

ADVANCING DEMOCRACY IN ALBANIA

HEARING BEFORE THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE ONE HUNDRED EIGHTH CONGRESS SECOND SESSION

—
JULY 20, 2004
—

Printed for the use of the
Commission on Security and Cooperation in Europe

[CSCE 108–2–8]



Available via the World Wide Web: <http://www.csce.gov>

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 2006

26–094 PDF

For sale by the Superintendent of Documents, U.S. Government Printing Office
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JULY 20, 2004

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JULY 20, 2004

COMMISSION ON SECURITY AND COOPERATION IN EUROPE
WASHINGTON, DC

The Commission met in Room 334, Cannon House Office Building, Washington, DC, Hon. Christopher H. Smith, Chairman, Commission on Security and Cooperation in Europe, presiding.

Commissioners present: Hon. Christopher H. Smith, Chairman, Commission on Security and Cooperation in Europe; Hon. Benjamin L. Cardin, Ranking Member, Commission on Security and Cooperation in Europe; Hon. Frank R. Wolf, Commissioner, Commission on Security and Cooperation in Europe; and Hon. Robert B. Aderholt, Commissioner, Commission on Security and Cooperation in Europe.

Other Member present: Hon. Eliot L. Engel, a Member of Congress (NY-17).

Witnesses present: Bob McEwen, a former Member of Congress (OH); H. E. Osmo Lipponen, Ambassador, Head of OSCE Presence (Field Mission) in Albania; Nicholas C. Pano, Professor Emeritus of History, Western Illinois University; Erion Veliaj, Executive Director MJAFT! (“ENOUGH!”) Balkans Youth Link; Kreshnik Spahiu, Executive Director, Citizen’s Advocacy Office and Chairperson Albanian Coalition Against Corruption; Fatmir Mediu, President, Albanian Republican Party; Edward Selami, Former Member, Albanian Parliament; and Fatos Tarifa, Ambassador of the Republic of Albania in the United States.

HON. CHRISTOPHER H. SMITH, CHAIRMAN, COMMISSION ON SECURITY AND COOPERATION IN EUROPE

Mr. SMITH. The Commission will come to order. I want to welcome all of you and thank you, especially Mr. Ambassador, all of you for being here today at this hearing of the Commission on Security and Cooperation in Europe.

The title of today’s hearing is Advancing Democracy in Albania. Let me start by emphasizing that Albania is a close friend of the United States. Albania’s support and cooperation during periods of regional conflict in the 1990’s and in the dangerous world we face today must be acknowledged and it is indeed greatly appreciated.

Official relations are very good, thanks in large part to the work of one of our witnesses today, Ambassador Tarifa. Through the Partnership for Peace and the Adriatic Charter, among other things, we can look forward to the day when Albania is not just a close friend, but a NATO ally.

The bilateral relationship, however, is more than between governments. It is also between people, and the people of Albania have clearly demonstrated in many instances their attachment to the United States. Likewise, Americans who have visited or worked in Albania develop similar affinities with the people of that country. This is, in part, due to the hospitality they receive, but it is also the result of the positive spirit so many Albanian citizens show despite the difficult conditions in which they live.

Of course, the Albanian-American community has contributed tremendously to the building of bridges between the two countries on all levels. This was particularly important as Albania emerged from the horrible Communist repression and self-imposed isolation in the early 1990's, but it remains important today.

So why is the Helsinki Commission holding this hearing today on Albania? It is precisely because we want to encourage Albania to succeed in its democratic transition and its economic recovery. We want good bilateral relations, but we also want to encourage respect for human rights and adherence to the rule of law. Rather than mutually exclusive, the two are mutually reinforcing.

Now is also a good time to focus on Albania's record relative to its OSCE commitments. Parliamentary elections are to be held within the next year. Past elections have seen some improvements, and there are reports of further progress since last year's local elections. Hopefully, by discussing the remaining issues and concerns today, more can be achieved so that by election day 2005, OSCE standards can be met.

We also owe it to the people of Albania to insist that steps be taken to tackle official corruption and combat organized crime. We cannot become fatalistic about these phenomena, suggesting that they are an unfortunate but unavoidable reality in Albania or any other society, for that matter. Measures taken so far by Albanian authorities clearly indicate otherwise, but more needs to be done, including at the highest levels of the country's leadership.

Members of this Commission remain particularly concerned about trafficking in persons, but more broadly, we realize that any type of corruption and crime siphons economic progress and opportunity from the people. In addition, we live in a dangerous world today, where tolerance of corrupt practices can unintentionally become an attractive lure to notorious criminals and terrorists on the international level, people who pose a threat to global peace and security.

It is my hope that today's hearing will give the Commission, which has not held a hearing on Albania in several years, an accurate picture of Albania's progress in adhering to OSCE commitments. I hope we will hear about the development of democratic institutions, rather than the promotion of personalities. The presence of representatives of an actively engaged international community, as well as of independent, civic-minded domestic organizations is reason to be optimistic. By focusing on continuing problems at this hearing, the Commission can contribute to positive changes that Albania needs, and we all want to see.

I would like to yield for any comment that he might have to our former colleague, Bob McEwen, a former Representative from Ohio, who I would say is not only a very good close personal friend. We served on the Veterans' Affairs Committee; as a matter of fact, we sat just a couple of seats from each other when he served here. He and I have traveled throughout the world. We had a very important trip to Nicaragua dur-

ing the height of the rule by the Sandinistas. I will never forget when we met with Daniel Ortega and grilled him on his lack of human rights adherence. We then met with the Minister of Interior Tomas Borges, who was—no other word can describe—a thug, a man who practiced torture and terrible behavior. Bob went toe-to-toe with him like I have never seen a Congressman go toe-to-toe with anybody. He did not hold back and was right in his face and was a real credit to people who care about human rights, and in this case it was the people suffering under the Sandinistas.

