

## CORRECT KISSING

Was the Sicilian mayor right to ban it in public?

PEOPLE - PAGE 14

## COWBOY CAPERS

When the great and the good make themselves silly

PEOPLE - PAGE 14

## KITTEN CLAWED

Bardo's ex-husband throws the book at her

FEATURES - PAGE 15

# Albania slides towards abyss

AS ALBANIA stumbles towards elections designed to end political strife and armed rebellion, there are growing fears that the ballot will merely usher in more violence.

The 6,000-strong Italian-led European military force on full alert this week to protect 500 observers from the Organisation for Security and Co-operation in Europe (OSCE) is being urged to monitor polling stations to ensure free elections to restore order in the capital, Tirana. Greek troops have been ordered to the country by pronouncing a state of emergency on 29 June. In the mixed first after a survey regarding OSCE staff was attacked by 300 hoodlums in the streets.

Although the European force - mainly troops from Italy, France, Germany and Romania - has a mandate from aiding the OSCE with any of the groups can force for power, in a start made to unstable gun culture now.

Asklod Krushelnycky  
TIRANA

prevalent the troops could easily become a target. The Italian government has said it would favour troop withdrawal if widespread fighting erupted in Albania. Albania's president, Sali Berisha, called for the right-wing Democratic Party, founded by the former prime minister, to resign his resignation last March more free elections to restore order in the capital, Tirana.

More Albanians want a "credible outcome to the elections and for peace, stability and a start made to unstable gun culture now."

Continued on page 2

Riding shotgun: an Italian soldier accompanies observers in a helicopter mission over the town of Korçe. The troops are guarding observers sent to Albania to ensure free and fair elections

# Euro-markets face only the fittest banks will survive revolution

**HILMAR KOPPER**, the former chairman of Deutsche Bank, bluntly characterises the coming fight for control of Europe's financial markets as "Europe's big bang."

**Adrian Hamilton** reports from the financial capitals of Europe

Klaus Frenckh, chief executive of Dresdner Bank in Frankfurt, is even more specific: "Europe's capital markets and banks are going to experience a greater change than at any time in the past 200 years."

The driving force behind this coming revolution is the prospect of the single European currency. Among the sweeping changes expected in its wake are:

- a reduction by a quarter in the number of banks in Europe
- a doubling in size of the continental stock exchanges
- the emergence of an American-style corporate bond market
- a head-on battle between London, Paris and Frankfurt to become the trading centre of the new Europe.

losses at Baring and Morgan Grenfell, there is a game in which European banks will struggle to survive.

As with London's big bang a decade ago, there will be a dismantling of restrictive regulations which have protected national financial markets for more than a century. It will be driven partly by single-market legislation from Brussels but also by the rapid globalisation of financial markets.

The introduction of the euro will create a new debt market in the single currency to rival the US bond market. It will change the cosy relationship between finance and industry on the continent, all at a time when the slow of privatisation throughout Europe is already encouraging interest in its underdeveloped equity markets.

### THE BOND MARKET AFTER EMU

Forecast share of global bond market (EMU)

Option	Share (%)
Option 1	44.2%
Option 2	37.2%
Option 3	18.6%
Option 4	0%

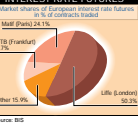
### EUROMARKET LEAD MANAGERS

Company	Value of offerings, corporate bonds and Eurobonds (£m)
1. Merrill Lynch (US)	27,200.00
2. Deutsche Morgan Grenfell (Germany)	24,200.00
3. Citicorp (US)	21,000.00
4. Credit Suisse First Boston (Switzerland)	20,000.00
5. Citigroup (US)	19,000.00
6. Swiss Bank Corp (Switzerland)	17,500.00
7. Morgan Stanley (US)	17,000.00
8. Paribas (France)	16,500.00
9. Credit Lyonnais (France)	14,500.00
10. Lazard Freres (France)	10,500.00

### EUROPEAN EQUITY MARKET CAPITALISATION



### INTEREST RATE FUTURES



## EUROPEAN PRICES

Index	26 June	25 June	24 June
London	4818.00	4818.00	4818.00
Paris	10000.00	10000.00	10000.00
Frankfurt	10000.00	10000.00	10000.00
Amsterdam	10000.00	10000.00	10000.00
Brussels	10000.00	10000.00	10000.00
Madrid	10000.00	10000.00	10000.00
Stockholm	10000.00	10000.00	10000.00
Oslo	10000.00	10000.00	10000.00
Geneva	10000.00	10000.00	10000.00
Zurich	10000.00	10000.00	10000.00
Vienna	10000.00	10000.00	10000.00
Warsaw	10000.00	10000.00	10000.00
Bombay	10000.00	10000.00	10000.00
Delhi	10000.00	10000.00	10000.00
Calcutta	10000.00	10000.00	10000.00
London	10000.00	10000.00	10000.00
Paris	10000.00	10000.00	10000.00
Frankfurt	10000.00	10000.00	10000.00
Amsterdam	10000.00	10000.00	10000.00
Brussels	10000.00	10000.00	10000.00
Madrid	10000.00	10000.00	10000.00
Stockholm	10000.00	10000.00	10000.00
Oslo	10000.00	10000.00	10000.00
Geneva	10000.00	10000.00	10000.00
Zurich	10000.00	10000.00	10000.00
Vienna	10000.00	10000.00	10000.00
Warsaw	10000.00	10000.00	10000.00
Bombay	10000.00	10000.00	10000.00
Delhi	10000.00	10000.00	10000.00
Calcutta	10000.00	10000.00	10000.00

# Struggle to break Hollywood dominance

The European Commission is poised to take action against the company which distributes films for three of Hollywood's biggest studios, following a four-year investigation into whether it operates as a cartel.

Paramount, MGM and MCA pool their resources as the Hollywood movie giant (UPI) in order to distribute independent merchant banks. This year's UPI film includes *The Jurassic Park* sequel *The Lost World*, and *The Last Word*, and *Never Dies*. The company has long been a force of strong supporters of the European film industry.

especially in France. They blame the company's firm grip on the distribution process for the poor performance of European films in the continent's cinemas.

Hollywood movies account for between 80 and 90 per cent of box office receipts in Europe. The EU's trade commissioner, Peter Manders, says the film market is estimated at £2.5bn, a figure which is video enter the equation.

Senior sources in Brussels said Commission anti-trust officials have now gathered enough evidence to prove that UPI engaged in a number of anti-competitive practices. This proof has

but their ability to compete right across Europe and the globe. And that means they can, but to most also appeal to, international investment activity.

Some idea of the scale of this change can be seen from the fact that, while Britain has a stock market capitalisation of 17.5 per cent of gross domestic product, France and Germany scrape by on 41 per cent and 36 per cent respectively.

"What we are seeing is the logical outcome of the single market," argues Herschel Post, the American banker who is head of Courts, the National Westminster subsidiary famous for being Queen Elizabeth's bank. "Companies are no longer seen in terms of their importance in a country



Showing everywhere: a scene from UPI's *The Lost World*



# China checks European business

**T**HEIR politicians may be worried, but European business people are viewing the imminent return of Hong Kong to China with equanimity. Fuelled by an influx of mainland money, the island's property market is booming while its stock market will agree to record highs. Survey after survey of business sentiment indicates that a bullish wind is blowing through Central Hong Kong's financial district.

"It will be business as usual after 1 July," says Thierry Dana, France's new consul general. "Business as usual," says David Eldon, chief executive of Hongkong & Shanghai Bank. "Business is even better than usual," says Peter Stuch, chairman of Sotex Group.

Their confidence is based on a simple distinction between civil rights and economic health. China has never had a less than liberal record when it comes to the former, but so has Singapore, one of the original Asian tigers.

"I don't think human rights and business are related," says Hans Schäfer, director of Abovex Asia Co. and chairman of the Danish Business Association. "Changes to civil liberties are of minor importance to business."

According to a recent poll by the *Far Eastern Economic Review*, while 60 per cent of Hong Kong executives were critical of the current civil liberties in the new territory, 77 per cent of them would not make much difference to economic activity. In fact, one activist of thought in Central argues that the handover may seal the end of an unrelenting politicisation of Hong Kong's affairs. As the influential British Foreign Office Chris Patten, discovered last year, Chinese over last ditch bureaucratic formalities. Hong Kong business people are in the end more interested in free markets than free votes. "It's the 'muddling' that is looked upon almost as dully in Central as in Beijing.

**As Britain bows out, Roman Rolinick and Matthew Born find that trade prospects are brighter than ever**

Many in the district will agree with Henry Tang, chairman of the Federation of European Chambers of Commerce who recently commented: "There are substantial numbers in the business community who want more openness on strong government and economic issues and not on politics. They feel political struggles have done a lot of damage."

European governments can hardly be expected to endorse such a hard-nosed view. But the diplomatic dance China led Germany a year ago illustrated how quickly political principle can be sacrificed on economic expediency. When a treaty in the German parliament criticising China's policy of human rights appeared to herald a chill in Sino-German relations, Helmut Kohl was quick to minimise its import, to the relief of German business.

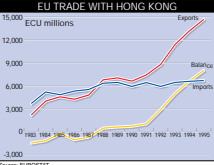
A similar pattern can be expected with Hong Kong, where Germany and Britain led the trade with what is the EU's tenth largest trade partner. Hong Kong is host to over 100 European bank and insurance firms, 100 industrial firms, and is the regional headquarters of

250 European companies. The total value of EU trade with China has ballooned from £10.7 billion (£12bn) in 1987 to £37.8bn in 1995. It is also higher than any other city in Asia. Neither China nor Europe has any motive to rock this particular boat.

"It is a phenomenal trade," says Andrew Lee, the economic entrepreneur in Helsinki. "I don't see any political corruption." The Independent Commission against Corruption (ICAC) has made Hong Kong the cleanest place to do business in Asia, according to both the British and German chambers of commerce. But there are fears that endemic malpractice on the mainland may spill over. From a European point of view, Hong Kong is an attractive place to do business. It has an open society, excellent infrastructure and half that the rate of

China knows that it offers that it only has to offer European governments a contract and say, 'sign up and that's up'.

**H**OWEVER, there is one issue which concerns entrepreneurs as much as politicians. EU envoy to Hong Kong: "It is too important to be compromised and so far we are confident that trade will grow and the boom will be maintained as long as the airport and the new development are undertaken." Joan Roxan, managing director of Spain's Aerovox flight simulator, Europe. But its real concern is filling its pockets with money.



## China checks its neighbor's pockets with mystery

**FRENCH** best-selling spy novelist Gérard de Villiers has published his latest novel *Hong Kong Explored*, which tells the story of a western intelligence network helping dissidents escape from the vengeful Chinese state security minister, the Gaobao.

The Chinese are said to be furious. Most of the names of Chinese agents in the book are real. There is a French literary tradition going back to the 1930s of exposing real-life agents in spy novels, but these days the *Chroniques* (Chronicles, Communists in CIA jargon) have supplanted the Germans as the villains. There is no doubt that China's intelligence service has long been preparing for the takeover of Hong Kong. For instance, Zou Zhenxi is officially director of the coordination department within the 600-officer Chinese Press Agency (China's Press Agency) in Beijing, the official coordinating intelligence colony from all Xinbiao departments and 'social security cover names' for "spies and radio intelligence" in the aftermath of the 1989 Tiananmen Square protests in Beijing. The former Hong Kong Xinbiao director, Zou Jiatun, led to the US. Later he revealed how his colleagues monitored telegrams and built up computer databases on political dissidents, democrats, exiles and others.

In 1992 *The European* broke the story about the role of Li Chunso, a former Shanghai clergyman turned spy, who was named as Xinbiao deputy director to prepare the way for a range of political activists once China regained control.

It is now special adviser to China's President Jiang Zemin, on Hong Kong, in the mid-1980s he selected his Shanghai colleagues as Xinbiao, as candidate for chief executive after the handover.

Xinbiao is far from being a truly organisation set up for covert Chinese activity in

**Roger Fallgot** on China's secret-service manoeuvres in advance of the handover.

the colony. This week the *Far Eastern Economic Review* revealed that the new Chinese Foreign Office room in Hong Kong is set to compete with Xinbiao in intelligence gathering. The man in charge, Ma Yunhua, appointed last week, is a former ambassador to Britain. The Gaobao operates with military intelligence (Qinghai) monitoring phone, fax, telegraph and via Internet messages. Officially they do not have direct access to the monitoring system organised by the British in the revamped public security unit. But recently the Chinese have launched an operation involving the purchase of part or all of the private sector companies and the setting up of thinly disguised internet provider schemes.

The Chinese Resources building in Wanchai has for years been used as a centre of economic intelligence centre. Beijing was hoping to benefit from British technical intelligence and to be frustrated when the government in the aftermath of the 1989 Tiananmen Square protests was dismantled and moved to Australia.

The Special Technical Regiment attached to the Criminal Intelligence Department

also has been dismantled and sensitive files about agents have been moved. Key officers from the powerful Special Branch, including their chief, John Thorpe, have returned to Britain either to retire or seek private employment. Canadian and US authorities are eager to employ special agents on the Chinese mainland who have settled in Vancouver and San Francisco.

One police superintendent in charge of anti-Tiananmen operations told *The European*: "We are told by the Chinese that the force is going to remain independent under the new Hong Kong government. But it will be difficult. A Chinese public security liaison mission is already operating from inside 'the headquarters'. All special time training in Europe with internal and all police organisations."

The local police who remain in place fear that the new authorities will instruct them to run operations against the democrats and dissidents within the Special Administrative Zone.

Spekman for the Hong Kong Journalists' Association said: "They

are already playing an important role in the case of some major newspapers with the secret services sent to Tibet independence or critics of the Beijing leader. There is a fear that, as in Shanghai in 1950, the authorities will unlearn, say next winter, a 'major counter-revolutionary plot' supposedly involving democrats, journalists and journalist spy agencies.

There are many intelligence agencies at work in Hong Kong, including the reorganised British organisations, the powerful US Central Intelligence Agency (CIA) and the Taiwanese Secret Service Bureau.

The French external secret service, the DGSE, puts trainers on Chinese language courses and is certain to have agents in place in the guise of business people or researchers. Japanese intelligence has undertaken a long-term project since the Second World War but has remained independent, although clearly far from being independent, run by Chinese intelligence."

