NATO ENLARGEMENT

Report Is Responsive to Senate Requirements, but Additional Information Could Be Useful
The President’s report responded to the mandated requirements with information that was generally accurate and current. The report provided a detailed discussion of each country’s eligibility in terms of defense, budgetary, information security, legal, and economic issues. However, the discussion of each country’s efforts to implement democratic principles and reforms was limited. That discussion did not reflect the challenges these countries face in the transition to democratic societies—or their efforts to address those challenges—in areas such as civil liberties, judicial independence, human rights, and minority rights. These are important principles of the alliance and a fuller discussion could be useful. GAO provides additional information on these issues in appendix II to help Congress in its deliberations on NATO enlargement.

The National Security Council generally concurred with the contents of this report.

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November 15, 2002

Congressional Committees:

On November 21 and 22, 2002, the North Atlantic Treaty Organization (NATO) will consider whether to invite new members into the alliance from a list of nine countries seeking NATO membership.¹ NATO wants new members to be democracies, have harmonious relations with neighboring countries, modernize and restructure their defense capabilities, protect civil liberties and human and minority rights, and have an open market economy. The admission of new members requires ratification by two-thirds of the United States Senate. The last time NATO considered adding new members, Congress was concerned that the President did not provide sufficient information in a time frame that facilitated congressional deliberations on the countries invited to join NATO. As a result, the Senate mandated that the President provide Congress with information on countries seeking to join the alliance—before NATO made any decision on enlarging its membership.² In particular, the President was required to assess how countries would further the principles of the North Atlantic Treaty, contribute to North Atlantic security, and affect U.S. national security interests. He also was required to evaluate countries’ eligibility for membership and estimate the military requirements and costs associated with a country’s membership for both NATO and U.S. budgets.

The Senate mandated that we review and assess the President’s report. To fulfill that mandate, we determined if (1) the report met the Senate’s requirements and the information was accurate and current and (2) the methodology for deriving cost estimates was sound.

To assess the President’s report, we developed an extensive array of documentary and testimonial information from a broad spectrum of sources, including U.S. government and military reports and analyses, government reports and analyses of the countries seeking NATO membership, discussions with aspirant country delegations to NATO, and discussions with a broad range of research organizations and experts. We

¹The nine countries that will be considered for membership at NATO’s November 2002 summit meeting are Albania, Bulgaria, Estonia, Latvia, Lithuania, the Former Yugoslav Republic of Macedonia, Romania, Slovakia, and Slovenia.

also conducted in-depth data gathering in three aspirant countries—Bulgaria, Latvia, and Slovenia—that included meetings with several government agencies and a variety of private-sector, nongovernmental, and research organizations. See appendix I for a detailed description of the scope and methodology.

The President submitted his report to Congress on August 26, 2002. In presenting the results of our assessment, we have not discussed the specific conclusions or information in the President’s report because that report is classified.

Results in Brief

The President’s report responded to all of the mandated requirements for each of the nine countries seeking NATO membership. The information in the President’s report was generally accurate and current. It was generally consistent with the data we collected independently from a broad array of U.S. government, NATO, and foreign government sources as well as research and other nongovernmental organizations. The report’s discussion of country eligibility for membership presented a detailed discussion of defense, budgetary, information security, legal, and economic issues. However, the discussion of countries’ efforts to implement democratic principles and reforms was limited. The report did not provide a full understanding of the challenges facing these countries and their efforts to address those challenges in areas such as civil liberties, judicial independence, human rights, and minority rights. These issues represent some of the key principles of the alliance. We are providing additional information on these issues in appendix II to help Congress in its deliberations on NATO enlargement.

We found that the report’s methodology for estimating potential cost impacts, while preliminary, was reasonable. The report provided classified cost estimates for the potential impact of a country’s membership on NATO’s shared costs, NATO members’ shares of those costs, and U.S. defense and other budgets. The report based its estimate of the impact on NATO’s shared costs on a prior methodology developed by NATO to estimate the costs of adding the Czech Republic, Hungary, and Poland to NATO—a methodology we found to be reasonable. To apply that methodology to the nine countries seeking membership in 2002, however, the President’s analysis made a number of adjustments, including for inflation, to make the prior cost estimates for military requirements current. Both the assumption and adjustments were generally reasonable.
In this report, we include a matter for congressional consideration. Because NATO's political goals for countries seeking membership focus on developing democratic institutions and principles, we have included material in this report that goes beyond the information contained in the President's report. If Congress finds this material useful during upcoming deliberations on NATO enlargement, it may wish to request that future reports contain more detailed information on these issues.

The National Security Council generally concurred with the contents of this report.

Background

The North Atlantic Treaty was signed on April 4, 1949, by 12 European and North American countries to provide collective defense against the emerging threat that the Soviet Union posed to the democracies of Western Europe. Since its inception, the alliance’s key objective has been to achieve a lasting peace in the North Atlantic area that is based on the common values of democracy, the rule of law, and individual liberty. Article 10 of the treaty permits accession of additional European states if they are in a position to further the treaty’s principles and contribute to North Atlantic security. While members must unanimously agree to any new country’s accession, the treaty contains no explicit criteria that a country must meet to join the alliance. NATO’s invitations to countries to join the alliance are political decisions based on the unanimous agreement of members.

Since its inception, NATO has enlarged its membership four times as changing political and strategic circumstances have warranted. The first three occasions were linked to confrontation with the Communist bloc, particularly the Soviet Union, and were taken to meet pressing strategic and security needs. Turkey and Greece joined NATO in 1952 for strategic reasons, permitting NATO to shore up its southern flank to forestall Communist military action in Europe at the height of the Korean War. West Germany joined the alliance in 1955 after agreeing to maintain extensive NATO forces on its territory and to place its national army within NATO’s integrated command structure. With Spain’s membership in 1982, NATO gained better access to Spain’s air and naval bases, while the newly democratized nation improved its chances of joining the European Economic Community.

A significantly different strategic environment marked the fourth, and latest, enlargement, when NATO’s goal was to extend stability eastward into the political vacuum resulting from the Soviet Union’s collapse. In
1994, NATO committed to enlarging its membership to include the newly democratic states of the former Communist bloc. As a result, Poland, Hungary, and the Czech Republic joined the alliance in 1999, and several more east and central European countries are seeking membership.

At the 1999 summit meeting in Washington, D.C., NATO promulgated, among other things, the Membership Action Plan, to provide guidance and counseling to other NATO aspirants to facilitate their preparations for possible membership. The plan sets forth defense, budgetary, information security, legal, political, and economic goals for countries to work toward to enhance their readiness for membership. Essentially, NATO wants countries that are seeking to join the alliance to (1) be democracies that are based on the rule of law; (2) have harmonious relations with neighboring countries and settle international disputes peaceably; (3) provide and protect civil liberties, human rights, and minority rights; and (4) have an open market economy. In addition, NATO wants countries to modernize and restructure their defense capabilities to be interoperable with NATO and, hence, to be able to contribute to NATO operations. To reach that goal, NATO would like countries to spend at least the equivalent of 2 percent of their gross domestic product on defense development. Countries also need to implement NATO requirements for handling and securing NATO classified information and to be free from legal barriers that would prevent a country from deploying forces abroad or hosting foreign troops on their territory. Each country participating in the Membership Action Plan develops an annual plan of actions that it will pursue to achieve those goals. NATO reviews the plans and progress implementing them and provides annual feedback to each country. Representatives of NATO's newest members, as well as representatives of the countries currently seeking NATO membership, generally agree that the program has provided crucial guidance and is a major success in assisting countries' preparations.

As of September 2002, there were nine countries participating in the Membership Action Plan—Albania, Bulgaria, Estonia, Latvia, Lithuania, the Former Yugoslav Republic of Macedonia, Romania, Slovakia, and Slovenia—and at least one additional country, Croatia, was poised to begin participation in the fall of 2002. The nine countries have undergone three annual planning cycles and will submit their fourth annual plan to NATO in

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3This is the country’s official name. The name is subject to negotiations under United Nations auspices between the republic and Greece, which has opposed its northern neighbor's use of the name "Macedonia."
the fall of 2002. At its summit meeting in November 2002 in Prague, NATO will decide which of these countries should be invited to join the alliance in the next round of enlargement. Figure 1 shows the nine countries participating in the Membership Action Plan and current European NATO members.
Figure 1: Countries Participating in NATO’s Membership Action Plan and Current European NATO Members

Source: GAO.

Note: The United States and Canada are also members of NATO.
The President’s report responded to all of the Senate’s information requirements for each of the nine countries seeking NATO membership, providing information that was generally accurate and current. Discussion of countries’ eligibility addressed their achievements toward the goals in NATO’s Membership Action Plan; those goals include defense, budgetary, information security, legal, economic, and political goals. Discussion of most of these goals was generally detailed, but discussion of the implementation of democratic principles and reforms was limited.

The Report Responded to the Mandate’s Requirements

First, to assess how countries would further the principles of the North Atlantic Treaty and contribute to North Atlantic security, the President’s report discussed countries’ achievements in this area. For example, in discussing countries’ potential impacts on North Atlantic security, the report described countries’ contributions to regional peace—in particular, the ways in which countries address controversial issues with neighboring countries and their contributions to NATO operations. Second, to address the implications of countries’ membership for U.S. security, the President’s report provided a detailed discussion of the contributions that countries have made and continue to make to NATO operations in Europe’s Balkan region—such as operations in Bosnia and Kosovo—and their cooperation and assistance in the war on terrorism. To meet the two cost requirements, the report provided estimates of the potential impact of countries’ membership on both NATO costs and U.S. budgets. Finally, the bulk of the
The President’s report presented a detailed discussion of the defense, budgetary, information security, legal, and economic issues surrounding each country’s eligibility for membership. The information was accurate and current. Discussion of defense issues, in particular, was extensive, describing for each of the nine countries its achievements in terms of five capability areas: (1) deployability and mobility; (2) sustainability and logistics; (3) consultations, command, and control; (4) effective engagement; and (5) survivability of forces and infrastructure. The report’s discussion of budgetary issues focused on each of the nine countries’ commitments to defense spending as a percentage of its gross domestic product, and the defense budget planning systems that each country has implemented. Discussion of information security and legal issues focused on the extent to which each country had met or achieved NATO requirements. For information security, the report assessed the extent to which each of the nine countries had implemented NATO requirements for personnel screening and the handling and storage of classified documents. Regarding legal issues, the report assessed whether a country’s constitution and/or laws provided any barriers to the deployment of the country’s troops abroad, or the hosting of foreign troops in-country, in support of NATO operations. In the economic area, the report discussed the status of each country’s economy.

Although the information provided in the report regarding the implementation of democratic principles and reforms was accurate and current, the discussion was limited. The report did not fully delineate the challenges facing the nine countries seeking membership or what they have been doing to address those challenges. The political goals addressed in NATO’s Membership Action Plan cover a broad spectrum, ranging from the implementation of democratic institutions, free and fair elections, the rule of law, judicial independence, and civil liberties to peaceful relations with bordering countries, peaceful settlement of international disputes, and protection of human rights and minority rights. However, the report’s discussion of the challenges facing the nine countries in such areas as civil liberties, judicial independence, human rights, and minority rights—as well
as government efforts to address those challenges—was either limited or absent.

The nine countries seeking membership in NATO have been transitioning over the past decade from state-controlled communist systems to democracies and market-based economies. The political goals of the Membership Action Plan represent some of the key values of the alliance. Further, these countries have been pursuing the goals set forth in NATO's Membership Action Plan by enacting new legislation, amending existing laws, and developing new programs to address many of these goals, especially within the past 2 years. Because of these considerations, we have provided additional information on countries' implementation of democratic principles and reforms in appendix II to help Congress in its deliberations on NATO enlargement. We also provide the results of several independent analyses of countries’ progress toward implementing democracy and open economies in appendixes III and IV, which we believe will be useful in assessing countries' eligibility for NATO membership.

As a Preliminary Assessment, Cost Estimates Were Reasonable

The President's report responded to the requirements for estimates of potential impacts of new members on both NATO and U.S. costs. The methodology in the President's report for estimating potential cost impacts, while preliminary, was reasonable. Changes in some factors in the methodology for estimating the impact on NATO's shared costs could change the resulting estimates. We have not included the actual cost estimates in this report because those figures are classified in the President’s report.

The report’s methodology for estimating the impact on NATO's shared costs, in particular, was a reasonable approach for a preliminary estimate. The report based its assessment on a 1997 NATO methodology to determine the impact of adding three new members—Poland, Hungary, and the Czech Republic—on NATO's commonly funded budgets. In prior work, we determined that approach was reasonable for the 1997 analysis.4

In applying that methodology to the current analysis, the report used the same determination of NATO’s military requirements applied to the 1997 analysis. Those military requirements fall into four categories: (1) command and control, which reflects an extension of NATO’s communications links to the new members; (2) air defense, which reflects the integration of new members into NATO’s air defense systems; (3) reinforcement reception facilities, which reflect upgrades to infrastructure, particularly airfields, to receive NATO forces; and (4) training and exercises. According to a U.S. Department of Defense official, NATO will not determine specific military requirements for the 2002 round of enlargement until it offers invitations to individual countries. Without specific information on future NATO military requirements, it was reasonable to base a cost estimate on NATO’s previous assumptions regarding its military requirements. Estimates were provided for each country in each of those categories of military requirements. In applying the 1997 methodology, the report also used the 1997 NATO cost estimates for the types of projects needed to meet NATO military requirements.