Bob?

BOB MCEWEN, FORMER MEMBER OF CONGRESS (OH)

Mr. MCEWEN. Mr. Chairman, thank you. I am just excited and thrilled that you are chairman of this organization that has had the potential to do so much good around the world since 1976 when it was first established, and now is leading the way and drawing people together as they have left behind the tradition and confines of the past and are now stepping forward toward democracy and human rights around the globe, and particularly in Central and Eastern Europe.

I want to extend my congratulations to Albania, which has consistently been a close friend and ally of the United States of America for these past dozen years. I was privileged to have been on the Helsinki Commission trips in both 1990 and 1991, and have seen the progress that has been made there. With every new opportunity, there come complexities. I can assure you that the heart of the chairman and this Commission are to be a friend and an ally as Albania moves forward toward taking its rightful place as a major player not only in the Balkan region, but the world at large.

I congratulate you for coming. I wish you much success. I especially appreciate and express my gratitude to the chairman, Mr. Smith, who is singularly one of the most respected Members of the Congress. We look forward to the very near future as chairman of the International Relations Committee when he speaks for freedom at a platform that he deserves.

Thank you very much, Mr. Chairman.

Mr. SMITH. Thank you very much, and thank you for your kind words, and especially for your great work over these many years.

I would like to introduce our first panel. It is represented by Ambassador Osmo Lipponen, who has been head of the OSCE Presence in Albania for almost 2 years. The Ambassador has a distinguished career as a Finnish diplomat, including postings in Geneva, Tokyo, Paris, Moscow, St. Petersburg, and prior to his OSCE appointment, Ambassador to Zagreb, Croatia.

We welcome you, Mr. Ambassador, and want you to know that the Helsinki Commission has been a strong supporter of OSCE field activities in Albania, as I think you know, and elsewhere. We sense that the work that you do makes a real difference in the people's lives and we are honored to have you here, Mr. Ambassador.

**HIS EXCELLENCY OSMO LIPPONEN, AMBASSADOR,
HEAD OF OSCE PRESENCE IN ALBANIA**

Mr. LIPPONEN. Thank you, Mr. Chairman, and thank you for inviting me to this hearing on Advancing Democracy in Albania. As you already mentioned, I have been the head of the OSCE Presence in Alba-

nia for the past 2 years and will be leaving my post at the end of September. It is a privilege for me to be here today as it provides an opportunity to summarize for you the assessment of the Presence as to the achievements made by Albania over the past several years, as well as the many challenges that the country is currently facing.

Today's meeting comes at a critical moment. We are a year away from the next parliamentary elections. The conduct of these elections has to meet strong expectations both at home and abroad, where these elections are being viewed as a major test of Albania's political maturity and democratic development. After lengthy negotiations led by the Presence, the Socialist Party, which is the ruling majority, and the main opposition Democratic Party finally agreed to establish an ad hoc parliamentary committee to oversee the necessary electoral reforms called for by ODIHR and the council of Europe's Venice Commission. The success of this committee will be crucial to building the political will necessary for conducting these next elections according to international standards. It was disappointing that the local elections held last year in October were a missed opportunity in meeting these standards.

I understand that our report has already been circulated, so I will concentrate on highlighting the most important points.

Albania is a country that has made significant progress since 1997, when the state essentially collapsed into civil unrest. Since that time, there has been a steady consolidation of the state and its institutions. The mandate of the OSCE Presence in Albania, first established in 1997 to focus on democratization, elections, human rights, and media development, was recently updated at the end of last year to take into account the country's progress.

Albania's achievements have also been recognized by the international community through closer relations with NATO and a perspective for future membership, as well as through the opening of negotiations with the European Union on a Stabilization and Association Agreement in January 2003, which is the first step toward eventual accession.

Despite the visible progress, Albania remains a country with significant socioeconomic challenges, which are the cause for a host of related problems ranging from illegal migration and smuggling to rampant corruption within the public administration and judicial sector.

Albania's socioeconomic indicators are weak. GDP per capita at around \$1,400 is nearly the lowest in Europe, 30 percent live below the poverty level. Albania is plagued by inadequate infrastructure, insufficient investment in the health and education sectors, and has suffered from rapid urbanization and massive population movements, which continue. Economic growth, though averaging around 6 percent a year, is limited to only a narrow sector of productive enterprises, in particular construction, which employs mostly unskilled or semi-skilled labor with almost no long-term sustainability. The privatization process is still incomplete. Most products are imported, causing a trade imbalance that is largely financed by remittances coming from abroad where nearly every family has at least one working-age relative.

Albania therefore needs focused and well-targeted policies to address these problems that particularly affect the rural poor and uneducated urban poor. A narrowing of the gray economy fueled by smuggling and tax evasion, for example, is needed to raise revenue and finance much-needed public services.

Unfortunately, real ownership over major government strategies is limited and appears to be announced more to satisfy donors rather than to be used as tools to really solve the problems. Moreover, with the political system not yet properly functioning, debate tends to focus on political conflict rather than on how best to tackle the substantive issues, including all of the reforms necessary for the EU negotiations. This extremely polarized political situation, where a high level of distrust and conflict exists between the Socialist and Democratic parties, has negatively impacted the country since the end of communism in 1991. The divisiveness is severely impairing Albania's ability to develop as a fully democratic European state and recent frictions between the two show that the advent of closer integration into Euro-Atlantic structures has not changed the basic polarization.

Albania therefore must move toward having a normally functioning parliamentary system, beginning with undisputed elections conducted according to international standards, and a transparently functioning public administration in order to be able to manage its significant socio-economic and rule of law problems. This needs to be supported by broadening civic participation in the governing process as corruption and lack of accountability have severely damaged the public's trust in the national authorities.