Other powers have moved into the territory. The US has always been - unlike the UK - in Hong Kong, always opened a consulate after the handover. The CIA and the Chinese-speaking information officer, Igor Lobanov, is seen as having close links with the US, the secretary to the KGB.

While there will be plenty of material for the spy novelists in the future in Hong Kong, they hope it will not be the democrats who have to portray as the villains.

law will be undermined. "Corruption, not civil rights, is the main worry," said one prominent Italian banker.

Elvono Roster is the man charged with producing an annual report on the full range of EU-Hong Kong relations, including human rights. He is keen to issue a Cold War-style talk of a 'imperial bamboo curtain', but emphasises that the existing business climate must be maintained. "It concerns me that Hong Kong has a single image in the European and American press at the moment. The fundamentals of the economy are very healthy. From a European point of view, Hong Kong is an attractive place to do business. It has an open society, excellent infrastructure and a business environ-

ment characterised by the rule of law. It is, of course, vital to preserve these features because business confidence is a 'kiss thing'."

On the issue of human rights he is more cautious. In a recent policy statement the European Commission criticised, albeit in mild terms, the Chinese decision to impose a non-elected interim legislature on Hong Kong, arguing that "the uncertainties surrounding the legislature and proposed changes to civil liberties legislation have not helped the cause of confidence at this sensitive time." The Commission, along with western governments, will undoubtedly press for quick elections.

Better admits that the statement was a gesture. "We're under pressure from

All of which places in perspective the role over which the EU government is sending a representative to which ceremony on 30 June and 1 July. It appears that only the Americans and British are still contemplating boycotting the installation of the new legislature.

A dumfounded Europe is no surprise when it comes to foreign policy. It should come even less of a shock when EU member states are united by a common economic incentive to do business with the two systems now in one country.

*Additional reporting by Julie Reed*


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... teamwork ..  
... LOYALTY"

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LETTERS TO THE EDITOR

MILLAR'S EUROPE

A no-nonsense president of a farcical state

JODI is as good, and often is better, as the person who does it. This is why the departure of Zoran Djindjic from the presidency of Yugoslavia is such a welcome event...

Ever since the death of Josip Broz Tito, the man who held Yugoslavia together, the presidency has had to be much a job as an approximation of government...

The idea was that such a system would prevent any one faction adopting separatist or hegemonic tendencies. In fact, those were the only tendencies to survive...

Crucially, the Montenegro separatists have been keen to its backing, which leaves little likelihood of serious opposition in the Yugoslav parliament...

Curiously, the presidency retained the rump Yugoslavia, which still bears that name, is made up of only Serbia, with a population of 17 million...

PILLAR MILLAR

knows his. It was being Yugoslavia, in some ways, to some extent, to some extent, to some extent...

They are not. They will not last. The only solution is peaceful, if acrimonious, partition...

There is no alternative to a global Serbia, broken up or better off, for everyone. That might provide the opportunity for a new Yugoslavia...

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All talk and little action

THE first Earth Summit in five years ago was a talk and little action. Then New York became the venue for our second chance to save the earth's civilization...

It is happening now. Climate change is not a scientific debate, it is a political one...

It is a sign that best week's special session of the United Nations was held in New York, a city not at the forefront of energy conservation...

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Attitudes to Germany

GERMANY is a surely weary of foreign attitudes and accusations about German democracy still survive in such a form...

It was treated well during my five years in Germany. In fact, I was in industry and some decades in journalism...

Neglected pioneer

YOUR article on the early pioneers of flight (issue 318) is a good thing. Otto Lilienthal, born in Prussia, was a pioneer...

It is a good thing. Otto Lilienthal, born in Prussia, was a pioneer. He was a pioneer...

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Should Romania be left out in the cold?

I ENJOYED Ian Miller's analysis 'Romania is the loser' (issue 371) but an appeal by the US rejection of Romania's application for NATO membership and their ignorance of the situation in eastern Europe...

As a Romanian-born American citizen, I have been delighted by the changes in Romania and the role of the EU...

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The Danewer

THE Danewer is a small, light aircraft designed by the Danewer brothers. It is a small, light aircraft...

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DRAWN FROM EUROPE

THE European 200 (Grey) is a road car. It is a road car. It is a road car...

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POINTS OF VIEW

UNITA (South Africa) to see how it will be used. It is a road car. It is a road car...

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UNITA (South Africa) to see how it will be used. It is a road car. It is a road car...

would probably lead to an even more extreme situation. Leading members of the two groups disagree that contact and it is perhaps...

Fouly in Cyprus

FURTHER to 'Cyprus split or friendly games' (issue 370) and the cancellation of similar matches between the north and south of the island...

Hell's Angels in blood feud

WITH regard to the feud between the Hell's Angels and the Danish police...

States of union and diversity

THE Euro area needs its own jobs. The American Euro area needs its own jobs...

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USTINOV AT LARGE

'At the Wild West dinner, Helmut Kohl stated that nothing on earth would induce him ever to wear boots - cowboy or otherwise'

German people. How history and the future of the world are intertwined. Helmut Kohl stated that nothing on earth would induce him ever to wear boots - cowboy or otherwise...

Should Romania be left out in the cold?

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# The path to a greener and cleaner Europe



The moral high ground proved irresistible to the Europe's leaders at New York's Earth Summit. Britain and Germany, the only two countries curiously going to meet the timetable to reduce air pollution, delivered gossamer lectures at the spot of villain - the unashamedly gaseous United States. They are not entitled to this gossamer, nor should the Americans be gratuitously identified as the villains. The United States is wanted. But its fossil-fuel emissions are not the world's greenhouse gases must be set alongside its 20 per cent share of world output. American governments have also generated many good ideas that are now becoming fashionable in Europe. These include tax relief on insulation, high-capacity electric cars and roof-top photovoltaics. The rhetoric of European leaders has been the ultimate in positive politics as they have talked but only been prepared when they are long into retirement. This demonstrates not their resolve but their lack of stomach to take the measures to change the way industrialists and car users behave. Britain's Prime Minister, Tony Blair, is in no position to tell others what to do. His country is only on target as an incidental consequence of his predecessors' shunting down most of its coal mines.

European governments are as far away as ever from a coordinated policy, relating at the Amsterdam summit one to introduce majority voting for environmental policies. The ideas struggling out of the Brussels headquarters and from governments trying to appease an ever more strident green lobby, either still the problem from one region to another or are so indeterminate that they do more harm than good.

The Commission, inevitably for a body still stuck in a dirigiste mind-set which believes that government-led intervention is best, wants the sledgehammer solution of an energy tax

producing a 20 per cent rise in fuel prices. This won't work. It will neither reduce emissions significantly nor make Europe a greener or more pleasant land. But it will fund an unnecessary business advantage to our global competitors. Its impact will be different according to the rate of consumption will be followed by a fall in oil prices. This will then feed through to the cost at the petrol pump. Moreover, even if prices do fall, all evidence - for example, from the 1973 and 1979 oil price shocks - suggests that private petrol prices have a limited effect. Car drivers, as addicted to their vehicles as cigarette smokers are to tobacco, would soon be driving as many kilometres as before.

A tax hike would have an indiscriminate impact. Industrialists competing on the tightest of margins in international markets and car drivers in rural areas would be hit as hard as motorists in pollution-generating cities. By putting up the cost of being in the countryside, where often the car is the only feasible way to travel, more people will be driven into the city in the very cities that generate the most greenhouse gases.

A unilateral decision to increase Europe's already high energy taxes will have a perverse global impact. It will reduce competitiveness advantage in the rest of environmentally concerned corners of the world. The rise in

greenhouse gases in Asia will in any case more than cancel out any reduction in Europe. Even on present trends the rise in China's carbon dioxide emissions by 2020 will be higher than the entire CO<sub>2</sub> output of OECD states.

European business, already buckling under the social costs imposed by many of their governments, will find higher output costs to be one more unnecessary burden imposed by vote-hungry politicians. It is symptomatic of the malaise dragging down continental Europe that these considerations are ignored by the Brussels policy makers.

Other options solutions are just as flawed. Car users have been exploited or heavily penalised for using the centres of cities such as Florence, Copenhagen. Fitting and amusing. In these cases, the air is cleaner, folk are healthier and children walk to school. But the pollution is simply shifted to the edges of the city where commuters dump their cars. Then, in the Commission looking for new ideas to make a real reduction in greenhouse gases should come up with a package which offers a mix of incentives and penalties to replace the present impractical combination of higher taxes and fuelable rates.

Road pricing is the best way to do this. The US, France, Italy and Spain now charge for the use of some arterial routes. This should be extended to urban areas - as it has

been in Singapore - because it gives the consumer a real economic choice. Tougher anti-pollution measures should also present car drivers with options. They should, for example, be asked to choose between using a diesel converter with any other future technology that works, buying a new car or paying a tariff for the amount of pollution it generates.

Other incentives, including exclusive car lanes, could be introduced for those travelling environmentally. Car-sharing. Car. The impact could be dramatic. Coming to London, research by California students, shared car commuting could eventually lead to a 1.2 million cars for 1 million car owners in Germany.

Factories don't need to be regulated by complex rules, which drain management time and a producers' charter. Instead, they should be encouraged to use a mix of incentives. Those based on the pollution pumped out. That would give managers the best possible incentive to the most efficient way of reducing emissions.

The New York summit has been a profoundly unattractive occasion. European motorists have been matched by the anger of an American public - no shrinking violet when it comes to the mangle-making gears - caught between the needs of business and environmental lobbies. Asia is more concerned with its own massive numbers of people. And the United World leaders have been another opportunity to force western governments to get their chequesbook.

There is no consensus on the way ahead. Any fine-sounding declaration is so merely likely to be kept than that made in Rio five years ago. If Europe's leaders want to take an initiative for our continent they should stop spouting sentimentalism and risk the opportunity of introducing practical measures.

## Eric Chaney questions the sustainability of the new government's spending policy

FRENCH Prime Minister Lionel Jospin's presentation of his programme for 1998 was greeted with a rick of discomfort by the French fiscal policy.

On the one hand, Jospin reaffirmed his determination to achieve economic and monetary union according to the timetable laid out in the Maastricht treaty. On the other, he said that fiscal austerity was a thing of the past, and announced extra spending. He promised spending measures with immediate effect, the result of which would appear to fall in well with even a self-interested reading of the EMU treaty.

To start with the main points, the finance minister announced that the minimum wage would be increased by four per cent from next month. Although one again we have minimum wage increases outstripping productivity gains, which will result in fewer rather than more jobs, this was rather good news considering the current political situation. The communists and a number of trade unions had asked for eight per cent.

Moreover, the announcement of the wage increases and reduction in work hours were made in a very cautious fashion, being hopes that this government has not forgotten that the economy once again has a long shadow.

As for the EMU prospects are concerned, this is not the burning issue, adding to the cost of living, is the July's minimum wage rise, the fourfold increase in the family allowance for children under 16 and other and the programme to renovate council houses to a million units over five years, and subtracting the reduction of government families allowances, which the government intends to restrict to low income families from now on, means a net extra spending of Fifteen (£13.3m), or 0.2 per cent on our estimates, slightly above 0.1 per cent whether this extra spending would be offset by spending cuts, or the revenues or not, under the EMU.

Unfortunately for the politicians, the extra spending was finished, which would eventually add up to a large budget hole. When Jospin said that fiscal austerity was finished, he meant that public deficit estimate for 1997 from 2.4 per cent to 3.1 per cent of GDP, although 3.3 per cent is still achievable through a freeze on current

# Europe's greening and fiscal conservatism

severe budget restrictions. They would consider it counterproductive in terms of public opinion to send different signals from Brussels. None of these things is expected any sympathy for the idea of spending policy.

So, the government's programme at the EU level on the fiscal policy side. There is no consensus on the way ahead. Any fine-sounding declaration is so merely likely to be kept than that made in Rio five years ago. If Europe's leaders want to take an initiative for our continent they should stop spouting sentimentalism and risk the opportunity of introducing practical measures.

This is good news for retailers and might be welcome news for the consumer in the pan for the whole economy. It is good news for the consumer but not for the business. It is good news for the consumer but not for the business. It is good news for the consumer but not for the business. It is good news for the consumer but not for the business.

Juggling the figures: Lionel Jospin is trying to impose fiscal austerity and increase state spending. The result will not fit in with even soft EMU spending targets

government spending. With such a freeze now unlikely, and with the new spending programme announced by Jospin, we have revised our deficit forecast up to 3.1 per cent of GDP.

Stripping out the financial transfer from France's Telecom (FF67.3bn), which has no fiscal policy meaning from an economic standpoint, the general government budget deficit would stand at four per cent of GDP (four and a half per cent in 1997), even if accelerated from 1.3 per cent in 1996 to 2.4 per cent in 1997. Even more so, most friendly experts might have to concede that France's fiscal policy has failed to converge toward long-term sustainability. Of our estimates were confirmed in early 1998.

The rationale behind these measures is not clear. It may be to favour

low-income families, and allegedly, economic. Fiscal politicians of all sides call it "boosting growth through consumer spending," something the retail lobby is particularly fond of. Unfortunately, not even John Maynard Keynes, the original inspiration behind the new government's economic policy, ever had such an idea when he diagnosed the problem as a lack of "effective demand" at the time of the Great Depression. Instead of boosting consumer spending, he had recommended boosting investment in infrastructure by means of budget deficit. In this regard, it is worth keeping in mind that in the 1930s the deficit was much higher than it is now. In addition, financial markets do not monitor the sustainability of fiscal

policies as they do now. Last but not least, private households were less sensitive to budget deficits than they have become since, having learned the painful lesson that unsustainable fiscal policies always end in a loss of wealth, either through higher taxes or large-scale devaluation. For all these reasons, I doubt whether Keynes would make the same analysis nowadays.

But as has been revealed in Dublin last December and more recently in Amsterdam, not even the most left-wing of the European governments are ready to follow the French in this path.

Almost all the high-income countries excepted with a high public deficit: Portugal, Belgium, Italy, Sweden, the Netherlands and Austria, are governed by left or centre-left governments that have struggled hard to stabilise their public debt through higher taxes.

He might be accused in France of serious political bias because, in the Socialist Party and its close allies, Jospin's main political ally in the assembly to deal with it. But we have to admit that no guarantee was given by Jospin in his speech to the Assembly.