According to the U.S. Department of Defense analysts who performed the analysis, the report updated the 1997 NATO methodology by assessing what the current list of countries seeking NATO membership might need in terms of NATO military funding for projects to meet NATO military requirements. Assessments of what military upgrades each of these countries would need were based on NATO and U.S. Department of Defense reports and analyses that had determined that seven of the nine countries had already met some of the requirements for air defense capabilities. The report then adjusted the costs applied in the 1997 analysis to reflect U.S. dollars in 2002. We found these adjustments to be generally reasonable for a preliminary estimate. Once NATO has decided which countries to invite into the alliance, however, NATO plans to analyze the cost impacts on the basis of detailed country-specific assessments of each country’s current infrastructure conditions and the upgrades needed to meet NATO military requirements.

The fundamental principle on which those NATO military requirements were based was NATO’s ability to fulfill Article V of the North Atlantic Treaty in Poland, Hungary, and the Czech Republic. Under Article V, members of NATO agree that an armed attack against any member is considered to be an attack against them all. NATO’s military commanders determined what alliance capabilities were needed upon accession of the three new members and also determined what military upgrades were needed.

NATO expresses costs in terms of the NATO accounting unit and establishes the value of 1 NATO accounting unit on a quarterly basis in terms of member countries’ currencies.
Conclusions
The President’s report responded to the Senate’s requirements. However, the limited discussion of the implementation of democratic principles and reforms in relation to countries’ eligibility for NATO membership did not reflect the challenges these countries face in making the transition to democratic societies or the breadth of activities they have engaged in to consummate that transition. Because the implementation of democratic principles represents important NATO principles, broader discussion of these issues could be useful for a full appreciation of the conditions and achievements of the countries seeking NATO membership.

Matter for Congressional Consideration
Because NATO’s political goals for countries seeking membership focus on developing democratic institutions and principles, we have included material in this report that goes beyond the information contained in the President’s report. If Congress finds this material useful during upcoming deliberations on NATO enlargement, it may wish to request that future reports contain more detailed information on these issues.

Agency Comments
We provided a draft of this report to the National Security Council. In oral comments, the council generally concurred with the contents of this report.

We are sending copies of this report to other interested congressional committees, the Chairman of the National Security Council, the Secretary of State, and the Secretary of Defense. We will also make copies available to others upon request. In addition, this report will be available at no cost on the GAO Web site at http://www.gao.gov.
Please contact me at (202) 512-8979 if you or your staff have any questions about this report. Key contributors to this report were F. James Shafer, Beverly Ann Bendekgey, Kelly Baumgartner, Monica Brym, Martin de Alteriis, Berel Spivack, Ernie Jackson, Janey Cohen, and Lynn Cothern.

Joseph A. Christoff, Director
International Affairs and Trade
List of Congressional Committees

The Honorable Joseph R. Biden, Jr.
Chairman
The Honorable Jesse A. Helms
Ranking Minority Member
Committee on Foreign Relations
United States Senate

The Honorable Carl Levin
Chairman
The Honorable John W. Warner
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Robert C. Byrd
Chairman
The Honorable Ted Stevens
Ranking Minority Member
Committee on Appropriations
United States Senate

The Honorable Henry J. Hyde
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The Honorable Tom Lantos
Ranking Minority Member
Committee on International Relations
House of Representatives

The Honorable Bob Stump
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives
List of Congressional Committees (cont.)

The Honorable C. W. Bill Young
Chairman
The Honorable David R. Obey
Ranking Minority Member
Committee on Appropriations
House of Representatives
Scope and Methodology

To assess the President’s report, we determined if each of the United States Senate’s information requirements listed in the legislative mandate was addressed and if the information provided was accurate and current. We also assessed the soundness of the methodology for deriving cost estimates. We did not independently assess foreign laws or regulations and based our discussion of those laws and regulations, particularly the information provided in appendix II, on secondary sources.

To assess whether the report met the Senate’s requirements, we met with and obtained documentation from representatives of numerous organizations, including the U.S. Department of Defense, the U.S. Department of State, the U.S. Central Intelligence Agency, the Carnegie Endowment for International Peace, the CATO Institute, the Center for Defense Information, the Center for Strategic and International Studies, the Council on Foreign Relations, The Heritage Foundation, the National Defense University, the Office for Democratic Institutions and Human Rights in the Organization for Security and Co-operation in Europe, the RAND Corporation, and the Woodrow Wilson Center for International Studies. We obtained extensive country-specific documentation from, and met at length with, all nine candidate country delegations to the North Atlantic Treaty Organization (NATO) in Brussels and several country delegations visiting the United States.

We also collected extensive documentary evidence from the reports and analyses of a broad range of organizations on the political, economic, defense, budgetary, information security, and legal issues related to the goals in NATO's Membership Action Plan, including:

- the U.S. State Department’s country background reports, country commercial guides, and annual reports assessing human rights practices, religious freedom, and trafficking in persons;
- defense reform assessments prepared by the U.S. Department of Defense;
- the elections analyses of the Organization for Security and Co-operation in Europe;
- country background reports of the Congressional Research Service, the U.S. Central Intelligence Agency, and the European Forum;
Appendix I
Scope and Methodology

- the constitutions of countries seeking NATO membership, and assessments in the *East European Constitutional Review*;

- the European Union’s annual regular progress reports on the political and economic developments, and other preparations, of countries seeking membership in the European Union as well as other reports and documentation of the European Union, the European Parliament, and the European Commission;

- economic surveys of the Organization for Economic Cooperation and Development;

- the Fraser Institute’s annual assessments of economic freedom;

- Freedom House country ratings of political rights and civil liberties and its nations in transit country reports as well as reports from the International Helsinki Federation for Human Rights, Human Rights Watch, and Amnesty International;

- The Heritage Foundation’s index of economic freedom reports;

- the investment profiles of the European Bank for Reconstruction and Development;

- the Open Society Institute’s reports on minority protection and judicial independence;

- the International Press Institute’s world press freedom reviews;

- reports of the Regional Environmental Center for Central and Eastern Europe;

- evaluation reports of the Group of States Against Corruption;

- aspirant countries’ third annual national plan under NATO’s Membership Action Plan and related documentation; and

- aspirant country defense modernization and reconstruction plans and planned defense expenditures.

We conducted in-depth data gathering in three aspirant countries—Bulgaria, Latvia, and Slovenia—to check the validity of the information
gathered from these and other sources. While visiting the three countries, we met with and obtained documentation from government officials in defense, foreign affairs, economic, justice, and administrative ministries; members of Parliament; and various nongovernmental groups, research organizations, and media representatives. While we acquired some updated information, we did not find discrepancies with the other information gathered.

We assessed the President’s report by determining the extent to which it addressed each of the mandated requirements. We assessed the accuracy of the information in the report by determining if it was consistent with the information in the sources we developed. We assessed the currency of the information by determining whether any recent events identified in our sources raised questions about the accuracy of any of the report’s main findings.

To assess the methodology for deriving cost estimates regarding the impact of a country’s membership on NATO’s shared costs, members’ shares of those costs, and U.S. defense and other budgets, we analyzed the methodology used in producing the estimated costs as well as the data on potential impacts for U.S. budgets. We examined the assumptions on which the estimates were based, reviewed the U.S. Department of Defense’s and NATO’s estimates for the 1999 round of enlargement, and interviewed the U.S. Department of Defense officials responsible for developing the estimates. We verified that the methodology the report said it used to assess the potential impact on NATO’s shared costs was in fact applied, but we did not independently verify the source data on which the cost estimates were based. While our assessment of that methodology is based on the approach selected, changes in some factors in the methodology could change the resulting estimates. For example, a change in NATO’s military requirements could lead to a higher or lower cost estimate.

We conducted our work between July 2001 and October 2002 in accordance with generally accepted government auditing standards.
Because the President's discussion of the implementation of democratic principles and reforms in relation to countries' eligibility for NATO membership was limited, this appendix provides additional information, by country, that we believe will be useful in understanding the challenges and developments in the nine countries seeking NATO membership and the actions their governments are taking to achieve the goals of NATO's Membership Action Plan. The information provided is based on our review of the numerous sources identified in appendix I.

As the President's report and the information contained herein illustrate, the countries that will be considered for membership at NATO's summit meeting in Prague on November 21 and 22, 2002, have been active in pursuing the goals set forth in NATO's Membership Action Plan. Countries have been enacting new legislation, amending existing laws, restructuring and modernizing their military forces and capabilities, and developing new programs, especially within the past 1 to 2 years. As a result, many of those efforts are still in the process of being enacted and/or implemented, so there is little, if any, implementation history to assess in terms of their impact or benefits.

The following tables provide general background information that could be helpful in understanding the issues discussed in this appendix. Table 1 provides an overview of the applicant countries' population size, border countries, and the 2001 purchasing power parity gross national income per capita as well as data for the United States and average data for NATO. Table 2 provides information on the ethnic composition of each applicant country.
# Appendix II
Additional Information on the Implementation of Democratic Principles and Reforms in Countries Seeking NATO Membership

## Table 1: General Information on Countries Seeking NATO Membership

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (millions)</th>
<th>Border countries</th>
<th>2001 purchasing power parity gross national income per capita (U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>3.5</td>
<td>Greece, F.Y.R. of Macedonia, a F.R. of Yugoslavia</td>
<td>$3,880</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>7.7</td>
<td>Greece, F.Y.R. of Macedonia, F.R. of Yugoslavia, Romania, Turkey</td>
<td>5,950</td>
</tr>
<tr>
<td>Estonia</td>
<td>1.4</td>
<td>Latvia, Russia</td>
<td>10,020</td>
</tr>
<tr>
<td>Latvia</td>
<td>2.4</td>
<td>Belarus, Estonia, Lithuania, Russia</td>
<td>7,870</td>
</tr>
<tr>
<td>Lithuania</td>
<td>3.8</td>
<td>Belarus, Latvia, Poland, Russia</td>
<td>7,610</td>
</tr>
<tr>
<td>F.Y.R. of Macedonia</td>
<td>2.0</td>
<td>Albania, Bulgaria, Greece, F.R. of Yugoslavia</td>
<td>4,860</td>
</tr>
<tr>
<td>Romania</td>
<td>21.7</td>
<td>Bulgaria, Hungary, Moldova, F.R. of Yugoslavia, Ukraine</td>
<td>6,980</td>
</tr>
<tr>
<td>Slovakia</td>
<td>5.4</td>
<td>Austria, Czech Republic, Hungary, Poland, Ukraine</td>
<td>11,610</td>
</tr>
<tr>
<td>Slovenia</td>
<td>2.0</td>
<td>Austria, Croatia, Hungary, Italy</td>
<td>18,160</td>
</tr>
<tr>
<td>NATO average - all NATO</td>
<td>43.8</td>
<td>N/A</td>
<td>26,034</td>
</tr>
<tr>
<td>NATO average - Europe</td>
<td>29.5</td>
<td>N/A</td>
<td>20,577</td>
</tr>
<tr>
<td>United States</td>
<td>284.8</td>
<td>N/A</td>
<td>34,870</td>
</tr>
</tbody>
</table>

*The official name is the Former Yugoslav Republic of Macedonia.*

*The official name is the Federal Republic of Yugoslavia.*

Sources: Population data are from the U.S. State Department, except F.Y.R. of Macedonia data, which are from the U.S. Central Intelligence Agency; data for Romania are from preliminary media reports of the results of the March 2002 census; data for the NATO average are GAO projections that are based on the International Monetary Fund's International Financial Statistics, March 2002; and data for the United States are from the U.S. Census Bureau 2001 estimate. Information on border countries is from the National Geographic Society Map of Europe, 2000. Data on purchasing power parity gross national income per capita are from the World Bank's August 2002 World Development Indicators.
### Table 2: Ethnic Distribution of the Populations of Countries Seeking NATO Membership

<table>
<thead>
<tr>
<th>Country</th>
<th>Ethnic group</th>
<th>Percentage of population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>Albanian</td>
<td>95.0</td>
</tr>
<tr>
<td></td>
<td>Greek</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2.0</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Bulgarian</td>
<td>83.0</td>
</tr>
<tr>
<td></td>
<td>Turkish</td>
<td>8.5</td>
</tr>
<tr>
<td></td>
<td>Roma</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>5.9</td>
</tr>
<tr>
<td>Estonia</td>
<td>Estonian</td>
<td>65.0</td>
</tr>
<tr>
<td></td>
<td>Russian</td>
<td>28.0</td>
</tr>
<tr>
<td></td>
<td>Ukrainian</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>Byelorussian</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td>Finnish</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2.2</td>
</tr>
<tr>
<td>Latvia</td>
<td>Latvian</td>
<td>55.8</td>
</tr>
<tr>
<td></td>
<td>Russian</td>
<td>32.3</td>
</tr>
<tr>
<td></td>
<td>Byelorussian</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>Ukrainian</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>Polish</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2.9</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Lithuanian</td>
<td>80.6</td>
</tr>
<tr>
<td></td>
<td>Russian</td>
<td>8.7</td>
</tr>
<tr>
<td></td>
<td>Polish</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>Byelorussian</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>Ukrainian</td>
<td>1.1</td>
</tr>
<tr>
<td>F.Y.R. of Macedonia</td>
<td>Macedonian</td>
<td>66.6</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>Other</td>
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(Continued From Previous Page)

### Ethnic composition

<table>
<thead>
<tr>
<th>Country</th>
<th>Ethnic group</th>
<th>Percentage of population</th>
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<td></td>
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<td></td>
<td>Other</td>
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<tr>
<td></td>
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Note: Percentages may not add to 100 due to rounding.

