Austrian Foreign Policy Yearbook

2001

Federal Ministry for Foreign Affairs
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Foreword

If there is one day in the year 2001 that will be remembered for a long time, then it is the 11th of September. The terrorist attacks in the United States brought it home to us that no country on earth is invulnerable. On that day the horror and tragedy did not happen in one of the crisis areas of the world, but where no one would have thought it possible: in a country at peace, and apparently in safety. The victims were people who were going about their normal daily business.

After September 11 we must finally rid ourselves of an illusion, if indeed it ever existed: namely, that no country is in a position to offer its citizens the best possible protection on its own. That can be achieved only within a larger group, and in solidarity with the international community. One of the most important tasks of foreign policy is, therefore, to contribute to an international environment that is capable of guaranteeing our citizens the highest possible degree of human security. Foreign policy must pursue its aims with circumspection and determination irrespective of the day-to-day political situation.

The fight against terrorism has presented Austria and the international community with formidable challenges. It is fortunate that, in this international crisis situation, Austrian foreign policy is grounded in clear concepts and stable values. During those difficult months after the terrorist attacks Austria has proved to be a responsible and reliable partner with a forward-looking policy of solidarity.

For Austria as a member of the European Union, security, foreign and peace policy means in the first instance European policy. No other model has assured peace, stability and prosperity as successfully as European integration. Now the European Union is about to take the historic step of extending this area of peace, stability and prosperity to include the candidates for membership. Who could have more interest in this process than Austria? The enlargement of the EU is a historic opportunity and an economic necessity, and is therefore the first priority for Austria’s foreign policy.

A project of this magnitude demands meticulous planning as well as a clear conception of how Austrian interests can best be protected. There are numerous difficulties to be overcome if that is to be achieved. My approach to the accession negotiations is therefore: thoroughness, a fair balance of interests, openness, working out the best possible common advantage, clearing up open bilateral questions before entry, inclusion of the public in the dialogue, promptness, but above all quality. The year 2001 showed clearly that, with this fundamental attitude, even difficult problems can be resolved. I would point in particular to Austria’s negotiating successes on the free movement of persons and cross-border services. We also achieved the best possible protection for Austrian interests in the transit road traffic issue when, at the European Council in Laeken, the European Commission produced a proposal for an extension of the ecopoints system for a further three years. There will nonetheless have to be further discussions with the member states on this issue. As far as the energy chapter is concerned, we succeeded in obtaining agreement with the Czech Republic on the “Conclusions of the Melk Process and Follow-up” in relation to the Temelin nuclear power station near the border with Austria. The Czech government assented to making the agreed safety and
environmental standards legally binding by including them in the Czech Republic’s treaty of accession to the European Union. There is already a consensus on the closure of the dangerous nuclear power stations at Ignalina (Lithuania), Kosloduj (Bulgaria) and Bohunice (Slovakia). 2001 was also the first year in which it was possible to initiate an EU-wide discussion on guaranteeing common standards of nuclear safety, an issue that eventually found a place in the conclusions of the European Council in Laeken. This was the first milestone on the way towards building a European-wide awareness leading to the goal of a general abandonment of nuclear energy production.

As enlargement of the European Union is approaching, Austria’s traditionally good relations with our neighbours in Central and Eastern Europe, as well as with our cultural “neighbour” Poland, are proving particularly important. These attained a new dimension in 2001 with the foundation of the Regional Partnership. Within this framework we intend to make optimum preparations for enlargement in cooperation with our regional partners. Common interests are to be identified so that they can be more efficiently represented on a common basis after the accession of Austria’s partners to the Union. This Regional Partnership already includes a security partnership of ministers for home affairs as well as cooperation between ministers for economic affairs, agriculture and infrastructure. Common cultural projects have been inaugurated. The intensive cooperation with our Central and Eastern European partners takes account of the fact that the Austrian economy is already very closely interwoven with those of the candidate countries, that this region has become one of our most important economic partners, and that in the border regions there is now widespread and intensive local cooperation.

Enlargement will change the European Union. In order to maintain its dynamism and the functioning of its institutions it is essential to continue with the process of internal reform until this culminates in the Intergovernmental Conference in 2004. In order to prepare for that event a Constitutional Convention has been set up to consider the essential challenges and issues involved in the future development of the Union. It is composed of representatives from the European Parliament and the Commission as well as the national governments and parliaments of the member states and the candidate countries. The European citizens will also be more intensively involved than hitherto, in order to ensure that the reform process is carried out more democratically and closer to the people. The open internal borders, the common currency, safety standards for consumer goods and foodstuffs, educational initiatives, student exchanges and more render Europe a tangible and visible reality for the individual. The prompt measures against terrorism and crime that were taken after the terrorist attacks on 11 September rendered service to the citizen’s need for more security. Nevertheless, the people of Europe should not be given the impression that decisions are being taken over their heads behind closed doors. Closer attention will have to be paid to strengthening the Union’s democratic legitimacy and enhancing its transparency.

Our foreign policy in 2001 was quite naturally dominated by the events of September 11, the formation of the resulting anti-terror coalition, and the war in Afghanistan. Austria was able to build on the good relations and confidence we established with the countries of Central Asia, for example, during our chairmanship of the OSCE. At that time we drew attention to the importance of Central Asia as well as the Caucasus, when we pointed to the latent conflicts and security risks inherent in the region, including migration, illegal
trafficking in drugs and persons, as well as to possible counter-measures. Now events in Afghanistan have cast the entire region into the spotlight. Our preparatory work is now proving very helpful in the efforts to stabilise the region. This is the reason why I – on this basis and in coordination with the EU - travelled to Central Asia just a few days after the terrorist attacks to discuss the possibility of cooperation to counter terror as well as its causes.

Austria’s long-standing trustworthy image in the Middle East as well as personal contacts were of eminent use in the endeavours to enlist support for the anti-terror coalition – something that was by no means self-evident in the region. Austria provided an individual accent with her engagement in the “Dialogue of the Civilisations” as a means of preventing the fight against terror developing into a conflict between cultures. This is a concept that Austrian foreign policy has pursued for many years and that has now attained fresh relevance in the light of recent events. We therefore have every incentive to intensify these endeavours.

It is also an expression of solidarity and a fundamental humanitarian approach that Austria participated in the humanitarian and refugee aid in Afghanistan, and in cooperation with the UN is now playing a role in the reconstruction of that country that has been devastated by decades of war. Austria’s aid for Afghanistan encompasses three vital areas that for many years have been central foreign policy issues: the rights of women, especially as regards education and occupational opportunities; the elimination of anti-personnel land mines; and the campaign against illicit drugs. As early as 1996 Austria pointed out the hazardous position of women in Afghanistan. More recently, in partnership with the women foreign ministers attending the UN General Assembly, I have been able to impress on the United Nations the necessity of integrating women into the process of reconstructing Afghanistan. It is gratifying to be able to record that this has been done through the appointment of women to ministerial posts in the interim Afghan government. There remains no doubt, however, that a great deal remains to be done for the rights of women in Afghanistan – and in not a few other countries also. It should also be mentioned that the Austrian soldiers who are on security duties in Kabul as members of the international ISAF have a significant role to play in restoring peace and stability as a precondition and basis for the reconstruction of the country.

One of Austria’s most important foreign policy priorities is and remains South-Eastern Europe. In spite of a number of positive developments the problems in the Balkans have not yet been overcome, as the crisis in Macedonia demonstrated. Austrian foreign policy has – bilaterally, and within the EU, the OSCE and the UN – continued its endeavours to contribute to a more peaceful development, and to support the efforts being made by the countries of the region on their road to Europe. The commitment by Austrian foreign policy in this respect has been publicly recognised, inter alia by the appointment of former Austrian Vice Chancellor Erhard Busek as coordinator of the Stability Pact for South Eastern Europe.

If we are seriously aiming for peace, security and stability, then we must combat not only the symptoms, but also the underlying causes of many of the evils that exist in our world. I refer here to poverty, injustice and the lack of any perspectives for life. These are the seed-beds for terrorism and the source of innumerable conflicts. The United Nations will
have a special role and responsibility in this fight. The reading of this Yearbook will make clear what an invaluable and irreplaceable role the UN plays, not merely in efforts to resolve acute or potential regional conflicts, but also as regards development cooperation, human rights, humanitarian aid, prevention of international crime, disarmament and the protection of the environment. These are all decisive aspects of a long-term strategy for the maintenance of peace, and are therefore areas of primary importance for Austria’s foreign policy. In 2001 Austria was entrusted with the chairmanship of the Human Security Network for 2002-2003, in which time I intend to place the emphasis on education for tolerance, women’s rights, and the situation of children in areas of conflict. The new Austrian development cooperation legislation to be adopted in 2002 will lay the foundation for a unified development policy with its goals of combating poverty, assuring peace and protection of the environment, with a commitment to the principles of ownership, adapted technologies and gender equality.

In 2001 Austria again proved its readiness to act in solidarity with the international community and to undertake international responsibilities. We contributed to the reconstruction of Afghanistan, we made financial contributions to international organisations, and we provided personnel for numerous missions under the auspices of the United Nations, the OSCE, the EU, and the operations of the NATO-led partnership for Peace. In this connection I must single out the magnificent personal commitment of the Austrians who were involved in these missions, which were mostly carried out under difficult conditions with considerable danger to life, in order to provide help in crisis areas, to succour need, and to assist reconstruction. In the daily negotiations, too, the constructive participation, competence and expertise of the Austrian representatives have been widely appreciated. The appointment of Austrians to important functions in numerous international organisations, and the re-election of Austria to the UN Commission on Human Rights, all represent recognition of our work. And, not least, the events of September 11 brought the issue of international crime prevention into the forefront of global awareness and have led to the strengthening of the Vienna-based units of the United Nations – a development that has the full support of Austria’s foreign policy.

Another of Austria’s strengths is its cultural presence on the international scene. Culture dominates Austria’s image abroad, and for many people in other countries it is the most important point of contact with our land. It is therefore self-evident that cultural activities abroad are and will remain one of the central pillars of Austria’s foreign policy. As a means of strengthening this pillar, and adapting it to contemporary demands, it was subjected to a comprehensive process of reform in 2001. One of the core elements of this reformed policy is the focussing of its activities on 28 newly created Austrian Cultural Forums. Another important development, which also directly benefits the culturally creative community, is the reduction of administrative costs to the advantage of the operational budgets. The enhanced local autonomy of the Cultural Forums will increase efficiency and adaptability of Austria’s cultural presence abroad. A new common logo will also enhance its identity and public effectiveness. The regional focus on our neighbours in Central and Eastern Europe and the Balkans as well as our development cooperation partners, in addition to the most important cultural centres in the world, will also contribute to more efficiency.
Austrians who reside temporarily or permanently in other countries are acquainted with the work of my ministry and its representatives abroad in the first instance as a reliable service centre. This service extends from up-to-date information - now also available on the Internet – in the interests of the safety of Austrian travellers, to assistance in cases of emergency. The Citizens’ Service in the Ministry is available 24 hours a day, including weekends and holidays. The Austrian government has declared 2002 to be the Year of Austrians Abroad as a means of increasing awareness of the importance and the interests of the numerous Austrian citizens who live in other countries.

I must not fail to point out that the enormous spectrum of political, economic, development, legal, humanitarian, cultural, consular and administrative tasks that are subsumed under the name of foreign policy could not be carried out without the wholehearted commitment and energy of the staff of the Federal Ministry for Foreign Affairs. The diplomatic service – something that is often overlooked - is burdened with numerous disadvantages for individual members and their families, including postings to regions with significant security risks. Despite this, the personnel of my Ministry are characterised by their high degree of motivation, professionalism, and enthusiasm for their service to Austria and its citizens. This is impressively reflected in the balance of activities for the year 2001.

To conclude, I hope that the Austrian Foreign Policy Yearbook will prove to be a useful handbook and reference source that provides a succinct review of Austria’s foreign policy in all its aspects. Austria’s role as a small but self-confident state, which views its task as that of an advocate of peace, human rights and dignity, and which stands for the principles of solidarity, responsibility and reliability, runs like a red thread throughout the labyrinth of international relations in our complex world. I believe that the foregoing report convincingly documents that this concept has stood us in good stead, and that it has enhanced Austria’s position amidst a difficult world political situation.

Dr. Benita Ferrero-Waldner
Federal Minister for Foreign Affairs
A. Austria in the European Union

I. EU Policies

Austria’s Role in the European Institutions

Austria is represented in all the institutions of the European Union. Nominated by the Austrian Government for a second term, Franz Fischler was reappointed on 15 September 1999 as the member of the European Commission responsible for agriculture, rural development and fisheries. The Austrian nationals Peter Jann and Josef Azizi are members of the European Court of Justice and the Court of First Instance, respectively, and the Austrian Christine Stix-Hackl is one out of eight Advocates-General supporting the European Court of Justice. Hubert Weber, whose term of office as the member of the European Court of Auditors nominated by the Austrian Government expired on 31 December 2001, was nominated for a further term of six years.

The European Court of Justice dealt with 57 new cases referred to it by Austrian courts for preliminary rulings. At the end of 2001 there were eleven cases pending against the Republic of Austria concerning alleged breaches of Community law. Austria introduced two actions for annulment with regard to the ecopoint system for regulating the transit of heavy goods vehicles through Austria.

Austria has 21 seats in the European Parliament, which held twelve regular plenary sessions in Strasbourg as well as eight mini plenary sessions in Brussels. One of the principal issues discussed in 2001 was the future of the Union, and in particular the composition and mandate of the European Convention set up on 28 February 2002. Other important issues of debate were e.g. the political situation in Turkey, especially as regards respect for human rights, and the implications of the terrorist attacks in the United States on September 11.

The Committee of the Regions is an advisory body which consists of 222 representatives of regional and local authorities within member states. The Federal Government nominated Austria’s twelve members for the new four-year period beginning on 25 January 2002 on 5 December. There were five plenary sessions in 2001. The Committee participated in the debate on the future of the Union, with special reference to the role of the regions in preparations for the Intergovernmental Conference in 2004.

The Economic and Social Committee is made up of 222 representatives of Europe’s organised civil society, i.e. the Union’s economic and social interest groups. Its members are organised in three groups: employers, workers and various interest groups. Austria nominates twelve members of the Committee, which held nine plenary sessions in 2001.

Under Austrian constitutional law the Austrian Parliament has a right to be informed and is empowered to adopt positions which are of a binding character for the member of the Federal Government representing Austria in the Council if the respective European legal
instrument requires federal legislation for its implementation or is directly applicable. The relevant Austrian federal ministers are bound by the terms of these positions, and in dealings with the European Union may depart from them only for vital reasons of foreign and integration policy. In 2001 the National Council (First House of the Austrian Parliament) adopted positions in relation to the meeting of the European Council in Stockholm, EU nuclear policy in the context of accession negotiations with the Czech Republic, and (by the standing sub-committee on EU matters) on alteration of EU policy on nuclear energy. In addition, both Houses of Parliament adopted various resolutions on EU-relevant matters.

Similar powers are exercised by the Austrian federal Länder in relation to their fields of competence. In 2001 the Länder adopted four positions, including one on EU enlargement.

The Austrian positions in the EU Committee of Permanent Representatives are coordinated at weekly inter-ministerial meetings – with representation by the social partners and all the relevant national institutions as well as the local and regional authorities – chaired by the Federal Ministry for Foreign Affairs.

Reform of the European Union

The Treaty of Nice

The EU foreign ministers signed the treaty on 26 February in Nice, and the ratification procedures in the individual member countries commenced. The treaty will enter into force on the first day of the second month after the last instrument of ratification has been deposited. The European Councils in Gothenburg and Nice stated that the reform measures contained in the treaty are intended to enable the Union to accept new member states from the end of 2002 with a view to their participation in EU parliamentary elections in 2004.

Austria’s instrument of ratification was signed by the Federal President on 14 December 2001 and deposited on 8 January 2002. Another five members ratified by the beginning of January 2002. However, a national referendum in Ireland on 7 June 2001 resulted in a majority of 53.87 per cent against ratification of the treaty. As a first reaction, a National Forum on Europe was set up with a broad representation from all political parties (including those of Northern Ireland) and national institutions, organisations and interest groups. This forum met for the first time on 18 October.

On the Council level, preparations for implementing the Treaty of Nice were suspended after the Irish referendum, with the exception of a proposal on transitional arrangements for the transfer to the European Community of the assets and commitments of the European Coal and Steel Community, which is now being dissolved.
The Debate on the Future of Europe

The European Council, at its meeting in Nice, decided to inaugurate a comprehensive public debate on the future of the Union amongst all interested parties and sectors of the public. This debate was started on the European level as well as in the member states and in the candidate countries. The involvement of candidate countries was especially welcomed by Austria. This broad debate on the future of Europe is to be carried on parallel to the reform process that is to culminate in the Intergovernmental Conference in 2004. To this end, a European website (http://www.europa.eu.int/futurum) has been set up. The debate in Austria was inaugurated on 30 May with a “Europe Round” chaired by the Chancellor, Vice Chancellor and Federal Minister for Foreign Affairs. This conference was followed by a large number of events and other initiatives at national and local levels involving different sections of civil society. Austria also carried on a dialogue with the applicant countries as future partners within the Union on occasions such as the first meeting in the framework of the Regional Partnership.

The second phase of the debate on the future of the Union was initiated by the European Council with the so-called Laeken Declaration by convening a European Convention to consider key questions with regard to the future development of the EU, to identify possible answers and to report to the Intergovernmental Conference in 2004. The convention opened on 28 February 2002 and is to conclude its business within a year. In addition to its Chairman and two Vice-Chairmen, the Convention is composed of:

- 15 representatives of the Heads of State or Government of the Member States (one from each Member State),
- 13 representatives of the accession candidate countries (one from each candidate country),
- 30 representatives of the national parliaments of the Member States (two from each Member State),
- 26 representatives of the national parliaments of the accession candidate countries (two from each candidate country),
- 16 members of the European Parliament,
- 2 representatives of the European Commission.

The Economic and Social Committee (three representatives), the Committee of the Regions (six representatives), the social partners (three representatives) and the European Ombudsman are invited to attend as observers. The candidate countries take part in the proceedings without, however, being able to prevent any consensus which may emerge among the Member States.

Former French President Valéry Giscard d'Estaing was appointed President of the Convention. The Vice Presidents are the former prime ministers of Italy and Belgium, Giuliano Amato and Jean-Luc Dehaene. They constitute the Presidium together with two European Parliament representatives, two Commission representatives, two representatives of national parliaments and the representatives of the Governments of Spain, Denmark and Greece (the countries holding the Council Presidency during the Convention).
The European Convention will present recommendations or options to the Intergovernmental Conference on the following subjects among others:

- Distribution of competences between the European Union and the member states.
- Simplification of the Union’s legal instruments and procedures.
- More democracy, transparency and efficiency in the institutions of the enlarged Union.
- A possible constitution for the Union, simplification and revision of the founding treaties, and the legal status of the Charter of Fundamental Rights adopted in Nice.

**Enlargement of the Union**

Accession negotiations continued successfully in 2001 with twelve candidate states: Bulgaria, the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia. In 2000 Austria had presented an Information Note on the **free movement of persons** which drew attention to the situation in the Austrian labour market that would arise out of geographical proximity to the candidate countries. This served as the basis for a discussion that, under the Swedish presidency, resulted in agreement on transitional arrangements for up to seven years. On this basis, negotiation of the chapter was provisionally concluded in the case of nine of the twelve candidate countries. Reviews after two or five years will ensure flexibility, or an earlier liberalisation if appropriate. Transitional arrangements were also agreed for the **free movement of capital**, some aspects of **environmental protection**, and certain branches of the **service sector**.

Substantial progress was made on **energy**, a chapter in which Austria laid the main emphasis on the safety of nuclear power stations. This became a theme of the negotiations for the first time as a result of Austria’s initiative and on the basis of the conclusions of the European Council in Helsinki. On 29 November agreement was reached with the Czech Republic on the “Conclusions of the Melk Process and Follow-up” comprising certain safety questions, an information hot line, an early-warning system, an energy partnership and environmental compatibility testing. It was also agreed that these conclusions, and thereby the acceptance by the Czech Republic of the nuclear safety and environmental compatibility standards, would be written into the accession treaty for the Czech Republic, and thus become legally binding. Under these circumstances it was possible to provisionally conclude negotiations on the energy chapter with the Czech Republic. At the General Affairs Council on December 10 Foreign Minister Ferrero-Waldner made a statement on the content of the agreement and the resolution passed by the National Council (First House of the Austrian Parliament) on November 21. The energy chapter was also concluded with Slovakia, on condition that the two obsolescent reactor blocks at the Bohunice power station are closed down by the agreed dates in 2006 and 2008. The energy chapter remained open in the case of Lithuania and Bulgaria due to lack of agreement on the closure dates of the Ignalina and Kosloduj nuclear power stations.

The **transport** chapter could be concluded with Cyprus, Malta, Hungary, Latvia and Lithuania. Transitional arrangements were agreed for carriers from these countries, with
the exception of Slovenia, in respect of cabotage services. In December the European Commission produced proposals for a transitional prolongation of the ecopoints system for heavy goods vehicles in transit through Austria that is laid down in Austria’s accession treaty. This will form the basis for negotiations on arrangements for the period after the ending of the present system at the end of 2003 and before the entry into force of a new road pricing system. On this basis Austria, while pointing to the ongoing negotiations on a transit system, was able to agree to a provisional conclusion of the transport chapter.

The principle of differentiation allows each candidate country to be judged separately on the progress it has made towards meeting the criteria for entry to the Union. This has enabled several members of the so-called Helsinki Group (Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia), negotiations with which opened in February 2000, to catch up on the so-called Luxembourg Group (Cyprus, Czech Republic, Estonia, Hungary, Poland, Slovenia), which have been negotiating since 1998, but Bulgaria and Romania still require enhanced efforts to meet the conditions. The European Council in Laeken reiterated its intention to conclude negotiations by the end of 2002 with those candidates that are sufficiently far advanced, so that they can participate as members in the elections to the European Parliament in 2004. If the present tempo of negotiation and reform continues, ten states could be ready for entry by then.

Under the EU pre-entry strategy, a sum of €3,000m annually has been made available to the candidate countries under the increasingly decentralised PHARE programme as well as the new Instrument for Structural Pre-Accession (ISPA), for the transport and environment sectors, and the Special Accession Programme for Agriculture and Regional Development (SAPARD). The emphasis here is on institution building and creating a catalyst effect for infrastructural investment. There is also support for Austria’s Cross-Border Cooperation programmes with the Czech Republic, Hungary, Slovakia and Slovenia. Austria now has 52 twinning partnerships with candidate countries, under which expert teams are sent for a year at a time to help with the adaptation of administrative structures to EU standards.

In July 2001 the European Commission issued a statement on the effects of enlargement on the border regions as well as an action plan which – not least at Austria’s insistence – is to improve coordination between the INTERREG and PHARE structural policy instruments.

**Economic and Monetary Union**

Economic growth in the Community averaged 1.7 per cent in 2001 compared with 3.3 per cent in 2000. Despite this, the ministers of finance several times emphasised their determination to continue with a stability-oriented budget policy and stressed that specific difficulties being experienced by certain sectors must not result in a subsidy race. They also called for an enhanced readiness to carry through the structural reforms that are necessary to realise medium-term growth and employment potential. The European Council in Stockholm in March reviewed the implementation of the Lisbon Strategy for employment, economic reform and social cohesion.
Other main themes discussed by the ECOFIN Council included combating terrorism, the tax-package and financial services. The directive on money laundering was extended to cover advisory and other services. The mandate of the OECD’s Financial Action Task Force (FATF) was extended to cover terrorism, and the member states committed themselves to applying the recommendations of the FATF consistently in order to prevent money laundering. The main issue in the tax-package was taxation on savings income of non-residents. Negotiations are being held with third states with a view to their introducing similar measures in order to prevent a flight of capital out of the EU. Substantial progress was made with the implementation of the Action Plan on Financial Services, including agreement on cross-border payments and financial services, and the statute of the European company.

The introduction of the Euro coinage and bank notes on 1 January 2002 was systematically and comprehensively prepared, and the progress in each country of the Euro group was monitored. During the critical phase an information network was established between the finance ministries, central banks, the European Central Bank and the European Commission, and the population was also comprehensively informed about the new currency. The introduction of the Euro indicates the readiness of the participating states for closer cooperation on economic issues, and it strengthens the identity and role of Europe in an international context.

**Employment**

The employment situation in the European Union improved over the past few years, due not least to the consistent implementation of the Luxembourg Process. The main beneficiaries were women, whose average employment rate rose to 54.7 per cent, although men are still ahead with 73 per cent in employment. However, the proportion of older workers (38.3%) and disadvantaged groups in employment remained low. The economic downturn from mid-2001, aggravated by the terrorist attacks in the US on 11 September, had a negative effect on the employment situation.

The EU strategic goal is to raise average employment from 61 per cent in 2000 to around 70 per cent in 2010, and the proportion of women in employment from 51 to over 60 per cent over the same period. Intermediate goals of 67 and 57 per cent respectively have been set for the year 2005. It is also intended to raise the proportion of employed persons in the age group between 55 and 64 years to 50 per cent by 2010. Member states are required to set national objectives accordingly.

In pursuance of the Lisbon Strategy for employment, economic reform and social cohesion a Green Book was issued, dealing with the social responsibility of firms. A discussion was launched on the possibility of a voluntary mediation system for settling differences between the social partners. Furthermore, agreement was reached on a methodologically flexible directive on the rights of employees in firms of a certain size to be consulted on economic and strategic developments.
Attention was also paid to training and mobility. A high-ranking group was set up in early 2001 to draft proposals for improvements in these fields. Its report was to be presented to the European Council in Barcelona in March 2002.

**The Internal Market**

The strategy laid down by the European Council in Lisbon in March 2000 intensified in 2001, with increasing emphasis on the necessary structural reforms, especially as regards the goods and capital markets. The *Strategy for the Internal Market*, a five-year framework programme by the European Commission with four strategic goals, is brought up to date annually in cooperation with the member states.

Some important measures were prepared or adopted in 2001, for example directives concerning the distance marketing of consumer financial services, on insurance mediation and trans-border payments, or regulations on general principles of food law, the setting up of the European food authority, and the statute of the European company. Some open questions concerning the proposed Community Patent were brought closer to agreement. A common report by the Council and the Commission submitted to the European Council at Laeken suggests setting up a policy framework for State aid to undertakings entrusted with the provision of services of general interest.

The European Council in Stockholm set the goal of raising the transposition rate of the Internal Market directives into national law to 98.5 per cent by the Barcelona European Council in March 2002. Subsequently, an improvement in the performance rate in this respect was achieved by the end of 2001.

**Transport**

The problem of excessive transalpine goods traffic by road remained particularly acute in 2001. On 23 February the European Court of Justice issued a temporary injunction in Austria’s favour pending a verdict on Austria’s complaint against a Council decision modifying the application of the 108 per cent rule to limit excessive growth in transit traffic which contravenes Protocol 9 of Austria’s accession treaty. On 20 September Austria again raised a complaint in the Court, this time against a decision by the Commission that prevented the correct application of the 108 per cent rule at all.

A Commission proposal to eliminate the 108 per cent rule was approved by the European Parliament on 5 September, although the parliamentary Environment and Transport committees had rejected it. A majority was in favour of retaining an upper limit on transit trips – without, however, specifying a figure.

In order to prevent a possible legal gap between the expiration of the ecopoints system at the end of 2003 and the entry into force of a new road pricing directive, the European Council in Laeken, at Austria’s instigation, called for an interim regulation along the lines of the ecopoints system. The Commission accordingly presented a draft regulation on 20 December for one year along such lines – but without the 108 per cent
clause. If no revision of the road-pricing directive has taken place by the end of 2004, the interim regulation will be extended till the end of 2005, and if necessary 2006.

The European Council in Gothenburg in June expressed itself in favour of a new road-pricing directive and a sustainable transport policy. The Commission White Book on European transport policy till 2010 presented in September reflects the Council’s intentions. Austria has a particular interest in ensuring that sensitive areas are given full consideration here. To this end, a joint working group was set up with the Commission in September, and in December another one together with France.

In accordance with the verdict by the European Court of Justice on 26 September 2000 on the road tolls for vehicles in transit over the Brenner Pass, Austria revised the tariff structure and reduced the top rates. The Commission, however, still objected to the tariff level. It demanded an infrastructural cost analysis, and in December threatened to bring another case before the court on account of an alleged breach of the treaty through non-observance of a court ruling.

As a result of the terror attacks in the United States on September 11 special meetings of the EU heads of state and government as well as the ministers for foreign affairs and transport were held in September and October to discuss security questions, especially in the air transport industry. An ad hoc Security Group was set up, supported by an expert team with Austrian participation. The increased danger arising from greater mobility of persons and freight is to be countered by higher security standards and controls. The air transport industry, which has been especially badly hit by events, was enabled to obtain compensation for direct losses sustained through the closure of US air space between 11 and 14 September, and has been indemnified by state assumption of non-insurable risks arising from terror and war.

Environment

According to Article 6 of the EC Treaty, environmental protection is a horizontal issue that must permeate all areas of EC policies. It cannot be separated from social and economic factors. The European Council in Gothenburg therefore adopted a Sustainable Development Strategy that adds a new dimension to the Lisbon Process for employment, economic reform and social cohesion in the areas of climate change, sustainable transport, and natural resources. Its implementation will be monitored annually on the basis of extended indicators. In addition to other factors, the balance between economic growth and pressure on natural resources and the environment is to be measured, and balance indicators are to be worked out for key areas like energy, agriculture and transport. The Commission was also required to present a document on sustainable development in the global context.

The Swedish presidency inaugurated intensive negotiations on the Sixth Environment Action Programme as a framework for the Community’s environmental policy until 2010. The priority areas are climate change, nature and biodiversity, environment and health (including quality of life), natural resources and waste. The programme is intended to encourage the horizontal extension of environmental factors into all aspects of policy, and
to promote sustainable development throughout the Community before and after enlargement.

The abandonment of **nuclear energy** is the aim of Austria’s responsible environmental policy within the EU. Until that is achieved, the first priority is to draft **common European safety standards**. Austria managed to obtain recognition of this standpoint at the European Council in Laeken, which concluded that a high degree of nuclear safety must be guaranteed, and stressed that the protection and safety of nuclear power stations must be supervised. It called for regular reports by the nuclear energy experts of the member countries. This procedure is the first step towards a high degree of guaranteed nuclear safety within the European Union.

**Education and Youth**

The European Union and the Council of Europe jointly declared 2001 to be the **Year of Languages**. Numerous events brought home the importance of acquiring a second language. At the end of the year the Council of Education Ministers adopted a resolution calling on member states to encourage children and adults to learn two or more foreign languages.

The ministers are to present a detailed programme of work to the European Council in Barcelona in March 2002. The main educational objectives are: improved teacher training, universal access to higher and further education, more emphasis on the knowledge society, universal access to information and communication technology, and expanded scientific-technical courses. The Commission issued a report on the consultation process on lifelong learning, with a view to drafting an action plan on the issue.

The Union’s **youth policy** is to become a horizontal issue that has to be taken into account in all aspects of EU policy. To this end, the Commission published a White Book in autumn. The European Council in Laeken in December commended the contribution made by the youth policy to the cause of European integration.

**Research and Development**

In early 2001 the Commission presented its draft **Sixth Framework Programme for Research and Development** (2003-2006). The total budget is €17,500m (€16,270m EC and €1,230m Euratom). The European Parliament demanded around 700 changes, not least on ethical grounds. Austria’s proposals for increasing the budget for sustainable development (€2,100m), priority for radiation protection, and the possibility of financing new infrastructures from the programme, were included in the Council’s Common Position on 10 December. A compromise was found on the issue of creating new instruments to promote research that would simplify administration and encourage larger integrated projects at European level. In 2004 there will be a general evaluation of the new instruments.
On ethical questions in the life sciences there was overwhelming agreement that reproductive cloning, research on germ line therapy and creation of embryos for research purposes and similar issues should not be financed. Germany, supported by Austria and Italy, also declared that, until a European regulation can be agreed, research on surplus embryos should not be supported from the programme, even if such research would be permissible under national law. Austria also demanded the exclusion of research on existing stem cell lines. In the Euratom programme, Austria, with German support, was able to prevent the granting of support for “new reactor concepts”.

Justice and Home Affairs

The central issue in justice and home affairs was the ongoing implementation of the action plan for the realisation of an Area of Freedom, Security and Justice as well as the decisions of the European Council in Tampere in 1999 on migration and asylum, access to law, and combating international organised crime. The European Council in Laeken in December drew up a first comprehensive balance on the progress that had been achieved since Tampere.

The terrorist attacks in the US on 11 September induced the EU member states to step up joint efforts to combat terror and organised crime. The Council in December adopted a framework decision on combating terror and another one setting up Eurojust for cooperation between national prosecution services. A compromise was also reached on the European arrest warrant. Austria was initially unable to agree to this measure, due to the constitutional ban on delivering its own citizens to other states for prosecution or execution of sentence. Finally, agreement was reached on a transitional period of five years for Austria to implement the extradition of Austrian citizens whose cases are not covered by domestic criminal law.

The European Council in Laeken committed itself to swift agreement on a common policy on immigration and asylum. At Austria’s instigation, this policy will also take into consideration the absorption capacities of the member states. The Council concluded that certain conditions would have to be met to ensure the success of such a policy:

- Inclusion of the policy of directing migratory movements in the Union’s foreign policy;
- Creating a European system for the exchange of information on asylum, migration and countries of origin; implementation of the Eurodac regulation; more efficient application of the Dublin Agreement on responsibility for the handling of applications for asylum;
- Adoption of common norms of procedure for asylum, admission and reunification of families; agreement on accelerated procedures in justified cases;
- Special programmes to combat discrimination and racism.

Significant progress was made in 2001 in the following areas:

Asylum and migration: Lists have been compiled of the states whose citizens do, or do not, require visas to enter the territory of the Union. Citizens of Romania do not need visas as from 1 January 2002. The Council adopted a directive on temporary asylum for a
massive flood of refugees in need of international protection, whereby at Austria’s insistence it anchors the principle of solidarity among the member states. Austria understands this to mean that the burden of a massive influx will be distributed among the member states in proportion to their capacities.

**Judicial cooperation in civil cases:** The Grotius Programme for the exchange of civil law practitioners within the EU was extended for a further period. It was decided to set up a European network on civil and trade law analogous to that on criminal law, in order to facilitate cooperation between authorities in these areas. A report was adopted on the necessity of coordinating the civil law systems of the member states in order to eliminate legal hindrances to the disposal of civil cases.

**Police cooperation:** As a result of the terrorist attacks on 11 September several additional legal instruments were adopted to extend the range of competence and improve the efficiency of Europol. The financial regulations, the 2002 budget and the work programme of the European Police Academy were all approved. The Academy will, however, reach its full efficiency only after the European Council has announced its location. It was decided to set up a European crime prevention network.

**Judicial cooperation in criminal cases:** There was political agreement on a directive and a framework decision on combating illegal migration, and a framework decision on trafficking of human beings. In both cases the lowest limits for maximum penalties are set. A political agreement on Eurojust was reached, which will simplify coordination between national prosecution services in cases relating to organised international crime. Agreement was reached on the European arrest warrant, which in future will replace extradition procedures between EU countries. Framework decisions were adopted on fraudulent monetary transactions not involving coins or notes, and on combating money laundering. A protocol to the Convention on Legal Aid in Criminal Cases covers financial crime, in particular the financing of terrorism.

