contain a statement that *"the Austrian Government is committed to the common European values"* and that it *"has also taken practical measures to improve its compliance with these values and standards."* The report recommended the lifting of the sanctions:

"It is our opinion that the measures taken by the 14 Member States, if continued, would become counterproductive, and should therefore be ended. The measures have already stirred up nationalist feelings in the country, as they have in some cases been wrongly understood as sanctions directed against Austrian citizens."

The report also suggested the development of a mechanism within the EU "to monitor and evaluate the commitment and performance of individual Member States with respect to the common European values." The lifting of the sanctions was announced on the evening of 12 September after seven months and ten days. The communiqué issued by the French EU presidency on behalf of the 14 Member States recorded *inter alia* that "the Austrian government has not failed in its commitments to uphold European common values." It went on to state that "debate within the EU should be furthered on the way to forecast, monitor, assess and react in similar situations."

Conclusions from Austria's Point of View

In Austria, the imposition and operation of the sanctions by the 14 EU partners were met with misunderstanding and anger not simply on the part of the Government. The overwhelming majority of the Austrian population as well as people in most of the other EU states, found it inappropriate that sanctions unjustified by any facts within Austria should have been imposed without giving Austria the slightest chance of a hearing.

The ill-considered recourse to sanctions against Austria, which proved to be useless as a means to their desired end (i.e. preventing the formation of a government or overthrowing that government if once established) and therefore unusable as an instrument of rational policy, and above all the numerous overreactions that followed, ran counter to the European integration process and caused considerable damage to the European idea. The sanctions led to adverse effects on Austrian interests and to a large number of discriminatory effects on Austrian citizens, firms and institutions. In the course of time they not only aroused nationalist feelings in Europe, but also had a negative influence on public opinion in the EU candidate countries.

The declaration by the EU-14 presidency violated fundamental legal principles as well as the spirit of the European treaties. The deliberate exclusion of a country with a proven record of democracy from the European community of values, although it had never infringed any European rights in fact or in spirit, contravened precisely those basic values of democracy and the rule of law that were ostensibly being protected.

For this reason, consideration was given from various sides, including Belgium, Austria and Portugal, to means of dealing with future situations of a similar nature within the limits of the Community treaties. The reform of Art 7 (of the EU treaty) that was agreed by the European Council in Nice meets the proposals by the "Three Wise Men" as well as Austria's central demands. What is foreseen is a right of hearing for the Member State concerned, an obligation to justify the proposal to take action against it, the assent of the European Parliament to each relevant Council decision, an obligation on the Council to make regular reassessments, and judicial review by the European Court of Justice.

The Austrian Federal Government considers the "sanctions" episode to be closed. After the formal ending of Austria's exclusion, new relations were established with many of the EU partner countries, including numerous bilateral contacts at government level. British Foreign Secretary Robin Cook visited Vienna at the end of October and extended an invitation to Austrian Minister for Foreign Affairs Benita Ferrero-Waldner, who also carried out bilateral visits to Spain, Italy and Portugal. In November, Federal Chancellor Wolfgang Schüssel paid a working visit to Irish Prime Minister Bertie Ahern, after having previously met with Chancellor Schröder in Berlin. Italian Prime Minister Amato visited Vienna, and there was a meeting with Czech Prime Minister Zeman in Melk. The numerous visits continued from the beginning of 2001. With the successful visit by Minister Ferrero-Waldner to Secretary of State Madeleine Albright in the autumn of 2000, relations with the United States returned to complete normality.

III. Austria's and the European Union's Foreign Policy

The Common Foreign and Security Policy

The central issue within the CFSP in 2000 was the ongoing development of the **European Security and Defence Policy** (ESDP). The European Council in Nice decided to extend the possibility of **enhanced cooperation** among groups of Member States to the Second Pillar, but only in respect of joint actions and common positions under the CFSP, while excluding defence and issues with military implications. The CFSP mechanisms were intensively utilised during 2000, with 189 declarations, 170 demarches, and the binding instruments of 12 joint actions and 17 common positions. The first summit meeting between the EU and the African states was held in Cairo in April, the third Asia-Europe Meeting (ASEM 3) took place in October in Seoul, as did the Euromed ministerial meeting in Marseilles in November. The European Council in Feira adopted a common strategy for the Mediterranean region.

The European Security and Defence Policy

Considerable progress was made during 2000 towards creating credible EU civilian and military capabilities for dealing with crisis situations, with which the Union is moving into completely new fields. The four non-allied EU Member States are playing a full part in this process. The aim is to be in a position to fulfil the entire spectrum of the so-called Petersberg Tasks for crisis management autonomously by the year 2003.

The three new political and military bodies set up in Helsinki (interim Political and Security Committee, interim Military Body and interim Military Staff) started work in March on an interim basis and will receive permanent character in 2001. The **Political and Security Committee**, with representation at ambassador level, is responsible for all aspects of the CFSP as well as the political control and strategic direction of crisis management operations. The **Military Committee (so far: "interim Military Body")**, consisting of representatives of national chiefs of staff, will direct all military activities within the EU framework. The **Military Staff**, composed of national military experts seconded to the Council's General Secretariat, will be built up to a strength of around 130 officers by mid-2001. It is to provide the EU with military expertise and strategic options in crisis situations.

Planning has begun for the build-up of military assets and capabilities necessary for EU crisis management. A separate committee for the civilian aspects of crisis management was set up in May. In view of these developments, the European Council in Nice deleted all references to the Western European Union from the EU Treaty.

The interim Military Body drew up a list of four **crisis management scenarios** for which preparations must be made: 1. Separation of conflict parties by force; 2. Conflict prevention; 3. Humanitarian assistance operations; 4. Evacuation of EU citizens. So-called "force packages" were drawn up for these scenarios.

The European Council in Helsinki (December 1999) had already set a **Headline Goal** of a force of 60,000 soldiers deployable within 60 days for operations lasting at least one year as well as **Collective Capability Goals** for intelligence, air transport, command and control functions among others. The inclusion of NATO experts will guarantee the necessary transparency and coherence between the EU and NATO force planning. These forces are to be available by the year 2003 at a level of training and equipment, readiness and interoperability sufficient to carry out Petersberg Tasks within a radius of 4,000 kilometres from Brussels.

The EU's total requirements in respect of military assets and capabilities, and the national contributions to this end, were presented at the **Capabilities Commitment Conference** in Brussels on 20/21 November. This was followed by separate meetings between the EU defence ministers and their counterparts from the candidates for accession to the EU plus Norway and Iceland (EU+15) on the one hand, and between the EU defence ministers and their counterparts from the six European NATO countries which are not members of the EU (EU+6) on the other. The EU Council in Feira agreed on interim mechanisms for dialogue, consultation and cooperation with these countries on ESDP issues as well as procedures for their participation in EU-led operations.

Of the EU members, only Denmark opted out under the terms of the Fifth Protocol to the Treaty of Amsterdam. The remaining 14 members have pledged more than 100,000 troops, 400 aircraft and 100 naval vessels, including aircraft carriers, surveillance satellites, strategic air transport capacity, and command and control equipment. Many of the non-EU countries have also pledged contributions, and will be involved via the agreed consultation procedures. The ministers stressed that this is only a first stage, and that further efforts

and additional means will be necessary if the agreed goals are to be reached by 2003. They also recognised that duplication of force planning with NATO and the Partnership for Peace is to be avoided.

EU-NATO Relations

One of the central issues in EU crisis management is the nature of future cooperation with the North Atlantic Treaty Organisation. The European Council in Helsinki established that military crisis management by the EU can take place only in cases where NATO as a whole is not engaged. The qualitative deficiencies of the European armed forces mean that, for the foreseeable future, the European force will have to rely on cooperation with NATO and on NATO assets and capabilities – a complex and very sensitive issue, since it touches on transatlantic relations, in general.

The complexity of the issue can be seen in the question of participation by third countries in EU-led operations. The European Council in Helsinki stated that the six European NATO members that are not members of the EU will take part in EU-led operations that make use of the NATO facilities if they so wish. As a consequence, interim arrangements on the participation of third countries and on EU-NATO relations were drawn up by the European Council in Feira (June 2000). Even though these interim arrangements did not meet with the entire approval of this group, in July it nevertheless proved possible to set up four ad-hoc EU-NATO joint working groups:

- On security questions, with responsibility for drafting an EU-NATO agreement which will guarantee the non-NATO EU members access to NATO information necessary for their participation in EU-led operations.
- On the Capability Goals, with a view to coordinating NATO and ESDP objectives.
- On the regulation of assured EU access to NATO assets and capabilities and the drafting of a corresponding agreement.
- On institutionalising relations between EU and NATO.

Internal differences within NATO have hitherto prevented the establishment of permanent arrangements for consultation and cooperation as well as EU access to NATO facilities. NATO makes agreement conditional on providing a "strategic co-ordinator" for EU-led operations as well as on coherent and extensively co-ordinated force planning processes.

Austria favours a parallel and simultaneous EU-NATO planning process, and therefore advocates that the mechanism for evaluating the EU military planning goals that was to be drafted under the Swedish presidency should be compatible with the NATO Defence Planning Process (DPP) as well as the Planning and Review Process (PARP) for members of the Partnership for Peace (PfP). The non-NATO members of the EU should have a right of access to the DPP in all areas that exceed the scope of the PARP and have direct effects on their force planning for crisis management operations.

Thus, the NATO countries would guarantee their PfP partners within the EU the same degree of transparency that the latter offer to the NATO members within the framework of the PARP. Austria also advocates the participation on an equal footing of all EU countries in those NATO staff and command structures which could be made available to the EU for the planning and conduct of EU-led operations.

Conflict Prevention and Civilian Crisis Management

Austria has consistently supported the Swedish initiative for strengthening the role of the EU in the field of civilian crisis management. The crises in the Balkans clearly demonstrated that, after the phase of military imposition of peace, stable and orderly conditions can be achieved only through the simultaneous employment of both military and civilian means.

The European Council in Feira set a **Collective Target** of 5,000 police officers to be contributed by the EU countries by 2003 parallel to their commitments under the military Headline Goal. This pool of civilian police will be made available for all international operations, not just EU ones. Austria intends to make 110 police personnel available for this purpose. A databank is being compiled to assist in strengthening institutions essential to the rule of law, and an exchange of experience with representatives of the UN, OSCE and Council of Europe has been initiated. The priorities for the ESDP laid down by the Nice summit for the Swedish presidency include the development of civilian capabilities for crisis management.

A decision on the Union's **initial operational capability** is to be taken not later than the end of the Belgian presidency in December 2001. However, before such a state of readiness to carry out crisis management operations can be declared, the newly-created structures and procedures will have to be adequately tested in

exercises. Another important step on the way to credible and efficient EU crisis management has been taken - however, decisive challenges still lie ahead.

Central and Eastern Europe

The countries lying between the Baltic and Black Sea, notwithstanding their different traditions and levels of development, can look back on a successful, peaceful and basically stable year 2000. They proved that they are now functioning parliamentary democracies, and they all made progress towards their primary foreign-policy goal of membership of the European Union. Poland, the Czech Republic and Hungary joined NATO in 1999, and the Baltic States, Slovakia, Romania and Bulgaria are anxious to follow suit at the earliest possible moment. The EU and NATO represent the two pillars of the foreign policy of the CEE countries irrespective of shades of difference in their political orientation.

Their mutual cooperation improved once again, despite historic problems with national minorities in some cases. In particular, Polish and Hungarian relations with neighbouring states were exemplary and made no small contribution to the stability of the region as a whole. All of them were concerned to maintain correct relations with Russia. Although prosperity for a broad circle of people has undoubtedly increased, the social gap between the winners and the losers of the transition is widening and the disappointment of the latter growing. Nevertheless, the influence of extreme political groups, in so far as these existed, was negligible. One major problem which still lacked a permanent and comprehensive solution was the situation of the Roma ethnic group in the Danube region and South-Eastern Europe generally.

A general orientation towards the West meant that the EU enlargement process formed the core of the foreign policies of the CEE countries. The European Commission's Progress Reports on their way towards membership indicated that eight of the ten CEE candidate countries had functioning market economies, while Bulgaria and Romania had made progress towards the same end. Estonia, Hungary and Poland were given the best chance of coping with the demands of the Internal Market in the near future, followed by the Czech Republic and Slovenia.

The European Council in Nice expressed the intention to have the EU ready to admit new members by the end of 2002, and to let them participate in the election to the European Parliament in 2004. There is already cooperation between existing and prospective EU Member States in the other European organisations like the Central European Initiative or Austria's "Trilateral" cooperation with Hungary and Slovakia. As a goodwill gesture, at the end of 2000 the EU members of the Schengen system, not least on Austrian initiative, decided to abolish visas for travel by Bulgarian citizens. The actual date of admission to the EU will depend on the stage of development of the individual candidate country. Where necessary, transitional arrangements will be made for limited periods.

The date of admission will be determined by the degree of development of each candidate. The enlargement as a great European project of peace, freedom and prosperity for the future has to be made comprehensible for the population. The ongoing overall information process has to continue, and the importance of the project will have to become clear and understandable. Wherever necessary, the partners will have to agree on fair, reasonable and flexible transition periods in order to achieve an enlargement under the best possible conditions.

A geographical position on the borders of four candidate countries determines Austria's eminent interest in moving from a frontier location to the centre of the European Union. A series of political and economic considerations, as well as cultural and other historic links, underline the importance of this project. In order to place already dense and varied relations with neighbouring states of the region on a still broader basis, Austria is endeavouring to establish a comprehensive Strategic Partnership with those countries, including Poland. This partnership is to remain open and aim neither at block-building nor local domination, but rather at the effective realisation of common interests, also within the EU. Other examples of regional cooperation like the Benelux countries or Scandinavia serve as examples here. One specifically Austrian interest is the safety of nuclear power stations situated near to the Austrian border, which, if guaranteed in cooperation with the states concerned, and if necessary by means of the European Commission's good offices, should enable the energy chapter of the accession negotiations to be concluded.

The Russian Federation

Relations between the European Union and Russia are based on the **Partnership and Cooperation Agreement** that came into force on 1 December 1997 as well as the EU **common strategy** adopted in 1999. The attitude of the EU towards President Vladimir **Putin**, whose term of office was inaugurated on 7 May 2000, lies between the two poles of condemnation of the Russian actions in Chechnya and the desire to

develop the existing strategic partnership with Russia. Finally, a **TACIS** indicative programme was agreed for the period 2000-2003 with the primary aim of supporting political, economic and social reforms. Russia is also an EU partner for the **Action Plan for the Northern Dimension** that was adopted in Feira. Close cooperation here is in the interest of both sides in view of the possible effects of EU enlargement on the Kaliningrad region.

The sixth **EU-Russia Summit** in Paris on 30 October marked the beginning of an institutionalised dialogue on security and defence policy as well as a dialogue on energy. The concluding statement emphasised the need to find a political solution for Chechnya – the first time that Russia has officially recognised this - while ensuring the territorial integrity of the Russian Federation.

Austria's foreign policy towards the Russian Federation in 2000 was naturally affected by the OSCE Chairmanship. Thus Chechnya and a series of regional conflicts in which Moscow has a role (Abkhazia, Nagorno-Karabakh, Transnistria) were the main themes of the visit paid by Austrian Minister for Foreign Affairs Benita Ferrero-Waldner, in her role as Chairperson-in-Office of the OSCE, to Moscow and Znamenskoye on 12-15 April. In talks with President Putin and Foreign Minister Ivanov, she obtained Russia's agreement in principle to the return of the OSCE Assistance Group to Chechnya. This, however, had not been implemented before the end of the Austrian OSCE Chairmanship.

The Participants in the Commonwealth of Independent States

The CIS comprises the 12 successor states of the former Soviet Union: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. Since not all of them have signed or ratified the CIS statute, not all are de jure members and their participation takes different forms.

Ukraine

The highlight of Austria's bilateral relations with Ukraine in 2000 was the state visit by Federal President Thomas Klestil on 17 and 18 March. Three bilateral agreements were signed, and the visit also served to intensify economic relations. The Federal President also underlined Austria's support for Ukraine's pro-European alignment.

The third **EU-Ukraine Summit** was held in Paris on 15 September. The EU appealed for a continuation of the government's reform course. It welcomed Ukraine's wish for EU integration in principle, and stressed that the 1998 Partnership and Cooperation Agreement as well as the 1999 EU Common strategy would remain the foundation of relations in the medium term. The EU provided financial assistance to a total of €38,5m for institutional reform, economic development and social projects, and an additional €25m to bridge energy supply problems ("fuel gap") after the final closure of the Chernobyl nuclear power station on 15 December, which was welcomed by Austria and the EU.

Belarus

The European Union's – and hence Austria's – relations with Belarus remain drastically reduced in accordance with the decision by the General Affairs Council on 15 September 1997. In view of President Lukashenko's domestic policies, aid provided under the TACIS programme has been suspended since 1996, except for humanitarian projects and support for democratisation. However, a country indicative programme for Belarus for the period 2000-2003 inaugurated in 2000 made support amounting to €5m available for civil society and education projects during 2000-2001.

The EU supported the OSCE's four criteria for the monitoring of the **parliamentary election** on 15 October. The EU attitude was also underlined in a series of demarches and declarations, mostly concerning individual human rights cases. Although some progress was observed in organisational aspects of the election, the OSCE did not regard this as sufficient to carry out a full observation. A compromise was reached at a preparatory technical conference in Vienna on 30 August, when it was agreed to send a technical expert mission to Belarus during the pre-election period and a delegation from the three European parliamentary assemblies (EU, OSCE, Council of Europe) as election observers. However, in a statement issued afterwards, the EU regretted that, despite a certain amount of progress, the election had not come up to international standards. The EU will continue to support the democratisation of Belarus, and the four criteria will also apply for the presidential election in 2001.

Moldova

The Republic of Moldova's foreign policy in 2000 centred on relations with the European Union on the basis of the 1998 Partnership and Cooperation Agreement. Austria supported Moldova's request to be included in the Stability Pact for South-Eastern Europe. In particular, Austria pointed to the republic's urgent energy problem and proposed that a feasibility study be commissioned for a hydro-electric power station on the Dniester to serve both the Moldovan and the Transnistrian sides.

Austrian policy towards Moldova was dominated by the efforts to mediate in the **Transnistria** conflict within the framework of the Austrian OSCE chairmanship. On 6 and 7 June, Minister for Foreign Affairs Benita Ferrero-Waldner visited the capital Chisinau as well as Tiraspol, the centre of the secessionist province of Transnistria. An EU troika at regional director level supported the OSCE efforts to mediate with visits to both cities as well as Kiev and Moscow on 8-11 December. This mediation was not facilitated by the growing domestic political crisis caused by major amendments to the constitution. President Lucinschi dissolved the parliament on 31 December and called a new election for 25 February 2001.

The South Caucasian Republics

The Partnership and Cooperation Agreements with **Armenia**, **Azerbaijan** and **Georgia** entered into force in 1999. Meetings of the cooperation councils and committees were held in 2000. TACIS strategy papers were drawn up for all three countries for the period 2000-2003, with an emphasis on support for institutional, legal and administrative reforms, the private sector, the economy and infrastructural networks. The programmes supported include INOGATE (Interstate Oil and Gas Transport to Europe) and TRACECA (Transport Corridor Europe-Caucasus-Asia). Austrian Minister for Foreign Affairs Benita Ferrero-Waldner visited all three countries in her capacity as Chairperson-in-Office of the OSCE.

The EU expressed criticism of the organisation of the parliamentary elections in Georgia and Azerbaijan. Since Armenia and Azerbaijan have both applied for membership of the Council of Europe, the EU undertook a number of demarches in connection with the latter's conduct (and partial repetition in January 2001) of the parliamentary election. The EU provided financial support to enable Georgia to carry out its obligation to guarantee the safety of the OSCE observers on the Georgian-Chechnyan border. The EU reconstruction programme for South Ossetia was continued by the Hilfswerk Austria. A demarche was made in June in connection with the closure of the "Monitor" magazine in Azerbaijan.

The Central Asian Republics

Austrian Minister for Foreign Affairs Benita Ferrero-Waldner visited all five of the Central Asian countries in her capacity as Chairperson-in-Office of the OSCE. Meetings of the cooperation committees and councils in connection with the 1999 Partnership and Cooperation Agreements with Kazakhstan, Kyrgyzstan and Uzbekistan were held in Brussels. Austria ratified the corresponding agreement between the EU and Turkmenistan on 10 November. A TACIS strategy paper for Central Asia foresees EU support for institutional and economic reforms in the public and private sectors. Regional cooperation is encouraged by the INOGATE and TRACECA programmes. The EU is also developing a drug action plan for the Central Asian countries which covers the detection of cultivation, alternative development and other measures.

Various demarches and declarations were made within the framework of the OSCE on irregularities in the planning and conduct of the parliamentary and presidential elections in Kyrgyzstan, including the fate of the chairman of the Kyrgyz human rights committee. Demarches were undertaken on the abolition of the death penalty in Kyrgyzstan, Tajikistan and Turkmenistan, and a declaration was published welcoming its abolition in the latter country. A demarche was also carried out on the decision by the parliament of Turkmenistan to give President Niyazov the possibility of retaining the presidency for life. A statement was issued within the framework of the OSCE on the presidential election in Uzbekistan in January, which failed to meet international standards, and a demarche made on the pronouncement of death sentences in absentia.

The Balkan Crisis Zone

During the 1990s the Balkan region was repeatedly beset by wars, evictions of populations, and generally by violence of a nature and extent that had been regarded as no longer possible after the Second World War. The year 2000, by contrast, was characterised by a reduction in ethnically-motivated violence and bloodshed, and in some countries by an enhanced transfer of political responsibility towards democratically-motivated reformers as well as closer approaches to the European Union. These positive developments, especially in the two largest countries Croatia and Yugoslavia, were made possible by clear votes in favour of reforming parties and politicians. There is therefore reason to hope that the Balkans will develop from a "crisis zone"

into a "stability zone". This, however, will not be an automatic process. The international community, and the European Union in particular, will have to continue their massive engagement in the region in the years to come.

If the year 2000 in the Balkans was marked by an absence of any massive and acute crisis, there still existed competition between extremists and moderates. However, the numerous elections that were carried through in the region in 2000 resulted mostly in a clear rejection of isolationist and anti-reform tendencies.

The Federal Republic of Yugoslavia

The competition between extremists and moderates is illustrated by the situation in southern **Serbia**, especially in and around the Preševo Valley, where the population contains a high proportion of ethnic Albanians. Despite the removal of the "Milošević factor" and the lack of any life-threatening danger from Belgrade, tensions and acts of violence against ethnic Albanian civilians, Serbian police and other civilians are continuing there. Extremist groups who have lost out in the democratisation process are placing considerable pressure on the moderate elements in Belgrade and Kosovo.

A series of elections took place in Yugoslavia on 24 September 2000: for the Yugoslav Federal President and the Federal Parliament, local elections in Serbia and the election to the regional legislature in Vojvodina. The results inaugurated not only a democratic change within Yugoslavia, but also a fundamental revision of EU policy towards the country. A non-violent demonstration by the population of Belgrade on the evening of 5 October was instrumental in having the result of the elections recognised and implemented. On the following day, Secretary-General Albert Rohan of the Austrian Foreign Ministry, in his capacity as personal representative of the Austrian OSCE Chairperson-in-Office, arrived in Belgrade to begin talks with the new political leadership.

The majority of the EU sanctions against the regime of former Yugoslav President Slobodan Milošević lost their political foundation with the election of **Vojislav Koštunica** of the Democratic Opposition of Serbia. The European Council in Biarritz on 13/14 October, to which President Koštunica was invited, thereupon agreed a package of immediate aid to the value of €200m. The sanctions, with the exception of those directed against Milošević himself and his entourage, were lifted subsequently. Austrian Minister for Foreign Affairs Benita Ferrero-Waldner, as Chairperson-in-Office of the OSCE, visited Belgrade on 6 November to prepare the way for Yugoslavia's admission to the Organisation.

The parliamentary election in Serbia on 23 December emphatically confirmed that a democratic change had taken place. The party coalition of the Democratic Opposition of Serbia received over 64 per cent of the votes cast, thus holding a solid two-thirds majority in the parliament of the Republic of Serbia.

The situation in **Montenegro** in 2000 was dominated by attempts to redefine the relationship between Podgorica and Belgrade – in the latter's dual role as capital of the neighbouring Republic of Serbia as well as of the Federal Republic of Yugoslavia. During the Milošević regime, Montenegro had turned into an important partner for the international community, progressively reducing the federal links with Belgrade to a minimum. The international community exerted itself to provide aid for Montenegro, and to conduct a dialogue with President Milo Djukanović, in order to dissuade the Montenegrin leadership from any action that could be used by Milošević as a pretext for starting another war. The EU delivered budget assistance amounting to €20m. Support for the development of democratic structures and practices was undertaken as a means of promoting stability within the region as a whole.

The issue of stability in the region is the primary motivation for the involvement of the international community there. After the end of the Milošević regime and the election of Yugoslav President Koštunica, however, the security situation changed completely. The units of the Yugoslav federal army stationed in Montenegro – one of the few remaining federal institutions there – were no longer seen as a potential threat from Belgrade, and the danger of a military conflict seemed to have disappeared. President Djukanović of Montenegro reacted by stepping up demands for independence for Montenegro. Such a scenario, however, has met with little enthusiasm internationally. Austria does not support Montenegro's aspirations to independence, and in particular stresses that no unilateral steps should be taken in the course of a redefinition of relations between Belgrade and Podgorica. In Austria's view, the future relationship between Montenegro and Serbia must be redefined within the framework of an open political dialogue.

The efforts of the international community in **Kosovo** during 2000 were directed towards achieving at least coexistence of the different ethnic groups, improving the general security situation, establishing basic administrative structures, and promoting democratic consciousness in a civil society. The local elections organised by the OSCE on 28 October strengthened the position of the moderate forces led by **Ibrahim**

Rugova, and also enabled the international community to identify democratically legitimised discussion partners at a local level.

One of the first visits paid by Austrian Minister for Foreign Affairs Benita Ferrero-Waldner in her capacity as Chairperson-in-Office of the OSCE was to Kosovo. On 22 February 2000 she held talks with leading politicians from the Kosovo-Albanian and Kosovo-Serbian groups, visited the OSCE police school in Vučitrn, and met with representatives of the **OSCE Mission in Kosovo** (OMIK) as well as the KFOR.

The reintegration of the members of the former Kosovo Liberation Army (KLA) into civilian life is one of the most essential tasks of the international administration. After the dissolution of the KLA, a **Kosovo Protection Corps** (KPC) was created to carry out disaster relief, search and rescue, humanitarian aid, demining, and reconstruction functions. Austria was one of the first countries to provide training facilities for former KLA members. In early July 2000, it organised a fire brigade training course for 20 KPC members in Austria which now serves as a model for similar projects in other countries.

The year 2000 was, however, also marked by acts of violence against minorities, and also against moderate Kosovo-Albanian elements, which still hinders the realisation of the multi-ethnic concept in Kosovo. One major handicap is the archaic social structures, which are hermetically sealed off against outsiders and impenetrable by the international UN-administration. In his appearance before the 34-member **Kosovo Transitional Council** during his visit on 5 July, Austrian Federal President Thomas Klestil appealed to the representatives of the Albanian and Serbian communities to take concrete steps to end the violence. Although Kosovo's final status is an issue frequently raised by the Kosovo-Albanian side, it is still too early to arrive at a final settlement.

Bosnia and Herzegovina

The international community was still committed to a high civilian, military and financial engagement in Bosnia during 2000, five years after the Dayton Accords. On the civilian side, the UN High Representative, Wolfgang Petritsch of Austria, was mainly concerned with the development of functioning state institutions and economic capacity as well as with the repatriation of refugees. The international community is, however, frequently confronted with political forces representing the interests of the "nationalist" parties rather than the consolidation of the republic and its state institutions.

Five years after the end of the war, the results of the elections on 8 April and 11 November confirmed that political life is still determined to a great extent by formations and persons who were brought to prominence by the war. These parties, which need a climate of mutual distrust and political instability for their political survival, stand in total contrast to the efforts of the international community to turn Bosnia and Herzegovina into a modern, consolidated European state with a clear future within the European structures. Due to the existence of mono-ethnic parallel structures, politicians who have responsibility for the state as a whole refuse to adopt the international community's ownership concept and face up to their responsibilities in this respect.

Croatia

The parliamentary election on 3 January 2000, which brought a new generation of politicians to the fore, marked the end of the Tudjman era and inaugurated a phase of reform, economic restructuring, and approach to the European Union. The democratic change in Croatia was further consolidated on 7 February with the election of **Stjepan Mešić** as President. On 25 May Croatia joined the NATO Partnership for Peace, and on 17 July signed the World Trade Organisation's accession protocol.

