Yugoslavia's nuclear plans brought to a halt

by Luba George

Yugoslavia's once promising nuclear energy program now stands in ruins. The first major blow came late last year when the Zadar Municipal Assembly of Croatia put a stop to construction plans for Yugoslavia's second nuclear power plant on the island of Vir off the Adriatic coast. The reason: "It would conflict with the country's tourist zoning plans." A campaign against the site had been launched by local environmentalists who argued that the plant would "scare the tourists".

In short order four other Yugoslav nuclear plants on the drawing boards have been shelved, and the country's first nuclear power plant, scheduled to open in 1981, has had its opening delayed indefinitely.

Conditionalities prescribed

The nuclear plant cancellations reflect Yugoslavia's ongoing compliance with the International Monetary Fund, of which it is a member. Stringent IMF conditions for credits have been systematically applied to restructure Yugoslavia's economy away from industrialization toward Caribbean-model tourism. The government's recent decision to cut imports of capital equipment from the West and to delay or cancel other major industrial projects was also made under IMF guidelines.

The likely result of the Yugoslav economy continuing to be shaped by IMF austerity pressures is greater political instability. If such trends are not reversed, a Yugoslav destabilization could have tremendous international repercussions. Since the death of longtime leader Marshal Tito last spring, Yugoslavia has been run collectively by rotating presidents, and has lost the strong central leadership Tito provided.

Debt and deficit

According to the latest official figures, Yugoslavia's annual rate of inflation is running close to 25 percent. Unofficially, it's believed to be closer to 30 percent. With external debt doubling in the course of four years (1976-1979), the country's foreign affairs minister, Milos Minic, warned: "The debt servicing will no longer amount to $1 billion a year, as it has up to now, but much more."

Trade last year ran at a record deficit of $6.357 billion—a 50 percent increase over the previous year. At the same time, the IMF is complaining that Yugoslavia has not reduced its consumption fast enough and there are still too many capital-goods imports (still the single biggest category, accounting for $4.43 billion or 35 percent of total imports).

With the economy being redirected from industry to tourism, Yugoslavia faces sharp declines in tangible-goods production, while its industrialized labor force is increasingly put out of work. Unemployment is now officially at 13 percent—and would be still greater if Yugoslav workers were not employed as *Gastarbeiter* (guest workers) in West Germany, France, and other parts of Europe.

Past plans

Seeking to reduce its dependency on energy imports, under Marshal Josef Tito's 1976-1980 Five-Year Plan, Yugoslavia embarked in 1977 on an ambitious energy development program which called for a huge expansion of its coal production and its electricity generation (mainly fueled by coal), plus the introduction of nuclear power. Total power production was to increase at an annual rate of 16 percent—from 39.86 billion kilowatt-hours in 1975 to 71.2 billion kilowatt-hours in 1980. Total consumption was scheduled to rise from 41.09 to 70.68 billion kilowatt-hours during the same period.

Yugoslavia's first nuclear power facility of 632 megawatts at Krsko in Slovenia was part of a joint Slovene-Croat project which, together with the five other nuclear plants proposed for completion by the late 1990s, would have secured for Croatia—the most industrialized region of Yugoslavia—one-third of its energy needs.

The oil squeeze

Today Yugoslavia is experiencing energy shortages and the full brunt of high oil prices. The Iran-Iraq war forced Yugoslav Foreign Affairs Minister Milos Minic to sound the alarm: "I think that we are on the verge of another energy crisis, an energy crisis which may be more serious than the one of 1973 at the time of the oil embargo connected with the war which broke out that year between Israel and Arab countries. We all, our entire economy, must be aware of this situation. We must think of how to get out of it." 65 percent of Yugoslavia's total oil imports came from Iraq. Now both Iraq and Iran have stopped their oil exports.

This 65 percent cut in oil imports, occurring in parallel with the ending of the nuclear program, threatens to exacerbate and bring to a head an already volatile situation.