The goals and priorities of the Union’s policies on justice and home affairs were also pursued in its **external relations.** The EU reacted swiftly and effectively to events. In addition to combating the organised smuggling of persons, the EU concentrated on implementing its strategy and an action plan against terrorism. Other priorities are: preparing the Union for enlargement, and combating illegal migration as well as organised crime.

The **Schengen** acquis came into force on 25 March for the three northern member states Denmark, Finland and Sweden as well as for Iceland and Norway. Thus the European area of free movement of persons was extended to include the Nordic pass union. In December the Council agreed to the adoption of a second-generation Schengen information system (SIS II), whereby the costs as from 2002 will be met by the general Community budget.
II. Austria’s and the European Union’s External Relations

The Common Foreign and Security Policy

The terrorist attacks in the US on September 11 and the resulting war in Afghanistan were dominating features of the CFSP in 2001. The general relaxation of tension in the Balkans was, however, countered by the flare-up of the conflict in the Former Yugoslav Republic of Macedonia. The Middle East situation remained troubled.

One of the central issues throughout the year was the further development of the European Security and Defence Policy (ESDP). By decision of the European Council in Nice in December 2000 the hitherto provisional political and military institutions were put onto a permanent basis. The EU High Representative for the CFSP, Javier Solana, together with special representatives for specific areas, maintained a high profile for the EU foreign policy in the Balkans, the Great Lakes region of East Africa, the Middle East, Afghanistan, and the Former Yugoslav Republic of Macedonia. The CFSP mechanisms were again intensively used in 2001, with 184 declarations, 202 demarches, and the binding instruments of 13 joint actions and 17 common positions. Summit meetings were held with the US, Canada, China, Ukraine, Russia and Japan, as well as a joint meeting with the heads of state of several African countries.

The European Security and Defence Policy

The ESDP originated in 1999 in the recognition that EU foreign policy positions will have an international effect only if they are backed up by political, economic and, if necessary, military means. The Union has a comparative advantage over other European and transatlantic organisations in that it already has a broad range of non-military stabilising instruments that it can use for conflict prevention and crisis management. By 2003 these will be supplemented by a military capacity, preparations for which made important progress in 2001.

At the Capabilities Improvement Conference held in Brussels on 19 November all the EU member states except Denmark (which had made use of the “opting out” clause) agreed to qualitative and quantitative improvements to their already promised commitments to the ESDP Headline Goal as well as the Collective Capability Goals. The EU therefore has a good chance of being able to handle all of the Petersberg Tasks by the target date of 2003, although additional efforts will be required to undertake the more complex operations at the top end of the Petersberg spectrum. A voluntary action plan was adopted to close the existing gaps, primarily as regards strategic capabilities in the areas of command, control, communication and information, strategic intelligence and large transport aircraft.

Austria is not participating in any multinational project, but as a national project will provide the command structure for a light infantry brigade by 2005. The six European non-EU NATO states and the EU candidate countries will also make important
contributions. The development of these capacities will be monitored by an EU Capabilities Development Mechanism, and an EU-NATO mechanism will ensure coherence between parallel activities. The rate of implementation of the action plan will depend on the financial allocations of the EU members, not all of whom have increased their military budgets accordingly.

The standing ESDP institutions (the Political and Security Committee, the Military Committee and the Military Staff) attained their final form during the first half of 2001, followed by the establishment of a joint military and civilian Situation Centre. The EU defence ministers, who since the Austrian EU presidency have met informally at least every half year, have expressed a wish to be able to meet formally. The possibility was raised for the first time at the Council of Ministers on 19 November, and a decision is expected during the first half of 2002. A system of cooperation between the national military intelligence services was inaugurated in order to improve the EU's crisis management capability. The WEU satellite centre near Madrid and the Institute for Security Studies in Paris were transferred to the EU as from 1 January 2002. Representatives of national parliaments attended two meetings held on the initiative of the Belgian EU presidency to discuss the parliamentary dimension of the ESDP.

**Cooperation with NATO**

A strategic partnership between the EU and NATO is an important precondition for the success of the ESDP. Consultations between both organisations continued in 2001 on crisis management as well as issues of security and defence policy. Practical cooperation on the ground, primarily in the Balkans, remained highly satisfactory. Definitive agreement is still awaited on the exchange of confidential documents for crisis management purposes and on assured access by the EU to predetermined NATO facilities and capacities. To date, agreements on both have been blocked by Turkey, which wants to restrict access to existing EU members – a step that would exclude the forthcoming EU member Cyprus – and is linking this to a conclusion of the so-called Berlin+ Agreement.

The United Kingdom made intensive efforts to induce Turkey to abandon its blockade policy. In June Turkey rejected a paper on the third-state arrangements agreed in Nice, but a new “Ankara Paper” submitted by the UK in autumn contained substantial concessions to the Turkish position like a quasi-participation right in autonomous EU operations with no NATO elements in the geographical vicinity of Turkey. This document was approved by all the EU members except Greece, which entered an objection to it at the European Council in Laeken in December.

Otherwise, the consultation and cooperation process with the six European non-EU NATO members and the EU candidate countries developed positively. The dialogue with Canada, Russia and Ukraine also intensified. In view of President Putin’s stronger Western orientation after the terrorist attacks on September 11 both the EU and NATO endeavoured to build a new relationship with Russia on matters of security policy.
The Operational Capability of the EU

The European Council in Laeken declared that the EU is now capable of conducting some crisis management operations. Civilian humanitarian actions and military operations under qualified “lead nations” (e.g. the UK or France) would be an immediate possibility. In order to handle more difficult operations covering the entire Petersberg spectrum it will, however, be necessary to implement the European Capability Action Plan (ECAP) to close the gaps in military capacities, conclude the cooperation agreements with NATO and apply the third-state arrangements. Only when cooperation with NATO is functioning will a comprehensive EU operational capacity be achieved.

The strengths of the EU by comparison with those of NATO enable it to use its economic, financial and political power for the purposes of conflict prevention and international crisis management. The European Council in Feira in June 2000 also decided to develop capacities in the fields of policing, the rule of law, civil administration and civil defence, in order to strengthen peace and stability internationally. The planned pool of 5,000 police officers will be available from 2003, after the EU ministers for home affairs on 19 November agreed on the respective national contributions. Some 1,400 of the total are to be available in a crisis area within 30 days. Austria will contribute 110 police personnel to the pool. A further pool of 200 experts is under consideration as a means of strengthening the rule of law; Austria will contribute 10 prison officers here. The process of identifying EU capacities in civil administration and civil defence is still continuing.

One of the consequences of the terrorist attacks on September 11 is the acceptance of the ESDP by the United States. The US is interested in strengthening European capacities and in harmonious cooperation between the EU and NATO, in order to reduce its commitments in Europe and concentrate its attention on combating terrorism. On the other hand, there is unlikely to be a consensus on extending the agenda of the ESDP to countering terrorism. With the activation of Art. 5 of the Washington Treaty after the events of September 11 NATO made it clear that the terrorist threat is a matter of collective defence. On the basis of the British-French compromise in St. Malo, which is also mentioned in the decisions on the ESDP taken in Helsinki, collective defence remains the prerogative of NATO.

Central and Eastern Europe

The EU Candidate Countries

The countries between the Baltic and the Black Sea demonstrate a wide range of different traditions and levels of development, despite which the majority once again experienced a successful and basically stable year in 2001. All of the candidate countries made progress towards their primary foreign-policy goal of membership in the European Union, although the ranking of the candidate countries with regard to the provisionally closed negotiation chapters varied slightly compared with that of the previous year. Slovakia, Latvia and Lithuania, countries with which the EU started negotiations only in February 2000, made particularly notable progress. All the candidate countries proved that they are stable
parliamentary democracies and that they are throwing off the heavy burden of the communist system.

The terrorist attacks of September 11 and the anti-terror operations in Afghanistan gave the NATO members Poland, the Czech Republic and Hungary the opportunity to demonstrate their support for the measures that were taken. These measures, however, were also vehemently supported by the three Baltic States, Slovakia, Bulgaria and Romania, all of which have the goal of NATO membership. It is evident that integration into NATO and EU structures is the central foreign policy issue for all the countries of the region, and that this is independent of the party-political constitutions of their governments. The populations, on the other hand, are still somewhat sceptical towards the EU, especially in Poland, where an EU-critical party gained over 10 per cent of the votes at the parliamentary election in September.

The European Council in Laeken (14-15 December) declared its intention to conclude negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia by the end of 2002, so that they can participate in the election of the European Parliament in 2004. The Laeken summit also set up the Constitutional Convention to draft a blueprint for the future of the European Union. Austria was one of the EU member states that from the very beginning advocated the equal participation of the candidate countries in the Constitutional Convention. This form of participation is very highly esteemed by the candidate countries, since it signifies a qualitative leap from external observer to equal partner.

The Regional Partnership between Austria, the Czech Republic, Hungary, Poland, Slovakia and Slovenia, established in June 2001 on Austrian initiative, supplements other existing forms of cooperation between EU members and candidates like the Central European Initiative and Austria’s trilateral cooperation with Hungary and Slovakia.

Cooperation among the EU candidate countries of the region continued, and was even intensified, within the four-country Visegrad Group and between the three Baltic States. irritation, especially in Romania, was, however, caused by Hungarian legislation in June promoting the culture, education and national identity of ethnic Hungarians living in other countries. In accordance with the recommendations of the EU Commission’s 2001 progress report, Hungary instituted consultations with the neighbouring countries. Finally, an agreement could be reached with Romania allowing non-Hungarian citizens of Romania to work in Hungary for three months without special permission.

The OSCE missions in Tallinn and Riga were closed at the end of 2001. For Estonia and Latvia this signifies considerable progress and recognition of their policies on minorities. Since 1993 OSCE missions had observed the integration of the Russian minorities in those countries after they had regained their independence. The slowness of this procedure had led to repeated international criticism, which was finally met by appropriate legislation in both states. The guidelines for this were drawn up during the Austrian presidency of the OSCE in 2000.

Extreme political groups were nowhere able to exert decisive influence on events in Central Europe, even though large sections of the populations had suffered from the
effects of modernization in spite of the growing overall prosperity. Another delicate social problem, especially in Bulgaria, the Czech Republic, Romania and Slovakia, is the integration of their Roma populations, where there is still no sign of a comprehensive long-term solution. Efforts have been made to improve the lot of the Romas, but need to be stepped up in order to counter the widespread discrimination.

**Belarus, Ukraine and Moldova**

The European Union’s relations with Belarus remain drastically reduced in accordance with a decision by the General Affairs Council on 15 September 1997. Austria’s bilateral relations with Belarus have been reduced accordingly. There was some hope that the presidential election on 9 September 2001 would provide evidence of an improvement in the democratic and human rights situation, but a lack of cooperation by Belarus made it impossible to organise a comprehensive observer mission. A limited mission organised just immediately before the election came to the conclusion that it was not held in accordance with the relevant OSCE rules. On September 14 the EU issued a statement welcoming the first signs of political pluralism and an awakening democratic consciousness among the population of Belarus, but criticising the repressive measures used against the opposition, national observers, independent media representatives and NGOs.

In view of the deteriorating economic situation, and new repressive measures against critical individuals and organisations, the European Union, which has no desire to see Belarus further isolated in Europe, will continue to provide support for a transition to democracy and for all the political forces that are willing to work towards this end. The EU and its member states will also explain bilaterally to representatives of Belarus their basic standpoint in the interests of Europe as a whole. Austria has already made use of this opportunity at expert level. This attitude was expressed in an EU statement issued on 10 October on the occasion of the nomination of a new Prime Minister of Belarus. The EU also supports the OSCE Advisory and Monitoring Group in Minsk.

Ukraine’s Prime Minister, the reform-friendly Viktor Yushtshenko, was dismissed in April. The EU expressed the hope that the government’s reform course would nevertheless be continued under his successor, Anatoli Kinakh. The EU-Ukraine Cooperation Council in June identified six priority areas for the next 12 months: energy, trade, justice and home affairs, legal coordination, the environment and transport. The EU declared that an intensification of relations must be accompanied by progress on economic and political reform, including free and independent media, respect for democratic principles and individual freedoms. The European Council in Gothenburg in June confirmed this policy, coupled with granting a future participation by Ukraine in the European Conference (which in its enlarged form comprises the EU member and candidate countries as well as those belonging to EFTA and the stabilisation and association processes). Ukraine accordingly attended the October meeting of the Conference with the status of special guest.

The fourth EU-Ukraine Summit was held in Yalta on 11 September, when the EU side again stressed the connection between absolutely necessary reforms and Ukraine’s desire to have its chosen pro-European orientation taken seriously. In particular, the EU
demanded a full investigation of the deaths and disappearances of journalists as well as the democratic conduct of the parliamentary election in March 2002.

After the closure of the Chernobyl nuclear power station in December 2000 the EU made finance available for the purchase of fuel to increase the output of conventional generating plants. At the beginning of the year €25m was provided under the EU Fuel Gap Programme, out of a total of €65m budgeted for 2000-2002. An additional €22m came in July from the TACIS budget. The EU regards reform of the Ukrainian legal and juridico-procedural frameworks as essential in order to stimulate large-scale foreign investment. Prime Minister Kinakh visited Austria in October; subjects of his talks were EU-Ukrainian relations, domestic policy issues, international terrorism, organised crime, and Ukraine’s relations with neighbouring countries.

The parliamentary election in Moldova in February was followed by a change of government and head of state in April. The new leadership under President Vladimir Voronin and Prime Minister Vasile Tarlev reiterated its commitment to ongoing reform and an orientation towards Europe. The European Council in Gothenburg in June invited Moldova to participate in the European Conference.

In 2001 Moldova became a member of the World Trade Organisation and of the Stability Pact for South-East Europe. The EU Foreign Minister Troika visited the country in February for the first time, and the third meeting of the EU-Moldova Cooperation Council under the Partnership and Cooperation Agreement was held in Brussels. These talks covered illegal migration, money laundering, drugs, border control, trade and investment, technical and financial assistance, and the Transnistria conflict.

The EU, which fully supports the efforts of the OSCE to resolve the Transnistria problem, welcomed the withdrawal of part of the Russian military equipment from Transnistria on schedule, and supports the complete withdrawal of Russian forces by the end of 2002. The future status of Transnistria within Moldova remains, however, unresolved. Austria – on the basis of experience gained under its OSCE chairmanship in 2000 - actively supported the efforts of the Belgian EU presidency to find a new approach to an increased EU involvement in resolving the conflict. Moldova’s domestic political problems also include its difficult economic situation as well as parliamentary and non-parliamentary resistance to certain measures taken by the new government, including the question of introducing compulsory Russian language teaching in primary schools.

The South Caucasian Republics

Relations between the EU and the states of Armenia, Azerbaijan and Georgia intensified during the first half of 2001. Visits by the EU Troika to all three states in February and September underlined the importance placed by the EU, as the largest financial donor in the region, on the promotion of peace, stability, prosperity and regional cooperation. The EU announced its intention to step up bilateral and multilateral dialogue with the three countries, and to raise South Caucasus issues in contacts with Iran, Russia, Turkey and the US.
Cooperation committee meetings were held in all three capitals in June and in Brussels in October. The joint declarations underlined the role of the EU in the region as regards conflict resolution, post-conflict rehabilitation and the common fight against terrorism. In October the European parliament adopted a resolution that proposed the holding of a conference of the EU and the Southern Caucasus countries to develop a strategy for regional cooperation, and another one on investment and economic development. Parliamentary cooperation committee meetings were held in Brussels or in the respective national capitals.

The efforts to resolve the Nagornyi-Karabakh conflict continued. The OSCE Minsk Group arranged a series of bilateral meetings between the presidents of Armenia and Azerbaijan on the issue, which was also raised at the UN General Assembly in the course of its debate on cooperation with the OSCE. The EU, within the framework of the OSCE, adopted a negative attitude towards the conduct of the parliamentary elections in Nagornyi-Karabakh, an assessment that was criticised in an Armenian demarche in Brussels.

Relations between Georgia and Russia deteriorated after September 11, primarily in connection with the Chechnya conflict. This, in its turn, led to an aggravation of the domestic situation in Georgia, especially concerning the relationship of the Georgian government with the separatist region of Abkhazia. The EU made demarches in Russia and Georgia calling for moderation, and issued a respective declaration within the OSCE. Georgian President Eduard Shevardnadze invited the resident EU ambassadors in Tbilisi for an exchange of views on the matter. In July, an EU demarche in Moscow dealt with the withdrawal of Russian troops from Abkhazia, where the elections in March were given a negative assessment by the Union. The EU decided on a Joint Action regarding a solution to the South Ossetia conflict and agreed to give financial support for the Georgian border troops, who now also have to guarantee the safety of the OSCE observers on the Ingushetia sector of Georgia’s border with Russia, in addition to the Chechnya sector.

EU demarches were also made to Georgia on the sale of anti-personnel mines, on religious freedom, and on the insecure situation in the country, especially as regards the safety of foreigners. Others in respect of Azerbaijan dealt with democratic development in the country.

**The Balkan Crisis Zone**

The countries of the Western Balkan region constitute a main item in Austrian, EU and international foreign policy. In 2001 the governments of the region were generally oriented towards reform and strived for closer relations with the European Union. The political, economic and social reforms they have set in train will contribute towards sustainable peace and stability in the region. Several elections that were observed by the OSCE reflected as well the democratic progress that has been made. Despite this considerable progress by comparison with previous years many of the major problems remain unsolved: Some extremist elements still endanger stability, and the reform movements are confronted with difficulties arising from the legacies of earlier regimes such as
disastrous economic and social situations, weak institutions, corruption and organised crime.

Events in Macedonia demonstrated that there is still a danger of another Balkan war, which has been prevented only by close cooperation between the international community and peace-minded political actors at national level. International engagement will be necessary for the immediate future, which for the EU means a continuation of its present massive commitment in the region. Austria stressed repeatedly that the current concentration of international attention on the global fight against terrorism must not lead to neglect of the stabilisation process in the Balkans.

Austria is highly committed to the international endeavours to stabilise the Balkans. The numerous Austrians involved there are engaged in reconstruction, and are also prominently represented in the process of political consolidation. In Kosovo alone some 600 Austrians are working as members of the KFOR multilateral peacekeeping force, the UNMIK police force, the EU monitoring teams, the OSCE etc. The appointment of Erhard Busek as Special Coordinator for the Stability Pact from 1 January 2002 is a further indication of Austria’s commitment to the Balkans.

In Croatia the reforming government under Prime Minister Ivica Racan took decisive steps towards the swift implementation of economic, legal and administrative reforms. The EU acknowledged this success by signing a Stabilisation and Association Agreement in October. Austria was the first to ratify, in March 2002. Austria also supports Croatia’s approach to the European integration structures. Relations between the two countries were very close in 2001, with a large number of exchange visits.

A continuing high level of commitment by the international community marked the situation in Bosnia and Herzegovina in 2001, the sixth year after the Dayton Accords. On the civilian side, under the direction of the UN High Representative, the Austrian Wolfgang Petritsch, the priorities are the establishment of functioning state institutions, economic efficiency, and the return of refugees. The goal is to create a stable, modern European state with a clear future within the European structures. The government formed by the Alliance for Change, which is committed to multi-ethnic principles, has declared its readiness to undertake the political, economic and social reforms that are urgently necessary to ensure the country’s stability. Integration into the European structures will be accelerated by membership of the Council of Europe, which was expected to take place in 2002.

In the Federal Republic of Yugoslavia after the change of government at federal level in 2000, when Vojislav Koštunica was elected President, the inauguration of the new government of the Republic of Serbia under Prime Minister Djindjic in January 2001 opened the way for comprehensive economic, social and political reforms which were strongly supported by the international community. The donors’ conference in Brussels on 29 June in particular showed this support for the democratic and reform-oriented governments. According to European Commission statistics Austria takes fourth place among Yugoslavia’s donor countries.
The new federal administration opened diplomatic relations with all the other countries of the region. The international community particularly welcomed the improvement in relations with Croatia after a joint declaration by the two presidents and diplomatic visits to Zagreb by President Koštunica and Foreign Minister Svilanovic. The extradition of former Yugoslav President Slobodan Miloševic to the International War Crimes Tribunal in The Hague on 28 June is seen as further proof that the new leadership in Belgrade is in principle determined to fulfil its international commitments and push through the necessary reforms.

In October 2001 Austrian Federal Chancellor Wolfgang Schüssel visited Belgrade accompanied by a large business delegation with an interest in investment there. Agreements were signed on investment protection as well as on economic, agricultural, industrial, technical and technological cooperation.

At the beginning of 2001 the international community saw itself confronted with another Balkan crisis in Southern Serbia, when tensions between ethnic Albanian extremists and Serbian police threatened to escalate. Thanks to efficient cooperation between the EU and NATO, and to a constructive attitude on the part of the Yugoslav and Serbian authorities, the situation calmed down within a few months.

As early as December 2000 Austria had demanded a reduction of the demilitarised Ground Safety Zone that was established in 1999 along the border of Kosovo in order to prevent intrusion by Yugoslav forces. This demand was based on the recognition that Albanian extremists were able to pursue their destabilising activities unhindered within the zone. NATO agreed to this in March, and the deployment of Serbian and Yugoslav security forces in the zone was completed by May. The Covic Plan for solving the crisis in the municipalities of Presevo, Bujanovac and Medvedja provides for the enhanced civil integration of the ethnic Albanian population, with multi-ethnic police, economic reconstruction, local self-administration, minority protection etc. Austria repeatedly urged Belgrade and the EU for the swift implementation of these measures.

The situation in the Yugoslav Republic of Montenegro was dominated by the search for a redefinition of the relationship between Podgorica and Belgrade. The parliamentary election on 22 April did not bring the expected clear victory for the advocates of independence led by President Milo Djukanovic. Eventually, a minority government was formed by Djukanovic’s DPS and the Social Democrats with the support of the Liberal Alliance (LSCG), which stands uncompromisingly for Montenegro’s independence.

The constitutional positions were thus polarised: Federal President Koštunica stands for “a state consisting of two units” (Serbia and Montenegro), whereas Montenegrin President Djukanovic saw the solution as “two independent and internationally recognised states within a union”. The official line of the EU has been “a democratic Montenegro within a democratic Federal Republic of Yugoslavia”. The dialogue between Podgorica and Belgrade was broken off in October, but resumed in December on the initiative of EU High Representative Javier Solana, initially on topics like security, economics and trade, and social and monetary policies.
In the province of **Kosovo**, the international community, headed by the United Nations Interim Administration Mission in Kosovo (UNMIK), continued its endeavours to ensure the peaceful coexistence of the various ethnic groups, to enhance security, create basic administrative structures, and build an awareness of the rules of democracy and civil society. The Constitutional Framework for Provisional Self-Government, published on 15 May, regulates the establishment of provisional institutions of self-government in Kosovo. It was followed by elections on November 17. The Kosovo Serbs were eventually persuaded to participate too. The LDK party of moderate Albanian leader Ibrahim Rugova came out on top with 45.65% of the vote, followed by Hashim Thaci’s PDK with 25.7%. The Serb Coalition (Koalicija Povratak) attained 11.34% and the AAK 7.83%. Since no group succeeded in gaining an absolute majority, the election of a president by the Kosovo Assembly and the subsequent formation of a government will demand a degree of compromise that will be the first test of the democratic will of Kosovo’s elected representatives.

**Albania**’s reform course continued in 2001 in the areas of the economy, democracy and the rule of law. Austria therefore strongly advocated within the EU that this progress should be recognised by stepping up the integration of Albania within the European structures. There are, however, still deficits like weak state institutions and the extreme polarisation of the political parties, which could potentially hamper the continuing reform process and an intensification of relations with the EU. The parliamentary elections on June 24 and July 8, which international observers reported as having been conducted on the whole in accordance with international standards, were an important step towards democratisation. During the Macedonian crisis the government in Tirana kept its distance from the ethnic Albanian extremists and condemned their activities. Austrian Minister for Foreign Affairs Benita Ferrero-Waldner, in view of Albania’s support for the EU position, campaigned for an early start to negotiations on a Stabilisation and Association Agreement.

Developments in the Former Yugoslav Republic of **Macedonia** in 2001 presented a serious challenge to the international community’s crisis management capacity, especially that of the EU. The first clashes between the Slavic Macedonian majority and the ethnic Albanian group in February escalated into a full-scale rebellion, with up to 20 per cent of the country under the control of Albanian extremists. The international peacemaking process, under EU leadership with a NATO presence, culminated in the conclusion of the Framework Agreement on 13 August and moves to bring Macedonia more closely to the European integration structures, in particular by means of the Stabilisation and Association Agreement concluded in 2000 between the EU and Macedonia. The emergency coalition government of all parties broke up in November after it had introduced a constitutional change for the benefit of the Albanian ethnic group.

Austria, acting on behalf of Belgium as local EU presidency in Skopje from July to December 2001, supported the efforts by the EU, NATO, OSCE and the ethnic groups to find a solution to the crisis. In this capacity Austria stressed the need for functioning coordination between all of the participants in the peace process, and in particular the necessity of efficiently securing the border between Macedonia and Yugoslavia/Kosovo by KFOR troops in order to prevent intrusions by ethnic Albanian combatants, supplies of weapons and logistical support.
In talks with Kosovo Albanian politicians, Austria repeatedly called on them to take steps to stop deliveries of supplies from Kosovo to the ethnic Albanian combatants in neighbouring Macedonia, and appealed to them to condemn the use of violence in Kosovo and in Macedonia in unmistakable terms. Austrian Minister for Foreign Affairs Benita Ferrero-Waldner impressed on Macedonian government politicians on numerous occasions that only a political solution could bring the country lasting peace and stability.

The Balkans and the European Union

The primary goal of Austrian foreign policy is to make the Balkan crisis zone into a zone of stability, and for this reason plays a vigorous role in the EU’s efforts to support the democratically elected reform-oriented elements in the Western Balkans. It is Austria’s view, and that of her EU partners, that the prospect of integration into the European mainstream in the longer term is fundamentally important for the maintenance of lasting peace in the region and provides an incentive to pursue the reform programmes at national level. The highest stage of this process is presently the Stabilisation and Association Agreements (SAA) – treaties tailored to the circumstances of each country which allow the EU to help prioritise reforms and to monitor their implementation. Croatia and Macedonia have already signed such agreements with the EU, and at the end of 2001 these were at the stage of ratification.

Austria continued to play a very active role throughout 2001 in the EU endeavours to resolve the Balkan problems. Austria’s experience and know-how in the Balkans is highly regarded by her EU partners, and is followed with considerable interest. Vienna was a regular meeting place for politicians from the Balkan countries. In March the foreign ministers of Yugoslavia and Albania met in Vienna and reopened diplomatic relations, which had been broken off in early 1999 over the Kosovo crisis. In June the conclusion of negotiations and signing of the Agreement on Succession Issues of the former Socialist Federal Republic of Yugoslavia took place in Vienna. This important treaty had been prepared by UN High Representative Wolfgang Petritsch with the logistical support of the Austrian Federal Ministry for Foreign Affairs and the OSCE. It marks a fresh beginning that could lead to an era of peaceful coexistence for the peoples of the former state of Yugoslavia.

The Russian Federation

During 2001 relations between the European Union and Russia intensified considerably over a wide range of issues. On 23 March, Russian President Putin met all the EU heads of state and government in Stockholm for the first time when he was guest of the Swedish presidency. This was an expression of the importance the Union places on its relations with the Russian Federation. The European Council in Stockholm in June empowered the European Investment Bank to grant loans for specific environmental projects in Russia, and gave a signal for the start of dialogues on justice and home affairs, finance, and the question of the Kaliningrad enclave, which will be surrounded by EU partners after Poland and Lithuania join the Union.
It is just because the EU regards its strategic partnership with Russia as having a special significance, as well as a role in Europe and beyond, that it is following events in Russia with particular attention, whether these be in connection with the plurality and independence of the media, freedom of opinion, protection of the environment, or human rights in military conflict situations like in Chechnya. In doing so, the Union starts from the premise that the Russian Federation also recognises the basic democratic principles and values as essential for a genuine and wide-raging partnership.

A previously adopted EU Joint Action on a programme of cooperation on non-proliferation and disarmament in Russia continued in 2001. It foresees assistance with guaranteeing nuclear safety and destroying chemical weapons. The EU also recognises the fundamental progress that has been made during the past ten years in the rule of law, public institutions and the civil society, but at the same time has no hesitation in pointing out the serious deficiencies that remain, especially as regards the implementation of legislation, court procedures, and the independence of the media.

One result of the seventh EU-Russia Summit in Moscow on 17 May was the idea of setting up a high-ranking group to discuss pending trade-related questions with a view to the long-term realisation of a common European economic and social area. The eighth EU-Russia Summit in Brussels on 3 October was held under the shadow of the terrorist attacks on 11 September. In addition to a comprehensive joint declaration on combating international terrorism (including practical cooperation to that end), both sides expressed their will to increase political and security cooperation, the swift drafting of the concept of a common European economic area, preparations for a partnership on energy, and Russian membership of the World Trade Organisation. Russia is an indispensable partner for the anti-terror coalition.

The European Union is convinced that long-term security in Europe demands a stable and prosperous Russia (where a common European security area is already being spoken of as a desirable goal). The best possible form of cooperation with Russia will be an essential element in the creation of a secure and stable Europe.

Austria has advanced this point of view and strategic objective as a central theme of discussions in numerous high-level bilateral contacts with Russian representatives. President Putin and Prime Minister Kasyanov both visited Austria during the year, Austrian Federal president Krestil paid an official visit to Russia in June. The subjects of discussion ranged from international issues to bilateral economic relations and the possibility of their further development.

**Asia and the Pacific**

The ongoing shift of Asia’s centre of political and economic gravity to the north-east continued in 2001. **China**, with an average growth of 8 per cent over the past 10 years, and a still respectable 7.3 per cent in 2001, was a political and economic stabilising factor that remained largely unaffected by the recession that has hit most other states of the region. China’s admission to the World Trade Organisation at the end of the year assured it of enormous interest from foreign investors. Japanese investment in China has doubled.
over the past decade, with more than the half of Chinese-Japanese trade taking place between Japanese firms and their Chinese subsidiaries. More and more electronic and other high-value goods are being turned out by Chinese factories. The WTO membership opens up enormous opportunities, but will demand restructuring and reform, while market opening will expose hitherto protected industries to international competition.

China’s increasing interest in cooperation with the international community was shown by its support for the anti-terror coalition in Afghanistan, the inter-Korean dialogue, the Shanghai Organisation for Cooperation (to combat terror and assure stability in the region) and by the more relaxed relationship with the US, despite a spy plane incident in April. The decision to hold the 2008 Olympic Games in China is an expression of the world community’s positive assessment of the new foreign policy orientation. The 30th anniversary of the opening of diplomatic relations between Austria and China was marked by an official visit to China by Austrian Federal President Thomas Klestil.

Japan, the world’s second-largest economic power, and as such the pacemaker in Asia, has still not been able to overcome the recession. Industrial production went down by 10 per cent in 2001, exports decreased, the currency weakened and the debt quota remained high. The government under Prime Minister Koizumi attempted to counter this negative trend with a programme of restructuring and renewal. In foreign policy, Japan proved itself a reliable partner of the US after the terrorist attacks on September 11 and declared its readiness to play a leading role in the reconstruction of Afghanistan in both the material and organisational respects.

The particularly dynamic economic growth in India, which even puts it among the “top ten” globally, indicates the emergence of an additional economic centre in Asia. India, however, is still combating problems like a backward agricultural system and widespread poverty. The democratic system is a stabilising factor in the multi-ethnic state of India, which, despite decades of tensions and conflict with Pakistan, is in no way endangered in its functions.

Towards the end of the year the new government of Sri Lanka asked Norway to assist in mediating peace negotiations with the Tamil separatists in the eastern and northern parts of the island. A cease-fire was signed on 22 February 2002.

East Timor, which became independent of Indonesia in November 1999, held its first free election, for the initial constitutional assembly. The conduct of the election was fair and assures the country’s progress into a democratic future.

The internal dialogue between the Democratic People’s Republic of Korea and the Republic of Korea became deadlocked after the historic Pyongyang summit in 2000. The most-quoted reasons for the slow pace of rapprochement in 2001 were the enhanced state of readiness of the South Korean forces in connection with the military action in Afghanistan, and North Korean distrust of the US Bush administration. The “sunshine policy” of the President of the Republic of Korea is becoming less accepted by the population, and a return visit to Seoul by the political leadership of North Korea is still in the distant future. The dynamics of the mutual approach by the two Korean states appears to have been interrupted. The Democratic People’s Republic of Korea still
exhibits substantial deficits in the observation of elementary democratic principles and basic human rights. A new order for internal Korean relations and the strengthening of the bilateral dialogue were the themes of an official visit in May by Austrian Minister for Foreign Affairs Benita Ferrero-Waldner.

Central Asia

In Central Asia the first half of 2001 was characterized by an intensive discussion about developments in Afghanistan. Almost all of the states of Central Asia were considering closer contacts with the Taliban regime, with the exception of Tajikistan, which strongly supported the Tajik-dominated Northern Alliance. In view of security risks emanating from Afghanistan certain security mechanisms were established or reactivated by the surrounding countries within the frameworks of the Commonwealth of Independent States (CIS) and the Shanghai Organisation for Cooperation. The events of September 11, however, led to a further weakening of internal cooperation within the CIS, since the individual members swiftly revived their global agendas and now insist more than ever on their role as equal partners. The new strategic and security situation in Central Asia has led to a reconsideration of the existing methods of cooperation. Bilateral relations also remained tense, with mutual accusations of lack of action against the infiltration of terrorists, and mining of border areas. Other sources of tension included the delineation of borders, complicated transport connections, ethnic enclaves with insufficient access to their respective motherlands, and the question of water, gas and oil supplies.

Central Asia moved to the centre of the world politics after the events of September 11. In connection with the formation of a new government in Afghanistan the individual Central Asian countries primarily supported those sections of the Afghan population that corresponded to the respective ethnic populations of the Central Asian states. Uzbekistan immediately provided the use of an airfield, while Kyrgyzstan and Tajikistan, where the Russian 201st Division is still stationed, also offered to provide facilities. These are used by the United States and altogether 11 other countries. Kyrgyzstan has also made an airfield available to the Russian Federation for operations in Afghanistan. Within a few weeks the formerly somewhat neglected region became the venue for numerous high-level visits.

Central Asia had traditionally been a priority of Russian foreign policy, which had endeavoured to bind the states to itself more closely through regional cooperation in the economic and security sectors. The events of September 11, however, led to a diminution of Russia’s importance for the region as a whole. The Russian and CIS positions on the stationing of US and other military forces always followed the actual stationing of the troops.

Austria, for the first time in CSCE/OSCE history, had made Central Asia a priority of her OSCE chairmanship in 2000, and continued to lobby strongly in the EU for more attention to be paid to the region. This led to a journey by Council President Louis Michel, accompanied by the EU Troika, to Tajikistan, Turkmenistan and Uzbekistan. Austrian Minister for Foreign Affairs Benita Ferrero-Waldner was the first EU foreign minister to visit Kyrgyzstan after September 11. The presidents of Kyrgyzstan and Uzbekistan and the foreign minister of Tajikistan paid official visits to Austria. A number of other high-level
visits and political activities were accompanied by material and financial assistance, including humanitarian aid, debt rescheduling, etc.