Sources: U.S. State Department Country Background Reports. Data for F.Y.R. of Macedonia are from the U.S. Central Intelligence Agency because U.S. State Department data were unavailable.

### Albania

Located in the southwest Balkan region of Europe, Albania has a population of 3.5 million people. It shares a border with one NATO member—Greece, one country aspiring to NATO membership—the Former Yugoslav Republic of Macedonia, and a third country—the Federal Republic of Yugoslavia. After experiencing a financial collapse in 1997 that triggered armed insurgencies, Albania adopted a new constitution in 1998 and since then has been consolidating democratic institutions and processes.

### Civil Liberties

The Albanian constitution and related legislation provide for the protection of individual liberties, such as freedom of expression, religion, the media, association, and movement, and the government generally respects those
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rights. The sources we reviewed, however, indicate that although Albania provides for freedom of the media, some concerns have been raised about the use of libel as a crime against journalists and about physical attacks on journalists. To help address concerns about media freedom, the government passed the Law on Public and Private Radio and Television in September 1998 to guarantee editorial independence and prevent censorship.

Democracy and the Rule of Law

The government has made progress in providing for free and fair elections since the political unrest of 1997. Albania passed a new electoral law in May 2000 that (1) established a Central Election Commission as the main institution to oversee and verify elections and (2) adopted more efficient voter registration provisions. The Organization for Security and Co-operation in Europe reported that the 2000 electoral law generally "provides a sound basis for democratic elections," and that the 2000 local and 2001 parliamentary elections demonstrated progress toward meeting the standards of democratic elections.7

The organization also noted several irregularities, however, in the 2001 elections, including improper handling of ballot boxes and perceived political pressure on the Central Election Commission. The organization has issued recommendations to further improve laws governing elections, and the leaders of the two main political parties agreed in April 2002 to establish a bipartisan committee to develop proposals for electoral reform.

Human Rights

Respect for human rights in Albania also has gradually improved since the 1997 insurgencies. Albania adopted a new constitution in 1998 that (1) provides protection for a broad set of human rights and (2) establishes a national ombudsman to both defend public rights and freedoms and to enforce the public's right to information. Albania also has signed a number of international human rights conventions. While the Albanian government notes that the new constitution represents progress in strengthening human rights protections, it recognizes that many laws regarding human rights still need revision.

7The Organization for Security and Co-operation in Europe is a regional security organization with 55 participating member countries from Europe, Central Asia, and North America. It is active in such efforts as conflict prevention, crisis management, and postconflict rehabilitation.
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According to the sources we reviewed, there are two key concerns regarding the enforcement of human rights protections in Albania. First, police misconduct is considered to be a serious problem. Police are poorly paid and untrained and are reported to have used excessive force and torture. To address these problems, the government began implementing a 1999 law to reorganize the police at all levels and developed an education program for the police and the public. Second, Albania is a country of origin and transit for trafficking in human beings, and there are reports that the police were often directly or indirectly involved in the trafficking. The government states that one of its main priorities is the fight against trafficking in human beings, and it has developed a national strategy for pursuing that goal. For example, parliament passed changes to the Criminal Code in 2001 that made trafficking in human beings a criminal offense. In 2001, the government also established a regional center for antitrafficking efforts to research the problem and to undertake police operations against trafficking rings. The U.S. State Department reported in its Trafficking in Persons Report for 2002 that Albania was not yet in full compliance with the U.S. minimum standards for eliminating trafficking in human beings but that Albania was making a significant effort to achieve compliance.\(^8\)

Minority Rights

The constitution protects minority rights and Albanian legislation provides a legal framework for ensuring that ethnic minorities enjoy the same rights as Albanians. However, according to the U.S. State Department, the Roma and the Egyptians are among the most neglected ethnic minority groups in the country. The Roma, in particular, face discrimination in housing, employment, education, and political participation.\(^9\) To help address these issues, Albania became a member in 2001 of the Council of Europe Framework Convention for the Protection of National Minorities.

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\(^8\)As part of its responsibilities under the Victims of Trafficking and Violence Protection Act of 2000, the U.S. State Department reports annually on the extent to which governments around the world comply with U.S. minimum standards for the elimination of trafficking. Those standards comprise the minimum actions that governments should engage in to eliminate severe trafficking in human beings.

\(^9\)While the handling of minority issues varies among the countries, issues concerning the Roma population, in particular, cut across the borders of almost all of the countries seeking NATO membership. The Roma populations of central and eastern Europe are generally reported to have suffered from widespread discrimination in employment, education, health care, housing, social welfare, and the criminal justice system. Addressing their needs is likely to be a long-term effort for the respective governments.
Destruction of Arms and Land Mines

Albania is addressing a serious need for the destruction of arms that were left in weapons depots throughout the country. According to Albanian government officials, Albania stockpiled during the Cold War more than 130,000 tons of ammunition in 16 hazardous ammunition sites and over 150 storage facilities and produced more than 1.6 million antipersonnel land mines. During the 1997 internal crisis, looters seized hundreds of thousands of arms and ammunition, only some of which have been returned. According to a NATO official, Albania needs to improve its ammunition storage management to address issues of security, safety, and accountability.

The government has recently been trying to address this serious stockpile issue. For example, in 2000 the government ratified the Ottawa Convention on the prohibition of the use, stockpiling, production, and transfer of antipersonnel land mines and their destruction. That convention requires Albania’s disposal of its more than 1.6 million antipersonnel land mines by 2004. The Albanian parliament also has approved a new law that provides for the collection of weapons stolen during the 1997 armed insurgencies; the government has established a special police unit to handle the collection process. In 2001, Albania developed defense restructuring and modernization plans that also provide for the collection and destruction of these arms and mines. By September 2001, approximately 117,000 small arms and light weapons had been destroyed and, according to the government, only five hazardous ammunition storage sites remained.

Bulgaria

Located on the Black Sea in the southeastern region of the Balkans, Bulgaria is home to about 7.7 million people. It borders two NATO members—Greece and Turkey—and two countries aspiring to NATO membership—the Former Yugoslav Republic of Macedonia and Romania—as well as the Federal Republic of Yugoslavia. Bulgaria experienced a period of social and economic unrest when it emerged from communism. The country was slow to undertake reforms until 1997 when a newly elected government accelerated economic reforms, helping to stabilize the country. The government elected in 2001 has remained committed to the implementation of political, economic, and defense reforms.

Civil Liberties

The Bulgarian constitution guarantees civil liberties such as freedom of expression, the media, religion, association, and movement as well as protection of privacy. However, the sources we reviewed indicate that
some of these constitutional guarantees may be limited in practice, including the guarantees of freedom of the media and protection of privacy. For example, in 2001 the International Helsinki Federation for Human Rights\(^{10}\) reported that limits on freedom of the media could derive from the possibility of criminal prosecution and punishment for insult and libel. The federation also reported assaults against journalists and continuing undue governmental influence over the media, especially the electronic media. In addition, the U.S. State Department and other sources indicate that the government exerts influence through official channels such as the National Radio and Television Council, which is a quasi-governmental body responsible for overseeing the national media and regulating private broadcasts. The U.S. State Department further reports that the government also uses less direct means of influence such as the diversion of advertising revenue away from media outlets that criticize government policies.

The government has embarked on a number of efforts to address these issues. For example, in 2000 the government adopted the Access to Public Information Act to establish broader public access to government information. In 2001, the government passed a new law that established an Electronic Media Council, whose members will be chosen by Parliament and the President, to regulate programming and issue licenses for the electronic media. Some questions remain, however, about the effectiveness of the implementation of these measures. For example, the International Helsinki Federation for Human Rights reported in 2001 that organizations or persons seeking access to government information continue to meet with resistance from state bodies, such as the Ministry of Education, the Ministry of Justice, the Chief Prosecutor’s Office, and the Directorate of Religious Affairs. Further, implementation of the new Electronic Media Council has been slow.

In addition to concerns about limitations on freedom of the media, concerns have been expressed about the effectiveness of the constitutional protection for privacy. The U.S. State Department indicates that the Bulgarian government continues to infringe upon those rights. The sources

\(^{10}\)The International Helsinki Federation for Human Rights is a self-governing group of nongovernmental, not-for-profit organizations that works to protect human rights throughout Europe, North America, and the central Asian republics formed from the territories of the former Soviet Union. A specific goal of the organization is the monitoring of compliance with human rights provisions of the Helsinki Final Act, an international agreement signed by 35 countries in 1975 that links peace and security with respect for human rights.
we reviewed indicate that government security agencies—such as the National Intelligence Service, the National Bodyguard Service, and the Ministry of Interior’s National Security Service—act without sufficient judicial oversight. For example, the International Helsinki Federation for Human Rights reported in 2001 that while the courts had issued more than 10,000 authorizations for wiretapping in 2000 at the request of the Ministry of Interior, a mere 2 to 3 percent were actually used in criminal proceedings. Further, the U.S. State Department reported in 2002 that although the extent of the Ministry of Interior's discretionary power to authorize telephone wiretaps and electronic listening devices without judicial review is unknown, concerns remained that government security agencies acted without sufficient oversight. In response to such concerns, a parliamentary commission charged with oversight of the “public order” agencies held hearings in 2002 on the issue of sufficient oversight.

Democracy and the Rule of Law

The Bulgarian constitution and the Law on the Judicial System provide the judiciary with the legal and institutional basis for independence. Sources we reviewed, however, indicate that the judiciary is plagued with serious administrative problems, such as complicated funding procedures that lack transparency, inadequate training for judges, poor administration, and corruption. The Bulgarian government has recently developed a detailed Strategy and Implementation Program for the reform of the judiciary, and government sources indicate that implementation of the program has begun. The program covers a 5-year period with short-, medium-, and long-term priorities for developing European standards in justice, including constitutional and statutory changes, budgetary improvements, specialized courts, criteria for the selection of magistrates, disciplinary measures for magistrates, a national institute for vocational training of magistrates, and the provision of information technologies and software for the judiciary.

Human Rights

The Bulgarian government provides for and generally respects the human rights of its citizens and has ratified most human rights conventions. According to the sources we reviewed, however, Bulgaria’s human rights record is considered poor in certain areas. The primary concerns, in addition to the trafficking issues discussed in the President’s report, include police brutality and misconduct and child abuse. The Bulgarian government has been addressing human rights problems. For example, within the National Police Service, a Human Rights Commission was established in 2000 to serve as the central authority responsible for the (1) review of human rights violations, (2) incorporation of human rights into
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police training, and (3) review of police regulations for compliance with signed international conventions on human rights. In addition, the Bulgarian government has reinforced the institutional framework for the protection of children by creating in January 2001 a new government agency, known as the State Agency for Child Protection, to improve coordination and implementation of policies at the national and regional level and to provide guidance to and control of municipal service on child protection activities. This agency is in the early stages of implementation and lacks adequate personnel and financial resources. A National Advisory Council for Child Protection was created at the same time to serve as a consultative body on child protection activities and is composed of members from eight government departments and associate members from several nongovernmental organizations and two international organizations.

Minority Rights

The Bulgarian constitution and related legislation prohibit discrimination; Bulgaria also has ratified major international agreements aimed at protecting minority rights. Sources we reviewed indicate, however, that enforcement and implementation of provisions to protect minority rights have provided only minimal protection, particularly for the Roma population. Problematic areas include the absence of a systematic mechanism for monitoring discrimination and incomplete incorporation of treaty commitments on minority rights into legislation. To address minority issues in the country, the government established the National Council on Ethnic and Demographic Issues in 1999, but implementation of the council’s efforts has been slow.

A serious concern regarding minority rights is that the Roma population, in particular, suffers from widespread discrimination in employment, education, health care, housing, social welfare, and the criminal justice system. To address the ongoing difficulties facing the Roma population, the government created a framework program for Roma integration in 1999, but implementation of that effort has been slow. According to the U.S. State Department, the only progress has been the hiring of a number of Roma representatives in various local, regional, and national government institutions.

Estonia

With a population of 1.4 million, Estonia is the smallest of the aspirant countries. Located on the Baltic Sea, Estonia shares a border with another

### Democracy and the Rule of Law

The Estonian constitution and related legislation provide the legal and institutional framework to ensure democratic institutions and the rule of law as well as the independence of the judiciary. The sources we reviewed, however, raised some concerns about the effectiveness of public administration and the civil service as well as the judiciary’s ability to effectively implement the rule of law.

