

EU tries to avert war

Athens works for common front to get another UN resolution

Greece yesterday formally assumed the presidency of the European Union and immediately made clear it would try to avert a possible war in Iraq. "We must do all we can to find a peaceful solution," said Prime Minister Costas Simitis. His foreign minister, George Papandreou, is to visit Egypt, Syria, Jordan, Saudi Arabia and other countries in the region soon. It is still not clear precisely when.

Simitis is trying to get EU members to agree on the need for another UN resolution before war is declared. He said that he has contacted the leaders of Britain, France, Germany and Spain, all of whom are currently members of the Security Council. "I assure you, from the contacts that I have had so far, I conclude that it will not be greatly difficult to achieve a common stand on these issues," he said. "Our wish, our policy, is for there to be no war. The Security Council must deal with the issue again and decide what to

do when it has the facts at its disposal," he told a joint news conference with European Commission President Romano Prodi at Athens's Zappeion Hall.

"I say that war is not and must not be inevitable," Prodi said. "We must all do whatever we can to find a peaceful solution to the crisis. I hope the EU will be able to contribute to peace, building a more stable, a stronger foreign policy."

The Commission was in Athens for a joint meeting with the Cabinet marking the ceremonial start of the six-month Greek presidency. Athens's priorities are the completion of the EU's enlargement, dealing with migration and illegal immigration, helping forge the EU's future institutions and foreign policy and helping develop economic and social policy. "The priorities of the Greek presidency are our priorities as well," Prodi said.

Many EU countries believe that a US-led war on Iraq can still be prevented. UN

arms inspectors are due to present a report on Iraq on Jan. 27. Simitis said there will be "a further process" after that. "We simply have to stick to the process."

Papandreou told reporters separately that he does not plan to visit Baghdad. He would only go "if our partners felt this would be useful," he said.

The EU's foreign policy chief, Javier Solana, told the French daily *Le Monde* that he could not see how a war could start without clear evidence that Iraq is building chemical, biological and nuclear arms in violation of United Nations arms resolutions.

Meanwhile, the government and President Costis Stephanopoulos yesterday played down the fact that he was not invited to an official concert on Thursday marking the start of the presidency. Both sides said that, according to protocol, heads of state were not invited to such events. (Pages 3, 7)



A 'family photo' of the European Commission and Greece's Cabinet at the Zappeion Hall in Athens yesterday. The meeting of the two marked the formal assumption by Greece of the EU's six-month rotating presidency. PM Costas Simitis and Commission President Romano Prodi told a news conference that the EU would do all in its power to find a diplomatic solution that would help avert a US-led war in Iraq.

REUTERS

Prodi's view of 'Our Europe' in 2003

Commission president: 'We need to develop the democratic and moral dimension of the Union'; 'The Greek presidency will play a crucial role'

BY ROMANO PRODI*

2002 was indeed a very good year for Europe. It started with the launch of the euro notes and coins, which proved to be an unforeseen success for all of us. The year continued with the opening of the Convention to consider the structures of the Union for the future Europe. At the end of the year the European Council of Copenhagen took the historical step toward the unification of the continent with the decision to welcome 10 new member states on May 1, 2004.

After Copenhagen, Athens will be the next step on the road to enlargement and the Treaties of Accession will be signed here in April 2003. The Greek presidency will play a crucial role in focusing on the efforts of the Union and the candidate countries to make the enlargement a reality. Above all, a successful unification of Europe means carrying through a thorough reform that affects all facets of society in the candidate countries. We must make sure that European law and principles are fully implemented throughout the new member states from day one of accession.

Enlarging the Union also calls for a new philosophy for

our international relations.

We must send a clear message to those states that are not involved in this process but that look to the EU with great expectations such as the Balkans. We must tell them that the door of the Union remains open and that we hope to invite them in as soon as possible.