**Afghanistan**

After the terrorist attacks in the US on 11 September, Afghanistan became the focus of world attention on account of the close relationship between the Taliban regime and terrorist leader Osama Bin Laden. The US formed an international anti-terror alliance over the next few weeks. When the Taliban rejected US demands in October, US air forces with British support opened an offensive, initially in support of the only armed opposition in Afghanistan, the United Islamic Front (Northern Alliance), which advanced into the capital city of Kabul on 13 November and the Taliban stronghold of Kandahar in early December. Most of the Alliance’s fighters were Tajiks and Uzbeks, whereas the Taliban are overwhelmingly Pashtunis, who are also found in Pakistan.

Austria, the EU and all the other Western states from the very beginning proclaimed their solidarity with the anti-terrorism campaign led by the US. The initial endeavours to set up a new political leadership were difficult, but on December 5 an Afghanistan conference in Petersberg, near Bonn, with the participation of four exile groups under the auspices of the United Nations, agreed on three steps:

- An interim government for six months under the ethnic Pashtuni Hamid Karzai.
- The calling of an assembly of tribal leaders (Loya Jirga) by ex-king Zahir Shah.
- The appointment of an interim government by the Loya Jirga. Furthermore, the UN Security Council was requested to issue a mandate for an international peacekeeping force.

On 20 December the Security Council unanimously adopted Resolution 1386, under which an International Security Assistance Force (ISAF) was to be sent to Afghanistan. Austria agreed to participate in the ISAF with 75 personnel for a period of 6 months. It had already been agreed to call an International Conference for Reconstruction in Afghanistan, which was duly held in January 2002. Austria contributed a total of €12.3m, to be used in particular for demining, drug control and women’s rights.

**The Conflict between India and Pakistan**

On 13 December there was a terrorist attack on the Indian parliament, for which India held the Pakistan-based Moslem Lashkar-e-Toiba and Jaish-e-Mohammed groups responsible and demanded their suppression. Subsequently, both sides mobilised along the demarcation line in the disputed province of Kashmir, transport links were cut, overflying rights cancelled and embassy personnel drastically reduced. Despite international appeals, diplomatic pressure and endeavours to mediate, tension continued to the end of the year, with repeated exchanges of fire and the flight of around 100,000 people.

The background to this and other terror attacks is the dispute over the province of Kashmir, which dates back to the division of British India into India and Pakistan. The predominantly Moslem Kashmir, on the border between the two states, would have been
a candidate for integration into Pakistan, but the then Maharaja, a Hindu, declared the accession of his principality to the Indian Union. The resulting conflict led to the division of Kashmir along an east-west armistice line, but with renewed armed conflicts in 1965 and 1971. An Austrian, Brigadier Loidolt, commands a UN observer mission on the „Line of Control”.

India and Pakistan have both been in possession of nuclear weapons since 1998 at the latest. Only one year later, renewed hostilities on the Kashmir demarcation line almost led to a fourth war between the two countries. The subsequent talks – like almost all the other negotiations since 1947 – brought no result. India refuses to consider mediation through a third party. Pakistan after September 11 proclaimed to take a strong stand against terrorist groups in an attempt to keep open the possibility of a direct dialogue with India.

Regional Organisations

The Association of South East Asian Nations (ASEAN), founded 1967 in Bangkok, is a regional organisation for the promotion of economic, social and cultural cooperation as well as the maintenance of peace. It now includes all of the ten countries of the region. Papua-New Guinea has observer status. There is institutionalised cooperation with China, Japan and South Korea (ASEAN+3) with regular meetings at ministerial level. The Asian Free Trade Association (AFTA) is expected to be implemented by 2003. The group is experiencing difficulty in finding a common line between members of vastly different development status, but is slowly consolidating, with support from Japan and the US. The military regime in Burma/Myanmar, ethnic-religious tensions over large parts of Indonesia and internal political problems in the Philippines are all preventing the progress of integration and a common line towards the outside world.

The ASEAN Regional Forum (ARF) is a discussion forum set up by ASEAN in 1994, and is the only standing multilateral institution dealing with security issues in the Asia-Pacific region. It comprises the ten ASEAN members and a further 13 dialogue partners, including Russia, China, the US and the EU. There is an annual ministerial meeting and regular expert meetings to consider themes like confidence-building measures, preventive diplomacy, transnational crime, piracy, disaster aid, etc. The ARF could potentially play a role in Asia similar to that of the OSCE in Europe.

The Asia Pacific Economic Cooperation (APEC) comprises 21 states of the region as well as Canada and the US. Its aim is to create a comprehensive free trade zone between the APEC industrial countries by 2010 and the APEC developing countries by 2020. However, substantial progress towards these goals was not evident in 2001.

The South Asia Association for Regional Cooperation (SAARC), founded in 1985 with economic, social and cultural goals, comprises Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. The aim is to abolish all tariff barriers and set up a South Asian Free trade Association (SAFTA) by 2008. However, opposing positions and bilateral disputes, especially the Kashmir conflict, reduce the scope for action in many areas.
The **Shanghai Organisation for Cooperation** comprises China, the Russian Federation, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Its purpose is to ensure stability in the region through confidence-building measures and joint action against terrorism.

**The EU-Asian Partnership**

The multilateral dialogue with East Asia essentially rests on three pillars. The **ASEAN-EU Ministerial Meeting** has been held twice yearly since 1978. The 1980 **EC-ASEAN Cooperation Agreement** is a trade, economic and development treaty between the EU and the individual ASEAN states with the exception of Burma/Myanmar. The **Asia-Europe Meeting** (ASEM), an ASEAN initiative in 1996, is an informal biennial dialogue forum for heads of state and government of the EU, ASEAN (except Burma, Cambodia and Laos), China, Japan and South Korea. ASEM IV is to be held in Copenhagen in 2002. Other ASEM institutions are the **Asia-Europe Foundation** for the promotion of academic and cultural activities, the **Asia-Europe Business Forum**, the **ASEM Business Conference**, and the **Asia-Europe Young Leaders Symposium**, an Austro-Japanese initiative.

The political dialogue between the EU and the countries of **Central Asia** was stepped up in 2001. A decision to this effect was taken by the Council of Ministers on December 10. This accords with Austria’s initiative within the Union to have more attention paid to the region. The TACIS cooperation with Tajikistan, which was broken off after the murder of the wife of a TACIS official, was resumed. The primary aims of the EU support measures are combating poverty, social and economic development, the environment, water management, functioning state institutions, combating the illicit drug trade, and border management. The TACIS funds for Central Asia were doubled. EU relations with Central Asia are to be reviewed in early 2002.

Cooperation council or committee meetings were held with Kazakhstan, Kyrgyzstan and Uzbekistan. There is as yet no EU partnership and cooperation agreement with Tajikistan, but the first session of a joint committee took place in Brussels on 6 December under the trade and cooperation agreement. Various demarches or statements were issued in connection with developments like restrictions on freedom of information and the arrest of opposition politicians. In Tajikistan an EU demarche concerned the situation of Afghan refugees along the Tajik-Afghan border. An EU statement welcomed the decision by Uzbekistan to open the border bridge at Termez for the delivery of humanitarian supplies to Afghanistan.

**The Middle East, North Africa and the Mediterranean**

Throughout 2001 the Middle East situation was dominated by the escalation of the **Palestinian-Israeli conflict** that began in September 2000 and led to the collapse of the peace negotiations. A series of attacks and counter-attacks during the second half of the year culminated in the murder of the Israeli Minister for Tourism. Towards the end of the year, Palestinian President Yassir Arafat’s call for an end to the violence gave renewed hope of a relaxation of the tension, but Israeli Prime Minister Ariel Sharon remained distrusting despite assurances by Foreign Minister Shimon Peres that there was no
alternative to President Arafat as a partner in the peace process. Prime Minister Sharon’s uncompromising attitude led to repeated domestic political crises. Only towards the end of the year did he reluctantly change his attitude under pressure from the United States, which recognised President Arafat as negotiating partner and officially acknowledged the right of the Palestinian people to their own state. However, a fresh wave of violence with numerous suicide bombings destroyed all hope of a renewal of the political dialogue.

Iraq was the only Arab state that did not unequivocally condemn the terrorist attacks in the US on 11 September, and thereby declined to support the US-led anti-terror coalition. This increased the suspicion that Iraq was giving active support to international terrorism. Iraq continued to refuse to implement Security Council Resolution 1284 and to admit the arms control regime of the UN Monitoring Verification and Inspection Commission (UNMOVIC). The humanitarian situation in the country deteriorated still further as a result of this stubborn attitude and the consequent UN sanctions. Because of the refusal to permit the return of the arms inspectors, the UN “Oil for Food” programme was not improved, but only extended for a further six months. According to UNICEF, every fourth child in the central and southern parts of Iraq suffers from malnutrition, like some 30 per cent of the population as a whole.

Egypt continued to try to mediate in the escalating violence of the Israeli-Palestinian conflict and to maintain a moderate line by the Arab states. Foreign Minister Amre Moussa transferred to the post of Secretary-General of the Arab league. Egypt was badly hit by the decline in tourism after the September 11 outrage. Austrian Federal President Thomas Klestil, Federal Chancellor Wolfgang Schüssel and Minister for Foreign Affairs Benita Ferrero-Waldner all visited Egypt after September 11 in support of measures against international terrorism and for bilateral discussions.

Domestic policies in Iran were dominated by a lively discussion on political reform that culminated in an overwhelming election victory for the reforming President Mohammad Khatami in June. However, despite the government’s large parliamentary majority, the conservative elements were able to use the prevailing constitution to hinder progressive legislation and administrative reform. Iran proclaimed its solidarity with the victims of the September 11 attacks. Federal Chancellor Wolfgang Schüssel and Minister for Foreign Affairs Benita Ferrero-Waldner visited Iran. Among the bilateral and international issues discussed was the importance of a Dialogue of Civilisations within the framework of the United Nations.

The situation in Lebanon remained stable apart from isolated border clashes between the Hizbollah resistance movement and the Israeli army. After September 11 the US placed the Hizbollah on the list of terrorist organisations whose funds were to be frozen, but the EU did not follow suit. The negotiations on an association agreement between Lebanon and the EU were successfully concluded. The main internal political themes were the difficult economic and financial situation and the extent of the Syrian presence and influence.

In Jordan, after dissolution of the Lower House of Parliament by King Abdullah II in accordance with the constitution, preparations for general elections have started, which will take place probably in the autumn of 2002.
Syria condemned the terrorist attacks on 11 September and expressed its solidarity with the American people. In the Middle East peace process, Syria adheres to the principle of “land for peace” laid down by the Madrid conference, as well as to the relevant UN resolutions. Another round of negotiations on an EU-Syrian association agreement took place in July. The primary task of the new government formed in December is to step up the pace of economic reform.

Saudi Arabia continued its policy of good neighbourly relations. It supported the US-led anti-terror alliance while having regard to its position in the Arab and Islamic communities.

The President of the United Arab Emirates, Sheikh Zayed Bin Sultan Al Nahayyan, was re-elected for a further five years. The UAE suffered a drop in tourist income and a slowdown in foreign investment as a result of the events of 11 September.

The government of Morocco approved the draft “framework treaty” presented by UN special representative James Baker for a political solution to the Western Sahara conflict. This would give the territory a far-reaching degree of autonomy. Algeria and the POLISARIO rejected it on the ground that it would lead to the integration of Western Sahara into Morocco.

President Abdelaziz Bouteflika of Algeria succeeded in leading his country back onto the international stage. After its successful presidency of the OAU in 1999, Algeria’s foreign policy has concentrated on relations with Europe and the US, and in the light of domestic experience over ten years is an important partner in the international campaign against terrorism. Differences of opinion over Western Sahara prevented closer relations with Morocco. The political dialogue with the EU culminated in the conclusion of an association agreement on 19 December. The domestic political situation remained in a state of unrest, and terrorist attacks continued to hinder the process of national reconciliation.

For Libya, the foremost foreign policy aims were the realisation of the projected African Union on EU lines, the resolution of inner-African conflicts and the deepening of relations with Europe. Libya’s efforts to overcome its reputation as a supporter of terrorism received a setback with the conviction of Libyans accused of the bombing of a PANAM aircraft over Lockerbie and the La Belle discotheque in Berlin. After the attacks in the US on September 11, Libya expressly condemned these and Islamic fundamentalism generally, and offered the US its support.

The Middle East Peace Process

At the beginning of the year the Israeli-Palestinian conflict was characterised by Palestinian protests, but in the course of the year it manifested itself in armed clashes between Israeli military units and armed Palestinian groups. Escalating extremist attacks on Israeli settlements and towns were answered by stronger reprisals, including the systematic killing of suspected terrorists. By the end of the year the violence had cost over 1,100 deaths (830 Palestinians and 270 Israelis) and more than 20,000 wounded. Mediation by the UN, US and EU brought no lasting success. The decrease in US
commitment towards the middle of the year meant that the EU had a more important role to play.

The events of September 11 placed the Palestinian National Authority under stronger pressure to take action against terrorist groups. A new wave of terrorism towards the end of the year resulted in Israel breaking off contact with Palestinian President Arafat and other drastic measures, including repeated military advances into the autonomy zone. These measures aroused controversy even within the Israeli government, and the escalation of violence became an insuperable barrier to a continuation of the peace process.

The terrorist attacks on September 11 led to a reorientation of US Middle East policy, not least because the unresolved conflict is a seedbed for international terrorism. Support for the anti-terror alliance came from the Arab states, all of which except Iraq condemned these attacks and offered different degrees of support, while making it clear that they expected more active American help towards resolving the Middle East conflict. On November 10 US President George Bush announced in the United Nations that the US officially recognised the right of the Palestinians to their own independent state. One week later, Secretary of State Colin Powell promised President Arafat assistance towards the founding of the state, on condition that the violence against Israel stopped. President Arafat issued a call to this effect on December 16, and Israel confirmed that there was a noticeable decline in acts of violence. This, however, remained only temporary.

The US proposals for the peace process were strongly supported by the EU and its member states, whose attitude is that there is no alternative to a cease-fire, followed by a political dialogue and peace negotiations. Both parties to the conflict basically accepted the Tenet proposals for a cease-fire and the Mitchell report on peace negotiations. The European Council and Council of Ministers in December issued statements containing proposals for a solution as well as offering the support of the EU in cooperation with the UN, US, Russia and the neighbouring Arab states. It is the view of the EU that the peace agreement must rest on a foundation of Security Council resolutions 242 and 238, which ended the military conflicts in the Middle East in 1967 and 1973. They call for the withdrawal of Israel from occupied territories and guarantee the independence of all the states of the region with the aim of reaching a just, peaceful and lasting solution to the conflict.

It is therefore the view of the European Union that Israel’s right to live in peace and security within internationally recognised borders must be respected along with the right of the Palestinians to create an independent and democratic state. The Palestinian National Authority must eradicate the terrorist networks and bring those responsible before the courts of law. The Israeli government must withdraw its military forces from the occupied territories and put an end to the extra-judicial executions. The EU therefore demands that both sides fulfil preconditions for a peace agreement.

The Euro-Mediterranean Partnership (Barcelona Process)

The process inaugurated at the 1995 Barcelona Conference is intended to establish political and technical cooperation between the European Union and its 12 partner
countries in the southern and eastern Mediterranean. Libya presently has observer status. This is the first EU initiative that attempts to use integrated political and economic means to establish a common zone of peace, stability and prosperity. Its main features are cooperation on political and security matters, an economic and financial partnership, and deepening social, cultural and humanitarian cooperation.

The political activities cover issues of human rights, international terrorism and migration. The drafting of a Charter for Peace and Stability had to be temporarily interrupted due to the instability in the region, but will be resumed as soon as the situation permits. One of the economic and financial goals is the establishment of a free trade area covering Europe and the Mediterranean by the end of 2010. Most of the partner countries now have association agreements with the EU. An agreement was signed with Egypt in June, and negotiations with Algeria and Lebanon were finalised during the year. Syria is the only remaining partner without an association agreement, but negotiations were to be continued in 2002. The first conference of Euromed ministers of trade took place on 29 June in Brussels.

The social, humanitarian and cultural dimension of the Barcelona Process is steadily gaining in importance. A regional social programme will coordinate training and employment policies and further the development of social security and health systems. The Belgian EU presidency concentrated on the role of women in the national economies of the partners. A seminar on ensuring the equality of men and women in all political areas of the Euromed process was held on 18 October.

An informal conference of foreign ministers attended by representatives of all 27 states was held in Brussels on 5/6 November. In the light of the events of 11 September the ministers decided to expand the Dialogue between the Cultures and Civilizations within the Euromed partnership, with a special concentration on youth, education, training and the media. Austrian Minister for Foreign Affairs Benita Ferrero-Waldner stressed that the dialogue between Cultures and Civilizations should not be restricted to the respective elites, but must permeate all social classes with the aid of the media. To this end, an EU-financed expert seminar was arranged to be held in Vienna on 3 June 2002 with participation from all 27 partner countries.

The bilateral political dialogue with Euromed partners continued during the Swedish EU presidency. Meetings were held with Morocco and Tunisia on questions of social policy, and several initiatives were undertaken to strengthen cooperation in the area of justice and internal affairs. A seminar was held in Uppsala on access to justice, with an emphasis on the development of structures to uphold the rule of law in Euromed partner states.

Organisations for Multilateral Cooperation

The regular summit meeting of the Arab League in Amman on 27/28 March was dominated by the escalation of the Middle East conflict. The meeting accused Israel of violating all the relevant treaties and agreements and stressed the right of the Palestinians to offer resistance. Egyptian Foreign Minister Amre Moussa was appointed Secretary-General of the League and announced his intention of considerably increasing
its efficiency. The League expressly condemned the September 11 attacks, but criticized
Israel for allegedly exploiting the situation for acts of violence against Palestinians.

The new Secretary-General of the Organisation of the Islamic Conference, Abdelouahed Belkeziz, took up his post in January 2001. The annual conference of the foreign ministers of the 57 OIC States was held in Bamako in Mali. The Palestinian situation was the theme of two emergency sessions in May and December, when the ministers expressed their solidarity with the Palestinian people. A special meeting held on 10 October to arrive at a common position on the terror attacks in the US and their consequences sharply condemned the attacks as well as terrorism in all its forms. The ministers advocated strictly limited military action against those responsible for the September 11 attacks, and warned against an extension of such action against another Arab or Islamic country under the pretext of combating terrorism.

The Gulf Cooperation Council sharply condemned the Israeli action against the Palestinian people and accused Israel of threatening the security of the entire region. Contacts with the European Union covered the themes of combating terrorism, Afghanistan, EU-GCC cooperation, the Middle East peace process, and the situation of Iraq. The 22nd summit conference in December agreed to establish a GCC customs union by 1 January 2003, a common currency by 2010, and a supreme defence council, with a simultaneous expansion of the common military forces to 20,000 personnel. There would be a commitment to come to the aid of any member state that was under attack. The new GCC Secretary-General is Rahman Bin Hamad Al-Attiya of Qatar.

Africa South of the Sahara

Austria’s relations with Africa have become more important since the country joined the European Union. Of Austria’s 19 development assistance partner countries, 14 are situated in sub-Saharan Africa, and relations with Africa are also important for the consolidation of Vienna as the seat of major United Nations agencies. The region was a main focus of attention during the Swedish and Belgian EU presidencies in 2001, and the UN Security Council devoted 60 per cent of its time to African issues.

The Cotonou Agreement, signed in 2000 between the EU and the African, Caribbean and Pacific (ACP) countries, enhanced the political dimension and political dialogue in the ongoing ACP-EU cooperation. The agreement describes respect for human rights, democratic principles and the rule of law as “essential elements” of sustainable development. In accordance with the Cotonou conditions, discussions were held with several African partner countries where infringements of these “essential elements” had been identified.

The EU-Africa Ministerial Meeting in Brussels on 11 October was primarily called to review the follow-up to the action plan adopted at the EU-Africa Summit in Cairo in April 2000 and its eight priorities (conflict prevention, regional integration and integration into the world economy, the environment, HIV/AIDS, security of food supply, human rights and democracy, cultural property, and the debt problem). Other themes included the New
African Initiative, terrorism, and the restructuring of the OAU into an African Union on EU lines.

Events in around one third of the countries tended to confirm the image of black Africa as a “disaster continent”. With armed conflicts affecting more than 20 per cent of the population, and every tenth person infected with HIV/AIDS, black Africa is gradually becoming marginalized within the framework of globalisation. The general failure of economic development since independence has led to a rethinking of strategies for a political and economic renewal of the continent. The New African Initiative, which combines strategies drafted by South Africa and Senegal, was adopted by the heads of state and government of 15 African countries on 23 October in Abuja under the formal title of New Partnership for Africa’s Development.

Austria, like the other EU states, welcomes this ambitious new initiative, not least because it sets out to solve the problems of Africa through African initiative and accepts that the primary responsibility for this rests with African leaders and political elites. Furthermore, it stresses the principles of democracy, responsible governance, the rule of law and human rights, peace and stability as well as key elements of development policy like conflict prevention and resolution, investment in human development, education, combating poverty, hunger and illness, and combating corruption and maladministration. It is to be hoped that this visionary concept will be systematically realised, despite the heterogeneous nature of the continent, and that the first steps that have already been taken will consolidate into a lasting development.

Regional Integration

The movement for the integration of the African continent rests on two pillars: the Organisation of African Unity (OAU), on the political side, and its economic pillar, the African Economic Community (AEC). Both are administered by the Secretary-General of the OAU, with which the EU conducts an institutionalised dialogue. The Constitutive Act for the setting up of an African Union (AU) under the terms of the OAU Charter was adopted at the Lomé summit in July 2000 and entered into force on 26 May 2001 after ratification by 36 member states. The long-serving OAU Secretary-General, Salim Ahmed Salim, was succeeded by Amara Essy from Côte d’Ivoire, who will now have the task of transforming the Organisation into the African Union by the 2002 summit in Pretoria.

The 25th summit meeting of the Economic Community of West African States (ECOWAS) in Dakar (Senegal) was characterised by the will for peace, stability and regional integration. It condemned the activities of illegal armed forces in the countries of the Mano River Union (Sierra Leone, Liberia, Guinea), where it had originally been intended to send a force from ECOMOG, the Community’s military arm. Regional infrastructural projects and the commencement of the functions of the ECOWAS Parliament, amongst others, strengthened its consolidation, its international profile, and its role in the integration and stabilisation of the region. However, the aim of creating a common economic area has still not been achieved.

The 14-member Southern African Development Community (SADC) decided to adopt a new centralised administrative system based in Gaborone to enhance its organisational
and political effectiveness, and to speed up the economic integration of its member states. Four directorates are to be established, covering: infrastructure; agriculture and natural resources; trade, industry, finance and investment; and humanitarian matters. A Department of Strategic Planning has also been set up. Five additional protocols were signed at the summit meeting in Blantyre (Malawi), including one that paces political, defence and security cooperation under the leadership of an annually changing troika. A task force was set up to deal with the economic and political crisis in Zimbabwe. Since 1994 the SADC has carried on an institutionalised dialogue with the European Union, with biennial conferences of foreign ministers and close development cooperation.

The financial crisis in the Intergovernmental Authority for Development (IGAD) could be ameliorated by improved payment discipline on the part of its members. However, its development activities, especially regional infrastructural projects, are still hampered by the reluctance of donor countries to invest, not least because of the still latent crisis potential of the Horn of Africa and wider East African region as well as the sheer size of its capital needs. Although the IGAD was conceived as a regional development organisation, it has gained recognition through its endeavours to resolve the conflicts in Sudan and Somalia.

The East African Community (EAC) formed by Kenya, Tanzania and Uganda was formally inaugurated with the deposition of the instruments of ratification on 7 July 2000. Its activities commenced officially on 15 January 2001 at the first summit meeting in Arusha, the seat of its secretariat. Its principal institutions were established during the following months: the Summit of heads of state, the Council of Ministers, the Coordinating Committee and the Secretariat. The opening of the East African Parliament and the East African Court in Arusha on 30 November completed the basic foundation process and provided the EAC with identifiable political contours.

Regional Crisis Situations

In the Horn of Africa, there was no sign of a resolution of the long-running state crisis in Somalia. The border conflict between Ethiopia and Eritrea was ended in a military sense with an agreement signed in Algiers on 12 December 2000. The UN Mission for Ethiopia and Eritrea (UNMEE) supervised the maintenance of the cease-fire in 2001, and the other important problems were being dealt with by independent bodies. The IGAD peace process in Sudan stagnated, since neither the Sudanese government nor the rebel movement was prepared to make substantial compromises. Kenyan President Daniel arap Moi, the chairman of the Standing Committee on the Sudan Peace Talks, held a peace conference in Nairobi on 2 June, but neither this nor a joint initiative by Egypt and Libya achieved a breakthrough to a solution.

The situation in Southern Africa was dominated by the political and economic effects of the land reforms in Zimbabwe, which cast a dark shadow over the development of the entire region and threatened the stability of the neighbouring countries. Mediation attempts by the EU and the Commonwealth countries brought no success, and an SADC task force failed to induce the Zimbabwean government under President Robert Mugabe to adopt a more moderate political course. The conflict between the government of Angola and the UNITA rebels under Jonas Savimbi brought initial successes for the
government forces, but they were unable to prevent further brutal UNITA attacks throughout the country. Despite contacts between the parties, and mediation by religious leaders, no end to the conflict was in sight.

In the Great Lakes Region of East Africa two “low-intensity” civil wars with foreign involvement were still being fought in 2001 despite political rehabilitation processes. The most important event in Burundi was the inauguration of the transitional government on 1 November. It includes representation by all the signatories to the Arusha agreement that was concluded in 2000 with financial assistance and personnel from Austria. This compromise division of power between the two opposing ethnic groups did not, however, suffice to bring about a cease-fire between the army and the Hutu rebel groups, despite South African mediation. Local elections were held in Rwanda in March, and the legal follow-up to the 1994 genocide continued. British mediation kept relations with Uganda alive despite tension, but sporadic guerrilla activities by the Hutu rebels operating from the Democratic Republic of Congo led temporarily to a deterioration in the security situation.

In the Democratic Republic of Congo, after the assassination of Laurent Desiré Kabila on 16 January, his son Joseph Kabila took over the office of President. The country is still divided into the government-controlled west and south, and the rich north-west and east controlled by the rebels with the assistance of the Ugandan and Rwandan armies, who are opposed by local militias. There was a partial withdrawal of the Ugandan troops, but the Zimbabwean and especially the Rwandan forces showed no inclination to depart. The UN extended the mandate for the enlarged MONUC mission until June 2002, but in the east of the country there was no sign of an end to the conflict and humanitarian disaster. The conflict attained a momentum of its own through external hegemonial and other regional interests as well as competition for the rich resources of the eastern Congo.

In East Africa, President Yoweri Museveni of Uganda was re-elected on 12 March to his last term as President after 15 years in office. The opposition declared the election to have been manipulated and unfair. The parliamentary election on 26 June, held under a much-criticised system that does not permit political parties to campaign as such, resulted in 230 of the 282 seats going to supporters of the President. The political scene in Kenya was dominated by the run-up to the presidential and parliamentary elections in 2002. President Daniel arap Moi declared his decision not to run for a further term of office. The Constitutional Reform Commission, which was finally established in January 2002, is to present its proposals if possible before the presidential election at the end of 2002. The decisive event in Tanzania was the reform of relations between the semi-autonomous island of Zanzibar and the mainland. An agreement to restore peace and stability between the ruling CCM party and the Zanzibar CUF opposition party was signed on 10 October. It foresees amongst other steps a reform of the Zanzibar electoral commission and judicial system.

In West Africa, the efforts to resolve conflicts between the three states of the Mano River Union were a good example of cooperation between the UN, EU and ECOWAS. Intensive diplomatic mediation resulted in a stabilisation of the situation in Guinea, where there had been repeated guerrilla attacks in areas bordering on Liberia and Sierra Leone, with more than 1,000 Guinean deaths. There was also tension between Guinea and Cote d’Ivoire because of the presence of large numbers of opposition groups in the respective
other country. Liberia and Togo made no substantial progress towards peace and democratisation in 2001, although the governing and opposition parties in Togo, with EU mediation, agreed to hold democratic elections in March 2002.

The political situation in Nigeria, in the second year after the restoration of democracy, remained overshadowed by ethnic and religious conflicts that cost more than 2,000 lives. One of the causes was the introduction of Islamic Sharia law in 12 of the 36 federal states. The political dialogue between the EU and Nigeria was intensified on the basis of an EU Common Position.

**North America**

**The United States of America**

The new Administration under President George W. Bush took up office on January 21. The immediate aim was to demonstrate the ideal of national unity after the turbulence of the election campaign. President Bush swiftly implemented two of his election promises on education reform and tax reductions. One constant theme was the planned Missile Defense System, which conflicted with the 1972 anti-ballistic missile treaty with the then Soviet Union. After the terrorist attacks on September 11 the US government in December officially announced its renunciation of the ABM treaty, which it declared outdated. One of the first foreign policy tests for the Administration resulted from a mid-air collision between a US intelligence aircraft and a Chinese fighter. The detention of the US aircrew on the island of Hainan ended after a letter in which the Administration expressed its regret for the incident.

Differences in the positions of the United States and the European Union surfaced in the discussion of the Missile Defense System and the continued refusal of the US to accede or adhere to important multilateral treaties. These included the withdrawal from the ABM treaty and the Kyoto Process on climate protection; failure to ratify the Ottawa Convention on the prohibition of land mines, the Comprehensive Nuclear-Test-Ban Treaty and the statute of the International Criminal Court; delaying implementation of the convention on chemical weapons; and rejection of the convention on biological weapons, the conventions on the rights of the child, the convention on the elimination of all forms of discrimination against women, the international covenant on economic, social and cultural rights, etc. On the EU side there was growing concern that the United States would increasingly take unilateral decisions.

The terrorist attacks on the World Trade Center and the Pentagon on September 11 eclipsed every other political event in 2001. The US formed an international anti-terror coalition. In an effort to take into consideration the role of the United Nations, a payment of $1,500m was made to the UN, which reduced the accumulated US arrears of contributions to around $900m. Six NATO AWACS early-warning aircraft with NATO crews participated in Operation Noble Eagle to improve the defence of US territory. The comprehensive measures taken at domestic political level included an executive order to freeze terrorist funds, the appointment of a Director for Homeland Security, and the USA Patriot Act to combat terrorism. Civil rights organizations expressed concern over orders
enabling conversations between lawyers and suspected terrorists to be recorded and non-US citizens to be tried before military tribunals.

The US economy was in recession from March, due to the collapse of over-valued share prices in the high-technology sub-sector. After 11 September this was aggravated by a drastic decrease in air travel and tourism, a crisis situation for airlines and insurance companies, a fall in turnovers and an increase in unemployment to 5.8 per cent in December. The economic damage resulting from the terrorist attacks is estimated at $100,000m for New York alone. The capital markets sustained losses exceeding those of the 1929 crash, but recovered surprisingly quickly, due mainly to consumer confidence.

Bilateral diplomatic visits between Austria and the United States continued in 2001. Minister for Foreign Affairs Benita Ferrero-Waldner visited the US in May and Federal Chancellor Wolfgang Schüssel on 31 October – 1 November. President Bush expressed thanks for Austria’s support and role in forming the anti-terror coalition, and was particularly interested in Austria’s assessment of the Middle East situation. After September 11 Austria endeavoured to provide the US with the most effective assistance possible. Offers to provide search and rescue dogs were not taken up, because there were almost no survivors of the attacks, but were greatly appreciated as a demonstration of support. Permission for military overflying of Austria was granted on the basis of UN Security Council Resolution 1368. Austria signed the International Convention for the Suppression of the Financing of Terrorism on 24 September in New York, and ratified it on 28 February 2002, and has thereby signed and ratified all twelve existing UN Conventions against terrorism.

The US-Austrian agreement on 17 January on the remaining open questions concerning restitution for property confiscated during the National Socialist period, and the previously agreed Reconciliation Fund for forced labourers during the Second World War had a positive effect on bilateral relations. However, the US Department of State’s Annual Report on International Religious Freedom again criticised the fact that different categories of religious communities in Austria exist with varying legal status.

Canada

The United States is Canada’s most important foreign partner, while Europe’s practical relevance is diminishing despite the existing institutional and emotional links. The European Union is the country’s second most important trading partner, but both the volume and the intensity of trade are much less. Relations between the EU and Canada rest on the basis of the 1996 Joint Action Plan, with two summits and two meetings of foreign ministers annually. A Joint Cooperation Committee for economic questions and a Trade and Investment Sub-Committee meet annually. The business communities of both sides meet in the EU-Canada Trade Initiative and Canada Europe Round Table for Business and report their findings to the summit. The main developments in 2001 were the widening of the scope of the agreement on the mutual recognition of conformity test procedures including certifications of compliance, and further progress in negotiating a new agreement on wines and spirits that is of some importance for Austria.
The foreign policies of Austria and Canada have much in common: the United Nations; openness for matters affecting the Third World; similarity of approaches to international issues like peacekeeping, development cooperation, disarmament, anti-personnel mines, the International Criminal Court, small arms, etc. and increasing engagement in the respective regional integration processes. Austria therefore seeks the deepening of political cooperation with Canada, in particular within the framework of multilateral institutions and the Human Security Network as well as a dialogue on security policy within the framework of a redesigned transatlantic partnership.

The Transatlantic Dialogue

The 1990 Transatlantic Declaration, the 1995 New Transatlantic Agenda (NTA) and the 1995 Joint Action Plan EU-USA form the basis for the transatlantic dialogue between the EU, the US and Canada. The NTA is implemented through half-yearly summit meetings with corresponding quarterly preparatory meetings at senior level. The US, especially since the advent of the Bush Administration, has urged that the process be streamlined by reducing the frequency and scope of the talks. In March 2001 the European Commission accordingly issued a communication entitled Reinforcing the Transatlantic Relationship: Focusing on Strategy and Delivering Results, which foresees a fundamental reform of the dialogue.

Its main points are: the identification of “strategic themes”; reducing the EU-US summit to its original form of “leaders”, possibly followed by a meeting of foreign and trade ministers; and possibly limiting meetings of heads of state to annual summits. The NTA summit in Gothenburg in June considered the proposals, but left the frequency of meetings open. Such a reform would have a considerably greater effect in Canada, which has a much smaller network of contacts with the EU than has the United States. Neither Canada nor the EU desires a reduction of bilateral meetings.

According to the European view, there are deficits in the partnership with the US as regards dealing with the causes of terrorism and other “soft security issues” like poverty, disease, human trafficking, or “failed states”, which are particular priorities of EU policy. It has therefore proved useful, in addition to regular contacts at governmental level, to talk directly to members of the US Congress. In response to an Austrian initiative, the Gothenburg summit agreed to an intensification of the Transatlantic Legislators' Dialogue, with periodic contacts between the US Congress and the European Parliament.

On 14 May an implementing arrangement on energy (excluding nuclear energy) and a framework agreement with EURATOM were adopted within the framework of the Transatlantic Economic Partnership that was set up during the Austrian EU presidency. The so-called “people-to-people links” were also continued and deepened. The Transatlantic Business Dialogue in particular enjoyed enhanced support from Austrian firms in 2001.