Estonia has made progress in modernizing its public administration and the civil service, and both operate satisfactorily. Transparency and coordination in civil service procedures, however, remain problematic. For example, the European Union indicates that the lack of transparency in recruitment and promotion threatens the impartiality of civil servants. According to Freedom House,\(^\text{11}\) the Estonian government began substantial reform of the civil service system in 1996. In April 2001, the government approved a new reform program to further develop and improve the civil service system. The government also has acknowledged that more remains to be done to improve the recruitment, promotion, salary, training, and appraisal systems.

A lack of experienced judges, insufficient training of judges, and a large backlog of cases are considered to weaken the effective implementation of the rule of law. The government is trying to address these issues with ongoing reform of the court system and improvements in the training of judges. In February 2001, for example, the government adopted a training strategy that is expected to enhance judicial training.

### Human Rights

The Estonian constitution guarantees the protection of human rights, and the government generally respects those rights for its citizens and for the large ethnic Russian noncitizen community (about 13 percent of the total population are stateless). The Organization for Security and Co-operation in Europe found in December 2001 that Estonia was in full compliance with human rights, democracy, free market economics, the rule of law, independent media, and U.S. engagement in international affairs.

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\(^{11}\)Freedom House is a nongovernmental organization that conducts research and promotes human rights, democracy, free market economics, the rule of law, independent media, and U.S. engagement in international affairs.
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its recommendations on human rights and, as a result, closed its Estonian office. Estonia also has ratified most of the major international conventions in the field of human rights, although it has not ratified the United Nations Convention on the Status of Stateless Persons.

The government has employed several measures to enforce the protection of human rights. For example, in June 1999, the Legal Chancellor Act went into effect, combining the role of the Legal Chancellor—who has the power to ensure that the state maintains compliance with the constitution—with the responsibilities of an ombudsman to handle complaints by private citizens against state institutions on issues such as human rights and minority rights. Further, all residents—whether or not they hold Estonian citizenship—may now file complaints about alleged violations of human or constitutional rights directly with Estonia’s Supreme Court, bypassing the local and regional courts.

Concerns have been raised, however, with regard to trafficking in human beings, police brutality, and poor prison conditions. According to the U.S. State Department, Estonia is a country of origin for trafficking in human beings. The government is addressing the trafficking problem through such activities as (1) a police awareness program, (2) joint efforts with Nordic countries on an antitrafficking campaign, and (3) work with an international organization on a public information campaign. Although there is no specific antitrafficking law in Estonia, the International Helsinki Federation for Human Rights reported in 2002 that the new penal code adopted in June 2001 criminalizes trafficking in women, and the U.S. State Department determined that enforcement officials could fight trafficking with criminal laws against activities such as pandering, kidnapping, and inducing minors to engage in crime, extortion, and involuntary prostitution. The U.S. State Department also found in 2002 that Estonia was not in full compliance with the U.S. minimum standards for fighting trafficking, but it was making a significant effort to become so.

To address concerns about police brutality, the U.S. State Department reports that Estonian officials are working to develop, strengthen, and professionalize the police force. Prison conditions, overcrowding of prisons and detention centers, ill-treatment of prisoners, and a lack of training and funding also have been serious problems. To address those problems, the government adopted in March 2000 a 3-year development plan for reforming the prison system. In December 2000, the Imprisonment Act came into force to bring about some needed improvements. While some improvements have occurred—for example, the U.S. State
Department indicates that work and study opportunities for prisoners have since increased slightly—the European Union reported in 2001 that continued efforts were required to improve the serious problems that remain in prison conditions.

Minority Rights

The constitution prohibits discrimination against minorities, and the Law on Cultural Autonomy provides for the protection of cultures belonging to minority groups of Estonian citizens. Ethnic Russians comprise about 28 percent of the Estonian population, and sources we reviewed indicate that the protection of this minority group is overall satisfactory. The government also has addressed concerns about minority rights by creating a roundtable of national minorities in 1993 to participate in the formulation of policies affecting minority populations and more recently through a government-approved minority integration program for 2000 to 2007. The European Union indicates this program has started and is partially funded by foreign assistance.

Although some officials in the United Nations, the Russian government, and local ethnic Russian communities have criticized the language requirements for both citizenship and employment, Estonia has amended its laws on citizenship and employment to bring the minimum language requirements into conformity with accepted international standards. The U.S. State Department indicates, however, that language training centers available in the country lack qualified teachers, financial resources, and training materials.

Latvia

Located on the Baltic Sea, Latvia has a population of 2.4 million. It shares borders with two other countries seeking NATO membership—Estonia and Lithuania—as well as with Russia. Latvia regained its independence in 1991 and held its first elections in 1993. About 30 percent of Latvia’s population is composed of ethnic Russians.

Border Relations

While Latvia enjoys good relations with its Baltic and Nordic neighbors, it has yet to resolve border demarcation issues with Russia, Belarus, and Lithuania. Latvia has ratified a border agreement with Russia, but the Russian parliament has yet to ratify the agreement. Latvia and Belarus have signed and ratified a border agreement, but the technical details remain to be implemented. According to Latvian officials, Latvia has completed its
technical demarcation of the border, but Belarus has not had sufficient funding to complete its border demarcation. Latvia and the European Union have now provided Belarus with funding to finish its border demarcation, which the Latvian government hopes will be completed by the end of 2002. Latvia and Lithuania have signed a maritime border agreement to settle issues regarding oil exploration and fishing rights in the Baltic Sea. While Lithuania has ratified the agreement, Latvia has not yet done so.

Civil Liberties

The Latvian constitution provides for the protection of individual liberties such as freedom of expression, the media, religion, and association, and the government generally respects those rights. Both Latvian and Russian language media sources operate in the country. The sources we reviewed indicate some concern, however, that Latvia may restrict media freedom through legislative restrictions on language content. For example, the Law on Radio and Television requires that no more than 25 percent of private broadcasts can be in a language other than Latvian. According to a Latvian expert on human rights issues, this legislation is a violation of freedom of expression in the media. The owner of a Russian language media outlet is challenging the law to bring it before the Constitutional Court.

Human Rights

The Latvian government provides for and generally respects the human rights of its citizens and has ratified many major international human rights accords. The sources we reviewed, however, raised concerns about inefficiency in the judicial system, police brutality, and trafficking in human beings. First, the protection of human rights is considered to be impaired by inefficiency in the judicial system, which has a large backlog of court cases and, as a result, long pretrial detention periods often lasting over 1 year. Detention centers, as well as the prisons, are overcrowded and in poor condition. The causes of these problems are considered to be insufficient funding, training, and equipment for judges and bailiffs as well as an insufficient number of judges. The European Union noted in 2001, however, that the Latvian government is committed to strengthening the judicial system and is undertaking reforms to improve its efficiency. For instance, the government is considering draft legislation to modernize the law on criminal procedure and is introducing alternative sentencing options to reduce the backlog.

Second, there are reports of police misconduct in connection with suspects and detainees. The government acknowledges that police brutality exists,
but feels that the number of incidents is not above the norm. In 2000, the government amended the Law on the Constitutional Court to allow individuals to file complaints directly to that court regarding violations of their rights.

Third, Latvia is a country of origin and transit for trafficking in human beings, which the government acknowledges. The U.S. State Department reported in 2002 that Latvia does not fully comply with minimum U.S. standards for eliminating trafficking, but the government is undertaking efforts to reach full compliance. While Latvia does not have a law defining trafficking in human beings as a crime, the government has introduced legislation to make this an offense.

Judicial Independence

While the Latvian constitution provides for an independent judiciary, there is widespread concern that, in practice, the executive branch exerts influence over the judiciary. The European Union noted in 2001 that the Ministry of Justice has considerable control over judicial administration, financing, and career paths. The government acknowledges that the executive branch consolidates and writes the courts’ budget but indicates that the courts are involved in this process. The Ministry of Justice is preparing new laws on judicial powers, court administration, and the establishment of a separate judicial council to oversee the courts.

Minority Rights

Latvia has adopted measures to improve the protection of minority rights and has fulfilled recommendations on the protection of minority rights promulgated by the Organization for Security and Co-operation in Europe. As a result, the organization closed its monitoring mission in Latvia in December 2001.

The international community, however, has had concerns over perceived inadequate protection of ethnic minorities in Latvia, particularly with regard to ethnic Russians who represent about 30 percent of the population. The Latvian government has taken steps in three key areas to alleviate domestic and international concerns about the protection of minority rights. First, the Latvian government is addressing minority rights through a program for integration of society in Latvia that covers civic participation; political, social, and regional integration; and education, language, and culture. The program established an Integration Foundation to oversee the collection and allocation of funding for projects to support the participation of ethnic minorities in civil society, social and regional
integration, economic development, and information campaigns. The European Union noted in 2001 that the program and related authorized funds represent considerable progress in promoting social integration.

Second, the government abolished a controversial election law requiring candidates for local and parliamentary elections to prove their proficiency in the Latvian language to be eligible to run in an election. The international community had criticized this requirement and the European Court of Human Rights rendered a verdict in 2002 against the Latvian government for having removed the name of a candidate from the election lists because the candidate did not meet the requirement. The European Court concluded that Latvia infringed on the candidate’s right to stand in elections and awarded monetary damages to the defendant. The government subsequently abolished the law in May 2002.

Third, Latvia has been working to improve the naturalization process. This process has been criticized for lack of information on procedures and high naturalization fees. There are an estimated 520,000 noncitizens in Latvia, mainly elderly ethnic Russians who speak limited Latvian; approximately 51,000 persons have received citizenship since 1995. The government changed legislation in 2002 to lower the naturalization fee for low-income groups and to exempt graduates of minority secondary schools from the language proficiency naturalization test. It also created a professional naturalization board—which sources consider competent—to administer and score the naturalization exam. The board conducted a naturalization information campaign throughout the country in the Latvian and Russian languages between November 2001 and February 2002. It started a second information campaign in coordination with the British embassy in July 2002. The number of noncitizens passing the naturalization exam has increased.

Nevertheless, the Latvian government indicates that the 1998 Law on Education requires that by 2004, 75 percent of state-funded secondary education must be taught in the Latvian language. The government indicates that this law provides a sufficient basis for ethnic minority education because it balances the goal of minority integration into society with sufficient opportunity for learning about respective ethnic cultures. Further, the Ministry of Education states that it has developed four model programs that are based on the proportion of classes held in ethnic minority languages versus the Latvian language.
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Lithuania

With 3.8 million people, Lithuania has the largest population of the three applicant countries located on the Baltic Sea. Lithuania shares a border with a NATO member—Poland—and with another country seeking NATO membership—Latvia. Lithuania also borders the Kaliningrad Region of the Russian Federation, which became separated from Russia when Lithuania and Latvia regained their independence. 12 Lithuania regained its independence in 1990, but the independence proclamation was not generally recognized until 1991. The first elections were held in 1992.

Border Relations

The sources we reviewed indicate that Lithuania maintains good relations with its neighbors. According to the Lithuanian government, the situation of Kaliningrad on Lithuania’s border poses no military or political implications for Lithuania’s pursuit of NATO membership. First, the transport of Russian troops and arms between Russia and Kaliningrad has been carried out in complete accord with the transportation agreements signed by the two countries. Second, since 1995 a number of intergovernmental agreements have been undertaken to address relations with Kaliningrad and Russia. For example, a 1999 intergovernmental agreement on cooperation between regional and local authorities of Lithuania and Kaliningrad led to the establishment in 2000 of a bilateral Lithuanian-Kaliningrad Region Cooperation Council to support cooperative efforts on the environment, border control, cross-border cooperation, culture, and health care.

The key issue for Russia is the ease or freedom with which residents of Kaliningrad will be able to travel to and from Russia once Lithuania joins the European Union. The European Union requires its member countries to maintain strict border controls, and unless the requirements are changed, residents of Kaliningrad would have to obtain visas to travel between Kaliningrad and the rest of Russia. According to media reports, the European Union and Russia reached agreement on November 11, 2002, to allow Russians traveling to and from Kaliningrad to use a special multiple-entry travel document, which is expected to go into effect in 2003.

12Kaliningrad covers about 15,000 square kilometers and has just under 1 million people.
Corruption and bribery in Lithuania are serious concerns. According to the European Union, the government reported that corruption occurs mainly in the field of public procurement and customs, with the most frequent type of corruption being administrative corruption within the government. Freedom House concluded in 2001 that corruption is one of the major obstacles to business development in Lithuania.

The government has recently made progress in the fight against corruption by pursuing several anticorruption measures. First, the Special Investigation Service—the agency established in 1997 to coordinate anticorruption efforts—strengthened its capabilities by (1) improving its organizational structure and (2) providing specialized training and adopting a code of honor for its officers. The European Union reports that the service has achieved considerable results in fighting corruption in Lithuania's budgetary, municipal, and financial institutions as well as among civil servants working in privatization, customs, law enforcement, and other areas.