There have been some positive signs that civil society is now dawning and is starting to have influence, though still limited, on public policy decisions and on making government more accountable. They have also shown signs of influencing as well the opposition.

There is, however, a worrying trend of converging political and commercial interests, sometimes even intersecting the black economy, that really have the potential to slow the course of Albania's evolving democracy by subjecting the media to political interference and subverting the rule of law. Issues of conflicts of interest are already widely ignored, and with the current system of few controls on party financing, the situation where elections or candidates can be bought may only get worse. For as much as civil society may be trying to impact upon the governance of the country, these other more powerful influences, accompanied by strong financial backing, are pushing to ensure that decisionmaking remains closed, unaccountable and non-transparent.

Several estimates of the role and meaning of the black economy in Albania contend that it makes up one-third of the economy. This is regarded as a very conservative estimate. Recent reports tell that the volume, in terms of money, gained from trafficking is still growing even as efforts against trafficking in human beings interrupted some of these networks. In its place, drug trafficking has now grown, making Albania an increasingly important transshipment point for heroin coming from Afghanistan via Turkey.

As a major and growing threat to the country, organized crime, moreover, has taken advantage of these continued institutional weaknesses and has steadily increased its influence. It is claimed also to be penetrating the political system. The threat posed by organized crime, which is linked to the increase in drug trafficking through Albania, does not just affect Albania itself, but also the region and Europe in general.

Albania certainly has, despite the harsh realities I have presented here today, a chance for improvement, but only provided that the people regain their confidence in the political system and with it the hope for positive change. This can be possible with the emergent civil society

and especially when the strong diaspora has stayed true to the promotion of further development of the country. Unfortunately, when the diaspora keeps growing, the brain drain grows with it. This is especially detrimental to building up a well-functioning public administration.

International support for Albania will still be crucial for several more years. The OSCE Presence in Albania has its constructive role in the process as the only international actor so far providing facilitation and support for consensus building as a means of mediating the polarized situation. This role will be needed also in the future at least until the elections. Moreover, there will be need for our experience and services for institution building and democratization for at least another few years.

Albania, with its limited resources and huge political, social and economic challenges, will need all the help it can get from the international community. The OSCE Presence in Albania is not a stigma for the country, but rather should be viewed as a positive asset for its development.

I will conclude here, with just one final word on the pre-election situation. The new ad hoc committee on electoral reform has been established and is to begin its work. The Technical Experts Group, chaired by the Presence and working under the committee, will have its first substantive meeting tomorrow. It has a very tight timeframe in which to work so that all amendments to the electoral code need to be drafted and agreed to by the end of September for parliamentary approval. Amendments on a few subjects such as improving the voter registers and the criteria for establishing electoral zone boundaries need to be approved even earlier to allow sufficient preparation time.

It is on these very political issues, including the CEC, that the political parties must show maximum political will to compromise and to uphold their agreements. Should the political will be lacking, the next elections will be a major setback to Albania in its democratic development.

Thank you, Mr. Chairman.

Mr. SMITH. Mr. Ambassador, thank you very much for your testimony and for your good work.

We have been joined by the Chairman of the Commerce, Justice and State Appropriations Subcommittee, Frank Wolf, a fellow Commissioner. Mr. Wolf, do you have any comments or opening questions?

**HON. FRANK R. WOLF, COMMISSIONER, COMMISSION ON
SECURITY AND COOPERATION IN EUROPE**

Mr. WOLF. I just want to thank you very much. If you would go into a little bit more elaboration on the human trafficking problem and the drug trafficking problem. We continually hear about that, if you could elaborate a little bit more than what was in your statement. Where are the drugs coming from? Are they coming from Albania? Where are the people coming from? Moldova down through Kosovo?

I was there last year and the issue of trafficking came up over and over. So if you could tell us where the trafficking of humans is coming from and going to and who is involved, and where do you think the traffic in the drugs are coming from, going to, and who is involved.

Mr. LIPPONEN. Thank you, Mr. Chairman. The trafficking of human beings is still continuing, and it is even gaining more sophisticated methods. First, counterfeit papers and visas are very much used for Albanians to get out of the country. The traditional sea routes have been pretty much blocked, so now the trafficking takes place over the normal border crossing points and over the green borders.

The traffickers have also enlarged their businesses all over Europe and seem to be gaining a foothold also in the United States. They are recruiting people from Moldova, Ukraine, and other parts of the former Soviet Union. Where the drugs come from, I mentioned that one of the major routes is through Turkey and most of the drugs come from Afghanistan.

Lately, Albania has become also a producer of drugs, especially cannabis. These routes are traditional. They are not only in the hands of Albanians, but in the hands of international organized crime. They seem to be working very well since the amounts of drugs seized at a time have actually been growing.

Thank you.

Mr. WOLF. Two others, how severe is the brain drain? I constantly hear that the number of Albanians that have left since the fall of the previous regime was unbelievable. How many Albanians now live outside of Albania?

Mr. LIPPONEN. I have to be honest. I do not remember the exact figures.

Mr. WOLF. Are the remittances the largest economy?

Mr. LIPPONEN. One-third of the active labor pool is out of the country. That means 400,000, 500,000. Of course, most of the people who have gotten out are unskilled. But the brain drain, it still continues. People get out legally. Albania has produced lots of extremely well-trained people, and there is a legal demand for these kind of people to leave. This can be seen especially in the public administration, which has difficulties in getting, with the salaries they pay, competent people. International organizations and the jobs abroad are the first choice for educated people.

Mr. WOLF. One other question. The Albanian people have suffered a tremendous amount. Under the previous administration up until 1989, it was probably the most closed and one of the most difficult regimes. Their desire is to obviously get in the EU. I guess the question is really a combination. What is the No. 1 thing that the Albanian Government should do that would help the Albanian people, but also demonstrate to European allies and the United States that they were serious about bringing about dramatic change with regard to corruption and things like that?