On occasion of the inauguration ceremony for the new president, Austrian Federal President Thomas Klestil and Minister for Foreign Affairs Benita Ferrero-Waldner visited Croatia on 18 February as a demonstration of support for the new government and its reform programme. Federal Chancellor Wolfgang Schüssel visited Zagreb on 6 October, when he had talks with President Mešić, Prime Minister Račan and President of Parliament Tomčić, and signed an agreement on the financing of a reconstruction project in Vukovar to enable the return of refugees and internally displaced families.

The year came to a successful conclusion with the **Zagreb Summit** on 24 November, held on the initiative of President Mešić and President Chirac of France. For the first time, this brought all the states of the Western Balkans round the table together with the EU Member States. Negotiations were formally opened on a Stabilisation and Association Agreement between the European Union and Croatia. The considerable significance of this step lies not only in Croatia's visible approach to the EU, but also in the symbolic recognition of its new government's successful efforts and the example it sets to the other Balkan States.

Albania

The fourth conference of the **Friends of Albania** was held in Vienna on 28 February 2000. The half-yearly meetings of this informal support group of states and international organisations are organised alternately by the EU presidency and the OSCE chair for the time being, the latter being on this occasion Austria. Albania was represented by Foreign Minister Paskal Milo. The conference expressed the appreciation of the international community for the progress achieved by the Albanian government under Prime Minister Elir Meta in respect of security, combating corruption, the functioning of the state institutions, and economic reform, and assured the Albanian government of continued international support. While the Meta government has undoubtedly made progress in a number of directions, its approach to the EU is still hindered by the weakness of the state institutions and a general lack of awareness of the ground rules of democracy. One of the problems is the extreme polarisation of the parties and the numerous demonstrations on the streets headed by government opponents and members of the opposition party of Sali Berisha.

Although in the autumn of 1999, the European Commission had pointed out a number of democratic deficiencies in Albania, the government was anxious to obtain a fixed date for the opening of negotiations on a **Stabilisation and Association Agreement with the European Union**. That was the main theme of a visit by Prime Minister Meta to Austrian Chancellor Wolfgang Schüssel on 8 September. While the Zagreb Summit on 24 November did not produce a definite outlook for the start of negotiations on such an agreement, it did lead to an announcement by the EU that it would intensify cooperation with Albania. Meantime, it was decided to set up a **High Level Steering Group** to report to the European Commission by mid-2001 on Albania's progress and deficiencies in relation to such an agreement.

The **local elections** on 1 and 15 October under international observation represented an important step towards democratisation. Although the observer missions by the OSCE and the Council of Europe pointed out some deficiencies, mainly in the second ballot, the elections were on the whole considered as complying with international standards. The visit to Tirana on 13 November by Austrian Minister for Foreign Affairs Benita Ferrero-Waldner, in her capacity as Chairperson-in-Office of the OSCE, was regarded as particularly valuable by the Albanian side. On this occasion she clearly pointed out where progress had been made in Albania's transformation process, and where the deficits still lay.

Macedonia

In 2000 the foreign policy of the **Former Yugoslav Republic of Macedonia (FYROM)** was again dominated by endeavours to integrate into the European structures. Its **Stabilisation and Association Agreement** with the European Union was initialled on 24 November at the Zagreb Summit, the first of its kind to be concluded with a country of South-Eastern Europe. The integration into the EU was also the theme of talks by Austrian Minister for Foreign Affairs Benita Ferrero-Waldner with President Trajkovski and Prime Minister Georgievski during her visit to Skopje on 13 March.

Although there are no multi-ethnic political parties in Macedonia, cooperation between the Albanian and Macedonian ethnic groups nevertheless functioned well at political level. The population structure is, however, becoming affected by markedly unequal growth rates as a result of the high birth rate among ethnic Albanians on the one hand and the emigration tendencies of the Slavic Macedonians on the other hand. The EU is attempting to defuse this potentially critical situation by supporting the government coalition regarding Macedonia's approaches to the European structures.

The Democratic Alternative, the Slavic Macedonian junior partner in the government, left the coalition at the end of November, but Prime Minister Georgievski very swiftly found a new parliamentary majority, reshuffled the government and continued the work of stabilisation and reform.

The Western Balkans and the European Union

The primary goal of the European Union's foreign policy towards the Western Balkan region is its increasing integration into the "European mainstream" whereby "Europe" or the "European Union" is not to be understood as an eternally fixed geographical zone, but rather as an area where certain fundamental values determine political actions. Apart from market economy, these values include democracy, plurality of opinion, respect for human and minority rights, rejection of totalitarianism, good neighbourly relations, the free return of refugees, unrestricted cooperation with international institutions which play an essential role in the Balkans peace process, and respect for the dignity of every human being irrespective of origin. A state that adopts and consistently respects these conditions is a potential member of this EU-Europe. For half a century European integration has guaranteed security, peace and a certain economic prosperity for several hundred

million people. Through adopting the standards of this community, the Western Balkan countries have the long-term opportunity of becoming members of the European Union and benefiting from its achievements.

It is Austria's view that the prospect of future membership of the European Union is an effective incentive to the countries concerned to push forward with their internal reform processes with a high degree of acceptance by their voters. They can determine their own speed of integration through their rate of reform, but will be supported by the EU in their efforts. At the moment, the highest stage of support is the **Stabilisation and Association Agreement**, tailored to the needs of the individual country. At the end of 2000 such an agreement had been initialled with Macedonia and another was under negotiation with Croatia.

The **Zagreb Summit** on 24 November presented an opportunity to make it clear that there was no competition between the states of the Western Balkans as regards approaches to the European Union, that on the contrary it was in their own interests to expand cooperation between themselves since this might improve their macroeconomic figures, thus accelerating their approach to the EU.

In order to enable the countries concerned to gain closer acquaintance with the Union's structures and methods of functioning, Austria took the opportunity of the Zagreb Summit to press for the establishment of a **multilateral dialogue** between the EU and the Western Balkan countries on foreign policy issues of mutual interest. This dialogue should serve three objectives:

Firstly, the partners of the EU in the Western Balkans would become acquainted with an important and increasingly more dynamic dimension of European integration. Secondly, the EU in its turn would become more sensitive to the interests and ideas of its partners in this region. Thirdly, it would stimulate cooperation on foreign policy issues between the partners in the stabilisation and association process.

Austria has played an active part in all the initiatives under the EU foreign policy for overcoming the problems in South-Eastern Europe, especially within the EU **Reconstruction Agency** as well as the stability and association process. Austria has also played a comprehensive part in the three working tables of the **Stability Pact for South-Eastern Europe**. One particularly successful example is the Austrian cultural and scientific initiative that has become generally known as the **Graz Process**.

The presidential election in the United States was the occasion for a widespread media discussion of the country's future role in the Balkans, which President Bush declared during the pre-election period would be subject to a reappraisal under his leadership. The talk was of a progressive withdrawal from "nation-building missions", with a future concentration of US forces on conflict situations in actual crises and less on the consolidation and supervision of already initiated peace processes like those in Kosovo and Bosnia-Herzegovina. In this event the management of these processes would devolve primarily on the members of the European Union, which would then have the opportunity to prove that it is in a position to successfully push forward peace processes in its immediate vicinity.

The Middle East, North Africa and the Mediterranean

The determining factor of developments in the Middle East in 2000 remained the Israeli-Arab peace process, which deteriorated during the second half of the year. The persistent lack of cohesion within the government coalition in **Israel** had a considerable effect on the situation. Prime Minister Ehud Barak tried to establish a basis for his peace policy by forming a cabinet consisting of representatives of politically very divergent groups in addition to his own Labour Party. The successive withdrawal of these groups due to differences over the peace talks with the Arab side left Barak without a parliamentary majority and resulted in his resignation in December. Parliament was not dissolved, but a direct election of the new Prime Minister was fixed for February 2001. The internal political instability was also demonstrated by the early resignation of President Ezer Weizman. Nobel Peace Prize laureate Shimon Peres was nominated by the coalition for election by the Knesset in July, but in the end the candidate of the Likud Party, Moshe Katsav, was successful. The EU improved relations with Israel somewhat by ratifying the association agreement and setting up a **Dialogue Forum Israel-EU**, but was accused by the Israeli side of favouring the Palestinians. The central role as mediator therefore remained with the United States.

There was no appreciable difference in the situation in **Iraq**. While the population continued to suffer, the government under President Saddam Hussein still refused to implement Security Council Resolution 1284, which set up the **UN Monitoring, Verification and Inspection Commission** (UNMOVIC) for arms control. The UN "Oil for Food" programme continued, but the international sanctions were becoming increasingly eroded, with a limited resumption of civilian air traffic into Baghdad. This was disapproved by the US and United Kingdom, whose air attacks continued within the no-fly zone that is not recognised by Iraq.

President Mohammad Khatami and the government of **Iran** continued on their reform course and won convincingly over their political opponents in the parliamentary election in February. The conservative elements, who retain a substantial power base in the judiciary and security services, reacted with massive countermeasures, although the vast majority of the population supports the government. Liberal newspapers were closed, journalists were arrested, and court action was taken against reform-oriented intellectuals. Parliamentary procedures were undermined, and meetings of reform groups were broken up. A group of 13 Jewish and 8 Islamic Iranians were convicted of espionage, but appeals were pending at the end of the year. President Khatami's cooperative foreign policy was instrumental in improving Iran's relations with the international community. His policy of liberalisation and opening was supported by the European Union.

Egypt held the first parliamentary elections that were completely under judicial control, when the official candidates of the National Democratic Party that had been in power for decades suffered relatively large losses. The election resulted in success for a surprisingly large number of candidates who stand near to the officially banned Moslem Brothers. The government party nevertheless retained more than four fifths of the seats in parliament. At the beginning of the year, there were conflicts in Upper Egypt between Moslems and members of the Coptic Church, which resulted in a number of deaths.

The parliamentary election in **Lebanon** resulted in a surprising victory for former Prime Minister Rafic Hariri, who is expected to stimulate the Lebanese economy. In **Syria**, the deceased President Hafez Al Assad was succeeded by his son Bashar Al Assad, whose election by plebiscite took place with no opposing candidates. The new president, and the government appointed by his father, have a cautious policy of economic reform aimed at stimulating investment. **Saudi Arabia** concluded treaties on open border questions with **Kuwait** and especially with **Yemen**, where almost the entire border line had been in dispute.

The Middle East Peace Process

There was an atmosphere of optimism and expectation in early 2000, when Israel transferred more areas to the Palestinian National Authority and withdrew its military forces from South Lebanon. This largely ended the confrontation with the Lebanese Hizbollah resistance forces, but the withdrawal remained incomplete in Lebanese eyes because of the continued Israeli occupation of the so-called Shebaa Farms area in the north. Despite the border agreement with the United Nations, the Lebanese consider this a part of their land, whereas the Israelis hold it to be part of the Golan Heights, the status of which has still to be negotiated with Syria.

Growing tensions within the Israeli government coalition led to a stagnation of the negotiations in mid-2000. Nor could the multilateral peace process be reactivated. President Clinton of the United States thereupon invited Israeli Prime Minister Ehud Barak and Palestinian President Jasser Arafat to a meeting at Camp David outside Washington, but the talks ended with no concrete result. The Palestinians, however, continued to refrain from a unilateral declaration of an independent state.

At the end of September, a visit by Israeli opposition leader Ariel Sharon to the Islamic holy places in the old city of Jerusalem led to wave of violence between Israelis and Palestinians. By the end of the year, this had cost over 320 lives (90 per cent Palestinian) and more than 9,000 wounded as well as immense economic damage. For the first time since 1948, the Arab minority in Israel itself was involved. There was a revival of bomb attacks within Israel.

Attempts at mediation by the international community remained without effect, but an international investigation commission under US senator George Mitchell had started work by the end of the year with the approval of all the parties. The UN Security Council and General Assembly condemned the use of excessive force by Israel against Palestinian demonstrators. Towards the end of the year, President Clinton put forward compromise proposals for a peace settlement between Israel and the Palestinians, but this, too, brought no result.

The European Union also attempted to contribute to the peace process, and repeatedly called for calm and a return to the negotiating table. The European Council in Nice on 8 December issued a statement demanding an end to the violence, the resumption of peace talks and confidence-building measures. The High Representative for the EU Common Foreign and Security Policy, Javier Solana, was actively engaged in the mediatory talks for the first time, and is also a member of the investigating commission under Senator Mitchell.

The Euro-Mediterranean Partnership (Barcelona Process)

The Euromed Partnership, inaugurated at the 1995 Barcelona Conference, is designed to intensify relations between the European Union and its twelve Mediterranean partners: Morocco, Algeria, Tunisia, Egypt, the Palestinian National Authority (PNA), Israel, Jordan, Lebanon, Syria, Turkey, Cyprus and Malta. Libya would now be entitled to full participation, but to date has not formally intimated acceptance of the conditions. This is the first European initiative in the region that attempts to use integrated political and economic means to create a common zone of peace, stability and prosperity. The main aspects of the Barcelona Process are cooperation on political and security matters, an economic and financial partnership, and deepening social, cultural and humanitarian cooperation.

The fourth **Euro-Mediterranean Conference of Ministers for Foreign Affairs** in Marseilles on 15/16 November failed to agree on a Charter for Peace and Stability, in view of the unfavourable political environment, but work on the Charter will be continued. Meantime, the dialogue is being deepened in the areas of terrorism and migration, and broadened in areas such as security, disarmament, human rights and democracy. Several Mediterranean states were not considered to be doing enough as regards economic and financial cooperation, and foreign investment in the partner states remains insufficient. The development assistance foreseen under the MEDA programme amounts to €5,350m for the period 2000-2006, with a possible additional €7,400m from the European Investment Bank. The meeting reiterated the common goal of a free trade zone by the year 2010, and the importance of the economic opening of the partner states.

The potential of the social, cultural and human dimensions of the partnership has hitherto not been fully exploited. Therefore, the social consequences of the economic reform measures must be given more attention in future, especially as regards education and training. A new regional programme is being inaugurated with the primary aim of integrating women into economic life. The cultural cooperation programmes are being continued, and a new programme will cover justice and internal affairs. The MEDA democracy programme will also ensure that the civilian population is integrated into the ongoing partnership activities. A meeting of Euromed ministers for industry was held in Limassol, Cyprus, on 22/23 June as a follow-up to the initial conference held in Klagenfurt in October 1998 under the Austrian EU presidency.

Bilateral **association agreements** came into force in 2000 between the EU and Turkey, Malta, Cyprus, Tunisia, the PNA, Morocco and Israel. The agreement with Jordan was close to ratification at the end of the year, and those with the other members were still under negotiation. The European Council in Feira adopted the new EU **Common Strategy** for the Mediterranean region. It provides for enhanced cooperation on democracy, human rights, the rule of law, economic development, education and training, combating drugs and organised crime, and a social dialogue.

Organisations for Multilateral Cooperation

All the meetings of the **Arab League** were dominated by the theme of the Middle East peace process, with particular reference to the status of Jerusalem. The 114th Council of Ministers decided to support the continuation of the peace process on the basis of UN Security Council resolutions 242 and 338 as well as the "land for peace" principle. It also called for diplomatic relations to be broken off with states that recognise Jerusalem as the capital of Israel. The summit meeting in Cairo in October adhered to the peace option even in the face of rising pressure on the Arab governments due to the Israeli attacks on the Palestinians. It was decided to hold a summit meeting every year.

Qatar took over the chairmanship of the **Organisation of the Islamic Conference** from Iran for the following three years. The ninth OIC summit in Qatar in November invited member states to break off existing relations with Israel, and called on the United States to change its attitude to the Middle East peace process. Efforts to arrange a direct meeting between representatives of Iraq and Kuwait remained unsuccessful, but UN Secretary-General Kofi Annan had a meeting with the Iraqi Vice President. Former Moroccan Foreign Minister Abdelouahed Belkeziz was appointed Secretary-General of the OIC for three years till the end of 2004. The second OIC-EU meeting on questions of common interest, held in Qatar on 12 December, dealt with the peace process, Afghanistan, Central Asia/Caucasus and the Western Balkans.

The **Gulf Cooperation Council** was founded in 1981 by Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Qatar, Bahrain and Oman. Its two summit conferences in 2000 centred on the Middle East peace process, Iraq, the conflict between the UAE and Iran over several islands in the Gulf, and on military cooperation between the member states. The GCC customs union, which is a precondition for a free trade agreement with the EU, is to come into force in 2005. The tenth meeting of the GCC-EU Cooperation Council was held in Brussels in May, when it dealt with the future free trade agreement, the planned GCC customs

union and current international questions. The GCC and EU foreign ministers hold an annual meeting during the UN General Assembly sessions in New York.

Africa South of the Sahara

Sub-Saharan Africa has an international image as a continent of widespread poverty, malignant diseases, armed conflicts and natural disasters with devastating humanitarian consequences. The cliché is not entirely unfounded. In 2000, most of the world's conflicts occurred in 13 countries of the region. Even after the formal end of the Ethiopian-Eritrean war, there was a wave of civil wars, armed conflicts and latent crises breaking out into violence. The reasons for this are many and varied.

Six million of the world's 22 million registered refugees are in sub-Sahara Africa. More than 2 million children there are invalids due to the widespread prevalence of anti-personnel mines. The region includes most of the world's poorest countries. Insufficient economic growth, the increasingly evident effects of the hitherto underestimated AIDS epidemic as well as national and international armed conflicts are increasingly becoming the principal causes of **poverty**, formerly attributed to mismanagement and bad governance. Despite limited individual successes, there is still no sign of the ongoing impoverishment of the continent being reversed. This has become a major challenge for the countries concerned, and also for the international community.

Despite these negative tendencies, however, Africa is now more democratic than at any time since the colonial era. In 32 of the 48 countries, the heads of state and government have been democratically elected, even if in some cases the procedures leave much to be desired. There is a trend to political and economic participation by women and minority groups. Economic reforms towards market economy were particularly successful in situations of political peace and competent governance, thus counteracting the failed economic and political trends of the previous decades. There was also a new dynamism in the hitherto halting process of regional integration and cooperation and in the search for African regional solutions to conflicts.

The majority of the target countries for **Austrian development cooperation** are in sub-Saharan Africa, which means that a substantial proportion of Austria's resources for development assistance are devoted to the subcontinent. The region is also becoming a focal point for the EU Common Foreign and Security Policy as well as for the United Nations. The most important events during 2000 were the **Europe-Africa Summit** under the auspices of the Organisation of African Unity and the EU, held in Cairo in April, the **EU-SADC Ministerial Conference** in Gaborone in November, and the signing of the **ACP-EU Agreement** in Cotonou in June. Austria continued to contribute to European efforts to resolve conflicts in Africa by sending experts to assist with the conflicts in Burundi and Togo, and by holding a conflict resolution seminar lasting several weeks in Namibia.

The Organization of African Unity

The movement for African integration at continental level rests on two pillars: the **Organisation of African Unity** (OAU) for political matters, and the **African Economic Community** (AEC). Both are administered by the Secretary-General of the OAU, with which the EU maintains an institutionalised dialogue. At the Lomé summit in July, the African heads of state took the first constituent step towards the creation of an **African Union**, as envisaged in the OAU Charter, with the fusion of the OAU and AEC. They also issued a declaration on the **Conference on Security, Stability, Development and Cooperation in Africa** (CSSDCA), a regime based on the Helsinki Process.

The first **summit conference of the heads of state and government of the EU and Africa** took place in Cairo on 3/4 April 2000. Its agenda mainly dealt with economic integration, conflict management, human rights, democracy, good governance, and socio-economic development. Although the declaration and the action programme did not result in the desired measures for a new partnership, they did however form the starting point for a follow-up process, the timetable for which was agreed at a dialogue meeting in Brussels on 17 November.

The Horn of Africa

There was a breakthrough in the **Somalia** crisis insofar as a peace conference succeeded in electing a transitional parliament and transitional president, Abdikassim Salad Hassan. The transitional government appointed by him was in office by October, accepted by the population and supported by the international community. On the other hand, it was forced to compromise with the warlords who still control most of the southern part of the country and the capital Mogadishu, as well as with the internationally unrecognised

quasi-states in the north, Somaliland and Puntland. Developments in Somalia have a considerable influence on the stability of the Somali federal province of neighbouring Ethiopia.

Ethiopia, in its conflict with **Eritrea**, not only regained the areas Eritrea had held since 1998, but also occupied large parts of Eritrean border territory. The armistice agreed in Algiers on 18 June was followed by the creation of the peacekeeping **UN Mission for Ethiopia and Eritrea** (UNMEE), which includes Austrian military observers. Ethiopia is required to evacuate the occupied areas within 14 days after the stationing of UNMEE units, which had not taken place by the end of the year. On 12 December, the Ethiopian Prime Minister and the Eritrean President signed an agreement committing both sides to ending hostilities and refraining from the use of force. The most serious problems, including the causes of the conflict, border lines and compensation, will be decided by independent tribunals.

The civil war in **Sudan** continued in 2000 despite increased efforts to mediate by Egypt, Libya and the Intergovernmental Authority for Development, but the measures instituted by the Sudanese government in December 1999 to reduce political tension and improve relations with neighbouring countries were continued with growing success. The EU reopened its critical dialogue with Sudan under the title "renewed dialogue". There was a simultaneous marked economic opening, above all in the direction of Western countries.

The financial situation of the **Intergovernmental Authority for Development** (IGAD) improved in 2000, but there is still very limited interest in its projects on the part of the European donor countries, not least because of the general crisis situation in the region. At political level, the EU-supported IGAD critical dialogue with Sudan continued. The provisional arrangement with Somalia allows for international cooperation with the new national government as well as with the largely independent Somaliland and Puntland regions in the north.

East and Central Africa and the Great Lakes

The armed conflict in the **Democratic Republic of Congo** continued, a year and a half after the Lusaka Cease Fire Agreement, with military participation by seven countries of the region. It has subsequently developed into a war of attrition between the SADC countries Angola, Zimbabwe and Namibia, on the side of Kabila, and Rwanda, Uganda and Burundi on the other side. The UN Security Council renewed the mandate of the **MONUC** mission in mid-December for a further six months, but the monstrous humanitarian tragedy continues and threatens to destabilise the entire Great Lakes region.

After mediation by ex-President Nelson Mandela, the Arusha peace agreement to end the internal conflict in **Burundi** was signed on 28 August by all the political parties and ratified by the National Assembly, but the failure of the FDD and FNL Hutu rebel groups to sign and the lack of a formal armistice weaken the agreement. A decisive constitutional change took place in **Rwanda** with the resignation of Prime Minister Rwigema and President Bizimungu. On 22 April, Vice President Paul Kagame became President, which meant a further increase in the power of the Tutsi minority. The international donor community was generally satisfied with the government's economic policies, although there remained suspicion of the misuse of aid means to finance the increasingly burdensome Congo intervention.

Political events in **Uganda** were dominated by the referendum on the country's future political system, and by the implementation of the 1999 Nairobi agreement with Sudan. The dominant political event in **Tanzania** was the holding of the parliamentary and presidential elections on 29 October. The mainland election was regarded as peaceful and correct, but that on Zanzibar was chaotic and controversial. However, after conciliatory gestures, the EU intimated its readiness to resume its suspended cooperation with Zanzibar.

Kenya remained an important element of stability in the region and a driving force for economic integration within the **East African Community** (EAC). This regional organisation, consisting of Uganda, Tanzania and Kenya, was revived in 1999. Its medium-term goals are a customs union, a common market and a monetary union, with a longer-term perspective of a political federation. Steps towards implementation have so far not been evident.

West Africa

The general trend in 2000, as in Africa as a whole, was in the direction of stabilisation and integration as well as the establishment of cooperative partnerships with the EU and North America. The **Economic Organisation of West-African States** (ECOWAS), founded in 1975, celebrated its silver jubilee in 2000. The opening of the **ECOWAS Parliament** in Bamako (Mali) on 16/17 November was a further step towards the integration of West Africa. The first **EU-ECOWAS ministerial meeting**, on 16 October in Abuja, decided to

step up support in important areas such as regional integration, development of the trading and private sectors, build-up of institutions, agricultural research and regional transport, etc.

Southern Africa

The 14-member **Southern African Development Community** (SADC), with a population of around 200 million, remained a gradually integrating region of relative stability by African standards despite the troubles in its member states Angola, Zimbabwe and the Democratic Republic of Congo.

The **Republic of South Africa** demonstrated stable political and economic development, although its target growth rate of 3.5 per cent could not be achieved. Local elections in November resulted in losses for the ruling African National Congress and gains for the opposition alliance. South Africa's foreign policy concentrated increasingly on the African continent, and in particular on the building of a strong African axis with Nigeria and Algeria.

There was still no end to the internal conflict in **Angola** in sight. The decision by President Nujoma of **Namibia** to permit Angolan government forces to combat the UNITA guerrillas from Namibian territory led to repeated border incidents, with negative effects on tourism and economic activities generally, but there was no spread of hostilities within Namibia.

The **Southern African Development Community**, like the other African regional organisations, is based on cooperation on economic, development and political issues. The political cooperation, through the **SADC Organ for Politics, Defence and Security**, has never really got off the ground. Experience with military interventions in member countries has only underlined the need for a functioning mechanism for crisis management and peacekeeping. The SADC summit in Windhoek in August and the ministerial conference in Gaborone in November decided to bring the necessary reform proposals before a special summit in early 2001. The Windhoek summit also decided to implement the **SADC free trade zone** with effect from 1 September 2000. Initially, it will include 11 of the 14 SADC members.

The European Union has had an institutionalised dialogue with the SADC since 1994. The fourth biennial SADC-EU ministerial conference took place in Gaborone (Botswana) on 29/30 November in a constructive atmosphere. Both sides emphasised the importance of conflict prevention and resolution, and both recognised the interdependence of debt remission and the combating of poverty. Amongst the other themes dealt with was improvement of the transport sector, introduced by Austria.

The South Africa-dominated SADC is in competition with the **Common Market for Eastern and Southern Africa** (COMESA), which with 20 members is the largest economic block on the continent.

Asia and the Pacific

Due to the increasing instability in South and South-East Asia, the centre of political and economic gravity is steadily moving towards the north-east, where China, Japan and the Republic of Korea are consolidating their position as the dominating states of the region. **Indonesia**, the **Philippines** and **Myanmar** (Burma) demonstrated particularly unstable tendencies. There were several ongoing regional conflicts in South Asia, of which the **Kashmir** conflict between **India** and **Pakistan** remained particularly acute despite some encouraging steps. India achieved international recognition through the visit by US President Clinton in March and the **EU-India Summit** in June. In **Afghanistan**, the Taliban consolidated their hold on the greater part of the country, but remained internationally isolated, due mainly to their massive violations of human rights. **Sri Lanka** was beset by Buddhist fundamentalism and an ongoing civil war. Even in the South Pacific, there was a political coup in **Fiji** and another attempted one in the **Solomon Islands**.

Northern Asia, by contrast, is increasingly becoming a substantial growth area. The **People's Republic of China** pursued a careful but consistent policy of opening, and is thereby becoming a steadily more important partner for the European Union and the international community generally. A trading agreement with the EU was signed in May 2000, and China is about to join the World Trade Organisation. The EU is China's second-largest export market and China is the third-largest market for EU exports after the US and Japan. The political confidence instilled by Chinese diplomacy attracted more and more interest by foreign investors. Peking reacted mildly to the election of the new Taiwanese President Chen Shui-Bian in March. Other encouraging signs included China's negotiations with Vietnam over the sea border in the Gulf of Tonkin, the dialogue with the EU on human rights, and the role played by China in arranging the inter-Korean summit.

The historic meeting between the presidents of the **Democratic People's Republic of Korea** (North Korea) and the **Republic of Korea** (South Korea) on 13-15 June 2000 not only inaugurated a gradual normalisation of relations between them, but also brought about a detectable reduction in tension throughout the entire region. After a number of initial steps towards a rapprochement, it is to be expected that both states will pursue an active policy of reconciliation and cooperation, even if reunification is not an immediate prospect. Austria, while holding the presidency of the European Union, inaugurated a political dialogue with North Korea that has now been institutionalised. Up to the beginning of 2000, Austria was one of only five EU countries to maintain diplomatic relations with North Korea, but others have now intimated that they intend to take similar steps.

Despite economic problems and domestic political difficulties, **Japan** remained the pacemaker in Asia. State debts amounting to 130 per cent of GDP placed restrictions on the government, but the country still achieved the largest surplus on current account and remains the world's foremost aid donor. Relations between the EU and Japan are primarily economic. It is, however, planned to issue a political declaration proclaiming the next 10 years a "Decade of Japanese-European Cooperation" and expressing the will to translate the partnership into concrete action. The declaration will be accompanied by an action plan entitled "Partnership of the Millennium". Both documents are to be presented at the 10th summit meeting in 2001. Austria unreservedly welcomes this extension of relations.