The US and the EU are each other’s largest business partners. The oft-mentioned trade disputes between them must be seen against the background that 98 per cent of transatlantic trade takes place with no friction whatever. In April agreement was reached...
on trade in bananas which gives the US firms a satisfactory share in the European market. Negotiations were proceeding on the question of compulsory noise-reducing “hush kits” for aircraft using European airports, which the US views as discriminatory. There was very little negotiation in 2001 over the EU ban on the import of hormone-treated beef, due to the foot and mouth disease and BSE crises in Europe; the EU Commission’s compromise proposals did not meet US expectations. The EU won its case on foreign sales corporations before the Appellate Body of the World Trade Organisation, but in order to avoid further escalation a “gentlemen’s agreement” was reached on the implementation of the verdict. Towards the end of the year the proposal to impose protectionist tariffs on steel imports disturbed relations between the US and EU. Austria, which had hardly been affected by the banana and hormone issues, could be affected by any such tariffs.

The North American Free Trade Area (NAFTA)

The treaty establishing NAFTA between Canada, the US and Mexico entered into force on 1 January 1994. Its special feature is the association of two of the richest countries of the industrialised world with a newly industrialising country of the south. US exports to its NAFTA partners have risen by 104 per cent since 1993, while trade with the rest of the world increased by only half. The volume of trade between the three member states more than doubled with an increase of 128 per cent. US-Mexican trade more than tripled and thereby exceeded the combined US exports to Germany, France, the United Kingdom and Italy. Unaffected by economic crises in other regions, these growth figures had an effect on the labour market. Employment in Canada rose by 16 per cent, in Mexico by 28 per cent, and in the United States by 12 per cent. Exports to Canada and Mexico now sustain 2.9 million jobs in the US, an increase of 914,000. The wages paid to these workers are up to 18 per cent above the US average.

Despite some delays in the implementation of individual provisions of the NAFTA agreement, the integration process is proceeding smoothly and on the whole according to plan. On 1 January 2001 another range of tariffs was abolished, representing a trade volume of $867m. This goal was achieved well before the originally planned end of the transitional period in 2008. Despite these impressive successes, however, NAFTA remains a subject of considerable controversy within the United States, due primarily to the country’s exceptionally high trade deficit. NGOs criticize the further implementation of the agreement, since they are afraid of social and environmental “dumping”. Since President Bush took office, additional bilateral free trade agreements as well as the realisation of the planned Free Trade Area of the Americas by 2005 have been prioritised.

Latin America and the Caribbean

Economic policy was the central theme of Latin American public affairs in 2001, with an economic crisis in Argentina, the ongoing realisation of the Free Trade Area of the Americas that is planned for completion by 2005, and persistent gross imbalances in the distribution of wealth. The terrorist attacks in the US aggravated the crisis. The fight against poverty is the central issue, in view of the fact that 40 per cent of the population of Latin America is living below the recognised minimum living standard. Poverty in the
region has actually increased over the past decade because of low economic and high population growth. It was the theme of major international conferences in Cancun (Mexico) and Caracas. The summit meeting of the Rio Group in Chile in August demanded that social issues and equality be taken into account in the globalisation process. The environment ministers of the region, at their meeting in Rio de Janeiro in October, declared their readiness to promote projects like reforesting, irrigation and woodland protection in return for the cancellation of debts.

The persistent recession in **Argentina** led to a collapse of share prices on the Latin American stock exchanges, and its export trade was hit by the weakness of the Brazilian currency. In December the crisis culminated in social unrest, the proclamation of a state of emergency, and the resignation of President de la Rua. Two million people had been reduced to poverty, the middle class severely hit and industrial production seriously damaged. The Argentine peso’s one-to-one parity with the US dollar had to be abandoned after ten years, and devaluation followed. A drastic fiscal austerity programme became necessary because the national debt could no longer be serviced.

In **Mexico**, where President Vicente Fox’s Partido Acción Nacional (PAN) had forced the Partido Revolucionario Institucional into opposition after 71 years in office, many of the promised reforms could not be realised, since the PAN did not have the necessary majority in Congress. A comprehensive tax reform was debated in Congress from early in the year, but with no result. An attempt was made to resolve the Chiapas conflict by passing a constitutional law for the benefit of the indigenous population, but this was rejected as insufficient by the EZLN rebel movement, with the support of other sectors of the civil society. There were some successes in foreign policy, where Mexico is strongly engaged at multilateral level, above all in the fields of democracy and human rights. Mexico was elected a member of the UN Security Council for the period 2002/03.

Alejandro Toledo was elected President of **Peru** with 52.5 per cent of the vote in a free and fair election. Former President Alan García, who had led the country into a severe economic crisis during the 1980s, and who lost the election to Toledo, declared his readiness for constructive cooperation. President Toledo has set himself ambitious goals in his government programme, above all the reactivation of the economy, the creation of employment, and measures to combat poverty.

**Colombia** remained a crisis centre within the Andean region despite the efforts of the Pastrana government. The activities of the guerrilla and paramilitary groups, and their involvement with the international drug trade, were felt well beyond the country’s borders. Peace negotiations with the largest guerrilla group, the FARC, continued, but were rendered more difficult by the increasing radicalism of their activities. The campaigns for the forthcoming parliamentary and presidential elections in 2002, which started in the second half of 2001, were an additional source of uncertainty for the future of the peace process. The United States launched a new Andean Regional Initiative to supplement the 1999 Plan Colombia; it is a $731m regional financial aid programme to counter the problems arising from drug cultivation and trading in Colombia, Venezuela, Ecuador, Peru, Brazil, Panamá and Bolivia. US President Bush has placed more emphasis on social aspects and human rights in the new initiative. The EU had kept its distance from the Plan Colombia because of its massive military component to combat illicit drug
production, and contributed an independent €34.8m aid package with the emphasis on support for the rule of law, human rights, humanitarian international law, the protection of biodiversity, and support for regional cooperation. On 30 April the third meeting of the support group for the peace process in Colombia was held, when all the actors stressed that, in order to prevent a military escalation of the conflict, negotiations with the armed groups should continue after the 2002 elections.

The EU renewed its December 1996 Common Position on Cuba. Its aim is to promote a transition to democracy and pluralism, including full respect for human rights, within the framework of a political dialogue. Cuba broke off the dialogue unilaterally in April 2000, but it was renewed in the course of a visit to Havana by the EU Troika on 1-2 December 2001.

In Chile, the Court of Appeal in Santiago on 9 July dismissed the first criminal prosecution against General Pinochet on the grounds of his health. This terminates all the remainder of the case as well as proceedings on the almost 300 additional charges that had been laid against him. His political influence is nonetheless definitively at an end, which will simplify further legal steps against military, police and secret service personnel who were involved in the events of his period of rule. After the parliamentary election on 16 December President Ricardo Lagos (the first socialist President since Salvador Allende) reshuffled the government for the third time in a year, and now has three years to implement his governmental programme.

The relationship between President Hugo Chavez of Venezuela and industry, trade unions, the church and universities remained tense throughout his second year of office on account of measures that infringe their rights. In December the President promulgated 49 laws by decree to the exclusion of parliament, including one to confiscate all coastal strips and internal waters to a breadth of 80 metres, or the raising of oil taxes, whereby investment became considerably more expensive. The resulting mass protests almost led to a state of emergency.

Brazil played a prominent role as a regional power and leading spokesman for the industrialising countries in international forums. Within the OAS, it took the initiative in activating the Inter-American Treaty on Mutual Support as a reaction to the terrorist attacks on 11 September. Brazil was also a leading proponent of the statement in the final act of the WTO ministerial conference in Doha that public health has priority over the international protection of intellectual property. One of the most important issues during the second half of the year was the selection of candidates for the presidential election in October 2002.

Regional and Sub-Regional Integration

The most significant event of 2001 was the decision by 34 heads of state and government (except Cuba) at the third Summit of the Americas on 20-22 April in Quebec to establish the projected Free Trade Area of the Americas by the year 2005. This will be the world’s largest economic area, stretching from Alaska to Tierra del Fuego, with a population of over 800 million consumers. The agreement includes a clause for anchoring the democratic system over both American continents. In the event of an unconstitutional
change or suspension of the democratic order in a state of the hemisphere, it can be
excluded from the summit process as a sanction.

The task of implementing the summit decisions was assumed by the Organisation of
American States (OAS), which has thereby gained in status. Human rights were the
central theme of the 31st OAS General Assembly in San José, Costa Rica. The
Organisation has 35 full members (Cuba’s membership rights are suspended meantime)
and another 50 observers. Austria has had observer status since 1978 at OAS
headquarters in Washington. The Inter-American Democratic Charter was adopted at a
special meeting of the General Assembly in Lima, on the basis of a draft submitted by
Peru.

The presidency of the Andean Community (CAN), which comprises Bolivia, Colombia,
Ecuador, Peru and Venezuela, was assumed by Bolivia from 1 June. The efforts of the
CAN states to integrate their economies have met with only modest success to date, but
in 2001 they agreed in principle to common passports and employment rights for all CAN
citizens in member states. The 13th Andean Presidential Council in Valencia, Venezuela,
in June adopted a 30-point declaration with an emphasis on social integration.

The Rio Group, consisting of twelve South American and five Central American states
and the current presidency of the Caricom, held its 15th summit meeting in August in
Santiago, Chile. The next important challenge for this central political organisation in Latin
America is the development of common social, political and economic strategies. The
main issues discussed at the summit were globalisation and information technology.

The summit meeting of the Mercosur states (Argentina, Brazil, Bolivia, Paraguay and
Uruguay, with Chile as associate member) was held in the Paraguayan capital of
Asunción in June. Its aim is closer economic cooperation and a more united front to the
outside world. Economic cooperation should help to prevent events like the Argentine
crisis, which was partly caused by unilateral action on currency policy. There was a
political consensus on developing and deepening the Mercosur. Measures approved
included a work programme for eliminating non-tariff trade barriers, joint macroeconomic
objectives, a framework agreement on environmental protection, and an action
programme to combat illegal practices in international trade.

The 15 states of the Caribbean Community (Caricom) are making only slow progress
with economic integration and the creation of a common market. Several meetings were
held to consider reducing restrictions on the movement of persons, capital and services
as well as structural and personnel issues. The agreement on setting up a Caribbean
Court of Justice was signed in February. After the events of September 11, there was a
crisis in the tourism sector, where a quarter of the work force is employed. A tourism
summit of heads of government in the Bahamas in October therefore agreed on a
programme of advertising and support.

The Association of Caribbean States (ACS) has 25 members, including Cuba, and
three associate members as well as a number of observers. During the six years of its
existence it has made little progress towards the creation of a politically and economically
integrated area. Venezuela was the host for the third summit of heads of state and
government in December on the island of Margarita. The main issues were tourism and the fight against terrorism. At Venezuela’s instigation, the OPEC Fund will now provide support for projects in the Caribbean.

The eleventh Ibero-American Summit was held in November in Lima, Peru, with a concentration on economic and trade questions. The main issues were the relationship between trade and development, and improving access to the global market for Latin-American products. Mexico, Argentina (before the crisis) and Brazil accounted for the greater part of Latin America’s growing share of international trade. Another subject was the methods of combating terrorism. The 63-point political declaration stressed democracy and human rights as common values, called for universal membership of the International Criminal Court, and gave a positive assessment of the results of the fourth WTO ministerial conference.

Relations with the European Union

The EU carries on a regular political dialogue with the Latin-American Rio Group and the Central American San José Group (augmented by Mexico, Colombia, Venezuela and Belize). It is conducted through annual meetings of foreign ministers in either EU-15 or Troika format. In 2001 the meeting with the Rio Group took place in Santiago, Chile, and with the San José Group in Guatemala. As usual, political dialogues were held with the Mercosur countries, Mexico and the Andean Community on the fringe of the Rio Group meeting.

European-Latin American relations were raised to bi-regional level in 1999 with the first summit meeting in Rio of the 48 heads of state and government of both the European Union and of Latin America and the Caribbean. The implementation of the action plan adopted then continued in 2001, with numerous programmes and projects in the priority areas of human rights, education, the information society, and combating social inequality. The second summit was arranged to take place on 17/18 May 2002 in Madrid.

Negotiations continued in 2001 on an association agreement between the EU and Chile. Good progress was made, so that it is realistic to anticipate a conclusion of the agreement by the time of the Madrid summit in May 2002. A similar association agreement with the Mercosur group will not be realised by that date, because of internal divergences between the Mercosur states.
B. The Fight Against Terrorism

The devastating terrorist attacks in New York and Washington on September 11, which set off reactions throughout the entire world, constitute a major challenge to the international community. The Austrian population, too, was given a sharp reminder that, more than ten years after the end of the Cold War, there still exist real threats to our country and its citizens.

The threat emanating from internationally active terrorist networks with access to modern communications technology, and possibly also weapons of mass destruction, is fully comparable in its dimensions to that from military action. The new terrorist groups that have been established in different areas of the world over the past ten years have no clearly defined political aims. They are irreconcilably opposed to all open, democratic, tolerant and pluralist societies, and set out to kill as many people and destroy as much property as they possibly can. Their goal is to undermine the established order and economic potential of countries, and to paralyse their social systems.

Austria needs a comprehensive strategy of defence against this scenario, which is described precisely in the new Austrian security and defence doctrine. Preventing and combating terrorism demands concerted action by a large number of Austrian state institutions. The events of September 11 demonstrated in the most public possible manner that even the most powerful country in the world is vulnerable, and that security can be assured only through international collaboration. Allies and friends of the United States – not least in their own interests – have therefore given assurances of their unlimited solidarity and cooperation in the fight against international terrorism.

The European Union reacted promptly and appropriately to the events of September 11. The European Council held a special meeting on September 21 to analyse the new international situation and inaugurate appropriate measures. The fight against terrorism was declared a priority of the Union. The EU announced its intention to cooperate with the United States in order to bring the terrorists, their accomplices and others responsible for these acts to justice and punishment. The EU stressed that the relevant military operations undertaken by the US are legal under the Charter of the United Nations and Security Council Resolution 1368. The EU member states confirmed that they would take action in accordance with the means available to them.

Thus Austria, on the basis of the above-mentioned UN Resolution and the new federal law governing the presence of foreign troops on Austrian territory, permitted overflying by military aircraft of the anti-terror coalition. After consultation with the EU partners, Federal Minister for Foreign Affairs Benita Ferrero-Waldner made trips to the Middle East and Central Asia under the EU strategy of support for the coalition. Austria has for many years enjoyed considerable trust in the Middle East, and was able to build up a lot of goodwill in Central Asia while holding the presidency of the OSCE in 2000. These connections could be put to good use in obtaining the initially not necessarily self-evident support of the countries in question for the anti-terror coalition.
Austria has undertaken special efforts to make it clear that the fight against terror is in no way to be regarded as a campaign against Islam. Austria’s promotion of a Dialogue of Civilisations began long before the events of September 11. For example, a seminar on the Dialogue of Civilisation was held in Salzburg on August 28. This was attended by UN Secretary-General Kofi Annan at the invitation of Federal Chancellor Wolfgang Schüssel and Minister for Foreign Affairs Benita Ferrero-Waldner.

The first-ever invocation of article 5 of the NATO Charter as a result of the terror attacks on the US was more than a symbolic gesture. Even if NATO as such did not participate in the action against the Al Qaida network, with the activation of the assistance clause it made it clear that defence against new threats will be one of the future tasks of collective defence within the framework of NATO.

One essential element of a successful campaign against international terrorism was the formation of a broad coalition that to various degrees included not only the US, EU, NATO, the Islamic states and the countries bordering on Afghanistan, but also Russia and China. This resulted in changes in the global political situation in many respects, the full extent of which cannot yet be foreseen. Russian President Putin’s orientation towards the United States and Europe is unquestionably one of the most positive developments to have taken place after September 11. NATO and the EU responded to this change of course by Russia with initiatives to integrate Russia more closely into the European and Euro-Atlantic security structures.

There were also signs of decreasing tension in relations between the United States and the People’s Republic of China. The determination of the anti-terror coalition to pursue the campaign against the terrorist networks and rebuild a peaceful Afghanistan have also increased the chances of resolving or at least stabilising a number of dangerous regional conflicts. Some that can be mentioned are the reconstruction in Afghanistan itself, the relatively stable internal situation in Pakistan in the wake of September 11, international interest in stable development in Central Asia, positive developments in Northern Ireland such as the handover of weapons by the IRA, and the resumption of negotiations in the Cyprus conflict and the civil war in Colombia. On the other hand, there was a deterioration in the Middle East conflict and in the dispute between India and Pakistan over Kashmir.

The common interest throughout the greater part of the international community in the campaign against terror has hitherto held together the broad, but in the intensity of its cooperation necessarily very varied, coalition. It is important for its continuation that future measures against the transnational terror networks are appropriate and are undertaken after multilateral consultations. It is also vital to step up efforts to combat the causes of dissatisfaction, hatred and extremism. Capacities for conflict prevention and crisis management must be expanded within the framework of the United Nations as well as the regional organisations.

For Austria, a country that is a prominent campaigner for democracy and human rights, it is important that the international community succeeds in establishing a balance between endeavouring to provide citizens with enhanced security, on the one hand, and guaranteeing fundamental rights and freedoms, on the other. With this in mind, Austria
has played an active part within both the UN and the EU in developing the international community’s instruments to combat terrorism.

**Measures taken by the United Nations**

On September 11, the day of the terrorist attacks in New York and Washington, the chairman of the **Security Council** issued a press statement condemning them. For the first time in the history of the UN this was done by telephone, due to the evacuation of the UN building. On the following day the Council adopted **Resolution 1368**, which condemned the attacks as a threat to world peace and demanded counter-measures. The preamble explicitly pointed out the right to individual and collective defence. It also called for enhanced cooperation to bring those responsible to justice. On 28 September, **Resolution 1373** laid down a list of state responsibilities in the campaign against terrorism, and established a special Security Council control regime. The list includes the following duties, amongst others:

- preventing financial support for terrorism, inter alia by freezing bank accounts;
- preventing terrorist acts, in particular by refusing and forbidding any form of support;
- prosecution of offenders under criminal law, and imposition of appropriate sentences;
- reducing the freedom of movement of terrorists;
- supporting the international campaign against terrorism;
- acceding to the international conventions against terrorism;
- participation in the international information exchange networks;
- restricting the right of asylum for terrorists;
- extradition of terrorists.

Every member state had to submit a report on the implementation of the resolution to the Security Council’s specially appointed Counter-Terrorism Committee by 27 December. The committee comprises all 15 members of the Security Council and operates on a basis of unanimity. A number of experts, including one from Austria, have been appointed to provide support with monitoring the national reports. The success of the campaign against terrorism will be dependent on whether and how the Security Council reacts to breaches of Resolution 1373 by member states.

Security Council **Resolution 1377**, which was adopted on 12 November at foreign minister level, contains a general declaration by the Security Council on the necessity of combating terrorism at global level, and demands strict observance of the previous resolutions. It also acknowledges that a number of states will require international support to implement Resolution 1373.

Military operations under the leadership of the United States commenced on 7 October against the Al Qaida network and the Taliban regime in **Afghanistan**, with its close links to terrorist leader Osama Bin Laden. Security Council **Resolution 1378**, adopted on 14 November, endorsed the plan for Afghanistan presented by the Secretary-General’s special representative, Lakhdar Brahimi. This plan formed the basis for the special
conference on the Petersberg, near Bonn, that was called by the UN to try to reach agreement by all the Afghan parties on the framework conditions for setting up a transitional government. The agreement reached at that conference was endorsed by the Security Council on 6 December with Resolution 1383. Two weeks later, on 20 December, the Council adopted Resolution 1386, which authorises the formation of an International Security Assistance Force (ISAF) in Kabul. Austria agreed to participate in the ISAF with up to 75 personnel.

Terrorism was the main issue at the 56th UN General Assembly, which was originally to have been opened on 11 September. Its first action when it opened the following day was the unanimous adoption of Resolution 56/1 condemning the terrorist attacks in the United States the previous day.

On a motion by Austria, the annual debate on terrorism was transferred from the Sixth Commission to the full General Assembly. This debate impressively underlined the solidarity of the UN member states in their condemnation of terrorism and their unqualified support for the campaign against it. The work in the Sixth Commission concentrated on negotiating a comprehensive convention against terrorism. In October a working group achieved consensus on most of the technical details, but there was no political agreement on a definition of terrorism. The negotiations are continuing.

The General Assembly’s resolution, which reflects the content of the plenary debate and the results of the working group’s discussions, was expressed more strongly than in previous years, and for the first time for many years was adopted unanimously. The Austrian delegation was one of the most active in the working group and in the full Sixth Commission.

The Vienna-based units of the United Nations system include long-established organisations for improving international cooperation against organised crime and terrorism. These are the Office for Drug Control and Crime Prevention (ODCCP) and its Terrorism Prevention Branch (TPB). This construction reflects the connection between organised crime and terrorism, since terrorist attacks are often financed from the proceeds of criminal activities, notably trafficking in drugs, weapons and persons. International cooperation therefore also aims to deny terrorist organisations their means of financial support.

The sheer dimensions of the September 11 attacks have brought the work of these UN organisations into the spotlight of public attention and underlined the importance of their role in the campaign against terrorism. Austria, already active in all the relevant UN institutions to this end, advocates a more intensive use of the expertise of the Vienna-based UN units and a strengthening of their role. The ODCCP and TPB, with the financial and organisational assistance of the Austrian Federal Ministry for Foreign Affairs, planned a symposium during the first half of 2002 on Combating International Terrorism: the Contribution of the United Nations.

The TPB has hitherto concentrated on the following areas: relevant publications (e.g. Countering Terrorism through International Cooperation, Milan, 2001); research projects (e.g. work on a Global Terrorism Survey); participation in international conferences (e.g.
the joint OSCE/ODCCP conference on strengthening security and stability in Central Asia with special reference to measures against terrorism, held in the Kyrgyzstan capital Bishkek on 13/14 December); and provision of special data banks on terrorism-relevant aspects.

Just prior to the September 11 attacks the UN Commission on Crime Prevention and Criminal Justice (CCPCJ) published an Action Plan to implement the Vienna Declaration on Crime and Justice that was adopted at the 2000 Crime Prevention Congress and which contains measures against terrorism. It declares that the most important national measures, which should be taken by every state, are the signing and ratification of the international legal instruments against terrorism, amassing information on terrorist activities, and improving cooperation between authorities and organisations in the campaign against organised crime and terrorism. As regards international measures, states should be given assistance with the implementation of legal instruments when necessary; there should be stimulation of public consciousness of the phenomenon of terrorism and relevant information made available. In the light of the events of September 11 this action plan is of particular relevance and underlines the significant role of the Vienna UN organisations in the prevention of terrorism. At the UN General Assembly the budget resolution called upon the Secretary-General to circulate proposals for strengthening the capacities of the terrorism-prevention unit in Vienna. Eight new posts were approved for the Vienna offices, including the ODCCP.

Measures taken by the European Union

After the terrorist attacks on September 11 the European Council of heads of state and government held an extraordinary meeting in Brussels on 21 September, and an informal meeting in Ghent on 19 October. They adopted a comprehensive and ambitious programme of action essentially based on Security Council Resolution 1373, which speeds up the decisions of the 1999 European Council meeting in Tampere. It thereby decided on a coordinated action covering all three “pillars” of the Union, in order to extend the fight against terrorism to every level.

In the Common Foreign and Security Policy, relations with third countries in particular were subjected to a revision from the point of view of combating terrorism, with the emphasis on an intensified political dialogue with those countries most affected by the phenomenon. The action programme also proposed that the Union’s foreign policy should endeavour to promote a just system of security, prosperity and development. The dialogue between the civilisations should be more vigorously promoted within the framework of the Barcelona Process, as well as through active cultural exchanges, in order to prevent Islam or the Arab world being equated with terrorism.

Implementation of these measures started promptly in September, and considerable progress had already been made by the time of the European Council meeting in Laeken in December. The European Commission and the Belgian presidency both contributed to the planning and production of these proposals, which were adopted by the member states. The European Commission will play a leading role in the implementation of these
measures within the framework of Community law. The most important concrete measures by the EU and its member states are:

- A framework decision on the European Arrest Warrant. This is essentially a simplification of the procedure for extraditing suspects between member states. In place of the time-consuming involvement of the ministries of justice and foreign affairs of the two states concerned, it now suffices for the judicial authorities of the state seeking extradition to issue a warrant, which can be directly executed in another member state. This procedure is applicable to criminal acts carrying high penalties, and to terrorist acts in particular.
- The framework decision on combating terrorism enables enhanced cooperation between the judicial and police authorities of the member states and foresees higher penalties for crimes of terrorism. It also contains a definition of terrorism: serious crimes (e.g. murder, abduction, hostage taking) committed with the intention of intimidating the population of a country, of placing public authorities under duress, or of destabilising or destroying the fundamental political, constitutional, economic or social structures of the country.
- In addition to strengthening structures like Europol, there will be enhanced cooperation between the intelligence services of the member countries.
- Speeding up of the establishment of Eurojust that has been provisionally established as Pro-Eurojust by decision of the Council on 14 December 2000. After 11 September a coordination group of state prosecutors was set up to deal with terrorist matters. The decision to establish Eurojust as a permanent institution was taken by the Council of Ministers on 28 February 2002. This will considerably broaden the scope of judicial cooperation between member countries, especially as regards serious crime, through a better coordination of ongoing investigations and prosecutions. It will also considerably improve conditions for the transnational prosecution of terrorist crimes.
- The EU supports the further development of the relevant international legal instruments, including the drafting of a comprehensive UN convention against international terrorism.
- Preventing the financing of terrorism (Austria has signed and ratified the relevant UN convention).
- Improving flight safety.
- Measures in respect of visas, including the establishment of a central visa databank and integrating the applicant’s picture into the visa vignette.

To summarise, it can be stated that the European Union reacted promptly and comprehensively to the events of September 11. It took up a clear position and contributed to the consolidation of the transatlantic partnership. In the field of justice and home affairs it came to a swifter and more emphatic realisation of already existing concepts and ideas.
Measures taken by Austria

One week after the attacks in the United States, the Austrian Federal Government decided to sign the International Convention for the Suppression of the Financing of Terrorism. Austria signed this latest convention against terrorism on 24 September in New York, and it was ratified by the Austrian Parliament on 28 February 2002.

As a direct reaction to the attacks, the preventive measures to protect persons, objects and civilian air traffic were considerably expanded. Use of the international search networks was stepped up, in order to trace and put a stop to any illegal financing activities by terrorist organisations in Austria. Citizens and holders of travel documents of a number of sensitive countries were subjected to intensified immigration controls. There was also intensified cooperation between intelligence services and police authorities, both directly and within the framework of Interpol. Austria sent a representative to the newly established Europol Task Force on Terrorism, and contributed actively to the work within the relevant international meetings.

The report on the national implementation of measures against terrorism that is required by Security Council Resolution 1373 was drawn up in the course of several coordination meetings of all the responsible authorities and institutions, and was presented to the UN Counter-Terrorism Committee on December 20. Another report was submitted to the presidency of the EU Council on implementation within the EU sphere.

The Austrian report describes the current legal situation. In particular, attention is drawn to the fact that Austria does not yet possess a special anti-terrorism legislation, so that the prosecution of terrorist crimes takes place on the basis of the general criminal law. One reaction to the events of September 11 is, however, an ongoing scrutiny of the existing legal instruments in order to determine their suitability for the effective countering of terrorism. Another part of the report describes the concrete measures that have been taken. In addition to those already mentioned, these include the establishment of a special task force on countering terrorism, and more stringent measures in the financial sector. The report points in particular to the campaign against money laundering, which is a major aspect of the prevention of terrorism. It was also reported that, at a meeting of the ministers for finance, home affairs and justice with the leaders of the Austrian banking sector, agreement was reached on the necessity of enhanced vigilance on possibilities of financing terrorism.
C. Austria in Other European Institutions

I. European Security policy

The Euro-Atlantic Partnership Council (EAPC) and the Partnership for Peace (PfP)

The cooperation in 2001 between the North Atlantic Treaty Organisation and its partner states in the EAPC and PfP was largely centred on developments in South-Eastern Europe, the implementation of the initiatives decided at the 1999 NATO summit in Washington, and towards the end of the year by the reaction to the terrorist attacks in the United States on 11 September. The NATO-led PfP operations in Bosnia (SFOR) and Kosovo (KFOR) make an essential contribution to peace in the region. At the end of 2001 the Austrian KFOR contingent numbered around 500 personnel out of a total of 50,000 from over 30 countries. The Austrian contribution to the SFOR was reduced to a number of army personnel at SFOR headquarters. In Macedonia NATO itself made a central contribution to ending the fighting between government forces and armed ethnic Albanian groups by collecting and destroying the weapons that were handed in under the terms of the peace agreement and by protecting the international observers who are monitoring the implementation of the agreement. NATO and the EAPC are both involved at different levels in the NATO South-Eastern Europe Initiative as well as in many committees for assuring the stability of the region. They also provide support for the security reforms in individual countries under the Stability Pact for South Eastern Europe.

The implementation of the decisions of the 1999 Washington NATO summit continued amongst others with a new cycle of the expanded and adapted Planning and Review Process (PARP) and the development of the Political-Military Framework (PMF) for NATO-led PfP operations. Despite a number of open questions regarding the future relationship between the EU and NATO the non-allied EU members Austria, Finland, Ireland and Sweden were able to have their specific interests taken into account, and avoid unnecessary duplication, by making use of the PARP as a planning mechanism for their contributions to the Headline Goal for forces within the framework of the European Security and Defence Policy. The PMF, which was subjected to a routine review in early 2001, has developed completely satisfactorily during its continuing use in Bosnia and Kosovo. In future the partner states should be drawn into planning and decision-making on current operations at a much earlier stage than hitherto.

The NATO CMX 01 crisis management exercise in February 2001, with participation by the PfP countries, including Austria, provided an opportunity to test the functioning of the PMF in a simulated peace support operation. Another exercise, the Cooperative Best Effort 2001, was held in Styria on 10-21 September, hitherto the largest PfP manoeuvre to have been held on Austrian soil. Some 1,500 personnel from 20 countries, with the use of 16 helicopters and more than 400 land vehicles, practised core aspects of peace-supporting operations like the setting up and operation of checkpoints.
As in many other areas of international cooperation, the activities within NATO and the EAPC/PfP were decisively influenced by the terrorist attacks in New York and Washington on 11 September. On the following day, the 46 EAPC states issued a declaration stating their complete solidarity with the United States, and their determination to combat terrorism in all its forms. The EAPC Action Plan 2002-2004 was accordingly broadened to include the main issue of the international fight against terrorism. There is no doubt that the now enhanced awareness of the threat will have a lasting influence on cooperation within the EAPC and the PfP.

In connection with the implementation of the tailored cooperation programme for strengthening bilateral co-operation between Austria and NATO the Secretary-General and Political Director of the Ministry for Foreign Affairs visited NATO on 19 March and 16 May respectively. The discussions covered the current situation in the Balkans as well as the future development of the EAPC/PfP (including the possibility of membership by Yugoslavia) as well NATO-Austrian relations. The head of the office of the Minister for Home Affairs visited NATO on 26 September for discussions on the role of the EAPC/PfP in combating terrorism and potential Austrian contributions to that end.

After the visit by Minister for Foreign Affairs Benita Ferrero-Waldner to the EAPC in November 2000 in her capacity as chairperson of the OSCE, the NATO missions of the OSCE Troika (Romania, Portugal and Austria) drafted an EAPC working paper containing proposals for intensifying cooperation between the OSCE and NATO/EAPC/PfP. This was revised in the light of discussions within the EAPC and OSCE, and will provide a reservoir of ideas for the future development of mutual relations.

The Western European Union (WEU)

In the light of the enhancement of the European Security and Defence Policy by the Helsinki summit in 1999, the WEU was reduced to a few residual functions. The Brussels Treaty with its obligation to provide military support for full members remains de jure valid, as does the status of associate members, observers (including Austria) and associate partners. Diplomatic representations to the WEU remain in being, but no concrete civilian or military crisis management activities are foreseen. The main residual function is parliamentary cooperation. In 2000 the WEU Assembly adopted the title of Interim European Security and Defence Assembly, to which Austria sends observers. Austria also participates in arms cooperation, and since 2000 has been a full member of the Western European Armaments Group (WEAG).

The New Austrian Security and Defence Doctrine

The new doctrine is based on a comprehensive security concept. Non-military threats have gained in significance since the end of the Cold War, and must be countered with a variety of instruments. Furthermore, a modern security policy should no longer be directed primarily at threats, but at the question of how Europe must be shaped so that threats do not arise (crisis prevention).

In the new doctrine the principle of international solidarity is anchored instead of the concept of an autonomous security policy. Austria’s security is indivisibly bound up with the security of the European Union. The current threats to our security cannot be countered by any single country, but only through international cooperation – and that means within an international security partnership.

The analysis section of the document states that, since Austria’s unconditional participation in the EU Common Foreign and Security Policy, its status of permanent neutrality under international law has changed fundamentally. In international comparison, therefore, Austria’s status under international law no longer corresponds to that of a neutral, but to that of an alliance-free state.

Among the recommendations on security policy transmitted by the National Council (First House of the Austrian Parliament) to the Federal Government are numerous foreign policy measures. These range from a worldwide campaign for human rights to active participation in international arms control; an adequate contribution towards assuring peace, preventing conflicts and dealing with the aftermaths of crises; supporting Third World countries towards economic, social, democratic and ecological development; campaigning for the improvement of international environmental protection; and measures in the field of European and Euro-Atlantic security and defence policies.

The doctrine advocates Austrian solidarity and active participation in the European Security and Defence Policy, the aim of which is currently to equip the EU with the necessary capacities for civilian and military crisis management. Austria will also support all future endeavours to realise the possibility of a collective European defence as provided for in Article 17 of the EU Treaty. As regards Austria’s relations with NATO it recommends making use of all of the possibilities for cooperation and dialogue offered by the EAPC and the PfP. The “tailored cooperation programme” agreed with NATO Secretary-General Lord Robertson in November is to be implemented. Austria will continuously assess the value of NATO membership for its security and defence policy and the option of joining NATO will be kept open. It is understood that this option can only be used if there is the necessary majority in Parliament for the passing of a constitutional act, and if the Austrian people agree to it in a referendum.

II. The Organisation for Security and Cooperation in Europe (OSCE)

In 2001 the work of the OSCE under Romanian Chairmanship was largely determined by its operational tasks. More than 80 per cent of its financial and personnel resources were committed to its 20 field missions for conflict prevention, civilian crisis management and dealing with post-crisis situations in South-Eastern Europe and on the territory of the
former Soviet Union. These missions have developed a wide spectrum of activities, from supervising borders to training multi-ethnic police forces. The ninth meeting of the OSCE Ministerial Council in Bucharest on 3/4 December adopted a declaration and an Action Plan for Combating Terrorism, the central theme of the year. A discussion process was launched by the Romanian Chairmanship on the strengthening of the OSCE, mainly a result of reservations expressed by some participating States regarding the Organisation’s increasing operational role, the strong focus on the human dimension as well as the geographical concentration of its activities. The improvement in Russian-US relations as a result of the formation of the global anti-terror coalition had also a positive bearing on the working atmosphere within the OSCE. Austria, together with Portugal, the incoming Chairmanship, and Romania, was a member of the OSCE Troika, which accompanied the Chairman-in-Office on a number of visits to regions where the Organisation is active.

