

New 'euro' to rival strength of American dollar

BRUSSELS, Belgium (AP) — Europe's quest for a continent-wide currency got a big boost Wednesday when 11 nations won the go-ahead for adopting the euro at the end of this year.

The choice of Germany, France, Italy, Spain, the Netherlands, Belgium, Portugal, Finland, Ireland, Austria and Luxembourg is expected to be confirmed by European Union leaders in a final decision at a summit May 2.

When the euro is launched Jan. 1, the 11 countries will form an economic powerhouse accounting for almost one-fifth of the world's economic output and trade.

When euro banknotes and coins hit the streets two years later, 290 million Europeans will be using the same currency — meaning death for the German mark, the French franc and the Italian lira — and a new rival to the U.S. dollar.

"It is the beginning of a new era," French President Jacques Chirac proclaimed in Paris after the EU's executive body, the European Commission, announced its selection in Brussels.

The only member of the 15-nation EU left out was Greece, which never stood a chance because of its shaky economic performance. Britain, Denmark and Sweden have thus far declined membership in the unified European monetary club for fear that ditching their currencies will erode their independence.

The euro will revolutionize the way Europe does business and create a global currency that could rival the American dollar as reserve holdings in the vaults of the world.

The nations will lock in their exchange rates with respect to the euro, which will become a tradable currency.

But the single European currency is much more than an economic exercise. It is a political act that may do more than anything else in the previous 46 years of the organization to unify continental Europe.

Euros will not go into circulation until 2002, but banks and governments will be adopting the currency on paper next year.

Under the current timetable, the euro will come into being Jan. 1, 1999. That will launch a three-year conversion period that will include the introduction of euro notes and coins by Jan. 1, 2002, and a final withdrawal of national currencies from circulation by July 1, 2002.

Italy made the list despite its huge national debt — \$1.327 trillion or

A step closer to one currency

The European Commission, the European Union's executive body, has approved 11 countries which have met the criteria to join the single currency, called the euro, Jan. 1, 1999.

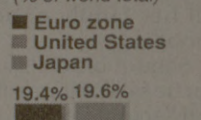


Nations to share the euro currency

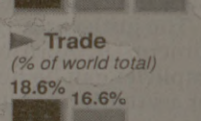
(Total population 290 million)



Gross domestic product (% of world total)



Trade (% of world total)



Source: AP research

AP/Wm. J. Castello

121 percent of gross domestic product — which violated one of the EU's main criteria for eligibility.

While some EU nations see Italy as a potential threat to the euro's stability, Rome's commitment to intensified debt-cutting was sufficient for it to sneak in.

Annan melts Israeli hostility with courtly diplomacy

JERUSALEM (AP) — Chipping away at decades of ill will between Israel and the United Nations, U.N. Secretary-General Kofi Annan melted Israeli hostility Wednesday with his courtly diplomacy.

Annan, paying one of a few visits by a U.N. boss to Israel in the past four decades, vowed to overcome suspicion and misunderstanding and usher in a "new era."

Even though a U.N. resolution paved the way for Israel's creation in 1948, relations have been poisoned for much of the period since.

Israelis were riled by a 1975 U.N. resolution equating Zionism — the founding ideology of the state that gathered in Jews from the corners of the Earth — with racism.

What he referred to as the "lamentable resolution" was rescinded in 1991, but An-

nan conceded it was the low point in U.N.-Israeli relations.

"Its negative resonance even today is difficult to overestimate," Annan said. He gently noted that Count Folke Bernadotte — the Swedish U.N. envoy who was assassinated by pre-state Jewish extremists — had made the "ultimate sacrifice" in the search for peace.

Even though U.N. forces stand between Israel and Syria in the Golan Heights and patrol south Lebanon near Israel's northern border, U.N. diplomats have played a marginal role at best in Arab-Israeli peacemaking.

The last U.N. chief to visit Israel was Boutros Boutros-Ghali of Egypt, but he came to attend the funeral of Yitzhak Rabin after the Israeli leader was assassinated.

Before that, Javier Perez de Cuellar came to

the region in 1983 following Israel's invasion of Lebanon.

Israel campaigned vigorously for the removal of another U.N. secretary-general, Austria's Kurt Waldheim, after questions were raised about his wartime actions in the Balkans with the Nazi army.

Annan's Mideast tour, especially his visit here, has raised the possibility of a much higher profile for the secretary-general in the regional peace effort — especially in the emerging initiative to withdraw Israeli troops from south Lebanon.

His diplomacy won plaudits from both sides. In a Palestinian refugee camp, Annan was greeted with shouts of "Kofi, Kofi," while even the toughest-minded Israelis were quick to praise him.

Tense negotiations held to weapon shipments to Yugoslavia

BONN, Germany (AP) — The United States and five European nations agreed Wednesday to ban weapons shipments to Yugoslavia next week and threatened President Slobodan Milosevic with new economic sanctions if he does not arrange unconditional peace talks with ethnic Albanians in Kosovo.

The accord was reached over Russia's objections. Until the final hour of the talks, Foreign Minister Yevgeny Primakov held out against setting March 31 as the deadline for the U.N. Security Council to approve the weapons ban, a senior U.S. official said.

In tense negotiations with Secretary of State Madeleine Albright and her counterparts from Germany, France, Britain and Italy, Primakov expressed concern that the weapons ban, once imposed, would never be removed, said the official, speaking on condition of anonymity.

Russia has negotiated a \$1.5 billion arms deal with Yugoslavia. Albright said at a news conference a weapons ban probably would apply only to new deals, but the official said it would stop all undelivered weapons.

In the United Nations, Russia has lobbied against a ban, but now has committed to support a cutoff. China, which could use its veto to stop the embargo, is expected to abstain on a resolution, the official said.

"I will not pretend the Contact Group agreed on everything," Albright said, referring to the deliberations of the six nations that oversee the restive Balkans in southeast Europe.

Among the demands set out in a joint statement by the six nations was that Milosevic make a start on "an unconditional dialogue" with leaders of the Albanian community in Serbia's Kosovo province, where

Serbian special police clashed with civilians, people were killed.

"We are making a hold President Milosevic" if the talks are other demands are bright said.

Primakov, in a moment, said merely, "to strengthen the position in Kosovo since the talks met in London. These included an agreement concluded March 12, 1999."

"Our judgment here is that he has failed to make sufficient progress."

Robin Cook
British Foreign Secretary

sufficient progress.

French Foreign Minister Jean-Pierre Védreine told French President Jacques Chirac that Milosevic's actions gave him no courage. He said, however, that "we must act with firmness and determination to pressure" him.

The foreign ministers of the six nations met again in four days to discuss the embargo. If he does not yield, Albright said, "we shall apply further measures."

These include a Yugoslavian assets freeze, a ban on U.S. companies doing business with Yugoslavia, and a ban on U.S. companies doing business with Yugoslavia.

Albright and her counterparts said they did not want to see the end of independence for the Albanians who make up 90 percent of Kosovo's population and they condemn acts by all sides.

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