Regional Organisations

The **Association of South East Asian Nations** (ASEAN), founded in 1967, has 10 full members and one with observer status. The framework conditions for its institutionalised cooperation with China, Japan and South Korea as "**ASEAN + 3**" were drawn up in the 1999 **Joint Statement on East Asia Cooperation**. This definitively gives the group a central role in Asian affairs. Various ministerial meetings culminated in the fourth ASEAN summit in Singapore in November, when various large projects were agreed in cooperation with the three new partner states. These included an initiative for promoting training in information technology, and an enlargement of the ASEAN Free Trade Area (AFTA) into an **East Asian Free Trade and Investment Zone**.

The **ASEAN Regional Forum** (ARF), founded in 1994, is the only standing multilateral institution concerned with security issues in the Asia-Pacific region. In addition to the 10 ASEAN members, it includes the dialogue partners EU, US, Australia, Canada, China, India, Japan, South Korea, New Zealand and Russia, as well as Papua-New Guinea, Mongolia and (from 27 July 2000) North Korea. Its agenda comprises confidence-building measures and preventive diplomacy, and extends to issues like transnational crime, piracy, disaster relief, etc. Thailand, which held the chairmanship in 2000, maintained contacts with the United Nations, the OAS in America and the OSCE in Europe, and published the first ARF **Annual Security Outlook**.

The **Asia Pacific Economic Cooperation** (APEC) comprises 21 states of the region. Efforts to create a comprehensive free trade zone were still being hindered by the after-effects of the 1997/98 Asian financial and economic crisis. The 8th APEC summit in Brunei in November centred on liberalising markets while protecting the less developed countries.

The **South Asia Association for Regional Cooperation** (SAARC), comprising Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, has predominantly economic, social and cultural objectives. Its **South Asian Preferential Trade Agreement** (SAPTA) came into force at the end of 1995. This foresees the abolition of all trade barriers by 2008 and the creation of a **South Asian Free Trade Association** (SAFTA). Internal differences, above all the Kashmir conflict between India and Pakistan, restrict its capacity for action and further development.

The EU-Asian Partnership

The multilateral dialogue process between the EU and Asia rests essentially on three pillars. The 1978 formalised **biennial dialogue** at ministerial level with ASEAN, broken off in 1997 over the admission of Myanmar/Burma, was resumed in December at the 13th ministerial meeting, at which the political situations in Indonesia and Myanmar were discussed. A subsequent meeting in Europe will depend on Myanmar's progress towards democracy. Laos and Cambodia were accepted as new treaty partners under the 1980 **EC-ASEAN Cooperation Agreement** between the EU and individual ASEAN states, from which Myanmar remains for the time being excluded.

The **Asia-Europe Meeting** (ASEM) is an informal biennial dialogue forum comprising the European Commission, the EU Member States, the original seven ASEAN states, and China, Japan and South Korea. Myanmar is pressing for membership, but is unlikely to be accepted under the newly adopted regulations, due to resistance from the EU. The ASEM III summit on 20/21 October issued the **Seoul Declaration for Peace**

on the Korean Peninsula in the light of the reconciliation between North and South Korea. For the first time, human rights were included in the new work programme, the **Asia-Europe Cooperation Framework 2000**, against the opposition of China and Malaysia. ASEM IV will be prepared at a meeting of foreign ministers in Peking at the end of May 2001 and will be held in Copenhagen in 2002.

The **Asia-Europe Foundation** (ASEF) was set up by ASEM to promote better understanding through academic and cultural activities. Austria supported it with a grant of USD 300,000. In September, there was a forum in Vienna on the role of the individual in family, society and state in Asia and Europe, organised jointly by ASEF, the City of Vienna and the Ludwig Boltzmann Institute. The 5th **Asia-Europe Business Forum** was held in Vienna on 29/30 September. Other ASEM institutions include the **ASEM Business Conference** and the **Asia-Europe Young Leaders' Symposium**, which in 2000 was held in Limerick in Ireland.

The Asian Economy

The effects of the 1997/98 Asian financial crisis were still evident in 2000. EU exports to Asia diminished considerably while imports rose strongly, thereby increasing the Union's overall deficit in trade with Asia. (Austria's exports to Asia, in contrast, rose by almost 20 per cent in 2000, although they represented only 5.8 per cent of total Austrian exports.) Strong exports and a revival of the domestic markets brought average economic growth in the Asian countries to around 7 per cent. This was unaffected by strong fluctuations in regional currencies and the capital market, and large currency reserves contributed to stability. The Asian stock exchanges, on the other hand, experienced their worst results since 1990. The EU-China, EU-Cambodia and EU-Mongolia joint committees met during 2000, and the EU-Bangladesh cooperation agreement was signed in May.

North America

The United States

The strategic partnership between Europe and North America is based not least on a **community of values** which binds both sides of the Atlantic. In this spirit, the United States of America welcomes the development of European defence capacities, but lays considerable stress on the closest compatibility and coordination with the North Atlantic Treaty Organisation.

Concerning the efforts of the Austrian Federal Government to resolve open restitution issues and the matter of compensation for **slave and forced labourers** on the territory of the present-day Austria during the Second World War, see Chapter D "Coming to Terms with the Nazi Past".

The US Department of State's annual **Report on International Religious Freedom** was published in 2000 for the second time. As in the previous report, criticism is expressed of the fact that different categories of religious communities in Austria exist with varying legal status. Resolution 588 of the Committee for International Relations of the House of Representatives also expresses criticism of Austria, France, Belgium and Germany in this respect.

Bilateral economic relations remained unaffected by these political issues, and even the US economic sanctions against the EU over bananas and hormone-treated meat had only limited effects in Austria. The US remained Austria's third most important export market after Germany and Italy, while Austria went up from 40th to 38th place among suppliers to the US. The United States is also one of Austria's five most important partners for Foreign Direct Investment. Up to 1,700 Austrian firms undertake regular commercial activities in the US. Of these, some 263 maintain around 300 sales and 60 production subsidiaries which employ over 8,000 Americans. On the other hand, there are around 600 branches of US firms in Austria employing almost 30,000 personnel. About two thirds of these firms are also active in the countries of Central and Eastern Europe. The forthcoming enlargement of the European Union has considerably enhanced American interest in Austria's geographical position as a springboard for expansion to the east. New direct Washington-Vienna and Chicago-Vienna airline flights were inaugurated during the year.

The US presidential and congressional **elections** on 7 November 2000 were followed by a lengthy legal battle. Former Vice President Albert Gore gained the largest number of votes nationwide, but on 18 December former Texas Governor **George W. Bush** was finally elected President of the United States due to the special characteristics of the US electoral system.

In the **House of Representatives**, 210 of the 435 seats went to the Democratic Party, 223 to the Republicans, and two were gained by independents. In the **Senate**, where 34 seats were up for election, the Democrats won 19 (+4) and the Republicans 15 (-4), leaving both parties equal with 50 seats apiece. Eight of

the eleven **governor** posts up for election went to the Democrats (+1) and three to the Republicans (-1), giving them total holdings of 19 and 29 respectively, with another two held by independents.

President Clinton took a remarkable foreign policy step on 28 October by signing a law that will relax the US **sanctions against Cuba** that have been imposed for the past four decades. The act, which passed both Houses of Congress by large majorities, allows exceptions to the embargo in the cases of foodstuffs and pharmaceuticals. It is, however, coupled with conditions that Cuba will hardly be able to fulfil at the moment, including deliveries of foodstuffs against cash payments or financing by third countries.

The 1995 **New Transatlantic Agenda** foresees the holding of two EU-US summit meetings annually. The Queluz meeting on 31 May produced joint declarations on South-Eastern Europe, infectious diseases in Africa, biotechnology, the WTO and data privacy, and considered optimising the early warning system for possible trade conflicts. The EU side attempted to give equal weight to political and economic issues. The Washington meeting on 18 December issued declarations on civilian crisis management, alternative methods of resolving disputes, electronic commerce, and a code of conduct on arms exports.

The **Transatlantic Economic Partnership** that was finalised during the Austrian EU presidency has hitherto not had the anticipated effect and is now to be reconsidered by the EU, due to the lack of implementation of already concluded **Mutual Recognition Agreements** by the US and the small amount of progress made with negotiating new ones. A high-ranking Consultative Forum on Biotechnology presented its initial report at the Washington meeting. It also proved possible to conclude a so-called "safe harbour arrangement" for data protection in electronic commerce. The so-called **people-to-people links** were continued and deepened in meetings under the **Transatlantic Dialogue**.

The oft-mentioned **trade disputes** between the US and the EU must be seen against the background that 98 per cent of transatlantic trade takes place with no problems. At the end of 2000, there were 14 current complaints pending at the WTO dispute settlement body, of which 11 had been raised by the EU. The Union was successful in the Foreign Sales Corporations case, which entails possible sanctions of USD 4,000m. However, in order to avoid an escalation, in October both sides adopted a "gentlemen's agreement" on a detailed procedure for implementing the WTO verdict.

The first 5-year report on US membership of the WTO, and the related decision to remain in the Organisation, passed Congress by a comfortable majority, as did the normalisation of trading relations with China. The bilateral agreement between the US and China on the latter's forthcoming access to the WTO had a decisive influence on the similar negotiations between the EU and China. Despite the declared adherence to a multilateral system by the US, there is an identifiable tendency towards regionalisation in trading relations. This is recognisable in the conclusion of a free trade agreement with Jordan and no fewer than 10 bilateral investment protection agreements, as well as intensive free trade negotiations with Chile and Singapore.

The US **unilateral sanctions with extraterritorial effect** led to further economic conflicts with the European Union. The so-called "carousel legislation" was adopted in May and foresees an obligatory rotation of the list of products under sanction according to the WTO dispute settlement body (at the end of 2000 currently in the banana and hormone cases). The European Commission thereupon initiated the appropriate consultations under the WTO adjudication system. There is still no sign of the US Congress implementing the Understanding reached on 18 May 1998.

Canada

The election to the Canadian federal parliament on 27 November 2000 ended in clear victory for the ruling Liberal Party and an impressive personal success for Prime Minister Jean Chrétien for the third time in succession. The opposition Canadian Alliance increased its share of the vote, but was unable to make positive headway as an alternative in the political centre.

Canada is Austria's fourth-largest overseas export market after the US, Japan and the Republic of Korea. Bilateral trade increased in 2000 at a rate well above average. More than 1,000 Austrian firms conduct regular business there, with 50 Canadian subsidiary companies maintaining 22 production facilities, 40 sales outlets and 4 service providers. The value of Austrian investment in Canada is estimated at around €109m, stimulated by all the benefits of favourable location costs, a developed infrastructure, and access to the NAFTA market.

Relations between the EU and Canada are based on the 1996 **Joint Action Plan**, which foresees two summits and two meetings of foreign ministers annually. Economic issues are handled in annual meetings of

the **Joint Cooperation Committee** and its **Trade and Investment Sub-Committee** as well as in the **EU-Canada Trade Initiative** and **Canada-Europe Round Table for Business**, which report to the half-yearly summit. The scope of the agreement was broadened in 2000 to include the mutual recognition of test certificates and certificates of convenience and necessity as well as an agreement on wines and spirits. The summit in Lisbon in June issued joint declarations on conflict prevention, the WTO, electronic commerce, the Ottawa summit, security and defence policy, and the GALILEO satellite navigation system.

The North American Free Trade Area

The treaty establishing NAFTA between Canada, the US and Mexico came into force on 1 January 1994. Its special feature is the association of two of the richest countries of the industrial world with a Newly Industrialising Country of the South. Mexico's GDP is one twentieth, and its per capita income one seventh, of those of the United States. It is, however, precisely the marked comparative cost differences that have stimulated the dynamic growth of intra-regional trade. NAFTA-internal exports in 2000 reached another record height of USD 507,000m, an increase of 102.4 per cent since 1992. The US trade deficit with the two NAFTA partners amounted to USD 46,200m.

The most important effect of NAFTA has been the replacement of Japan by Mexico as the most important trading partner for the US after Canada. Since the establishment of NAFTA, trade between its three partners has increased by some 75 per cent, considerably in excess of the corresponding global figure. Foreign direct investment in the three countries had grown to USD 864,000m by the end of 1999. Unaffected by economic crises in other regions, these growth rates have had a stimulating effect on the labour market: from 1994 till the end of 1999 employment in Canada rose by 10.1 per cent (1.3 million jobs), in Mexico by 22 per cent (2.2 million jobs), and in the US by 7 per cent (12.8 million jobs). Since the NAFTA treaty provides for transitional customs arrangements until 2008, a further dynamic development of intra-regional trade is to be expected.

NAFTA remains an issue of considerable controversy within the United States, due to the country's persistently high trade deficit. Non-governmental organisations criticise the further implementation of the agreement, since they fear "wage and environmental dumping". However, notwithstanding delays in implementing individual provisions of the NAFTA agreement, the integration process as a whole is proceeding according to plan.

Latin America and the Caribbean

The ongoing consolidation of democracy and stability as well as expanding markets have stimulated worldwide interest in political and economic links with Latin America. Most countries of the region recovered very quickly from the turbulences of 1998 and 1999. The forecast overall real GDP growth rates are 3.7 per cent for 2000 and 3.9 per cent for 2001. There is still concern that the international financial institutions were unable to cope adequately with the last crisis. Chile, which has the next chairmanship of the Rio Group, has proposed that the international financial architecture should be a theme for future discussions. There exists a fear that Latin America is being left out of the telecommunications revolution, and there are calls for "globalising globalisation".

Latin American imports rose by 146 per cent during 1992-1998, but exports by only 61 per cent, which in the region is ascribed to **protection** by means of non-tariff barriers in the US and agricultural policies in the EU. There are therefore demands for a new trade round with special emphasis on liberalising trade in agricultural products. Another prominent issue is the improvement of the **infrastructure**, but it is not clear who will produce the estimated USD 200,000m that will be necessary for the next 10 years. Despite all the efforts to achieve **debt reduction**, Latin America's foreign currency commitments doubled during the 1990s to a total of USD 800,000m. However, developments during 2000 provide hope that the total debt will fall below 200 per cent of goods and services exports for the first time for many years.

Political Developments

In **Mexico** the Partido de la Revolución Institucionalizada was voted out of office in free and fair elections after 71 years in power. The new President, Vicente Fox of the Partido Acción Nacional, announced the continuation of his country's foreign and economic policies. After his inaugural visits in the Americas he visited several EU member countries in October. Whereas he underlined the economic dimensions of his country's foreign relations, his European discussion partners stressed the political aspects of the comprehensive institutionalised dialogue, which covers all bilateral and international issues of common interest and contains a human rights clause.

The elections in **Peru** in April and May 2000 were regarded as irregular by the international community. The subsequent resignation of President Alberto Fujimori left the way free for new elections in 2001 under interim President Valentín Paniagua. The discussions between government, opposition and civil society at the **mesa de diálogo** made a decisive contribution to Peru's return to democracy, which will be further guaranteed by the appointment of former UN Secretary-General Pérez de Cuéllar as foreign minister and head of government in the interim administration.

Despite the peacemaking efforts of the Pastrana government, **Colombia** developed into the crisis centre of the Andean region, with guerrilla activity interlinked with the international drug trade and the future of the peace process in doubt. A **Plan Colombia** was drawn up by the government in 1999 for ending the 36-year guerrilla war with USD 7,500m of United States aid. On 22 June, the US Senate approved a package of USD 1,300m aid for Colombia, with human rights and social aspects as well as elements of combating illegal drug production and trafficking. The military aspects are regarded with apprehension, not merely by the guerrillas, but also by neighbouring states, which fear a spill-over of hostilities onto their territories. Meetings, in which Austria played an active part, were held in London, Madrid and Bogotá to provide international support for the peace process. The EU emphasised support for the rule of law, defence of human rights and humanitarian international law, the curbing of violence, protection of biodiversity, and support for regional cooperation. At a meeting in San Vicente de Caguán in June, the FARC guerrillas for the first time indicated a readiness to accept a role by the international community in the peace process, and this was consolidated at a further meeting in Paris in December. The EU energetically supported a resumption of negotiations between the Colombian government and the guerrillas towards a lasting peace.

The Common Position on **Cuba** adopted by the European Union in December 1996 was reassessed and renewed for the eighth time. Its objective is to promote a transition to democracy and pluralism in Cuba with full respect for human rights within the framework of a political dialogue. This turned out to be less than easy, and the surprising withdrawal of the Cuban application to join the ACP-EU Cotonou Agreement of 23 June 2000 did not help.

The presidential election in **Chile** on 16 January 2000 resulted in a win for the government coalition candidate, Ricardo Lagos, the first socialist to hold the office since Salvador Allende. A Round Table, consisting of human rights lawyers, military representatives, human rights organisations and the Church, was set up in August 1999 with the aim of defusing the controversy over the period of military dictatorship by clearing up the fates of those who disappeared during that period. Its final document, issued in June 2000, contained for the first time an implicit condemnation of the crimes committed by the dictatorship. On 1 December General August Pinochet was served with an indictment in this connection after his immunity had been lifted.

After a clear win in the general election in **Venezuela**, Hugo Chávez was officially declared the new President on 4 August with a six-year term. On 27 September he invited all the heads of state of the OPEC countries to a summit in Caracas, and set a new political accent with a visit to Baghdad. The long-evident progress of **Brazil** to the position of a leading regional political and economic power was given a fresh impetus by the summit meeting of the presidents of all the South American countries in Brasilia on 31 August and 1 September 2000.

Regional and Sub-Regional Integration

Venezuela assumed the presidency of the **Andean Community**, comprising Bolivia, Colombia, Ecuador, Peru and Venezuela. The Community as a whole experienced economic growth of 27 per cent in a year, despite which there is general talk of a crisis, due to a lack of political will for integration as much as economic conditions. There is neither a common foreign trade tariff nor a common basis for an agricultural policy. A special summit due to be held in Cumaná on 10 December finally did not take place.

The 18 members of the **Rio Group** are 12 South American and 5 Central American states together with the current presidency of the Caricom. It held its 14th summit in Cartagena (Colombia) on 15 June, when Colombia took over the chairmanship from Mexico. The Group, founded in 1986, has the goal of strengthening political cooperation between Latin American countries.

The 18th summit meeting of the **Mercosur** states in July was also attended by Javier Solana, EU High Representative for the Common Foreign and Security Policy. The most important themes were Chile's approach to the group, and its further opening to the world economy. The President of Brazil, Fernando Cardoso, took over the chairmanship with a call for unity. During the third round of negotiations with the EU in November, Brazil left no doubt of the importance of reaching an agreement with Europe by 2002, before the

creation of an **all-American free trade zone** in 2005, which was the main theme of the 19th summit in December.

The **Caricom** states of the Caribbean region continued to move towards economic integration and the creation of a single market economy. The last two of the nine protocols to the Caricom treaty (on competition policy and dispute settlement) were signed at the meeting of heads of government in St. Kitts in March. A conference held in Barbados in November dealt with integration issues, including the question of setting up a **Caribbean Court of Justice** as supreme instance to replace the appellate jurisdiction of the Privy Council in London. The heads of government, at their annual conference in Canouan, had to mediate in a border dispute between the member states **Guyana** and **Suriname**.

The **Association of Caribbean States**, which in 2000 had 25 full members and 15 observers, has achieved little in the way of integration during its five years of existence. It does, however, participate actively in cooperative projects, especially reconstruction after natural disasters, support for eco-tourism projects, drafting common strategies for major air and sea transport problems in the region, forming an academic community, especially in medicine, and founding a Caribbean University.

The first **South American Summit** of heads of state and government of the 12 states of the continent took place in Brasilia on 31 August and 1 September 2000. It was inaugurated by President Fernando Cardoso against the background of the 500th anniversary celebrations in Brazil, which in view of its central political and economic importance is seeking a more prominent foreign policy role. The principal result was an agreement to conclude a free trade agreement by 2002 between the Andean Community, Mercosur, Guyana and Suriname. A "democracy clause" stipulates that adherence to democratic norms is a condition for further participation in the integration process.

The tenth **Ibero-American Summit** was held in Panama City with a central theme of **Childhood and Youth in Latin America**. The event was marked by a scandal, when five exiled Cubans were arrested on a charge of planning to assassinate Cuban President Fidel Castro. Castro accused El Salvador of having provided them with sanctuary, and because of this refused to sign a resolution against terrorism by the Basque separatist organisation ETA.

Since 1978 Austria has had the status of permanent observer in the Washington-based **Organisation of American States** (OAS), which has 35 permanent members. Cuba's rights of membership have been suspended since 1962. Denmark, Ireland, Norway and the Philippines were accepted as permanent observers in 2000, which brings the number of observers to 50, including the European Union. The 30th OAS General Assembly was held in Windsor (Canada) in June, when the most important matter was sending an OAS mission to Peru in order to examine the possibility of improving the electoral and judicial systems in the light of the internationally highly criticised elections. Canada, as the host country on that occasion, campaigned within the OAS for an enlargement and institutionalisation of the **Human Security Group**, an informal group of like-minded OAS-external states, to which Austria also belongs.

The **free trade agreement** between Mexico and the **Triángulo Norte** group of states in northern Central America was signed in Mexico City on 29 June by the presidents of Mexico, Guatemala, Honduras and El Salvador after eight years of negotiation. This was a significant step towards liberalising trade in a market of around 130 million consumers. It is an asymmetric treaty, in order to compensate for Mexico's preponderance in the trade balance and to promote further integration.

Relations with the European Union

The EU conducts a regular political dialogue through annual **meetings of foreign ministers** with the South American Rio Group, and also the Central American San José Group augmented by Mexico, Colombia, and Venezuela, with Belize as an observer. In 2000 both meetings were held in Portugal during the Portuguese EU presidency. Political dialogues were also held on the fringe of the Rio Group meeting with the Mercosur countries, Mexico and the Andean Community.

The first **summit meeting** of the heads of state and government of the European Union together with those of Latin America and the Caribbean in Rio de Janeiro in 1999 raised European-Latin American relations to bi-regional level, instead of the level of the various sub-regional groups as hitherto. Planning for the second summit in 2002 under the Spanish EU presidency began as part of the follow-up mechanism. Eleven key priorities for the implementation of the Rio action plan were identified in November 1999 at a meeting of senior officials in Tuusula (Finland), and corresponding projects, programmes and other activities were drafted at a second meeting in 2000 in Vilamoura (Portugal). These activities will concentrate initially on promoting and protecting human rights, promoting the information society, and combating social imbalances.

In 2000 there were three rounds of **association negotiations** between the EU and the Mercosur group as well as between the EU and Chile. Progress was achieved on the preamble as well as on the legal and institutional frameworks. Other important chapters were to be considered in mid-2001. On 5 December, **Chile** opened free trade negotiations with the United States. Since this would provide access to the markets of all three NAFTA member countries, full membership of Mercosur is no longer one of Chile's priorities.

The **EU-Mexico free trade agreement** entered into force in July 2000. It is the most comprehensive trade treaty that the Union has concluded with a third state to date. The associated **EU-Mexico Global Partnership Agreement** entered into force in October 2000. This liberalises not only bilateral trade in goods, but also services and capital.

B. Austria in Other European Fora

European Security Policy

The Euro-Atlantic Partnership Council and the Partnership for Peace/ WEU

For the NATO and EAPC members, 2000 was a year of consolidation and of implementation of the "Washington Initiatives" presented at the 1999 NATO/EAPC summit. Croatia became the 27th member of the EAPC and the Partnership for Peace. Russia ended its boycott of the EAPC and the Permanent Joint Council NATO-Russia that it had started after the military action against Yugoslavia. The activities of these organisations continued to be centred mainly in South-Eastern Europe, especially in Bosnia and Kosovo, where they make an irreplaceable contribution to securing peace. At the end of the year, the SFOR contingent in Bosnia-Herzegovina numbered 22,000 personnel from 32 countries, including 52 Austrians. The KFOR contingent in Kosovo numbered almost 50,000 from 37 countries, including more than 480 Austrians.

The **Political-Military Framework** that was agreed in Washington provides a means of integrating Partner States into the decision-making processes in NATO-led operations with Partner participation. The latest information on the KFOR and SFOR operations is now made available to Partners in weekly consultation meetings. The technical framework for a data bank on Partner forces available for PfP operations under the **Operational Capabilities Concept** was set up during the year. The **expanded and adapted Planning and Review Process** (eaPARP) ensures the interoperability of Partner forces with those of NATO; contrary to the "old" PARP, the PARP cycle is now synchronised with that of NATO's own force planning. Austria's **partnership goals** under PARP cover a broad range of subjects extending, e.g., from language training to modernisation of communications and protection of troops from weapons of mass destruction. These goals reflect the fact that, as an EU Member State, Austria must be ready to participate in military crisis management operations over the entire range of the Petersberg Tasks.

NATO Secretary-General Lord Robertson visited Vienna on 2 November, when he attended the Standing Council of the OSCE and held talks with the Austrian Federal President as well as with members of the government and of parliament. The government members discussed with him means of developing relations between Austria and NATO in the sense of a comprehensive and equal participation in the European security structures. Lord Robertson accepted in principle the Austrian proposal of a **"tailored cooperation programme"** for promoting dialogue between Austria and NATO at all levels and promoting military and, in particular, civilian cooperation. The civilian areas in which Austria is desirous of expanding cooperation with NATO include combating terrorism, conflict prevention, non-proliferation of weapons of mass destruction, elimination of landmines, economic aspects of security policy, small arms, science, research and environmental issues.

Austria, while holding the Chairmanship of the OSCE in 2000, kept NATO and the EAPC regularly informed of all current developments. The **EAPC Economic Committee** held a seminar in Vienna on 8-10 October, when over 60 delegates from 20 countries discussed a more efficient use of military budgets through participation by the private sector.

In 2000, Austria was primarily engaged in the area of planning for **non-military emergencies**. An Austrian officer was seconded for a period of more than two years to the **Euro-Atlantic Disaster Response Coordination Centre**. Another Austrian has temporarily been attached to the department for civilian emergency planning in the NATO secretariat.

The first official talks between the EU and NATO on crisis management took place in 2000. In this context, Austria advocates that, for the non-allied EU members, PARP should also be used as their force planning process under the ESDP. Austria also advocates the integration of all EU states into the NATO staff and command structures that the EU might use for the planning and execution of operations.

The Western European Union

The Committee of Ministers of the WEU, at their meeting in Porto, welcomed the decisions taken by the European Council in Helsinki as well as the NATO decisions on a European Security and Defence Identity (ESDI). At their meeting in Marseille in November they agreed that from 1 July 2001 the WEU would retain only certain residual functions:

- The WEU Treaty with its mutual assistance clause under Article V.
- Parliamentary cooperation in the WEU Assembly under Article IX.

- Cooperation on arms within the Western European Armaments Group (WEAG).

The WEU Treaty and the institutions established under its provisions will remain in existence, although the latter will largely cease to function. The ministers welcomed the EU decision to create an Institute for Security Studies and an EU Satellite Centre and to take over the WEU **Multinational Advisory Police Element** (MAPE) mission in Albania. In 2000, Austria continued to second two police officers to the extended **MAPE** mission for the stabilisation and democratisation of Albania.

Austria, Finland, Sweden, Poland, Hungary and the Czech Republic became full members of the WEAG, which now numbers 19 member states. At the Marseille meeting, Austria, Hungary and the Czech Republic signed the **SOCRATE** Memorandum of Understanding which allows for participation in multinational research and technology projects within the WEAG framework. The WEU **De-mining Assistance Mission** (WEUDAM) in Croatia that was commissioned by the EU also continued its mine clearance operations.

The Organization for Security and Co-operation in Europe

Austria held the Chairmanship of the OSCE in 2000. The duties involved in this function have expanded significantly in recent years; at the end of the year the organisation had 20 field missions and other field operations running in South-Eastern Europe and on the territory of the former Soviet Union. The chair acts as a sort of interface between these field operations and the political decision making process among participating States at the Organization's headquarters in Vienna as well as represents the Organization externally. This requires among others an extremely intensive round of visits. Austrian Federal Minister for Foreign Affairs Benita Ferrero-Waldner, in her capacity as Chairperson-in-Office of the OSCE, therefore already during the first half of the year visited all of the main crisis and problem areas where the OSCE is active. The Chairmanship also maintains contact with the United Nations and other international organisations with which the Organization cooperates in the field.

Also in the year 2000 the operational tasks, covering a wide spectrum of civilian crisis management and conflict resolution, largely determined the work of the OSCE. Measures were taken to strengthen the OSCE as an institution and to enhance cooperation with other international organisations. Relations with Asian Partners for Co-operation were intensified, including a joint conference with Japan on Central Asia, held in Tokyo in December. However, during the 8th Meeting of the Ministerial Council of the OSCE in Vienna on 27/28 November it became clear that there are problems of acceptance in respect of the changes that have taken place in the past decade. The growing emphasis on operations, the focus on human rights and democracy as central preconditions for security and stability, and the geographical concentration of the OSCE's activities is being regarded with more and more reservations by some of the participating States.