Mr. LIPPONEN. I only mentioned the elections, but I always like to refer to transparency in the society and the transparency of the public administration. Law enforcement is the first and only way to really change the inherent habits from the previous regime.

Mr. WOLF. In the last several years then, say in the last 3 years, are things better or are they worse?

Mr. LIPPONEN. There is improvement. People have learned to use certain standards, more and more the services of the people's advocate, which is in charge of inspecting the conduct of the civil servants and

the public administration. But still the behavior of the public institutions is extremely closed. It is very difficult to get any basic information that is normal out of the administration.

Mr. WOLF. Who has the greatest impact on Albania, the European Union or the United States? Who do they listen to?

Mr. LIPPONEN. The Albanians listen to all of us. They seem to have even if they are in the integration process with the European Union—very strong commitments to the United States. So they really discuss and listen. It is another thing in how much they implement.

Mr. WOLF. Thank you. I appreciate your testimony. We were there last summer and former Congressman Tony Hall and myself broke away from the group and went out to the agricultural university. People have been living with the most horrible conditions I have seen certainly on the European continent. Families have been living in those buildings for sometimes 7 years; one bathroom for 50, 60, or 70 people. The toilet does not work. There were actually people that we spoke to in the agriculture university, I assume you have been out to the university and seen the conditions, who actually when I would ask them, they would say they were better off under the previous administration, which is hard to believe. I would hope that if there is anybody here listening, that the Albanian Government make an aggressive effort to deal with the conditions of a lot of these poor people living at that agriculture institution.

They are hopeless. They have been there for 7, 8, 9 years. Some kids have been born there. The trash has not been picked up, terrible, terrible conditions.

Anyway, I thank you for your testimony and thank you for your service. Thank you very much, Mr. Ambassador.

Mr. SMITH. Mr. Ambassador, as I think you probably know, the U.S. Department of State every year for the last 4 years does a country-by-country analysis and produces a report called the Trafficking in Persons Report, the TIP report, which was released on June 14 of this year, the most recent iteration of it. In it, it notes that Albania is what we call a tier-two country. It has a significant trafficking problem, but it is taking very serious and sustained efforts to mitigate and to resolve that problem.

I think it is worth pointing out that Albanian law prohibits trafficking in persons for sex exploitation and forced labor, with penalties up to 15 years. In 2003, the government arrested 317 suspects and imposed sentences in 75 of 102 convictions. So they are, we think, and this Commission pushes the envelope as much as humanly possible on human trafficking. They are making some very real progress.

I did note, though, in the report that it pointed out that there was an MOU signed between the OSCE and Albania in the area of witness protection. As we all know, if you cannot produce witnesses in a court of law, the possibility and probability of convictions are greatly lessened. I wonder if perhaps you had a hand in crafting that MOU, but I wonder if you might elaborate on that MOU and whether or not you think that might have some application for other OSCE countries as well, for witness protection.

Mr. LIPPONEN. The witness protection was first a memorandum, but now it has finally become a law. It was initiated by OSCE Presence in Albania. We started during the witness protection program testing how it would work training the police officials, and little by little when the

authorities saw that the system really works, they finally were ready to go forth. Today, the system is not yet perfect, but anyway it is working. I believe that similar systems are being adopted in other countries in the region.

Mr. SMITH. Let me ask you in terms of Albanian women who are, attempts are made to reintegrate them after they have been trafficked elsewhere. Does your Presence, does your mission have any contact with them? Have you observed whether or not that is moving well or poorly?

Mr. LIPPONEN. Sorry, I did not quite hear.

We have been very active in trying to reintegrate women who return. We have been supporting a couple of centers, especially the center in Vlora. We have gotten some other organizations to support this work, and there is today quite a lot of resources. The numbers of women returning were high a couple of years ago. The centers have certain security problems, but so far they have kept the trust of the people who come there.

But there are more and more people who come again. So it is very difficult to rehabilitate these people into the Albanian society because of the cultural reasons. The stigma these people bear makes it really difficult for them to integrate again.

Mr. SMITH. Even the idea that they are victims, though, that does not lessen the stigma that they carry with them?

Mr. LIPPONEN. These are the prostitutes. The people in the witness protection program as far as I know, they do not come back.

Mr. SMITH. They do not. OK.

Let me ask you another question. You mentioned stigma before with regard to an OSCE Presence, that some perhaps in government may see that as a negative, rather than a value-added, a positive. As you know, in Vienna there was pushback when the new terms were being discussed for your Presence. Do you find that there is a resentment? Is there a way that we can help you overcome that? I, too, see you as significant value-added to helping Albania matriculate further into democracy. Is it a matter of national pride? Why the pushback?

Mr. LIPPONEN. I believe the main issue is that we have been critical, but we have been balanced in our critiques. We have always taken care that we have a constructive approach. If we criticize something, we have medicine for the subject we are talking about. We have been criticized from the opposition, from the government, but at the end we have gotten very, very strong support both from the government and from the opposition.

At best, our role can be seen that we have been able to facilitate. So we are neutral enough that we can have this role and can be trusted by the major partners or known partners in this society.

Mr. SMITH. Let me ask you two final questions, and then if my colleagues have any further questions.

The State Department's country reports on human rights practices for this year makes mention of the fact and their belief that police abuse remains a problem. I, for one, offered a resolution at the OSCE parliamentary assembly in Edinburgh just a few weeks ago largely sparked by our own military police abuse in Iraq, pointing out the Convention on Torture and all the other similarly stated covenants and treaties, all make it very clear that mistreatment of detainees or prisoners is unacceptable in the extreme.

My question is, what is your view? The resolution that I offered in Edinburgh and what we are trying to do in the parliamentary assembly now is to have all the countries review their own country practices relevant to police, military or non-military police, to ensure that they are in keeping with human treatment. What is your view on police treatment or lack of it, mistreatment or lack of it, in Albania?