Field Activities

The major event in South-Eastern Europe in 2001 was the uprising at the end of February by armed ethnic Albanian groups in the Former Yugoslav Republic of Macedonia, which led to a temporary loss of government control in areas in the West and North-West of the country. Massive international pressure resulted in the signing of a Framework Agreement on 13 August. This document contains an invitation to the OSCE to take the lead in drawing up confidence-building measures, including training a multi-ethnic police force, supporting the media, especially Albanian-language media, and carrying out projects to promote inter-ethnic understanding. As a reaction, the OSCE increased the size of its Spillover Monitor Mission to Skopje from 8 to over 200 members. The Mission was tasked to supervise the return of state police to the rebel-held areas, in order to prevent attacks on the civilian population. The new South-Eastern Europe University opened in the autumn of 2001 in the town of Tetovo, which has a predominantly Albanian population. The result of an initiative by the OSCE High Commissioner for National Minorities, it will offer tuition in Albanian, Macedonian and English language, which was one of the main objectives of the armed ethnic Albanian groups.

After the fall of the Milošević regime in the Federal Republic of Yugoslavia, the new political leadership under President Koštunica was interested in establishing an OSCE presence in the country. Accordingly, a Mission was opened in Belgrade in March 2001, which soon won the confidence of the government and public opinion. The greatest challenge was presented by the armed uprising in Southern Serbia by ethnic Albanians demanding the transfer to Kosovo of Serbian districts with majority Albanian populations. This “Liberation Army” was able to operate with impunity for months in the 5 km broad demilitarised Ground Safety Zone that was set up in 1999 between Kosovo and Serbia proper. In order to put an end to this, NATO and the Yugoslav government agreed to hand over the zone between March and the end of May to the security forces of the FRY, and the OSCE was invited to help establish confidence-building measures between the population and the state authorities. These included the training of a multi-ethnic police force at a new training school in Bujanovac. In Montenegro, the parliamentary election brought a relatively poor result for the government coalition, which signified a setback for the advocates of independence. The OSCE Office for Democratic Institutions and Human
Rights presented a number of analyses of the work of the Montenegrin parliament on drafting a law on an independence referendum.

The most important event in the Yugoslav province of Kosovo was the OSCE-organised election of a provincial assembly on 17 November. After strenuous international efforts to induce the Serbian minority to participate, the Kosovo Serbian coalition became the third-strongest party in the new legislature. The Kosovo Democratic League under Ibrahim Rugova unexpectedly failed to gain an absolute majority. By the end of the year there was still no government, which meant that the election of the President of Kosovo also had to be delayed. However, with its highly efficient organisation of the election, and its endeavours to win over the Yugoslav authorities in Belgrade as well as the Kosovo Serbs, the OSCE succeeded in taking another step towards fulfilling Security Council Resolution 1244 on the development of democratic self-governing structures in the province.

In Bosnia and Herzegovina the new electoral act was passed by both Houses of Parliament at the end of August, after intensive preparation with the decisive assistance of the OSCE. The adoption of this law was one of the essential preconditions for the country's membership of the Council of Europe. In the OSCE's view, Bosnia and Herzegovina thereby acquired the necessary legal framework for carrying out its own elections.

Local elections were held in Croatia on 20 May under OSCE supervision. The conduct of the elections was a considerable improvement by comparison with the parliamentary and presidential elections of 2000. This assessment by the OSCE is of importance from the point of view of the Serbian minority, since many decisions affecting daily life are taken by the local authorities, and thus have a direct influence on the return of minorities.

The parliamentary election held in Albania on 24 June was under observation by the OSCE, which reported that these were the best elections ever held in the country. The OSCE presence, and its repeated observation of the conduct of Albanian elections, undoubtedly contributed to this development.

The OSCE Assistance Group for Chechnya returned to the region in 2001 after an absence of two years and lengthy preparations for its return. It is based in the town of Znamenskoje in the north-west of Chechnya, where experts from the Council of Europe have also been active in the office of the Russian representative on human rights for Chechnya. The OSCE group was engaged in carrying out rehabilitation projects for the local population and for refugees.

The Romanian Chairmanship of the OSCE took over from the Austrian Chairmanship the numerous OSCE-tasks in Georgia and continued working on them. The negotiations on South Ossetia, known as the Baden Process, and which encompass all the sides involved – South and North Ossetia, Georgia and the Russian Federation were continued at a meeting in Bucharest. It was agreed to carry on the process with special financial support from the EU for the Joint Control Commission. A breakthrough in the central issue of South Ossetia's status has not yet been reached. The observer operation on the Georgian-Russian/Chechnyan border worked under Austrian leadership until September. The question of extending the border monitoring operation to other sectors of the border...
remained open. Hopes for a solution to the Abkhazia problem receded after serious border incidents. The planned establishment of a human rights office in Gali was prevented by the precarious security situation. On the other hand, the evacuation of the Russian military bases in Vaziani and Gudauta proceeded according to schedule.

The OSCE’s work under the Austrian Chairmanship in 2000 had been focussed on Central Asia. This focus was continued by the Romanian Chairman-in-Office, who appointed the former OSCE Secretary-General Wilhelm Höynck as his personal representative. The Central Asian OSCE-delegations participated actively in the work, especially as regards economic, environmental and security cooperation. Their numerous warnings regarding the security risks in the region, in Afghanistan in particular, were confirmed by the events of 11 September. The dialogue on drugs, organised crime and terrorism that was inaugurated by the Austrian Chairmanship at the conference in Tashkent became even more relevant, and continued in December at the follow-up conference on terrorism in Bishkek, Kyrgyzzstan, which adopted a programme of action on the issue.

The OSCE missions in Estonia and Latvia were terminated on 31 December, at the end of their current mandates. The guidelines for this process, drawn up in 2000 under the Austrian Chairmanship, had specified a number of reforms to be carried out, including reform of the electoral and minority legislation in favour of the Russian minorities. It was accepted that Estonia had largely adhered to the guidelines, but reform of the electoral legislation was still to be realized in Latvia. However, President Vike-Freiberga indicated Latvia’s intention to introduce the necessary reforms in January 2002 and to recognise a forthcoming verdict on the issue by the European Court of Human Rights. The Latvian delegation to the OSCE also declared its continued readiness to cooperate closely with the OSCE, and in particular with the High Commissioner for National Minorities. In view of this, the Romanian Chairmanship considered the guidelines for the two Baltic missions to have been fulfilled.

The OSCE also carries out field activities through missions in Armenia, Azerbaijan, Belarus and Moldova, as well as a project group in Ukraine. The so-called Minsk Group under the co-Chairmanship of France, Russia and the United States is engaged in trying to find a solution to the Nagorno-Karabakh conflict.

The Human Dimension of the OSCE

The Human Dimension has increasingly become a controversial issue within the OSCE. For some participants, including the EU members, it is the flagship of the organisation which lays the foundations of democratic states and thus assures stability and security. Others view it as overvalued, and want to reduce it to the same level as the economic-ecological and political-military dimensions. The monitoring functions of the OSCE missions arouse resistance, while the cooperative aspects are accepted. The Ministerial Council in Bucharest therefore issued only a drastically reduced statement on the Human Dimension.

The High Commissioner on National Minorities (HCNM) in The Hague and the Office for Democratic Institutions and Human Rights (ODIHR) in Warsaw were both involved
in important political developments in Macedonia and Belarus. The Representative on Freedom of the Media played an increasingly prominent role. The ODIHR monitored elections in Azerbaijan, Moldova, FRY/Montenegro, Albania, Bulgaria, Belarus and Croatia. The campaign against trafficking in human beings that played a prominent role during the Austrian presidency continued in 2001. The Austrian Helga Konrad was appointed Regional Coordinator on Trafficking Issues and Chairperson of the Stability Pact Task Force on Trafficking in Human Beings. The problem of children and armed conflicts, another main theme of the Austrian presidency, was given wide support but, despite a specific recommendation by the UN Security Council to the regional organisations, was not taken up due to the resistance of several delegations who wanted consideration of this theme restricted to the United Nations.

The three Supplementary Meetings on the Human Dimension, which have become a regular aspect of the OSCE work, dealt inter alia with the themes of freedom of opinion, tolerance and non-discrimination, and the defence of human rights, especially in conflict situations. A meeting on violence against women was held in Vienna in June. The annual Human Dimension Seminar in Warsaw at the end of May was held on the topic of election procedures. A joint ODIHR/EU conference on Roma and Sinti took place in Bucharest in September. The annual Human Dimension Implementation Meeting, held in Warsaw from 17 to 27 September, dealt with the rule of law, democratic institutions, tolerance and non-discrimination, refugees, and respect for basic human rights and fundamental freedoms. The more efficient use and organisation of this conference was also a subject for discussion in 2001. The Romanian Chairmanship introduced the theme of the spiritual dimension and organised relevant events.

The Economic and Ecological Dimension of the OSCE

The ninth OSCE Economic Forum was held in Prague on 15-18 May 2001 on the theme of Transparency and Good Governance in Economic Matters. It was marked by a large attendance of nongovernmental organisations. The increased involvement of the field missions that was inaugurated under the Austrian Chairmanship also had a positive effect on the discussions. The tenth Economic Forum will be on the theme of the sustainable use and protection of water resources. To this end a preparatory seminar was held in Belgrade on 5 November which also considered the security implications of water use. The Ministerial Council in Bucharest decided on the establishment of an Economic and Environmental Sub-Committee which should ensure a continuous dialogue on these issues and has to be seen in the context of the discussion on strengthening the economic and ecological dimension of the OSCE.

Political and Military Issues

The OSCE Forum for Security Cooperation (FSC) meets weekly in Vienna. In addition to reviewing the implementation of the 1999 Vienna Document on Confidence- and Security-Building Measures, and the first exchange of information between the participating States under the Document on Small Arms and Light Weapons, which was adopted in 2000, the main issues dealt with were the strengthening of the politico-military dimension of the OSCE and the new challenges to security, especially from terrorism. The FSC will contribute to the OSCE action plan against terrorism, primarily through the Code
The first seminar since 1998 on Military Doctrines and Defence Policies in the OSCE was held on 11-13 June. 20 states including Austria made national presentations.

The negotiations on Article V of the 1995 **Dayton/Paris Peace Accords** on Bosnia and Herzegovina aimed at establishing a regional balance in and around the former Yugoslavia were concluded in July. Among the twenty states which participated in the negotiations were all the neighbouring countries of the former Yugoslavia, including Austria. The primary aim of integrating the Federal Republic of Yugoslavia into a regional confidence and security regime was superfluous after it became a participating State of the OSCE. The process therefore ended without a formal agreement, but with a final document containing a number of voluntary measures on military contacts and activities, inspections, anti-personnel mines and small arms and light weapons.

The **Treaty on Conventional Forces in Europe**, as adapted in 1999 at the OSCE Summit in Istanbul, is not yet in force, because by the end of 2001 only two states had ratified it. It is open to accession by those OSCE participating States which are not yet parties to the treaty. Austria has an interest in acceding to this treaty, which is a cornerstone of European security, as soon as it enters into force. The ratification by the Western countries was delayed primarily by Russia’s failure to observe the agreed ceilings in the Caucasus (Chechnya). However there has been progress, also with regard to the withdrawal of Russian forces from Moldova, which should speed up the ratification process. The 1992 **Open Skies Treaty** entered into force on 1 January 2002 after ratification by Russia and Belarus.

**Combating Terrorism**

The OSCE Plan of Action for Combating Terrorism, adopted at the ministerial meeting in Bucharest, commits the participating States to sign all twelve UN conventions against terrorism. The ODIHR, in cooperation with the Vienna-based UN office for Drug Control and Crime Prevention (UNDCCP) will provide assistance to the states concerned for the adaptation of their national legislation. The participating States acknowledge the necessity of enhanced cooperation to restrict the financing of terrorist activities and the freedom of movement of terrorist groups, as well as other relevant activities on their territories.

**Institutional Issues**

The Romanian Chairmanship made the strengthening and reform of the OSCE one of the priorities of its programme. This was a reaction to long-standing criticisms by some participating States, especially as regards the strong focus of the Organization on the human dimension. They are in favour of upgrading the economic and politico-military dimension as well as structural changes. The latter would tie the Chairman-in-Office more closely to the consensus of the participating States, and reduce the autonomy of the various missions and institutions. On the other hand, the US, EU and other participating States view the OSCE as an operational instrument for civilian crisis management, which in its turn demands a degree of freedom of action for the Chairman-in-Office. The reform
document adopted by the Ministerial Council in Bucharest contains the already mentioned measures to strengthen the politico-military and economic dimension.

The OSCE suffers from legal and financial disadvantages arising out of the fact that it has no definite status under international law. It was not least as the Organisation’s host country that Austria amongst others advocated the signing of an international convention to grant the OSCE a legal personality similar to that of other international organisations. The working group set up in 2000 under the Austrian Chairmanship continued its work in 2001 under Austrian chairmanship, and made considerable progress in negotiating a draft convention. An agreement on the text will depend on the decisive question, which must be answered at political level, of whether the OSCE is to become an organisation with a legal personality. Although the overwhelming majority of the participating States desire this, no consensus on the matter could be obtained to date.

III. The Council of Europe

Political Developments

Armenia and Azerbaijan were admitted as members of the Council of Europe (CoE) in January 2001. The admission procedure in the case of Bosnia and Herzegovina made good progress and a formal decision is to be expected in 2002. Developments in the Federal Republic of Yugoslavia were under observation. The Committee of Ministers stepped up the programme of cooperation to assist Yugoslavia to reach the required standards for membership, and approved the opening of a CoE office in Belgrade. No progress was made with regard of the application by Monaco because of constitutional difficulties. The Special Guest status of Belarus continued to be suspended at the end of the year due to the unsatisfactory internal situation.

The CoE paid special attention to the situation in Chechnya. A seminar on human rights and democracy, and a subsequent meeting of the Joint Working Group of the Russian Duma and the CoE Parliamentary Assembly with Chechynan representatives, contributed to a certain relaxation. In Macedonia the CoE was engaged in projects to improve inter-ethnic relations, for example training for judges and regional administrators. The Council of Europe participated in election monitoring in several states, and in the Yugoslav province of Kosovo organised and monitored the elections at the invitation of the OSCE. It was also actively involved in activities under the Stability Pact for South-Eastern Europe.

The Council of Europe reacted to the events of September 11 with a programme to combat terrorism, and declared its solidarity with the EU, OSCE and UN on the issue. The 109th Committee of Ministers issued a declaration on international action against terrorism with an emphasis on legal cooperation, preserving fundamental values, and strengthening democracy. Existing CoE activities and programmes have been adapted to provide support for inter-cultural and inter-religious dialogues at national level.
Relations with Other International Organisations

Collaboration with the European Union continued with a joint declaration on cooperation and partnership issued on April 3. There is a regular exchange of information between the CoE Secretariat and the European Commission on current activities and projects. The CoE has a permanent office in Brussels, while EU representatives attend CoE meetings and accompany CoE monitoring groups. The jointly organised and financed programmes of support for the countries of Central and Eastern Europe and the southern Caucasus have the purpose of consolidating the rule of law and democracy. In November a “quadripartite meeting” between the political and official heads of the CoE and EU was mainly concerned with methods of countering terrorism. The EU will also participate in the CoE Multidisciplinary Group on International Action against Terrorism.

Relations with the OSCE developed further under the Romanian OSCE Chairmanship. Observers from both organisations monitored the elections in Montenegro in April and Kosovo in November. The biannual “two-plus-two” and “three-plus-three” meetings of the leaderships of both organisations were means of exchanging information and views on current political themes like the various crisis centres in Eastern and South-Eastern Europe as well as cooperation on crisis management and the protection of human and minority rights. The main topic of the meeting in Vaduz in October was the efforts of both organisations to combat terrorism.

Contacts between the CoE and the United Nations take place on many levels due to the mutual participation in conferences and seminars as well as through cooperation in special projects or other activities. Human rights matters within the UN framework are discussed once a year in the CoE Committee of Ministers, and matters of common interest in a CoE-OSCE-UN trilateral meeting. The Council of Europe was represented at the fourth meeting of secretaries-general of regional organisations with the UN Secretary-General on cooperation on peacekeeping. The 56th UN General Assembly adopted a resolution on cooperation with the CoE, with particular stress on the assistance the Council of Europe had rendered towards the ratification of the statute of the International Criminal Court, its contributions to the Conference on Racism in Durban and the campaign against international terrorism, and its activities in Kosovo.

Monitoring

Once again, three full meetings of the Committee of Ministers in 2001 were devoted to monitoring the upholding of the commitments undertaken by member states under the European Convention on Human Rights and its Protocols. Further meetings considered individual aspects like freedom of the media, the death sentence and political prisoners in certain states. The principal theme was the effectiveness of court procedures. Reports from the member states were submitted on the second major theme of non-discrimination, with the emphasis on combating intolerance and racism. The Austrian report elucidated the relevant legal structure and listed all the measures that Austria had already taken to this end. These included amongst others measures against racist activities in the internet, the establishment of a contact office in the Ministry for Home Affairs, and enhanced education in human rights in Austrian schools.
The previously monitored fields were: freedom of speech, opinion and information; democratic institutions; judicial systems; local democracy; the death sentence; and police and security services. Progress in implementing previous decisions in those areas was continuously assessed, and where necessary supplementary measures were specified. A new ad hoc monitoring arrangement was introduced for Armenia and Azerbaijan to coincide with the accession of these two countries, which were visited by a CoE working group in January and June. The Parliamentary Assembly continued to monitor the situations in Albania, Armenia, Azerbaijan, Georgia, Moldova, Russia and Ukraine, and also scrutinised the Kurdish situation in Turkey. A “post-monitoring dialogue” was carried on with Bulgaria, the Czech Republic, Lithuania and Macedonia.

**Assistance Programmes**

In 2001 the CoE assistance programmes that were grouped under the title Activities for the Development and Consolidation of Democratic Stability (ADACS) were combined into a single programme with a budget of €9.7m. The recipients are primarily new member states and candidates. The areas covered are: the rule of law, local administration, human rights, social cohesion, education, culture, youth, sport, the environment and civil society. The activities mostly entail the transmission of expertise and training courses for civil servants, judges, prosecutors, lawyers, teachers and journalists. The budget also provided finances for the CoE information centres in Central and Eastern Europe as well as for the offices in Tirana, Belgrade, Pristina, Podgorica and Sarajevo/Mostar. An additional budget of €500,000 provided support for the new member states Armenia and Azerbaijan. The confidence-building and young democratic leadership programmes continued. Similar joint programmes with the EU costing €2m were carried out in the Russian Federation, Albania, Moldova and the northern Caucasus. A further €700,000 was provided for translations of important CoE texts into non-official national languages in member states.

**The Council of Europe’s Institutions**

The Committee of Ministers - under the Chairmanship of Latvia - reviewed at its 108th session on 11 May, the means available to the CoE to contribute to the enhancement of democratic stability in the Balkans and Caucasus. Infringements on human rights and terrorist attacks in Chechnya were also discussed. The Secretary-General put forward an action plan to improve the freedom of the media in Ukraine. The ministers also adopted a statement on the rights of children as a contribution to the special session of the UN General Assembly on the issue. The 109th session on 8 November, as elsewhere after 11 September, was dominated by the international campaign against terrorism. It was decided to set up a multidisciplinary expert group on international counter-terrorism methods. The Committee adopted the text of a European Convention against Computer Crime that was subsequently signed on 23 November by 26 member states as well as Canada, Japan, South Africa and the United States. Also adopted was another additional protocol to the European Convention on Human Rights and Biomedicine to regulate the transplant of human organs and tissues.

The Parliamentary Assembly (now consisting of 301 members and 301 substitutes) meets four times a year (Austria has 6 members and 6 substitutes). In January the
Federal Parliament of Yugoslavia was awarded Special Guest status in the Assembly, and in November a report was submitted on its progress towards meeting the necessary standards for full membership. An application for membership was received from Bosnia and Herzegovina. The delegates from the Russian Duma, whose voting rights had been suspended the previous year on account of the Chechnya crisis, returned to full participation in the Assembly. A joint working group of Assembly and Duma members that was formed for further consideration of the Chechnya question concluded that there was no alternative to peace negotiations without conditions, and decided to set up a broadly-based consultative council under the aegis of the group. Other fundamental themes debated were the abolition of the death penalty, especially in the observer countries Japan and the United States, and the means by which democracies can meet the challenge of terrorism. One urgent issue is strengthening the European Court of Human Rights to allow it to cope with the increasing flood of individual complaints. In April the Assembly elected 16 new judges of the Court, including Elisabeth Steiner of Austria.

The Congress of Local and Regional Authorities of Europe, founded in 1957 as a standing conference, was reconstituted in 1994 as an advisory organ of the Council of Europe. It fulfils an important role in monitoring local and regional democracy and assessing applications for CoE membership. It has current projects under the Stability Pact for South-Eastern Europe as well as an expanded network of agencies for strengthening local democracy in the region. At its eighth Forum for South-Eastern Europe in Istanbul in November new partnership were formed between political and economic actors, and further impulses were provided by a Round Table of mayors of the capital cities of the region. The Congress has 301 members and 301 substitutes and meets annually in Strasbourg. It has two chambers – one for the local authorities and one for the regions. The mayor of Innsbruck, Herwig van Staa, is chairman of the Chamber of Local Authorities.

Austria and the Council of Europe

For two years Walter Schwimmer has been Secretary-General of the Council of Europe, the third Austrian to hold the position after Lujo Toncic-Sorinj and Franz Karasek. In January 2002 the Austrian Peter Schieder was unanimously elected President of the Parliamentary Assembly. Austria meets 1.99 per cent of the CoE’s regular budget and in 2001 contributed a total of €4.16m for all purposes. The CoE Centre for Modern Languages, located in Graz, is now supported by 30 member countries. Austria’s total contributions to it in 2001 amounted to €360,090, in addition to around €365,000 contributed from 1999 to 2001 specifically for the removal to new premises.


Austria signed three new agreements in 2001 under the auspices of the Council of Europe: the Additional Protocol to the European Framework Convention on Cross-Border Cooperation between Local Authorities (1995); the Additional Protocol to the Convention
for the Protection of Persons in the Automatic Processing of Personal Data; and the Convention on Computer Crime.

Four Austrian local authorities received Council of Europe awards in 2001 for outstanding achievements in promoting the idea of European unity. The city of St. Pölten was given the highest award, the Europe Prize. Dornbirn was awarded the Flag of Honour, and Judenburg and Lannach the European Diploma.

IV. The Central European Initiative

The Central European Initiative (CEI), with a membership of 17 states in Central, Eastern and South Eastern Europe, was under Italian chairmanship in 2001. Its aim is to bring its Members closer to the European integration process, to promote regional stability and development, and to pre-empt the development of new lines of division in Europe by cooperation in all fields.

The Summit of the CEI Heads of Government in Trieste on 23 November decided to support the campaign against terrorism and to co-operate in this field with other organisations, especially the OSCE. The meeting approved the CEI Plan of Action for 2002-2003 and the reports of the 16 working groups. The main themes of the simultaneous CEI Summit Economic Forum, comprising Ministers of Economy, Presidents of Economic Chambers and 1400 Experts, were the development of private enterprise, infrastructure and modern technologies and neighbourhood policies. The first CEI Youth Forum discussed relevant cultural, social and employment policies.

The main items on the agenda of the Meeting of CEI Foreign Ministers in Milan on 22 June were the situations in southern Serbia, Kosovo and Montenegro, a solution to the Transnistria conflict, co-operation with the Stability Pact for South-Eastern Europe and the creation of a new CEI Cooperation Fund of €300,000 annually, with pro rata contributions by Members, to finance CEI projects from 2002 onwards. The CEI Ministers of Justice, meeting in Trieste in March, stepped up cooperation towards combating organised crime. The Ministers of Agriculture, meeting in Verona in April, agreed on measures to improve the security of food supply.

The parliamentary dimension of the CEI plays an important role: The CEI Parliamentary Committee met in Rome in March, the Assembly met in October, and the Speakers of Parliament in Budapest in March, when they adopted resolutions on regional affairs and CEI cooperation.

The Committee of National Coordinators adopted internal guidelines to strengthen cooperation at a coordination meeting in February, when Austria announced the reactivation of the working group on the environment and issued an invitation to a conference to prepare for the UN World Summit on Sustainable Development (“Rio+10”). Preparations were made for the CEI to accede to the OECD Cooperative Action Programme on Local Economic Development (LEED). The OSCE summit suggested enhanced cooperation with the CEI to combat terrorism. Meetings were also held with the
European Commission, the UN-ECE and other international bodies. The numerous CEI-supported investment projects, studies and training programmes, especially in the economically weaker member states, are financed mainly by the European Bank for Reconstruction and Development (EBRD) through the CEI Trust Fund, and are administered by the CEI Project Secretariat in London. There were eight international conferences and meetings on political, economic and cultural themes sponsored by the CEI.

The costs of the CEI Executive Secretariat in Trieste are met by the host country Italy and the Friuli-Julia-Venetia Region, while Austria contributes the expenses for the Director-General. The CEI Foreign Ministers expressed their appreciation to the retiring Director-General, Paul Hartig of Austria, whose second term of office ended in 2001. His successor is another Austrian, Ambassador Harald Kreid.

V. Austria’s Relations with Neighbouring Countries

The Regional Partnership

On the initiative of Foreign Minister Benita Ferrero-Waldner the foreign ministers of Austria, the Czech Republic, Hungary, Poland, Slovakia, and Slovenia held their first meeting within the framework of the Regional Partnership in Vienna on 6 June. The Regional Partnership of Austria, the adjacent EU candidate countries and Poland is a result and a continuation of the existing close cooperation between these states as well as a bridge into a common future within the European Union. The countries of the region have long since demonstrated their readiness and ability for successful cooperation, to which the Regional Partnership should contribute a new dimension.

There are two phases. During the first phase, that of preparation for EU membership, regional cooperation will be extended and intensified. In the second phase, after the enlargement of the EU, there could be an identification of common interests and a joint representation of these interests at European level. Combining the potential of the members of the Regional Partnership should bring advantages for all – without operating to the exclusion or disadvantage of others. The Partnership can be the foundation stone of a successful common future for these countries within the European Union. Particular areas of common interest are internal security, joint border commissions, consular consultations, culture, high technology, infrastructure, and information on the enlargement process. Other thematic complexes relate to the current European Councils as well as consultations on future cooperation and the development of Europe generally.

The first follow-up conference of the Partnership, in Bratislava on 29 November, drew up a balance of the areas of cooperation agreed at meetings of the ministers for home affairs, economic affairs, foreign affairs, employment, agriculture and transport. Enhanced cooperation and coordination of work programmes in the various fields was agreed – partly in cooperation with the EU Commission and Presidency. Other themes dealt with were EU enlargement, the future of Europe, and combating international terrorism after the events of 11 September.
The Regional Partnership is paying particular attention to the issue of the international visibility of its members as Central European countries, and thus to the joint presentation of Central European culture and identity. At their first meeting in Vienna in June the foreign ministers agreed to set up a platform entitled Central Europe - Culture to undertake joint activities to demonstrate the cultural achievements of all the countries of the Partnership. The first such event was held in Brussels on 10 December in the form of a joint gala presentation of Central European literature and music with foreign ministers and state secretaries from the Partnership countries.

South Tyrol

In the Italian parliamentary elections in May the South Tyrolean People’s Party (SVP), in partnership with the centre-left parties, gained an additional seat in the parliament, giving it three seats each in the lower chamber and in the Senate. The decisive factor here was that, for the first time in such a clear form, Italians in South Tyrol voted in considerable numbers for a member of the German-speaking group, and vice versa. This is viewed as proof that constructive cooperation between the linguistic groups in South Tyrol is now a reality. The large majority for Prime Minister Silvio Berlusconi’s centre-right government means, however, that the influence exerted by South Tyrol’s representatives in the Italian parliament has been reduced.

After the election, Austrian Minister for Foreign Affairs Benita Ferrero-Waldner visited South Tyrol, thus underlining Austria’s genuine interest in the autonomy of the Province of Bolzano.

In high-level talks between Austrian and Italian politicians the Italian side left no doubt that its policy towards South Tyrol would be marked by continuity, and that there would be no change in the autonomy statute without the consent of the local population. Italian President Carlo Azeglio Ciampi paid an official visit to South Tyrol in July, when he commended its autonomy as an example of peaceful living together for the whole of Europe. He expressly praised and supported trans-border cooperation between Tyrol, South Tyrol and Trentino within the framework of the European Region Tyrol (EUREGIO). In an obvious gesture, the Governor of the Austrian Federal Land of Tyrol was invited to attend this visit to South Tyrol.

On 26 January the governors of the three provinces signed the Alpine Declaration of the European Region Tyrol, South Tyrol and Trentino. This future-oriented cooperation covers agriculture, nature protection, transport, culture and the economy. The latest exchange of notes between Austria and Italy on the mutual recognition of academic degrees entered into force on 1 March 2001. This step is of importance for South Tyroleans studying in Austria.

In December the “Siegesplatz” (Victory Square) in the South Tyrolean capital of Bozen was renamed the “Friedensplatz” (Peace Square), which could contribute to a relaxation of tension over the Italian victory monument situated there.
In February a reform of the Italian constitution leading to numerous amendments strengthening the South Tyrol autonomy statute entered into force. Amongst other changes it brought the long-desired reform of the Trentino-South Tyrol Region, considerably reducing its powers and at the same time increasing those of the two Länder of South Tyrol and Trentino. For the first time, the German-language name Südtirol entered the Italian constitution. The statute also provides more protection for the Ladin ethnic population group.

Protection of the Environment

The safety of nuclear power stations situated in neighbouring countries near the Austrian border has the highest priority for the Austrian Federal Government. After a year of intensive negotiations, agreement was reached with the Czech Republic on an information hotline and an early-warning system in respect of the Temelin nuclear power station, as well as on an energy partnership, safety questions and an environmental compatibility test. It was also agreed that the conclusions on safety standards and environmental compatibility, and thereby the agreement of the Czech Republic, would be written into the Republic’s articles of membership of the European Union, thus making them legally binding.

Austria supports the closure of nuclear plants in the EU candidate countries that cannot be brought up to Western standards. €1.5m was made available for the Ignalina power station in Lithuania, with further sums for the closure of Bohunice (Slovakia) and Kosloduj (Bulgaria). Austria has also concluded nuclear information agreements with most of the surrounding countries. The agreement with Switzerland entered into force on 1 January 2001. The purpose of such agreements is the timely exchange of information and experience on nuclear safety and radiation protection, especially as regards limiting cross-border effects of radiological dangers.

The main activity in connection with the Convention on the Protection of the Alps, under Italian chairmanship in 2001/2002, was preparing for the establishment of its permanent secretariat. A decision on its location, functions and size will be made at the seventh Alpine Conference in the autumn of 2002. Austria has offered accommodation in a famous historic building in Innsbruck. A working group under Swiss leadership made good progress towards drafting a procedure for monitoring observance of the Convention and its protocols.

The River Danube

It was not simply the free movement of traffic on the Danube that was interrupted by the armed hostilities in South-Eastern Europe, but also a large number of other organic links between the states of the region. This was the reason for the Danube Cooperation Process that was inaugurated jointly by Austria, Romania, the EU Commission and the Stability Pact for South-Eastern Europe. Its object is to restore cooperation, repair the broken networks, and thereby contribute to a comprehensive economic and political stabilisation of the region. It does not involve the creation of a new organisation, but rather
the holding of a series of conferences to ventilate important issues, define objectives, and develop programmes that can be implemented by existing institutions.

The Process encompasses all the countries with involvement in the drainage area of the River Danube, including present and future EU members as well as partner countries in the EU stabilisation and association process, amongst others. Its programme, covering issues affecting the region as a whole, emphasises aspects like economic resuscitation, reviving tourism, transport and navigation questions, environmental problems and cultural cooperation. Preparations for the Process commenced in Vienna on 21 September 2001 with the intention that it would be formally inaugurated at a conference of foreign ministers during the first half of 2002.

The restoration of the **free movement of shipping** was a main issue for the Danube countries after navigation was blocked by the destruction of the bridges at Novi Sad during the Kosovo conflict. In April the Danube Commission awarded the contract for clearing the fairway to a Danish-Hungarian consortium. A provisional channel was navigable by the end of November, with full clearance scheduled for mid-2002. The opening of the emergency pontoon bridge to allow vessels to pass was gradually increased from once every two or three weeks to three times weekly from March 2002. Austria was involved at every stage, and the Austrian National Bank, as administrator of the Vienna-based International Fund for Clearing the Navigation Channel of the Danube, was able to secure almost all of the necessary €26m finance.

The **Danube Commission**, at its annual meeting on 2-10 April, opened membership to other interested states, and granted observer status to France and Turkey. Applications from the Netherlands and the Czech Republic were to be decided at the 2002 plenary meeting, which marks the end of the Austrian presidency. The Federal Republic of Yugoslavia paid its considerable arrears of contributions, and thereby averted a serious financial crisis in the Commission. The highlights of the Austrian presidency were issues of standardisation, the environment, and the networking of Europe’s internal waterways, in particular connections with the Elbe and Oder as well as the East European river systems.

The **International Commission for the Protection of the Danube River** was established in 1998 under the terms of the 1994 Sofia agreement. Its membership includes the European Commission and all the countries situated within the Danube catchment area. Bosnia and Herzegovina, Yugoslavia and Ukraine are observers, but Yugoslavia applied for full membership in 2002. Priority was given to the implementation of the EU water directive, in pursuance of which Germany and Austria organised a joint research voyage to ascertain the water quality from Regensburg on the upper reaches of the river down to the Danube delta on the Black Sea. Other measures agreed at the fourth meeting of the Commission in Vienna at the end of November included steps to prevent extraordinary water pollution and to increase flood protection, on the basis of guidelines drawn up by the United Nations Economic Commission for Europe.
D. Coming to Terms with the Past

The Reconciliation Fund

After the entry into force of the Reconciliation Fund Act on 27 November 2000, and the establishment of the Austrian Reconciliation Fund on 20 December of that year, all the necessary conditions were created for the swift payment of benefits to the victims of slave and forced labour under the Nazi regime on the territory of what is now Austria. A precondition for the payment was the legal closure, i.e. the complete and final withdrawal or dismissal of all outstanding lawsuits against Austria or Austrian firms in connection with forced labour. After lengthy consultations, the last two such cases were dismissed by US courts on 25 July 2001.

Intensive preparations that had been going on since the constitution of the Fund enabled payments to 20,398 former victims of the deportations to be started immediately. These payments take place either through partner organisations in six Central and Eastern European countries or, in all other cases, direct from the office of the Austrian Reconciliation Fund in Vienna. The amounts were originally calculated in Austrian schillings (ATS). Former slave workers (defined as persons held in conditions similar to those of concentration camps) receive a one-time payment of €7,630.65 (ATS 105,000), industrial workers €2,543.55 (ATS 35,000), and agricultural workers €1,453.46 (ATS 20,000). Children deported along with their mothers, or born in the territory of the present Republic of Austria during the period of deportation, receive the same amounts as their parents. Mothers who were obliged to give birth in special clinics for forced workers, or who were obliged to undergo abortions, receive an additional payment of €363.36 (ATS 5,000). Cases of hardship receive an amount up to the highest payable in their respective categories of labour. Heirs of victims receive payments only if the victims died on or after 15 February 2000.