In 2000 the OSCE was most successful in South-Eastern Europe. The most important development was the admission of the Federal Republic of Yugoslavia to the OSCE as a participating State. The engagement of the OSCE in Central Asia could be stepped up, but there was little progress towards a resolution of the conflicts in the Caucasus or in Moldova. This was also reflected in the results of the Ministerial Council: it proved possible to issue a negotiated declaration on South-Eastern Europe and to agree on a common text on Central Asia, but there was no agreement on Chechnya, Georgia and Moldova.

Field Activities

The presidential and parliamentary elections in the **Federal Republic of Yugoslavia** presented a challenge to the OSCE, because the Yugoslav authorities refused to permit observation by the OSCE or any participating State. The Chairmanship therefore organised a network of information sources in order to establish the real outcome. The efforts of the OSCE helped to bring the attempted manipulation of the election by the Milošević regime to light at international level.

The newly-elected President, Vojislav Koštunica, declared that Yugoslavia is ready to cooperate with the OSCE and to fulfil all the necessary commitments, and accepts that it is one of the successor states of the former Socialist Federative Republic of Yugoslavia. During the visit to Belgrade on 6 November by Minister for Foreign Affairs Benita Ferrero-Waldner, President Koštunica handed over to her Yugoslavia's letter of application for joining the OSCE as a participating State. This was accepted at a special meeting of the Permanent Council four days later. During the Ministerial Council in Vienna, President Koštunica signed the fundamental OSCE documents like the Helsinki Final Act. At the beginning of 2001, the OSCE established a mission in Belgrade.

The main task in **Kosovo** in 2000 was the registration of voters and the organising of local elections on 28th October. Both were carried out satisfactorily by the OSCE Mission in Kosovo (OMIK), but neither the Serbian

nor the Turkish minorities could be persuaded to take part. The elections resulted in a clear victory for the moderate Democratic League under Ibrahim Rugova. The OSCE Police Training School, with the aim of building a multi-ethnic police force, turned out to be a considerable success and is the only genuinely multi-ethnic institution in Kosovo. The cadets reflect the ethnic structure of Kosovo as a whole. Up to the end of 2000, almost 3,000 police personnel had been given basic training, including courses for senior officers.

The OMIK supervision of the media in Kosovo includes establishing the legal basis, drafting a code of conduct, training journalists, and monitoring the reporting to ensure that the standards are observed. Radio Television Kosovo was transformed into a public institution. Austria contributed ATS 1.8m (€130,811) as support for this station. Austria also supported three training projects with a donation of ATS 178,500 (€12,972) and gave a further ATS 350,000 (€25,435) for multi-ethnic radio and an independent news agency. The OMIK set up a house of refuge for women in Priština, where women who had been abducted could be cared for until a return to their homes. Austria supported the project with a donation of ATS 700,000 (€50,870).

On 22 February, Kosovo was the destination of the first official visit by Austrian Foreign Minister Benita Ferrero-Waldner in her capacity as Chairperson-in-Office of the OSCE.

The organisation and supervision of elections in **Bosnia and Herzegovina** was once again a main function of the OSCE Mission to Bosnia-Herzegovina. More than 1,500 international observers, including 60 Austrians, reported that the polling for the local elections on 8 April and the parliamentary election on 11 November was carried out peacefully and according to the rules. Support for the nationalist parties declined appreciably and the trend to plurality and multi-ethnicity continued, albeit not yet to the extent desired by the international community.

The OSCE mission also set out to strengthen the capacities of local government and non-governmental organisations in the light of the **Ownership Concept** developed by the High Representative, Wolfgang Petritsch of Austria. This comprised democratisation of society, building a civil society, human rights, free media, and regional stabilisation. Another important function was supervising the implementation of property legislation, in order to ensure a clear legal situation in connection with the return of refugees. The Chairperson-in-Office paid official visits to Bosnia and Herzegovina on 17 March and 2 October.

The OSCE Mission to **Croatia**, which in 2000 worked in a radically changed political environment with the new social democratic and social liberal government, supported the authorities as well as NGOs in the field of democratisation, human and minority rights, the rule of law and in building a civil society. The Mission also undertook additional functions regarding the return of refugees in cooperation with the UNHCR. The new government took a series of important measures to fulfil its OSCE commitments, in particular with regard to cooperation with the international war crimes tribunal, the return of refugees and the implementation of the Dayton Accords. These positive developments allowed the size of the OSCE mission to be halved to 120 personnel by the end of the year. In view of the stable situation, the Permanent Council decided to disband the OSCE Police Monitoring Unit, but several civilian police observers will remain in Croatia during 2001 with a different mandate.

The OSCE Presence in **Albania** was responsible for the drafting of a new electoral law. This was the basis for the local elections on 1 and 15 October, which were carried through satisfactorily. Progress was also made in other areas where the OSCE Presence is involved: public safety, combating corruption, measures against trafficking in human beings, and public administration. The OSCE Chairperson-in-Office visited Albania on 13 November.

The OSCE Assistance Group to **Chechnya** continued its work from its temporary office in Moscow, where it had been located since its evacuation from Grosny in December 1998. The primary aim of the Chairmanship was to reactivate the role of the OSCE, specifically through the return of the Assistance Group to Chechnya. To this end, and to assess the situation generally with representatives of the Russian government, the Chairperson-in-Office visited Moscow, Chechnya, North Ossetia and Ingushetia from 12 to 15 April 2000. Russian President Vladimir Putin and Foreign Minister Igor Ivanov agreed to the return of the Assistance Group to Znamenskoye in northern Chechnya on the basis of the 1995 mandate. Despite extensive negotiations, however, so far no agreement could be reached on the necessary technical and security modalities to enable the Assistance Group to resume its activities in Chechnya. Since the Russian side continued to reject a political mediation role by the OSCE, the Assistance Group concentrated on the humanitarian and human rights aspects of its mandate, with concrete measures in cooperation with local NGOs in respect of refugees, food distribution, and the supply of medical equipment and pharmaceuticals. There was close cooperation with the Russian Special Representative for Human Rights in Chechnya, Mr. Kalamanov, including technical support and training programmes for his staff.

The OSCE monitoring of the border between **Georgia** and the Chechen Republic of the Russian Federation developed into a classic example of conflict prevention. Set up at the request of the Georgian government in order to prevent a spill-over of the conflict from Chechnya, the implementation of the operation along the 82 kilometres border fell under the Austrian Chairmanship. Major General Bernd Lubenik of Austria commanded the operation from May 2000 and continues to do so in 2001 at the request of the Romanian Chairmanship.

The revived dialogue between the Georgian government and the province of **South Ossetia/Georgia**, arranged by the Chairmanship in Baden, near Vienna, is now to be continued through regular meetings at political level. The main aim in the **Abkhaz** conflict was to support the United Nations in its efforts to obtain the return of the refugees and internally displaced persons. A UN-led evaluation mission in close cooperation with the OSCE was dispatched to the Gali region on 20-24 November. It recommended the opening of a branch UN office in Gali with OSCE participation. Such an office could facilitate the return of internally displaced persons and refugees. The Chairperson-in-Office paid a visit to Georgia on 1-3 May.

There was little progress towards a in the solution of the **Nagorno-Karabakh** conflict despite the ongoing direct dialogue between the presidents of Armenia and Azerbaijan which began in 1999. The Chairperson-in-Office visited both countries on 17/18 July in order to assess the situation, open the OSCE offices in Erivan and Baku, and support a number of confidence-building measures between the parties. A group of Azeri prisoners of war in Nagorno-Karabakh were released on her initiative.

The Chairperson-in-Office, Minister for Foreign Affairs Benita Ferrero-Waldner, made two journeys through **Central Asia** in 2000. From 28 May to 2 June, she visited the presidents of all five Central Asian participating States and had meetings with all five presidents. This enhanced focus of the Chairmanship on Central Asia was also reflected by the appointment of OSCE Secretary-General Jan Kubis as the Personal Representative for Central Asia. The Chairmanship, together with the UN Office for Drug Control and Crime Prevention in Vienna, organised a conference on the threats to the stability of the region posed by drug trafficking, organised crime and terrorism in Tashkent on 19/20 October. The five states committed themselves to increased regional cooperation in these areas. Another result of the conference is the establishment of a consultative mechanism at political level between these states and the OSCE. Under the Austrian Chairmanship there was also an enlargement of the OSCE field presence in Central Asia.

The Chairmanship made considerable efforts to resolve the question of the status of the **Transnistrian** region within **Moldova**. In close cooperation with the two other mediators, the Russian Federation and Ukraine, the Chairperson-in-Office tried to establish regular negotiations with the two parties and the three mediators. A first round of negotiations in this format took place on 18/19 December in Budapest. On the other hand, there was little progress on the second part of the OSCE mandate in Moldova, the withdrawal of the Russian troops and arms, which according to the Istanbul Declaration has to be completed by the end of 2002. It was only after the Ministerial Council that a trainload of military material was transported out of the country, but agreement was reached on the use of a fund for voluntary international assistance for the support of the withdrawal. The Chairperson-in-Office visited Moldova on 6/7 July.

The Human Dimension of the OSCE

The Austrian OSCE Chairmanship focussed particularly on the following three topics in 2000: inhuman treatment and punishment, including capital punishment, trafficking in human beings, and migration and internal displacement. The Human Dimension Seminar in Warsaw in May, was dedicated to the situation of **children affected by armed conflict** – in accordance with Austria's endeavours to integrate issues of human security more firmly into the OSCE's work. The second Supplementary Human Dimension Meeting of

that year on **Trafficking in Human Beings** covered all three OSCE dimensions: human rights, security and economic issues. Former Austrian Minister for Women's Affairs, Helga Konrad, was appointed OSCE/ODIHR Regional Coordinator on Trafficking Issues for South-Eastern Europe and Chair of the Stability Pact Task Force on Trafficking in Human Beings. Another priority of the Austrian Chairmanship was **gender equality**. On 1 June, the Permanent Council adopted the OSCE Action Plan for Gender Issues, promoting equality of opportunity for men and women throughout the OSCE area, including the OSCE Secretariat and the OSCE institutions.

The OSCE **Office for Democratic Institutions and Human Rights** (ODIHR) in Warsaw implemented its most comprehensive technical assistance programme so far in the field of democratisation, with more than 100 projects on human rights, the rule of law, etc. New areas were prison reform, the empowerment of women, and support for the rights of internally displaced persons. The activities of the ODIHR Contact Point for **Roma and Sinti Issues** further expanded, with special emphasis on Roma electoral rights and particular attention to the situation of Roma refugees and asylum-seekers. The fifth OSCE Human Dimension **Implementation Meeting** took place in Warsaw from 17 to 27 October with a record attendance of 800 participants, 160 NGOs, and a record number of 15 side-events. A record number of 18 **elections** had to be observed and supervised in 2000 by some 3,000 ODIHR election experts, among them 157 Austrians.

In June the **High Commissioner on National Minorities** presented a comprehensive report on the situation of **Roma** in the OSCE area. This was followed by a series of conferences on this subject in Vienna, Warsaw and Bratislava, especially focusing on aspects of the migration of Roma. The Swedish diplomat Rolf Ekéus was appointed OSCE High Commissioner on National Minorities from 1 July 2001 onwards as successor to Max van der Stoep, who was awarded the OSCE medal in recognition of his outstanding services.

The OSCE **Representative on Freedom of the Media**, Freimut Duve, registered increased political pressure on the media in some participating States by comparison with 1998, when he had assumed his office. Key issues of concern in 2000 were "hate speech", defamation legislation, corruption, and the protection of journalists in crisis regions. The Chairperson-in-Office, during her visit to Moscow and Chechnya in April 2000, handed over to Russian President Vladimir Putin a list of journalists who had disappeared in Chechnya in recent years. Freimut Duve, whose mandate expired on 31 December 2000, remained in office for an additional six months pending a final consensus decision (the Russian Federation had nominated a competing candidate).

The Economic and Environmental Dimension of the OSCE

The Austrian Chairmanship tried to enhance the practical relevance of the economic and environmental dimension, focus it onto the work of the field missions, and ensure that more attention is paid to the economic aspects of the other OSCE dimensions. The central event was the **Eighth OSCE Economic Forum**, held in Prague on 11-14 April on the **Economic Aspects of Post-conflict Rehabilitation: The Challenges of Transformation**. The new concept introduced by the Austrian Chairmanship, with preparatory seminars in Tashkent, Sarajevo and Tbilisi, was welcomed by the participating States as a model for the future. The implementation of the Forum's recommendations included a follow-up seminar on how to optimise inter-institutional relations in the economic and environmental field.

Austria supported the initiative on water resources in Central Asia taken by UK Foreign Secretary Robin Cook at the Istanbul OSCE Summit in 1999, since diminishing water reserves is one of several potential sources of conflict in the region. The Austrian Chairmanship also promoted several environmental projects such as the follow-up workshop to the Aarhus convention on environmental information that took place in Ashgabat (Turkmenistan) on 4-8 May. In conjunction with the World Wildlife Fund (WWF), financial support was provided for the cross-border national park project between Hungary, Croatia and Yugoslavia.

Political and Military Issues

The main issues within the OSCE **Forum for Security Cooperation** in 2000 were the conflict in Chechnya, problems with the implementation of the Vienna Document on Confidence- and Security-Building Measures as well as the Annual Implementation Assessment Meeting (AIAM), the treatment of long-term security questions within the new security dialogue, the protection of children in armed conflicts, and the negotiations on an OSCE document on small arms and light weapons. This document, which was adopted at the Ministerial Council, contains politically binding norms, principles and measures covering all aspects of the problem, in particular with regard to the combating of illicit trafficking in small arms, and constitutes a milestone in the international efforts to address this problem. The 1995 **Dayton/Paris Peace Accords** on Bosnia and Herzegovina allocated certain functions to the OSCE. Further steps were taken in 2000 to implement the 1996 Vienna and Florence agreements on confidence- and security-building measures and on

sub-regional arms control. Austria supplied arms control inspectors and experts for seminars on security policy that were held in conjunction with the parties to the agreements. The second monitoring conference on the Florence agreement, held in Vienna on 1/2 November, found that it was being satisfactorily implemented. Austria is one of 20 participating States taking part in the negotiations under Art V/Annex 1-B of the Dayton/Paris Peace Accords on an agreement to enhance regional stability in South-Eastern Europe, and submitted a number of proposals to this end. In 2000 Austria chaired the **Working Group on Military Contacts** under the Stability Pact for South-Eastern Europe.

The revision of the **Treaty on Conventional Forces in Europe** (CFE) at the 1999 Istanbul OSCE summit opened the way for accession by Austria, which has a considerable interest in doing so. However, on account of Russia's actions in the Caucasus, which are in breach of the treaty, no steps towards ratification have been taken, so that the revised treaty is not likely to enter into force for the foreseeable future. The 1992 **Open Skies Treaty** had still not entered into force in 2000 due to the outstanding ratifications by the Russian Federation and Belarus.

Institutional Issues

Austria, as the host country for the OSCE headquarters, has a direct interest in strengthening the organisation and improving its capacity to intervene in crisis situations. The **Rapid Experts Assistance and Cooperation Teams Programme** (REACT), which should allow for a more effective and rapid deployment of civilian experts in crisis situations, was finalised in accordance with the decision of the Istanbul Summit in November 1999. It is to be fully operational in early 2001. The Secretariat was reorganised accordingly, with a new personnel department and an operation centre, for the planning of new missions and field activities. Work on the **Rapid Operational Support Actions** proceeded hand in hand with REACT, in order to guarantee the logistics and the infrastructure when a mission has to be mounted swiftly.

One of the major challenges for the Austrian Chairmanship was the negotiation of a new scale of **contributions for large OSCE missions** which account for some 80 per cent of the total budget. The current scheme was due to end in December 2000, so that a solution would have had to be found by the meeting of the Council of Ministers on 27/28 November. This turned out to be impossible. Eventually, an interim arrangement was agreed. A final solution was found at the beginning of April 2001 under the Romanian Chairmanship.

The OSCE lacks formal status as an organisation under international law, and as a result is confronted with legal and financial drawbacks. Numerous participating States, including Austria, therefore pressed for the drafting of a convention to guarantee the organisation's **legal personality**. Its status to date is based only on a ministerial decision, taken in Rome in 1993, which neither refers to OSCE missions nor gives the organisation privileges and immunities. The Austrian Chairmanship proposed a compromise solution involving a convention without altering much of the existing legal basis, but was finally unable to achieve a consensus on the matter. Further negotiations have now been remitted to the succeeding Romanian Chairmanship during 2001.

Austria budgeted a total of ATS 180m (€13.1m) for the OSCE Chairmanship, including the regular contributions of ATS 65m (€4.7m), the cost of sending election observers, and the financing of over 80 projects within the OSCE framework.

International Cooperation

Austrian Minister for Foreign Affairs Benita Ferrero-Waldner, visited all the major international institutions in her capacity as Chairperson-in-Office of the OSCE.

Austria, as a Member State of the **European Union** and Chair of the OSCE, tried to enhance the cooperation between these two institutions, in particular with regard to the engagement of the EU in the field of civilian crisis management. For the first time the Commissioner on External Relations of the European Commission addressed the Permanent Council. The institutionalised contacts with the **Council of Europe** and the United Nations continued. The Chairperson-in-Office visited the **United Nations** on 17-20 April, when she addressed the Security Council, and later also the **Commission on Human Rights** in Geneva. Relations with the **North Atlantic Treaty Organisation** intensified under the Austrian Chairmanship; NATO Secretary-General Lord Robertson addressed the Permanent Council in Vienna on 2 November for the first time. The Austrian Chairmanship also intensified relations with the Asian Partners for Co-operation **Japan, South Korea** and (since 9 November 2000) also **Thailand**. For the first time in the history of the OSCE, a joint conference together with an Asian Partner state was held in Tokyo on Comprehensive Security in Central Asia – Sharing OSCE and Asian Experiences. Numerous high level guests, including one head of state and

several foreign ministers as well as heads of international organisations visited OSCE headquarters in Vienna and addressed the Permanent Council, which held a commemorative meeting on 19 July 2000 on the occasion of the 25th anniversary of the signing of the Helsinki Final Act.

The Council of Europe

The first half of 2000 was overshadowed by the conflict in **Chechnya**. The brutality and extent of the military measures used against the rebels had the severest consequences for the civilian population. In April, the Parliamentary Assembly withdrew the voting rights of the Russian delegation on account of the repeated violations of human rights in Chechnya. The Assembly called on the Committee of Ministers to invoke the suspension procedure and to consider a state complaint to the European Court of Human Rights in the event of a continuation of the use of excessive force and violations of human rights. However, no further action was taken by the ministers in view of the efforts by Moscow to improve the situation, and from June onwards, three CoE experts were seconded to the office of the Russian human rights representative in Chechnya.

The membership applications from **Armenia** and **Azerbaijan** were accepted in principle. Since, however, international observers reported serious deficiencies in the parliamentary election in Azerbaijan at the beginning of November, a decision was deferred to an unspecified date after the repetition of the Azerbaijani election in 2001. The applications by **Bosnia and Herzegovina** as well as **Monaco** were still being processed by the Parliamentary Assembly in 2000. The accession procedure remained suspended in the case of **Belarus** and its special guest status. The application submitted by the new government in **Yugoslavia** was remitted to the Parliamentary Assembly for assessment.

The CoE continued its work for reconciliation and the reconstruction of a multi-ethnic society in **Kosovo** in cooperation with the other international organisations involved. It took over important functions under the Stability Pact for South-Eastern Europe, including heading the task force on democratic governance, and inaugurated a number of projects financed by voluntary contributions from Austria and others. The expansion of such functions in the past few years has opened up a new dimension in the Council's way of working, which has also involved the opening of offices in new locations like Sarajevo, Tirana, Priština and Podgorica. The Secretary-General, Walter Schwimmer of Austria, continued the structural reforms that were inaugurated on his appointment.

Relations with Other International Organisations

There is a mutual exchange of information between the CoE and the **European Union** on all current activities and projects. The Council maintains a permanent office in Brussels, and representatives of the European Commission participate in CoE meetings, with an emphasis on jointly organised and financed projects in the Central and Eastern European countries. Only one of the now established "quadrupartite meetings" between the political and official heads of the CoE and EU could take place, in March. The crises in Chechnya and South-Eastern Europe underlined the need for closer cooperation between the two organisations in the interests of democracy, human rights and the rule of law. Two CoE representatives participated in the drafting of the EU Charter of Fundamental Rights. Other issues were the joint aid programmes and the question of accession by the Community to the CoE Development Bank. The **Joint Declaration on Cooperation and Partnership between the Council of Europe and the European Commission** could not be finally adopted on account of changes within the Commission.

Relations between the CoE and the **Organization for Security and Co-operation in Europe** were extended and enhanced under the Austrian OSCE chairmanship. CoE representatives worked together with the OSCE observers to supervise elections in several countries, especially Kosovo, where the CoE was also asked to assess the OSCE's planning and management of the elections. The two organisations exercised complementary functions under the Stability Pact. The biannual "two-plus-two" meetings of the political and official heads were held in Vienna in April and in Rome in October. The **Joint Catalogue of Modes of Cooperation** signed at the April meeting is the first formal agreement on the basis of the Platform for Cooperative Security that was adopted at the OSCE summit in Istanbul. Representatives of both organisations attend major events held by the other. On the initiative of CoE Secretary-General Walter Schwimmer, a meeting was held in December with representatives of the OSCE and other organisations to draft a joint plan of action for the Republic of Yugoslavia.

The CoE Parliamentary Assembly also serves as the parliamentary forum for the **Organization for Economic Co-Operation and Development** (OECD), which has no parliamentary assembly of its own. As every year, a comprehensive debate on the activities of the OECD was held in 2000. There are regular contacts with the **United Nations** through mutual participation in conferences and field activities in Kosovo and elsewhere. There are particularly close links with the UN refugee and human rights institutions. UN

Secretary-General Kofi Annan visited the CoE Committee of Ministers for the first time, while the UN General Assembly for the first time held a debate and adopted a resolution on cooperation with the CoE.

Human Rights

The 1950 **European Convention on the Protection of Human Rights and Fundamental Freedoms** remains the most effective instrument of its kind in the world. Since the establishment of the permanent European Court of Human Rights in 1998, individuals who have exhausted all the means available to them at national level can apply directly to the court. The CoE Committee of Ministers makes regular checks on whether verdicts of the court have been implemented by the state concerned and exerts political pressure where necessary. The Irish presidency held a seminar in Dublin on the protection of human rights in the 21st century. Measures are being drafted to ensure that the effectiveness of the court is maintained in the face of steadily increasing demands.

At a ceremony in Rome to mark the 50th anniversary of the signing of the Convention, the **Twelfth Additional Protocol** was opened for signature. This bans discrimination in respect of all rights under national law, and not merely those contained in the Convention. Austria signed the protocol immediately. The issue of the **death penalty** was brought to the forefront again by the case raised in the court against Turkey by the Kurdish leader Öcalan. The Committee of Ministers and the European Conference of Justice Ministers called on all member states to abolish the death penalty in times of peace and war alike.

Two representatives of the CoE played a major part in drafting the **Charter of Fundamental Rights** that was adopted by the EU summit in Nice. However, if the Charter should in future achieve legally binding status, there could be duplication with the Convention, and diverging legal verdicts could result. In the CoE's view, therefore, it is necessary to clarify the relationship between the European courts in Strasbourg and Luxembourg as also between the Charter and the Convention. In this connection, the CoE institutions regard it as desirable that the European Community should sign the Convention.

On 11-13 October, the CoE held the European regional preparatory conference for the **World Conference Against Racism**, to be held in Durban, South Africa, in 2001. Austria chaired the preparatory work for the regional conference. The **European Commission Against Racism and Intolerance**, that was set up by the first CoE summit in Vienna in 1993, monitors the situation in the member states and cooperates closely with the European Monitoring Centre on Racism and Xenophobia in Vienna. The CoE Commissioner for Human Rights, Alvaro Gil-Robles, in his first full year in office, conducted his task of informing and advising in numerous visits to Eastern Europe in particular. In December he held a meeting with European ombudsmen in Paris.

Monitoring

The Committee of Ministers devoted three full meetings to monitoring the upholding of the commitments undertaken by member states. Further meetings dealt with the new themes for 2001, which will include the effectiveness of court procedures as well as non-discrimination with an emphasis on combating intolerance and racism. Progress was examined in the areas monitored to date (freedom of opinion and expression, democratic institutions, judicial systems, local democracy, death penalty, and police and security services) and further improvements were specified where necessary. For the first time, the CoE Secretary-General referred Russia's violations of human rights in Chechnya to the Committee of Ministers, after the Russian government had several times given unsatisfactory replies to requests for information on the observance of the Convention there. The Monitoring Committee carried out initial examinations of ten member states in 2000 and followed up with progress reports on four others. The intimated sanctions against the Ukrainian parliamentary delegation were not imposed in view of the progress that had been made in meeting the Council's conditions, but a limited monitoring process covering institutional reform was instituted.

Assistance Programmes

The CoE programmes under the title **Activities for the Development and Consolidation of Democratic Stability** (ADACS) are available to all member and candidate countries in defined areas or to groups of countries. The ADACS budget also finances the 15 CoE information and documentation centres in the Central and Eastern European countries as well as training programmes for experts and multipliers and selected translations into CoE non-official languages (e.g. German and Russian). There is also a separate confidence-building programme for strengthening civil society. The budget for the ADACS programme in 2000 amounted to €11.43m plus additional voluntary contributions by several member countries, as well as specifically allocated financing by the EU to a total of €9.66m.

The Council of Europe's Institutions

The 106th session of the **Committee of Ministers** on 11th May was dominated by the question of cooperation with Russia and the situation in Chechnya. However, after an informal discussion with Russian Foreign Minister Igor Ivanov on the previous evening, no action was taken on the withdrawal of voting rights and the threat of expulsion recommended by the Parliamentary Assembly. In a message to the UN Special General Assembly on Social Development, the Committee underlined its determination to make Europe a death-penalty-free zone after the 37th CoE member state had ratified the Sixth Additional Protocol to the Convention on Human Rights. This was reaffirmed at the 107th session on 8th November, which the newly-elected President of Yugoslavia, Vojislav Koštunica, was invited to attend for an exchange of views. Armenia and Azerbaijan were invited to join the Council of Europe, subject to a scrutiny of their adherence to the Council's democratic standards.

The CoE **Parliamentary Assembly** consists of 291 members elected by the national parliaments of the 41 member states. It meets four times annually in Strasbourg. Austria is represented by 6 members and 6 substitutes. The situations in Chechnya and the Caucasus were the main themes of the year. As a means of exerting pressure towards the observance of commitments to human rights, the Assembly voted at its April session to withdraw the voting rights of the Russian delegation, upon which the delegation left the meeting. In June, the Assembly issued positive opinions on the applications for membership by Armenia and Azerbaijan. The application submitted by the new regime in Yugoslavia at the end of the year will be considered during 2001. A parliamentary Troika from the CoE, OSCE and EU visited Belarus in March as part of the assessment of standards and reforms in the Eastern European countries. Austrian Federal Chancellor Wolfgang Schüssel, representing the OSCE Chairmanship, presented the OSCE programme for 2000 to the Assembly.

The **Congress of Local and Regional Authorities of Europe** is a CoE advisory body. Its membership reflects that of the Parliamentary Assembly with 291 members and 291 substitutes. It meets annually in Strasbourg. The Congress has two chambers – one for the local authorities and one for the regions. The mayor of Innsbruck, Herwig van Staa, was re-elected as chairman of the Chamber of Local Authorities. The statute of the Congress was altered in order to adapt to the growing number of member districts and regions. The 1985 **European Charter of Local Self-Government**, which is extremely important for the reform process in the countries in transition, is to be supplemented by a **European Charter of Regional Self-Government** that is currently being drafted. The Congress participated in the supervision of a number of elections in the reform countries, and is active in the former Yugoslavia through its Local Democracy Agencies. Its know-how was also made available to Morocco and other Mediterranean countries. In December a conference was held by invitation in Innsbruck on "Cities and Regions: Cultural Variety – a Precondition for a United Europe".

Austria and the Council of Europe

Walter Schwimmer is the third Austrian to hold the position of Secretary-General of the Council of Europe after Lujo Toncic-Sorinj and Franz Karasek. Austria made regular financial contributions amounting to ATS 52.97m (€3.85m) to the CoE in 2000 as well as additional voluntary payments totalling ATS 6.34m (€461,000) for various projects. The CoE **Centre for Modern Languages**, located in Graz, is now supported by 28 member countries. Its new premises were formally opened in November. Austria's total contributions to it in 2000 amounted to ATS 4.87m (€356,000).

In 2000 Austria signed the Convention on Criminal Law Aspects of Corruption, the Convention on Civil Law Aspects of Corruption, and the Twelfth Protocol to the European Convention on Human Rights. Austria ratified the Convention on Illicit Sea Transport for the Implementation of Article 17 of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the Additional Protocol to the Convention on the Transfer of Convicted Persons, and the Amending Protocol to the European Convention on Cross-Border Television.