It is clear that the EU must take even further ownership

of the development of the region as a whole and of the single Balkan countries. I am very glad that the Greek government regards this issue a high priority of its presidency. Our joint task is to support the Balkan countries in their efforts, setting out a joint agenda that makes instruments and adequate resources available to them and harnessing the full potential

of the stabilization and association process.

The meeting with all the leaders of the governments of the western Balkans due in Thessaloniki, in June, will be a very important moment of this strategy.

While continuing the enlargement process we must also start preparing a new, horizontal approach for our relations with the future

neighbors of a wider Union. Even though it is clear that the enlargement cannot continue forever, we must be able to show that it does not mean building new walls around us.

The European Union needs a "ring of friends" on its borders, stretching from Russia to the shores of the Mediterranean — and it must offer them something that goes

further than partnership though not quite as far as full membership, without categorically ruling out the latter. This is what I call "sharing everything but institutions."

It means projecting the principles, values and standards that encapsulate the very essence of the European Union and drawing the countries that fall within its compass into a new relationship.



European Commission President Romano Prodi, who was in Athens this week to attend the official ceremony marking Greece's assumption of the European Union presidency.

Of course, this approach will also include stronger cooperation on common issues such as immigration, asylum and management of common borders, which rightly figure among the priorities of the Greek presidency.

From this new perspective, the issues on the table at the European Convention are becoming ever more urgent and we need to tackle them resolutely and courageously.

The Union will be able to fulfill its ambitions only through a fundamental reform of its institutions and decision-making process, which must become simpler, faster and more efficient. Above all, we need to develop the democratic and moral dimension of the Union: European citizens need to better understand and participate in the European project.

In the next six months, the European Convention will have to design a new institutional architecture of the Union. We will be working closely together with the presidency in order to ensure that the new constitutional Treaty could be presented to the European Council in Thessaloniki.

Finally, in March, Prime Minister Simitis will preside over a very important meeting of the European leaders in

Brussels. The so-called Spring European Council will concentrate on the Union's decade-long strategy for economic, social and environmental renewal. Conditions today could hardly be more different. The protracted downturn over the last 18 months has knocked business and consumer confidence. The vulnerability of our economy to external conditions reinforces the case for accelerating the pace of change.

While progress has been seen in almost all areas, it has generally neither been fast enough nor sufficiently coordinated to produce the results that heads of state and government signed up to three years ago in Lisbon.

The greatest risk is not the lack of decisions at European level, but the failure by member states to ensure that agreed rules and new policies are effectively implemented and applied. This means that in key areas the Union has yet to unleash the full potential of the internal market. Each member state must do much more to ensure that agreed measures are implemented properly and on time.

"This article by the president of the European Commission was written for Kathimerini."

Greeks learn quickly, but spend just as fast

Eurobarometer survey results from the euro's first year

BY H.A. PAPADIMITRIOU
KATHIMERINI

It has now been a year since euros replaced drachmas in Greece. The 10,000-drachma note, formerly the largest denomination, seems very little in comparison to the 500-euro note, which is worth 17 times as much. Along with the other 11 countries in the eurozone, Greece was ready to welcome the new currency.

So were a number of other countries, both in Europe and elsewhere. Throughout the whole of North Africa, Asia and South America, and Eastern Europe, Greek visitors can pay for goods and services with the money they had in their pockets when they left home. Prices are often displayed in euros as well as dollars and the local currency. Fifty-three percent of all Europeans and 57 percent of Greeks take only euros with them when leaving the eurozone; only 16 percent (and 24 percent of Greeks) choose to take dollars.

Europeans' greatest complaint about the abolition of their national currencies is the increase in prices after conversion to the euro, whether because prices were rounded off upward, or because we forgot how much a product or a service actually costs. Then there is the effect on inflation, which in Greece is 3.5 percent. All these factors contributed to Europeans' negative impression of their new currency.