Our conclusion is that France's partners and markets might doubt whether the French are really committed to EMU. Interpreting the EMU deficit and budget policies, which are highly volatile and whose levels is clearly above what is needed to meet the criteria set by the first treaty for Germany. But the risk of the French government's policy is that even the trend might disqualify France in April 1998.

Eric Chaney is Senior Economist at Morgan Stanley, New York and Paris

To freshen the balance of mind, looking with admiration across the French, freshly prosperous Chinese citizens have developed an insatiable thirst for good Chateau. They are buying enough to gladden the heart of every chateau holder in Bordeaux. It is a development that causes every discerning wine lover who fears an upturn in prices.

The Far Eastern trade is becoming so important that plans are afoot to replicate the annual summer Bordeaux wine exhibition next year in Hong Kong.

Does this mean that the wine bars of France will start to proliferate throughout the Middle Kingdom as a fit for far against investment in Europe by Chinese restaurateurs? The Chinese, being taught by nature, are becoming equally fond of the wine of Europe's Chinese restaurants? The Chinese, being taught by nature, are becoming equally fond of the wine of Europe's Chinese restaurants? The Chinese, being taught by nature, are becoming equally fond of the wine of Europe's Chinese restaurants?

**PLUS CA CHANGE**

Czechoslovakia in Prague. These days, his country is being reformed in a more thorough manner than anywhere else in the world. His country is being reformed in a more thorough manner than anywhere else in the world. His country is being reformed in a more thorough manner than anywhere else in the world.

**RONALD PAYNE**

synthesise with the Suleites German. He is one himself, one whose story he is saying, that it was his and his mother's long and tough journey to the United States. His country is being reformed in a more thorough manner than anywhere else in the world. His country is being reformed in a more thorough manner than anywhere else in the world.

**DRINKING IT IN:** clearst consumption of beer in the rich in Asia is breaking records. This is the main principle. Euro-Beers and their QG were rejected by and out of the Third World since they last were shunned by India and Exotic Bay.

But first, one of two points need clearing up about the earlier show. Frankly, the Dutch were drinking Stamen act was a failure. To see what went wrong you need

only look to the more daring world leaders whose role is to see that they had not clipped their iron spurs since they last wore shiny trousers. As it was to rouse clappers the troupe they did not even have the w to lack their turns up and down the tracks. To boy the die might metaphor most favoured in France is a political

context, they had figuratively lost the race.

The other misapprehension was made by the American press. A model cowboy boots. Being built to last, they were not only a fashion statement, but also a statement of good manners. I am certain his resilience. Real men do not have a lot of time to waste on anything that they can't afford to lose. The fact that they refuse to wear flip-flop shoes and avoid the slogan "made by flip-flop boots either on or off."

I THINK a day off of going the big bunch of business at the Paris Air Show. As a dinner guest of Raytheon Company, the American people who know a thing or two about missiles, surplus navy, and I found the goods pleasantly unaffordable. But Zafra, the merchant of death, would have been a success.

But I think I saw on the weapons page in an merger, which is the office of the American people who know a thing or two about missiles, surplus navy, and I found the goods pleasantly unaffordable. But Zafra, the merchant of death, would have been a success.

# World's tastes mature to a different kind

# Murder but not fiction in the dock

WHEN 22-year-old philosophy student Maria Russo was shot dead outside Rome university last month, investigators were confident of finding her killer. What they did not expect was to find themselves examining why a university justice and defence department should think that had done it, starting an anguished national debate into abuses in the Italian university system.

The murder took place as hundreds of students left the capital's premier institute of Legal Philosophy. Witnesses, said the police, were bound to come forward.

But instead investigators encountered a wall of silence. Only when detectives tapped the institute's telephone and overheard its director, Professor Bruno Romano, promising staff to avoid lodging the inquiry did they understand why.

Professor Romano, placed under house arrest for seven days accused of obstructing justice, claimed he was protecting the good name of his institute, apparently citing the philosopher Hegel's view to suggest that it was best not to ruin two lives for one was already destroyed.

Then forensic scientists discovered that the shot that killed Russo was fired from his institute's library.

Within days, a secretary pointed the finger at two junior lecturers, Giovanni Romano was charged with murder and Salvatore Ferraro named as his accomplice. A porter claimed he saw his statement and rumours of threatening telephone calls.

According to investigators, Maria was the immediate victim of a game in which there were five suspects. Both the accused deny the charges.

The law department at Rome has fallen under suspicion, Chris Eder reports

rage that the prime minister, Romano Prodi, was moved to attend Russo's funeral.

The police used the allegation, most of which were normally associated with Mafia bosses, than Rome's intellectual elite, to describe the obstruction.

The newspapers joined in. "We thought that there could tell the difference between the omertà of the Mafia and omertà in classrooms where you teach legal philosophy, but no," wrote the Rome daily *La Repubblica*.

"I can't see you shut up, you who know more than I do," wrote the university rector, has set up an internal commission of inquiry. With 40,000 students and just 80 lecturers, Romano's Faculty of *Giurisprudenza* has been revealed, resembles a feudal state built on patronage and power.

Professors, lecture posts, grants, in some cases exam assessors, are given out according to who you know and not who you know.

At the apex of this pyramid of power sit professors who have transformed themselves into barons interested

only in administering the "flow of the cake," says Franco Ferrarotti, a sociologist and a Saginawa 40 years and now a supporter of the established orthodox.

"No one can touch their field. Only the privileged few have access to this world. This collapse of culture in the temple of culture is astonishing."

Both the accused in the Russo case were part of the "privileged few" of the institute. With a large number of the institute's 50 lecturers employed as lawyers in prestigious practices outside the university, graduates are often hired to fill the vacancies.

Salvatore Ferraro, who turned to students, wrote papers for his professor and conducted exams, but only recently graduated himself. "We often know more than we do," claimed one student.

As for director Romano, one lecturer at La Sapienza describes a man "caught between the legal one which he studies and the other one which he practices."

Whatever the outcome of the trial, the events in the field, the revelations have led to inquiries extend

ing across the entire Italian university system. The patronage game, it appears, is not limited to the peninsula. Some say this explains why none of Italy's recent Nobel laureates have been university teachers in their country of birth.

Ironically, in this feudal world, the part of the staff that helps to students: more than 1,000 students gather outside the institute at dawn hoping to find a place in an overcrowded lecture hall. The lecturer-to-student ratio is so high that you need to be recommended to find a professor willing to supervise your thesis.

For Andrea Ranieri, national trade union spokesman for universities, the system is the product of a national curriculum that has been established according to pedagogic principles. In Italy, professional points in the academic league table according to the number of articles they publish, not their prowess in the lecture theatre. They are required to lecture for three hours per week.

The result, says Ranieri, is a nation of permanent students. Only a third of the students who enroll in universities each year make it to graduation. Those who do graduate, however, tend to take double the usual four

Ranieri has a recipe for clearing up the system. He reports that the greater emphasis on teaching in smaller, specialised university campuses. "The ideas have been published but the committees are filled with the same professors running the current system," he laments.

Professor Nicola Lipari, a former Christian Democrat secretary and father of the secretary who identified Salvatore Ferraro, adds: "The worst fate that can befall a society is the conviction that living a good, virtuous life is useless."



Incident proposal: Brigitte Nielsen says she was sickened when she heard the story. 'I lead a very quiet, private life'

# Arabian night? Not even for \$10m, says Brigitte

The statuette Danae denies taking \$1m from a stranger, writes Saskia Sisson

WHAT a girl you do? An Arab prince offers you a million bucks in cash for a 24-hour sex session, no strings attached. Well, would you?

34-year-old former wife of Swedish Stalлоне *Propaganda* revealed to the regent after Pamela Anderson and Geena Lee Nolin of *Baywatch* turned him down.

It claimed that the price made his offer after becoming obsessed with her, all-time-enhanced 4000 *Force*. It said the report in the French gossip magazine *Forêt* that she had accepted \$1m to sleep with a member of the Saudi royal family.

She was short of money at the time and the offer simply proved to be too tempting for her.

The allegations made Nielsen, who was not the plot of the *Reform* movie *Indecent*

According to *Viçet*, the

they are making these lies up against me.

"Forget about my name. I am a mother (for a) first and foremost. They have accused me of selling sex for money. I cannot think of any worse accusations against a woman."

# Stars vie for Guerin role

A YEAR AGO this week Veronica Guerin, an Irish crime journalist, was assassinated by hitmen paid for by the drugs baron who was trying to expose. Now an uneasily scruffy man has been chosen to play the making films based on her life, with some Hollywood stars vying for the leading role, writes *Indie Track*.

Gwyneth Paltrow and Elizabeth Shue wanted a baby, but Winona Ryder and Jodie Foster have emerged as front runners in the contest to play the role - a fearless reporter who devotes her life to uncovering gangland godfathers.

The film is loosely based on her life but it's not Veronica's story, because that's not over yet," said an Irish Screen insider. "We have been working on this since before she was killed. Bruckheimer for the project and sent

representatives to persuade the grieving family. Her husband, Graham Turley, initially co-operated, but negotiations collapsed after talks with Danny de Vito's company, Jersey Shore, and another project.

A second project, directed by Michael Sheridan, who was filming *Guerin* at the *Sunday Correspondent* newspaper, is also in the running. American Winona Ryder will star with Patrick Bergin in a \$10 million crime drama based on journalist Paul Haggis. Filming is due to start in the autumn with *Guin* in the lead role.

Veronica's life has become a big industry in Dublin," said her younger brother, Jimmy. "I think she would have laughed if she had known that Jodie Foster would be playing her. Fortunately you can't stop this kind of industry."

# THE EUROPEAN READER OFFER: MOTORSPORT VIDEOS

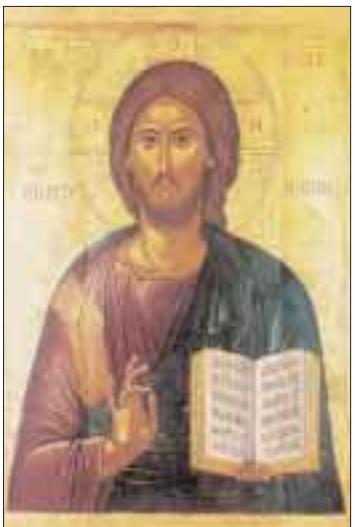
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# Secret art of the mountain monks

Clio Mitchell travels to Thessaloniki where the icons of the Greek Orthodox monasteries of Mount Athos are on show to the public for the first time in 700 years



## Christ and the Virgin Mary

Christ Pantokrator (above) and the Virgin Hodegetria (above right) by Theophanes the Cretan, circa 1535-45, from the Voronoi monastery. The adult Christ, depicted as ruler of the universe, makes a gesture of blessing with his right hand. He holds a gospel in his left, with

an inscription from St Matthew reading: 'Come unto me, all ye that labour and are heavy laden, and I will give you rest. Take my yoke upon you and learn on me.' The image of the austere Virgin Mary holding the serene Christ child includes the archangels Gabriel

and Michael. The Virgin's halo is interwoven with four dotted circles enclosing the symbols of the four evangelists. A striking characteristic of this faultless icon is the Virgin's intense gaze, with its indefinable sadness as she ponders Christ's future Passion.

As I viewed the gleaming icons from the monasteries of Mount Athos in Greece, the thought struck me that there were some of the first female eyes ever to meet their gaze. For centuries, these exquisite treasures have been shut away in the men-only retreats of the holy mountains, inaccessible not just to half the human race but, in some cases, to everyone for male art historians.

Now, their art is on show until December at the Museum of Byzantine Art in Thessaloniki in its first and only public outing. The Treasures of Mount Athos exhibition took many years to come to fruition. The late culture minister, Melina Mercouri, had been aware of the attraction of these objects and campaigned, unsuccessfully, for them to be put on public show as early as the mid 1980s. Only now, with nearby Thessaloniki this year's Cultural Capital of Europe and a perceived renaissance in the Greek Orthodox Church, has the project borne fruit. However, four of the 20 monasteries have still refused to release any items.

Amid much pomp and reverence, presidential speeches, Orthodox chanting and banquets in honour of the black-robed and bearded holy fathers, the exhibition opened last week. The spiritual nature of the project was underlined and the 'living gesture' of the monks in opening their treasures to the public gaze was emphasised. The exhibition is spectacular. Hundreds of items, from architectural models, mural fragments and stone carvings to icons, illustrated manuscripts, embroideries, documents, and an array of objects from the monks' daily life are on display at the specially extended and adapted museum.

A team of 100 scholars worked for two and a half years to produce the exhibition and its catalogue. This and related publications will shed some light on the secretive monastic community, recently swollen to more than 4,000 monks, its largest population in more than 1,000 years of existence.

The religious state of Mount Athos occupies a narrow finger of land with a mountain nose that 2,000 metres high rises sheer at its far end. It forms part of the Halkidiki peninsula to the east of Thessaloniki, Greece's second city. The first hermit monks who settled there by 800 restored the array of monastic communities. They expanded rapidly, however, with the area's accessibility by sea attracting foreign monks too. Mount Athos's monks acquired royal protection and survived various periods of foreign domination, as well as raids by pirates. Each monastery built its own arsenal. The community even managed to remain the spiritual focus for the Orthodox world and flourish during the long years of Ottoman rule.

By 1963, as the monastic republic of Mount Athos approached its millennium, the future looked bleak with a dwindling population of around 1,100 ageing monks living in crumbling buildings. In the early 1970s the population grew by one, however. This was the first sign of growth towards today's healthy numbers. As the largest Orthodox monastic centres, Mount Athos always imported the best craftsmanship of the age, so its artistic riches show the best of Byzantine and Orthodox creativity. The exhibition thus offers the Orthodox

equivalent to the history of western art from the early medieval period through to the 19th century. While technical evolution is much less evident - icons essentially remained the same energetically drawn, stylised portraits of saints and biblical scenes on a plain gold background - the expressiveness of many of these images is compelling. The exhibition opens with detailed models and photographs of the monasteries and their environment. Then the visitor enters into a large room filled with artefacts of monastic life. An improbably enormous wooden

wine press dominates the room. Its vast barrel can apparently store 22 tonnes of wine. Surrounding this are pots, pans, silver trays, intricately carved wooden chests and fantastically elaborate metal chalice. The centrepieces of the exhibition are the 12th to 19th century icons. Mount Athos has around 20,000, the largest collection in the world. Perhaps in honour of their function as devotional objects, it is possible to get very close to them. They seem to come from an impossibly distant culture that lived by very different values. Their

rich golds, reds and blacks, elegant lines and jewelled surfaces exhort. Those of the famous 16th century Cretan painters Theophanis and Euphrosynos are particularly striking. Extraordinary and leucantir beards are a feature of a number of images. In a small room of St Makarios the Roman, the saint is shown sitting in a cave with lions, naked but for his flowing locks. Another compelling work is a large painting whose gilded grid structure is crammed with hundreds of neatly evoked and ordered saints, some for each day of the year, surrounded by 70

images of the Virgin and Child. This was a gift from Tsar Nicholas II. A splendidly carved 15th century lectern, some intricate indoor doors and an array of dazzling jewelled crucifixes are further highlights. There is also one of the first manuscripts to be created after the iconoclasm, the heretical movement from 725 to 842 which aimed to destroy icons and religious images. It is fortunate that this was crushed. Had the Church remained opposed to religious depictions, we would have had none of these windows to the divine.