Three local authorities in the Austrian province of Styria received CoE awards in 2000 for outstanding achievements in promoting the idea of European unity. Schladming was awarded the Shield of Honour, Trofaiach the European Flag, and Wagna the CoE European Diploma.

The Central European Initiative

The CEI was under the chairmanship of Hungary in 2000, with the Czech Republic and Italy as members of the Troika. The primary aim of the CEI, apart from promoting political cooperation, is to support the less developed member states in their endeavours to reach European standards in order to assure their

participation in the integration process and prevent the emergence of new divisions in Europe. With the admission of the Federal Republic of Yugoslavia in November the membership is now 17 Central, Eastern and South-Eastern European countries. Its executive secretariat in Trieste is headed by Paul Hartig of Austria.

The CEI foreign ministers, at their meeting in Szeged on 24 June, and the CEI summit on 24/25 November, in addition to dealing with current political issues, above all in the Balkan region, decided to step up the economic components of regional and local cross-border cooperation, including training courses for the economically weaker members. Other areas of cooperation included biotechnology, renewable energy sources, the environment, and information technologies. The **CEI Summit Economic Forum 2000** also dealt with investment promotion and cross-border cooperation. The summit approved membership for Yugoslavia, and enhanced cooperation with the Stability Pact as well as with the European Union in matters of regional significance. The CEI presidents of parliament, heads of cultural departments and political directors from CEI foreign ministries all met during the year, and the national coordinators for the CEI held eight meetings.

The current CEI projects in Albania, Macedonia, Belarus, Ukraine and Bosnia and Herzegovina continued through a special trust fund at the European Bank for Reconstruction and Development, and new projects were started in Romania and elsewhere in South-Eastern Europe. Finance was provided for training courses, conferences and other events. Projects for small enterprises in Albania and Croatia and the modernisation of the Romanian railways were begun. Support was provided for the founding of a trust to promote markets for agricultural products in the CEI area.

The heads of government of Austria, Hungary and Slovakia met on 10 November in Bojnice (Slovakia) for their fifth **Trilateral Summit**. The themes were the development of European and transatlantic integration as well as economic relations between the three states. It was proposed that a **Euroregion** be established in the zone Vienna-Bratislava-Győr in order to stimulate cooperation in this economic region. Cooperation on internal security had been successful and had been extended to Poland, the Czech Republic and other neighbouring states. A new working group to combat trafficking in human beings is to commence its activities under Austrian leadership, and a working group on youth and sport is to be set up. A comprehensive Hungarian study on a joint cross-border development strategy is being evaluated by Austria and Slovakia.

Austria's Relations with its Neighbours

South Tyrol

Austria's special relationship with South Tyrol is based on the Paris Treaty concluded in 1946 between Austria and Italy and in which the key elements of the South Tyrol autonomy are enshrined. Austria's continued commitment to South Tyrol and the strong mutual links found clear expression in a lively exchange of visits in 2000: during the first months of the year key-representatives of South Tyrol were received in Vienna by the Federal President, the Federal Chancellor, the Federal Minister for Foreign Affairs and by other leading politicians. One of the regular meetings on South Tyrol, chaired by Minister for Foreign Affairs Benita Ferrero-Waldner, was held in Innsbruck on 21 June with key-representatives of Tyrol and South Tyrol and Austrian Members of Parliament attending. On 25 November Federal Chancellor Wolfgang Schüssel addressed the annual congress of the South Tyrol People's Party (SVP) in Meran as the key-note-speaker. At these encounters Austria underlined its continued active interest in South Tyrol and both sides stressed the importance of Austria's continued protective function for South Tyrol's autonomy on the basis of the Paris Treaty. Austria also expressed full support for cross-border cooperation between Tyrol, South Tyrol and Trentino within the so-called EUREGIO.

The legislatures of Tyrol, South Tyrol and Trentino held a **joint session** in Innsbruck on 24 May, taking decisions on a number of cross-border projects. For the first time, there was a joint presentation by the three Länder at the World Exhibition in Hanover. This and the joint regional exhibition entitled **About 1500** were examples of successful cooperation in the EUREGIO. In May the ORF television news programme **South Tyrol Today** made a new start by transmitting to both North and South Tyrol with a 94 per cent recognition factor.

The latest in a series of Austrian-Italian agreements on the **mutual recognition of academic degrees** was ratified, and will enter into force in 2001. This allows those Austrian degrees for which no additional Italian examinations are required to be recognised by the University of Bozen. On 5 December, Italy signed the Additional Protocol to the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities, which places the cross-border cooperation between Tyrol, South Tyrol and Trentino on a new legal footing.

On 26 October the Italian parliament passed a **new constitutional law** to revise the powers of regions and provinces with special status. The significance for South Tyrol lies in the clear strengthening of its role at the expense of the region. Consequently the regional council will from now on consist of a joint assembly of the two provincial legislatures of South Tyrol and Trentino. An equally positive feature of the present constitutional reform is that the Ladin-speaking population will receive further legal protection and better political representation. The Italian government informed Austria officially of the changes to the Autonomy Statute, and in doing so referred to the international character of South Tyrol's autonomy.

Protection of the Environment

The welfare of the Austrian population is the first priority in Austria's policy towards the siting of **nuclear power stations** in neighbouring countries just across its borders. At a meeting between Federal Chancellor Wolfgang Schüssel and Prime Minister Miloš Zeman of the **Czech Republic** on 12 December, with the attendance of EU Commissioner Verheugen, agreement was reached on future procedure regarding the safety and environmental compatibility in accordance with European standards of the Temelin power station. It was agreed to set up an "information hot line" and an early warning system, and to send an expert mission from the European Commission with trilateral participation to investigate the safety issues. The Czech authorities will carry out a comprehensive environmental compatibility study, and the entire process is to be completed by mid-June 2001. An EU-financed study by an international team of experts into the Krško nuclear power station in **Slovenia** recommends modernisation and more seismological stations in the vicinity to provide warning of earthquake hazards.

Austria supports efforts by candidates for admission to the EU to close down nuclear reactors that are incapable of modernisation. A sum of €1.65m was made available for the Ignalina nuclear plant in Lithuania. Further sums will be made available for closing the Bohunice plant in Slovakia and the Kozloduy power station in Bulgaria. The last Chernobyl reactor in Ukraine was shut down 15 December, for which Austria contributed €2.5m at the second donor conference in May. Austria's nuclear information agreement with Switzerland entered into force on 1 January 2001, and in 2000 a similar agreement was signed with Belarus.

The sixth conference on the **Convention on the Protection of the Alps**, on 30/31 December in Lucerne, adopted the Transport Protocol after ten years of negotiation. This opened the way for signing seven other protocols that had been held up by it. Also signed was another protocol on dispute mediation that had been drafted under Austrian chairmanship. It was agreed to set up a permanent secretariat for the Convention, the financing and location of which are still to be determined.

The **International Commission for the Protection of the Danube River** (ICPDR) was set up in 1998 under the terms of the 1994 Sofia Agreement. Its secretariat is located in Vienna. A delegation from Yugoslavia participated for the first time in its third plenary session in Sofia in November, with full membership in prospect. After an ICPDR mission had investigated the environmental effects of the Kosovo crisis in October 1999, in early 2000 it was the cyanide pollution disaster in the Danube and its tributary the Theiss that underlined the necessity of a comprehensive environmental protection mechanism for the river. The Commission has therefore given priority status to the establishment of an effective information system and the compilation of a list of all potential environmentally dangerous objects within the Danube catchment area.

Danube Shipping

The **Danube Commission** was set up under the 1948 Belgrade Convention on the regulation of shipping on the Danube. Austria, which holds the chairmanship of the Commission till April 2002, played a substantial part in drafting a project for clearing the navigation channel at Novi Sad. The application for financing the work that was drawn up by Austrian and Hungarian experts was approved by the European Council, which allocated a grant of up to 85 per cent of the €26m the work is estimated to cost. The remaining 15 per cent (€4m) is to be found by the Danube countries themselves. Austria has agreed to contribute ATS 10m (€726,728). An international fund has been set up at the Austrian National Bank under Austrian law to administer the project; the legal representative is the President of the Danube Commission for the time being. Austria also heads the Project Committee. The change of government in Yugoslavia has cleared the way for the appointment of a project director and for the preparatory work. It is anticipated that a resumption of free navigation on the Yugoslav sector of the Danube will be possible by the summer of 2001.

C. Coming to Terms with the Nazi Past

The Reconciliation Fund

About one million foreigners were forced by the Nazi regime to work on the territory of present-day Austria. Forced and slave labour were expressions of an extreme violation of human rights. They meant the deportation of people of all age groups who suffered the loss of all their rights, brutality, and in many cases death by exhaustion and maltreatment. Many of them never recovered from the traumatic experiences of their deportation. The number of surviving persons who were deported to forced labour in what is now Austria is estimated to be around 150,000. Even if their sufferings are irreversible and cannot be compensated by any amount of money, the present Austrian government, immediately on taking up office in February 2000, started a search for a just solution in the light of the 1998 preliminary report of the Austrian Historians' Commission.

Consequently, on 15 February 2000 the new Austrian Federal Government appointed the former President of the Austrian National Bank (Österreichische Nationalbank), Maria **Schaumayer**, Special Representative of the Austrian Federal Government for the Settlement of Slave and Forced Labour Related Issues. In her initial press conference, Ms. Schaumayer stated that she wanted to move rapidly in order to make payments to the elderly victims as soon as possible. Ms. Schaumayer announced that she would like to find a genuinely Austrian solution which would take into account the specific features of the Austrian situation. She said that it would be her intention to suggest to the Austrian Federal Government and the Austrian Parliament the creation of an Austrian Fund which would make disbursements directly to the victims and to seek to ensure that the payments reach the victims in full. Given the provisions of the Austrian State Treaty of 1955, which relieves Austria of all future liability for reparations, and in view of the fact that the Austrian private companies involved are not the legal successors of those which employed the forced labour under the Nazi regime, she also declared that future payments by an Austrian Fund would be made on a voluntary basis.

On 20 March Ms. Schaumayer met for the first time with US Deputy Treasury Secretary Stuart Eizenstat in his capacity as Special Envoy for Holocaust Era Claims. Among the issues discussed was the question of **legal closure** for the law suits against Austrian companies which are pending before US courts. Deputy Secretary Eizenstat assured Ms. Schaumayer that Austria would be treated equally with Germany and that Austria could obtain a similar **Executive Agreement** with the United States which would oblige the US Administration in all future potential law suits concerning slave and forced labour to submit a **Statement of Interest** to the courts, declaring that a dismissal of the claims would be in the foreign policy interest of the United States and that the Austrian Reconciliation Fund would be seen as the only forum and remedy for such claims

At an international conference in the Vienna Hofburg on 16/17 May under the joint chairmanship of Deputy Secretary Eizenstat and Maria Schaumayer, the governments of the **Central and Eastern European countries** agreed to the principles of the planned Austrian Reconciliation Fund, including the categories of victims, the calculation of the potential number of 150,000 victims, the amount for each category, and the overall capped amount of ATS 6,000m (€436,037,000).

On 6 June 2000, all four parties in the Austrian National Council (the First House of the Parliament) introduced a draft bill to establish an Austrian Reconciliation Fund. The bill was submitted to the Constitutional Affairs Committee on 7 June, where it passed by unanimous vote on 30 June. On 7 July 2000, less than five months after the appointment of Ms. Schaumayer, the Austrian National Council passed the **Austrian Reconciliation Fund Law** by unanimous vote of all four parties. The Law was then passed by the Austrian Federal Council (Second House of Parliament) on 19 July, again by unanimous consent. The Austrian Council of Ministers then set the Law into force to be effective as of 27 November after the conditions foreseen in the Austrian Reconciliation Fund Law (signing of all bilateral agreements and availability of the funds) had been fulfilled.

In a festive signing ceremony in the Federal Chancellery in Vienna on 24 October, the **bilateral agreements** with the Central and Eastern European countries (i.e. Belarus, Poland, the Czech Republic, Ukraine and Hungary)¹, and the Executive Agreement with the United States were signed by the Austrian Federal Chancellor, the Heads of Delegation of the five Central and Eastern European countries and the United States Ambassador in Austria. On this occasion, the representatives of the five Central and Eastern European countries, of the United States (Deputy Treasury Secretary Stuart Eizenstat), of Austria (Special

¹ Due to technical difficulties in reaching the necessary decisions by the Russian Government, the Russian Federation did not sign the agreement until November 27, 2000.

Representative of the Austrian Government Maria Schaumayer), the Austrian business representative (Heinz Kessler as chairman of the platform "Humanitarian Action") and the plaintiff counsels signed a **Joint Statement**, which includes the obligation of the plaintiff counsels to dismiss with prejudice all pending claims. After the bilateral agreements were signed and the full amount of six thousand million Austrian schillings (€436m) was made available to the Reconciliation Fund, the Reconciliation Fund Law entered into force on 27 November 2000.

Following the provisions of the Reconciliation Fund Law, Austrian Federal Chancellor Wolfgang Schüssel, as Chairman of the Board of Trustees of the Fund, invited the members of the Board to its inaugural meeting, which took place on 20 December 2000 in Vienna. At the **inaugural meeting of the Board of Trustees**, Ambassador Ludwig Steiner was appointed Chair of the five-member Committee, which acts as the decision-making body for those Fund affairs delegated to it by the Board of Trustees. Ambassador Richard Wotava was appointed Secretary-General.

The Fund, which is endowed with public money and funds provided by Austrian businesses and industry, makes one-time payments to persons who were deported by the Nazi regime for forced or slave labour on the territory of today's Republic of Austria. The precondition for the payments is territorial allocation to the geographic territory of what is now Austria. Payments from the Fund are made either via **partner organisations** (that is, the existing reconciliation foundations) in the Central and Eastern European countries or **directly by the Fund** in Vienna in all other cases ("rest of the world" category). Victims organisations in countries where no partner organisation exists can compile multiple claims and forward them to the Fund collectively. In these cases the payments will be made directly to the victims.

Slave labourers receive a one-time payment of ATS 105,000 (€7,631), forced labourers in industry ATS 35,000 (€2,544) and forced labourers in agriculture ATS 20,000 (€1,453); children receive the same amount as their parents, and mothers who were forced either to give birth to their children in special clinics for forced labourers or to have abortions receive an additional payment of ATS 5,000 (€363). Cases of hardship receive a payment up to the highest payable amount in their respective category of labour. Heirs of victims only receive a payment if the victim died on or after 15 February 2000. No payments will be made to former prisoners of war. Claims can be filed within **two years** of the date on which the Reconciliation Fund Law came into force. The fund will operate over a period of three years.

Restitution of Aryanised Property

In the Preamble to the government programme of 3 February 2000, the Austrian federal government expressly acknowledged Austria's responsibility for the actions of its citizens during the National Socialist period. On 9 February 2000 Federal Chancellor Wolfgang Schüssel announced swift compensation for former forced and slave labourers and also the government's determination to resolve the remaining open questions in this connection. In the course of the negotiations on labour issues there was increasing pressure from the victims' representatives for a resolution of open questions of restitution for property confiscated by the Nazi authorities. Austria therefore agreed in May 2000 to open discussions on a comprehensive and final resolution of this issue.

On 18 May Chancellor Schüssel appointed Ambassador Ernst Sucharipa, Director of the Diplomatic Academy in Vienna, to be **special envoy for restitution issues**. On 5 October in Vienna, after intensive preparatory negotiations, Austrian Federal Chancellor Wolfgang Schüssel and US Deputy Secretary for Finance Stuart Eizenstat agreed on a **Framework Concerning Austrian Negotiations Regarding Austrian Nazi Era Property/Aryanization Issues**. Under its terms, USD 150m are to be made available for swift distribution to surviving former Austrian Nazi-victims, as final compensation for the confiscation of apartment and small business leases, household property and personal valuables and effects. The corresponding legislation, which will close gaps and deficiencies under the current Austrian law, has been introduced in the name of all four parliamentary parties and has been swiftly enacted.

The Framework also foresees the creation of a **General Settlement Fund**. After eight rounds of negotiations in Vienna and Washington agreement was reached with the US Government, the victims' representatives and the class action lawyers on 16/17 January 2001. The result was laid down in a **Joint Statement**, signed by all the parties, which records their agreement with the content of the Exchange of Notes between the Austrian and United States government.

The General Settlement Fund will be endowed with an amount of USD 210m in addition to the USD 150m already mentioned. Decisions on applications under the claims- and equity-based processes will be made by a Claims Committee under the auspices of the Austrian National Fund for Victims of National Socialism. The fund will compensate for the loss of property in the categories of liquidated businesses, real property, bank

accounts, stocks, bonds, mortgages, and movable property not covered by the above-mentioned USD 150m. A sum of USD 25m is earmarked for confiscated insurance policies, to be distributed under the rules of the International Commission on Holocaust Era Insurance Claims.

A **social package** was agreed as an accompanying measure with an estimated total of USD 112m over the next 10 years. It covers an extension of nursing allowances, abolition of the citizenship condition for pensions under the Victims' Welfare Act, and adaptation of pension rights. Other provisions cover the return of works of art, the maintenance of Jewish cemeteries, the Hakoah sporting club, and improved access to archives.

The agreement should lead to comprehensive and final legal peace for Austria and Austrian firms, either through voluntary withdrawal or dismissal with prejudice of all class actions after entry into force of the agreement. In the event that a case is not withdrawn the US Government will submit a Statement of Interest to the Court to the effect that further pursuit of the case would be contrary to the interests of US foreign policy.

Even if the immeasurable suffering that was caused to Jewish citizens and other Nazi-victims during the National Socialist era cannot be measured in concrete terms, it has thus been possible to arrive at a settlement that accords with international standards. It has also been possible to hold a balance between the interests of surviving victims and the heirs of those who perished at the hands of the Nazis or who have died in the meantime. The additional social measures cover important needs that have been expressed for years. The implementation of all these measures will compensate for much that has been neglected over the years and demonstrate that Austria is facing up to its moral responsibility.

D. Austria and the Developing World

The primary objectives of Austria's development assistance have been set out in the government's current three-year programme: combating poverty, preventing conflicts, and protecting the environment. Unfortunately, the basic problems of many underdeveloped countries stubbornly persist: war, environmental destruction as a result of poverty or unjust distribution of resources, and lack of access to education or medical care create a vicious circle that is almost impossible to break. Against the background of ongoing globalisation, these problems have attained a new political dimension, because they now have a direct influence on the richer countries too, and affect the future of the whole of mankind. The endeavours to arrive at a common solution to these global problems through development cooperation are not motivated simply by a sense of moral duty, but also by well understood self-interest.

Austria's development policy therefore aims to bridge the gulf between rich and poor and to support the economic, social, democratic and ecological development of the countries of the so-called Third World on a basis of partnership. The precondition for this partnership is respectful treatment and direct involvement of those concerned in the planning and implementation of development projects. If these projects are to have a sustainable effect, then combating poverty is as important as equal opportunities, respect for democracy and human rights, and careful husbanding of resources.

Globalisation has also brought about changes in international development policies. This is reflected in the revision in October 2000 of Austria's **Advisory Board on Development Policy**, which takes account of the altered framework conditions. This body of Austrian and international experts will advise the government on the drafting of policy and the planning of development cooperation.

In 1999, Austria's total Official Development Assistance (ODA) amounted to ATS 6,800m (€494m) or 0.26 per cent of GDP, an increase from the previous year's figure of 0.22 per cent. This lies above the OECD average of 0.24 per cent but below the EU average of 0.31 per cent. The overall increase was due to higher contributions to multilateral development institutions, a first payment to the European Development Fund as well as high expenditure for Kosovo refugees. The increased emphasis on multilateral development assistance resulted in a drop of ATS 100m (€7.27m) in the means allocated to bilateral programmes.

The elimination of **poverty** is an essential precondition for a life in dignity and a better and more hopeful future for the majority of the world's population. It is also a necessity in order to remove one of the main causes of wars in developing countries as well as for the protection of the world ecological balance. The OECD has set out to halve the number of people living in extreme poverty by the year 2015. This focus is reflected in Austria's concentration of bilateral aid on the poorest countries as well as particularly needy regions and population sectors, with the aim of helping them to help themselves.

Bilateral Development Cooperation

Since 1993 Austria's bilateral development assistance has been primarily concentrated on five key regions with eight priority countries (p) and twelve cooperation countries (c):

1. Central America: Nicaragua (p); Costa Rica, El Salvador, Guatemala (c)
2. The Sahel Zone of West Africa: Burkina Faso, Cape Verde (p); Senegal (c)
3. The Great Lakes region of East Africa: Ethiopia, Rwanda, Uganda (p); Burundi, Kenya, Tanzania (c)
4. Southern Africa: Mozambique (p); Namibia, South Africa, Zimbabwe (c)
5. Himalaya/Hindu Kush: Bhutan (p); Nepal, Pakistan (c)

Around 70 per cent of Austria's bilateral ODA is concentrated on these countries. Coordination offices have been opened in the priority countries, with the temporary exception of Rwanda. There are also special programmes for **South-East Asia**, **Western Sahara** and the **Palestinian Authority**, where another coordination office has been opened.

Parallel to the selective geographical concentration, **sectoral priorities** within each target country correspond to the special know-how and expertise available in Austria. These include, for example, the financing of small and medium-sized businesses, for which Austria organised an international conference in October 2000; rural development; vocational training; water and energy supply; ecologically and socially friendly tourism, etc. The development of democracy, combating poverty, gender equality and protection of the natural environment are not merely project themes, but also crosscutting principles that underlie all Austrian development activities. Since 1992, there has also been a programme for cofinancing development projects jointly from public and private funds. Austria's method of cofinancing through the existing nongovernmental organisations has meanwhile become a model that is used by other donors, including the European Union. Private-sector

partnerships between Austrian firms and those in developing countries are also supported. All projects are subject to strict evaluation at both the planning and the operational stages. In 2000, Austria organised an international conference on evaluating the alleviation of poverty by means of small loans.

In 2000, approximately 500 projects were directly financed and supported by Austria's bilateral ODA. For example, for some years Austria has supported the development of independent media and the training of female journalists as part of the programme of democratisation, strengthening civil society and promotion of good governance in developing countries. **Radio Mozambique – The Voice of Women**, set up together with the Austrian North-South Institute, broadcasts in Bantu to women in rural areas who would otherwise be excluded from access to the mass media. In October 2000, the project won the **Award for Progress in Gender Awareness** of the Commonwealth Broadcasting Association.

Other examples include a programme for **controlling tuberculosis** in the Somali region of **Ethiopia**, in cooperation with the Ethiopian Ministry of Health and a Belgian NGO. With a cure rate of 85 per cent the results have been excellent and the programme is to be extended to two other regions. In the **Himalaya** region the recent global warming has increased the danger from expanded **glacier lakes**. At the request of **Bhutan**, therefore, an Austrian team with Alpine experience is investigating the situation around the Luggye Tsho glacier lake with a view to setting up an early warning system and safety measures as far down as the nearest valley settlements. The government of South Tyrol is cooperating in and cofinancing the project.

Multilateral Development Cooperation

The United Nations

The principal UN development agency is the **United Nations Development Programme (UNDP)**. A ministerial meeting in September 2000 approved a programme of decentralisation and other administrative reforms in order to meet criticisms from Austria and other donor countries. The Millennium Summit Declaration in September gave the elimination of poverty priority status within the work of the UN, with the UNDP playing a central operational role. Austria regards the functions of the Resident Coordinators, the heads of the 131 UNDP country offices, as particularly important, since they coordinate all UN activities there and prevent duplication and inefficiency. While project operations are being decentralised, direct "up-stream" cooperation with governments on long-term programmes is being intensified, with UNDP tending to concentrate on a limited range of fields like good governance or crisis management. Despite the reforms, the UNDP's financial situation remains critical, its total budget having been almost halved from USD 1,200m in 1992 to USD 680m in 2000. Contributions are voluntary, with a tendency towards financing of specific programmes. The new Director of the **United Nations Population Fund (UNFPA)** is Thoraya Obaid of Saudi Arabia.

Austria's **Junior Professional Officer Programme** finances the services of young graduates for two-year training assignments to international organisations, the entire costs being met by the Ministry for Foreign Affairs. This programme serves to support the organisations concerned as well as broadening the experience of the trainees, who are mostly sent to developing countries. The programme also helps to increase the number of Austrian personnel in the various organisations. During the past five years, 22 JPO posts have been changed to permanent appointments, of which 18 are in UN organisations, 3 in the European Commission and one at Euratom. In 2000, JPOs were in service in Rwanda, Nicaragua, Kenya, Myanmar, Guatemala, Palestine, Zimbabwe, Mozambique, Ethiopia and Bhutan as well as in UN headquarters in New York and Geneva.

In 2000, the 169-member **United Nations Industrial Development Organisation (UNIDO)** was engaged in implementing 42 integrated country programmes, with a budget of USD 23m. Apart from strengthening industrial capacities and competitiveness, UNIDO concentrated on its broader mandate under the **Global Environment Facility** for sustainable industrial development. Cooperation with the European Union started with a project in West Africa financed by the EU but implemented by UNIDO. **Austria** financed a series of UNIDO projects in the priority and cooperation countries under the bilateral assistance programmes. New projects were authorised in Senegal, Uganda and Lebanon, and others continued in Nicaragua and elsewhere, whereby Austria particularly supported projects for "cleaner production centres" to encourage environmentally benign industrial production. Austria consistently campaigned for the development of productive capacities in the least developed countries (LDCs). Austria and Mali will hold the joint chairmanship of the energy round table at the LDC III conference in Brussels in May 2001, with UNIDO as the Lead Agency.

The **United Nations Conference on Trade and Development (UNCTAD)**, of which Austria was a founding member in 1964, is an intergovernmental programme to help the developing countries to integrate into the

world trading system. The **Tenth World Trade Conference** (UNCTAD X) in Bangkok from 12 to 20 February 2000 was attended by some 2,500 delegates from 190 countries, including 108 ministers and 17 heads of state as well as representatives of 120 NGOs. Austria played an active part in the conference as well as in the preparatory process. The Bangkok action plan gave UNCTAD a mandate for its future work, with the retention of its traditional role and a concentration on consensus building, analysis and technical assistance. One of its main tasks in 2000 was preparing for the **UN Conference on the LDCs** in May 2001, the aim of which will be to implement the goal set out by the UN millennium summit of halving the number of people living on less than 1 US dollar daily by the year 2015.

Austria's future activities in the **United Nations Centre for Human Settlement** (UNCHS/HABITAT) will concentrate on the water sector, a central point in the Centre's agenda and an internationally sensitive issue. Furthermore, it is a field in which Austria has special experience. In view of some dissatisfaction with the efficiency of the UNCHS implementation activities, Austria has endeavoured to develop a usable strategy with a concentration on the problems of water supply to population conurbations, and the rights and effects of water use in settlement areas. The UNCHS **Water for African Cities** programme offers an opportunity to put this strategy into practice.

The European Union

The administration of the Union's development policy was subjected to internal reform in 2000. The Commission also presented new concepts for revising the policy itself and improving operational coordination between the Community and member states. A new executive agency called **EuropeAid** was founded to administer most of the Community's programmes as well as the European Development Fund for the ACP countries.

In November the Council of Development Ministers laid down the political parameters in a **Statement by the Council and the Commission on the European Community's Development Policy**. This document, in whose compilation Austria played a role, is the first comprehensive formulation of European development policy. Its overriding goal is the reduction and final elimination of poverty, but it also stresses the strengthening of democracy, gender equality, the gradual integration of developing countries into the world economy, and improving the capacities of public and private actors in the developing countries. At Austria's insistence it lays stress on the ecological aspects of sustainable development. It states that, in order to maximise the impact of Community aid, there should be a concentration on six areas: development-oriented trade; regional integration and cooperation; promotion of macroeconomic policies; transport, food supply and sustainable development of rural areas; strengthening institutional capacities; and good governance and the rule of law.

The **Cotonou Agreement** between the European Union and the developing countries of the African, Caribbean and Pacific regions (the ACP states) was signed in Cotonou, Benin, on 23 June. The relevant negotiations had been opened in September 1998 under the Austrian EU presidency, and Austria played an active role not only in formulating the EU-mandate for the negotiations but also in the talks themselves. The agreement runs for 20 years from 1 March 2000. By comparison with the earlier Lomé agreements, it strengthens the political aspects of development cooperation, with consultations and sanctions foreseen in the event of corruption and violations of human rights. A number of Austria's primary goals have been written into the agreement: priority for combating poverty; special treatment for the least developed countries; strengthening political dialogue; integrating non-governmental participants; regional differentiation; strengthening the private sector; emphasis on "fair trade"; and a fundamental reform of development aid instruments. The new agreement represents a modern, comprehensive and contractual instrument of North-South cooperation.

An internal EU agreement signed on 18 September set up the ninth **European Development Fund** for the ACP countries. It will be stocked with the funds remaining from previous EDFs as well as contributions of up to €13,800m from the EU Member States for the period 2000-2005. Austria's contribution has been fixed at €365.7m.