In addition, the government has developed a number of anticorruption measures, including adoption in September 2001 of a comprehensive “National Anti-Corruption Strategy,” which is a long-term project that specified the government’s main directions and priorities in the fight against corruption. Planned implementation of that strategy over a 7-year period affects most areas of public administration, focusing on prevention and investigation of corruption, enforcement of anticorruption laws, and raising public awareness. Lithuania also, among other things, established a new unit within the Customs Department to investigate violations made by customs officials and has been participating in international anticorruption organizations such as the Council of Europe Group of States Against Corruption. The European Union reported in 2001, however, that further progress is needed in certain areas such as strengthening public administration and ensuring the transparency of administrative procedures to reduce administrative corruption.

Human Rights

The Lithuanian constitution provides for the protection of human rights for its citizens, and the government generally respects those rights. While the sources we reviewed raised several concerns about human rights, the government has been working to address each problem. The concerns raised include police brutality, poor prison conditions, violence and discrimination against women, child abuse, and trafficking in human...
beings. The Lithuanian government has been addressing these and related human rights issues through such efforts as (1) improving safeguards that can prevent the ill-treatment of persons detained by the police; (2) reconstructing correction facilities and improving the poor—and life-threatening—conditions of prisons; (3) ratifying the United Nations Convention on the Elimination of All Forms of Discrimination Against Women; and (4) establishing a Children’s Rights Ombudsman in 2000 to control the implementation of relevant laws, oversee local children’s rights protection services, and investigate complaints. While institutional mechanisms for coping with discrimination and violence against women are developing slowly, the Children’s Rights Ombudsman has generated some improvements in dealing with child abuse.

According to the U.S. State Department, Lithuania is a country of origin, transit, and destination for trafficking in human beings. To fight that trafficking, Lithuania established an organized crime investigation service in 1997 in the police department. The government also has developed an antitrafficking program for 2002-04; an interministerial commission is to be established to coordinate implementation of that program. In 2002, the U.S. State Department determined that Lithuania fully complied with U.S. minimum standards for fighting trafficking. That determination means that a government has criminalized trafficking in human beings, successfully prosecuted the offense, and provided a wide range of protective services to victims.

Judicial Independence

The constitution guarantees the independence of the judiciary, including the independence of judges and the separation of powers. The sources we reviewed, however, indicate that executive involvement in the court’s budget process and the poor working conditions of the courts remain constraints on judicial independence. In 1999, a Constitutional Court ruling mandated restructuring of the judiciary to reduce the executive’s undue influence over judges. According to the Open Society Institute, executive involvement in the budgeting process of the courts and the allocation of funds remains significant, and the budget process is insufficiently transparent. The conditions of the courts may also affect judicial independence because the courts are underfunded, working conditions are

13The Open Society Institute is a private foundation that develops and implements a range of programs in civil society, education, the media, public health, and human and women’s rights as well as social, legal, and economic reform.
poor, and caseloads are heavy due to a lack of qualified judges. And in 2001, the Constitutional Court ruled that a parliamentary decision to significantly reduce judges’ salaries was unconstitutional because it could threaten the financial independence of the judges.

While some progress has occurred, the European Union noted in 2001 that Lithuania needed to (1) adopt a new Law on Courts to remove executive influence from both the budget process and the administration of the judiciary, (2) provide adequate budgetary resources and managerial competence, (3) further improve the court system in areas such as working conditions for staff, and (4) improve the qualifications of specialized judges and prosecutors through additional training. Adoption of a new Law on Courts is a serious concern because the judicial system remains in a state of flux without a new law, enabling continued executive influence in the budget process and other areas of court administration. Pending adoption of a new Law on Courts, the Department of Courts, under the Ministry of Justice, performs some administrative tasks regarding the management of the courts.

Minority Rights

Minority ethnic groups comprise about 20 percent of the Lithuanian population. Our sources indicate that the protection of minorities is satisfactory overall. Lithuania also has signed and ratified major international treaties addressing racial and ethnic discrimination and the rights of minorities, including the Framework Convention on Protection of National Minorities. Concerns were expressed, however, that the Roma population—although a relatively small community of about 3,000 people—faces serious problems in education, housing, and health. The Lithuanian government has established a public center for the Roma in Vilnius, the capital city, and a new Roma Integration Program 2000-2004 to help the Roma integrate into Lithuanian society.

Former Yugoslav Republic of Macedonia

The Former Yugoslav Republic of Macedonia (Macedonia) is a landlocked country of 2 million people. Situated on the southern part of the Balkan peninsula, it borders one NATO member—Greece—and two other countries seeking NATO membership—Albania and Bulgaria—as well as the Federal Republic of Yugoslavia. Macedonia declared its independence from the former Republic of Yugoslavia in late 1991. In early 2001, ethnic Albanian rebels within Macedonia—the National Liberation Army—attacked Macedonian police outposts, leading to a 6-month armed conflict.
between ethnic Albanian guerillas and Macedonian security forces. The conflict ended with the signing of the Ohrid Framework Agreement on August 13, 2001, by Macedonia’s four main political parties, two of which were ethnic Albanian parties. NATO forces were brought in to oversee the peace plan and to disarm the Albanian liberation forces. A NATO force remains deployed in Macedonia to provide security for international civilian monitors of the peace agreement.

Democracy and the Rule of Law

The constitution guarantees the principles of democracy, including free and fair elections. Although the sources we reviewed indicate that the effective implementation of democratic institutions has been difficult in Macedonia, the interim government has taken several steps to implement the political provisions of the Ohrid Framework Agreement. These steps include the ratification of 15 constitutional amendments that call for political reforms and the adoption of an amnesty law for former ethnic Albanian rebels that covers crimes for high treason, armed rebellion, mutiny, and conspiracy against the state. Currently, the interim government is slowly implementing the statutory reforms required for the full implementation of the agreement.

Although implementation of the agreement’s political reforms has been slow, the Organization for Security and Co-operation in Europe concluded that the parliamentary elections of September 15, 2002—an integral component of the Ohrid Framework Agreement—were largely free of ethnic violence and generally in line with international standards. The organization stated that this election represents a significant improvement over recent elections and a major contribution toward restoring a sustainable political process in the country. The new election system adopted earlier in 2002 was highlighted by the organization’s international observation mission as a major contributor to a successful September 2002 election process. As of September 16, 2002, unofficial election results indicated that Macedonia’s Social Democrats received nearly two-thirds of the vote and the interim government coalition of two nationalist parties—one Albanian, the other Macedonian—was not reelected. According to media reports, the Albanian parties were satisfied with the high voter turnout and the general conduct of the elections, which experienced few irregularities. The issue that is pending is how the new government will be formed and if the Social Democrats will share power with the new Albanian party led by a former Albanian rebel leader.
Human Rights

The constitution provides for a broad set of human rights. The human rights situation in Macedonia, however, deteriorated significantly during the internal conflict in 2001; the government was unable to provide protection against human rights violations and violated those rights in some instances. According to the sources we reviewed, although the internal conflict has ended, serious concerns remain with regard to police misconduct and violence as well as trafficking in human beings.

Police misconduct was a serious problem during the conflict and still remains a concern. During the conflict, police and security forces violated citizens’ constitutional rights, particularly with regard to ethnic Albanians. According to the International Helsinki Federation for Human Rights, there is no adequate legal recourse in Macedonia for unlawful or irregular police activities. In addition, unofficial paramilitary organizations that exist under the control of the Minister of the Interior are of serious concern to the government and the international community.

Trafficking in human beings is a serious problem. Macedonia is a country of transit and destination for such trafficking. To address the trafficking problem, the government adopted a new law in 2002 that criminalizes trafficking in human beings and actions associated with that trafficking. According to the U.S. State Department, the new law has resulted in a number of arrests. The U.S. State Department also notes that the government has devoted a significant amount of resources to antitrafficking programs, such as that of an interministerial working group devoted to legal reform and to the creation of a special police unit dedicated to antitrafficking efforts.

According to the U.S. State Department, the Macedonian government offers limited support for victims of domestic violence and relies heavily on international donor aid to maintain that limited support. In addition, sources indicate that lingering patriarchal social attitudes limit women’s participation in the economy, the government, and political life. Women’s participation in politics is disproportionately low. In Muslim communities, women are deprived of their electoral rights due to the practice of “family vote” through which men vote on behalf of the women in their family. Efforts to address these issues are hampered by insufficient monitoring procedures and a lack of public awareness, particularly with regard to domestic violence.
Appendix II
Additional Information on the Implementation of Democratic Principles and Reforms in Countries Seeking NATO Membership

Minority Rights

The constitution protects the right of minorities to preserve and express their cultural, religious, and linguistic identities, including the right to primary and secondary education in the minority language. Sources we reviewed, however, indicate that societal discrimination against minorities—including Roma, Albanians, Turks, and Serbs—remains a problem. Turks and Roma complain of governmental, societal, and cultural discrimination, but the most explosive source of ethnic tension is the country's large Albanian minority. The problem of discrimination against minorities was addressed by the August 13, 2001, Ohrid Framework Agreement, which contains broad constitutional and legislative reforms focused on greater minority rights and increased minority participation in the domestic police force and other governmental institutions. However, according to the New York University School of Law, which monitors constitutional issues in Eastern Europe and the former Soviet Union, implementation of the reforms in the Ohrid Framework Agreement has been slow.

Romania

With nearly 22 million people, Romania is the most populous of the nine countries aspiring to NATO membership. Situated on the Black Sea, Romania is also bordered by one NATO member—Hungary—as well as Moldova, Ukraine, and the Federal Republic of Yugoslavia. Bulgaria, on Romania's southern border, is also seeking membership in NATO. While Romania was slow to implement reforms after it adopted its new constitution in 1991, the government elected in November 2000 has been aggressively pursuing the adoption and implementation of political, economic, and defense reforms.

Border Relations

Romania has worked to establish harmonious and constructive relationships with other countries on a bilateral, trilateral, and regional basis. The sources we reviewed indicate that Romania has concluded numerous treaties on political, economic, and security issues. Romania also has participated in several regional organizations and activities, such as two committees that address regional cooperation in defense matters—the South Eastern Europe Defense Ministerial Coordination Committee and the Political-Military Steering Committee of the Multinational Peace Force South Eastern Europe, both of which it is chairing for 2001 to 2003. Romania also participates in the South Eastern Europe Cooperation Process, a subregional group aimed at implementing measures to (1) strengthen stability, security, and good neighborly relations; (2) intensify
multilateral economic, commercial, and cultural cooperation; and (3) combat organized crime, terrorism, and trafficking in drugs and arms.

Recently, however, some tensions have arisen with Moldova, one of the countries Romania borders. Romania was the first country to recognize the independence of the Republic of Moldova, a country with which it shares a heritage of language, culture, and traditions. The two countries had a good relationship during the 1990s. According to a January 2002 assessment in *Jane's Intelligence Review*, and recent media reports, Moldova’s election in 2000 of a traditional communist as president has created tensions with Romania due to Moldovan policies and political positions reminiscent of the Soviet era.

Another neighboring country, Hungary, adopted a Status Law passed by the Hungarian Parliament in June 2001, which gave ethnic Hungarians in other countries the right to work in Hungary for 3 months each year as well as health, transportation, and education benefits. That law strained Hungary’s relationship with some neighbors—in particular, Romania and Slovakia—because Hungary appeared to be trying to spread its political jurisdiction to the citizens of other countries and, in doing so, discriminating against non-Hungarians in those countries. However, Romania and Hungary have since concluded a Memorandum of Understanding addressing the issue, thereby muting tensions between them.

Civil Liberties

Romania has been generally successful in providing for and protecting civil liberties. The sources we reviewed indicate that the constitution and laws generally protect civil liberties and that the government generally respects those protections. Romania enjoys a diverse media sector, with 15 national daily newspapers and many more local papers—most of which are private—as well as more than 70 private television channels and more than 150 private radio stations, according to the European Union.

Nevertheless, certain legal provisions have raised concerns about possible limits to freedom of expression and the media as well as freedom of religion. While the constitution provides for freedom of expression and the media, it prohibits “defamation of the country” and “offense to authority.” Because libel and slander are criminal offenses that can bring prison sentences, there is some concern that such legal provisions may be used to
intimidate the media. For example, Human Rights Watch\textsuperscript{14} reported in 2002 that these kinds of constitutional curbs on free expression in Romania were used by authorities to interfere with journalists' work. The European Union noted in 2001 that no progress had been made during the previous year in addressing its own concerns about such legal provisions in Romania.

Religious freedom is also constitutionally protected and generally respected by the government, but religious groups must register with the state to be recognized as a religion. Recognition as a religion enables religious groups to teach religion in public schools, receive funds to build churches, pay clergy salaries with state funds, subsidize clergy's housing with state funds, broadcast religious programming, and enjoy tax-exempt status. While about 86 percent of Romanians are adherents of the Romanian Orthodox Church, the government officially recognizes 15 religions. New minority religious groups have reported, however, some impediments to registration.

**Human Rights**

The sources we reviewed indicate that the constitution guarantees human rights and that the government generally respects those rights. Several serious problems remain, however, including (1) police brutality toward detainees and prisoners; (2) generally harsh and overcrowded prison conditions; (3) weak enforcement of constitutional protections against discrimination, especially for women and the Roma population; (4) trafficking in human beings as a country of origin and transit; (5) violence against women; and (6) issues concerning institutionalized children. For example, the European Union reported in 2001 that cases of inhuman and degrading treatment by the police continued to be reported by human rights organizations, that prisons were extremely overcrowded, and that prison conditions overall were often extremely poor. A particular problem cited was the excessive length of pretrial detention periods that could last as long as half of a prison sentence.