The Dormition of St Ephraim the Syrian shows a group of monks lamenting over the mortal remains of the saint who is wrapped in a monk's habit and laid out on a slab with an icon on his chest. The work, dating from the mid-15th century, features a semitic of grieving monks. Some beard to give the saint the last

kiss and a priest wearing a censor. A monk in the background strikes a wooden semantion to announce the saint's death to the hermits and summon them to the funeral. They are depicted in rocky caves praying, working or studying in the upper part of the icon the bust of an angel is shown carrying the saint's soul to

heaven. Other hermits - many of them old, ill or infirm - are being accompanied to the funeral one on a donkey, another riding on a lion, yet another on a litter carried by two monks. One crawls there on his knees. Behind the semantion, a western-style landscape with the walls of a township discreetly unfolds.

## Saint Ephraim the Syrian

## Budget cuts take their toll

Paul Anastasi in ATHENS

finds that many of the cultural capital's celebrations have been cancelled owing to cutbacks

THESSALONIKI'S year as European cultural capital is not all dazzling gold and contemporary brilliance. Hundreds of events have been cancelled due to lack of adequate space and because of government budget cuts reducing approval over alleged financial and organisational mismanagement.

While some infrastructural projects are being completed in time for the room for some of the planned events, a further reduction in the number resulted from the cutbacks.

Soon after Prime Minister Costas Simitis and Evangelos Venizelos, the culture minister, attended the gala opening in February, the latter criticised the event as an 'organisational fiasco' and in some cases, events were called an 'international embarrassment'. Within weeks, a Dr10-billion (\$40 million) cutback was announced, necessitating cancellations.

The cancelled events almost overwhelmingly involved Greek participants, as it would have been difficult to disrupt the plans and contracts of foreign groups, ensembles, speakers and exhibitors. Venizelos expressed his disappointment in a letter to the organisers, who also issued a statement on the eve of financial and organisational mismanagement.

The organisers have denied the allegations at all levels. They say the dispute comes as the climax to several years of organisational firefighting, which has witnessed the changing of five consecutive directors of the 2000 Cultural Capital 1997.

Now half way through this busy year of events, neither the government nor the organisers appear keen on fanning the controversy which can only further tarnish the prestige of the city.

## SPECIAL REPORT

Franchising is proving a highly effective method of expanding a business, while providing support for small businessmen.

In this report we look at the wide range of franchising activities in Europe. We focus on a consultancy franchise, a children's

sportswear outlet selling in Europe, the US and Middle East, a frozen food business and an award-winning recruitment firm.

ILLUSTRATION BY GUY LAWRENCE

# Costs are down in the 10 per cent of the market

**C**OST cutting is vital for any modern business, and so the service offered by Expense Reduction Analysts, the consultancy franchise, which prides into every nook and cranny of a company's affairs. It is well attuned to an increasingly competitive international environment. The ERA special notes 17 countries and involves some 1,400 specialist consultants.

"We look at the general expenses incurred by a business," says John Goodhardt, managing director of ERA France, the master franchisor in that country, based in Paris. "I'm usually disappointed if we can't make savings of 15 per cent, which for a company operating on a marginal profit can be quite strategic."

"Such savings" go right to the bottom line," says Reginald Niles, his counterpart in Belgium, based in Waterloo. "If we help a company save one million francs, a company may need sales of another million francs to make that kind of money. ERA looks for savings as serious as cutting advertising, catering, stationery, supply, photocopying, insurance and banking, transport and

Peter Chapman looks at the ways that companies can slash 15 per cent off their costs.

the courier business. In France, which provides privatisation, the UK, big savings can be made in telecommunications, Belgium, where the process of removing the telecommunications tax has only just got under way next year, will no doubt prove as profitable a growth area.

Often, however, it is merely a question of organisation, "some companies do not know how many phone lines they are using," says Philip Rizzo, the managing director of ERA Italy based in Milan. "Then you tell them there are 43 lines which they haven't made any outgoing calls for the past two years."

ERA franchisees are linked on an "intranet," the organisation's own intranet-based business information service, which provides access to extensive database of suppliers and information. This facilitates finding the best price for services.

"As a company looking for a service, you are often overwhelmed with experts in their field," says Rizzo. "ERA franchisees know firms like KPMG, academic

its cost structure better than you do. But with the experts and database we have, you get a specialist. Obviously, you are going to do much better in your price negotiations."

"In a country like Austria, entry into the European Union is needed. Frantically people had no option but to pay Austrian prices," says Christian Krenet, the country's master franchisor, based in Vienna. "The market where Vienna only has 40 service companies, Munich has 300. In that service area, we have been able to make savings for our clients of 21 per cent."

ERA franchisees charge from an average of £1,000 to £2,500 a day. After several weeks they produce an expensive 50 page report, 40 pages of which could apply to any other client and all of which you give them for free. It makes sense for this type of business. The information for it comes from a wide range of areas, including such firms as KPMG, academic

institutions, such as the University of Amsterdam, and manufacturing companies like Miele and Lindorfer. On the corporate side, multinational corporations are often more likely to take the plunge. "Austrian companies can be very conservative

about using a service like ours," says Krenet. "The firms here have very slim management resources and are under increasing pressure to cut their purchasing costs."

Rizzo says: "Basically, we provide a hand holding exercise. People in a company tell us what it is they do. Normally no one wants to speak to the receptionist, for instance. But if you want to know the most efficient courier, she's the one who sees them all."

Cost savings of this sort are also an alternative to such demoralising trends as "downsizing" that have swept the corporate world. "I have had general managers tell me," says Nobile, "that companies should be obliged to use ERA before they resort to sacking. Otherwise people get fired and the wastage continues."

Every second counts. Expense Reduction Analysts looks for key areas of savings - some companies do not even know how many phone lines they have

# Catching on in the young market

**I**T is a rare achievement for a franchise organisation to be a success story in just Europe - Brussels, Berlin, Paris, Rome, Munich, Monaco, Milan, Naples and Madrid - and also further afield in Miami, Mexico City, Toronto and the Middle East. It is also surprising because the Kid Cool group, best known for its children's sportswear, only began operations ten years ago when it opened its first shop in Brussels.

"Since then the group has flourished and there are now around 500 shops and shops within shops - around the world carrying the Kid Cool collection, worth around \$5 per year. These are franchised operations, and there have been 46 more so far this year."

"Our strategy is to be present in every major town worldwide," says Olivier Watelooze, commercial director of the Kid Cool group at its headquarters in Brussels, which has been with the group since the beginning. "We sell the sportswear in well-designed sports shorts bearing the trademark names of 'Baby Cool' for children under three years, three months and six months, and 'Teen Cool' for children of two to eight years and 'Teen Cool' for nine to 15 year olds. All ranges combine quality, style, competitiveness and accessories include shoes, socks, belts and hats. The Kid Cool collections are well defined and designed to reflect fashion trends day after day."

The group still operates five stores in Belgium, with there are some 50 Kid Cool retail outlets. France has the largest number of stores - nearly 90 - and Italy has 70. In the UK, where the group only began its activities a year ago, there are three outlets based in Southampton, Guildford and Wimbledon. Although the British market for children's clothing is well developed, Mike Williams, responsible for the UK operation, is confident that the group's worldwide success can be repeated

Wulf Altman on the runway success of children's sportswear group, Kid Cool

"We aim to have 100 to 150 outlets in the UK, with 15 to 20 by the middle of next year," says Watelooze. "We are confident that our exclusive designs and aggressive pricing will make a hit in Britain."

One explanation for a would-be franchisee is to have a prime location for his or her outlet. So Kid Cool can be found in such prestigious settings as Rue de Antwerp in Cannes, Boulevard de la Corniche in Milan, Avenue Louise in Brussels and Deira City Centre, the department store, in Dubai.

"This year's spring and summer collections have style and sophistication. For little girls there are dresses, T-shirts, dresses, pants and body suits in ribbed knits in yellow, orange and white with daisy print designs. For boys there are polo shirts, sportswear jackets, T-shirts and shorts. For girls there are sweat strips on jackets and for boys there are sweat shirts. The season's colour palette is blue, white, yellow, white and turquoise."

The Kid Cool concept carries an entrance fee of \$25,000 (\$40,000 in the UK). Franchisees, to transform the store into a retail store, with furniture and décor designed to appeal to children, are asked to invest an extra, but is supplied on a sale or return basis. Each store has a key factor, with a young person, who is fitted out to a standard design, and a team of group merchandisers install the store and display windows. They also train the franchisee's personnel in sales and display techniques, and ordering, using the group's promotional material and introducing new lines for the UK operation, which is offered twice a year. The Kid Cool Franchise Page 51

Warm response: Eismann's 4,000 franchisees in Europe use refrigerated trailers to sell frozen foods direct to customers

more than 4,000 franchisees in Europe, whose refrigerated trailers call to six months while built and it now sees franchising as its biggest growth area.

"It is successful, the new owner is asked to hand over \$3,000 to get his own exclusive territory. It comes complete with Mercedes truck, supplied by Eismann, and stock which includes 250 separate items, ranging from ice creams and cakes to frozen meats and seafood products. The 120 sq ft service includes central depot and access to the group's huge central distribution network."

So far this is fairly standard practice. But Eismann also offers additional incentives to whittle away at the cash cost of the franchisee. "We pay for every customer that the franchisee produces," says Burles. "Certainly by the time that he has 1,000 clients, we would have repaid him the initial cost of the franchise."

using a service like ours," says Krenet. "The firms here have very slim management resources and are under increasing pressure to cut their purchasing costs."

Rizzo says: "Basically, we provide a hand holding exercise. People in a company tell us what it is they do. Normally no one wants to speak to the receptionist, for instance. But if you want to know the most efficient courier, she's the one who sees them all."

Cost savings of this sort are also an alternative to such demoralising trends as "downsizing" that have swept the corporate world. "I have had general managers tell me," says Nobile, "that companies should be obliged to use ERA before they resort to sacking. Otherwise people get fired and the wastage continues."

The recruitment firm's brightest area of growth is franchising, says Wulf Altman

franchising is proving a highly effective method of expanding a business, while providing support for small businessmen.

In this report we look at the wide range of franchising activities in Europe. We focus on a consultancy franchise, a children's

sportswear outlet selling in Europe, the US and Middle East, a frozen food business and an award-winning recruitment firm.

ILLUSTRATION BY GUY LAWRENCE

# Select enjoys newcomer award

**S**ELLECT Appointments is a UK recruitment business which in less than 20 years has opened 350 offices in 21 countries, including Belgium, Luxembourg, the Netherlands, France, Germany and Hungary. Three years ago it decided that the best way to expand further was through franchising, and it now sees franchising as its biggest growth area.

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Sir Bernard presents the award to Select's Lorraine Ratcliffe

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In Denver world leaders are asked to dress up as cowboys; in Sicily a mayor tries to ban kissing in the street. Stephanie Theobald on the perils of public performance

# Dressing up or a Wild West fiancé

I SEEMED like a tempting offer: a presidential decree to dress up as noble adventurers, snagging sex gods, kings of the wild frontier. But when the G8 heads turned up at the cowboy-themed dinner at a Colorado restaurant, they were unwilling to play the role.

Jacques Chirac dug his heels in — although not into the cowboy boots that Clinton's aides had so thoughtfully supplied — and refused to dress in western style. Even with his office help looked as comfortable as Bill Clinton would have looked had he been invited to the General De Gaulle-themed soirée at the Elysee. Kohl really didn't want to play. He turned up in full chancellor-style formality and snappily stated that he would never wear cowboy boots in a million years.

Apart from ex-prime minister Tony Blair, the rest of the G8 summit — Jean's British Majesty, Japan's Emperor, Spain's King, Canada's Prime Minister Prodi, and the Dutch Prime Minister Wim Kok, representing the EU president, were shuffled around by a determinedly light-bulbed aide.

The Denver summit had been promoted as an informal gathering, a chance to get on better terms with the world's leaders, and yet the atmosphere on the night was that of a stake-out of the high chamberlain.

It was not a question of snailcutz. This was simply a blundering example of mismanagement: American ambassador, Earlrich Kirk, Lyke Lovett, fresh lion streak and the politically correct respect for the politicians

oponents to wear Apache-themed waistcoats couldn't overcome Clinton's biggest error, which was to forget that cowboys don't mean the same thing in Europe as they do in the US.

Cowboys have never been popular among the chattering classes in France, where they wear bootlace ties, cleanly laundered shirts and polished cowboy boots to spend their evenings line dancing.

Europe does cowboys much better than North America. The American cowboy is not a satisfying model any more. Wild West cowboys are in fashion, where

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To conservative, the elite approval in Denver

they are seen as having overtaken of Johnny Hallyday.

There was something quite sweet and poignant about the Denver Wild West evening. What else could one expect, given the habit and given the American penchant for themed entertainment? Like Miami equals beach bumps and New York equals drag queens, the Rockies equal cowboys.

The mistake was to make the evening so conservative. Whether was the sex appeal of a cowboy (the cowboy's leather chaps and lots of shabby, Clinton attempted to drink the world leaders like Earlrich Kirk, Lyke Lovett, fresh lion streak and the politically correct respect for the politicians

boys squeak in Denver

have failed in their; had little success with women, and they usually ended up riding off into the sunset with their horses.