By the end of 2001 a total of 48,180 applications had been received from former deportees through the partner organisations in Poland (13,838), Ukraine (14,599), the Czech Republic (9,339), Belarus (2,288) Hungary (1,186), Russia (2,335), and the rest of the world through the office in Vienna (4,595). Thus, after the first year of operation of the Fund, around one third of the estimated 150,000 surviving former victims of the deportations had had their applications approved for payment. These voluntary payments were greeted with considerable appreciation in statements by foreign politicians as well as in numerous letters expressing the gratitude of the recipients.

Applications for payments can be made to the Austrian Reconciliation Fund within two years of the entry into force of the Reconciliation Fund Act, i.e. not later than 27 November 2002. The Fund, with a total capital of €436m, will be wound up after a period of three years.
Restitution of Aryanised Property

After intensive negotiations with the US Administration as well as victims’ organisations and plaintiffs’ lawyers, agreement was reached on 17 January 2001 on a final settlement of all open questions regarding restitution and compensation for victims of the National Socialist regime. The substance of this agreement was enshrined in a Joint Statement by all the participants in the negotiations and in an Exchange of Notes between the Austrian and US governments. Under this so-called Washington Agreement a sum of $150m will be made available as immediate compensation for surviving victims. In addition, it is foreseen that a General Settlement Fund will be set up with a capital of $210m as well as a social package for victims of Nazism amounting to about $112m over the next 10 years. The agreement also addresses the return of works of art, the maintenance of Jewish cemeteries, the Hakoah sporting club, and improved access to archives.

In accordance with the agreement Austria has made available $150m for immediate payments to surviving victims of the Nazi regime as a final settlement of all claims arising from the loss of apartment and small business leases, household property and personal valuables and effects. The relevant amendment to the National Fund Act took effect on 23 February 2001. Since April the Austrian National Fund for Victims of National Socialism has paid out $7,000 to each of over 15,000 victims, most of them very elderly.

The legislation implementing the Washington Agreement was passed unanimously by the National Council (First House of the Austrian Parliament) on 31 January, and by the Federal Council on 23 February, again unanimously. After the fund capital had been assured, the Act took effect on 28 May and the General Settlement Fund commenced its activities under the auspices of the National Fund. Applications for compensation can be made to the General Compensation Fund within two years of this date.

The Claims Committee of the Fund, which will decide the claims for compensation for losses sustained as a result of persecution, was formally constituted on 12 November 2001. The chairman of the three-member committee is Sir Franklin Berman of the United Kingdom. The Austrian government nominee is Kurt Hofmann, former Vice President of the Austrian Supreme Court, and the US Administration nominated former legal adviser Robert Rosenstock. Several weeks previously, on 5 October, an Arbitration Panel for the in rem restitution of publicly-owned real property was set up. The three-member panel is chaired by Professor Josef Aicher with former ambassador Erich Kussbach as the Austrian and Professor August Reinisch as the US government nominees.

On 6 June 2001 Austria informed the US Administration in a diplomatic note that all of the Austrian commitments under the Washington Agreement had already been implemented – much more quickly than had been foreseen. With this, the exchange of notes with the US entered into force, an important step towards the legal closure of all restitution claims brought against Austria and Austrian companies. Under the terms of this international agreement the United States commits itself to support “all-embracing and enduring legal peace”, and to achieve the dismissal of all outstanding and future property claims against Austria or Austrian companies in US courts by submitting a so-called Statement of Interest. At the end of 2001 there were still two class actions for property restitution.
pending before US courts. The establishment of legal closure is, however, a precondition for payments to the victims.

Even if the immeasurable suffering that was caused to the victims of National Socialism cannot be compensated in monetary terms, Austria is committed to ensure that, through the swiftest possible implementation of the Washington Agreement and the dismissal of the still outstanding lawsuits, some measure of justice will nevertheless be done to the surviving elderly victims of the Nazi regime within their lifetimes.
E. Austria and the Developing World

The primary policy objectives of Austria’s current three-year programme on development cooperation are combating poverty, peace building and protecting the environment. These, together with the principles of ownership, adapted technologies and equality of men and women, are integral components of the revised development policy put forward by the Ministry for Foreign Affairs and enacted by Parliament in 2002. The new Act aims to establish a consolidated Austrian development policy with central coordination by the Ministry for Foreign Affairs.

The core problems of many developing countries have increased to such an extent that they now affect the future of the whole international community: war, migration and environmental destruction as reasons and results of poverty and inequitable distribution of resources, lack of access to education and health care all constitute a vicious circle that the people affected cannot escape. 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. Finding common solutions to these problems is not only a matter of moral obligation, but also of well-understood self-interest.

Austria’s development cooperation sets out to reduce the gap between rich and poor with all due respect for the partner countries and their full involvement in the planning and implementation of development projects. Combating poverty is just as decisive as promoting democracy, human rights, equal participation by men and women in the development process and the responsible use of natural resources.

Globalisation makes it imperative to integrate developing countries into the global economy by strengthening their productive capacities and lowering market barriers. Examples in 2001 were the “Everything but Arms” initiative by which the European Union opened its markets to the products of the world’s poorest countries, and the third UN Conference on the Least Developed Countries. In this field, Austria was able to make a contribution as co-leader of the working group on energy supply.

In 2000, Austria’s total Official Development Assistance (ODA) amounted to €459.29m or 0.23 per cent of GDP. This amounted to a decrease of around €36.34m over the previous year. The Austrian ODA was thereby slightly above the OECD average of 0.22% of GDP, but below the EU average of 0.32%. The main reason for this was the receipt of the repayment of previous loans, which exceeded the payment of new credits. On the other hand, there was an increase in debt remission, whereby Austria granted reductions of interest rates to a value of €59.37m.

Poverty reduction is the main precondition for a better and more promising future for a large part of the world’s population. It is also a prerequisite for the prevention of instability in developing countries and the maintenance of the global ecological balance. In 1996, the OECD set itself the goal of halving the number of people living in extreme poverty by the year 2015. Combating poverty therefore plays a central role in international development cooperation and also in Austria’s, with an approach along the following lines:
Selection of the poorest countries as priority and cooperation countries.
Selection of particularly needy regions, provinces and districts within the partner countries, and promoting decentralisation.
Orientation of sectoral priorities towards activities that directly benefit the impoverished population groups.
Selection of particularly disadvantaged target groups.

In 2001, the practical application of Austria’s development policy in respect of poverty was largely determined by cooperation with other OECD states on the compilation of the Guidelines on Poverty Reduction, and by the start of cooperation with the World Bank on drafting poverty-oriented country and sector strategies.

Bilateral Development Cooperation

All Austrian development cooperation projects are scrutinised from the planning stage onwards according to a list of criteria related to gender equality and environmental compatibility. The examination starts with an analysis of the prevailing situation, in the light of which a list of remedial measures is compiled. These can, for example, be structured as training courses for women in local politics, and in 2001 gender mainstreaming was permanently anchored as a basic component of Austrian ODA. All projects are subjected to standardised environmental compatibility tests, and special environmental projects are supported. In order to obtain the most effective use of limited means, more than 70 per cent of Austria’s bilateral ODA is concentrated on a number of specific regions, countries and sectors as well as a special programme for Palestine:

Central America: priority country Nicaragua; cooperation countries Costa Rica, El Salvador, Guatemala.
The Sahel Zone of West Africa: priority countries Burkina Faso, Cape Verde; cooperation country Senegal.
East Africa: priority countries Ethiopia, Rwanda, Uganda; cooperation countries Burundi, Kenya, Tanzania.
Southern Africa: priority country Mozambique; cooperation countries Namibia, Zimbabwe, South Africa.
Himalaya/Hindu-Kush: priority country Bhutan; cooperation countries Nepal, Pakistan.

More than 500 projects in those countries were financed by Austrian bilateral development assistance in 2001. Typical examples were the South Western Towns Water and Sanitation Programme in Uganda; the Nicaflor project for the ecological production and eventual export marketing of ornamental plants in Nicaragua designed to reduce over-dependence on traditional crops; and the recycling of household waste in St. Louis, Senegal.

The special programme for Palestine ran into difficulties caused by the increase of violence in 2001, but the ongoing projects continued, including health care, seawater desalination, revitalisation of the old city of Bethlehem and the conservation of Nablus. In South East Asia, Austria continued to support technical and scientific institutions in order
Sectoral Priorities

Austria offers her partners cooperation in those sectors where she possesses special know how and expertise. In the micro, small and medium-sized business sector an experience-based new strategy of strengthening market positions as well as opening up access to finance and know-how has been elaborated. In agricultural and rural development the aim is to increase production while conserving natural resources, promoting markets and increasing the incomes of the rural population. Other main target areas for cooperation are education, water, energy, decentralisation and conflict prevention. In 2001 measures were taken on national as well as EU level to promote fair-trading, a field in which Austria has taken the initiative in a number of respects.

Co-financing

Since 1992 there has been a structured programme of co-financing development projects with both official and private funds on a basis of framework agreements covering several projects each. Austria uses this instrument primarily to support social projects as well as private sector partnerships between Austrian firms and partners in the developing countries. The European Commission made €2.47m available for the activities of NGOs in this sector. Austrian contributions on this basis enabled €5.16m to be raised to finance projects. The European Centre for Development of Enterprise, in cooperation with the Austrian Foreign Ministry, financed “twinning” arrangements between private business partners up to a total of €150,000.

Evaluation

Evaluation and control have an important function in the administration of Austria’s development assistance, as a means of learning from experience and also of justifying the expenditure of public money. A number of external evaluations were carried out in 2001, with an increased emphasis on thematic sectors and instruments rather than on individual projects. Amongst others, positive reports were filed on Austria’s small power station projects in Nepal and Bhutan, which had given a positive impetus to regional development there. The instruments for granting small loans to micro, small and medium-sized businesses proved effective when strict criteria were adhered to.

Multilateral Development Cooperation

United Nations Development Programme (UNDP)

Over the last years the UNDP has undergone wide-ranging reforms in response to criticism from donors and massive cutbacks in contributions. New management methods, revision of the programmes and decentralisation from New York to 131 country offices headed by resident coordinators all meet the demands of Austria and other member
states. The UN Millennium Summit in September 2000 gave the UNDP the primary responsibility for combating poverty, which it carries out in accordance with the World Bank's Poverty Reduction Strategy Papers. Reform of both organisations had increasingly led to duplications. Therefore, Austria and other countries demanded that the mandates of all the organisations active in this field should be clearly differentiated from each other. The establishment of six trust funds (energy, environment, governance, combating poverty, communication technology, and crisis prevention and reconstruction) should lay the emphasis on areas in which the UNDP is particularly strong. Austria welcomes these reforms and is actively engaged in the discussion of the future relationship between the UNDP and the UN Office for Project Services. The UNDP is not financed from the general UN budget, and the situation remains critical. Donors are increasingly financing specific UNDP programmes instead of its central budget from which its running costs are met.

**United Nations Population Fund (UNFPA)**

The UNFPA is a decentralised UN programme with a clearly defined mandate to control demographic development. The best strategy to this end has been found to be educating girls and strengthening the role of women in developing countries. Countering the spread of HIV/AIDS is another central activity. Thouraya Ahmed Obaid of Saudi Arabia, who became UNFPA director in 2001, established cooperation with Austria on projects for women in Afghanistan. An agreement was reached with the International Institute for Applied Systems Analysis in Laxenburg (near Vienna) on the holding of a Global Science Panel on Population and Sustainable Development in Laxenburg during 2002 with Austrian co-financing. Despite UNFPA's recognised success, the trend of falling contributions continued in 2001, which led to the cancellation of some important family planning programmes.


UNICEF, founded in 1946 as an emergency programme and restructured on a permanent basis in 1953, now has the principal objective of establishing health care and social facilities for children in developing countries. It also campaigns for children’s rights and played a leading role in the drafting of the 1989 Convention on the Rights of Children. It is supported by national UNICEF committees which raise a substantial proportion of its funds from private sources. The World Summit on Children and the Children’s Forum that were due to be held on 16-21 September in New York had to be postponed till 2002 after the terrorist attacks on 11 September. In December 2001 UNICEF published its medium-term strategy for the period 2002-2005. Its priorities are girls’ education, development in earliest childhood, immunisation, HIV/AIDS, and the protection of children from violence, abuse, exploitation and discrimination.

**United Nations Junior Professional Officer Programme**

This programme enables young graduates to gain experience of the work of an international organisation over a period of two years. The Ministry for Foreign Affairs meets the entire costs for Austrian participants. The dual aim of this programme is to provide additional assistance for an international organisation as well as broadening the experience of the trainees, who are mostly sent to developing countries. Austria also
provides support for their transfer to the regular staffs of their respective UN organisations. In 2001, there were 12 Austrians in service under this programme in Rwanda, Nicaragua, Kenya, Uganda, Palestine, Zimbabwe, Mozambique, Ethiopia and Bhutan and in the central offices in New York and Geneva. Of the 23 Austrian participants since 1996, a total of 13 were subsequently appointed on regular contracts by UN organisations.

United Nations Industrial Development Organisation (UNIDO)

UNIDO is increasingly concentrating on the development of sustainable industries and other economic branches with an emphasis on the build-up of industrial capacities, assistance with the exploitation of export opportunities on the basis of liberalisation and market opening, and in the field of energy and waste disposal. Director-General Carlos Magarininos was re-elected for a second term of office, and will continue his policy of consolidation with the aim of integrating UNIDO more closely into the international development debate. UNIDO was prominently represented at the UN Conference on the Least Developed Countries (LDC III) and will be deeply involved in the conference on Financing for Development as well as the World Summit on Sustainable Development in 2002. The ninth UNIDO General Conference in December discussed the organisation’s future orientation, when Austria and the EU advocated a concentration on the LDCs and on the environmental aspects of industrial production. The new UN contribution scale is now being applied to UNIDO in a suitable form. Austria was elected to the UNIDO Industrial Development Board for four years and to the Programme and Budget Committee for the next two years.

United Nations Conference on Trade and Development (UNCTAD)

The most important UNCTAD event in 2001 was the Third UN Conference on the Least Developed Countries (LDC III) in Brussels in May that was dedicated to bringing about specific improvements in the situations of 49 of the world’s poorest countries, especially as regards combating poverty. The commitments agreed to will be implemented under a joint action plan over the next ten years. The EU contributed substantially to the conference’s success, and opened the European market to the products (“everything but arms”) of all 49 countries free of tariffs and quotas. Other major industrial countries announced their intention to follow the European lead. Another important result was the increased untying of aid to the LDCs by the OECD countries. Austria held the co-chairmanship of the Round Table on Energy which was prepared and carried through in cooperation with Mali, UNIDO and UNCTAD. UNIDO was commissioned to implement the results.

United Nations Commission for Human Settlement (UNCHS-Habitat)

The central event in 2001 was the UN Special General Assembly on Human Settlement (Istanbul+5) in New York on 68 June, which drew the attention of the world to the challenges of urbanisation during the third millennium. Habitat also continued to make progress with its internal reforms. The most visible result is the transformation of the Commission into an established UN programme, which considerable strengthened
Habitat within the UN system. Austria’s activities within Habitat are mainly concentrated on urbanisation, combating poverty, and water supply.

The European Union’s Development Policy

The EU Commission continued to reform its administrative and financial system, including its development cooperation structure. The European Office for Cooperation (EuropeAid) commenced operating from 1 January 2001, with simultaneous gradual “deconcentration” of functions to the Commission’s delegations in the recipient countries. These will now plan and administer projects throughout their complete cycles, including coordination with the embassies and bilateral development aid offices of the EU member states in the recipient countries.

The work begun in 2000 on communicable diseases resulted in the adoption of a comprehensive action plan covering development cooperation, health, trade and research. This should provide better access to commercially available pharmaceuticals and increased financial support for research and development. At the G8 summit in Genoa in July 2000, the EU Commission announced its intention to make €120m available for HIV/AIDS research in response to the appeal by the UN Special General Assembly. The European Community agreed to contribute €60m to the new Global Fund to Combat HIV/AIDS, Tuberculosis and Malaria (Global Health Fund) for the year 2001.

After the events of 11 September the EU Council of Ministers for Development held an informal meeting in October, when there was a consensus on the need to step up efforts to combat poverty. At its regular meeting in November, the Council requested the Commission to open a dialogue with the member states with a view to increasing their contributions to development assistance, including drawing up a specific timescale for raising them to the OECD target of 0.7 per cent of national GDP. The Council adopted a resolution calling for more public awareness of the need for international solidarity on sustainable global development. The future EU member states are also to be included in this process.

The implementation of the Cotonou Agreement between the European Community and the African, Caribbean and Pacific states continued. The agreement and its integral financial arrangement for the Ninth European Development Fund (EDF) offer new possibilities for co-financing development programmes and projects by EU member states from Fund resources. Austria played a decisive role in negotiating these arrangements, and was one of the first member states to start negotiations with the European Commission on the co-financing of Austrian bilateral development projects from EU resources. This new form of cooperation with the Commission has opened up fresh opportunities for Austria’s development cooperation.

In applying the Cotonou Agreement, recourse was taken several times to Article 96, which provides for consultations with individual ACP states (in this case Cote d’Ivoire, Liberia, Zimbabwe and Fiji) in the event of infringements of its essential elements. In autumn 2001 an attempt was made to achieve a normalisation of the situation in Zimbabwe by holding a general political dialogue under Article 8 of the Cotonou Agreement. Since this failed to
have any effect, it was necessary to invoke the formal provisions of Article 96 at the end of the year.

The year 2001 was also marked by intensive negotiations on a new association agreement between the European Community and the overseas countries and territories linked with the member states France, the Netherlands, the United Kingdom and Denmark. This replaced the earlier 1991 association arrangement. Austria’s priorities in this connection were the general aims of development policy within the overall framework of combating poverty. Compromise solutions were found to a number of other questions of importance to Austria, including objective criteria for the granting of funds from the EDF, radioactive and other dangerous wastes, sugar quotas and certificates of origin, and measures to restrict tax oases.

The European Union and her member states are signatories of the 1999 International Food Aid Convention. The aggregate EU commitment of €422m (including transport and other operational costs) is met from the central EU budget as well as bilateral contributions from individual member states. Austria’s annual commitment is almost €1.5m, which is now delivered as finance instead of cereals to that value as it was before. In the cereal year 2000/2001, Austria contributed €800,000 for Cape Verde and €689,000 for Ethiopia. Under an agreement with Cape Verde, its government is responsible for purchasing and distributing the cereals, with the proceeds from the sales being devoted to Austrian development projects there. Austria is also endeavouring to have a code of conduct for food aid inserted into the Convention.

**Assistance for Central and Eastern Europe and Central Asia**

Austria’s Assistance Programme for Eastern Europe covers both the countries of Central and Eastern Europe (CEE) as well as the successor states of the former Soviet Union. In recent years the emphasis has shifted from Austria’s immediate neighbours in Central Europe to the countries of South Eastern Europe. In 2001 a total of €11.62m was used for funding bilateral aid projects, predominantly for water and energy supply, education and training, administrative reform, democratisation and the safeguarding of human rights. The assistance provided is conditional on the maintenance of certain minimum democratic standards as well as respect for human rights, in particular those of minorities and refugees. Another essential element is active local participation as well as the sustainability of the projects realised with Austrian aid.

While projects are largely located in Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Croatia and the Federal Republic of Yugoslavia, there is also a specific focus on Bulgaria and Romania, two EU candidate countries requiring assistance in the acceleration of the enlargement process. The programmes and projects are coordinated with those of other donors under the Stability Pact for South Eastern Europe. Under the Pact, Austria chairs the Task Force on Education and Youth, and the Austrian assistance therefore places particular emphasis on strengthening the education sector. It also supports numerous cross-border projects to promote regional integration, for example in public administration.
Austria’s manifold development activities in South Eastern Europe can be illustrated by a few examples: improvement of water supply in Krivolagastani in Macedonia; support for the universities of Sarajevo, Banja Luka, Bihac and Mostar in Bosnia and Herzegovina; support for the establishment tourism in Romania; further education and vocational training for unemployed youth in Bulgaria; and the establishment of a human rights centre in Zagreb, Croatia.

The terrorist attacks in the United States have also led to an intensification of Austria’s development activities in Central Asia. Projects offering humanitarian and educational assistance were stepped up towards the end of 2001. Examples are support for families affected by drought in Tajikistan and the establishment of a research and educational platform by means of a cooperation network between Austrian universities and institutions of the tertiary educational sector in Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan.
F. The United Nations

Security Council and General Assembly

The 56th General Assembly of the United Nations opened in New York on 12 September 2001. The session had been due to open on the previous day, but was postponed because of the terrorist attacks in the US on September 11. Terrorism was accordingly the central issue. The first action by the General Assembly was the adoption of Resolution 56/1, which unanimously condemned the acts of terrorism the previous day. On a motion by Austria, the annual debate on terrorism was transferred from the International Law Committee to the plenary session of the General Assembly. The debate, in which 172 positions were delivered on a single point of the agenda, the largest number in the history of the UN, underlined the solidarity of the member states and their unqualified support for the campaign against terrorism. The discussion ranged from political strategies to combat the phenomenon and its origins to the means of strengthening the role of the UN in this connection. (See the special chapter on the fight against terrorism.)

Other main issues of the 56th session included the humanitarian crisis, the political stabilisation and economic reconstruction of Afghanistan; financing for development; the combat against poverty and the reduction of debt; the implementation of the UN Millennium Declaration; and the international protection of human rights. Many states stressed the necessity of enhanced multilateral cooperation as a precondition for the achievement of the goals formulated in the Millennium Declaration. There was particularly broad support for the Secretary-General’s view that it was necessary to replace the “culture of reaction” with a “culture of prevention”, meaning the development of early-warning systems, preventive diplomacy, and enhanced preventive military measures.

Austria was once again elected to membership of the UN Commission on Human Rights for the period 2002-2004 after a two-year pause. Austria attained the second-highest number of votes, after France and before Sweden and the United States, which for the first time was not represented in the Commission. (See the special chapter on human rights.)

The Assembly renewed the mandate of the working group on the reform of the Security Council that had been set up in 1993 at Head of Mission level. As in previous years, it made no significant progress during 2001. In the general debate, many of the developing countries in particular criticised the Security Council, demanding that it be made more representative and its way of working more transparent. Several states demanded a revision of the UN sanctions measures, and proposed that they be integrated into a comprehensive strategy for crisis prevention and conflict management, in order to avoid negative effects on civilian populations.

UN peacekeeping Operations

Throughout 2001 there were 16 current UN peacekeeping operations with personnel from 90 countries. The number of military and police personnel increased by around 10,000
from the beginning of the year to a total of almost 48,000 at the end. The largest missions were the UNMAMSIL in Sierra Leone (17,500 persons), UNTAET in East Timor (9,200) and UNMIK in Kosovo (4,500).

Since the Security Council is now prepared to issue more robust peacekeeping mandates, there is an increasing need for armed troops with the necessary equipment. The trend to larger contingents being made available by Asian and African countries continued, whereas the European, North and Latin American countries remained more reticent in this respect. The proposals for reforming the UN peacekeeping activities contained in the Brahimi Report were implemented in a number of fields, but the planned strategic information and analysis capacity in the UN Secretariat was still incomplete.

At the end of 2001 there were 1010 Austrians involved in peacekeeping operations. Of these, 500 soldiers were on duty with the UN-authorised KFOR operation in Kosovo, with a further 400 military and 110 police personnel participating in UN missions elsewhere. Austria was thereby in 26th place out of the 90 contributing countries, and had the fourth largest contribution of the 15 EU member states. Major General Hermann Loidolt was Chief Military Observer of UNMOGIP (India/Pakistan) and Colonel Michael Suttner-Keller was Deputy Force Commander of UNDOF (Israel/Syria). During 2001 the Austrian UNFICYP force was withdrawn from Cyprus after serving there since 1972, but Austria remains represented at mission headquarters.

International cooperation continued on preparations for the Standby Forces High Readiness Brigade (SHIRBRIG) for peacekeeping operations under Chapter IV of the UN Charter. In early 2001 the staff of the Brigade completed its first assignment as the core of the headquarters of the UN mission in Ethiopia and Eritrea (UNMEE). The assignment was highly successful and serves as a model for the composition of other international forces. Austria has been a full member of this multinational Brigade since 1997, and in 2001 was represented by two officers on its planning staff.

**Budget and Administration**

The UN budget will in future be on a biennial basis. The United States dropped its long-standing demand for nominal zero growth and agreed to the first increase in the budget since 1994. The increase of four per cent is relatively modest and resulted in cuts totalling more than 75 million US dollars in the Secretary-General’s estimates. The outcome is nevertheless satisfactory from Austria’s point of view. Eight new posts were created at the Vienna UN headquarters, and the Secretary-General was requested to circulate proposals for strengthening the counter-terrorism unit there to enable it to carry out its existing UN mandates more efficiently. The General Assembly also agreed to personnel increases for the purposes of ensuring the safety of UN staff and implementing the recommendations of the Brahimi Report on peacekeeping operations. Austria chaired the negotiations on the UN conference plan; the Secretary-General was called upon to introduce more modern conference technologies, and the UN offices at Nairobi and Vienna are to have priority when language personnel are being replaced.
International Criminal Jurisdiction

By the end of 2001 a total of 48 countries had ratified the treaty setting up the International Criminal Court. Austria ratified in December 2000. The treaty will enter into force when 60 ratifications have been deposited with the Secretary-General, which seemed likely to be achieved in early 2002. The first conference of signatory states was provisionally planned for September 2002. The corresponding resolution could be adopted by consensus because the United States did not participate. By using this procedure the US enabled a consensus to be obtained on the resolution, which is of considerable importance for many countries, while expressing its own strong rejection of the International Criminal Court.

Organisations and Programmes of the UN System

UN Economic Commission for Europe (ECE)

The 55-member Geneva-based ECE, the first of five similar UN regional organisations, was founded in 1947 with the aim of supporting the coordinated reconstruction of post-war Europe. In recent years it has undergone a wide-ranging reform. Its most important functions now cover transport, the environment, energy, trade, industry and business development. Executive Secretary Danuta Hübner of Poland retired in November, since when Deputy Executive Secretary Paolo Garonna of Italy has headed the ECE on an interim basis. Austria held the chairmanship from 1 January 2000, and in May 2001 was re-elected to a second term in succession. Austria’s policy in this capacity is to enhance the role of the ECE as a multifunctional link between the EU and the Eastern European countries, and to strengthen cooperation with the economically weaker member states, which are increasingly making use of the ECE’s technical assistance. One area in which the ECE has played a pioneer role is cross-sector cooperation. On 4 May a high-level ECE/WHO meeting in Geneva under Austrian chairmanship considered the possibility of an international framework convention on a sustainable transport system with integrated environmental and health factors. A decision will be taken after further meetings in 2002. The fourth ECE Spring Seminar on 7 May centred on means of countering corruption and on institutions for the creation of a favourable economic environment. The following 56th ECE annual general meeting concentrated on the economic situation in Central Asia and the Southern Caucasus. In September the ECE organised a regional ministerial meeting in preparation for the World Summit on Sustainable Development that is to take place in Johannesburg in 2002. The so-called Aarhus Convention on access to environmental information, etc., entered into force on 30 October. With this, all five ECE environmental conventions are now in force. Additional protocols to four of them are presently being negotiated.

UN Food and Agriculture Organisation (FAO)

Monaco, Nauru, Uzbekistan and Yugoslavia were admitted as members of the FAO at the 31st Conference in November, bringing total membership to 183 countries. Austria has been a member since 1947 and in 2001 was a member of the FAO Council. The Council set up a new voluntary fund to combat malnutrition. A decisive step was taken with the
adoption by the Conference of the International Agreement on Plant Genetic Resources for Food and Agriculture, which should ensure a fair distribution of the benefits of these resources. Progress was made with the revision of the Code of Behaviour on the Distribution and Use of Pesticides. An analysis of macroeconomic factors like the movement of interest and exchange rates, debts and subsidies indicates that more attention will require to be paid to them in order to ensure nutritional security in developing countries. The main issues in the FAO Agricultural Committee included, amongst others, qualified training for WTO negotiations, the Food Insecurity and Vulnerability Information and Mapping System, the Codex Alimentarius, the Special Programme for Food Security, and methods of combating pests. The Committee on Global Nutritional Security was engaged in preparations for the follow-up conference to the 1996 World Food Summit. It issued recommendations to governments and the FAO on more efficient methods of ascertaining the food situation, improving food security, combating poverty, using suitable agricultural technologies, and the problem of HIV/AIDS for food security. Austria’s contribution to the FAO for 2001 was 3 million US dollars. The total FAO budget is $651.8m for 2002-2003. The conference on the World Food Summit: Five Years Later, which had originally been due to take place in November 2001 in Rome, was postponed till June 2002, following the 11 September terrorist attacks.

International Atomic Energy Agency (IAEA)

The IAEA, with 133 members and 2,200 staff, has its administrative headquarters in Vienna and also research, teaching and safety monitoring facilities at Seibersdorf in Lower Austria. Austria’s interests within the IAEA are primarily nuclear safety and radiation protection, and safeguards against the proliferation of nuclear weapons. The second review conference on the Convention on Nuclear Safety, which is of particular importance to Austria, was due to be held in April 2002. Austria submitted its national report in the autumn of 2001 and started to examine the reports of the other 52 parties. Austria ratified the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (Waste Convention) in early 2001 and it entered into force on 18 June. Austria expressly supports the development of the IAEA’s new integrated monitoring system, which extends safeguard controls to all aspects of civilian nuclear programmes, including research activities. By the end of 2001, however, only 58 states and international organisations had signed agreements with the IAEA, including all the EU countries and the European Atomic Energy Community (Euratom). Austria ratified in July 2001.

The 45th session of the IAEA General Conference in September 2001 was dominated by the terrorist attacks in the United States. The Secretariat was requested as a matter of urgency to draft proposals for more effective protection against nuclear terrorism. There was a strong divergence between those states that wanted to see development of more advanced nuclear power stations and those, including Austria, which laid more stress on the improvement of nuclear safety and strengthening the IAEA’s control powers. The resolution on safety controls that was drafted by Austria in the name of the European Union was once again a subject of controversy, but in the end it was adopted by consensus. The IAEA budget for 2002 was around 245 million US dollars, with a target of $73m for the Fund for Technical Cooperation.
International Civil Aviation Organisation (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 187 countries, has made ongoing adaptation necessary. Its general meeting in Montreal was overshadowed by the terrorist attacks on 11 September, two weeks previously, and was accordingly devoted largely to measures to improve security in air transport. It agreed on additional steps towards reducing noise emissions, including the difficult question of restrictions on the movements of particularly noisy aircraft. The technical safety standards in all 187 member states were monitored within the framework of the ICAO safety supervision programme, which will be further extended in future. A new 33-member ICAO Council was elected, in which Austria, as a member of the ABIS Group (Austria, Belgium, Ireland, Luxembourg, Netherlands and Switzerland) is represented by Ireland.

International Fund for Agricultural Development (IFAD)

Austria was a founding member of IFAD in 1977. It 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 44 million households (around 240 million people) with small loans to finance 590 projects to a value of over US$ 7,000m. 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. The fifth IFAD replenishment was agreed by its members and will result in fresh capital of US$460m by 2002. Of this, $360m will come from the industrial countries, $40m from the OPEC countries, and $60m from the developing countries themselves. Austria has promised to contribute $5.9m.

International Labour Organisation (ILO)

The 89th meeting of the International Labour Conference in June adopted an agreement on job protection in agriculture and a draft recommendation on support for cooperatives. It also dealt with questions regarding the ILO activity in the field of social security for the 21st century. The Administrative Council in November set up an 18-member commission to draw up a major report on the social dimension of globalisation for presentation by March 2003. Other themes were human and trade union rights in Colombia, the situation of workers in the Palestinian areas, and violation of the Convention on Forced Labour by Burma/Myanmar. The first World Employment Forum was held in Geneva in November. Austria ratified the ILO Convention on the Prohibition of Child Labour.

International Maritime Organisation (IMO)

The IMO now has 160 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. 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. After the terrorist attacks of 11 September in the US, the IMO Safety Committee held an extraordinary meeting to consider the possible consequences for shipping. This was also the main theme of the 22nd general meeting in November. The IMO is the depository for around 50 conventions, protocols and other legal instruments, a number of which were amended during the year. On 1 January 2001 the International Code for the Safe Carriage of Packaged Irradiated Nuclear Fuel, Plutonium and High-Level Radioactive Wastes on Board Ships entered into force, and on 27 June the Protocol of 2000 to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage. Two new conventions were drafted in 2001: the International Convention on Civil Liability for Bunker Oil Pollution Damage and the International Convention on the Control of Harmful Anti-Fouling Substances on Ships. A total of 21 high-seas vessels of 80,367 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)

OCHA’s mission statement is to mobilise and coordinate effective and principled humanitarian action in partnership with national actors in order to alleviate human suffering in disasters and emergencies; advocate for the right of people in need; promote preparedness and prevention and facilitate sustainable solutions. It is making continuous efforts to strengthen the UN response to both complex emergencies and natural disasters and to improve the overall effectiveness of humanitarian coordination in the field. This work has been accomplished through the Inter-Agency Standing Committee, which brings together the UN, non-governmental organisations and the Red Cross movement to address issues of humanitarian concern. OCHA maintains a presence in 34 countries in Africa, Asia and Europe, compared with 18 in 1997. Although a part of the UN Secretariat, it draws only 17 per cent of its finances from the regular UN budget, the remainder consisting of voluntary contributions by UN members, including Austria. One special instrument of planning and coordination is the United Nations Consolidated Inter-Agency Appeal, with a budget of US$2,680m for the most pressing humanitarian needs of 35 million people in 19 countries – but with a 50 per cent shortfall in contributions. This illustrates a general trend: 12 years previously, some 45 per cent of all humanitarian aid was channelled through the UN, but by 2001 this had been almost halved to 27 per cent, with around two thirds of all contributions taking place bilaterally. These, however, are mostly coordinated with the OCHA strategy, which implies a new role for the UN system as a coordinator of bilateral actions.

Austria retained the chairmanship of the consultative group of the Military and Civil Defence Unit (MCDU), which was set up in 1996 with the support of Austria 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 more than 400 MCDU personnel have been trained under the Civil and Military Cooperation (UN-CIMIC) programme, mostly in Austria and Switzerland. It originally concentrated on trainees from Central and Eastern European countries, but in 2001 it was also opened to a number of Asian, African and other UN members. Training courses were held in Austria, the Czech Republic, Finland, Switzerland and the United Kingdom. Austria made €38,087 available
for projects administered by OCHA headquarters in 2001, and co-financed the secondment of an Austrian army officer to conduct the UN-CIMIC training programme.

**United Nations Educational, Scientific and Cultural Organisation (UNESCO)**

UNESCO Director-General Koichiro Matsuura of Japan successfully implemented the first stage of his ambitious programme of reform with the replacement of almost the entire top personnel. The new management, together with the restructured Secretariat, constitutes an effective team that is energetically tackling the challenges facing UNESCO and improving coordination with the rest of the UN system. In place of the previous multiplicity of programmes there are now twelve strategic objectives in UNESCO's core fields of activity: education, science, culture and communication. The central areas are education for all, water resources and ecosystems, ethics of science and technology, cultural diversity, pluralism and intercultural dialogue, and wider access to knowledge and information. The 31st General Conference once again passed a budget with zero growth, which will mean continuing need for rationalisation during the new biennial financial period 2002-2003.