Mr. LIPPONEN. Police have made some progress during the last years, but the police abuse is still one of the major problems, which the people's advocate is addressing in his work. Pretrial detention is perhaps the biggest problem today, as even a human rights problem in Albania. The conditions for detainees are really inhuman. If the students at the agriculture university have conditions referred to here, you can imagine what takes place in overcrowded cells.

Mostly, it is a question of resources. There will be certain progress in the future. There are plans to build new centers and also to transfer the pretrial detention from the police to the Ministry for Justice, which is expected to bring a different approach to the detainees.

Mr. SMITH. Let me just ask you one question with the election very close in the future. The multi-country project, Roma use your ballots wisely, is being promoted by the OSCE. I wonder what the status of that project is in Albania.

Mr. LIPPONEN. There was a small project before the local elections, and I expect that before the parliamentary elections next year there should be another program, but it is still in the planning phase.

Mr. SMITH. Any other questions? Yes, Mr. Wolf?

Mr. WOLF. Mr. Ambassador, just one last question. I just finished reading your testimony, too.

The Albanian people are hard workers. When they come to the United States, they do very, very well. They are doing very well in Italy and many other places. When you compare Albania with Poland or Hungary when the wall fell and freedom came, why do you think Albania has fallen behind, for instance, Poland or Hungary or Romania even? Is it leadership? Or is it that the oppression was so strong and deep and ingrained that it takes longer? Why do you think some Eastern bloc countries have done relatively well very fast, and others perhaps like Albania have not quite gone as far? Do you have any personal opinion? Is it leadership? What do you think the reason is?

Mr. LIPPONEN. I would not blame the leadership.

Mr. WOLF. You would or would not?

Mr. LIPPONEN. I would not.

Mr. WOLF. You would not.

Mr. LIPPONEN. I believe there are lots of natural reasons. Both Poland and Hungary, they have had also real democratic traditions. Their institutions and infrastructure, and educational system, are far stronger, and they have real traditions. Albania is still an emerging country compared to these actually well-off countries. I mentioned the low GDP. These countries, even if the standard of living is modest, with their growth, they continually increase their gap with Albania. Even if Albania has 6 percent growth. So the starting point is completely different according to my experience.

Mr. WOLF. I know there has been a lot of progress. I have been there a number of years ago, and after looking at it last year and compared to that time, there has been a lot of progress. I understand that. You can see it in the buildings, and just things that are taking place. Tirana is

a pulsating city. But the Albanian people have really suffered a lot in comparison to some of the other countries. I was just wondering why. It certainly is not location. It certainly is not capability, because the Albanian people are as capable as others. You just think they started farther behind than the other nations. That is pretty much your reason?

Mr. LIPPONEN. Definitely.

Mr. WOLF. OK. Thank you, Mr. Ambassador.

Mr. SMITH. I now ask Robert Hand, Staff Advisor at the Helsinki Commission, if he would like to ask a question. Mr. Hand?

Mr. HAND. Yes, thank you.

Just one followup question. You had mentioned earlier that the Albanian authorities pretty much listen to everybody, to the OSCE, to the United States, to the Europeans. I was wondering whether they are hearing the same message from all the different international players there. If you could comment on how well the international community cooperates in assisting Albania's democratic development. Does the OSCE Presence work well with the bilateral embassies, the United States, the European Union embassies that are there, as well as with nongovernmental organizations that are in Albania providing advice or assistance, groups like the International Foundation for Electoral Systems, IFES, for example?

How well does the international community work together in helping Albania? I know in the more distant past, sometimes there was competition between some of the groups. Is it a pretty well coordinated effort right now?

Mr. LIPPONEN. First about the message, what we have heard lately, everybody has been giving the same message, and especially the message concerning the forthcoming elections and the reforms. Perhaps there is a slight difference in tone, but the main message is exactly the same from the United States, from the European Union and also from most of the bilateral partners of Albania.

The cooperation is very close. In Tirana, we have close discussions with the U.S. Embassy, the Commission of the European Union, and also we have meetings with all the EU Ambassadors. The practical coordination, the donor coordination I would say, has had very difficult times, but now finally the donor coordination is on the proper track and getting organized. The distribution of the responsibilities to the major organizations has been decided. The European Commission, World Bank, OSCE Presence and UNDP are the main coordinators. Each has certain niche areas we are responsible for. We have been creating also better coordination with the government and helping them to plan better the practical cooperation with the international donors.

We have extremely good cooperation with the UK Embassy, German Embassy, Italian Embassy, all the major donors. When it comes to the NGO's, we cooperate closely with several American NGO's, to some of them we have even sold the projects we planned in our legal sector report. We have Americans at our civil society development centers. We have had cooperation with IFES earlier, and now from the electoral reform consultations certain criteria should be reformed. We will probably be contracting, not probably, but we will be contracting IFES, since the European Commission is giving a bunch of money to us so that we contract other international NGO's and whatever in the practical reform work. When we get the criteria, we know exactly what the reform is. IFES will have a major role.

Mr. SMITH. Mr. Ambassador, thank you very much for your testimony, for your work on behalf of the Albanian people. We look forward to working with you as we go forward. Thank you.

I would like to now welcome our second panel to the witness table, beginning first with Professor Nicholas Pano, professor emeritus of history at Western Illinois University. Professor Pano is a longtime scholar of Albanian affairs and hopefully will put developments of the country in a larger perspective.

Next we will hear from Erion Veliaj, who is the executive director of MJAFI, which means "Enough." His group is essentially saying enough to the many obstacles to progress in Albania today. He holds a degree from Grand Valley State University in Michigan, and despite his youth has served as a consultant for many international organizations. He is also an active participant in youth networks around the world.