Other Aspects of Multilateral Development Cooperation

One of the fundamental aims of Austria's development assistance is **conflict prevention**. Studies by the Arbeitsgemeinschaft Kriegsursachenforschung in Hamburg, Germany, concluded that there were **31 wars and 18 other armed conflicts** during the year 2000. Well over 90 per cent of all wars since 1945 have taken place in the so-called Third World, with an increasing tendency towards internal conflicts. Austria is therefore very much involved, in Africa especially, in endeavours to avert violence and build up the potential for conflict resolution. The fourth in Austria's series of seminars on **Conflict Management in Africa** took place in

Midgard, Namibia, from 5 to 24 November 2000. A total of 40 participants from a wide geographical area and range of occupations in 18 African countries were given basic training in conflict analysis and mediation. The series is conducted by the Austrian Study Centre for Peace and Conflict Resolution in cooperation with the Southern African Regional Institute for Policy Studies.

Studies undertaken in 2000 showed that **sustainable tourism** can make a substantial contribution to the fight against poverty, to balanced economic and social development, international understanding and peace. An increasing number of tourism projects are being submitted for support, and requests for information are being received more and more frequently from even the least developed priority and cooperation countries. The most important reasons are the labour-intensive nature of tourism jobs and the strong growth in the developing countries. Austria's considerable know-how in the tourism sector plays a large role here, whereby great value is placed on a dialogue in partnership between North and South as well as the importance of training.

Under the terms of the 1999 **Food Aid Convention**, Austria decided to make a contribution in monetary value (€1,489,630) rather than in tonnage of foodstuffs as hitherto. The total EU contribution under the new agreement is €422,171,690, including transport and other operational costs. Austria endeavours to raise the quality and efficiency of food aid by making deliveries independently of world prices and acquisition problems, and by integrating food aid into development assistance as a whole. Thus the government of Cape Verde is responsible for the purchase, delivery and distribution of the cereals financed by Austria. This system has proved to be more cost-efficient and furthermore strengthens the administration of the receiving country by delegating responsibility. For 1999/2000, the Federal Ministry for Foreign Affairs recommended dividing the cereals budget between Cape Verde (€800,000) and Ethiopia (€689,630).

Austria's Assistance Programme for Eastern Europe

Austria's assistance programme for Eastern Europe covers both the countries of Central and Eastern Europe as well as the members of the Commonwealth of Independent States (successor states of the former Soviet Union). In 2000 Austria expended a total of ATS 287m (€20.86m) as non-repayable grants for bilateral aid to these countries. The main condition for this support is a certain minimum observance of democratic principles, especially as regards minority and refugee policies and observance of human rights. Also essential is active local participation as well as sustainability of the projects realised with Austrian aid.

Until 1998 the assistance programme concentrated on the immediate neighbours of Austria to the east, all of which are now candidates for membership in the European Union. In 2000 the main effort in this group shifted to the two economically weakest countries, Bulgaria and Romania. In principle, no new projects are now started in the other countries of the group, with the exception of small measures of an advisory nature.

Of the other reform countries, the main effort is now concentrated on Albania, Bosnia and Herzegovina, Croatia and the Federal Republic of Yugoslavia (Montenegro, Kosovo, and since 2001 also Serbia) mainly under the provisions of the Stability Pact for South-Eastern Europe, for which ATS 100m (€7.27m) was pledged for quick-start projects. In the Russian Federation, Ukraine and the Central Asian and Caucasian states, projects are realised only on an ad-hoc basis. Austria also co-finances numerous projects in support of regional cooperation and integration in South Eastern Europe within the framework of the Stability Pact. The projects financed cover the environment, education, youth, employment, social service, public administration, democracy and human rights sectors. Since Austria chairs the "Task-Force on Education and Youth" under the Stability Pact, the Austrian assistance programme also lays particular stress on these sectors.

E. The United Nations

The 55th United Nations General Assembly – the **Millennium Assembly** – opened with a special **Millennium Summit** of heads of state and government. The Secretary-General's report **We the People: the Role of the United Nations in the 21st Century** demanded fair and balanced opportunities for all through globalisation. This was echoed in the **Millennium Declaration** issued by the Summit. The Assembly also debated the subjects of globalisation, financing development and combating poverty raised by the G77 group of developing countries. The states of the North demanded the implementation of the recommendations of the **Brahimi Report** on the reform of UN peacekeeping operations. One particularly controversial item was the Secretary-General's initiative for establishing partnerships between the UN and the private sector.

Agreement was reached on the **reform of the scale of contributions** for the general UN budget as well as for the peacekeeping operations. Austria was closely involved in the negotiations. The United States will now pay 22 per cent of the general budget instead of 25 per cent as hitherto. The budget for peacekeeping operations is now based on objective criteria, with a 10-point contribution scale which takes greater account of a country's financial status. Austria contributes 0.919 per cent of the regular UN budget and 0.952 per cent of expenditure on peacekeeping operations.

A worldwide opinion poll underlined the central importance of **human rights** for the work of the United Nations. On the occasion of the Millennium Summit, over 50 heads of state and government signed the two additional protocols to the Convention on the Rights of the child on the involvement of children in armed conflicts as well as on the sale of children, child prostitution and child pornography. All the resolutions important to Austria and the West like the promotion of democracy, education for human rights and the human rights situations in some individual countries were adopted by clear majorities, but other resolutions on South-Eastern Europe, Iran, Iraq, Cambodia, etc. were the subject of controversy. Two Special Sessions of the General Assembly monitored the implementation of the results of the World Social Summit and the World Conference on Women and formulated new guidelines in these areas. Austria was given a positive report in the periodic monitoring by the UN Committee on the Elimination of Discrimination against Women.

Japan and around 150 other states utilised the occasion of the Millennium Summit to raise the **reform of the Security Council** once again. However, the high-level working group on enlargement and reform of the Security Council was once again unable to achieve a consensus on key issues like the size of the enlarged Council, the selection of new permanent members and working procedures, especially the use of the veto.

UN Peacekeeping Operations

At the beginning of 2000 there were 19 UN peacekeeping operations, for which 83 countries supplied personnel. At the end of the year the number of operations had fallen to 16, but the total number of military and police personnel had doubled to 38,500 from 88 countries. The largest contingents were in Sierra Leone (UNAMSIL, 12,500 persons), East Timor (UNTAET, 9,300), Lebanon (UNIFIL, 5,700) and Kosovo (KFOR, 4,500). Since the Security Council is now prepared to issue more robust mandates than previously, there was a higher proportion of armed military forces in the 2000 total. There is also a trend towards greater participation by contingents from Asian and African countries. The mandates for the UN missions in Lebanon and on the Golan Heights between Israel and Syria were renewed.

At the beginning of the year, the Secretary-General commissioned an expert Panel on United Nations Peace Operations to report on the situation. The resulting so-called **Brahimi Report** reveals the major deficits in the system and puts forward a number of proposals on conflict prevention as well as the consolidation and maintenance of peace, the logistics of missions and structural adaptations within the UN system. A number of these proposals were being implemented by the end of the year, albeit fewer than desired by the majority of Western states, but the process is by no means concluded.

In September, **Austria** informed the Secretary-General that the Austrian contingent in the UN Peacekeeping Force in Cyprus (UNFICYP) would be withdrawn in the course of reorganisation necessitated by the formation of the European Union crisis management system. At the end of 2000, Austria participated in peacekeeping operations with a force of around 1,350 police and military personnel. Of these, 750 were engaged in 10 UN-led and 600 in UN-mandated operations under NATO (Bosnia and Kosovo) and the European Community Monitoring Mission in the Balkans. Austria provided the 19th largest UN contingent in absolute figures, and the second-largest of those of the EU member countries. An Austrian officer took over a leading command position in the UN Mission in Georgia (UNOMIG). An Austrian expert continued to serve on the staff of UNMOVIC (Iraq) in New York.

Austria continued to participate in the multinational Stand-by Forces High Readiness Brigade (SHIRBRIG), with the aim of achieving a swifter mobilisation of forces for peacekeeping operations mounted under Chapter VI of the UN Charter. In September the staff of the brigade, with five Austrian members, was sent to form the core of the headquarters of the UN Mission in Ethiopia and Eritrea (UNMEE). Austria's cooperation with Hungary, Slovakia and Slovenia in the **Central European Cooperation** (CENCOOP) continued in Cyprus (now AHSB/UNFICYP) and the Golan Heights (AUSBATT/UNDOF).

The **UN Monitoring, Verification and Inspection Commission** (UNMOVIC), that was formed in 1999 to monitor the situation in **Iraq**, was still unable to start functioning because of Iraq's refusal since 1998 to permit inspection of its armaments. For this reason, there was no consensus within the Security Council on lifting the sanctions imposed in 1990, despite pressure from the media and humanitarian organisations. On 5 December the Council agreed to continue the **Oil for Food programme** as the only derogation from the sanctions. The proceeds from the permitted sale of Iraqi oil are to be used for humanitarian purposes. The proportion allocated to compensation for the victims of Iraq's invasion of Kuwait was reduced from 30 to 25 per cent of the total.

Cooperation with the OSCE

The activities of the Organization for Security and Co-operation in Europe are bound up with those of the United Nations in many areas such as Nagorno-Karabakh, Abkhazia, Transnistria, Chechnya, Kosovo, and Bosnia and Herzegovina. Austria's chairmanship of the OSCE in 2000 therefore demanded close cooperation with the UN Secretariat. One particular challenge was the annual resolution on UN-OSCE cooperation, traditionally one of the most difficult General Assembly plenary resolutions. It was submitted on 19 December by Austria in the name of 50 states and was finally adopted by 147 votes to 1 with no abstentions. Armenia voted against, because an amendment on Nagorno-Karabakh by Azerbaijan had been included in the text. The overwhelming vote represented clear recognition by the United Nations for the work of the OSCE in 2000, and also the Austrian leadership of the Organisation during the year.

The Federal Republic of Yugoslavia

During the first half of 2000 Bosnia and Herzegovina, Croatia, Macedonia and Slovenia tried to enlist support for their controversial proposal to introduce a resolution on **The Status of Yugoslavia**, which would have ended the remaining membership rights of the de facto no longer existing Socialist Federal Republic of Yugoslavia. After the change of regime in the Republic of Yugoslavia in autumn, President Koštunica formally submitted an application for membership of the United Nations, under strong pressure from the West. With this, the Republic recognised that it is not the official successor to the Socialist Federative Republic, which has now disappeared and has been succeeded by five independent states. The resolution approving the application was adopted by acclamation on 1 November. The flag of the old Yugoslavia was removed from the UN and replaced by the flag of the new Federal Republic.

International Criminal Jurisdiction

The deadline for signing the treaty on setting up the **International Criminal Court** was 31 December 2000. The signatures by the United States, Israel and Iran on the very last day meant that some of the ICC's sharpest critics have now signed the Rome Statute. The total number of signatures is 139. The Statute, which requires 60 ratifications to enter into force, had been ratified by 27 at the end of the year. Austria deposited the instrument of ratification with the Secretary-General on 28 December. The Preparatory Commission completed the compilation of the ICC's Rules of Procedure and Evidence of the Court as well as the Elements of Crime in June. Work started in December on the remaining open questions.

Organisations of the UN System

UN Economic Commission for Europe (ECE)

The ECE was founded in 1947 as the first of five regional organisations with the aim of supporting the coordinated reconstruction of post-war Europe. In recent years it has undergone a wide-ranging reform in order to adapt it to the current political and economic situation. Its most important functions are in the fields of transport, the environment, energy, trade, industry and business development. The new Secretary-General is Danuta Hübner of Poland. Austria held the chairmanship from 1 January 2000 until the end of June 2001, parallel to the chairmanship of the OSCE, which had positive synergetic effects. Austria's policy in this capacity was to enhance cooperation with the Caucasian and central Asian republics while drawing the EU candidate countries more closely into ECE activities. The ECE **Convention on the Transboundary Effect of Industrial Wastes** entered into effect on 19 April 2000. The third ECE **Spring Seminar** on 2 May drew a

10-year balance regarding the transition from a planned to a market economy. The following 55th ECE annual general meeting concluded that a stabilisation of South-Eastern Europe would not occur without continued external aid. On 26 May a **European Convention on the Safe Transport of Dangerous Goods on Inland Waterways** was signed. The ECE **Agreement on the Development of Worldwide Regulations for the Safety of Road Vehicles** that was signed in 1998 entered into force on 25 August 2000. On 6/7 December the ECE held the European **Regional Conference on Financing for Development** as part of the preparation for the global conference on the same theme that is to take place in 2002.

UN Food and Agriculture Organization (FAO)

Austria has been a member of the FAO since 1947 and in 2000 was a member of the FAO Council. Austria's contribution to the FAO for the year 2000 was USD 3.04m. The Regional Conference for Europe set up a new independent **European Food Authority** from 2002 in order to ensure food supply and quality. The Committee on Global Nutritional Security established that the goals of the 1996 World Food Summit (halving the number of chronically undernourished by 2015) could not be attained as planned if existing trends persisted, although the number of undernourished persons in developing countries diminished during the 1990s. This was confirmed by reports presented to the 119th FAO Council in November, which found that there are still 30 countries with 62 million people suffering from a nutritional deficit, especially in Africa. With growth in agricultural production slowing down, greater national and international effort will be necessary to attain the Summit's goals. The FAO Working Group on Women and the Family within the Framework of Rural Development emphasised the importance of new opportunities and challenges for youth in order to guarantee sustainability in the European regions. Differences of opinion arose over **multifunctional agriculture**, such as care of the landscape, which is less important to the underdeveloped countries than to the EU members and Japan. The Council took positive steps to implement the 1999 **Framework Strategy 2000-2015** by outlining the aims of the organisation in a medium-term plan for the period 2002-2007.

International Atomic Energy Agency (IAEA)

The IAEA, founded in 1957, has its administrative headquarters in Vienna as well as research, teaching and safety control facilities at Seibersdorf in Lower Austria. Its 2,200 staff provide assistance to 133 member states in fields such as the peaceful uses of nuclear energy and nuclear safety programmes, e.g. medical radiology, isotope technology for tracing sources of drinking water, new methods of combating veterinary diseases, and improving the safety of nuclear power stations. Another main function is to prevent the diversion of nuclear material for other than peaceful purposes through the worldwide application of safeguard agreements as well as security controls, in order to hinder the proliferation of nuclear weapons. Austria's interests are primarily concentrated on nuclear safety and non-proliferation.

In the sphere of nuclear safety, the **Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management** (Waste Convention) is expected to enter into force in the second half of 2001, since 23 of the necessary 25 ratifications had been deposited with the IAEA Director-General by the end of 2000. Austria, which signed the convention in 1998, will ratify in early 2001. **Nuclear safeguards** have been considerably sharpened since the Gulf War in the early 1990s. An additional protocol adopted in 1997 extends **safeguard controls** to all aspects of civilian nuclear programmes, including research activities. The development of the relevant integrated monitoring system is making rapid progress, but by the end of 2000 only 57 states and international organisations had signed agreements with the IAEA, including all the EU countries and the European Atomic Energy Community (Euratom). Austria's ratification was expected for early 2001.

The 44th session of the **IAEA General Conference** in September 2000 demonstrated the diverging priorities of the member states. A large group wanted more means made available for the development and construction of a new generation of nuclear power stations and the technical assistance programmes, whereas a smaller group, including Austria, were more interested in enhancing nuclear safety in all its aspects and preventing the misuse of civilian nuclear programmes for military purposes. The resolution on nuclear safety presented by Austria in the name of the EU was particularly controversial, but it was finally adopted. The IAEA budget for 2001 was USD 225m. A contribution target of USD 78m was set for the Fund for Technical Cooperation.

International Civil Aviation Organization (ICAO)

The ICAO's working programme aims at a general improvement of standards in international air transport in respect of technology, safety, environmental standards and economy. Its increasing membership, presently 185 countries, has made ongoing adaptation necessary. Work continued on drafting new standards for noise emissions. The first proceedings before the ICAO regarding the EU ban on certain older aircraft, even if fitted

with noise-reducing "hushkits", started in November at US instigation. In cooperation with Unidroit a convention was drafted on international security law concerning movable air freight, which is due to be adopted at the 2001 diplomatic conference. The technical safety standards in 131 ICAO member states were monitored within the framework of the safety supervision programme. This monitoring is to be completed before the ICAO general meeting in September 2001.

International Fund for Agricultural Development (IFAD)

The IFAD, of which Austria was a founding member in 1977, is a specialised United Nations organisation with the character of an international financial institution set up to combat poverty and provide assistance for the improvement of agricultural production in developing countries. To date, it has helped some 35 million households (around 230 million people) with small loans to finance 550 projects to a value of over USD 5,830m. IFAD regards its function as creating an "enabling micro-environment for the poor". The essential elements of this strategy are enabling access to small loans, technology, minimum infrastructure, health care and primary education for the rural population. Negotiations for the fifth IFAD replenishment were concluded in 2000 and resulted in total contributions of USD 460m. Of these, 360m came from the industrial countries, 40m from the OPEC countries, and 60m from the developing countries themselves. Austria promised to contribute USD 5.9m.

International Labour Organization (ILO)

The ILO was founded in 1919 to promote workers' rights and improve working conditions. The 88th meeting of the International Labour Conference in June dealt with the protection of mothers, job protection in agriculture, and the training and development of human resources. The most important result was the redrafting of the Convention on the Protection of Mothers. The main issue at the sixth European Regional Conference in Geneva in December was development trends in Europe and central Asia (unemployment, women workers, working conditions, internet access, etc.)

International Maritime Organization (IMO)

The IMO, a special technical organisation of the UN group, now has 158 members and two associate members. Its function is to draft international legal rules for the safety of high-seas shipping and to prevent disasters at sea. Its budget for the current two-year financial period is 36.6 million British pounds. It pays special attention to tanker accidents, which can cause serious environmental disasters. It endeavours to have unseaworthy vessels withdrawn from service, and is working towards having double-walled hulls made internationally compulsory as soon as possible. The main themes of the second International Congress on Marine Technology in October were avoiding discharges of polluted ballast water, and the development of electronic marine charts. Special attention is paid to the **human factor** in the harmonisation and implementation of the existing safety standards, since some 80 per cent of all accidents at sea are due to human error. A protocol to the **International Convention on Search and Rescue Actions at Sea** entered into force, as did a harmonised system for questionnaires, certificates and alterations to the **International Convention on Safety at Sea**. A total of 24 high-seas vessels of 68,034 register tons sail under the Austrian flag. Austria's main concerns within the IMO are nuclear safety and international standards on combating the smuggling of persons by sea.

Office for the Coordination of Humanitarian Affairs (OCHA)

In the course of the reform of the United Nations the Department of Humanitarian Affairs (DHA) was separated from the OCHA. This now has three functions: developing UN policies in the humanitarian field, promoting these in relation to other UN units, and coordinating humanitarian aid provided by organisations of the UN system in the event of natural and man-made disasters. One special function is the United Nations Consolidated Inter-Agency Appeal, with a budget of USD 2,260m for the most pressing humanitarian needs of 35 million people in 19 countries. The aim of this consolidated appeal for funds is to correlate information from all the relevant agencies on the necessary humanitarian measures. Austria retained the chairmanship of the consultative group of the **Military and Civil Defence Unit (MCDU)**, which was set up in 1996 at Austria's instigation as a secretariat for governments and other institutions in respect of training and operational plans, and is also a liaison centre for requests for assistance. Since 1996 some 400 MCDU personnel have been trained under the **Civil and Military Cooperation (UN CIMIC)** programme, mostly in Austria and Switzerland. Austria made ATS 550,000 (€39,970) available for the OCHA in 2000, and co-financed the post of a "national disaster relief expert" to coordinate the CIMIC training programme.

UN Educational, Scientific and Cultural Organization (UNESCO)

UNESCO Director-General Koichiro Matsuura of Japan submitted an ambitious programme of reform with the goals of organisational efficiency and a concentration on core areas, including the issue of **cultural diversity** in an age of globalisation. As a follow-up to major events held in Vienna during 1998 and 1999 on multi-cultural themes, the "Vienna Conclusions", a catalogue of recommendations on this complex of questions, was presented to the tenth UN Conference on Crime Prevention in April as an Austrian national paper. A symposium on "Culture and Neighbourhood" was held at the University of Klagenfurt in May.

The exhibition "Krieg oder Frieden – vom Kult der Gewalt zur Kultur des Friedens", which ran in Burgenland from May to November 2000, was Austria's contribution to UNESCO's **Year of the Culture of Peace**. The **Wachau** region along the River Danube was added to the list of world heritage sites – the sixth Austrian entry in this prestigious list. It is now proposed that the entire Alpine mountain chain should be added to the list. The three Austrian nominations for entry on UNESCO's **Memory of the World** register were officially accepted on 5 September. They are the Vienna **Dioscurides** (a 6th-century manuscript copy of an ancient handbook of medical practice that for over 1,500 years was accepted as a standard work), the **Final Act of the Congress of Vienna** in 1815, and the **Phonogram Archive** of the Austrian Academy of Sciences. The **Grosse Walsertal** became the fifth Austrian region to be included in UNESCO's list of around 400 biosphere reserves worldwide.

Austria contributes 1.275 per cent of UNESCO's regular budget, presently amounting to around ATS 46m (€3.34m), with an additional contribution of USD 35,000 to the UNESCO Fund for the Protection of the World Cultural and Natural Heritage. Austria also met other non-budgetary expenditure, including the financing of an Associated Expert at UNESCO headquarters, provided scholarships for educational planners from developing countries, contributed to the Fund for Developing Knowledge of Human Rights through Education and Information, the International Council for Monuments and Sites (ICOMOS), and the Association for the Development of Education in Africa.

UN High Commissioner for Refugees (UNHCR)

The 50th anniversary of the UNHCR was marked by a broad initiative to revitalise the international protection regime. The former Netherlands Prime Minister Ruud Lubbers was appointed High Commissioner in succession to Sadako Ogata. The Commission, with around 5,000 personnel, carries out its mandate to care for some 22.3 million refugees and displaced persons in cooperation with governments, other UN organisations, NGOs, and increasingly also with national military forces, defence organisations and peacekeeping forces. It provides four different forms of assistance: emergency aid, long-term care for those in waiting situations, integration assistance for those in countries of asylum, and programmes for repatriation and re-integration into their homelands. In 2000 the operations in Kosovo and East Timor were gradually being handed over to development organisations. The 2000 budget was approximately USD 1,000m, 98 per cent of which is contributed voluntarily, and 95 per cent by 15 donors. New forms of partnership have been entered into in order to cope with increasing demands. Austria's contribution to the regular UNHCR budget in 2000 was ATS 5m (€363,000), with an additional ATS 5.5m (€400,000) for demining in Kosovo. Another ATS 1m (€72,673) financed the appointment of an Austrian to the UNHCR office in Caracas.

United Nations University (UNU)

The University, founded in 1972 as an autonomous organ of the UN General Assembly, is located in Tokyo. Students and teachers in its worldwide network of academic institutions research current problems of peace policy, social security and ecology. It cooperates closely with UNESCO in many areas. The Administrative Council of the University is appointed jointly by the UN Secretary-General and the Director-General of UNESCO. There are two external centres, in Paris and New York, as well as eight research and training centres and programmes worldwide: development economics (Helsinki), new technologies (Maastricht), natural resources (Lusaka), software technology (Macao), advanced studies (Tokyo), biotechnology in Latin America and the Caribbean (Venezuela), the International Leadership Academy (Amman), and the international network for water, environment and health (Canada). There are also three associated institutions offering training in food technology (India), energy (Iceland) and food research (Japan). A number of Austrian academics have participated in UNU seminars and research programmes since its foundation. Austria made a contribution of ATS 1.5m (€109,000) to the UNU in 2000.

World Health Organization (WHO)

The 53rd **World Health Assembly** in Geneva in May was dominated by the current priority policies on HIV/AIDS and the international control of tobacco. It adopted a resolution on HIV/AIDS whereby the poorer

member countries can rely on WHO support in the implementation of a monitoring system for determining pharmaceutical prices. Negotiations started on a framework convention on the control of tobacco. Austria's contribution to the WHO budget in 2000 was USD 3.9m.

World Tourist Organization (OMT/WTO)

The Madrid-based OMT/WTO (World Tourist Organisation/Organisation Mondiale de Tourisme) is not a UN specialised organisation in its proper sense, but it cooperates closely with other UN units. It is an organisation for the implementation of technical development aid activities within the framework of the UNDP. At the end of 2000 the OMT had 138 members, 4 associate members, and more than 350 representatives of the private sector as affiliated members. Austria, which has been a member of the **Programme Committee** since 1995, was re-elected in 1999 and took over the chairmanship of the committee, which now has the task of evaluating the organisation's programme of work.

International Organisations in Austria

A number of major units and organisations of the United Nations system have their headquarters in Vienna:

- International Atomic Energy Agency (IAEA)
- Comprehensive Nuclear Test Ban Treaty Organisation (CTBTO), Preparatory Commission
- UN Industrial Development Organisation (UNIDO)
- United Nations Office at Vienna (UNOV):
 - UN Office for Outer Space Affairs (OOSA)
 - Division of Administrative and Common Services (DACS)
 - United Nations Information Service (UNIS)
- UN Office for Drug Control and Crime Prevention (ODCCP):
 - UN International Drug Control Programme (UNDCP)
 - International Narcotics Control Board (INCB)
 - UN Centre for International Crime Prevention (CICP)
- International Trade Law Branch
 - Secretariat of the UN Commission on International Trade Law (UNCITRAL)
- Secretariat of the UN Scientific Committee on the Effects of Atomic Radiation (UNSCEAR)
- UN Development Programme - Programme Support Unit (UNDP-PSU)
- Reconstruction and Development Support Unit (RDSU)
- UN High Commissioner for Refugees (UNHCR), Regional Office
- UN Educational, Scientific and Cultural Organisation (UNESCO), Liaison Office
- Secretariat of the Danube River Protection Convention
- UN Postal Administration (UNPA), European Office

Some of the non-UN and non-governmental international organisations and institutions based in Austria are:

- Organization for Security and Co-operation in Europe (OSCE)
- Secretariat of the Wassenaar Arrangement (WA)
- Organization of the Petroleum Exporting Countries (OPEC)
- OPEC Fund for Industrial Development (OFID)
- International Institute for Applied Systems Analysis (IIASA)
- International Organization for Migration (IOM), Regional Office
- Vienna Institute for Development and Cooperation (VIDC)
- International Union of Forest Research Organizations (IUFRO)
- International Press Institute (IPI)
- International Institute for Peace (IIP)
- International Organization of Supreme Audit Institutions (INTOSAI)
- International Federation for Information Processing (IFIP)
- International Federation of Resistance Movements (FIR)
- European Patent Office (EPO), Branch Office
- EU Monitoring Centre on Racism and Xenophobia

There are also a number of smaller international organisations and branch units.

F. Disarmament and Arms Control

International disarmament, arms control and preventing the proliferation of armaments, especially weapons of mass destruction, are many-sided issues which together constitute one of the central aspects of global security. They have political, military, technological, commercial and humanitarian dimensions.

Weapons of Mass Destruction

The **Treaty on the Non-Proliferation of Atomic Weapons** (NPT), which was renewed in 1995 for an unlimited period, has for many years been the cornerstone of efforts to prevent the spread of nuclear weapons. At the third revision conference in 2000 the states parties were also invited to sign the necessary safeguards agreements as well as the additional protocols with the IAEA.

The **Comprehensive Nuclear Test-Ban Treaty** (CTBT) had been signed by 160 states, and ratified by 69, by the end of 2000. Of the 44 named states whose ratifications are required before it can enter into force, 41 had signed and 30 ratified. Austria ratified in March 1998. The **Preparatory Commission for the Comprehensive Test-Ban Treaty Organisation** (CTBTO PrepCom) has been operational in Vienna since March 1997 with a staff of 230. Its function is to develop the organisation's global network of 321 monitoring stations, 16 radionuclide laboratories and international data centre in Vienna. By the end of 2000 a total of 120 stations were operational and on-line with the data centre. The system is due for completion in 2004/2005. One of the radionuclide laboratories, at Seibersdorf in Austria, is due to go into service in 2001.

Austria held the chairmanship of the **Conference on Disarmament** in Geneva during 2000. Unfortunately, there was still no progress towards drafting a treaty banning the production of fissile material for nuclear weapons or other explosive devices (also termed the **Fissile Material Cut-Off Treaty**) due to differences of opinion on nuclear disarmament and the prevention of an arms race in outer space.

The 1997 **Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction** (CWC), is monitored by the **Organisation for the Prohibition of Chemical Weapons** (OPCW), based in The Hague. The number of signatories to the convention increased to 141 during 2000. In May, Austria was elected to the 41-member Executive Council for a two-year period. Up to the end of 2000 the OPCW had supervised the dismantling of 25 of the 61 declared facilities for the production of such weapons and the destruction of around 5,000 tonnes of chemical weapons as well as 1.5 million pieces of ammunition that are banned under the convention. Of the 861 inspections to date, 300 were carried out in 2000 alone. In November an Austrian industrial firm which works with controlled chemicals was subjected to a routine inspection. The fifth conference of signatory states in The Hague in May agreed on restrictions on the transfer of chemical products to non-signatory states. It also extended the time limit for the destruction of existing weapons by the Russian Federation.