Many government actions—most of them relatively recent, however—are under way to address these problems. For example, the government adopted the operating procedures for an ombudsman office in 1997 to protect citizens against abusive or random acts by public officials and has

\textsuperscript{14}Human Rights Watch is an international nongovernmental organization that monitors the protection of civil liberties and human rights around the world.
ratified major international human rights conventions. According to the
European Union, government efforts to address problems in prison
conditions have led to some improvements.

Further, the U.S. State Department noted in 2002 that Romania was making
a significant effort to eliminate trafficking in human beings, although the
country was not yet in full compliance with the U.S. minimum standards for
doing so. In 2001, the European Union also concluded that there was some
progress in addressing the needs and care of institutionalized children, but
more was needed. The Romanian government included provisions to
address both the trafficking and adoption issues in its April 2002 action
plan for preparation for NATO membership.

Judicial Independence

The sources we reviewed indicate that the constitution and related
legislation generally provide for an independent judiciary. These sources
also indicate, however, that the judiciary is not sufficiently independent
from the executive branch or political influence and that it suffers from
endemic corruption. The government has been implementing reforms to
address these issues, but because the reforms are generally recent there
has been little, if any, opportunity as yet for their implementation.

Executive responsibilities over the judicial branch, in particular, are
considered intrusive and the most serious threat to judicial independence.
The Ministry of Justice (1) controls the judicial branch’s budget process;
(2) is involved in the appointment, evaluation, promotion, and disciplining
of judges—particularly through its (nonvoting) chairmanship of the
Superior Council of the Magistracy, which makes those decisions; and (3) is
responsible for the training of judges. Because of the role of the Ministry of
Justice, some concern also has been expressed about the potential for
political influence over the judiciary.

According to the sources we reviewed, the current Romanian government
is addressing these concerns about judicial independence by pursuing
policy and organizational changes such as (1) enhancing judicial
independence through statutory changes that strengthen the role of the
Superior Council of the Magistracy and make it an autonomous public
institution; (2) adopting a new Code of Conduct for Magistrates that has
been distributed to all courts of appeal and prosecutors’ offices; (3)
creating the legal framework to establish specialized courts for cases
involving minors as well as labor, commercial, fiscal, and administrative
issues; (4) providing professional training for judges and court clerks; and
(5) amending the Criminal Procedure Code to address weaknesses in the state prosecution system. The government also is trying to consolidate the status of judges by, among other things, providing them with appropriate wages and social protection as well as both initial and lifelong training. And in its efforts to fight corruption, the government is developing a pilot project for the random assignment of court cases to help prevent judicial corruption.

Minority Rights

The constitution protects the rights of national minorities and calls on the state to create an environment in which minority groups can preserve, develop, and express their identity without discrimination. The constitution and electoral laws allow recognized ethnic minorities one representative in the Chamber of Deputies (one of the two houses of Parliament) if the minority’s political organization obtains at least 5 percent of the average number of valid votes needed to elect a deputy outright. Organizations representing 18 minority groups elected deputies under this provision in 2000. The constitution and electoral law, however, provide the Roma minority population with one guaranteed seat in parliament, while the Hungarian minority population has obtained parliamentary representation through the normal election process.

Nevertheless, concerns have been raised about the effectiveness of Romania’s achievements in protecting minority rights. The sources we reviewed indicate that while Romania provides institutional protections for minorities, respect for minority rights in practice and the effectiveness of the implementation of related programs, is mixed or weak.

The sources we reviewed also indicate that Romania’s Roma population endures significant hardships and remains subject to widespread discrimination. The European Union reported in 2001 that (1) instances of police harassment have been documented against individuals and even entire Roma communities; (2) the Roma face difficulties in gaining access to schools, medical care, and social assistance; (3) the Roma are often banned from public places; and (4) despite its illegality, a number of job advertisements explicitly exclude Roma applicants. Roma are particularly vulnerable to the effects of the generally poor economic conditions in Romania.

Romania launched a series of new initiatives in 2000 to address concerns about the protection of minority rights and the problems that the Roma face. In the fall of 2000, Romania adopted an ordinance on the prevention
and punishment of all forms of discrimination that creates a National Council to Prevent and Combat Discrimination. In April 2001, the government adopted a long-term initiative called the National Strategy for Improving the Condition of Roma. A law passed that same month on public administration also allows the use of minority languages in communications with public authorities when the minority population is more than 20 percent of the local community. Because these are recent initiatives—both the National Council and the new Strategy (a 10-year program) were scheduled for implementation some time in 2002—there has been limited, if any, opportunity for implementation. There also is concern that the Roma may not benefit from the language provisions because they do not comprise more than 20 percent of the population in any location.

Social Justice

The government has been working to address some important social justice issues. For example, recent laws have been passed to address poverty and the restitution of property. Starting in January 2002, a family's income was to be supplemented with government grants to provide a minimum income guarantee. The Real Estate Restitution Law went into effect in 2001, setting out the basic principles and procedures for the restitution of properties forcibly taken by the communist government and addressing weaknesses in prior legal provisions.

Slovakia

With a population of 5.4 million people, Slovakia borders the three most recent members of NATO—Poland, the Czech Republic, and Hungary—and also shares borders with Austria to the west and Ukraine to the east. Once part of the former Czechoslovakia, Slovakia became an independent state in 1993.

Democracy and the Rule of Law

The international community, and NATO in particular, watched the most recent parliamentary election in Slovakia with great interest and concern because the party leading in the polls—the Movement for a Democratic Slovakia—had failed to show commitment to democracy and the rule of law when it was last in power. Slovakia held that election September 20 and 21, 2002. Although the Movement for a Democratic Slovakia party did win a plurality with 19.5 percent of the votes, it could not find partners to
form a coalition government. As a result, Slovakia’s President asked the leader of the Slovak Democratic and Christian Union party to form the next coalition government. U.S. and European officials have expressed satisfaction with the results.

Human Rights

The Slovak constitution provides for the protection of human rights and the government generally respects those rights. In addition, Slovakia’s legal system complies with international human rights standards. In 2001, the constitution was amended to establish the legal basis for an ombudsman office to protect fundamental human rights in cases where governmental administrative units violate the legal system or the rule of law. Parliament elected the first ombudsman in March 2002.

Nevertheless, concerns have been raised about poor police treatment of persons detained for trial, about long pretrial detention of the accused due to a large backlog of court cases, and about trafficking in human beings. The sources we reviewed reported ill-treatment of detainees—especially ethnic Roma—at the hands of the police. The European Union noted in 2001 that there is an urgent need to improve police recruitment and establish an effective system to handle complaints against the police.

A backlog of court cases leading to long pretrial detention periods is another human rights concern, according to Freedom House. For example, the European Court of Human Rights ruled in 2000 that the detention period of an individual in a mental hospital violated the right to a speedy trial. And the European Union reported in 2001 that some court proceedings have exceeded the 3-year statute of limitations. The government has initiated a judicial reform plan, which includes an amendment to the Civil Procedures Act aimed at reducing the length of judicial proceedings by broadening the mandate of district courts and by limiting appeals to regional courts.

\footnote{Turnout for the parliamentary elections was 70.1 percent. The Movement for a Democratic Slovakia party won 19.5 percent of the vote (36 out of 150 legislative seats); Prime Minister Mikulas Dzurinda’s Slovak Democratic and Christian Union party placed second with 15.1 percent (28 seats in parliament); Robert Fico’s Smer (Direction) party finished third with 13.5 percent (25 seats); the ethnic Hungarian Coalition Party received 11.2 percent (20 seats); the Christian Democratic Movement received 8.3 percent (15 seats); the Alliance for New Citizens received 8.0 percent (15 seats); and the unreformed Communist Party received 6.3 percent of the vote (11 seats). (Total may not add to 100 percent due to rounding).}
Slovakia also is a country of origin and transit for trafficking in human beings. Although the government established a special branch in 2001 in the Office for the Fight Against Organized Crime to combat organized crime and trafficking in human beings, the European Union concluded in 2001 that the government had made only limited progress in fighting trafficking in human beings.

### Judicial Independence

Slovakia’s constitution provides for an independent judiciary, but there are concerns about executive influence over the judicial system through administrative, personnel, and budget oversight. To address these concerns, a constitutional amendment was passed in 2001 establishing an independent Judicial Council to carry out administrative functions for the judiciary. This amendment also expands the scope of the Constitutional Court by providing greater access to the court by individuals and allowing the court to award damages to individuals whose rights are violated.

### Minority Rights

The constitution provides for the protection of minority rights and the government generally respects those rights. Slovak legislation also provides a legal framework that ensures that ethnic minorities enjoy the same rights as ethnic Slovak citizens. Nevertheless, serious problems regarding societal discrimination against the Roma have been reported. Roma suffer from poverty, violence, and abuse as well as social discrimination in housing, health care, social services, public administration, education, and employment. To address the Roma situation, the government adopted a Roma strategy in 2000 that funds programs in housing, infrastructure, education and training, employment, and health at the local and national levels.

### Slovenia

A country of 2 million people, Slovenia was once part of the former Republic of Yugoslavia. It shares borders with two NATO members—Italy to the west and Hungary to the east—as well as with Croatia to the south and Austria to the north. Slovenia declared its independence in June 1991, adopted its own constitution in December 1991, and held its first free elections as an independent country a year later.

### Border Relations

Slovenia’s relations with its neighbors are generally harmonious and cooperative. Border definition issues and issues related to the succession
to the former Republic of Yugoslavia are generally being addressed through cooperative efforts. There has recently been heightened tension, however, between Slovenia and Croatia. While Slovenia and Croatia had reached agreements on border and other issues resulting from their independence, Croatia has yet to ratify agreement on borders between the two countries. According to recent media reports, Croatia cannot gain parliamentary support to ratify the border agreement and wants new negotiations, which Slovenia has refused. There is also some dispute over Croatia’s recent requirement that oil transported overland through Croatia must be moved through strictly defined routes. According to media reports, Slovenia has been attempting to address the oil transport issue bilaterally, but it also has considered filing a complaint with the World Trade Organization to resolve the issue.

Civil Liberties Slovenia has been successful in protecting civil liberties. The sources we reviewed indicate that the constitutional guarantees of freedom of thought, speech, public association, the media, religion, and equality are generally respected by the government. The media are diverse and enjoy full freedom, with both publicly and privately owned media in existence. Some sources note, however, that insulting a public official is prohibited. According to an official at the Ministry of Justice, while there have been some cases of individuals suing the media for insulting public officials, public officials have won in only a few cases and not much has been awarded to those winners. The legal issue in these cases is that the law does not define “insult.”

Human Rights The sources we reviewed indicate that Slovenia’s constitution broadly protects human rights and freedoms, and guarantees the rights of the disabled. The government respects those human rights guarantees and has an Ombudsman for Human Rights. According to government officials, Slovenia also is very active internationally in facilitating the protection of human rights through the efforts of such groups as the Council of Europe, the United Nations, and an informal group of states known as the Human Security Network, which combines efforts to promote humanitarian and security issues. Some concerns have been expressed, however, about (1) the abuse of persons in custody, (2) trafficking in human beings, and (3) the legal definition of torture.

The sources we reviewed raised some concerns about excessive police force against persons in custody. In its 2001 Annual Report, Slovenia’s
Ombudsman for Human Rights reported that the prisons and detention centers were overcrowded, and that persons detained (but not yet convicted) were subjected to more severe conditions than convicted prisoners.

Slovenia is both a transit and destination country for trafficking in human beings. The 2002 U.S. State Department’s *Trafficking in Persons Report* found that Slovenia is making significant efforts to achieve compliance with minimum U.S. standards for fighting trafficking, but that the country does not yet fully comply with those standards. The report notes that Slovenia lacks a law specifically prohibiting trafficking. Although persons can be prosecuted under related offenses, prosecutors find it difficult to get convictions under those related laws. The report also notes that the government has made progress in monitoring its borders and consequently has reduced illegal migration considerably. The government has named a National Coordinator for Trafficking in Persons and has formed an interagency working group that adopted a national strategy to combat trafficking.

Concern also has been raised about Slovenia’s ability to prosecute persons accused of torture. The United Nations Committee Against Torture has recommended revision of Slovenia’s statutory definition of torture because it was not considered to be broad enough to prevent people guilty of torture from escaping punishment.

**Minority Rights**

Slovenia’s constitution protects minority rights and the government generally respects those rights. The European Union notes that Slovenia has ratified major international instruments in the field of protection for minorities, and it has established a Government Office for National Minorities to monitor implementation of legislation protecting minority rights and to fund minority language media and culture.