Things got worse after the summer, when people were stung by prices at bars and restaurants. Germans, who have the most experience with stable prices and a strong mark, were the most dissatisfied. Over half said the euro did not help contain prices and 52 percent felt it had not benefited Germany.

When we compare our own experience with that of the other member states, we get a more realistic idea of the situation. The majority of people in the Netherlands believe that price conversions have been at the expense of consumers. The European Commission made a special announcement admitting this was the greatest problem for the public, but that to a great extent, the impression was due to seasonal price increases or rises in the price of certain categories of goods. For example, cafes and restaurants throughout the eurozone increased

prices by 4.3 percent, double the average inflation rate. In Greece, this increase was 8-10 percent, even worse considering the extent to which these services are used here.

When one adds the knock-on effect of price hikes for fresh food, fuel and meat, then one is easily persuaded that the euro is to blame for higher spending.

In Brussels, as in Athens, it is believed that this situation is a temporary one. This year the new currency will be fully assimilated, absorbing any inflationary effects. This is also the

*The only effective
cure for rising
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our own inflation*

view in Frankfurt, at the European Central Bank, which is obliged to follow a rates policy on the euro, to keep inflation at around 2 percent. It is this policy which creates problems for Greeks. European bankers' certainty that inflation will fall, combined with obstacles faced by the European economy in its effort to get going again, explains the ECB's decision in early December to reduce the basic interest rate on the euro to 2.75 percent, thereby reducing bank interest rates to very low levels and wiping out interest on savings deposits.

The only real, effective cure is to reduce our own inflation, because one of the characteristics of every single currency zone is that a currency can have only one interest rate, while every region, in this case every country, has its own characteristics and problems, and its own inflation rate. It is clear that the coming of the euro has nothing to do with the difference between inflation and interest rates, but it has made us more aware of the problem. Unfortunately, however, dealing with it will take many years and calls for a determined effort.

As was to be expected, Greeks do not have any real practical problem. We are thinking in euros (44 percent say they calculate solely in euros, 35 percent do so some of the time and only 20.4 percent still think in drachmas).

In comparison with other Europeans we have clearly adjust-

ed more easily, as is evident from the speed with which drachmas were withdrawn from circulation, according to Thodoros Pantalakos, deputy governor of the National Bank. There were also few mistakes or problems, particularly considering the panic that gripped many people before the euro arrived.

Of course, there are real difficulties in working out the value of very expensive items such as property and automobiles. It is easier to think about paying 150,000 (euros) for a home than 51 million (drachmas), or 10,000-20,000 (euros) for a car. Only the Irish say they usually think in euros, but only 7.8 percent of the Dutch, 9.9 of the Belgians and 10.9 percent of the Portuguese calculate large purchases in euros, compared to 23.4 percent of Greeks.

All ages and educational groups appear to be adjusting at similar rates, although younger people generally appear to have adjusted more easily to the new currency.

More men seem to prefer major calculations in euros (28 percent, compared to 19 percent), but 19 percent of men and 22 percent of women do so for daily purchases.

The euro notes' bright colors and other differences have aided easy recognition, although some coins — particularly the 1-cent coin — are considered awkward. People usually use 10-cent, 20-cent and 50-cent coins, the latter covering one-third of our needs.

Apart from the Greeks and the Italians, 76.8 percent of eurozone residents do not feel it would be useful to have a 1-euro bank note. Hardly anyone in Europe has difficulty recognizing coins because of the differences in each country on the flip side. Greeks and Austrians are perhaps bothered the most.

Meanwhile, many Europeans have shown an interest in the different "national" coins, collecting the initial series released. According to surveys, there are very few counterfeit notes (mostly 50-euro notes), amounting to just 7 percent of the forged notes circulating in the 12 eurozone countries before the euro was introduced.

In other words, we have adjusted rather easily to what is an historic event both for Greece and for the history of Europe, which 65.4 percent of Greeks and 66.1 percent of other Europeans generally agree with.