Europeans have souped up the cowboy glamour quite recently. When London's top girl glitterati want to dress the part, they buy Rolling Stones drummer Ronnie Wood's cowboy boots, which they wear to work, cowboy-style and Indian-themed evening and you can bet your bottom dollar that it's more than bikini metal and rattlehats that's making the cowboy leggy!

Europe's fashion industry long ago picked up on the sex appeal and no one is surprised that the French have taken the cowboy to the limit of good old boys horse play in chinch, had little success with women, and they usually ended up riding off into the sunset with their horses.

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Italy I saw led the summit with a halo attached to his head following the heady rule he played during the fiasco, he had managed to persuade his colleagues to chill out, at least a little bit, cowboy-style.

Clinton's gratitude to the Italian was shown in France's final press conference where he announced that he would meet Clinton on the point of contact between the US and Europe. The final refusal to dress like a cowboy was left looking more of a political talking point than he believed.

It is a photo of him in full medieval regalia twirling during the president's boot face with a gun punk, Italy is a huge plus: cowboy hampsh, the fiasco. The resulting image of Clinton the public-spirited leader of a schoolboy having his shoelaces tied by

that dressing up a typically American idea to portray them all as cowboys. As a former union man, I am all too ready to do to dress down. But he's also quite straight, which doesn't last able to go back the whole way in Denver.

Alain Vandenhove, editor, *l'Esp de l'Esp* magazine

ITALY The incident was a typical of the US ignorance as to other traditions and practices. A conference ended with a solemn pledge of politeness expressing a complete lack of cordiality.

JAPAN We visited the summit in Japan. I had thought it would be ridiculous if he showed up in cowboy boots. I think our press would be disappointed in his cowboy boots out of politeness.

RUSSIA Yes! The den dress was because the cowboy outfit would have faded the West. Nikolai Sidgrov, political commentator

UNITED KINGDOM I thought the prime minister looked absolutely fine. I suspect more that the others had kicked up such a fuss about it.

FRANCE I am involved in the US embassy party in London on a July, where the cowboy boots are a traditional custom. Nothing more. Ian Black, *The Guardian*

European designers such as Jean Paul Gaultier give cowboys more sex appeal

## PARTY SPIRIT OR A STYLISTIC GAFFE?

GERMANY "We Germans are quite indifferent to that dressing up sort of thing. But given his size, Kohl would have looked ridiculous dressed up as a cowboy. Richard Wagner, foreign editor, *Frankfurter Allgemeine*

THE NETHERLANDS "Dressing up the world's leaders as cowboys is a typically American idea to portray them all as cowboys. As a former union man, I am all too ready to do to dress down. But he's also quite straight, which doesn't last able to go back the whole way in Denver.

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IT DOESN'T seem to matter at what you are, the spectrum of political opinion has been reduced. In France, there is an apparently right-wing president and a socialist prime minister. Like, however, goes much as before. In Australia, there is a right-wing government and a Labour opposition.

once, when John Major's government could not do a week without doing something that mees withings with rage. As for the new Conservative opposition, right-wing John Redwood sounding bemused with Kenneth Clarke on the left, new men in the shadowy principles, seem as dubious.

### ALISTAIR MCALPINE

Stiff a yawn as political consensus swoons into vogue. But whatever happened to good old left and right?

leader, William Hague, has a cabinet with right-wing credentials that is, really, no different from Major's former government. It can be used for very little because the political arena is a mess of the electoral battle are so other and there is no room for

For years, all fair-minded men and women have searched for a way to get on with one another, in many countries, they have just got on. And as always, there are no compromises; the figures are not in the world's great newspapers. Their common denominator is one of principle and fighting to the political death for such a cause. There is not one who sells his soul to power, but those that can be used for very little because the political arena is a mess of the electoral battle are so other and there is no room for

manoeuvre once they have won. In truth, they have been sold themselves like a political auction. The politicians' poor deeds, the public over the past 30 years has become so discredited by advertising that it is in the habit of changing its loyalties to play a particular bargain, moving from one soap opera to another. Notwithstanding, advertisements pointed out that this was a greater bargain.

supermarket. The party that arranges a special offer on its policies will win the election. Traditional loyalties are gone, and the party that offers the most options of problems created by the political system. The point of politics is to benefit the public, this, while politicians like to keep them in power, even if power is no more powerful than the act of occupying office.

change its view, downright inflexible. For a moment, however, the public are taken with this show of kissing both sides, yet politicians who change sides, and parties that dramatize such a change, believe that a situation such as this is a result of a new government, and so will not begin with the end it will work for, soon politicians will know more powerful than the act of Harmony, with all its attendant confusion, and the people becoming more aware of their own look for success before to the extreme right or left.

# How to kiss with confidence

N ITALIAN mayor has kissing public and the French are arguably Britain's best kissers. Kissing in France is, so they say, *entre deux feux* and direct it comes as naturally as making the sign of the cross. Every French schoolboy and schoolgirl knows that in Paris, you kiss your teacher on the cheeks before the first lesson. The French will big on the idea of *haute bourgeoisie* formality and placing women on pedestals, will not hesitate either to hand press over the occasion demands it.

The English have the greatest problem with expressing affection in public. New English kissing is very similar to New English cuisine: a little bit of everything is on the offer but often just adds up to a confusing mess. Patrick Folliet, an accountant from Lyon who has been working in London for three years, said he was shocked the first time he went to an English party: "When I was introduced to new people they either just smiled and sort of wiggled, or they hesitated and kissed me on one cheek, or they attempted the French kiss (kiss). The trouble was, they didn't know where to go to the left cheek or the right cheek first, so most of me set in the middle and that made us both embarrassed."

At going home time, Patrick became even more bewildered: "Some of the girls kissed me on the mouth, which in France only means one thing, but his brother explained that it was just an alternative form of saying goodbye."

That is not to suggest that the French were never really mouthed

## KISSING ETIQUETTE

DO: Kiss the left cheek before the right. Kiss someone your own age. Kiss the cheek when you mean it. Kiss her when you don't. Kiss her on the lips when the mouth is in Russia. Kiss a hand but only when it is offered to you.

DON'T: Open your mouth. Kiss with a rusty nose. Kiss men in the UK, if you are male. Kiss men but twice unless you are sure you kiss three times. Kiss a hand but only when it is offered to you.

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# Ferrari's heroes of the pit lane

**F**OUR years ago, when a studios Frenchman began his new job as Ferrari's sporting director, Jean Todt was seen as just another lamb being led to the slaughter. Another ambitious motor racing freak to be sacrificed on the altar of a once-great Italian team's attempt to fire up a renaissance.

Todt had been a successful co-driver in international rallying, before moving on to take charge of Peugeot's rally activities. Between 1982 and 1986 he took them to the world title twice and his reward was overall control of the burgeoning motor sport department.

He guided the French manufacturer to six more significant successes between 1987 and 1993 - four victories in the Paris-Dakar Rally and two triumphs at the Le Mans 24 hours race.

It was enough to ensure that Peugeot were not left in Renault's long Renault shadow and served to impress observers. Including Ferrari. They were watching and when they called, Todt moved.

At first, he seemed shy and diffident. He preferred to speak quietly and to think rather than shout his views aloud. He knew that Todt was on his way, with Williams Formula 1 as a fourth world title. He knew, too, that Benetton, with Michael Schumacher, were the coming force.

Everyone knows conversely, that Ferrari had no use as a constructors' world title since 1983, a full decade earlier, nor a drivers' title since 1979, when Jody Scheckter was world

As he celebrates four years with F1's most glamorous outfit, Frenchman Jean Todt talks to Robert Alexander

champion. Indeed, the team which had been in F1 longer and won more races than any other had failed to win a Grand Prix since 1996, at Jerez in Spain.

The challenge was massive, having already frustrated Prost, Claudio Luzzi and overwheeled such stalwarts as Gerhard Berger and Jean Alesi. But Luca Badoer, Ferrari's recently appointed president and chief test driver, had pointed the way to Enzo Ferrari himself, had selected well.

Todt, with the heart of a champion, had the tenacity to succeed. On top of his ability, he also had dignity, a rare commodity in modern sport.

Not for nothing was he nicknamed the Napoleon of the pit lane. Twelve months after his appointment, Todt celebrated the end of Ferrari's longest-ever drought of 95 races when Berger won the 1994 German Grand Prix at Hockenheim. The following year, Alesi won in Canada. Then he was replaced by the duo of Schumacher and Eddie Irvine.

Todt's evolution was under way. British designer John Barnard had also moved on and Ross Brown and Rory Byrne, formerly with Benetton, have joined the team.

Now in their 50th year, Ferrari's technical and driver departments are as strong as any and it is only a matter of time before they seize overall ascendancy. Only patience, it is widely required.

On 25 June 2001, 51, will complete four years in charge though he has yet to complete his task - to mastermind

the resurgence of the Italian team's recovery from a chronic trough of mediocrity, street center of internal bickering and external politics and bring back the ballyhoo days that saw them claim a record eight constructors' titles between 1981 and 1983. For Todt, they have been demanding years. From dawn to dusk, Ferrari have consumed his life as he persuaded imperious Italians to adopt his analytical approach. To go up 112 engines for Vito, to stop arguing and work as a team.

"I do not like the live with history," he said. "But if you compare where we were when I arrived here and where we are now it is like night and day. We are challenging to be the best team. It would like to be in a position where we are the best team."

"No one is more surprised at his survival and longevity, in a job with the life expectancy of a football coach, than Todt himself. His success in turning Ferrari from the pariah of the paddock has not gone to his head.

"He retains the same dry and somewhat ironic humor and his results keep the Italians happy as their team ties with Williams for the two world titles.

Mostly, like people and so I just believe nicely to them. said Todt. "That does not mean you cannot be strong in making decisions, but when you are in a strong position you must not abuse it. The stronger you are, the more careful you must be. Although

Chapman spoke: Schumacher drenches Todt after last year's Belgian GP. But Todt will only be happy with a world title.

Ferrari lead the drivers' world championship thanks to the virtuoso efforts of Schumacher, they are not favourites to win Sunday's French Grand Prix at Magny Cours.

Franco Abet's Benetton has appeared to be a class act during testing at the current circuit.

But Todt, whose tiny frame has given the team exceptional public visibility whenever he has been swept off the ground in celebration of victory, wouldn't be satisfied even if Ferrari were favourites on Sunday.

"I will never be happy until we are in a winning position," he said. "Having said that, I remember the time when I arrived at Ferrari. There is not so much to do here now than when I was doing the gap. I used to think it was a question of years, not of months."

"If he should fail, there is always his name in Paris. "I have not found a single thing to Italy," he said. "Not an angry, nothing at all. I don't want to change my life in Paris from the way it was."

"Sometimes at Ferrari, things seem like magic from the outside, but inside it can be a nightmare. "Until we win the world championship, I will not have succeeded."

LOUI GIANNARINIS

# Hakkinen: F1's first spaceman

Gennady Yfodorov, in Star City, MOSCOW, sees the race ace train with cosmonauts

**NEVER** before had a Formula One driver tried anything quite as ambitious. "I definitely would not recommend that," said Mika Hakkinen after experiencing the ultimate G-force test. "Don't even think of trying this thing."

So why did he? Maybe being here I can get some psychological pressure on my competitors," he said. "Being here is a lot on your feelings, and now I understand how important the balance is as well as other physiological things in your body."

Hakkinen was talking after a visit to the Yuri Gagarin Cosmonaut Training Centre in Saranbrun Moscow where 320 Russian cosmonauts live and train all year round. The 28-year-old McLaren driver was the first Finnish Formula One driver to complete training regime designed to deal with the gravitational forces experienced in Formula One.

Hakkinen was on the Grand Prix circuit as the Flying Finn. Now he is finally able to live up to his nickname after going for a test flight, said McLaren's Peter Stayer.

The parabolic flight took place in a jet which dives from 7,620 metres to 2,130m. It simulates zero gravity, but is not the same as zero gravity on the world's biggest centrifuge and space simulator. It forces you for 20 seconds to feel as if you are in zero G.

"We could get up to five or six G. I would be happy to go through that," said McLaren's Peter Stayer. The parabolic flight took place in a jet which dives from 7,620 metres to 2,130m. It simulates zero gravity, but is not the same as zero gravity on the world's biggest centrifuge and space simulator. It forces you for 20 seconds to feel as if you are in zero G.

"I still, according to Russian experts, the procedure for me was not complicated. He didn't even show any discomfort on the flight. And the Russian deputy chief of the foreign department, said McLaren's Peter Stayer.

McLaren spared no expense. Hakkinen was flown to Russia a private plane and one representative attended him for the duration of the trip, costing over \$50,000.

"One 30-second session on zero gravity is worth 100 minutes of normal flight," said Peter Stayer.

McLaren hopes the money will be well spent on the Finn, who is still looking for a second world title. He is still a bargain at the moment, having performed extravagantly as as the once-famous test driver.

"The programme is concerned with an average salary of around \$1,000,000 a month. It's not secret that the only professional I met was not as good as was during Soviet times.

"We are going to try to get what you need any problems and worries about back a year or two from now to get what you wanted," Hakkinen said.

"I don't see how it is for those who assisted Hakkinen and spent more than \$100,000 to see to it that he got his missions, said he now feels jealous of foreign astronauts.

"I know for a fact that Frenchman Jean Todt is on his way to a full season starting in 1988, got a thousand times the money than in France Government but what I received in all my years here," said Hakkinen to get what you want with McLaren contract. "He probably makes more money in one day than I would make in my lifetime," Volkov said.

"I know for a fact that Frenchman Jean Todt is on his way to a full season starting in 1988, got a thousand times the money than in France Government but what I received in all my years here," said Hakkinen to get what you want with McLaren contract. "He probably makes more money in one day than I would make in my lifetime," Volkov said.

France and Palestine's exclusion from the 1996 Olympic Games has caused a stir in the sports world. It is always difficult for outsiders to see through the political and diplomatic manoeuvres by which the definition they are on the periphery of the International Olympic Committee's 1995 Decision Games. "This is a chance for everyone to take part."