Nevertheless, Slovenia’s constitution guarantees minority rights to Hungarians and Italians, thereby guaranteeing each group representation in the parliament as well as rights to bilingual government administration and bilingual education. In contrast, however, the constitution recognizes that the Roma community exists and stipulates that their rights should be regulated by separate law, a law which, according to a Ministry of Justice official, has now been passed. No other ethnic minorities are specified for similar kinds of constitutional protections. Slovenian government officials explained that the constitutional guarantees to Hungarians and Italians
originated in 1974 under the former Republic of Yugoslavia and were carried over to the new Slovenian constitution, which was adopted in 1991.
NATO’s political goals for countries seeking membership focus on developing democratic institutions and principles. This appendix provides the results of two different analyses of democracy compiled by Freedom House\(^{16}\) and an assessment by the European Union for seven of the nine countries seeking NATO membership that are also candidates for membership in the European Union. (Albania and the Former Yugoslav Republic of Macedonia are not yet official candidates for membership in the European Union.) We are providing the results of these independent assessments, but we did not evaluate the methodologies for producing these results or the application of the methodologies.

### Analyses of Democracy

Freedom House produces two different analyses of development toward democracy in countries. One analysis measures democratic freedom in over 200 countries and territories, while the other measures progress toward democracy in those countries transitioning from communist systems.

### Measures of Democratic Freedom

Freedom House publishes an annual assessment of the state of democratic freedom in 192 countries and 17 territories around the world. That assessment is based on ratings for political rights and civil liberties in each country or territory. Determination of a country’s status as “free,” “partially free,” or “not free” is based on the average of ratings for political rights and civil liberties. Countries whose average rating is between 1 and 2.5 are generally considered “free.” Countries whose average rating is between 3 and 5.5 are considered to be “partially free,” while “not free” applies to countries whose ratings average between 5.5 and 7. Table 3 provides the 2001 to 2002 political ratings for the nine countries seeking NATO membership and the three most recent NATO members. As the table shows, seven of the NATO candidate countries enjoy ratings of “free,” while two of them were rated as “partly free.”

\(^{16}\)Freedom House is a nongovernmental organization that conducts research and promotes human rights, democracy, free market economics, the rule of law, independent media, and U.S. engagement in international affairs.
Appendix III
Independent Assessments of Progress toward Democracy

Table 3: Freedom House Political Ratings, 2001-2002

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<thead>
<tr>
<th>Countries seeking NATO membership</th>
<th>Rating</th>
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<tr>
<td></td>
<td></td>
<td>Political rights</td>
<td>Civil liberties</td>
<td>Status</td>
</tr>
<tr>
<td>Albania</td>
<td>3</td>
<td>4</td>
<td>Partly free</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1</td>
<td>3</td>
<td>Free</td>
<td></td>
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<tr>
<td>Estonia</td>
<td>1</td>
<td>2</td>
<td>Free</td>
<td></td>
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<tr>
<td>Latvia</td>
<td>1</td>
<td>2</td>
<td>Free</td>
<td></td>
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<tr>
<td>Lithuania</td>
<td>1</td>
<td>2</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>F.Y.R. of Macedonia</td>
<td>4</td>
<td>4</td>
<td>Partly free</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>2</td>
<td>2</td>
<td>Free</td>
<td></td>
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<tr>
<td>Slovakia</td>
<td>1</td>
<td>2</td>
<td>Free</td>
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<tr>
<td>Slovenia</td>
<td>1</td>
<td>2</td>
<td>Free</td>
<td></td>
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<tr>
<td>NATO'S newest members (1999)</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Czech Republic</td>
<td>1</td>
<td>2</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>1</td>
<td>2</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>1</td>
<td>2</td>
<td>Free</td>
<td></td>
</tr>
</tbody>
</table>

Note: Countries whose average rating is between 1 and 2.5 are generally considered “free,” while “partly free” applies to countries whose average rating is between 3 and 5.5.


Measures of Progress toward Democracy

Freedom House also publishes a separate assessment of progress toward democracy in the 27 countries of central and eastern Europe and the former republics of the Soviet Union. Nations in Transit 2002, the current report, provides measures of the progress and setbacks in political reform in the 27 countries and scores countries’ developments in democratization and the rule of law. On the basis of these scores, countries are divided into three categories: (1) consolidated democracies; (2) transitional governments; or (3) consolidated autocracies. The score for democratization is an average derived from ratings in four areas: political process, civil society, independent media, and governance and public administration. The score for the rule of law is also an average, derived from ratings in two areas: constitutional, legislative, and judicial framework and corruption. Tables 4 and 5 provide the results of these analyses for each of the nine countries seeking NATO membership and the three most recent NATO members. On the basis of these analyses, Freedom House considers six of the NATO candidate countries to be consolidated
democracies (Bulgaria, Estonia, Latvia, Lithuania, Slovenia, and Slovakia) and three to be transitional governments (Albania, the Former Yugoslav Republic of Macedonia, and Romania).

Table 4: Freedom House Nations in Transit Scores—Democratization Scores, 2002

<table>
<thead>
<tr>
<th>Countries seeking NATO membership</th>
<th>Democratization score</th>
<th>Political process(^a)</th>
<th>Civil society(^b)</th>
<th>Independent media(^c)</th>
<th>Governance and public administration(^d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>3.94</td>
<td>3.75</td>
<td>3.75</td>
<td>4.00</td>
<td>4.25</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>3.00</td>
<td>2.00</td>
<td>3.25</td>
<td>3.25</td>
<td>3.50</td>
</tr>
<tr>
<td>Estonia</td>
<td>1.94</td>
<td>1.75</td>
<td>2.00</td>
<td>1.75</td>
<td>2.25</td>
</tr>
<tr>
<td>Latvia</td>
<td>1.94</td>
<td>1.75</td>
<td>2.00</td>
<td>1.75</td>
<td>2.25</td>
</tr>
<tr>
<td>Lithuania</td>
<td>1.88</td>
<td>1.75</td>
<td>1.50</td>
<td>1.75</td>
<td>2.50</td>
</tr>
<tr>
<td>F.Y.R. of Macedonia</td>
<td>4.13</td>
<td>4.50</td>
<td>4.00</td>
<td>3.75</td>
<td>4.25</td>
</tr>
<tr>
<td>Romania</td>
<td>3.31</td>
<td>3.00</td>
<td>3.00</td>
<td>3.50</td>
<td>3.75</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1.94</td>
<td>1.75</td>
<td>1.75</td>
<td>2.00</td>
<td>2.25</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1.81</td>
<td>1.75</td>
<td>1.75</td>
<td>1.75</td>
<td>2.25</td>
</tr>
<tr>
<td>NATO's newest members (1999)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>2.13</td>
<td>2.00</td>
<td>1.75</td>
<td>2.50</td>
<td>2.25</td>
</tr>
<tr>
<td>Hungary</td>
<td>1.94</td>
<td>1.25</td>
<td>1.25</td>
<td>2.25</td>
<td>3.00</td>
</tr>
<tr>
<td>Poland</td>
<td>1.50</td>
<td>1.25</td>
<td>1.25</td>
<td>1.50</td>
<td>2.00</td>
</tr>
</tbody>
</table>

Note: The scores and ratings are on a scale of 1 to 7, with 1 representing the highest and 7 the lowest level of progress.

\(^a\)The rating for political process examines national executive and legislative elections, the development of multiparty systems, and popular participation in the political process.

\(^b\)The rating for civil society assesses the growth of nongovernmental organizations, their organizational capacity and financial sustainability, and the legal and political environment in which they function; the development of free trade unions; and interest group participation in the policy process.

\(^c\)The rating for independent media addresses the legal framework for and present state of press freedom, including libel laws, harassment of journalists, editorial independence, the emergence of a financially viable private press, and Internet access for private citizens.

\(^d\)The rating for governance and public administration considers the authority of legislative bodies; decentralization of power; the responsibilities, election, and management of local government bodies; and legislative and executive transparency.

Appendix III
Independent Assessments of Progress toward Democracy

Table 5: Freedom House Nations in Transit Scores—Rule of Law Scores, 2002

<table>
<thead>
<tr>
<th>Countries seeking NATO membership</th>
<th>Rule of law scores</th>
<th>Constitutional, legislative, and judicial framework</th>
<th>Corruption</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>4.88</td>
<td>4.50</td>
<td>5.25</td>
<td>The rating highlights constitutional reform, human rights protection, criminal code reform, the judiciary and judicial independence, and the status of ethnic minority rights.</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>4.00</td>
<td>3.50</td>
<td>4.50</td>
<td>The rating looks at perceptions of corruption in the civil service, the business interests of top policy-makers, laws on financial disclosure and conflict of interest, and anticorruption initiatives.</td>
</tr>
<tr>
<td>Latvia</td>
<td>2.88</td>
<td>2.00</td>
<td>3.75</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>2.88</td>
<td>2.00</td>
<td>3.75</td>
<td></td>
</tr>
<tr>
<td>F.Y.R. of Macedonia</td>
<td>5.13</td>
<td>4.75</td>
<td>5.50</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>4.50</td>
<td>4.25</td>
<td>4.75</td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td>2.63</td>
<td>2.00</td>
<td>3.25</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>1.88</td>
<td>1.75</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>NATO’s newest members (1999)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>3.13</td>
<td>2.50</td>
<td>3.75</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>2.50</td>
<td>2.00</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>1.88</td>
<td>1.50</td>
<td>2.25</td>
<td></td>
</tr>
</tbody>
</table>

Note: The scores and ratings are on a scale of 1 to 7, with 1 representing the highest and 7 the lowest level of progress.

The European Union assesses candidate countries in terms of their implementation of the union’s political requirements that countries must have achieved stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities. Table 6 provides the European Union’s 2001 political assessment for seven of the nine countries seeking NATO membership, including its assessment of what progress had occurred since the previous report and what kinds of
improvements were still needed.17 (Albania and the Former Yugoslav Republic of Macedonia are not assessed because they are not yet official candidates for membership in the European Union.) As the table shows, all seven countries have fulfilled the European Union's political requirements, but the European Union has identified areas in which each country must continue to improve.

Table 6: European Union Political Assessments, 2001

<table>
<thead>
<tr>
<th>Country</th>
<th>Year political criteria fulfilled</th>
<th>Progress made</th>
<th>Improvements needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>N/A</td>
<td>Not currently a candidate for the European Union.</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1997</td>
<td>Bulgaria continues to fulfill the European Union's political requirements. The country has achieved stability of institutions guaranteeing democracy and the rule of law. Parliament continues to operate smoothly and the legal framework for the civil service is largely satisfactory. A strategy for reform of the judiciary has been adopted.</td>
<td>The country needs to focus on implementation of the legal framework for the civil service to ensure establishment of a professional and impartial civil service.</td>
</tr>
<tr>
<td>Estonia</td>
<td>1997</td>
<td>Estonia continues to fulfill the European Union's political requirements. The country has achieved stability in institutions guaranteeing democracy and the rule of law. Parliament continues to function properly and the civil service and administrative procedures are satisfactory. Reform of the court system and training of judges continues.</td>
<td>The lack of transparency in recruitment and promotion in the civil service is problematic.</td>
</tr>
<tr>
<td>Latvia</td>
<td>1997</td>
<td>Latvia continues to fulfill the European Union's political requirements. The country has achieved stability of institutions guaranteeing democracy and the rule of law. Parliament continues to function properly. The need for reform of the judiciary has been endorsed at the highest political level.</td>
<td>Limited progress has been made in reform of the judiciary.</td>
</tr>
<tr>
<td>Lithuania</td>
<td>1997</td>
<td>Lithuania continues to fulfill the European Union's political requirements. Progress has been made in reforming the public administration and the judiciary, the legal system has improved, and the capacity to fight corruption has been strengthened. Reform of the judicial system continues.</td>
<td>Sustained efforts are required to further advance the process of reforming and reorganizing the public administration. Regarding the judicial system, the new Law on Courts needs to be adopted.</td>
</tr>
<tr>
<td>F.Y.R. of Macedonia</td>
<td>N/A</td>
<td>Not currently a candidate for the European Union.</td>
<td></td>
</tr>
</tbody>
</table>

17Improvements that were still needed as of the issuance of the European Union's report may have been partially or fully addressed since then.
### Political assessment, 2001

<table>
<thead>
<tr>
<th>Country</th>
<th>Year political criteria fulfilled</th>
<th>Progress made</th>
<th>Improvements needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romania</td>
<td>1997</td>
<td>Romania continues to fulfill the European Union's political requirements. The country has achieved stability in institutions guaranteeing democracy and the rule of law. Functioning of the Parliament has improved, and considerable progress has been made in reforming the judiciary.</td>
<td>Additional judicial reforms are necessary, including measures to further guarantee the independence of the judiciary and to develop a human resource policy for judges and court staff.</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1999</td>
<td>Slovakia continues to fulfill the European Union’s political requirements. The country has achieved stability of institutions guaranteeing democracy and the rule of law. Independence of the judiciary has been strengthened, and progress has been made regarding minority issues.</td>
<td>Key judicial reforms are still pending adoption and a gap remains between policy formulation and implementation.</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1997</td>
<td>Slovenia continues to fulfill the European Union’s political requirements. The country has achieved stability of institutions guaranteeing democracy and the rule of law. The judiciary continues to have a high degree of independence.</td>
<td>The laws on Civil Servants and Public Agencies need to be adopted as an important part of the framework legislation for public administration reform.</td>
</tr>
</tbody>
</table>

Independent Assessments of Economic Development

One of the goals of NATO’s Membership Action Plan is the commitment to promoting stability through economic liberty. This appendix provides information on two studies that produce numerical measures of economic freedom—the Fraser Institute’s *Economic Freedom of the World* index and The Heritage Foundation and *The Wall Street Journal’s Index of Economic Freedom*. A third study by Freedom House provides numerical measures of economic liberalization. This appendix also provides information on the European Union’s assessments of development toward a free-market economy in countries seeking NATO membership that are also preparing for membership in the European Union. We are providing the results of these independent assessments, but we did not evaluate the methodologies for producing these results or the application of the methodologies.