Next we will hear from Kreshnik Spahiu, head of the Citizens Advocacy office in Albania, as well as the Albanian Coalition Against Corruption, with a strong background in law. Mr. Spahiu has served as a judge in Albania and has participated in drafting the country's constitution, the criminal code and numerous other Albanian laws.

Next we will hear from Fatmir Mediu, who is the president of Albania's Republican Party and a Member of Parliament. In that capacity, he has been a strong advocate of change in Albania, most recently focusing on property restitution legislation.

Finally, we will hear from Edward Selami, who is a founding member of the Democratic Party in Albania and an active participant in Albanian politics in diplomacy in the early years of its democracy. Mr. Selami subsequently came to the United States, where he was associated with Stanford and Columbia before settling in Virginia.

If we could begin with you, Professor Pano.

**NICHOLAS C. PANO, PROFESSOR EMERITUS OF HISTORY,
WESTERN ILLINOIS UNIVERSITY**

Mr. PANO. Thank you, Mr. Chairman. I appreciate this opportunity to participate in today's discussion. The topic of this hearing is, of course, a relevant one with the election of 2005 in Albania, less than a year away. I think it is particularly appropriate that these hearings should be held under the auspices of this Commission, given the fact that the OSCE and the United States have been in the forefront of multinational efforts to assist the Albanian people and government in this process of transition.

I am an admirer of the work of OSCE. I think that they have been a very positive influence in Albania. I think we have been very fortunate in the United States to have had such able representation in the American embassy in Tirana. We have had many dedicated Americans who have served the country well in a variety of nongovernment organizations ranging from the National Democratic Institute, the International Republican Institute, et cetera, et cetera.

I think we have a very good record and I think this cooperation and this assistance on the part of the American people has helped to cement the friendship between the Albanian people and the American people.

In the statement that I have prepared, Mr. Chairman, I have tried to provide some background to the current situation in Albania. What I have tried to do in the first section is to deal with some of the economic and social changes that are occurring in the country, beginning first

with the physical changes that are obvious to anyone who visits Albania, of the tremendous building boom in the country, the beginning of the modernization of infrastructure, a development that is accelerating in the country right now.

There are some very positive changes. Privatization process has been largely completed. While I point to these changes that have occurred, in my statement I try to highlight some of the issues that have arisen in connection with these developments, because development, progress, modernization all bring with it attendant consequences, some of which are positive, some of which are negative. I have tried to outline those in the statement.

The second part of the presentation of the statement deals with the political situation in Albania. There, my focus has to begin with a fundamental factor that looking at the political situation, we have many of the same actors occupying center stage. They have been there for the past 14 years. They have played a dominant role in Albanian political life and they have helped to shape the course of Albanian political life, both in its positive and unfortunately and predominantly in my view, in many of its negative aspects.

I then try to talk about some of the trends that are beginning to emerge as we get into the threshold of this parliamentary election, and to indicate the dynamics of change that are occurring on the political arena, the conflicts between the two major parties, conflicts within the minor parties, the conflicts between the major parties and their allies, the emergence of two possible new political players on the scene, the emergence of the Socialist integration movement of former Prime Minister Ilir Meta. We are not quite sure where that is moving, and I discuss some of the ramifications of that, and the national development movement under Leka Zogu. That is a movement that is still in its infancy, but depending on the direction in which it moves, it can have a significant impact on Albanian politics.

I then conclude with some concerns about the election. I mention the need to improve the election turnout. The voter turnout has been declining, and that of course I try to relate to some of the problems that exist within the Albanian political system. Then I list some of the priorities for the period just before the elections, what has essentially become a litany in current Albanian politics, beginning with the need to revise the electoral code to correct the technical issues that have caused problems in past elections, the recomposition of the central election Commission to reflect a more equitable balance of parties.

I think what is even more necessary than that is to try to find some people who will serve on that Commission, who will put the interests of honest, sound elections and patriotism above narrow party considerations. Certainly, there must be some people in Albania who can transcend these national party interests and execute their responsibilities of service on this vital Commission in a manner that will perhaps bring greater harmony to the political life of the nation.

We have the need to define the electoral district boundaries, and the very important and persistent problem of revising and updating the voter registration lists, the designation of polling places and the posting of voter lists for each of the locations; the need to select poll judges; to develop a meaningful training program for these officials; the announcement of a schedule for the delivery of government subvention payments to the political parties.

As we approach the elections, I think it is important to understand just how serious a turning point we are at in Albanian history. I close my statement with the following. I say, as Albania approaches 2005, it is apparent that politics as usual is a luxury that the country can no longer afford. This folly has exacted a heavy toll on the nation. It has tarnished Albania's international image. To fail to meet the test of 2005 will dim the chances for timely admission to NATO and the European Union.

So the stakes for Albania are high. In my view, those Albanian leaders who fail to meet their responsibilities in ensuring the success of the elections should be held accountable by the Albanian people and the international community.

I do recognize, Mr. Chairman, that there has been a great deal of progress in Albania. I recognize that the current government has made efforts to deal with a number of issues, and I note these in my paper. But the fact nevertheless remains that we have a rather serious political situation in Albania, a situation that calls both for systemic and institutional change in the country. I think more importantly, one that calls for attitudinal changes. We need to get away from this concept of politics as usual in Albania. We need to now move to the next stage.

Thank you.

Mr. SMITH. Professor Pano, thank you very much for your testimony. Mr. Veliaj?

**ERION VELIAJ, EXECUTIVE DIRECTOR, MJAFT! ("ENOUGH!")
BALKANS YOUTH LINK**

Mr. VELIAJ. Thank you, Mr. Chairman, Commission members and representatives for inviting MJAFT, the MJAFT movement to address you today, convening this hearing on Albania.

It could not have come at a better time. It has been 7 years since the last time there was such a hearing on Albania. It could not have come at a better time given the upcoming elections, as Professor Pano stated, and also the deafening allegations of high official corruption and pressure on the media and civil society in Albania.