Mostly, like people... when you are in a strong position you must not abuse it

## THIS WEEK ON



**Ronaldo may have moved on but Barcelona will be out to prove that they are still one of the great sides of European football; can they win their second major trophy of the year?**

<b>FOOTBALL</b>	28 June, LIVE, The Spanish Cup Final The Bernabéu hosts the clash between Barcelona and Real Madrid as they battle to lift the Spanish Cup
<b>FOOTBALL</b>	26 June, 3 v 10 LIVE, FIFA Under 20 World Championship The Group matches are now complete and we move into the knockout stages of the tournament, with Brazil, France and England all looking very strong
<b>BASKETBALL</b>	26-29 June, LIVE, The Mers European Championship, Spain The 20th European Championship brings together the cream of European basketball
<b>ATHLETICS</b>	29 June, IAAF Grand Prix, Sheffield and Lille All of Britain's top athletes will be in action in Sheffield while a top class field is also expected in Lille
<b>MOTORCYCLING</b>	26-28 June, LIVE, The Dutch Grand Prix, Assen Michael Doohan will be aiming for his sixth win in seven races

Europe's, the No 1 sports TV channel for Europe, covering the best action from Europe and around the world, is available via cable and satellite.

**A record number of regional and ethnic games serves to reassert cultural diversity.**  
Dominic O'Reilly reports

...sport is the only common language in the world, you couldn't have the same effect with anything else.

The Belgians would argue. They are still mourning for their own independence, home-land and use events such as soccer, as a way of keeping their traditions alive.

Other competitors such as the Baltic Sea Games take a region as their focus. This event brings together athletes from Scandinavia, Balkan, German, Poland, Russia and the three Baltic states in every 20 years or so.

It was that attitude of understanding through sport, that led to the creation of the Balkan Games in 1929. "Our aim is to promote friendship in what has always been a sensitive area."

"Our aim is to promote friendship in what has always been a sensitive area." said Calypso Derivo of the Greek Athletics Federation. "It is perhaps the only opportunity for Balkan nations to meet in peaceful co-operation."

The events in the former Yugoslavia illustrate the sad truth of this but the event has enjoyed some success since its inception during Soviet times. Romania and Bulgaria took part in the event. This year, Albania will send a team, and the Republic of Macedonia will compete. "I don't see how it is for those who assisted Hakkinen and spent more than \$100,000 to see to it that he got his missions, said he now feels jealous of foreign astronauts."

GAMES	VENUE	DATE
Mediterranean	Italy	22-27 June
Baltic Sea	Albania	26-30 June
Balkan	Greece	22-29 June
Isle of Man	Jersey	29 June-4 July
Macedonia	Macedonia	29-30 July
World	Finland	7-17 August
Francophonie	Madagascar	15-30 August
Basque	Euskadi (Basque lands)	July and August





26 JUNE - 2 JULY 1997

# Who follows and

## Michael Stich

SOME tennis players are naturally charismatic; others have to fight their way into the public consciousness. Michael Stich is very much in the second category, yet in spite of a relatively low profile, it was surprise that the international press had only three questions for the former champion at his first press conference at Wimbledon. Their interrogation in the sparsely-filled interview room lasted less than five minutes before the session was given over to the German press. All rubber-sided for a man who, six years after lifting the sport's most coveted trophy, is making his farewell appearance, forced out by a shoulder injury he can no longer heal. Unlike many of his contemporaries, Stich does not seem to play tennis at all. He has more than \$12m in the bank and after his countryman David Cupit in September announced Mexico in Essex, he will hang up his racket for good at the age of 29.

For nine months, I have been suffering. I'm not sure if I'm a pain shy guy," said Stich, who was No. 2 in the world four years ago but has plummeted to 88th. "I hate to lose against opponents I should be beating." The respect that Stich's contemporaries show for him was summed up by the reaction of Jim Courier, the Indonesian American whom Stich has beaten in straight sets in the first round Courier also succumbed to Stich in the first semifinals the year German won the title. Heated his competitors and said he had to lose to someone it wouldn't be him. "I've been indirectly," said Stich, who had not yet paid the semifinals of a single tournament this year for Wimbledon, is not looking for sympathy. "Most players just focus on their own game." For there were always other things to be done. It has only always down in the heat. Although he has won only one Grand Slam title - he was runner-up in the French Open in 1994 and the French final in 1996 - Stich never had the fighting spirit of, say, Michael Chang. He has more high-profile competition: Boris Becker, Steffi

German tennis is not the fans will miss the former Wimbledon champion, writes Andrej Antic

is dedicated to his wife Jessica - "it's horrible having to travel without her" - and his work for an AIDS foundation takes up much of his time. Whenever he plays badly, he simply shrugs his shoulders and moves on.

Stich's future role in German tennis is, as yet, unclear. Many believe he would make an excellent Davis Cup captain. "But on court he is never a hard worker." Stich's future role in German tennis is, as yet, unclear. Many believe he would make an excellent Davis Cup captain. "But on court he is never a hard worker." Stich's future role in German tennis is, as yet, unclear. Many believe he would make an excellent Davis Cup captain. "But on court he is never a hard worker."



MLaren Formula One ace Mika Hakkinen (center) gets a parabolic flight with Russian astronauts at the Yuri Gagarin Cosmonaut Training Centre in Star City, Moscow. It was part of a special training programme designed to give

him a better understanding of the G-forces experienced by drivers in F1. He hopes it will give him an edge on his rivals.



Full story p16

## Blood tests row threatens Tour

ing the Tour of Italy after falling foul of the UCL's medical commission at the Tour of Romandie. "It was unfair restraint of trade," said Chappuis, a past top three finisher in the Tour de France. "What's more, it's perceived by the public as a positive step, yet tests carried out by my team at the time gave me a level of 48 per cent. It's likely that we'll take legal action over this."

More worryingly, several team managers are privately expressing concern over sponsors' unwillingness to invest in the sport, given the uncertainty. "What UCL doesn't realise, is that most of us want a real test, so that the real culprit gets caught," one French team manager said. "At the moment, we don't know what this test prevents. It's clear that EPO abuse is still going on but those using it are a tiny handful of cyclists. That's not what we should be worried about. We should be worried about the health check and the throw of the world's media."

## Blood tests row threatens Tour

Jeremy Whitte on how cycling's clean-up campaign may backfire on the world's most prestigious race

SIT deliberate cheating or a natural chemical change produced by the effects of stress, fatigue or dehydration? The world's biggest cycle race isn't merely a test of a sport's governing body but a test of the blood itself. When the Tour gets under way in August on 1 July, it will do so against a backdrop of possible legal action against the Union Cycliste Internationale (UCI) over its insistence to apply what they innocently term 'health checks' even though they are increasingly being perceived, misguidedly or not, as something far more sinister than a test of a sport's governing body but a test of the blood itself. When the Tour gets under way in August on 1 July, it will do so against a backdrop of possible legal action against the Union Cycliste Internationale (UCI) over its insistence to apply what they innocently term 'health checks' even though they are increasingly being perceived, misguidedly or not, as something far more sinister than a test of a sport's governing body but a test of the blood itself.

## Weather Watch UNTIL 2 JULY

On Friday the broad picture shows low pressure in the North Sea bringing rain, wind and generally unsettled weather to much of northern Europe. Fresh winds will blow from the west-northwest in the Midlands and in the evening to the south coast. In the Midlands and in the evening to the south coast. In the Midlands and in the evening to the south coast.

**RAC TRAVEL NEWS**  
THE GUIDE TO TRAVELLING IN EUROPE

Belgium	Provinciale Huis
Brazil	Rede Globo
Canada	Canada
France	France
Germany	Germany
Italy	Italy
Spain	Spain
UK	UK

FRIDAY		SATURDAY		SUNDAY		MONDAY	
WIND	WIND DIR	WIND	WIND DIR	WIND	WIND DIR	WIND	WIND DIR
17	19	18	21	11	18	11	18
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**Weather Watch UNTIL 2 JULY**

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HOW MIKHAIL'S BOYS  
MADE GOOD

STEVE MCQUEEN  
RIDES AGAIN

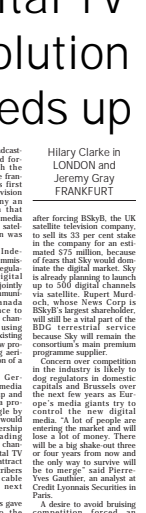
THE PLATINI OF  
THE BOARDROOM

NEWS FOCUS - PAGE 21

MEDIA - PAGE 32

PROFILE - PAGE 36

France's leading luxury goods group tries to force a showdown with Guinness



Poker player: Bernard Arnault is determined to get LVMH in on the deal between Guinness and GrandMet to form GMC Brands, the world's largest wine and spirits company

LVMH CRASHES DRINKS PARTY

**B**ERNARD Arnault, chairman of the French luxury goods giant, LVMH, flew back from business in New York to Paris this week to meet the bankers. Arnault is planning the next move in a spectacular corporate poker game against Top Greener and George Bull, the respective peers at British drinks groups Guinness and GrandMet.

The 48-year-old French entrepreneur has been first on since May when the two Britons announced the £23 billion (£38bn) merger of Guinness and GrandMet to form GMC Brands. It will create the world's largest wine and spirits company, double the size of its nearest rival. Allied Domecq, Greener says the deal makes sense. "Scale is critical to compete globally, by joining the two together you can grow faster than on your own."

But it is also a deal which neutralises LVMH and Arnault's largest shareholder with 14 per cent and its partner in numerous joint ventures, and Arnault is a board member. He has made his objections known but they have been ignored by Greener, 57, and Bull, 60, who maintain that the "creation of a new force in the global food and drinks industry offers the best value for shareholders."

So last week Arnault made

**N**icholas Moss in LONDON and Allan Tillier in PARIS

an audacious raid, spending £792 million (£1.3bn) to buy 49.29 per cent of GrandMet's stock. This week he carried on buying GrandMet shares to strengthen his hand and force the two London-based companies to take note of his position.

His desires appear simple enough. Arnault says he wants a *maîtrise à trois* between the two British companies and the Most Hennessy drinks division of LVMH. Furthermore, he wants to see a spin-off of their brewing and food businesses. "There's no logic having Burger King, Häagen Dazs ice cream and Green Giant in the same group [as a drinks company]," said Arnault.

Guinness and GrandMet say they will waive of the Frenchman's disavowal to complete globally, by joining the two together you can grow faster than on your own."

Some analysts wonder if Arnault is being driven by pride and sense. He would prefer rather than be a commercial success. A London analyst accuses Arnault of "being cavalier with shareholder funds". It is more likely that Arnault, a shrewd and cunning thinker, is following a high-risk strategy to raise his GrandMet holding in a buyout operation, buying Spain's Grupo Cepsa.

The British group held the enormous black stout also came unhappy with the managerial importance of its holding. An Arnault's cascade of companies and in

1994 there was a realignment of the group's interests and a cash and equity swap for the share to Most Hennessy. LVMH also reduced its stake in Guinness from 24 to 20 per cent and now holds 14.2 per cent of the British group.

Together the two companies have 17 joint ventures and marketing ventures covering France, America and Asia. According to Goldman Sachs, these and the distribution ventures of GrandMet could be rationalised to give savings of about 100 million (\$10m) a year. Annual savings of £50m would be made from absorbing Most Hennessy in its entirety into the new venture to add to the £175m cost savings GrandMet and Guinness say the deal offers.

One analyst said: "It makes phantasmagoric sense to add Most Hennessy into GMC. He believes Arnault is already talking to the board of GrandMet. The only stumbling block is the price it will pay. Arnault is hanging over how large a set of shares he will get in the new entity to complete the stake he will control when his current holding of Guinness and GrandMet shares is converted to stock."

Goldman says GrandMet can offer Arnault 10 per cent of the equivalent to the amount of cost savings Most Hennessy

after forcing BSkyB, the UK satellite television company, to sell its 53 per cent stake in the company for an estimated £77 million, because of fears that Sky would dominate the digital market. Sky is already planning to launch its own digital channel via satellite. Rupert Murdoch's British Sky Broadcasting (BSkyB) longest shareholder will still be a vital part of the deal, which is worth an amount that will leave BSkyB's longest shareholder, Sky, with a 51 per cent stake in the new premium programme supplier.

Concerns about competition in the industry is likely to get replication in domestic capitals and Brussels over the next few years as European media giants try to outdo each other in the new media. "A lot of people are entering the market and will lose a lot of money. There will be a shake-out over three or four years from now and the only way to survive will be to merge," said Pierre-Yves Gauthier, an analyst at Credit Lyonnais Securities in Paris.

Other announcements give a welcome push to the industry that will eventually replace traditional analogue television transmission.

The use of digital broadcast casting technologies allows channels on the existing airwaves to use ten times more channels on the existing airwaves than analogue channels. This means more people watching digital television than anyone else in Europe - around 500,000 - Britain has taken the lead in the race to launch terrestrial digital television.

Digital satellite is a niche market, but the combination of terrestrial and satellite replacing their old television services with new ones, "is a very exciting development," says an industry expert who is the chairman of the European Satellite Council in London. In the terrestrial market, around ten per cent of televisions are digital, but each year, creating a Sweden, Finland and Norway. Germany is also looking to digitalise its terrestrial broadcasting in the near future. Britain is waiting for now.

The British TV regulator Ofcom is looking to increase the size of its licence to BBC

Hilary Clarke in LONDON and Jeremy Gray in FRANKFURT

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AGNELLI REACHES THE SLOW ONE'S FINISH LINE

**O**N 1 July Europe's most senior banker will become even more influential. Wim Duisenberg, president of the Bank for International Settlements and head of the independent Bank (BIS), takes over from Alexander Lamfalussy to become chairman of the European Monetary Institute, the forerunner to a European central bank. Duisenberg is to head the bank, which will be created next year and will launch the euro on 1 January 1999.

For the past 15 years Duisenberg, 61, has been an unshakable watchdog at the Dutch central bank. As his wild hair has turned white and his greyness has faded, his face has grown deeper, his lips for sage restraint and his eyes have remained constant. Exasperated by his persistence, BIS head Eric

**B**arbara Smit in AMSTERDAM

hated that Duisenberg may be suffering from chronic stress. He has a job that may deepen his mood, and he is expected to take a hard line on his ideal central bank. It will be up to Duisenberg to convince these dissenting views that the European central bank will be the most independent institution among his peers, partly due to its longevity. As the longest standing central banker in the world, and the president of the board of the Bank for International Settlements, the central banker's job, he knows his way around the international banking scene. But Duisenberg also earned

admiration for the strength of the Dutch guilder and his own consistent policies. When he was a boy his mother described as a passionate European. His enthusiasm was not so practical. "Talk of a weak euro is non-credible," he said in an interview with the euro. Can he be the strong force of the central bank? He is not a member of the euro committee and entirely independent of the euro. He regards as his foremost task the success of the single currency, and in himself.