Two Studies Rate Economic Freedom

Currently there are two studies that produce numerical measures of economic freedom—the Fraser Institute’s 2002 *Economic Freedom of the World* index, which covers 123 countries for the year 2000, and The Heritage Foundation and *The Wall Street Journal’s Index of Economic Freedom*, which covers 156 countries for the year beginning July 2000.¹⁸

Both indexes are revised annually and are based on numerous measures or indicators that are grouped together into areas of economic freedom. To measure economic freedom, the 2002 Fraser Index studied 21 factors—some of which include multiple components—that fall into five categories:¹⁹ (1) size of government expenditures, taxes, and enterprises; (2) legal structure and security of property rights; (3) sound money; (4) freedom to trade with foreigners; and (5) regulation of credit, labor, and business. Each country’s overall score for economic freedom is based on the average of its scores in each of these five areas. Scores range from 0 to 10, with 10 indicating the highest degree of economic freedom.

¹⁸The Fraser Institute is an independent Canadian economic and social research and educational organization that works to raise the level of understanding about economic and social policy. The Heritage Foundation is a research and educational institute that promotes conservative public policies that are based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense.

¹⁹For the Fraser Institute, the key ingredients of economic freedom are personal choice, voluntary exchange, freedom to compete, and protection of person and property.
To measure economic freedom, the 2002 Heritage/The Wall Street Journal index studied 50 independent economic variables that fall into 10 broad categories, or factors, of economic freedom: (1) trade policy, (2) fiscal burden of government, (3) government intervention in the economy, (4) monetary policy, (5) capital flows and foreign investment, (6) banking and finance, (7) wages and prices, (8) property rights, (9) regulation, and (10) black market activity. Each country's overall score for economic freedom is based on the average of its scores in each of these 10 areas. The index scores countries from 1 to 5, with 1 indicating an assessment of “most free.” We transformed this ranking so that the higher number implies more economic freedom.

Figure 2 presents the ratings of countries under both the Fraser index and the Heritage/The Wall Street Journal index for each of the nine countries seeking NATO membership and each of NATO's current members. As the figure indicates, the closer a country's location toward the upper right of the graph, the higher the combined rating of economic freedom. For example, the two indexes together give the United States, followed by the United Kingdom, the highest score for economic freedom. In constructing figure 2, we transformed the Heritage/The Wall Street Journal ratings so that 0 refers to the least economic freedom and 4 to the most economic freedom. The Fraser index rates countries from 0 (least economic freedom) to 10 (most economic freedom). Since none of the countries scored less than 4.7, we truncated the horizontal axis between 0 and 5.

20The Heritage/The Wall Street Journal index defines economic freedom as the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty.
Figure 2: Indexes of Economic Freedom for NATO Members and Countries Seeking NATO Membership

The Heritage/The Wall Street Journal Index 2002 (higher number implies more freedom)

<table>
<thead>
<tr>
<th>Country</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxembourg</td>
<td>4</td>
</tr>
<tr>
<td>Belgium/Germany</td>
<td>4</td>
</tr>
<tr>
<td>Spain</td>
<td>3</td>
</tr>
<tr>
<td>Estonia</td>
<td>3</td>
</tr>
<tr>
<td>Italy</td>
<td>3</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>3</td>
</tr>
<tr>
<td>Hungary</td>
<td>3</td>
</tr>
<tr>
<td>Lithuania</td>
<td>3</td>
</tr>
<tr>
<td>Latvia</td>
<td>3</td>
</tr>
<tr>
<td>Poland</td>
<td>2</td>
</tr>
<tr>
<td>Slovakia</td>
<td>2</td>
</tr>
<tr>
<td>Slovenia</td>
<td>2</td>
</tr>
<tr>
<td>FYROM</td>
<td>2</td>
</tr>
<tr>
<td>Albania</td>
<td>2</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>2</td>
</tr>
<tr>
<td>Turkey</td>
<td>1</td>
</tr>
<tr>
<td>Romania</td>
<td>1</td>
</tr>
<tr>
<td>Norway</td>
<td>1</td>
</tr>
<tr>
<td>Greece</td>
<td>1</td>
</tr>
<tr>
<td>France</td>
<td>1</td>
</tr>
<tr>
<td>Iceland</td>
<td>1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1</td>
</tr>
<tr>
<td>United States</td>
<td>1</td>
</tr>
<tr>
<td>Canada</td>
<td>1</td>
</tr>
<tr>
<td>Denmark</td>
<td>1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>1</td>
</tr>
<tr>
<td>Belgium/Germany</td>
<td>1</td>
</tr>
<tr>
<td>Spain</td>
<td>1</td>
</tr>
<tr>
<td>Estonia</td>
<td>1</td>
</tr>
<tr>
<td>Italy</td>
<td>1</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>1</td>
</tr>
<tr>
<td>Hungary</td>
<td>1</td>
</tr>
<tr>
<td>Lithuania</td>
<td>1</td>
</tr>
<tr>
<td>Latvia</td>
<td>1</td>
</tr>
<tr>
<td>Poland</td>
<td>0</td>
</tr>
<tr>
<td>Slovakia</td>
<td>0</td>
</tr>
<tr>
<td>Slovenia</td>
<td>0</td>
</tr>
</tbody>
</table>

Fraser Index 2002 (higher number implies more freedom)

▲ NATO applicants
● NATO members

*The Fraser Institute did not rate the Former Yugoslav Republic of Macedonia.

Rating of Economic Liberalization

Freedom House publishes an assessment of progress toward economic liberalization in the 27 countries of central and eastern Europe and the former republics of the Soviet Union. Nations in Transit 2002, the current report, provides measures of the progress and setbacks in economic reform in the 27 countries. The report scores economic liberalization on the basis of an average of ratings for privatization, macroeconomic policy, and microeconomic policy. On the basis of these scores, countries are divided into three categories: consolidated market economies, transitional economies, and consolidated statist economies. Table 7 provides the scores...
and ratings for each of the nine countries seeking NATO membership and the three most recent NATO members. As the table shows, six of the countries seeking membership are categorized as consolidated market economies and three are categorized as transitional economies.

### Table 7: Freedom House Nations in Transit Scores—Economic Liberalization, 2002

<table>
<thead>
<tr>
<th>Countries seeking NATO membership</th>
<th>Classification</th>
<th>Economic liberalization score</th>
<th>Privatization</th>
<th>Macroeconomic policy</th>
<th>Microeconomic policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>Transitional economy</td>
<td>3.75</td>
<td>3.25</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Consolidated market economy</td>
<td>3.25</td>
<td>3.00</td>
<td>3.00</td>
<td>3.75</td>
</tr>
<tr>
<td>Estonia</td>
<td>Consolidated market economy</td>
<td>1.92</td>
<td>1.75</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Latvia</td>
<td>Consolidated market economy</td>
<td>2.33</td>
<td>2.50</td>
<td>2.25</td>
<td>2.25</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Consolidated market economy</td>
<td>2.42</td>
<td>2.25</td>
<td>2.75</td>
<td>2.25</td>
</tr>
<tr>
<td>F.Y.R. of Macedonia</td>
<td>Transitional economy</td>
<td>4.67</td>
<td>4.25</td>
<td>4.75</td>
<td>5.00</td>
</tr>
<tr>
<td>Romania</td>
<td>Transitional economy</td>
<td>3.92</td>
<td>3.75</td>
<td>3.75</td>
<td>4.25</td>
</tr>
<tr>
<td>Slovakia</td>
<td>Consolidated market economy</td>
<td>2.33</td>
<td>2.00</td>
<td>2.50</td>
<td>2.50</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Consolidated market economy</td>
<td>2.17</td>
<td>2.50</td>
<td>2.00</td>
<td>2.00</td>
</tr>
</tbody>
</table>

**NATO’s newest members (1999)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Classification</th>
<th>Economic liberalization score</th>
<th>Privatization</th>
<th>Macroeconomic policy</th>
<th>Microeconomic policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>Consolidated market economy</td>
<td>2.08</td>
<td>1.75</td>
<td>2.25</td>
<td>2.25</td>
</tr>
<tr>
<td>Hungary</td>
<td>Consolidated market economy</td>
<td>2.00</td>
<td>1.50</td>
<td>2.50</td>
<td>2.00</td>
</tr>
<tr>
<td>Poland</td>
<td>Consolidated market economy</td>
<td>1.92</td>
<td>2.25</td>
<td>2.00</td>
<td>1.50</td>
</tr>
</tbody>
</table>

Note: The scores and ratings are on a scale of 1 to 7, with 1 representing the highest and 7 the lowest level of progress.

*The privatization rating considers the legal framework for privatization and the present state of the privatization process.

*The macroeconomic policy rating covers tax reform, fiscal and monetary policy, and banking reform.

*The microeconomic policy rating examines property rights, price liberalization, the ability to operate a business, international trade and foreign investment, and the energy sector.
The European Union annually assesses the extent to which countries preparing for membership in the European Union meet the requirements for accession. Part of that assessment involves a determination of the extent to which the economy is (1) a functioning market-based economy and (2) has the capacity to cope with the competitive pressures and market forces within the European Union. Table 8 provides the European Union's 2001 economic assessment for seven of the nine countries seeking NATO membership. (Albania and the Former Yugoslav Republic of Macedonia are not assessed because they are not yet official candidates for membership in the European Union.) As the table shows, five of the seven countries that are candidates for membership in the European Union have already been assessed as having a functioning market economy, one is close to being a functioning market economy, and one is making progress toward a market economy.

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21The European Union defines a functioning market economy to have liberalized prices and trade, an enforceable legal system in place, macroeconomic stability and consensus about economic policy, a well-developed financial sector, and the absence of any significant barriers to market entry and exit.

22The European Union's measure for the ability of a market economy to cope with competitive pressures and market forces within the union includes the existence of a market economy, a stable macroeconomic framework, a sufficient amount of human and physical capital, and efficient state enterprises with access to outside finance.
Table 8: European Union Economic Assessments, 2001

<table>
<thead>
<tr>
<th>Country</th>
<th>Year determined to have a functioning market economy</th>
<th>European Union economic assessment, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>N/A</td>
<td>Not a current candidate for the European Union.</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>N/A</td>
<td>The European Union determined that Bulgaria is close to being a functioning market economy. Bulgaria should be able to cope with the competitive pressure and market forces within the union in the medium term, if it continues implementing reform and intensifies the reform effort to remove persistent difficulties, such as high inflation and high unemployment.</td>
</tr>
<tr>
<td>Estonia</td>
<td>1997</td>
<td>Estonia was assessed in 1997 as having a functioning market economy. In 2001, the European Union concluded that Estonia should be able to cope with the competitive pressure and market forces within the union in the near term if it continues with and fully implements its reform program.</td>
</tr>
<tr>
<td>Latvia</td>
<td>1999</td>
<td>Latvia was assessed in 1999 as having a functioning market economy. In 2001, the European Union concluded that Latvia should be able to cope with the competitive pressure and market forces within the union in the near term if it continues to make further substantial efforts in maintaining the pace of, and completing, its structural reforms.</td>
</tr>
<tr>
<td>Lithuania</td>
<td>2000</td>
<td>Lithuania was assessed in 2000 as having a functioning market economy. In 2001, the European Union concluded that Lithuania should be able to cope with the competitive pressure and market forces within the union in the near term if it continues to make further substantial efforts to continue with the vigorous implementation of its structural reform program.</td>
</tr>
<tr>
<td>F.Y.R. of Macedonia</td>
<td>N/A</td>
<td>Not a current candidate for the European Union.</td>
</tr>
<tr>
<td>Romania</td>
<td>N/A</td>
<td>The European Union determined that Romania has made progress toward establishing a functioning market economy, although it would not, in the medium term, be able to cope with the competitive pressure and market forces within the union. The European Union also determined that Romania has taken measures that would allow it to develop its future capacity, provided it continues with economic reform.</td>
</tr>
<tr>
<td>Slovakia</td>
<td>2000</td>
<td>Slovakia was assessed in 2000 as having a functioning market economy. In 2001, the European Union determined that Slovakia should be able to cope with the competitive pressure and market forces within the union in the near term if it makes further substantial efforts in medium-term fiscal consolidation and in developing and fully implementing its structural reform program.</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1997</td>
<td>Slovenia was assessed in 1997 as having a functioning market economy. In 2001, the European Union determined that Slovenia should be able to cope with the competitive pressure and market forces within the union in the near term if it implements the remaining reforms needed to increase competition in domestic markets.</td>
</tr>
</tbody>
</table>

*The European Union does not provide a definition in its regular reports for “near term” and “medium term.”

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