So for all the above reasons, I thank you for inviting us here today.

As was mentioned before, the political situation has not changed much. Albania still belongs to a very small club of countries in Europe where for the last 14 years it has been just about two major political players in the field. As you may well know, Albania is proud to be, and I bear witness, an ally in the war against terrorism. I also bear witness to the fact that Albania is probably one of the few countries where the majority of the population is Muslim that has such an admiration and strong commitment to the alliance with the United States of America.

However, one point needs some clarification. Albania's unconditional support for the war on terrorism should in no way be translated into support for a political caste that other than touting the anti-terrorism trumpet, is a disaster at affairs at home. I am sure you have dealt with similar examples in many other countries. However, having studied in the United States and having received my political formation in this great country, I would stand extremely disappointed to find out that the value of temporary stability in Albania is a higher importance than the value of true democracy in the country, and the value of Albania's alli-

ance in the war against terrorism is translated in supporting a group that promotes state capturing and intimidation toward free media and civil society at home.

One cornerstone that needs to be strongly abolished is the issue of free and fair elections in Albania. All of us in the MJAFT movement believe in accountable politics. This is how we were taught in the education we received in this country, and we believe that accountable politics are the cornerstone of democratic development in a country. However, the recent appeal from the Council of Europe to expel Albania if the next elections do not prove fair and free is a warning sign for all of us.

There have been many cases in the Albanian parliament that have strongly demonstrated how Albanian politics have detached themselves from the opinion of the Albanian population as a whole. Legislation has been struck down, including proposals to ban import of unclassified waste in the country, draft resolutions for the compensation of former political prisoners, bills to recognize the case of Cameria, have all shown that the political caste in Albania has detached itself from the opinion of the local population.

The elections have proven a disaster because of the high interference in the process. Commissioners are purely political tools. There is a top-down approach to counting votes, boycotting the process to not recognizing elections. As such, it has proven to be a disaster at the point that we speak. Many Commissioners have little or no capacities and are poorly trained. Their major selection criteria is not expertise or professionalism, but partisanship and the ability to basically cheat, or at least ensure that they are not cheated themselves in this process.

One should not be surprised at this development and the lack of democracy and free and fair elections. Many political parties have a very hard time having free and fair elections within their own party. As you can see from the two outstanding political leaders, many of them still win from 80-some, 90-some percent of the votes, and misconduct within the elections of their own party. Therefore, there is no incentive to be fair and free in the elections of a rival group.

I know it is probably a headache, given the upcoming elections in this Congress. However, I would in the name of MJAFT maybe appeal for a resolution on the Albanian elections, if say by December 2004 these requirements are not met. One is the registration process completed in full. Second is lists updated with citizens' consent, not with the consent of the parties. Third, Commissions should shift from guaranteeing the parties the right to collecting votes, to guaranteeing the citizens' rights to vote and be accounted for. So if you would take that into consideration, we would be sincerely grateful.

What has been the gangrene of the Albanian political system has obviously been official corruption. This is one of the main reasons why Albania did not qualify for the Millennium Challenge Account. According to Transparency International in 2003, Albania listed 92 out of 133 countries in their corruption scales, and scored 2.5 points out of 10. We have been very keen to applaud the law on declaration of assets, laws that would promote transparency, but have been extremely disappointed to see how this law has been implemented, to find out that some of the country's top officials, including the prime minister, to declare gifts worth \$200,000 at one go is absolutely breathtaking in a very embarrassing sort of way.

It has been the same case with his declaration of assets on property. We believe in a system where we perfectly understand the concept of free lunches. There is no such thing. Having allegations that connect criminal financial groups with such free lunches is an absolute embarrassment to the current government's state of affairs.

Issues of trafficking, again we have been very supportive in applauding legislation to try to combat traffic. Unfortunately, we could not enjoy this to the very end. The 9th of January tragedy where 21 people died while they were being trafficked to Italy is again an embarrassing mark. What makes it worse is to find out that state officials, including from high police officials to directors of ports, with connections in the government, are involved in the organizing and the trafficking of people. That should be halted immediately.

Organized crime has also been one matter of our concern. In the report, it has been detailed. Fighting organized crime has become a buzz word, especially in the facades of the international community, especially to that of the State Department. However, hardly anyone has been prosecuted of such crimes. A number of police operations failed due to information being leaked by political affiliates, and much of the catch that the government parades as organized crime would mostly qualify as very small fish.

Our last point is on the issues of media and civil society. After the crisis of 1997, very few people in Albania believe or could foresee that trials of media actors and civil society actors would become common sense in Albania. To our disappointment, this has happened. Especially in the last 3 years, publishers of newspapers like *Koha Jonë*, *Tema*, *Shekulli*, are routinely taken to court. Movements such as ours have faced prosecutions for perfectly legal and peaceful protest. At this point, all this process is only showing the lack of tolerance in the Albanian Government for free speech and exercise of human rights.

To conclude on a slightly positive note, I believe the Albanian society, on the other hand, has been developing with gigantic steps. One cannot help, just like Professor Pano said, and notice the positive change, at least in people's mentality. Having overcome the crisis with Kosovo and a major challenge, I think the Albanian society has proven to be leaps ahead of the Albanian political class. This is where probably the answer to the previous question lies, that in my opinion, it has been lack of political leadership that has not filled this gap between a society that is evolving so much and a political leadership that is stagnating behind.

Despite all these issues of concern, please rest assured that our commitment is to remain a strong advocate to the people of Albania. The mere fact that me, myself and friends are being the voice of Albanian youth today is a ray of hope and does rekindle our hopes for change in Albania.

As you consider acting upon this recommendation and some of these comments, we also believe that cutting or playing a carrot-and-stick approach in cutting foreign assistance to Albania or disenchanting NATO and the European Union from Albania, at this stage would only harm the Albanian people more than it would harm irresponsible politicians. However, political support to any group should be based on democratic performance, rather than acts of political convenience.