By contrast, the 1972 **Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction** (BWC) does not possess any control mechanism. Since 1995 negotiations on drafting a verification protocol have taken place in Geneva between an ad-hoc group of signatory states on the basis of a "rolling text", but no breakthrough was achieved in 2000. Some countries regard the export controls exercised by industrial states on substances capable of civilian and military use as discriminatory. The EU aims to draft a legally binding instrument before the next BWC review conference in 2001.

Conventional Weapons

The **Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Landmines and on their Destruction** (APM, also known as the Ottawa Convention), which entered into force on 1 March 1999, had 138 signatures and 109 ratifications by the end of 2000. This is particularly gratifying for Austria, which had drafted the text on which the Ottawa Convention is based and had been one of the driving forces behind the so-called Ottawa Process for the global elimination of these murderous weapons. Austria ratified the convention in 1998.

Some 20 states, including Austria, have already destroyed all their stocks of anti-personnel landmines. It was, however, estimated at the second conference of signatory states in Geneva during September that between 60 and 80 million anti-personnel mines are still buried and endangering life, and that unused stocks of around 250 million still exist as a potential hazard. More than 22 million have been destroyed to date. Austria contributed ATS 30m (€2.18m) to support de-mining operations worldwide in order to protect the civilian populations, especially in the poorest developing countries, the Balkans, Afghanistan and Cambodia. Austria also campaigned for the implementation of the second (land mine) protocol to the 1980 **Convention on**

Certain Conventional Weapons, since several of its signatory states are not parties to the more comprehensive Ottawa Process.

Increasing international action is being taken to prevent the proliferation of **small arms and light weapons**. Destabilising accumulations and transfers of such weapons have been closely associated with the increasing number of internal conflicts as well as the high rate of crime and violence that persists in their wake. The OSCE, under Austrian chairmanship, issued a joint declaration on the subject in November. It was also discussed at the UN crime prevention conference in Vienna. The UN plans to hold an international conference on all aspects of the illegal trade in such weapons in June/July 2001.

Multilateral Export Control Regimes

The objective of the various informal regimes for the coordination of export controls is to prevent sensitive technology and know-how from getting into the hands of states which might use them for military purposes. The main instruments are lists of goods and substances as well as guidelines for their export to non-member countries. Austria is a member of all of these groups, whose recommendations are implemented through foreign trade legislation.

As regards **nuclear weapons**, the 35-member Zangger Committee, presently under Austrian chairmanship, and the 39-member Nuclear Suppliers Group both issue control lists. The Australia Group, with 32 members, fulfils the same function in respect of **chemical and biological weapons**. The 32-member Missile Technology Control Regime, formed to prevent the proliferation of long-range carriers for weapons of mass destruction, issued a draft code of conduct with the aim of developing a global mechanism for the exchange of information on missile starts and missile programmes. The 33-member Wassenaar Arrangement, with a secretariat in Vienna, provides an informal framework for the voluntary exchange of information on the export of certain conventional weapons and dual-use goods, in order to prevent any destabilising accumulation. Its sixth plenary meeting was held in Bratislava on 30 November/1 December.

G. The International Protection of Human Rights

One of the central aspects of Austrian foreign policy is promoting the implementation of human rights worldwide, not only within the international organisations like the United Nations and the Council of Europe, but also in the course of the bilateral political dialogue with other governments. Austria held the chairmanship of the Organization for Security and Co-operation in Europe during 2000, and made use of the opportunity to introduce human rights initiatives into the OSCE's work as well as deepening cooperation between the OSCE and other international and non-governmental organisations in this field. Austria continued to press for the strengthening of civil society, and also took direct initiatives such as holding a meeting of human rights directors from the foreign ministries of Europe as well as Australia, New Zealand, Canada and the United States in Vienna in September.

The European Union

The second EU **Annual Report on Human Rights** – based on the 1998 Vienna Declaration adopted under the Austrian presidency – was published in 2000. The principal goals of the **Common Foreign and Security Policy** include the consolidation of democracy, the rule of law, human rights and fundamental freedoms. Human rights clauses are written into all agreements with developing countries and especially with candidates for membership of the Union. The EU conducts a dialogue on human rights with the associated countries, the United States, Canada, China and others in the Middle East and Africa. The principles of human rights and democracy were written into the **ACP-EU Partnership Agreement** that was signed in Cotonou in July, and also into the **Cairo Declaration** and action plan adopted by the EU-Africa Summit in April.

The 1993 **Copenhagen Criteria** specify that a candidate for admission to the European Union must demonstrate institutional stability as a guarantee of democracy and the rule of law as well as respect for human rights and minorities. The Treaty of Amsterdam, which entered into force in 1999, lays down that respect for human rights and fundamental freedoms is a condition for membership of the Union. In accordance with the Vienna Declaration, the second EU **Human Rights Forum** was held in December with the participation of Member States and institutions as well as representatives of NGOs and civil society.

In accordance with the decision taken in 1999 by the European Council in Cologne, the **Charter of Fundamental Rights** was drawn up by a convention consisting of representatives of the European and national parliaments, the Commission and national governments, and was proclaimed in December at the European Council in Nice. As a modern catalogue of rights, the Charter restates all the existing rights – partly in simplified form – in their universality, indivisibility and interdependence, but also covers environmental protection, the rights of consumers, children and older people, as well as data protection and biomedical ethics. The legal status of the Charter has yet to be determined, including the question of how it can be written into Treaties.

The Charter states that no one may be sentenced to death or executed. The EU has set itself the goal of the worldwide **abolition of the death sentence**. Demarches are undertaken generally or in response to particular cases. The Union appealed to the US, China, Japan and around 20 developing countries to abolish the death penalty or at least to declare a moratorium. In cases where this was refused, the Union demanded that it should at least not be applied to juveniles, pregnant women, mothers of newly-born infants, or the mentally ill. The EU welcomed the moratorium declared by the Governor of Illinois and also the decision by the Ukrainian parliament to abolish the death penalty and to ratify the sixth protocol to the European Convention on Human Rights. The Union also conducted this campaign in the UN Commission on Human Rights and the General Assembly, but with no real prospect of success, due to the balance of voting power there.

The EU's dialogue with **China** that resumed in 1997 is an important forum for the discussion of critical questions. The death penalty as well as specific cases of imprisonment were ventilated at meetings of the EU Troika with representatives of the Chinese government in February and September. In addition to evaluating the dialogue process, the EU organised juridical seminars with participants from the academic sector and the civil society, following on the events held in Peking under the Austrian EU presidency.

The **Stability Pact for South-Eastern Europe** that was concluded in 1999 on EU initiative remains an effective process for promoting democratisation and the creation of internal and external security for the states of the region. In the working table on democratisation and human rights, Austria placed special emphasis on the rights of minorities, the freedom and independence of the media, strengthening civil society, the rule of law and good governance. Austria also heads the task force on education and youth, and

participates in the financing of projects for the Roma and Sinti ethnic groups, the establishment of independent human rights institutions, free media, gender equality and education.

The United Nations

The 1993 **World Conference on Human Rights** in Vienna was an occasion for strengthening the operational capacities of the United Nations in this field. Since then, the implementation of international standards of human rights has been increasingly supported by the presence of the UN **High Commissioner for Human Rights** and by the inclusion of human rights in the mandates of international operations. The establishment of local human rights structures like a functioning police and judiciary is an instrument of conflict prevention as much as of peace consolidation. Austria supports this approach as a strategy for enhancing human safety and preventing expulsions, and as a basis for reintegrating refugees and internally displaced persons. The UN itself has adopted the principle of mainstreaming, i.e. integrating human rights into every aspect of its operations and structures.

Austria participated in the 56th session of the **UN Commission on Human Rights** in Geneva as an active observer, after a term as full member from 1997 to 1999. As in previous years, Austria coordinated the resolutions on minorities, internally displaced persons, and administration of justice, as well as two initiatives by third countries on behalf of the EU. Minister for Foreign Affairs Benita Ferrero-Waldner, in her capacity as Chairperson-in-Office of the OSCE, reported to the Commission on her visit to Chechnya.

The **Millennium Summit** expressly underlined the protection of human rights as the most important function of the United Nations, a role that had previously been confirmed by a worldwide public opinion poll. The summit was also an occasion for signing or ratifying important treaties under international law, including a number on human rights. More than 50 heads of state or government, including Austrian President Thomas Klestil, signed the two protocols to the Convention on the Protection of Children.

At the **General Assembly**, all the resolutions important to Austria and the EU, on themes such as promoting democracy, human rights education, and the human rights situations in particular countries, were adopted by large majorities. On the other hand, there was open controversy on others, for example crime in the name of honour, humanitarian intervention, or the effect of globalisation on human rights.

The Organization for Security and Co-operation in Europe

Austria, while holding the chairmanship of the OSCE in 2000, endeavoured to demonstrate the close connection between the protection of human rights and security. The priority human rights issues raised by Austria in the United Nations were also brought into the OSCE process. An OSCE seminar on children in armed conflicts was held in early summer on Austrian initiative. The Austrian Chairperson-in-Office organised meetings on inhuman treatment and punishment, and on trade in human beings. The problem of migration and internally displaced persons was dealt with in September for the first time in an OSCE framework, and also at a meeting of international experts in Vienna in December, at the invitation of the Austrian government in cooperation with the Brookings Institute of Washington.

The Rights of Women

A **Special UN General Assembly** was held in 2000 as a follow-up to the 1995 fourth World Conference on Women in Peking. More than 10,000 delegates attended "Peking plus 5" from almost all UN member states. The results remained modest on account of the fundamentalist-conservative policies of some countries. On the occasion of the conference, Austria held a training seminar for female delegates from Latin America, and a working breakfast to raise funds for UNIFEM. The main issue dealt with by the **UN Commission on the Status of Women** were the situations of women and girls in Islamic countries and in armed conflicts. In September, Austria ratified the **Facultative Protocol to the Convention for the Elimination of all Forms of Discrimination against Women**, which had been negotiated under Austrian chairmanship.

Women's issues play a large role in Austria's development policy. During Austria's EU presidency a number of important instruments were created for gender-specific cooperation with developing countries at EU level. These remain the basis for the European Commission's activities towards the global establishment of basic health systems, the participation of women in the democratic processes, and support for women in civil society.

The Rights of Children

In September Austria signed both facultative protocols to the 1989 **Convention on the Rights of the Child**, on children in armed conflicts, and on trade in children, child prostitution, and child pornography. The Convention has been ratified by every state except the United States and Somalia, and is therefore an almost universal reference document. The OSCE seminar under the Austrian chairmanship on the situation of children in armed conflicts resulted in the drafting of a relevant document which is expected to be adopted during 2001. A **Special Session of the UN General Assembly** is to be held in September 2001 on the situation of children worldwide. An intensive coordination process started in Austria in order to prepare a national report. It analyses every aspect of the situation of children in Austria since 1990 in cooperation with all the relevant national institutions.

Combating Racism

The fight against racism, xenophobia and intolerance is another of Austria's foreign policy priorities. Austria therefore played an active part in the preparations for the forthcoming UN **World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerances**, supported the conference financially, and campaigned for a broad participation by NGOs. Austria provided the chairman of the preparatory committee of the European regional conference in Strasbourg in October 2000. The conclusions and political declaration issued by the regional conference will be submitted to the world conference, which will be held in South Africa in 2001.

The **European Monitoring Centre on Racism and Xenophobia**, a European Union institution located in Vienna, opened in May 2000. Its principal task is to provide the Union and its Member States with objective and comparable information on racist, xenophobic and anti-Semitic phenomena that will be usable in their particular spheres of responsibility. The Centre published an annual report containing organisational information as well as country and thematic analyses, and is developing an information network on the theme of racism. In June the EU Council adopted the first **directive** banning discrimination in employment, education, and social and health services as well as in access to goods and services.

Human Rights Education

Austrian Minister for Foreign Affairs Benita Ferrero-Waldner proposed that a network of institutions on the theme of human rights education be set up. On the basis of this initiative the foreign ministers of another 11 states declared their readiness to play a leading role within the so-called **H-8 Group** for the creation of a global culture of human rights. The H-8 is a group of states that are setting out to promote the concept of **human security**, to be understood as the safety of the individual from threats such as violations of human rights, war crimes and an endangered basis of existence. On the initiative of the Austrian Ministry for Foreign Affairs, an international workshop was held in Graz on "Human Security and Human Rights Education", with participation by experts and government representatives from 13 countries.

The Protection of Minorities

Once again, Austria was responsible for introducing the United Nations resolution on the protection of national, ethnic, religious and linguistic minorities. Austria also represented the standpoint of the European Union on the theme of national minorities within the OSCE, and played an active part in the relevant working group of the Central European Initiative. Austria submitted the first country report to the Council of Europe on the implementation of the European Framework Convention for the Protection of National Minorities in respect of Austria's six ethnic groups. The European Charter for Regional or Minority Languages has been submitted to the Austrian parliament for ratification.

The report submitted to Austria's 14 EU partner governments in September by the "Three Wise Men", Martti Ahtisaari, Jochen Frowein and Marcelino Oreja, states: "The Austrian legal system has established a specific protection for the national minorities living in Austria. This protection is recognized at constitutional level. The Austrian legal system protects the existing national minorities in Austria to a greater extent than such a protection exists in many other European Union countries." The report states elsewhere: "In some areas, particularly concerning the rights of national minorities, Austrian standards can be considered to be higher than those applied in many other EU countries."

The Role of Non-Governmental Organisations

Due to their expertise, the human rights NGOs are essential partners in establishing and upholding international human rights standards. Austria maintained a close dialogue with NGOs in the work of the UN

Commission on Human Rights and General Assembly, and campaigned strongly for their participation in the "Peking plus 5" Special General Assembly. Austria favours financial support for NGOs from developing countries, in order to enable them to participate in the World Conference against Racism in 2001.

Austria provided financial assistance to enable NGOs to participate in events within the framework of the OSCE "Human Dimension" organised by the Austrian chairmanship. At supplementary meetings, the NGOs participated on an equal basis with government representatives. The participation of NGOs is also a core element in Austrian and EU **development assistance**. The UN therefore decided to establish the post of **Special Representative** for the protection of human rights defenders, including NGOs. Since the Austrian presidency of the European Union, there has been an annual **EU Forum on Human Rights**, which NGOs attend as equal partners.

Country Reports

In March 2000 the **European Commission against Racism and Intolerance** paid a routine visit to Austria to assemble material for its second country report. Austria submitted comprehensive comments on the report, and also on the report by the Council of Europe's **Committee for the Prevention of Torture**. The 23-member UN **Committee on Women's Rights** assessed Austria's record of implementation of the 1982 Convention on Women's Rights between 1989 and 1999. The committee attested that Austria maintains high standards in this area. The 14th country report under the **Convention on the Elimination of all Forms of Racial Discrimination** was submitted to the relevant UN committee.

H. The Humanitarian Dimension in International Relations

Migrants and Refugees

At the end of 2000 the United Nations High Commissioner for Refugees was caring for more than 22 million people who had fled across national borders from war, persecution and massive violations of human rights. In addition, between 20 and 30 million people were internally displaced within their own homelands due to domestic conflicts.

Between January and September 2000 a total of 294,205 applications for asylum were submitted in 22 European countries, the largest proportions in Germany (19.4%), the United Kingdom (19.2%), the Netherlands (11%) and France (9.6%). Austria lay in sixth place at 4.5 per cent of the total, a reduction of 0.2 per cent since the comparable period of 1999. The most prominently represented countries of origin in these nine months (without the Italian figures) were Yugoslavia (34,200), Iraq (23,600), Afghanistan (20,000), Iran (16,900) and Turkey (15,700).

Austria received 18,284 applications for asylum in 2000, a reduction of 9.2 per cent from 20,129 in 1999. The number of cases decided by the end of the year (including some pending at the start of the year) was 20,514, of which 1,002 were granted official asylum and 4,787 rejected. The remaining applications were dropped. The principal countries of origin were Afghanistan (3,819), Iran (2,392), India (2,262), Iraq (2,131) and Yugoslavia (1,400).

Between 1992 and 1995 Austria accepted 95,000 refugees from Bosnia and Herzegovina and in 1999 around 11,000 from Kosovo. From July 1998 till January 2001 two programmes were carried through to enable these people to return home voluntarily. These provided start assistance of ATS 3,000 to ATS 9,000 (€218 to €654) as well as other reintegration aids like restored housing or the provision of building materials and tools. Approximately 6,000 Bosnians and 4,800 Kosovars returned home under these programmes. A total of 65,000 refugees from Bosnia and Herzegovina and 2,000 from Kosovo were integrated into Austria with residence permits.

Humanitarian Aid and Disaster Relief

In 2000 the Austrian federal government contributed ATS 61.2m (€4.45m) for the relief of many and varied disasters and emergency situations worldwide: medical aid in Yemen; children and earthquake victims in Azerbaijan; refugees in Kosovo and Croatia; restoring navigation on the Danube in Serbia; war and drought victims in Ethiopia and Eritrea; flooding in Kyrgyzstan, Hungary, Mozambique and Vietnam; orphans and disabled persons in Serbia; drought in Georgia; repairing a clinic in Kosovo; treating injured Palestinian children in Austrian hospitals; mine-clearing in various countries, etc. Austria also contributed around 2.7 per cent (€12.77m) of the €473m budget of the European Community Humanitarian Office (ECHO), which provides global support for aid projects by national and international humanitarian organisations.

The principal functions of the **International Organisation for Migration (IOM)** are to carry out migration programmes, technical cooperation with and strengthening the capacities of countries with serious migration problems, and dealing with general questions of international migration through seminars and research activities. Its membership is currently 74 countries and growing, which reflects the increasing significance of migration questions in international affairs. Austria's contribution for 2000 was 380,410 Swiss francs for the administrative and USD 190,300 for the operational budget. The OSCE working group on trafficking in persons worked closely with the IOM during the Austrian OSCE chairmanship on combating the trade and reintegrating its victims.

The **International Committee of the Red Cross (ICRC)**, consisting of Swiss citizens, is an independent humanitarian organisation with its own statute. Its role in times of armed conflict is regulated by the four 1949 Geneva Red Cross Agreements and the two Additional Protocols of 1977. It worked closely with the OSCE under the Austrian chairmanship on the development and publication of humanitarian international law. Austria contributed ATS 6m (€436,037) to the general budget for 2000 and an additional ATS 3.62m (€263,076) for ICRC mine clearance programmes.

Social Policies Worldwide

The follow-up conference entitled **The World Summit for Social Development and beyond: achieving social development for all in a globalising world** ("Copenhagen plus 5") took place in Geneva on 26-30 June 2000 at the invitation of the Swiss government. Five years after the Copenhagen meeting, its results to date were monitored and possible new methods of implementation examined. The results were, however,

modest, due mainly to the extremely broad scope of the Copenhagen action platform, which covers almost all areas of human life. Furthermore, the period of five years turned out to be too short to achieve the intended goals. The UN Economic and Social Council and the Commission for Social Development will continue to monitor the implementation of the results.

Drug Trafficking and Abuse

The resolutions of the 1998 **Special Session of the UN General Assembly on the World Drug Problem** (UNGASS) are the primary basis for international cooperation on drug control. All aspects of the problem are addressed: demand reduction, economic alternatives to the illegal cultivation of drug crops, amphetamine-type stimulants, precursor substances, money laundering and judicial cooperation. The **UN Commission on Narcotic Drugs** (CND) is the forum for global policies on drugs, whereas the drafting and implementation of concrete programmes is the responsibility of the Vienna-based **UN Drug Control Programme** (UNDCP). Austria, with a voluntary contribution of ATS 6m (€436,037), is one of the major donors, who collectively contribute nearly 90 per cent of its annual budget of almost USD 100m. Austria's involvement is not simply due to the location of the organisation, but underlines the importance that is attached to the issue by Austrian foreign policy.

Austria is once again a full member of the CND for the term 2000 till 2004. Its 43rd session, in Vienna during March, adopted a comprehensive questionnaire as a means of assessing the success of Member States in implementing the UNGASS measures. Austria held the chairmanship of the West European regional group during the first half of 2000. The CND added new substances to the scope of the international drug control regime, and discussed a number of controversial themes, including the German pilot project of injecting heroin intravenously under controlled conditions.

The UNDCP is now integrated into the UN **Office for Drug Control and Crime Prevention** (ODCCP). The umbrella organisation's primary function is information, raising consciousness and supporting political decisions. It also works towards the elimination of the illegal cultivation of drug plants and the promotion of alternative development projects. Special attention in respect of opiate production is currently being paid to Afghanistan, where three quarters of world supplies of heroin are produced.

Endeavours to reduce the production of **cocaine**, which is primarily processed from coca plants grown in the Andean countries of South America, are presently concentrated on Bolivia, which in 2000 destroyed still more plantations and has set itself the goal of eliminating illegal drug cultivation by 2003. Peru once again reduced its area of coca production and can therefore be regarded as an example of success for joint national and international action. In both cases the sustainability of these measures, as well as providing the former coca farmers with other means of earning a living, will present a challenge to the international community. Primarily for political reasons, the centre of illegal cocaine production has now shifted to other Andean States like Colombia and Ecuador, which will now require closer attention.

Another UNDCP strategy is the prevention of the illegal drug trade by strengthening law enforcement, e.g. through training courses for criminal prosecutors in transit countries. The most difficult challenge is reducing demand for drugs. The global demand situation is being analysed to this end, together with an international exchange of experience and "best practices". This has brought to light new forms of consumption like mixing legal and illegal drugs, or the simultaneous "poly-consumption" of different substances, which demonstrate how fast markets and youth cultures change, and how difficult it is to keep abreast of the problem.

The Austrian OSCE chairmanship, jointly with the ODCCP, organised a conference on **Enhancing Security and Stability in Central Asia: An Integrated Approach to Counter Drugs, Organised Crime and Terrorism** in Tashkent (Uzbekistan) on 19/20 October. It was attended by representatives of the five Central Asian States as well as 60 high-ranking State delegations and international organisations. The conference discussed expert reports on current political and security questions as well as human rights, the rule of law, conflict prevention and economic development in the region. The five Central Asian States adopted two comprehensive documents prepared under the auspices of the Austrian OSCE chairmanship and the United Nations, which opened the way to deepening regional cooperation and initiated a regional drug demand reduction project.

Combating International Crime

Reduced State controls, open borders and free circulation of goods and persons not only bring more freedom of movement for the economy, but also offer enhanced mobility for criminals. In order to counterbalance this undesired side effect of globalisation, it is necessary to step up international cooperation against organised crime. To this end, the Vienna-based **UN Centre for International Crime Prevention** (CICP), the second

ODCCP subsidiary organisation, conducts a global campaign against "uncivil society" in all its manifestations. The five-yearly **International Crime Prevention Congress** was held in Vienna in April 2000 with an attendance of over 2,000 delegates, including 50 ministers and state secretaries. The highlight was the formal adoption of a **Vienna Declaration on Crime and Justice: Meeting the Challenges of the 21st Century** that should provide guidance for international cooperation in the years to come. A concrete action plan is being drawn up to implement the Declaration.

A major event of the year was the signing in Palermo of the UN **Convention Against Transnational Organised Crime** and two additional protocols to combat trafficking in human beings and the smuggling of migrants. The latter of these protocols was originally an Austrian-Italian initiative. A third protocol on illegal trafficking in firearms should be completed in 2001. The convention is intended to prevent and to combat numerous forms of organised crime through improved judicial cooperation and extradition as well as suppressing money laundering and corruption. The UN General Assembly decided that negotiations towards a further comprehensive legal instrument against corruption will commence at the CICC in Vienna during 2001.

With the implementation of the new convention by the CICC, e.g. by means of technical assistance for developing countries, Vienna's role not only as a centre for negotiating treaties but also as the centre for UN activities against "uncivil society" will be enhanced – Austria as a country on the external border of the European Union is directly confronted with many aspects of international organised crime.

The **Vienna Civil Society Award**, founded jointly by the City of Vienna, the Federal Ministry for Foreign Affairs and the ODCCP, was awarded for the second time in 2000 to non-governmental organisations and individuals for outstanding achievements in the campaign against "uncivil society". It is a further example of activities which give the UN headquarters in Vienna a special importance in the prevention and combating of crime.

I. The World Economy

The World Economic Summit (G7/G8)

The G7/G8 summit in Okinawa on 21-23 June under Japanese chairmanship dealt with a number of political issues like future attitudes to North Korea, the situations in the Middle East and the Balkans, and the demand for an international conference on the illicit trade in diamonds, particularly those coming from conflict zones.

The economic topics were:

- Better integration of the developing countries into the growing world economy; cancellation of debts by the poorest countries; preventing the spread of HIV/AIDS and other communicable diseases.
- Enhanced use of the potential of information and communication technologies on lines set out in the "Okinawa Charter on Global Information Society".
- Strengthening the international financial architecture; surveillance of large scale capital flows; regional cooperation; actions against abuse of the global financial system.
- An early launch of a new round of multilateral trade negotiations in the interests of fair and free global trade.
- Addressing adequately the legitimate concerns of the developing countries; improving internal and external WTO transparency; encouraging accession by new members; common rules to cover recent developments in biotechnology.

The final declaration also mentioned the entry into force of the Kyoto Protocol; international cooperation in sustainable forest management; safety standards for oil tankers; and a financing plan for the disposition of weapon-grade plutonium.

The World Trade Organization (WTO)

The shock of the failure of the Third WTO Ministerial Conference in Seattle in December 1999 diminished only slowly. The first concrete proposals and requests on agriculture, services and intellectual property were submitted only towards the end of 2000. The EU was prepared to make concessions on agriculture in exchange for others on industrial tariffs and services, whereas the developing countries were more interested in improved implementation of the agreements. The EU was obliged to tone down its programme and offer further concessions, like abolishing tariffs on goods from the least developed countries, in order to garner their support for its unchanged goal of a comprehensive round of trade negotiations.

The attitude of the United States throughout the presidential election year remained uncertain. Also unclear was the attitude of the WTO towards the NGOs, who remain hostile to what they regard as the organisation's concentration of power, which they hold responsible for the negative aspects of globalisation. Such uncertainties placed considerable restraints on preparations for the **Fourth Ministerial Conference** in Qatar in November 2001, and the desirable revision of the rules and procedures for the appointment of the Director-General could not be achieved.

The substantive negotiations on **agriculture** were due to take place only during 2001, but the framework conditions for the talks were agreed. The EU was concerned to save as much as possible of its Common Agricultural Policy. However, its emphasis on multifunctionality (e.g. support for farmers as landscape conservationists) met with opposition from other WTO members, especially the United States and the free-trade oriented Cairns Group, who insisted on cuts in EU subsidies. The negotiation framework for **services** was due to be finalised by March 2001, but the interlinkage with agriculture remained controversial.

Since the beginning of 2000 the agreement on **intellectual property** rights (TRIPs) is fully applicable also to the developing countries, which had previously been exempted from some of its conditions. There was no agreement on extending the protection of geographical indications, which presently apply only to wines and spirits. No substantial progress was made on patenting new breeds of plants and animals. Endeavours were made to enable the poorer sections of the world population to have access to cheaper medicines without infringing patent rights.

Regarding the role of electronic commerce there was a consensus among members that the applicability of all WTO agreements to these new information and distribution channels should be further examined.

The review of the WTO **dispute settlement understanding** that was initiated in 1998 could not be completed in 2000, due to differences between the EU and US over the so-called "sequencing", i.e. the correct order of procedural steps to be observed after the expiry of the implementation period. A lot of cases were nevertheless concluded. The EU won a number, including its complaints against the US anti-dumping and copyright acts as well as the so-called Foreign Sales Corporations Act, which had saved US companies

taxes amounting to USD 2,000m per year. After losing two cases to date, the EU will introduce a **new banana import regime** in 2001. In the dispute over **hormone-treated beef** the EU regards its import ban as justified by the results of recent research, which has confirmed the health risks from one of the hormones in question.

At the end of 2000 the WTO had **140 member states**, the latest to join being Croatia on 30 November. The already approved membership of Lithuania will take effect in 2001. Another 28 applications are pending, including those of the Russian Federation, Saudi Arabia and the People's Republic of China. Other applications from countries like Iran and Yugoslavia are still not being processed, at the insistence of several large member states. As in previous years, none of the least developed countries succeeded in joining. Although China's application was approved bilaterally by its most important trading partners, including the US and EU, a number of individual questions still have to be settled.

The interests of the **EU Member States** are represented at the WTO by the European Commission, which has exclusive competence on most foreign trade matters. The European positions on WTO issues are coordinated by a Council committee set up under Article 133 of the EU Treaty to support the Commission. It consists of representatives of the Member States and meets in Brussels and also in Geneva under the chairmanship of the presidency for the time being.