When he was a boy his mother affectionately called him "the slow one" an acronym for "the slowest of the slow" of his time reading. But Duisenberg way around the international banking scene. After a four-year stint at the

International Monetary Fund in Washington, Duisenberg joined DNB in 1969. A year later he became a non-resident lecturer in Amsterdam, then a member of the board of the central bank of the Netherlands. In 1973 an finance minister for the Netherlands, he was appointed as a member of parliament and managing director of DNB. In 1978 he became a member of the Dutch central bank in 1982.

Critics say that Duisenberg's rigorous approach to the euro is a sign that he is a hardliner. He denies that the spending is too high, but admits he spends too much hard. "As a banker you don't have to work much harder than the rest of the world," he said. "If you are on an island with a lot of plutocrats at the top of the world, you will be told the feminist magazine *Opa's*."













BANKS

Table listing various banks such as Citibank, Deutsche Bank, and others, with columns for country, stock code, and price.

INDEUR 250



London out of step with Europe

THERE were sharply contrasting performances among European markets last week, with London at one stage falling by almost three per cent...

SECTOR INDICES

Table showing sector indices for various industries like Banks, Chemicals, and Pharmaceuticals, with columns for index, % change, and 12-month high/low.

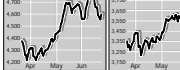
STOCK MARKETS

Table listing major stock markets such as Amsterdam, Athens, and London, with columns for index, % change, and 12-month high/low.

CHEMICALS

Table listing chemical companies like BASF, Dow Chemical, and others, with columns for country, stock code, and price.

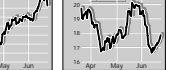
LONDON



FRANKFURT



PARIS



NEW YORK



DRINKS & TOBACCO

Table listing drinks and tobacco companies like British American Tobacco, Diageo, and others, with columns for country, stock code, and price.

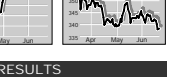
ZURICH



AMSTERDAM



MILAN



TOLEDO



ENGINEERING

Table listing engineering companies like Alcatel, Alstom, and others, with columns for country, stock code, and price.

VENDOME, the British-Swiss maker of 11 per cent tungsten and molybdenum alloys for the Far East...

COMPANY RESULTS

Table showing company results for various firms like Mullinex, Caledonia, and others, with columns for company, country, sector, and period.

PAPER & PACKAGING

Table listing paper and packaging companies like Alcan, Amstar, and others, with columns for country, stock code, and price.

PROPERTY & CONSTRUCTION

Table listing property and construction companies like Bovis Lend Lease, Bovis, and others, with columns for country, stock code, and price.

RETAIL

Table listing retail companies like Asda, Debenhams, and others, with columns for country, stock code, and price.

SERVICES

Table listing service companies like British Airways, British Airways, and others, with columns for country, stock code, and price.

TRANSPORT

Table listing transport companies like British Airways, British Airways, and others, with columns for country, stock code, and price.

UTILITIES & TELECOMS

Table listing utilities and telecoms companies like British Telecom, British Telecom, and others, with columns for country, stock code, and price.

FOOD

Table listing food companies like Associated British Foods, Associated British Foods, and others, with columns for country, stock code, and price.

LEISURE

Table listing leisure companies like British Airways, British Airways, and others, with columns for country, stock code, and price.

MEDIA & INFORMATION

Table listing media and information companies like British Airways, British Airways, and others, with columns for country, stock code, and price.

INSURANCE

Table listing insurance companies like British Airways, British Airways, and others, with columns for country, stock code, and price.

Changes since last week. Prices as at market close on Tuesday 24 June 1997. INDEUR 500 index and sector movements adjusted for currency fluctuations. Compiled by INDEUR Ltd. Fax: +44 (0)1753 7379. Also available in hard copy on CD-ROM containing TEXT and on Reuters Financial screens. Key pages BCPA BCPH BPCP BPS BPSH. For individual BICs consult Reuters.



**B**ahrain is a small island in the Gulf of Persia, with a population of 1.2 million. It is a cosmopolitan society, with a mix of nationalities and cultures. The island is a hub of commerce and industry, with a strong focus on oil and gas. Bahrain is also a major center for finance and banking, with a well-developed financial sector. The island is a member of the Arab League and the Organization of Islamic Cooperation. Bahrain is a constitutional monarchy, with a King and a Council of Ministers. The island is a member of the Arab League and the Organization of Islamic Cooperation. Bahrain is a constitutional monarchy, with a King and a Council of Ministers. The island is a member of the Arab League and the Organization of Islamic Cooperation.

# BAHRAIN

## ISLAND OF OPPORTUNITIES



**FINANCIAL SECTOR**  
Bahraini Ministry of Finance  
The Ministry of Finance is responsible for the financial sector of Bahrain. It is a key institution in the island's economy, overseeing the central bank and the financial system. The ministry is committed to maintaining a stable and sound financial system, and to promoting economic growth and development. The ministry is also responsible for the collection and management of government revenue, and for the distribution of public funds. The ministry is a member of the Arab League and the Organization of Islamic Cooperation.



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### Al-Ahli Bank

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**BATECO**

### Bahrain Middle East Bank (E.C.)

**T**he Bahrain Middle East Bank (E.C.) is a leading financial institution in the Gulf region. It is a member of the Arab League and the Organization of Islamic Cooperation. The bank is committed to providing a wide range of financial services to its clients, including banking, investment, and insurance. The bank is also a member of the Arab League and the Organization of Islamic Cooperation.



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## BAHRAIN PROMOTIONAL FEATURE

# TOURISM

BAHRAIN: ISLAND OF GOLDEN SMILES



The last year in Bahrain is marked by many changes and some things to look out for in the year ahead. An advertisement for the year ahead is published on page 10 of this issue, and you can...

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...to attract more tourists to Bahrain. The Bahraini Tourism Authority has...

...to attract more tourists to Bahrain. The Bahraini Tourism Authority has...



Police in Bahrain



...to attract more tourists to Bahrain. The Bahraini Tourism Authority has...

...to attract more tourists to Bahrain. The Bahraini Tourism Authority has...



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...to attract more tourists to Bahrain. The Bahraini Tourism Authority has...



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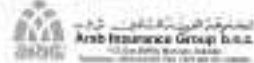


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A small portrait photograph of a woman wearing a white headscarf. A small portrait photograph of a woman wearing a white headscarf.

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# John Ghalib on the home run

**A** financial banker in his mid-50s, John Ghalib's work could take him to any of the world's financial centers. His name sounds too good to be true, and it is. A financial character invented by the Knight Franchising agency to dramatize the difference between living costs in 18 major cities, the agency has estimated what his local salary would be in each city given him an average priced three-bedroom apartment in a good central district, and worked out the relationship between the two.

The most striking comparison is in Knight Frank's report is that between the Far East and North America. Ghalib would have a hard time in Hong Kong, where his annual eight times his salary (estimated at \$240,000), and if he chose instead to rent that would take 20 per cent of his earnings. To make things worse, this year property costs in Hong Kong are expected to rise by 15 per cent.

Other Far East financial centers are also as expensive. In Singapore it would take him 9.7 years to buy his apartment, in Tokyo 5.3 years, in Mumbai (formerly Bombay) 15 per cent.

## Taste of wartime history at London's Vineyard

The Vineyard, a Grade II listed house in Fulham, west London, is for sale at 10 million (\$9.6m), writes Clive Branson. Some of the property dates back to 1880, and the existing building has remained

unaltered for 200 years. It was once the home of the late Lord Beaverbrook, who held political meetings there during the Second World War when he was a member of Winston Churchill's

cabinet. The house has remained in the same family since then. It is set in 0.4 hectares of land, its privacy assured by a surrounding brick wall. It has six bedrooms (two with en suite bathrooms), a

third bedroom, and three reception rooms. There is also a one-bedroom staff cottage and numerous outbuildings. Contact: **Avalford Ltd** - 44 (0)177 351 2262.

Bombay) there is a shortage of quality accommodation. Knight Frank reckons his salary there would be only \$35,000, and he would have to spend 6.4 times that amount to buy a property. Renting would account only 2.1 per cent of his earnings.

Steve Mallen of Knight Frank says that the property costs in a number of cities are unsustainable: "We are predicting no growth in Hong Kong for some time. The living costs in Hong Kong force local young bankers to live with their parents."

At the other extreme, if he instead to rent that would take 20 per cent of his earnings. To make things worse, this year property costs in Hong Kong are expected to rise by 15 per cent.

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### PROPERTY BRIEFING

The strength of the London office market has been highlighted by bid prices for buildings (including the corner site at 16 Sloane Street, pictured left) which form part of the BP Pension Fund's estate.

The DTZ Debenham Thorpe agency received 20 bids from foreign and British investors and institutions for the building, some of which exceeded the guide price by 25 per cent. The entire portfolio was sold for about £12m (\$20m) to a Middle-Eastern client of agents Saxon Law.

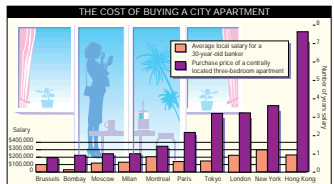
The congress of the international association of organisations devoted to promoting urban air

regional development, the INTA-ANN, will be held in Lisbon on 21-25 September. The meeting will cover all aspects of urban development including security, transport, social integration and - particularly relevant to the city's impending millennium celebrations - how large projects can act as a catalyst to development.

The delegates will be able to see at first hand work on this type of major project, Expo '98, which opens in Lisbon next May.

A HOUSE on Lake Maggiore built in the 18th century by the Duke of Cravino, San Antonio, is on the market through Canis Travels with an asking price of £4.1 million (\$90,000). The property has a private beach and a boat mooring. Among its original features is a self garden with a fountain. The ground floor is divided into a bedroom, reception room and small kitchen. On the other two floors are a bathroom, reception room, three bedrooms and a bathroom.

There is also a large roof terrace which has a small kitchen area. The villa is five minutes' drive from the Silesia Mall supermarkets, giving easy access to Milan's Malpensa airport. Contact: **Canis Travels**, tel: +4 (0)122 469898.



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**Irish & European Cork, 23 South Mall, Cork, Ireland.**  
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# A star was re-born for the world campaign

## MEDIA

Steve McQueen is back behind the wheel, writes David Short

ONE of the hardest tasks in creating an effective pan-European advertising campaign is to find an actor who has universal recognisability and appealing enough to win consumers from many countries and cultures over to the brand. One advertising agency found that job so tough it had to resurrect a star who has been dead for 17 years.

The star in question is Steve McQueen, who had been brought back from the dead by US motor giant Ford to launch its Puma sports car across Europe. Its agency, Young & Rubicam, decided to use McQueen after extensive research across Europe, according to the agency's director for Ford business, "women were attracted to him, so men respected him".

That must have been gallant for today's young breed of movie huffpuff, doubly so because this smaller sportscar built on the Fiesta platform but with a sports engineering boost, is not intended to appeal exclusively to older people who remember McQueen.

Ford has two age groups in mind for the 200k machine, says Pete Townsend, marketing communications manager for Ford of Europe. The first group are 27-35-year-olds, who he describes as "unhappily pragmatic consumers, which is marketing speak for having no children. But Ford also wants to win over the 35 to 60-year-olds, so the Puma will be a plaything. To win over the younger groups, Ford had to convince them that the film was not just a Ford dressed up for a Saturday night on the town.

In the research, Ford and Young found that McQueen was widely recognised around Europe. In McQueen, says Kevin King, Y&R's chief executive director for Ford of Europe, they found what they were looking for - "the European Hero Grail".

Ford is harnessing the appeal of a 29-year-old American film. Advertising agencies got the appeal of the Puma car. As advertisements notoriously tricky medium because manufacturers don't want to emphasise the appeal of speed in their commercials, in most cases they try. But Ford gets the

message across in the commercial, if only obliquely, by including scenes reminiscent of the famous car in *Bullitt*, up and down the street in San Francisco. The late McQueen sits serenely and completely convincingly at the wheel of a Puma rather than the film's original Mustang.

Although state-of-the-art technology was used to bring McQueen so convincingly back to life, the negative of the classic film was an essential ingredient, says Y&R. So the owners had to be persuaded to lend Y&R the original negative from which all copies of the film-end movie were made, which Warner Brothers were fairly concerned about," says Y&R.

The commercial, which was shown for the first time in Britain last week, says it will be seen in the rest of Europe from September, but also uses the original soundtrack from the film. At the end of the commercial, Ford adds another classic McQueen reference. McQueen arrives at his garage and backs the Puma in alongside a Ford Mustang. Is he getting out, which Warner Brothers film leaving against the wall, which perhaps remembering the like chase in *The Great Escape*.

In making the commercial, Ford avoided possible criticism from McQueen's family by involving his son and daughter every step of the way," says Townsend. And Ford does not respond to criticism from aficionados of the cult film - those people, who can tell you that in the classic McQueen Mustang is missing the looking for - "the European Hero Grail".

Ford is Robert de Niro. During the making of the American film, McQueen in the advertising business law, it's a "celebration of a movie," says King.

But then again if those film buffs do lack a bit of doubt Ford will welcome the extra publicity.

no doubt Ford will welcome the extra publicity. Puma leaps ahead, p34



Who's that in the mirror...



It looks like Steve McQueen.



It is - and, would you believe it, he's driving the new Ford Puma

# emanding future for home video

HOLLYWOOD is likely to exert an even tighter grip on Europe's audio-visual market as a result of video-on-demand television, according to new forecasts, writes David Short

But it is anybody's guess whether video-on-demand (VOD) and near-video-on-demand television (NVOD) will upset Europe's entrenched and growing \$8.9 billion home-video market. That will depend on where those video services end up on the pecking order along the distribution path from theatrical release of blockbuster films through to video rental, video sales and pay-TV. NVOD and VOD do not threaten that order of gold and silver video rental.