The General Conference, which was held under the influence of the events of 11 September, called on the Director-General to take appropriate steps within the existing programme framework to contribute to the ending of terrorism. A declaration was adopted on cultural diversity as contribution towards humanising globalisation tendencies. The conference adopted the new International Convention on the Protection of Underwater Cultural Heritage as an addition to the existing network of legal instruments in the field of Cultural Heritage Protection. Despite making use of every available means, UNESCO was unable to prevent the Taliban regime in Afghanistan from destroying the Buddha statues at Bamian in March. The General Conference, emphasising the importance of education for the protection of cultural property, instructed the Secretariat to prepare a draft declaration in this field and to submit it to the next General Conference. The steps Austria has taken to implement the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict were described to the meeting of states parties to this convention in Paris in November. These included organising an international seminar in Bregenz in September that attracted 87 participants from 25 countries.

Austria continued to work in the field of multiculturalism, based on the "Vienna Declaration on Multiculturalism and Multiethnicity in Central, Eastern and South-Eastern Europe" of September 1998 and follow-up as well as the "Vienna Conclusions on Globality and Global Ethics" of June 1999. The Vienna Conclusions, a catalogue of recommendations on this complex of questions, was submitted to the 31st General Conference and distributed to the delegations. The follow-up to those meetings continued with the international conference on "European Identities and Enlargement – Challenges, Resources, Perspectives" that was held in Cracow in November under the auspices of UNESCO, the EU and the IOM focussing on European experiences in various fields like migration or cultural identities and diversity.

The old city of Vienna and the Neusiedlersee-Fertő cultural landscape were inscribed in the list of world heritage sites. The Schubert collection in the Vienna City Library and the papyrus collection in the Austrian National Library were included in UNESCO's Memory of
the World register. Renée Schroeder of Austria was given the L’Oreal Special Honour Award for her research on ribonucleic acid, especially as regards the effects of antibiotics on it. Ten young Austrians had the opportunity to become acquainted with UNESCO’s work through internships.

Austria contributes 1.254 per cent of UNESCO’s regular budget, presently US$1.35m and €1.84m, with an additional contribution of $34,100 to the UNESCO Fund for the Protection of the World Cultural and Natural Heritage. Austria also provided voluntary contributions for the Association for the Development of Education in Africa ($200,000), the Fund for Developing Knowledge of Human Rights through Education and Information ($10,000) and the International Council for Monuments and Sites (ICOMOS), as well as scholarships for educational planners from developing countries.

UN High Commissioner for Refugees (UNHCR)

The former Netherlands Prime Minister Ruud Lubbers, who was appointed High Commissioner in 2000, concentrated during his first year in office on consolidating the financial situation and initiating a reform discussion. The so-called UNHCR 2004 Process alludes to the statutory renewal of the organization’s mandate that is due in 2003. The 2001 budget was approximately US$1,000m, 98 per cent of which is contributed voluntarily, and 75 per cent by 6 donors. The financial gap of $34.5m is forcing further restructuring to be undertaken as well as a clear distinction to be made between the mandate to protect refugees and other forms of support. Existing measures for internally displaced persons have been removed from the regular budget, while IDP programmes will in future be basically financed from tied contributions, or ended. Austria’s contribution to the regular UNHCR budget in 2001 was €352,463. The first meeting of states parties to the Geneva Convention on Refugees since its entry into force in 1951, and that of its additional protocol in 1967, took place in Geneva on 12 December with representation from 80 states at ministerial level. The ministers declared their readiness to apply the convention unreservedly, and agreed to draft an agenda for the protection of refugees for adoption in 2002.

United Nations University (UNU)

Founded in 1972 as an autonomous organ of the UN General Assembly, the Tokyo-based UNU acts as a bridge between the UN and the academic community as well as a think-tank for capacity-building, especially in developing countries. The 24-member Administrative Council of the University is appointed jointly by the UN Secretary-General and the Director-General of UNESCO. Students and teachers in its worldwide network of academic institutions research current problems of peace policy and governance, development, science and technology, social security and ecology. It cooperates closely with UNESCO in many areas. There are two external centres, in Paris and New York, as well as twelve research and training centres and programmes worldwide: development economics (Helsinki), new technologies (Maastricht), software technology (Macao), natural resources in Africa (Accra), sustainable development (Tokyo), biotechnology in Latin America and the Caribbean (Caracas), water, environment and health (Canada) and the Leadership Academy (Amman). There are also associated institutions offering training in nutrition (Cornell University), geothermal energy and fisheries (Iceland), and conflict
resolution and ethnicity (Northern Ireland). A number of Austrian academics have participated in UNU seminars and research programmes since its foundation. Austria made a voluntary contribution of €109,000 to the UNU in 2001.

**World Health Organisation (WHO)**

The 54th World Health Assembly in Geneva in May was again dominated by the campaign against HIV/AIDS as well as a revised contribution system and the health of the Arab population in the occupied areas, including Palestine. It adopted a resolution on HIV/AIDS which pointed out the importance of the Global Fund to Fight AIDS, Tuberculosis and Malaria that was inaugurated on 14 December. The ministers held a round table on mental health, and there was a meeting of donor countries of the Global Alliance for Vaccines and Immunisation, in which Austria participated. Austria’s contribution to the WHO budget in 2001 was US$3.87m.

**World Tourist Organisation (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 2001 the OMT had 139 members, 6 associate members, and more than 350 representatives of the private sector as affiliated members. Austria has held the chairmanship of the Programme Committee since 1995. The 14th General Assembly in Seoul and Osaka opened two weeks after the terrorist actions on 11 September, which necessitated a short-term adaptation of the programme of work for 2002-2003. The current Secretary-General and his deputy were both re-elected for another term. After years of discussion, the Assembly adopted a resolution permitting associate membership by individual territories, including those of non-member states. In cooperation with the OMT/WTO, UNEP and FAO, Austria organised a European conference on Ecotourism in Mountain Areas – a Challenge for Sustainable Development in St. Johann in September. It defined some preconditions for the development of ecotourism, which, together with the conclusions of other preparatory conferences, made an important contribution to the World Ecotourism Summit in Quebec in May 2002.
G. Disarmament and Arms Control

The essential factors in the maintenance of peace are the upholding of a strategic balance, progress towards strategic, tactical and conventional disarmament, arms control by treaty with verification procedures, and the non-proliferation of weapons of mass destruction. The Austrian policy in this field starts from the premise of the protection and safety of the individual.

On 13 December 2001 the United States unilaterally revoked the Anti-Ballistic Missile Treaty that was signed with the Soviet Union in 1972. There were no dramatic reactions to this move, which was made in connection with the current development of a US anti-missile defence system. The interests of Russia and the international community are now centred on the creation of a new framework for a strategic balance.

Weapons of Mass Destruction

The Treaty on the Non-Proliferation of Nuclear Weapons (NPT), which remains the cornerstone of the efforts to prevent the proliferation of nuclear weapons, now has 187 signatories. In 1995 it was extended without limit of time. The first meeting of the preparatory committee for the fourth Review Conference in 2005 takes place in April 2002.

The Comprehensive Nuclear-Test-Ban Treaty (CTBT) bans all atomic tests that involve nuclear chain reactions as well as all other nuclear explosions. The treaty will enter into force when 44 states listed in Annex II to the Treaty, including Austria, have ratified. By the end of 2001 a total of 165 states had signed the treaty and 89 had ratified, including 31 of the listed 44. Austria ratified the treaty in March 1988. The second Conference on Facilitating the Entry into Force (Art. XIV), held in New York in November 2001, adopted a catalogue of measures to accelerate the Treaty’s entry into force. The effect was, however, reduced by the absence of the United States currently adopting currently a negative approach towards the treaty.

The Provisional Technical Secretariat of the Preparatory Commission for the CTBT Organisation (CTBT PrepCom) has been operating in Vienna since March 1997 and has now a staff of 260. Its main function is to develop the verification system foreseen by the treaty to a global network of 321 monitoring stations, 16 radionuclide laboratories and an international data centre in Vienna. Austria has pressed for the swiftest possible completion of the verification system. The only component, other than the data centre, to be located in Austria is the radionuclide laboratory at Seibersdorf, which will test suspicious samples. The radionuclide laboratory, the first of the 16 worldwide, was erected in record time and was formally opened in December 2001.

As in previous years, the Conference on Disarmament in Geneva was again unable to agree on a programme of work. This resulted in a further postponement of the start of negotiations on the Fissile Material Cut-Off Treaty, which would ban the production of
fissile materials for the production of nuclear and other explosive weapons. The most that could be achieved in June 2001 was agreement on the appointment of special coordinators on procedural matters.

By the end of 2001 the 1997 Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction had been signed by 174 states and ratified by 145. The Organisation for the Prohibition of Chemical Weapons (OPCW) that was set up to monitor its observance is located in The Hague. The sixth conference of signatory states in May heard that, since 1997, more than 1,000 inspections had been carried out in 49 member states. More than 6,000 tons of chemical weapons and 1.8 million pieces of illegal ammunition had been destroyed. Due to delays in the programmes the destruction of US chemical weapons will probably not be completed until 2011 and the Russian ones till 2012. Since 1999 the EU has provided financial and technical assistance for the Russian programme.

The OPCW unanimously condemned the terrorist attacks in the US on 11 September and called upon all member states to adhere without reservations to the convention and the commitments it involves. Austria, a member of the OPCW Executive Council till May 2002, signed a bilateral agreement on privileges with the organisation. In cooperation with the relevant Austrian government authority, the OPCW held a workshop on the coordination of assistance in Vienna in October. Its budget is €62m for 2002, of which Austria will contribute €554,756 (0.954%).

The 1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction has no control mechanism. Efforts were therefore going on since 1995 to strengthening it with a means of verification. Negotiations within the special ad hoc group stopped in August 2001 with no result because the draft text of a treaty submitted by the group’s chairman was not accepted by all of the States Parties. This setback led to the suspension of the fifth review conference in November and December, with a resumption planned for November 2002.

**Conventional Weapons**

The Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (Ottawa Convention) entered into force in March 1999. By the end of 2001 it had been signed by 142 states and ratified by 122. This result is particularly gratifying for Austria, which drafted the text on which the convention is based. The third review conference was held in September 2001 in Managua (Nicaragua). Austria, as one of the “fathers” of the convention, was elected co-rapporteur of the Standing Committee on the General Status of the Convention, thereby assuming a central role and responsibility for the observance and further development of the convention. The conference agreed to set up an Implementation Support Unit within the Centre for Humanitarian Demining in Geneva, in which Austria has been a council member since its foundation in 1988.

The Ministry for Foreign Affairs contributed one million euros in 2001 under its Mine Action Programme for mine clearance and destruction as well as for raising public
awareness and providing aid for victims. The action was concentrated on Austria's priority partners for development assistance, especially Mozambique and Nicaragua, as well as Bosnia and Herzegovina, Albania, Croatia, Afghanistan and Cambodia.

Austria also promoted the implementation of the second (land mine) protocol to the 1980 Convention on Certain Conventional Weapons. Less comprehensive than the Ottawa Convention, it counts among its High Contracting Parties several States which have not joined the Ottawa Process.

The second review conference in Geneva in December of the 1980 Convention on Certain Conventional Weapons extended the scope of the convention to include non-international armed conflicts. A work programme for 2002 gives priority to dealing with “explosive remnants of war” and “mines other than anti-personnel mines”. The first results are expected to be discussed at a conference in December 2002.

The illegal international trade in small arms and light weapons was the subject of a United Nations conference in New York in July. The unanimously adopted action programme contains measures at national, regional and international level for controlling the production, export and trading of these often easily available weapons. Other aspects included in the programme are marking of weapons, standards of stock control, and cooperation on post-conflict programmes. Despite these successes, not all of the high expectations that were placed in the conference were realised, but with a systematic follow-up process and a planned revision conference in 2006 it marked the start of enhanced international cooperation to gain control of the increasing problem posed by these weapons.

**Multilateral Export Control Regimes**

The various informal regimes for coordinating export controls have the common aim of preventing sensitive technology and know-how from getting into the hands of states that might use them for military purposes. The main instruments to this end 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.

The 35-member Zangger Committee, under Austrian chairmanship, and the 39 member Nuclear Suppliers Group both control sensitive goods and equipment that might have applications in the manufacture of nuclear weapons. The Australia Group, which performs the same function in respect of chemical and biological weapons, now has 34 members after the accession of Bulgaria in 2001.

The 33 members of the Missile Technology Control Regime agreed at their general meeting in Ottawa in October that their draft International Code of Conduct to prevent the proliferation of guided ballistic missiles should be submitted to a larger multilateral negotiating process. This politically binding code is an attempt to bring the carrier systems for weapons of mass destruction under internationally agreed control. To this end, all of the interested states were invited to participate in a preparatory conference in Paris in
February 2002, with the intention that the revised code would be adopted at an international conference in the Netherlands at the end of 2002.

The Vienna-based 33-member Wassenaar Arrangement is of central importance for the control of sensitive goods and technologies that could be used for the manufacture of conventional weapons. The discussions within its framework cover the harmonisation of weapon categories and dual-use goods. The cooperation here is intended to improve transparency in the export of weapons and dual-use goods. In the light of the terrorist attacks on 11 September its general meeting in Vienna in December 2001 extended the group’s aims to cover the campaign against terrorism.
H. The International Protection of Human Rights

Promoting the implementation of international human rights standards on a global scale continued to be one of the central aspects of Austrian foreign policy in 2001. The main emphasis lay on abolishing the death penalty, protecting minorities, eliminating trafficking in persons, effectively counteracting racism and xenophobia, the rights of women and children, the situation of internally displaced persons, enhancing human security through human rights education, and promoting democratisation and good governance. Austria took important initiatives in international organizations such as the United Nations, the Council of Europe and the OSCE, as well as in bilateral political dialogues with governments. Austria also supported the strengthening of civil society, and made financial contributions to a number of domestic and international non-governmental organisations to this end.

The European Union

One of the goals of the EU Common Foreign and Security Policy (CFSP) is the development and consolidation of democracy, the rule of law, human rights and fundamental freedoms. The development cooperation policy of the European Community also contributes to this goal. Austria participates actively in the relevant Council working groups and the Committee for Human Rights and Democratisation. In June 2001 the General Affairs Council adopted Conclusions on Human Rights and Democratisation in Third Countries. As a first step towards implementation of these conclusions, in December 2001 it approved guidelines for human rights dialogues, in the drafting of which Austria took an active part.

Given her high human rights profile, Austria has always stressed that human rights must be reflected in the Union’s agreements with third countries. By the end of 2001 the EU had concluded treaties containing human rights clauses with 120 states. Austria has always argued strongly in favour of the inclusion of such clauses, particularly in the Partnership Agreement with the countries of the African, Caribbean and Pacific group (Cotonou Agreement).

On 31 May the Development Council adopted Conclusions on Election Assistance and Observation containing procedures and mechanisms for coherent EU action in this field. In 2001 Austria took part in EU election observation missions in East Timor, Sri Lanka, Bangladesh, Nicaragua and Zambia, and participated actively in the setting up of an EU-wide system of training for election observers.

The third EU Annual Report on Human Rights was produced in implementation of the 1998 Vienna Declaration. Compiled jointly by all EU partners, it provides comprehensive information on EU policy on human rights and democratisation. In November 2001 the third EU Human Rights Forum provided an opportunity for an exchange of opinions and experience between member states, EU institutions, NGOs and civil society. Austria was
invited to submit a report to a working group on the instruments for implementing human rights policy.

Austria and the other EU member countries have declared the worldwide abolition of the death penalty to be one of the priorities of their human rights policies, and have adopted guidelines for dealing with third states in this connection. The EU appealed to a number of states to abolish or at least declare a moratorium on the death penalty, and in any event not to carry them out on youths, pregnant women, mothers of newly-born children or the mentally handicapped. The Union filed amicus curiae briefs in a number of US court proceedings in order to underline its position. In April the EU also adopted guidelines on dealing with third countries on the subject of torture. The Union also actively participated in the drafting of an additional protocol to the UN Convention Against Torture and other Cruel, Inhuman or Degrading Treatments which provides for a global preventive system of visits to locations where persons are detained.

The European Union maintains a structured dialogue on human rights with the People’s Republic of China. The EU Troika met with representatives of the Chinese government in February and October. Since 2000 the dialogue is subject to continuous evaluation; the results of this evaluation were published as Council conclusions. The EU also organised judicial seminars with the inclusion of academic experts and representatives of civil society. Several Austrian specialists participated in these events, which continue the series inaugurated in 1998 under the Austrian EU presidency.

The Stability Pact for South Eastern Europe that was inaugurated in 1999 on EU initiative remained an effective process for democratising the region as well as creating internal and external security. Austria played an active part in the working table on democratisation and human rights, especially as regards minority rights, and financed several projects on the media, the Roma and Sinti minorities, and the situation of women. Austria again headed the task force on education and youth. The extended Graz Process continued with the accent on “European democratic citizenship”, human rights education, political education and history, as well as support for the development of educational reforms and regional programmes of occupational training.

The United Nations

The 1993 World Conference on Human Rights in Vienna provided the impulse for strengthening the operational capacities of the United Nations in this field. Since then, the implementation of international human rights standards has increasingly been enhanced by field activities of the UN High Commissioner for Human Rights and by the integration of human rights into the mandates of field operations conducted by international organisations. Austria supports in particular strategies aimed at enhancing human security, prevention of displacements, and the reintegration of refugees and displaced persons into society. The development of local human rights structures like a functioning police and judicial system, and human rights education, are all essential instruments, not only for the promotion of human rights, but also for the prevention of conflicts and the consolidation of peace. Austria also supports the principle that human
rights are universal, indivisible and interdependent, and advocates their mainstreaming in all aspects of UN activities and programmes.

The **World Conference Against Racism** in Durban, South Africa, was the most important UN gathering on human rights in 2001. After difficult negotiations, in particular regarding the wrongs of the past and the Middle East question, a declaration and programme of action were adopted. Austria together with her partners in the European Union advocated action-oriented and forward looking measures that would constitute an effective tool in countering current forms of racism, rather than focussing at the wrongs of the past. Moreover, Austria spoke up against any trivialisation of anti-Semitism and proposed that every state must take moral responsibility for historical injustice. From the Austrian point of view positive results of the World Conference included provisions on minority protection, on the situation of internally displaced persons, on human rights education and on data protection in information gathering.

In recognition of her active role in promoting and protecting human rights Austria was again elected in May 2001 into the **UN Commission on Human Rights** for a period of three years. Later in the year, Austria nominated Ambassador (retired) Kurt Herndl for membership of the **UN Committee on the Elimination of Racial Discrimination** (successful election in January 2002).

The **57th session of the UN Commission on Human Rights** proved to be difficult, with a further escalation of the North-South divide on human rights issues. Several initiatives attempted to weaken human rights standards or their enforcement procedures. The EU was by and large successful in defending the progress achieved in previous sessions, and played a leading role in introducing and negotiating resolutions on individual country situations as well as on a number of thematic issues. Austria introduced her traditional resolutions on minorities and on internally displaced persons, both of which were adopted without a vote.

The debates in the 3rd committee of the 56th session of the **UN General Assembly** were less controversial than in previous years, not least due to the shock caused by the terrorist attacks on September 11. Consequently, the resolution sharply condemning the violations of human rights in Afghanistan, above all by the Taliban regime, received particular attention and was adopted without a vote. There was no consensus on a resolution on human rights and terrorism as western and other countries could not accept the definition of terrorism as a human rights violation; in their view terrorists and their organisations are not subjects of international law and therefore their acts are punishable under criminal law. Around 40 resolutions on human rights themes were adopted, with few exceptions without a vote. Austria represented the EU presidency in the negotiations on strengthening international cooperation on human rights questions. Austria’s own resolutions, on minorities and on human rights in the administration of justice, with a high number of co-sponsors, were adopted without a vote.
The Organisation for Security and Cooperation in Europe (OSCE)

The close connection between human security and the protection of human rights was a main theme of the work of the OSCE in 2001. The OSCE Human Dimension Implementation Meeting in September was overshadowed by the terrorist attacks in the US the previous week. The question of OSCE measures against terrorism therefore dominated the meeting. Austria coordinated the EU contribution to the discussions on minorities. Supplementary Human Dimension meetings dealt with the new threats to freedom of opinion, the problems of human rights defenders, and measures to promote tolerance and non-discrimination. Austria advocated the establishment of a contact point for matters concerning refugees and internally displaced persons, and continued her efforts to have the rights of children, especially those affected by armed conflicts, restored as an issue within the OSCE.

The Council of Europe (CoE)

The CoE human rights system rests on the basis of the European Convention on the Protection of Human Rights and Fundamental Freedoms, and on the activities of the European Court of Human Rights in Strasbourg. The increase in membership of the CoE and the Convention to 41 states each by the end of 2001 led to an enormous increase in cases brought before the Court, from 4,044 in 1988 to around 35,000 in 2001. At the end of the year some 400 individual applications against Austria were under consideration. In view of this escalating workload a special reflection group was set up to consider ways of ensuring the Court’s continuing efficiency. Austria supports these efforts towards reform, but insists that they should not diminish the right of individuals to direct access to the Court. The new Austrian judge in the Court, Elisabeth Steiner, took up her duties in November 2001.

Up to October 2001 the Austrian Permanent Representative to the Council of Europe chaired the Rapporteur Group on Human Rights, which also prepares recommendations by the Committee of Ministers on the implementation of the Framework Convention on the Protection of National Minorities.

In June a special meeting of the presidents of parliaments of member states was called in Strasbourg to consider the total abolition of the death penalty. To this end, a 13th additional protocol to the European Convention on Human Rights was under preparation, since the existing 6th protocol allows for exceptions in times of war and emergency.

The European Commissioner for Human Rights continued his far-reaching information and advisory activities, including visits to Russia (Chechnya), Georgia and other countries as well as the organisation of seminars. Three experts from the Council of Europe were seconded to the office of the Russian human rights representative for Chechnya.
The Human Security Network

The Human Security Network was set up in 1998 on Canadian and Norwegian initiative. Its membership consists of the foreign ministers of 12 states: Austria, Canada, Chile, Greece, Ireland, Jordan, Mali, the Netherlands, Norway, Switzerland, Slovenia and Thailand. South Africa participates as an observer at official level. Annual ministerial meetings were held in Norway (1999), Switzerland (2000) and Jordan (2001), with other meetings on the occasion of the UN General Assembly. The importance the UN attaches to this initiative was demonstrated by the participation of the Deputy Secretary-General and other high-ranking UN officials. The ministerial meeting in Petra (Jordan) in May 2001, preceded by think-tank meetings in Geneva and New York, centred on the relationship between human security and human development. Joint declarations were issued on human security in the Middle East, the UN summit on children, and on small arms. The chairmanship of the Network is held by Chile in 2002 and by Austria in 2003. The annual ministerial meeting in May 2003 will be held in Graz with an emphasis on human rights education.

The Rights of Women

An important women’s rights issue in 2001 was the situation of women in Afghanistan, something that was emphasised by Austrian Minister for Foreign Affairs Benita Ferrero-Waldner in her address to the UN General Assembly. Austria proposed concrete measures to provide Afghan women with the education and training necessary to enable them to play a direct part in the rebuilding of their country. A meeting called by Austria, of all the female foreign ministers present at the UN General Assembly issued a joint declaration on “Women and Human Security”, and called upon the Secretary-General to have regard to it in the course of UN operations in Afghanistan. In drafting texts of resolutions Austria stressed the necessity of full participation by women in all political decision making processes. Austria’s development cooperation programme in 2001 supported projects in Pakistan, Somalia, Sierra Leone and elsewhere with relevance to the participation of women in the democratic processes, and which provide support for women in civil society. The implementation of relevant international instruments that were initiated during the Austrian presidency of the EU in 1998, and the Austrian chairmanship of the OSCE in 2000, continued during 2001.

The Rights of the Child

The 1989 Convention on the Rights of the Child has been ratified almost universally. In 2001 Austria completed the ratification of the Optional Protocol to the Convention on Children Affected by Armed Conflict, which sets a minimum age of 18 for active military service. Austria also approved the increase in the membership of the UN Committee on the Rights of the Child from 10 to 18, a measure that facilitates a more efficient monitoring of the Convention. Austria signed the Optional Protocol to the Convention on Trafficking in Children, Child Prostitution and Child Pornography in 2000; the process of ratification is under way. Further progress in this area was achieved
at the Second World Congress Against the Commercial Sexual Exploitation of Children, held in December 2001 in Yokohama, where Austria referred inter alia to the Vienna international congress in 1999 on Combating Child Pornography on the Internet and presented her measures against the commercialisation of child abuse through sex tourism. Austria has a concrete action plan against child abuse and child pornography in the Internet, and since the autumn of 2001 has been involved in drafting corresponding measures at the level of the European Union. In November 2001 Austria signed the Council of Europe’s Cyber Crime Convention, which contains specific provisions on child pornography.

The Special Session of the UN General Assembly on Children that was due to be held in September 2001 was postponed till May 2002 after the terrorist attacks in New York on September 11.

**Combating Racism**

Another of Austria’s foreign policy priorities is the fight against racism, xenophobia, anti-Semitism and intolerance. At international level Austria played an active part in the preparations for and during the UN World Conference Against Racism held in Durban in September.

The Austrian Parliament approved the headquarters’ agreement with the European Monitoring Centre on Racism and Xenophobia, a European Union institution located in Vienna since 2000, which enjoys financial and substantive support from Austria. The Centre’s function is to provide the Union and its member states with objective and comparable information on racist, xenophobic and anti-Semitic phenomena at European level. In 2001 it established a regional information network (RAXEN) for the use of its national cooperation partners, predominantly NGOs and research institutes. After September 11 it reported periodically on the reactions in the EU member countries to the terrorist attacks in the United States.

**Human Rights Education**

Human rights education is another of Austria’s priority themes. At the third ministerial meeting of the Human Security Network in Jordan during May 2001, Austrian Minister for Foreign Affairs Benita Ferrero-Waldner invited the ministers to a meeting in Graz in May 2003, to be dedicated to human rights education. Regional human rights education centres are to be involved in the preparations. At that meeting in Graz it is intended to further explore the impact of human rights education on the mutual relationship between human security, human development and good governance.
The Protection of Minorities

Ethnic tensions are still among the principal causes of conflicts all over the world. Austria thus regards the protection of minorities as a central aspect of her foreign and human rights policy. Austria has initiated the relevant resolutions at the United Nations Commission on Human Rights and the General Assembly, and continued to speak on the issue in the name of the EU at OSCE Human Dimension implementation meetings.

The first country report on Austria’s implementation of the European Framework Convention for the Protection of National Minorities was submitted to the Council of Europe in 2001. A delegation of the Advisory Committee to this convention visited Austria in December and discussed the core aspects with Austria’s minority groups as well as the relevant state and private institutions and NGOs. The Committee’s opinion is due to be adopted in 2002. On 1 October 2001 the European Charter for Regional or Minority Languages entered into force for Austria. The first country report is due within a year from that date.

The Role of Non-Governmental Organisations

The Austrian government works in close cooperation with human rights NGOs. They are in the front rank as regards detecting violations, and they provide an important impetus for the consolidation and development of international human rights standards. Austria therefore takes the view that the situation of NGOs must be strengthened particularly in relation to those countries in which human rights problems persist. At multilateral level they must be enabled to participate actively in human rights conferences. Austria therefore maintained a close dialogue with NGOs in the UN Commission on Human Rights and the General Assembly, and provided financial support for NGOs from developing countries to enable them to attend the World Conference Against Racism. Austria continued to support the Vienna-based International Helsinki Federation for Human Rights and financed the travelling arrangements of African NGO representatives to a conference of human rights defenders held in Ireland in January 2002.
I. The Humanitarian Dimension in International Relations

Migrants and Refugees

At the end of 2001 the UN High Commissioner for Refugees was caring for some 21.8 million people who had fled over international borders from war, persecution and massive violations of human rights. It is estimated that a further 20 to 25 million people have been displaced within their own countries because of domestic conflicts. Between January and September 2001 a total of 308,820 applications for asylum were made to 22 European countries, an increase of 8 per cent over the corresponding period of the previous year. Most applications were received by Germany (66,020), the United Kingdom (52,140), France (34,434), the Netherlands (24,625) and Austria (22,382). The most prominently represented countries of origin during this nine-month period (without the Italian figures) were Afghanistan (35,980), Iraq (33,550), Turkey (20,290), Federal Republic of Yugoslavia (18,640) and the Russian Federation (12,663).

30,135 persons applied for asylum in Austria in 2001, a massive increase of 64.8 per cent over the previous year’s figure (18,284). The number of cases decided by the end of the year was 25,997, of which 1,114 were granted official asylum and 3,642 rejected. The remaining applications were dropped. This corresponds to a recognition quota of 19.7 per cent. The principal countries of origin were Afghanistan (12,957, of which 5,367 applications were made from abroad), Iraq (2,113) Turkey (1,876), India (1,804) and Yugoslavia (1,649).

Within Afghanistan more than six million people were dependent on international aid at the end of 2001, in addition to over 3.5 million Afghan refugees in neighbouring Pakistan, Iran and Tajikistan. As a direct reaction to the Afghan crisis the Austrian government allocated one million euro for emergency aid, of which €363,364 was earmarked for projects in Afghanistan and Pakistan, and €218,019 for Tajikistan. These contributions were in the overall context of the European Union’s aid to these three countries totalling €105.2m in 2001.

The repatriation programme for war refugees from Bosnia-Herzegovina and Kosovo was completed in January 2001. This had enabled some 6,000 Bosnians and 4,800 Kosovars to return to their homelands. A total of 65,000 refugees from Bosnia-Herzegovina and 2,000 from Kosovo were finally integrated into Austria.

Humanitarian Aid and Disaster Relief

In 2001 the Austrian government contributed a total of €3.2m for humanitarian assistance and disaster relief throughout the world: help for Afghan refugees; earthquakes in El Salvador and India; flooding in Poland, Hungary and Ukraine; frost in Mongolia; drought in Central America; refugees in South Eastern Europe; victims of illegal trafficking in women and girls; and disaster aid within the framework of various international organisations. Some projects of the Austrian Development Cooperation were also dedicated to disaster
relief (€145,346 for victims of the earthquake in India and €177,090 for reconstruction in Burundi). In addition, mine-action programmes of the ICRC and UN-OCHA were supported with €444,211. These actions by the Federal Government were supplemented by additional contributions from Austrian regional and local authorities, NGOs and individuals. Austria also contributed around 2.6 per cent of the €523m budget of the European Community Humanitarian Office (ECHO), which provides global support for aid projects by national and international humanitarian organisations.

The International Organisation for Migration (IOM) with 91 member states is the leading international institution dealing with questions of migration. Its steadily growing membership reflects the increasing significance of migration issues within international politics. The meetings of the IOM Council will therefore in future also serve as a forum for the political dialogue on global migration questions. In 2001 Austria contributed €278,463 for the administrative and €276,735 for the operative budgets.

The International Committee of the Red Cross (ICRC), consisting of 25 Swiss citizens, is an independent humanitarian organisation with its own statute. Its role in times of war is regulated by the four 1949 Geneva Conventions and the two additional protocols of 1977. A conference of the signatories of the fourth convention was held in Geneva on 5 December to consider the application of humanitarian international law in the occupied areas of Palestine, including East Jerusalem. This was the first conference to discuss the upholding of the law in a specific humanitarian crisis. In accordance with its policy of de-escalation in the Middle East, Austria pressed for a balanced text stressing the humanitarian goals of the Geneva Convention. Austria contributed €422,956 to the ICRC’s general budget for 2001.

Drug Trafficking and Abuse

The resolutions and decisions of the 1998 Special Session of the UN General Assembly on the World Drug Problem (UNGASS 1998) remain the primary basis for international cooperation on drug control. All aspects of the escalating drug abuse problem - cultivation, production, trafficking and consumption, as well as drug related crime - are addressed by a set of balanced measures to reduce both supply and demand. The UN Commission on Narcotic Drugs (CND) is the global policy forum on drugs, whereas the Vienna-Based UN Drug Control Programme (UNDCP) designs and implements international programmes and projects. The UNDCP is part of the UN Office for Drug Control and Crime Prevention (ODCCP) in Vienna.

The 44th session of the CND in Vienna in March discussed preventive measures for young people. It also added additional substances to the list of those regulated by the Convention on Psychotropic Substances, and tightened control measures for several precursors like potassium permanganate. The functions of the UNDCP include providing information and support for policy decisions. It monitors the production and eradication of the illegal cultivation of coca and the opium poppy while offering alternative development projects.
For several years the UNDCP’s endeavours to reduce the production of opiates (opium, morphine and heroin) have been mainly targeted on Afghanistan, where, after massive intervention, the former Taliban regime banned poppy cultivation. However, existing stocks of opium in Afghanistan and the neighbouring countries amounting to the collective European demand for several years are supposed to exist, and during the armed conflict in 2001 peasants took the opportunity to replant their most profitable crop. The UNDCP plans to open a local office in Kabul to support the efforts of the new Afghan government to deal with the situation. Other notable producing countries of opiates are Myanmar (Burma), and to a lesser extent Laos and Cambodia; cultivation is also increasing in Colombia.

Action to reduce the cultivation of cocaine, which is derived from the coca plant cultivated in the Andean region of South America, has in recent years been concentrated on Bolivia, which continued to destroy crops in 2001 and intends to abolish illegal drug cultivation entirely by 2003. Peru also succeeded in reducing its area of cultivation. In both countries providing alternative sources of income for those affected remains a major challenge to the international community. However, the situation is worsening in Colombia, which is now the world’s largest producer of cocaine, with counter-measures rendered extremely difficult by the ongoing war between the government and the guerrillas.

The UNDCP also organises training courses for law enforcement officers in transit countries, and is conducting a worldwide analysis of demand with a view to identifying the most effective demand reduction measures.

On 5 December UNDCP Executive Director Pino Arlacchi, who retired at the end of the year, the Federal Minister for Foreign Affairs Benita Ferrero-Waldner and the Mayor of Vienna Michael Häupl conferred the UN Vienna Civil Society Award, to four laureates from Algeria, Burundi, Indonesia and Peru, for their contribution to the campaign against drug abuse, organised crime and terrorism.

After internal difficulties at UNDCP, a restructuring of organisational units, and the institution of a new forum linking financial donors and recipients was undertaken in order to enhance transparency and coordination.

The **UN International Narcotics Control Board** (INCB) supervises adherence to the international drug conventions. Its 13-member board consists of scientific and technical experts, including Professor Rainer Schmid of Austria. In December 2001 the INCB sent a mission to evaluate various aspects of Austria’s campaign against drug trafficking and abuse. Its report was due to be finalised in the spring of 2002.

**Combating International Crime**

The advantages of removing border checks and allowing free movement of goods and persons have also been exploited by organised criminal groups. In order to counter this undesirable side effect of globalisation it has been necessary to step up international cooperation against transnational organised crime. The Vienna-based **UN Centre for International Crime Prevention** (CICP) is a leading institution in this fight. In close
cooperation with the UNDCP, the CICP develops strategies to counter transnational crime, it promotes global standards in crime prevention and criminal justice, it assists with concrete projects in individual countries and it helps to draft pertinent international treaties. Despite general cuts in UN human resources, CICP received a staff increase in 2001 in order to meet the demands of the intensified campaign against international terrorism. This further enhances the status of Vienna as the UN centre of global operations against the “uncivil society” in all its forms.