The Organization for Economic Co-operation and Development

The OECD now has 30 members after the accession of Slovakia late in the year. At the end of 2000 it employed a staff of around 1,900 with a budget of €207m. Austria's contribution was 1.2 per cent or €2.49m. It was a year of stability, when core issues like the financing of staff pensions were resolved and the long-term question of the organisation's location was opened. Secretary-General Donald Johnston was appointed for a further term of five years till May 2006. From Austria's point of view, the main task of his new term of office will be to redefine the OECD's strategic role in the light of changed world conditions and thereby strengthen its position in relation to the other multilateral organisations.

The work of the OECD within the framework of the Stability Pact for South-Eastern Europe covers investment and company development, setting up institutions, combating corruption, and economic monitoring. The existing cooperation programmes with other non-member states continued, but a restructuring of activities in this area is in preparation. Austria supports the aim of strengthening regional components in order to achieve a balance between limited means and the widest possible participation by countries willing to cooperate. The "special dialogue" with selected non-member economies continued.

Against the background of international endeavours to develop a common development strategy for the 21st century the OECD **Development Assistance Committee** (DAC) placed emphasis on combating poverty and creating overall conditions for cooperation in partnership with the developing countries. The DAC member countries want to approach their goal of halving the number of people living in extreme poverty by the year 2015 by giving the recipient countries more responsibility for implementing development projects. Austria is in full conformity with the DAC's "Objectives for Sustainable Economic and Social Development on the Threshold of the 21st Century", has taken part in all of the relevant coordination meetings, and supported on-the-spot coordination of the various bilateral and multilateral initiatives.

At the request of the G8 group the OECD compiled a package of studies and reports on the effects of **biotechnology** and other aspects of food safety, which was presented to the G8 Summit in Okinawa. It included an analysis of essential consumer safety factors in relation to genetically modified foodstuffs, a study of the environmental aspects, and a compendium of national and international food safety systems. The OECD intensified work on its report on **sustainable development** for the Council of Ministers in 2001. This is one of the major overriding goals of the OECD, which will be making an important contribution to the preparations for the "Rio-plus-10" conference in 2002. In October 2000 Austria hosted a conference on **environmentally sustainable transport**, at which the EST Guidelines drafted by the working group on transport were presented.

The **OECD Guidelines for Multinational Enterprises**, first published in 1976, were re-issued in 2000 in a revised edition. This set of principles is of a non-binding character, but its moral authority is universally recognised. The national contact point to be set up in every country for all parties interested has already been established in Austria within the Federal Ministry for Economic Affairs.

In view of the change in the composition of the Austrian government in February 2000, and of the new administration's revised budgetary and economic strategy, the OECD's annual review of **Austria's economic development** was postponed until September 2001. In June 2000 the Austrian Parliament passed an

amendment to the banking law which led to the abolition of anonymous savings accounts, which meant that no further action needed to be taken by the **Financial Action Task Force**, the OECD-based institution for combating money laundering. An OECD report on access to bank information, issued in March, laid down specific principles for the exchange of taxation-relevant information, but its terms made it unnecessary to give up Austria's bank secrecy.

K. Protecting the Global Environment

The reform of the **United Nations Environment Programme** (UNEP) continued under Executive Director Klaus Töpfer. The central issues were financing, setting up the Environmental Management Group, the coordination between environmental treaties in the framework of UNEP with their secretariats distributed over different countries, strengthening the United Nations Office at Nairobi, and cooperation with the Nairobi-based UNCHS-HABITAT, which in September was separated from UNEP under a new Executive Director. The budget for the UNEP Environment Fund, contributions to which are voluntary, was USD 100m for 2000/2001. Austria's contribution was ATS 6m (€436,037).

The first meeting of the **Global Ministerial Environmental Forum**, which was set up in 1999, took place in Malmö, Sweden. It deals with global environmental problems, the coordination of environmental policies, and strengthening the partnership between industry, NGOs and civil society. The results were summarised in the **Malmö Declaration**, which was presented at the UN Millennium General Assembly. In October, a UNEP conference of legal experts drafted a strategic programme for the development of **international environmental law** over the next ten years.

The agenda of the **Commission for Sustainable Development**, in accordance with the action programme adopted by the 1997 "Rio-plus-5" conference, included integrated land planning and use, agriculture, financing mechanisms and financial resources. The issues of good governance, access to land and security of tenure extended over all sectors. The decision on agriculture highlights its central function as the provider of foodstuffs for a growing world population. Austria was elected to membership of the CSD for 2001 and 2002.

The **United Nations Forum on Forests** was founded in the autumn of 2000 as a functional commission of ECOSOC which comprises all UN member states. The future work of the UNFF is to be based on a multi-year work programme that is to be adopted at the first substantial session in 2001. This step anchors the protection of woodlands and sustainable forestry firmly in the international agenda.

The fifth conference of the states parties to the **Convention on Biological Diversity** and the **Cartagena Protocol on Biosafety** took place in Nairobi in May. The protocol had been adopted in Montreal in January, and by the end of the year had been signed by 81 states, including all the EU Member States. It contains legally binding rules for the cross-border transfer of "living modified organisms", i.e. genetically altered organisms – an important step towards global biosafety and an essential supplement to the convention. Other themes handled at the conference included biodiversity and agriculture, indicators, and "alien species", i.e. intruders which can constitute a danger for balanced ecosystems.

The Intergovernmental Negotiating Committee finalised the text of a legally binding **convention on persistent organic pollutants** at their fifth session in Johannesburg in December. This instrument will subject several highly toxic substances to global regulation, including stipulations containing the precautionary principle. The convention was to be signed at a diplomatic conference in Stockholm in May 2001.

The fourth meeting of the parties to the UN **Convention on Combating Desertification** was held in December. It adopted a statement of political intent calling for increased implementation and extension of measures to counter the spread of deserts between 2001 and 2010, amongst others in the areas of renewable energy, land use planning and sustainable agriculture. It was decided to hold intermediate sessions of the so-called Ad-Hoc Working Group to review the national reports on the implementation of the convention.

The sixth conference of parties to the UN **Framework Convention on Climate Change** and the **Kyoto Protocol** was held in The Hague in November. The intention was to expand those areas of the protocol that were insufficiently regulated in order to render it "ratifiable". The negotiations were centred on the so-called Kyoto mechanisms (Emission Trading, Joint Implementation and the Clean Development Mechanism), the accountability of "carbon sinks", the compliance regime and the interests of the developing countries. The priority for the EU was to maintain the environmental integrity of the protocol. Austria therefore endeavoured to find a way of regulating the Clean Development Mechanism and the Joint Implementation that did not permit the use of nuclear energy.

Despite extremely intensive negotiations no agreement could be reached. This was due to the volume and complexity of the open questions and to the sometimes very widely diverging positions, above all between the European Union and the so-called Umbrella Group (US, Canada, Australia, New Zealand, Japan, Norway,

Iceland and the Russian Federation). The conference was therefore suspended and is to be resumed during 2001.

K. Cultural Policy and Scientific Cooperation

Some 4,000 Austrian cultural events and projects were planned and carried out in more than 80 countries during the year 2000, the overwhelming majority with participation of private and public partners at home and abroad. There was a concentration on the reform countries of East-Central Europe, the European Union and the United States, but longer-term goals include an expansion of cultural activities in the Russian Federation and Israel. This regional concentration was supplemented by increased activity in South-Eastern Europe, where Austrian cultural policy is in a position to contribute to the stabilisation of this crisis region.

The events of 2000 demonstrated clearly that the dissemination of information on Austrian history and identity is one of the most fundamental functions of cultural policy abroad. In addition to the geographical concentration, cultural planning over the next few years will also concentrate on a number of themes: Europe and the "European values"; working with the positive images of Austria (e.g. as a land of music); 20th-century Austrian history; Austria as partner of Central European neighbours; and the contribution of cultural policy to the stabilisation of the Balkans. The presentation of Austrian cultural creativeness in 2000 concentrated on 20th-century literature and music and on the liberal arts. Austria's chairmanship of the OSCE provided an opportunity to use concrete projects (e.g. renewal of history teaching in the Balkans, multicultural events, etc.) to promote security and cooperation.

One highlight of the coming year 2001 will be the opening of the new building for the Austrian Cultural Institute in New York, for which a programme series is in preparation. Entitled **Transforming Modernity**, it will run for several months. The opening of the new Austrian Embassy in Berlin in June 2001 will be accompanied by a cultural programme illustrating the historical and cultural aspects of Austria's bilateral relations with Germany.

Music Projects

The 100th anniversary of the birth of the composer Ernst Krenek was marked by lectures, symposia and a travelling exhibition. Classical musical projects were supported, especially in non-European countries, because Austria's tradition as a land of music can often be used to awaken interest in other branches of the arts and innovative cultural creation. Support was also given to international concert tours by the Gustav Mahler Youth Orchestra, the Klangforum Wien and the Vienna Art Orchestra. Jazz, cross-over music and similar projects are becoming more important due to the quality of Austrian performers. Long-term effects can be achieved through a combination of master classes and concert performances, when Austrian technique, style and interpretation are communicated to performing musicians.

Literature and Theatre Projects

Contemporary Austrian drama and Viennese theatre around 1900 remain in high demand internationally. The most popular dramatists in these categories are unquestionably Thomas Bernhard and Arthur Schnitzler, but works by younger authors are also being produced on major European stages. The remarkable success of Austrian drama on French stages over the past years is now being repeated in the countries of East-Central Europe, mostly with Austrian financial assistance. Numerous Austrian dance and puppet theatre groups received invitations to international festivals.

Authors' readings and the presentation of new literary works took place in all regions. Financial support from Austria enabled publishers in English- and French-speaking countries as well as in Russia, Ukraine, Bulgaria and Korea to bring out works by Austrian authors outside the German-language region. The Federal Chancellery subsidises translations and the Ministry for Foreign Affairs provides guarantees of purchase and distributes the books to libraries, schools and other educational establishments. Austrian publishers and authors also receive support to enable them to attend international book fairs and literary festivals.

The Austrian Cultural Institute in London held a festival in the spring of 2000 entitled **Dreamscapes** on the occasion of the 100th anniversary of the publication of Sigmund Freud's **Traumdeutung**, emphasising the comprehensive effect of his teaching in all areas of art and science. The Cultural Institute in Warsaw presented a festival of South-East European culture in autumn, highlighting the historical and current contacts between Austria and the region.

The Fine Arts

The emphasis here was on graphic arts relating to the history of the 20th century. One example was the exhibition in Pisa under the title "When Freedom is at Stake – Austria between 1918 and 1938". This analysis of the artistic production of the inter-war period illustrated not only the works of already famous artists, but

also those of emigrants and concentration camp victims, etc. An exhibition on the architect and designer Friedl Dicker-Brandeis was mounted in several locations in cooperation with the Simon Wiesenthal Centre, Los Angeles. A photo exhibition by Alisa Douer on the Vienna Heldenplatz 1848-1989 toured the United States. An exhibition on Austrian exile literature for children and young people was presented in Russia, France and Belgium.

The Russian Museum in St. Petersburg was the venue for exhibitions of paintings by Christian Ludwig Attersee and Xenia Hauser. Other exhibitions of contemporary Austrian artistic works were held in Zagreb and in several locations in the United States. One special project, to run in Paris from January to April 2001 as a means of promoting cultural exchange and dialogue between Austria and France, was an exhibition of paintings from the period 1905 to 1930 by Egon Schiele, Oskar Kokoschka, Herbert Böckl and Richard Gerstl under the title *La Vérité Nue*.

Film and Audio-Visual Media

2000 was another successful year for Austrian films, with productions like "Die Fremde" by Götz Spielman, "Geboren in Absurdistan" by Houchang Allahyari, "Heimkehr der Jäger" by Michael Kreihsl, "L & R" by Edgar Honetschlager and "Der Überfall" by Florian Flicker shown at the international festivals, that are important for commercial success. Other highlights included a **Peter Patzak Festival** in Cairo and a conference on Austrian film making at the Ben Gurion University in Israel, at which "Ternitz Tennessee" by Mirjam Unger was premiered.

Austrian film weeks were held in the United Kingdom, Canada, Poland, Hungary and the United States. Austria also participated in 45 film festivals organised by the European Union in countries in all five continents. The Austrian film "Nordrand" by Barbara Albert was awarded second prize at the MAX film festival in Hong Kong. The Foreign Ministry's videotheque was expanded to include numerous contemporary Austrian documentary and feature films in order to meet the demand, especially from foreign universities. Vienna was chosen as the location for the international production "Bride of the Wind", a film about Alma Mahler-Werfel.

International Youth Cooperation

On 30 June and 1 July 2000, the US embassy in Vienna, in cooperation with the Foreign Ministry and the Austrian Bundesjugendring, held a Balkan youth conference on the theme of "Southeast Europe 2000; Young Minds, New Priorities". Those participating included over 100 young people aged 18 to 30 from Bosnia and Herzegovina, Yugoslavia (Serbia, Montenegro, Kosovo) and Macedonia, as well as young Austrians and Americans. The conference discussed current problems in the Balkan region, with an emphasis on tolerance, pluralism, minority rights, economic reconstruction and international investment in the region. On 6/7 May, the 55th anniversary of the liberation of Mauthausen concentration camp, the Jugendring held an international youth rally under the title "Youth Against Old Times". More than 140 young people from all over Europe, but mainly from the neighbouring countries, took part in this widely publicised event, which was subsidised by the Ministry.

International Sport

Vienna's application to house the planned **International Anti-Doping-Agency** was submitted in October 2000, and in November was selected as one of the short list of six potential locations. A final decision will be made in 2001. In December the towns of Schladming and Graz submitted a joint application to stage the **Special Olympics World Winter Games 2005**. Both applications were supported by the Foreign Ministry, which was also involved in preparations for the Summer Olympic Games 2000 in Sydney.

Cultural Promotion

The Foreign Ministry's support for cultural activities is basically provided for projects that have a high current value and assist in providing solutions to socio-political problems. The budgetary framework in 2000 was ATS 5.7m (€414,235), which was expended on 97 individual projects. Once again, international conferences to further dialogue between the world religions were main recipients of support. Others included events in connection with the commemoration of the liberation of Mauthausen concentration camp, and the **Choir Olympiad** in Linz.

As in previous years, subsidies were provided for German language tuition in the historic Austrian emigrant settlements in Brazil and Peru, for St. George's College in Istanbul, and for cultural activities by the German-speaking minorities in Slovenia, Croatia and Romania. In the Balkans, support was given for the development

of neighbourly relations by the Austro-Bosnia-Herzegovinan **Kulturni Centar**, for the **Balkan** newspaper project, and for restoration work on the sacred art treasures in Sarajevo. Other subsidies were given to the Egon Schiele Centre in Krumau (Czech Republic) for the development of its infrastructure, the College d'Europe in Bruges, and the Austrian participants in the international student competition for juridical argumentation, which is under the patronage of the European Court of Justice.

Academic Activities

Symposia, workshops and lectures were initiated and financed world-wide as a means of integrating Austrian academic activities into the international framework. The themes ranged from linguistic philosophy and Austrian exile literature to water management, environmental technology, architecture, history, cultural policy and much more. While international contacts in the natural and technical sciences usually take place directly between individual Austrian and foreign institutions, these contacts are encouraged and fostered by events such as the annual **Schrödinger Lectures** in Ireland and the United Kingdom. Relations with neighbouring countries are intensified by events like the bilateral dialogue conference with Slovenia on mutual images and prejudices, or the conference of Central European cultural attachés in Bratislava on the theme of **Culture for Enlargement**. A series of events in Moscow was dedicated to psychotherapy for children and young people. For some years now, training courses for museum managers have been held in several Russian cities under Austrian direction.

Austrian Studies Abroad

A number of foreign universities have departments or chairs of Austrian studies which cooperate with the relevant Austrian institutions. They present Austrian culture, economy and politics in the host countries as well as European themes relating to Austria, thereby strengthening Austria's integration into international scientific and cultural community. They include among others the Chair of Central European Studies with Special Reference to Austria at the University of Leyden, the Canadian Centre for Austrian and Central European Studies at the University of Alberta, the Centre for Research on Robert Musil at Saarbrücken University, the Center for Austrian Studies at the University of Minnesota, the Cardinal König Chair at the Hebrew University of Jerusalem, the Visiting Austrian Professorship at Stanford University, and the Schumpeter Chair at Harvard University. The new Center for Austrian Studies at the Hebrew University of Jerusalem commenced its activities in March 2000 with a symposium on the Austrian identity in the 20th century. The joint official opening will take place in 2001.

Austrian Libraries

The first Austrian Libraries were founded in Central and Eastern European countries more than ten years ago, since when they have proved highly successful as providers of Austrian literature as well as information on Austrian history and culture, mostly in the university cities of the reform countries. With the opening of two more, in Priština (Kosovo/Yugoslavia) and Shkoder (Albania), they numbered 44 at the end of 2000 with further openings planned for 2001. They each have stocks of around 5,000 volumes together with periodicals and audio-visual material, which are regularly supplemented and updated. Recent additions have included literature for children and young people as well as information about the European Union for the candidate countries. The host universities and other institutions make the premises and personnel available while the Foreign Ministry provides the stock and trains the staff in Austria. There was a budget of ATS 6m (€437,755) for stock replenishment in 2000 as well as ATS 250,000 (€18,168) for other book donations to departments of German in universities around the world.

Language Courses

Since 1997 the **Österreich Institut GmbH**, which is owned by the Republic of Austria and located in Vienna, has operated the German language courses established by the Foreign Ministry in Milan, Bratislava, Warsaw, Cracow and Budapest. The courses in Teheran are operated directly by the Ministry through the Austrian Cultural Institute there. The Österreich Institut's activities include the compilation of a unified curriculum for all its branches, the implementation of a concept for the further training of teachers of German as a foreign language, the development of teaching material, and the publication of the quarterly magazine **Österreich Spiegel: Zeitung für den Deutschunterricht** with current information on Austria and teaching material. In the academic year 1999, the total numbers taking part in these courses increased to 7,406, comprising 2,910 in Warsaw, 1,751 in Cracow, 1,223 in Budapest, 828 in Bratislava and 695 in Milan.

Austrian Lecturers and Teachers Abroad

In 2000 a total of 140 Austrian lecturers taught German language and literature in 26 countries in 5 continents. The appointments, which are organised by the association "Österreich Kooperation", are subsidised by Austria for periods of up to four years. There are **Austrian schools** in Budapest, Guatemala, Istanbul and Prague, where teachers work to the Austrian school curriculum. At the end of 2000, a total of 178 primary and secondary teachers were seconded to these and other German-language schools around the world. In addition, teachers are seconded to the **bilingual schools** in Slovakia (2), Hungary (5) and the Czech Republic (2). Eleven Austrian educational advisers assist with the organisation and reform of teaching and teacher training in Belgrade, Bratislava, Brno, Bucharest, Budapest, St. Petersburg, Sarajevo, Skopje, Sofia, Tirana and Zagreb.

Scholarships and University Cooperation

Austrian scholarships to university students are administered by the **Austrian Academic Exchange Service** (ÖAD). The Austrian universities have the highest proportion of foreign students in Europe at 13.4 per cent of the total. Of these, some 42 per cent come from Germany and Italy. Student mobility has increased dramatically since the introduction of the European Credit Transfer System, which simplifies the recognition of periods of study in other countries. Around 26 per cent of Austrian graduates have spent periods of study abroad, the most popular destination being the United States. The inter-university **Central European Exchange Programme for University Studies** (CEEPUS), which has been extended until 2004, simplifies cooperation with Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. 2000 was the 50th anniversary of Austria's participation in the US **Fulbright Program**, in which more than 3,100 Austrians and 2000 Americans have participated. Over 100 Austrians studied in the United States in 2000 under this programme. The 10-member bilateral Fulbright Commission has a number of partnership agreements with Austrian universities and other leading research institutions. The existing network of international partnership agreements was augmented in 2000 by the activities of the ASEA-UNINET, a system of cooperation between universities in East Asia and Europe.

The European Union

The European Union has had its own competence for cultural affairs since the Maastricht Treaty in 1993. This is not intended to replace the responsibility of Member States for cultural affairs, but - with due regard for the subsidiarity principle - to support those cultural activities with a European dimension. This is done through the 5-year (2000-2004) **Culture 2000** framework programme that was first activated in 2000. Austria was successful in having 9 projects accepted out of 32 entered, for which EU financial support totalling €1,479,950 was granted. Austria campaigned to have the candidate countries of Central and Eastern Europe included in this programme, even before entry to the Union.

The follow-up process to the 1998 conference on Multiculturalism and Multiethnicity in Central, Eastern and South-Eastern Europe and its "Vienna Declaration" continued with the symposium on "Culture and Neighbourhood – Contacts, Conflicts and Comparisons" at Klagenfurt University on 29/30 May. Another contribution, presented by Austria to the plenary session of the tenth UN Conference on Crime Prevention in Vienna in April, was the **Vienna Conclusions on Global Ethics**. This document was the result of a conference on global ethics held in Vienna in 1999 on the initiative of Minister for Foreign Affairs Benita Ferrero-Waldner.

Multilateral Scientific, Technological and Cultural Cooperation

Austria is a member of the governing bodies of a range of international organisations for scientific cooperation. These institutions include the European Cooperation in Science and Technology (COST) in Brussels; the European Council for Nuclear Research (CERN) in Geneva; the European Space Agency (ESA) in Paris; the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT); the European Molecular Biology Conference (EMBC); and the International Institute for Applied Systems Analysis (IIASA), which is based at Laxenburg, near Vienna; and the EUREKA European high-technology initiative. Austria supports the admission of non-EU states to the COST organisation in the interests of all-European cooperation as well as advocating the formulation of the European Space Strategy.

One of the main tasks of the high-ranking EUREKA Group was to draft the Guidelines EUREKA 2000-plus, which lay down specific measures of support by individual member states for international research and development. Since the founding of EUREKA in 1985, Austrian partners have participated in around 13 per cent of the approximately 2000 projects that have been submitted. This corresponds to a financial volume of

some ATS 3,000m (€ 218m). Around 80 per cent of the Austrian project participants are small and medium-sized enterprises.

The Asia-Europe Foundation (ASEF), in which Austria plays an active part, held one of its two governors' meetings in Vienna, and participated in the organisation of the international symposium in Vienna on "The Role of the Individual in Europe and Asia". Under the auspices of the Central European Initiative, the Ministry supported the Amber Road project in Lower Austria for the cultural and tourist development of the historic route linking the Baltic and the Mediterranean.

Cultural Agreements

The cultural agreement with Slovakia entered into force on 1 September 2000. Negotiations on a similar agreement with China reached a successful conclusion in October. On the other hand, there was no further progress on the agreement with Slovenia. The already negotiated text could not be initialled due to the fact that it needed approval by the Foreign Relations Committee of the Slovenian Parliament which could not be passed prior to the elections of October 2000. Implementation talks on the basis of existing agreements were held with Russia and Finland, which led to the compilation of new work programmes covering several years. An agreement was reached with Mexico that the question of the Aztec feather headdress in the Museum of Ethnology Vienna would be remitted to a group of Austrian and Mexican experts for examination during 2001.

L. Austrians Abroad

One of the most important functions of the Ministry for Foreign Affairs is to protect the interests of Austrian citizens who live permanently abroad or who are travelling in other countries on business or as visitors. Consular services are provided for around 374,000 Austrian citizens who live and work in other countries. These figures do not include persons of Austrian descent who have become citizens of foreign countries but nevertheless retain ties with their homeland. At the end of 2000 there were 284 Austrian associations in 49 countries, of which 112 in 45 countries are affiliated to the Vienna-based **Weltbund der Österreicher im Ausland**. The Weltbund held its annual meeting in Innsbruck from 31 August to 3 September 2000, when approximately 400 delegates from Austrian associations discussed matters affecting Austrians abroad. The **Burgenländische Gemeinschaft** is the umbrella organisation for the Burgenland associations abroad, especially in the United States and Canada.

The **Auslandsösterreicherwerk** (AÖW) is the central service office for Austrians abroad, which represents their interests in relation to the authorities at home. It publishes the quarterly magazine **Rot-Weiss-Rot**. The AÖW was instrumental in founding 58 **Austro-North-American Councils** in the US (46), Canada (10) and Mexico (2). It is presently trying to intensify contacts with Austrians living in the countries of Central and Eastern Europe, and to found new Austrian associations in those countries. There are already 21 such associations in Hungary, Croatia, Slovenia, Poland, Ukraine and Romania. The AÖW distributed ATS 114,000 (€8,285) in the course of the 2000 Christmas aid action for Eastern Europe.

The **Fund for the Support of Austrian Citizens Abroad**, which is subsidised by the Foreign Ministry and the nine Länder, provided emergency assistance amounting to just over ATS 8m (€581,383) for 900 needy Austrians in 48 countries. In the course of its traditional Christmas action the Ministry made donations to needy Austrians abroad to the value of ATS 300,000 (€21,802).

Since 1990 Austrian citizens resident in other countries have had the **right to vote** in Austrian parliamentary and presidential elections as well as in referenda and elections to the European Parliament. The **Citizenship Act 1998**, which entered into force on 1 January 1999, allows for the possibility of retaining Austrian citizenship in the event of acquiring the citizenship of a foreign country in certain cases. It also extends the opportunities for people who were driven out of Austria by the National Socialist regime to re-acquire their Austrian citizenship.

M. The Federal Ministry for Foreign Affairs

Austria is represented abroad by a network of 81 embassies, 6 permanent missions to international organisations, 16 consulates-general, 10 cultural institutes and 2 regional offices for development cooperation. The cultural institute in Teheran and the press and information service in Washington were integrated into the respective embassies. The consulate in Düsseldorf was closed and the embassy in Kinshasa remained temporarily closed. In addition, there are 259 Austrian honorary consulates all over the world.

The **federal budget** for 2000 allocated ATS 4,206m (€305.66m) to the Foreign Ministry. Of this, ATS 165m (€12m) were specifically for special expenditure in connection with Austria's chairmanship of the Organization for Security and Co-operation in Europe in 2000 (in addition to a further ATS 15m (€1.09m) for the OSCE operational budget) and ATS 131.34m (€9.54m) for aid programmes in Central and Eastern Europe. After subtracting this central budget and Austria's contributions to international organisations (ATS 640.38m or €46.54), expenditure on international conferences (ATS 38.60m or €2.81m) and official development cooperation (ATS 774.5m or €56.29), the **operational budget** of the Ministry for Foreign Affairs in 2000 amounted to approximately ATS 2,460 (€178.78), or 0.31 per cent of the Austrian national budget.

At the end of December 2000 the Federal Ministry for Foreign Affairs had a **total staff** of 1,489. Of these, 641 were stationed in Austria and 848 posted abroad; 38 were seconded to the Foreign Ministry from other federal ministries and institutions. The total personnel comprised 777 men (52.2%) and 712 women (47.8%) at all levels. 18 members of its staff were seconded to other ministries, 27 to international organisations and 6 to the Diplomatic Academy and other institutions.

N. The Diplomatic Academy of Vienna

The Academy has been an autonomous institution since 1996, but it remains within the political responsibility of the Federal Minister for Foreign Affairs. A total of 20 participants, including 12 Austrians, successfully completed the **36th postgraduate diploma course**. To date, 740 graduates (including 354 from 84 foreign countries) have gained the diploma of the Diplomatic Academy. The 37th postgraduate diploma course commenced with an enrolment of 24 students, including 14 Austrians. A total of 23 students graduated from the Academy's **Master of Advanced International Studies (M.A.I.S.)**-course, which has been organized in conjunction with the University of Vienna's Centre for International and Interdisciplinary Studies since 1997. 25 applicants qualified for entry to the fourth M.A.I.S. course.

Another 7 associate students made use of the recently introduced opportunity to attend the Diplomatic Academy, and 4 of these fulfilled the conditions for the award of a **Special Certificate in International Studies**. A **Special Course in International Studies**, which is primarily intended as a preparation for the M.A.I.S. course, began with 15 participants.

A further two **special courses** were held for **young diplomats from Central and Eastern European countries, the CIS and Mongolia**. From 1990 to the end of 2000 a total of 469 young diplomats from 28 countries in transition have been able to make use of this special training opportunity. The Academy's traditional **summer course for German language and Austrian studies** attracted an entry of 55 participants from 24 countries.

Special seminars for further training included a seminar for Slovene diplomats and senior consular officials on consular cooperation and the common visa policies of the Schengen states, OSCE seminars on economic and human rights questions, and a series of seminars as part of the in-service training programme of the Austrian Ministry for Foreign Affairs.

The Academy's function as an international **information and meeting centre** was extended. There were more than 150 lectures, conferences and seminars on international themes. In addition to the **Jahrbuch der Diplomatischen Akademie Wien**, which gives a detailed report on all the courses and other activities, the DA's publication series continued with **Occasional Papers** on various diplomatic topics.