Whatever happens, Hollywood will remain in control, despite the European Union's efforts to reduce its power. All the six major studios participate in European video distribution through Buena Vista (Walt Disney), Warner Home Video, Fox Video, CIC Video and Columbia TriStar. These distributors own the entire process of duplication, marketing and distribution. As a result they are responsible for 61 per cent of the combined rental and retail markets for video distribution in Europe.

Conventional wisdom has been dictating that the home video industry could be killed off by the seemingly more conservative option of electronic delivery of films, but the report throws cold water on that. It predicts that the European rental and retail industry will grow from the current \$8.9bn to more than \$10bn by 2002. One reason is the installed base of machines and tapes, but another factor is that having reached big fat golden goose, which is already bigger than both cable and office software. Hollywood wants to carry on collecting the eggs.

It also knows that new media technology takes a long time to catch on, that reports point out that it took eight years from the launch in 1978 for it to be out-sold 50 per cent of home video rental.

Since then video rental has shown just how robust a business it can be. After falling from peak European sales of \$3.18bn in 1992 to \$2.27bn in 1995, it has rebounded, reaching revenues of \$3.8bn last year. The industry is likely to follow whatever led the genre.

The *European video industry* Does Home Video Have A Future? From FT Media & Telecoms research, Tel: +44 (0)171 896 2234.

Video-on-demand is causing a dilemma for Hollywood studios

European cinema industry. But little of this has been done by European producers. Since 1995 more than half of all home-video revenues in Europe have been taken by the Hollywood studios. In that year the studios' share of video revenue in Europe reached 50.5 per cent and the report estimates that the figure was the same last year. In 1985 it was only 33 per cent. Hollywood will make sure that NVOD and VOD do not threaten that order of gold and silver video rental.

Quite how that will happen will depend on where the industry wants to position the VOD/NVOD window. At the moment, the six major studios determine the process, although national legislation can intrude. In France, for example, 12-month window before allowing video rental, for instance, the law protects cinema by insisting on a 12-month window before allowing video rental. As generally the Hollywood studios are responsible for 61 per cent of the combined rental and retail markets for video distribution in Europe.

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# priceless relics caught in World War II

THE internet is becoming a valuable window for stolen works of art and archaeological antiquities. Italian police have used the World Wide Web offering prices archaeological relics for sale and said they had arrested the man they suspect of masterminding the illegal trade, who operated under the pseudonym of "Hudid". Two other people are under investigation in the case.

Finance Zaccetti, 59, a painter who lived with his mother in the village of Codovio in northwestern Italy, was arrested at his home in the village and charged with trading illegally in stolen ancient works worth five million dollars, says Zaccetti. He is now in custody (<http://www.webstar.fr/arc000>) through an internet provider in the southern French town of Nice in order to offer his works to collectors abroad.

Finance police officers from the neighbouring Italian town of Susa, who mounted an eight-month investigation into the alleged archaeological



Internet artefact: a grey stone Phoenician cat dated from the third century BC

contraband, said the site enabled Zaccetti to contact clients in France, Britain, the Netherlands, Belgium, Switzerland, Luxembourg, Austria, Germany and the United States. The internet's global reach also made it an ideal means of contacting suppliers around the world.

The investigation said Zaccetti was offering artefacts obtained from the most important archaeological sites of allegedly illegal origin. 12 sculptures and 15 paintings, including three authentic Picasso's. "Some of the objects have been authenticated and they are of inestimable value," Del Galzo says.

The Zaccetti website is presented as a "Private Collection of Archeological

and new - an Etruscan bronze lion, set in modern gold on a contemporary chain taken from three shades. Among the most impressive are a bronze stag with an eagle sitting on its horns, to date from the sixth century BC. A bronze Roman dolphin from the third century BC and a 600-year-old Roman cat from the same period.

Last year the special unit of the Carabinieri parliamentary police charged with protecting Italy's artistic heritage recovered some 7,713 archaeological artefacts believed to originate from illegal excavations. "It is very difficult

to get a value on the trade," says the Italian deputy minister Giuliano Giovanni Pastore. "Peasants who dig up a relic on their land may sell it for a few hundred thousand lire (few hundred dollars), but the price shoots up when it reaches the international market." Pastore says 110 million (\$6,000 per ton) of artefacts are available on the value of ancient sculptures on the clandestine market, with entry being the ultimate key to price.

The Italian says that can be illegal traded are those where the owner can prove possession prior to a 1939 law which assigns ownership of all landed antiquities to the state.

Marking the skeletal remains of early human ancestors has been recently discovered on the Internet in Italy. A skull of Homo sapiens Cro-Magnon. In good condition was reportedly offered for sale for \$28,000, while the left side of the jaw of a Neanderthal man found a buyer at \$5,700. The seller was offering a fee come from excavations carried out in northwestern Italy. The seller, who again exports artefacts doubts over the legality of the sale.

As criminals turn to Internet to boost their earnings, so law enforcement agencies are planning to seize the help of the World Wide Web in their fight against crime. Pastore says: "We need to create a network of guides to stolen works of art as a guide to dealers and auction houses. The service should be, as we do not want to restrict the market. The law we know a work is stolen and so we can't trade it, but we can't do anything else."

The online catalogue will supplement an existing catalogue which is published by the Italian government and circulated to interested parties.

## NETWORK EUROPE

Italian police have uncovered an internet site which they suspect is selling stolen archaeological antiquities, writes Philip Willan in Rome

THE internet is becoming a valuable window for stolen works of art and archaeological antiquities. Italian police have used the World Wide Web offering prices archaeological relics for sale and said they had arrested the man they suspect of masterminding the illegal trade, who operated under the pseudonym of "Hudid". Two other people are under investigation in the case.

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# An American Rating in Paris

**MOVES**

CHRIS WRIGHT will become non-executive director of Laminio, Britain's second largest independent insurance company, from 27 July. Wright will succeed Tom King, who stepped down in April but has temporarily agreed to stay on as a non-executive director. Wright currently works for the Mobil Oil as president, non-business development, Asia Pacific and Middle East.

JIM O'DONNELL moves from ESCO International's New York office to become chief executive. He previously worked for James Capel, the group's UK based equities operation.

OLIVER DAVINE, senior economic counsellor of finance for Michel Spair, who was recently appointed to Goldman Sachs in Paris, has been recruited to the French employment and social security ministry.

Martine Auzat, an economic counsellor and financier, is the first time that such a post has been created for the ministry.

**THE** American Assembly of Collegiate Schools of Business (AACSB) was founded in 1916; it has more than 400 members and accredits more than 300 schools. Most of them are in the United States, although four are in Europe. The AACSB Graduate School of Management outside Paris.

The AACSB rating is more than a checklist designed to establish whether a school meets American standards. It focuses on the performance of the school, and its own internal evaluation, and the institution's response to the changes in its field, and often to rethink.

This is one reason why

Maurice Trepo, a professor of organizational behavior and the AACSB accreditation, was one of a couple of others to find the AACSB accreditation. There were certification by Société Europe, which includes France, although well known in France. ESCO has been a member of the AACSB since 1993. It is to develop new markets overseas, the school has to give its graduates a degree which is recognized worldwide - and accreditation helps with that.

The AACSB decided last year setting its systems in Europe in search of new customers. It created a pilot group of three schools, ESCO plus the Rotterdam School of Business and Britain's University of

## EXECUTIVE EDUCATION

**A French business school hopes to raise its appeal with US accreditation, writes Joshua Jupp**

Warwick Business School, Rotterdam is in the early stages of the review process. Warwick's chairman, Bob Gallers, deems it "highly likely" that ESCO had good internal resistance: an anti-American stance is of recognition on any French campus.

Once this was overcome, a harder job loomed, that of writing a 2,500 word report. The ESCO task force produced an assessment team of ten and three months, and it was sent to an assessment team of ten from AACSB-accredited schools in America and Canada, and one dean from Europe (Warwick), plus a representative of the business community.

Having visited ESCO for four days in January, the AACSB team returned with everything on campus, from the library to the sports field. The report brought ESCO's test year accreditation.

The AACSB usually charges a \$1,000 inscription fee and \$5,000 for the audit. But for a

European pilot it has waived those fees: ESCO paid only the travel and hotel expenses. And visiting associates. The real cost to the school was more than five months of almost full-time work on the self-audit, and the worth it: accreditation will help recruit top students and make up for ten per cent of ESCO's intake at present) and build international links.

Coming to Europe should also benefit the AACSB, which has not started offering "having 'top 100'" requirements tailored specifically to the American higher-education industry. The AACSB has voted to open accreditation to the American and both Warwick and ESCO indicate that they will West to

## COURSES

■ **SUMMER** scholars can combine business studies with business English at the European Business School (EBS) in Louvain-la-Neuve, Belgium. EBS will offer two year Management Operations, International Business, Introduction to Accounting and Finance, and Principles of Marketing. Students can integrate any one of them with 30 hours' study of English to qualify for a diploma in English to a cost of £25,646.

■ **THE** American Assembly of Collegiate Schools of Business (AACSB) accreditation is being awarded to the Rotterdam School of Business and Britain's University of Warwick. Contact: ESCO, tel: +44 (0)171 487 7592; fax: +44 (0)171 487 7593.

### International Management Institute of St Petersburg

Status: Non-profit institution  
Course: Part-time executive MBA  
Length of course: 18 months (Jan-June)  
Number of students: 19  
Number of full-time teachers: 30  
Course director: Professor Yuri Ogibin  
Course description: Three-stage programme, with eight courses in the first stage, five courses and short seminars in the second, and a final project.  
Language taught: Russian and English  
Language applied: English  
Average age of students: 32  
Average salary: 2/3 (plus tax) (minimum two years required)  
Average GMAT score: N/A (but may be required next year)  
Entrance requirements: Degree, IELTS  
Cost of course: \$8,000  
Contact: IMISF, tel: +7 812 216 9539; fax: +7 812 216 0402

### Russia takes lessons from West

In 1989 the University of Leningrad and SDA Bocconi in Milan decided to set up a western style business school in St Petersburg, writes Joshua Jupp.

ESKO IMSP has developed in partnership from ESC Lyon from France, Spain's ESADE and the Netherlands' Rotterdam School of Management (the link has since left the partnership). Sergey Morozov, the IMSP president, says: "They knew their knowledge and we shared our. The first task was to recruit full-time staff, since the Russians did not rely on foreign staff. The Executive College began in January 1996, and the students graduate this month. They take classes in two periods, January to June and September to March: the final

### Focus on improving the conditions and quality of life

months, April to June, are devoted to a field project. Classes are held on campus on Fridays, Saturdays and Wednesday evenings.

Students are given a great deal, so must be capable of self-motivation. Most students are expatriates and have backgrounds in large firms such as Coca Cola and ABF. Materials, assignments, exams and projects are in English class discussions, however, have been split with the first intake between English and Russian.

The long-term task for ESCO is to use English exclusively. Sergey Morozov views this as a general management MBA. Come it will be in use or with Russia, in an international context.

### The 21st Century

conference on Adult Education will be held in Hamburg, Germany on August 27-29, 1997 in Hamburg, Germany. It will examine "Adult Learning: A New Paradigm". Among the ten themes of the conference will be a focus on improving the conditions and quality of life. This includes, among other things, promoting the empowerment of women, the promotion of a manifesto policy of the European Union and to come out of the conference. Contact: ESCO, tel: +44 (0) 171 487 7593; fax: +44 (0) 171 487 7593.

### AMERICAN neurobiologist

to join the British drug company, Bristol-Myers Squibb, as a senior director, says the company's press office. The company's press office says that the company is pleased to welcome the neurobiologist to the company's research and development department. The company's press office says that the company is pleased to welcome the neurobiologist to the company's research and development department.

# INTERNATIONAL EDUCATION & EXECUTIVE SEARCH

## INTERNATIONAL EDUCATION

### BRISTOL Business School

## MBA European Study Route - Full-time 12 months

The information about the integration of students in the EU has resulted in a need for managers with high levels of international management expertise and intercultural skills. This MBA involves a sequence of study in 1996, then Hong Kong and Shanghai. The programme is delivered in English, through some French and Chinese language skills, second language. The programme is available in managerial positions plus good degree or equivalent are the normal entry requirements.

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## US Corporate Bond Trader

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A leading US investment bank is looking to appoint a US corporate bond trader to cover the US investment mainly US corporate bonds in the US market and to make markets in domestic Treasury and yield identify new wave opportunities in the European market for US corporate bonds. The successful candidate must be a graduate and have at least two years experience in the US corporate bond market. The position involves previous credit rating.

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Places available for 1997

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Le Platini of Rhône-Poulenc

BUSINESS PORTRAIT
JEAN RENÉ FOURTOU

A JEAN RENÉ Fourtou sits in his office on the bank of the Seine talking sport. He knows more about a meeting resembling to Michel Platini...

The Socialists were returned to power. Privatization of the company in 1993, by which time the company's sales had increased to FF4.0bn...

Productivity has been increased and a heavy debt reduced

However, he went on to the Hoechst, BASF, Boehringer, Ciba and finally Rhône-Poulenc, and became an expert on the pharmaceutical and chemicals sector...

It is a record of which he can be proud. In 1980 the then prime minister, Jacques Chirac, named Fourtou the first financial consultant...

Teamwork: Fourtou believes his workers should have a stake in Rhône-Poulenc; more than 90 per cent of them have shares in the company

He has been head of the French industrial quality movement since 1981. We are customer driven and believe in empowering our people...

Now he wants a fundamental change in direction. Spurred by the strong performance of the group's 68 per cent owned US pharmaceutical offshoot, Rhône-Poulenc Ror, Fourtou has decided to go all out for pharmaceuticals rather than chemicals...



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to FF2.7bn on a turnover of FF80bn last year. In the spring, Fourtou made the decision offshoot. Shareholders voted for changing the 100-year-old articles of the company...

Fourtou predicts 20 per cent growth in net income per share for several years to come and expects a 10 per cent growth to raise Rhône-Poulenc's market value to FF100bn after three years...

CROSSWORD - NUMBER 372

Crossword puzzle grid with clues for Across and Down. Includes 'QUICK CLUES' and 'SOLUTION' sections.

THE GAMES END GAMES

Chess section featuring a game between Black (Karpov) and White (Kramnik). Includes commentary and a 'CHECK' section.

BEFORE reading

Bridge section with a hand diagram and text explaining the play and strategy.

EUROPEAN CROSS RATES

Table showing exchange rates for various European currencies against the British Pound (£) as of 26 June 1997.