The UN Convention Against Transnational Organised Crime and two additional protocols against trafficking in persons and the smuggling of migrants were adopted in 2000. In March 2001 agreement was reached in Vienna on the text of a further Protocol against the Illegal Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition. It was approved by the UN General Assembly in May and subsequently signed by a great number of countries including Austria. The next major UN treaty against crime will be on combating corruption. Negotiations began in Vienna in January 2002, when Austria and the Netherlands presented a draft text for a convention covering major aspects like criminalisation, prevention and international cooperation.


A Central Asian regional conference on a comprehensive strategy to combat terrorism was jointly organised by the ODCCP and OSCE in December in Bishkek, the capital of Kyrgyzstan, thereby continuing a tradition that was started on an Austrian initiative in 1999 and 2000. The final declaration pointed out the close connection between terrorism on the one hand, and trafficking in drugs, persons and weapons on the other, as well as the special challenge these pose for the Central Asian states. The action plan that was adopted foresees enhanced cooperation between national institutions and international organisations in the fight against terrorism.
J. The World Economy

The World Economic Summit (G8)

The G8 summit of the seven most important industrial nations plus Russia took place in Genoa on 20/21 July 2001, when the emphasis was on social and environmental issues. A remission of debts for 23 developing countries was agreed. The differences of opinion on the Kyoto Protocol for the reduction of greenhouse gases could not be overcome, and so consideration of the matter was adjourned till after the UN world summit on sustainable development in 2002. The Genoa Plan for Africa was adopted for the reduction of poverty. It was agreed to set up a Global Health Fund of $1,300m to combat AIDS. The goals of education policy are a worldwide guarantee of basic education for all by 2015, reduction of child labour, and increased use of information technology for training purposes. The main political issues were the situations in the Middle East, Macedonia and Korea.

The World Trade Organization (WTO)

The People’s Republic of China became a member of the WTO on December 11, and the accession of Taiwan on 1 January 2002 brought the total membership to 144. Another 27 applications for membership, including those from the Russian Federation, Saudi Arabia and the Republic of Yugoslavia, were being processed at the end of the year. None of the Least Developed Countries has managed to enter the WTO since its foundation in 1995.

After the failure of the Third WTO Ministerial Conference in Seattle in 1999, the Fourth Ministerial Conference in Doha (Qatar) on 9-14 November 2001 agreed to launch a new multilateral Millennium Round of negotiations that would meet the demands of the developing countries for more development-friendly trade regulations. Progress will be assessed at the Fifth WTO Ministerial Conference in Mexico in 2003.

Negotiating proposals for agriculture were to be ready by March 2002. These include issues of importance to the EU and Austria, amongst them non-trade concerns like rural development, food safety and the interests of the developing countries like food security. The differences between the EU and the very liberal Cairns Group were bridged in Doha by agreeing that none of the controversial issues in the agricultural sector would be excluded from the talks. The final date for the Millennium Round, 1 January 2005, is also the target date for the hitherto separate agricultural negotiations, which makes them an integral part of the new global round. The negotiating framework for services was finalised as planned in March 2001. First requests are to be submitted by June 2002 and offers by March 2003.

The Doha Ministerial Declaration underlined the importance of trade and environment, a priority issue for Austria and the EU. The determination of levels of environmental protection remains with individual member states. Discussions on clarifying the relationship between the various multilateral environmental agreements (MEAs) and the WTO, and on improving market access for environmentally friendly goods and services,
were agreed upon. The Committee on Trade and Environment is to examine the effects of environmental measures on market access, the environment-related aspects of intellectual property rights, and environmental labelling. Sustainable development will be a horizontal theme during the negotiations on the Millennium Round.

The developing country waivers from the agreement on trade-related intellectual property rights (TRIPs) expired at the end of 1999 so that the countries concerned feared the loss of their access to pharmaceutical products at reasonable prices. Therefore, in Doha they were granted wider scope to interpret the agreement in order to give them easier access without infringing patent rights. There was also movement in the hitherto blocked discussions on a multilateral register of geographical indications for wines and spirits, which are now due to be concluded by the next conference. The extension of the coverage of that agreement to products other than wines and spirits will also be discussed. The relationship between the TRIPs agreement and the Convention on Biological Diversity is to be examined, as is the protection of local traditional knowledge, for example on the therapeutic properties of indigenous plants.

The target date of May 2003 was set for the review of the WTO dispute settlement understanding that was started in 1998. The system has been very popular, with over 240 cases having been raised since 1995. The most important complaints raised by the EU are against the United States in respect of protectionist measures against European steel producers and also supplementary legislation on dumping and subsidies. The EU was successful with its complaints against the US anti-dumping and copyright acts as well as the so-called Foreign Sales Corporations Act. As regards the two cases the EU lost in 1999, its import regulations for bananas were altered in December 2001 after agreement with the US in April, but it refused to revoke its ban on the import of hormone-treated US beef into Europe after scientific evidence was produced regarding the health dangers from one of the hormones in question.

There was also agreement on the controversial “ACP Waiver” on exceptions to the WTO rules for the Cotonou Agreement between the EU and the African, Caribbean and Pacific states. The EU concessions granted under the agreement, for instance on banana imports, were thereby given legal approval by the WTO.

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. A Council committee set up under Article 133 of the EU Treaty to support the Commission coordinates the European positions on WTO issues. 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 Organisation for Economic Cooperation and Development (OECD)

At the end of 2001 the OECD had a staff of around 1,800 with a budget of €220m, of which Austria contributes 1.1 per cent. The administrative reorganisation that has taken place in recent years was supplemented in 2001 with a fundamental reconsideration of the organisation’s primary objectives. The necessity of outreach activities and an
extension of the OECD’s external relations is now undisputed. Participation in the Stability Pact for South Eastern Europe continued, as did the cooperation programmes with the Baltic States, Russia, China and South East Asia. Non-members like Slovenia take part in OECD committees as observers. The new Global Forums on various themes were held as instruments of a dialogue with non-members. Austria, with an eye on the forthcoming EU enlargement, endeavoured to bring all the candidate countries closer to the OECD.

The Development Assistance Committee (DAC) set itself four priorities for its future work: reduction of poverty, sustainable development, conflict prevention, and trade capacity building. Cooperation continued with the United Nations, the international financial institutions and the European Union towards implementing the objectives set out in the UN Millennium Declaration. Austria is also involved in the progress towards the long-term common goal of sustainable economic and social development, and participated in all the coordinating meetings with the priority and cooperation countries.

A multi-disciplinary three-year project for the scientific assessment of the health systems of the OECD member states was inaugurated in 2001. The reason for this is the steadily growing pressure on national systems arising from enhanced expectations, population developments, and expensive technological advances in treatment methods. In many countries there is concern over how to improve performance, allow equal access for everyone to health care, and develop modern methods of financing it. These were the themes of an OECD conference entitled Measuring Up – Improving Health Systems Performance in OECD Countries that was held jointly with Canada in November as the opening event and first contribution to the project.

In May a meeting of ministers of finance, the economy and the environment adopted political guidelines on sustainable development. These include the increased use of environmental taxation, the practical application of new technologies, and the inclusion of environmental and social considerations in trade and investment policies. The main issues in the implementation of these guidelines are the quantification of sustainability and the use of these standards in national reports, preparations for the UN world summit on sustainable development in Johannesburg in 2002, and the identification of barriers to the relevant political reforms. The Ad-hoc Group on Sustainable Development, which is to supervise these tasks, is to meet for the first time in 2002.

The events of September 11 gave a fresh stimulus to the OECD work on taxation and money laundering. The progress report by the Committee on Fiscal Affairs contains a list of measures for improving cooperation between member states and the so-called “tax havens” with a view to combating harmful tax practices. The Financial Action Task Force (FATF), which since 1998 has endeavoured to uncover weak points in the campaign against money laundering among members and non-members alike, published a list of 19 non-cooperative countries and jurisdictions.

The first survey of the Austrian national economy since the advent of the current Federal Government was presented, with the emphasis on sustainable development. The results of the examination were summarised in the words: “A well-performing economy that could do better.”
Ministerial and other high-level OECD meetings were held on the environment, agriculture, education, and sustainable development. The ministerial meeting of the International Energy Agency (IEA) in May stressed that research, development and demonstration (RD&D) are essential to ensure security of energy supply, protection of the environment and economic growth. It emphasised the necessity of state support for long-term RD&D, and called on industry to participate in it. The Czech Republic joined the IEA in 2001, and Korea was invited to become a member. Poland and Slovakia are currently applicants, and preparatory talks have taken place with Mexico.
K. Protecting the Global Environment

Preparations continued throughout 2001 for the World Summit on Sustainable Development to be held in Johannesburg in summer 2002, ten years after the 1992 UN Conference on Environment and Development (UNCED) in Rio de Janeiro. The basis for the conference is a report by the Secretary-General on the implementation of Agenda 21, UNCED’s catalogue of goals and activities on sustainable development. The priorities of the world regions were worked out at five high-level regional conferences in preparation for the summit, where the aim is to plan sustainable development on the basis of its economic, social and environmental aspects. The negotiations within the UN Economic Commission for Europe (ECE) concluded in September with a ministerial declaration, which, inter alia, expressed the Austrian view of the importance of water and energy issues for sustainable development.

The UN Commission for Sustainable Development (CSD), in accordance with the programme of action adopted by the 1997 “Rio-plus-Five” conference, concentrated on three main aspects. Agreement on the issue of the atmosphere was complicated by the negative attitude adopted by the US towards the Kyoto Protocol, but it was accepted that there would need to be close cooperation between all states, developed and developing, if climate change was to be halted. The negotiations in preparation for the first consideration of the energy question at the global level were held under Austrian co-chairmanship. Since nuclear power was a main issue in the discussion, Austria took the opportunity to advance the view that the use of nuclear fission is incompatible with the concept of sustainable development, a view that was finally expressed in the corresponding resolution. On transport, Austria was able to have the concept of sensitive regions anchored in the resolution, in order to emphasise at global level that higher environmental standards for transport must be observed in densely populated areas and valuable cultural landscapes.

Reform of the United Nations Environment Programme (UNEP) continued under Executive Director Klaus Töpfer. The principal issues remained financing, the coordination of the widely separated secretariats of the various UNEP-supervised environmental treaties, strengthening the UN Office at Nairobi, and cooperation with the now independent UNCHS-Habitat. One main issue was the question of International Environmental Governance and the methods by which this could be improved by better synergies between the various institutions and other actors. Austria’s contribution to the UNEP Environment Fund was €363,000. Programme activities costing US$100m were approved for the two years 2000-2001; this expenditure has to be met by voluntary contributions.

The Convention on Persistent Organic Pollutants was signed at a diplomatic conference in Stockholm in May 2001. This agreement subjects several highly toxic substances to global regulation, and includes stipulations containing the precautionary principle. This means that a lack of scientific proof is not a reason for delaying measures necessary to prevent possibly irreversible environmental damage from these long-lasting poisons.
The fifth meeting of the parties to the UN **Convention on Combating Desertification** was held in Geneva in October 2001. The United States has now acceded to this agreement, which is of special importance to the African countries. The main task was to strengthen the structures for the implementation of the convention. A sub-committee will examine the various national reports and collate the experience for the formulation of future policy. The Austrian report referred to a series of relevant projects that had been realised under Austria's development cooperation policy (e.g. water management in Senegal and Burkina Faso) as well as other research projects by Austrian universities and research institutes (e.g. optimising water and air storage capacity in difficult soils, in cooperation with the University of Cairo). The Global Environmental Facility at the World Bank will in future also finance projects to prevent desertification and deforestation.

The sixth conference of parties to the UN **Framework Convention on Climate Change** and the **Kyoto Protocol**, which was broken off in November 2000, reconvened in Bonn in July 2001. Despite the US rejection of the Kyoto Protocol, announced by President George Bush, there was political agreement in principle on several issues that were insufficiently covered by the protocol, above all on the regulations governing the so-called "Kyoto Mechanisms" - Emission Trading, Joint Implementation and the Clean Development Mechanism. Other issues were the methods of assessing the so-called carbon sinks (woodlands and other carbon dioxide absorbents), a monitoring regime, and the interests of the developing countries. Austria advocated a legally binding regime to ensure observance of the convention. The political decisions taken in Bonn were finalised at the seventh Conference of Parties (COP7) in Marrakech, when compromises were found for a number of open questions, and measures were foreseen to deal with non-observance. The EU will press for the entry into force of the Kyoto Protocol before the Johannesburg summit in July 2002.
L. Cultural Policy and Scientific Cooperation

A comprehensive process of reforming and modernising Austria’s cultural activities abroad was inaugurated in March 2001. Administrative costs are being reduced in favour of project work by artists, scientists and academics. With around 4,000 projects annually around the world these cultural activities can make a positive contribution to the decisive aspects of Austria’s foreign policy – the European Union and its enlargement, security and stability in Europe, and Austria’s position within the framework of comprehensive global competition. The following concrete measures were taken to strengthen this international presence:

- The cultural institutions abroad were given a corporate identity as Austrian Cultural Forums with a common design and logo. A new forum was opened in Belgrade, bringing the total to 28: Belgrade, Berlin, Berne, Bratislava, Brussels, Budapest, Bucharest, Cairo (from 2002), Cracow, Istanbul, Kiev, Ljubljana, London, Madrid, Mexico (from 2002), Milan, Moscow, New York, Ottawa, Paris, Prague, Rome, Teheran, Tel Aviv, Tokyo, Warsaw, Washington and Zagreb.

- From 2002 the individual Forums will have annual budgets, to enable them to plan ahead and undertake long-term project work. They and the other Austrian representative institutions will have decentralised powers of financial decision for cultural projects up to a limit of €1,500.

- The Forums will offer training opportunities for voluntary project workers as well as those seconded under scholarships from public institutions.

- The central administration of Austria’s cultural activities abroad has been strengthened by a reorganisation of the cultural policy section within the Ministry for Foreign Affairs.

Within the framework of the Regional Partnership Austria’s cultural activities have been coordinated with those of the Czech Republic, Hungary, Poland, Slovakia and Slovenia under the platform Central Europe – Culture. There will be joint use of the existing infrastructure in other countries as well as joint projects to present the cultural region Central Europe as a contribution to the EU enlargement process. On 10 December the initiative was opened with a Central Europe One gala evening in Brussels.

Austria’s cultural policy focuses particularly on the Central and Eastern European reform countries, the European Union and the United States. In 2001 this focus was broadened to encompass global cultural centres (New York, London, Paris, Rome, Tokyo, Madrid, Moscow and Berlin) and cultural neighbours with which Austria has historic links – traditionally countries in Central Europe and the Balkans, but also Turkey and Israel. Enhanced cultural activity in South-Eastern Europe will also contribute to stabilising the region, to the build-up of civil societies and the prevention of conflicts. A longer-term goal is an extension of cultural activities to Austria’s development cooperation partners in other continents. The following main themes have emerged in connection with the transmission of information on Austria’s history and self-perception over the next few years:
• The future of Europe and the “European values”.
• Respected tradition as a starting point for innovation.
• Facing up to Austria’s history in the 20th century.
• Culture for enlargement – Austria as partner of its Central and Eastern European neighbours.
• Culture as a contribution to the stability of South-Eastern Europe.
• Culture for development – a dialogue with partners in the Third World.

There will a comprehensive presentation of Austrian creative achievement in the literature and music of the 20th century and in the humanities generally. The new Cultural Forum in New York was due to open in April 2002 with a programme series entitled Transforming Modernity. The unpractical and cost-intensive Cultural Institute in Paris was closed, but preparations were well advanced for the opening of a new Cultural Forum in February 2002.

Musical Projects

The 50th anniversary of the death of the composer Arnold Schönberg was the occasion for a series of lectures, symposia and exhibitions in Athens, Moscow, Madrid and elsewhere. Support was given to musical projects with classical content, primarily outside Europe, because Austria’s image as a land of music can be used to awaken interest in other branches of the arts and in innovative creation. Young soloists and ensembles were also supported, and jazz, cross-over music and projects with Austrian DJs also increased in importance. The coupling of master classes with concert performances can be expected to have long-term effects, since they convey Austrian technique, style and interpretations to practising musicians. Courses by the Vienna Conservatory in Malta revived a traditional cooperation with the music school there.

Theatrical and Literary Projects

Contemporary Austrian drama and Viennese theatre around 1900 remain much in demand internationally, the most popular works being those by Thomas Bernhard and Arthur Schnitzler. Numerous performances and related events were organised to celebrate Nestroy Year 2001. Many young Austrian directors were invited to hold guest productions, especially in Central and Eastern Europe. There was an upsurge of invitations to arrange guest performances by young Austrian dancers and choreographers, who also won a number of prizes at international festivals from Cairo to Kalisz in Poland and Vitebsk in Belarus.

Readings by authors and presentations of new literary works were held in all of the target regions. Publishers in the English and French speaking regions as well as in Russia, Ukraine, Bulgaria and Korea brought out books by Austrian authors, with financial support from the Austrian Government and publicity through the English-language trade magazine “New Books in German”. Support is also provided for translations of works by living Austrian authors, and the Ministry for Foreign Affairs provides guarantees of purchase and distributes the books to libraries, schools and other educational establishments abroad. Authors and publishers were assisted to attend international book fairs and
literary festivals. Austria was the theme country at the international book fair for children and young people in Luxembourg, and successfully organised a number of related events there.

Multidisciplinary festivals were again held in England and Warsaw. In London the festival “Vienna-Berlin-London – The Trails of Creativity 1918-1938” dealt with intellectual and cultural migration during the interwar period as well as cultural relations between the three cities. The Cultural Forum in Warsaw held a festival from October 2001 till January 2002 on Vienna in Warsaw, the highlight of which was the largest exhibition of contemporary Austrian art to be shown abroad in 2001.

The Fine Arts

Once again the emphasis here was on the presentation of graphic arts of the 20th century. There remains considerable international interest in the Viennese “fin de siècle”. In Paris there was an exhibition of works by Egon Schiele, Oskar Kokoschka, Herbert Boeckl and Richard Gerstl. Modern Austrian architecture and design were presented at numerous exhibitions in global cultural centres like London, New York, Tokyo and Paris. The life and work of the architect Clemens Holzmeister was celebrated in an exhibition in the parliament building in Ankara. Other notable exhibitions of modern art were held in China, Ireland and the United States. The cultural forums in London, Rome and Warsaw showed dialogue projects with participation by Austrian and local artists. Three new travelling exhibitions went on tour in 2001: Viennese Architecture around 1900, on modern Jewish Vienna, and Ödön von Horvath.

Films and Audio-Visual Media

The year 2001 was a particularly successful one for Austrian films. Michael Haneke’s “Die Klavierspielerin” (The Pianist) was awarded the Grand Prix at the 54th Cannes Festival and was seen by over a million viewers in that year. Jessica Hausner’s “Lovely Rita” and Ruth Mader’s “Null Defizit” were also successful presentations in Cannes. Other prize-winning producers were Valeska Grisebach with “Mein Stern” (Turin and Berlin) and Ulrich Seidl for “Hundstage” (Venice). Of the documentaries, Nikolaus Geyrhalter’s “Elsewhere” was awarded a special prize in Amsterdam, and Robert Dornhelm’s film of the Anne Frank story was also successful. The short film “Copy Shop” by Virgil Widrich won a number of prizes worldwide. The Ministry for Foreign Affairs supported the Austrian presence at these international film festivals.

Austrian film weeks were held in Argentina, Brazil, Latvia, Poland, Turkey and Yugoslavia, and Austria participated in film events organised by the European Union in 31 countries. Austria also participated in the Council of Europe’s Eurimages fund for financing European film co-productions. The EU media programme also provides funds for film co-productions, training and distribution. Numerous titles were added to the Ministry’s own film library in 2001 to meet the intensive demand abroad for Austrian film material, especially from universities.
International Youth Cooperation

On the basis of an idea by Simon Wiesenthal the Ministry for Foreign Affairs initiated an international youth project on tolerance and conflict resolution. At a seminar in Vienna during April some 50 young people from 16 mainly South-Eastern European countries developed methods and actions to further tolerance, human rights and non-violent conflict resolution in daily life. The results were given a public presentation. Simon Wiesenthal sent a personal message to the youths who attended.

International Sport

Austria and Switzerland entered a joint candidature to hold the European football championship competition in 2008. In view of the large number of competitors the Austrian embassies in the FIFA member countries conducted joint initiatives with the Swiss embassies to promote this candidacy. A final decision will be taken in the autumn of 2003.

Cultural Promotion

Financial support is given to individual projects of relevance to foreign policy or foreign cultural policy if they could not have been held without the Foreign Ministry’s participation. The expenditure for this purpose in 2001 was €392,430 for 72 individual projects. Subsidies were provided for German language tuition in the historic Austrian 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. Support was given to a forum of Catholic youth workers from Austria, the Czech Republic, Slovakia, Hungary and Slovenia; projects in connection with the former Mauthausen concentration camp, witnesses to the 1938 Kristallnacht, and the Institute for the History of the Jews in Austria; to the European Academy of Sciences and Arts for a youth project in the Balkans; a seminar on the protection of military cultural property; a project to preserve and document the archive of Emperor Maximilian of Mexico; and several restoration projects.

Academic Activities

Symposia, workshops and lectures on Austria-related themes are organised worldwide on subjects ranging from speech philosophy to Austrian literature, town planning, constitutional law, architecture, history and cultural policy. Cooperation in the natural sciences usually takes place directly between the relevant Austrian and foreign institutions, but opportunities are taken to promote knowledge of Austrian scientific achievements and to establish appropriate contacts through events like the now traditional annual Schrödinger Lectures in the United Kingdom and Ireland. Academic and cultural events on the theme of intensified neighbourly relations were held in Hungary, Slovakia and the Czech Republic. In autumn a conference was held in Prague on the Bohemian logician and theologian Bernhard Bolzano, and a memorial room was opened.
Austrian Studies Abroad

Centres or chairs of Austrian studies in foreign universities present Austrian culture, economy and politics in the host countries as well as other European themes relating to Austria. They also help to cement cooperation between the Austrian institutions and the international scientific and cultural community. They include, amongst many others, the Chair of Central European Studies with Special Reference to Austria at the University of Leyden; the Canadian Center 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 and the Center for Austrian Culture and Commerce at the University of New Orleans.

Austrian Libraries

It is more than ten years since the first Austrian libraries were established in Central and Eastern Europe, since when the concept of making Austrian literature and information on Austrian history and culture available to a broad public, especially in the university cities of the reform countries, has proved highly successful. The number of libraries rose to 47 in 2001 with the opening of new institutions in Belgrade, Bitola (Macedonia) and Riga. Basic information on their structure, aims and networking can be obtained from a joint website at www.oesterreich-bibliotheken.at. Each library has a stock of around 5,000 books as well as periodicals and audio-visual material, including publications on the European Union. The host organisations provide the infrastructure and staff, who are given training in Austria along with academics and graduate students who work in close contact with the libraries. A large number of the libraries are also venues for lectures, readings, exhibitions, and musical and film evenings, especially in locations where there are no Austrian embassies or cultural forums. Apart from the Austrian libraries, the Ministry donates stocks of books to departments of German in universities around the world.

Language Courses

Since 1997 the German language courses established by the Foreign Ministry in Bratislava, Brno (new in 2001), Budapest, Cracow, Milan and Warsaw have been run by the Österreich Institut GmbH, which is owned by the Republic of Austria represented by the Ministry for Foreign Affairs. The German courses in Teheran continue to be operated directly by the Ministry. The Institute’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”.

Austrian Lecturers and Teachers Abroad

In 2001 a total of 140 Austrian lecturers taught German language and literature at university level in 26 countries in Asia, Europe and Latin America as well as Australia.
There are Austrian schools in Budapest, Guatemala, Istanbul and Prague, and Austrian teachers are in service in other German-language schools in all the other continents for periods of up to eight years. At the end of 2001 there were 178 Austrian teachers serving in schools in other countries. In addition, teachers are seconded to the nine bilingual schools in Slovakia (2), the Czech Republic (2) and Hungary (5). Another 51 Austrian teachers of mathematics and natural sciences were working in schools in New York City. 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**

The Austrian Academic Exchange Service (ÖAD) administers the award of Austrian scholarships to foreign students. The Austrian universities have the highest proportion of foreign students in Europe at 12.5 per cent for academic and 38.2 per cent for artistic subjects. More than half of the foreign students come from EU countries, mainly Germany and Italy. Academic mobility has been considerably simplified by the introduction of the European Credit Transfer System (ECTS). More than a quarter of all Austrian graduates have spent relevant periods of study abroad, the most popular non-European destination being the United States. The Central European Exchange Programme for University Studies (CEEPUS), with participation by Austria, Bulgaria, the Czech Republic, Croatia, Hungary, Poland, Romania, Slovakia and Slovenia, has been extended until 2004 at least. More than 100 Austrians annually spend periods of study and research in the US on scholarships from the Fulbright Program.

**The European Union**

The EU has a role to play in cultural affairs under the terms of the 1993 Maastricht Treaty. The member states retain their fundamental responsibility in this field under the principle of subsidiarity, while the Union provides support for those activities with a European dimension. This is done through the five-year (2000-2004) Culture 2000 framework programme. In 2001 Austria submitted 15 one-year projects, 6 of which were awarded EU financial support. Austrian institutions were involved as participants in six further projects, and a translation project was also accepted for support. Of the 8 multi-annual projects submitted, one was awarded financial support, but Austrians are also involved as joint participants in a further 7 projects. The total EU contribution to Austrian project organisers is €1.66m.

The meeting of EU ministers for culture on 5 November inter alia adopted a resolution on the role of culture in the development of the Union which underlines the importance of respect for and promotion of the diversity of cultures in Europe. Support was agreed for the European film industry to enable it to hold its own against US competition. An informal meeting in December agreed on the necessity of continuing Culture 2000 beyond 2004. It also adopted an Austrian proposal that support be given to projects with multicultural contents in view of the current migratory streams in the continent. The EU has allocated a total of €3,000m for projects under the Socrates II and Leonardo II educational programmes, which are also open to the candidate countries in central and Eastern Europe. More than a quarter of this sum is for school and adult education. The Tempus
programme for the tertiary sector is also open to the CEE countries that are not EU candidates (Albania, Bosnia and Herzegovina, Macedonia and Croatia) as well as the members of the Commonwealth of Independent States.

**Multilateral Scientific and Technical Cooperation**

Austria is a member of a whole range of international organisations for scientific cooperation. These include the European Cooperation in Science and Technology (COST), the European Council for Nuclear Research (CERN) in Geneva and the European Space Agency (ESA) in Paris. Austria advocated that the East and South-East European states should participate fully in COST activities, and strongly supported the admission of Yugoslavia. Austria’s aim is to make the fullest use of COST’s role for the Common European Research Area. Austria participates in 90 per cent of all COST activities, the highest rate of participation of all European research programmes.

Austria is fully committed to the strategy of providing Europe with independent satellite navigation and earth observation systems, and is working on the planning of the respective Galileo and GMES projects. Austria is represented on the EU/ESA Joint Space Advisory Group. It is also a member of the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT), the European Molecular Biology Conference (EMBC), the European Institute for Medium-Term Weather Forecasting and the International Institute for Applied Systems Analysis in Laxenburg near Vienna. Such cooperation enables the smaller countries like Austria to participate in major large-scale research projects that they could not undertake independently.

One of the main issues within the EUREKA high technology initiative in 2001 was its role in the planned EU Common European Research Area. Since the founding of EUREKA in 1985, Austrian partners have participated in around 13 per cent of the approximately 2,000 projects that have been submitted. This corresponds to a financial volume of €218m. Some 80 per cent of the Austrian project participants are small and medium sized firms. In 2001 Austrian project participation to a value of €15m was subsidised by up to 50 per cent from public funds. There were also 13 project participations in the major cluster projects MEDEA+ (microelectronics), ITEA (software) and SCARE (avoidance of electronic waste) to a value of €24m.

**Cultural Agreements**

The bilateral cultural agreement with Slovenia was signed in Ljubljana on 30 April and ratified by the Austrian Parliament in July. By the end of the year it had also been passed by the Foreign Policy Committee of the Slovene State Assembly. The agreement, which is similar to those concluded with Austria’s other neighbours Italy, Hungary, Slovakia and the Czech Republic, includes provisions in favour of the Slovene ethnic minority in Austria and the German-speaking minority in Slovenia. The bilateral agreement with China was signed in Vienna on 30 November during a visit by Chinese Minister for Cultural Affairs Sun Jiazheng. On the basis of existing cultural agreements, talks were held with the three linguistic regions of Belgium, and also with Slovakia, Croatia, Romania and Hungary, to draw up programmes of work extending over several years.
M. Austrians Abroad

Consular services are an integral part of Austria’s presence in other countries. One of the most important functions of the Ministry for Foreign Affairs is to protect the interests of well over 300,000 Austrian citizens who live permanently abroad; since 1990, they have had the right to vote in Austrian parliamentary and presidential elections as well as in referenda and elections to the European Parliament. Most Austrians abroad reside in Germany (an estimated 180,000), Switzerland (25,000), the United States (10,000), and Great Britain, Brazil, France and Italy (5,000 – 7,000 respectively).

At the end of 2001 there were almost 300 Austrian associations in 49 countries. The central service point for expatriate Austrians is the Auslandsösterreicherwerk, based in Vienna, which represents their interests in relation to the authorities at home. It publishes the quarterly magazine “Rot-Weiss-Rot”. The equally Vienna-based Weltbund der Österreicher im Ausland is the umbrella organisation for 115 Austrian societies in 35 countries. In 2001, it held its annual meeting in Eisenstadt, when around 500 delegates from Austrian societies around the world attended. The Burgenländische Gemeinschaft is the umbrella organisation for the Burgenland societies abroad, especially in the United States and Canada.

The Fund for the Support of Austrian Citizens Abroad (Auslandsösterreicherfonds), which is subsidised by the Ministry for Foreign Affairs and the nine Länder, in 2001 provided emergency assistance totalling €574,115 to 870 needy Austrians in 50 countries. In the course of its traditional Christmas charity the Ministry in 2001 made donations to needy Austrians abroad amounting to a record €27,615. Both the number of donations and the individual sums granted were substantial increases over those of the previous year.

The year 2002 has been declared the Year of Austrians Abroad, in order to enhance public awareness in “mainland Austria” of the importance and the particular concerns of Austrians abroad. There are also plans for fusing the Auslandsösterreicherwerk and the Weltbund der Österreicher im Ausland in 2002 in order to create a single and more efficient representative and service organisation.
N. The Federal Ministry for Foreign Affairs

Austria is represented abroad by a network of 81 embassies, six permanent missions to international organisations, a branch of the Berlin embassy in Bonn, 16 consulates-general, two regional offices for development cooperation, and 28 cultural forums. There are also 281 Austrian honorary consulates all over the world, and endeavours are being made to obtain complete coverage with new appointments where there are gaps.

At the end of December 2001 the Federal Ministry for Foreign Affairs had a total staff of 1,446. Of these, 620 were stationed in Austria and 826 posted abroad; 50 members of its staff were seconded to other ministries, international organisations, development cooperation offices or the Diplomatic Academy, etc. The total personnel comprised 770 men and 676 women (46.7%) at all levels. Selection of entrants to the diplomatic service is carried out by examination (examen préalable) set by an independent appointments commission. Basic and advanced training is interspersed with periods of practical experience in Vienna and abroad.

Adverse working conditions are an occupational hazard for members of the diplomatic service in the various crisis regions of the world as well as in the economically less developed countries, where they may be subjected to considerable climatic and other discomforts, and sometimes risks to their health and even their lives. There may be considerable problems for families like a lack of job opportunities for partners, frequent changes of school for children, etc. The Ministry endeavours to ameliorate these difficulties as far as possible (e.g. through plans to conclude reciprocal agreements with other countries on access to the labour market for dependents of staff members posted abroad), in order to ensure that the nature of the work meets the demands of the social developments of recent years.

The federal budget for 2001 allocated €303.4m to the Foreign Ministry, of which sum €145,000 was for remaining payments in respect of Austria’s chairmanship of the OSCE and €11.65m for Austria’s aid programme for the Eastern European countries. After subtracting these items and Austria’s contributions to international organisations (€51.88m), expenditure on international conferences (€2.69m) and official development cooperation (€56.29m), the operational budget of the Ministry for Foreign Affairs in 2001 was €180.76m, or 0.31 per cent of the Austrian national budget.
ANNEX I: 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 International Commission for the Protection of the Danube River
- UN Postal Administration (UNPA), European Office

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

- Organisation for Security and Cooperation in Europe (OSCE)
- Secretariat of the Wassenaar Arrangement (WA)
• Organisation of the Petroleum Exporting Countries (OPEC)
• OPEC Fund for Industrial Development (OFID)
• International Institute for Applied Systems Analysis (IIASA)
• International Organisation for Migration (IOM), Regional Office
• Vienna Institute for Development and Cooperation (VIDC)
• International Union of Forestry Research Organisations (IUFRO)
• International Press Institute (IPI)
• International Institute for Peace (IIP)
• International Organisation 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.
ANNEX II: The Diplomatic Academy of Vienna

The Academy is an autonomous institution, but remains within the political competence of the Federal Minister for Foreign Affairs. At the beginning of October 2001 a total of 24 participants, including 14 Austrians, successfully completed the 37th postgraduate diploma course. A further 26 candidates, including 13 Austrian citizens, were accepted for the 38th diploma course. To date, 764 graduates, including 364 from 84 foreign countries, have been awarded the diploma of the Diplomatic Academy. A total of 21 students graduated from the Academy’s Master of Advanced International Studies (M.A.I.S.) course, which is organised in conjunction with the University of Vienna. Another 26 applicants qualified for entry to the fifth M.A.I.S. course. The first Special Course in International Studies, which is intended as a preparation for the M.A.I.S. course, was completed by 15 participants, and 16 applicants were accepted for the second course.

Another two special courses for young diplomats from Central and Eastern Europe, the Commonwealth of Independent States and Mongolia were attended by 43 participants. By the end of 2002 a total of 512 participants from 28 reform countries have been able to make use of this special training opportunity. The Academy’s traditional summer course for German language and Austrian studies was attended by 69 participants from 44 countries.

The Academy was again the venue for the annual International Forum on Diplomatic Training.

The programme of in-service training for the staff of Austrian and foreign institutions included a seminar for training directors in the foreign ministries of countries belonging to the Central European Initiative, a seminar lasting several weeks for US German studies specialists under the auspices of the National Endowment for the Humanities, a seminar cycle for the Austrian Foreign Ministry, and further education events for several other ministries.

The role of the Diplomatic Academy as an information and conference centre expanded, with over 200 lectures, conferences and seminars on international issues. These included the 31st Vienna Seminar of the International Peace Academy (New York), on conflict resolution in the Caucasus; and the first Milton Wolf Seminar on journalism and diplomacy, organised jointly with Duke University and the American Austrian Foundation. In addition to the Jahrbuch der Diplomatischen Akademie Wien, which gives a detailed list of all the courses and other activities, the DA’s publication series continued with Occasional Papers (renamed Favorita Papers) on various diplomatic topics.