For all your interest, your commitment to advance democracy in Albania, we are truly, truly grateful. So I thank you very much.

Mr. SMITH. Mr. Veliaj, I thank you very much for your very powerful testimony. MJAFT is a true breath of fresh air and we thank you for speaking truth to power. It really is very helpful and encouraging to know that the young are speaking so effectively, both in your country as well as abroad.

I just want to note that Mr. Cardin, the ranking member, is here, and any comments he might want to make before going to our next witness.

**HON. BENJAMIN L. CARDIN, RANKING MEMBER, COMMISSION
ON SECURITY AND COOPERATION IN EUROPE**

Mr. CARDIN. Thank you. I apologize for not being here at the start. Mr. Engel and I were both at a meeting with the new President of Serbia, which is certainly very relevant to the issues of the Balkans and Albania.

I just want to comment that yesterday I had a chance to meet with high school students from the area. I am going to tell you, I am very impressed about the incoming leadership in that region. I look forward to hearing the rest of the testimony and participating in the hearing.

Thank you, Mr. Chairman.

Mr. SMITH. We are also joined by Commissioner Pitts from Pennsylvania.

Mr. CARDIN. Let me also point out that Mr. Engel, who is not a member of the Commission, is here, who has had a longstanding interest in Albania and serves on the International Relations Committee.

Mr. SMITH. I was going to say that as well. All of us have worked with Mr. Engel on many Albanian issues.

We are also joined by former Congressman Jim Slattery from Kansas. Thank you for being here, Jim.

Now, I would like to introduce our next witness, Kreshnik Spahiu, who is the head of the Citizen's Advocacy office in Albania, as well as the Albanian Coalition Against Corruption, with a strong background in law. As I said earlier, he has helped the rights of the important documents in Albania, including the constitution and the criminal code.

**KRESHNIK SPAHIU, EXECUTIVE DIRECTOR, CITIZEN'S
ADVOCACY OFFICE, AND CHAIRPERSON, ALBANIAN
COALITION AGAINST CORRUPTION**

Mr. SPAHIU. Thank you, Mr. Chairman, honorable Members of Congress and the Helsinki Commission. We really appreciate your inviting the representatives of civil society and talking on behalf of citizens and civil society in Albania.

The host of Good Morning, Albania, a popular TV-radio talk, opens his show with a slogan: Love your country, like Albanians love America.

Albania is a small, but a great friend and ally of the USA. In 5 minutes, if I could, I call upon your imagination to take you over 10,000 miles away across the Atlantic Ocean in a country in the middle of Europe, where almost everyone in urban and rural areas flies the U.S. flag, where often times the U.S. dollar is the purchasing currency that competes with the Albanian lek.

The USA is loved by Albanians, even though not many Americans live, work and have business in Albania. Unlike many countries and governments that are partners with the USA, such relations with Albania and Albanians do not stem from any sort of governmental or diplo-

matic partnership. Said plain and simple, for America, Albania is a true partner-nation regardless of languages, nationality, religion and tradition. Feelings that Albanians have for Americans wherever they live in Albania, Kosovo and Montenegro and Macedonia, have been and remain unique.

Three years ago, we established a Coalition of Civil Society in the fight against corruption. Time proved that it came about in the right time. Politics and politicians had grown distant from voters. Instead of governing for the interest of those who voted them into office, they began to take care of their own personal interest. The Coalition Against Corruption group's active organizations, which programs and campaigns, aimed at the fight against corruption. Establishment of that Coalition was necessary because corruption, bureaucracy, power abuse, organized crime, smuggling and creation of illegal monopolies in business and mass media by a handful of politicians have become a serious challenge to the rule of law and the country's economic development. Some of those reasons disqualified Albania in its bid to the Millennium Challenge Account fund.

The situation has been improved significantly in terms of adoption of a legal framework to fight against various forms of trafficking, but Albania still remains a country that both exports and produces narco-trafficking, as well as a green light for human beings trafficking.

Unfortunately, children and women can be sold like any other good. Often, they sell for less than a laptop computer or a TV set. Thousands of victims are witnesses of malfunctioning of the justice system, which fails to punish traffickers and are subject of organized crime. High-levels corruption in the judiciary so far has favored considerably the tolerance to and coexistence with crime. Democracy is being held hostage of state capture.

The construction industry in Albania is currently booming in Albania is mostly investing from the money of corrupted officials involved in money laundering activities, narco-trafficking and trafficking of human beings. They have been gradually investing in their businesses, and now not only they corrupt, but also they want to buy power.

Ambitions of those people to turn into politics and influence of mass media has put democracy in the crossroad. If up until now there were doubts whether crime was linked to politics, quite soon we risk not distinguishing one from the other.

Honorable Members of Congress and Helsinki Commission, what I just said is not hypothesis. Last year's elections proved an ongoing trend of election of suspicious businessmen. It all builds upon an empty ground where there is no legislation, nor rules on the conflict of interests, lack of committees of electoral ethics. Controlling mechanisms of money laundering and declaration of personal assets do not function properly.

The organization I am chairman of, Citizen's Advocacy Office and the Coalition Against Corruption, is involved in an awareness campaign and public denunciation. We have increased the role of civil society in the process of economic and political decisionmaking. Our most recent initiative is a movement to seek transparency of the party financing. It is an obligation under the constitution that political parties shall make public and transparent their financing For 14 years since pluralism was established in Albania, they have refused to comply with the constitutional requirement.

In an attempt to increase transparency, our coalition and our organization has participated in drafting and monitoring the law of asset disclosing. It is perhaps the moment to inform you that formally Albania has the world's poorest prime minister, who has declared that he does not have shelter of his own, and his only asset is an armored Mercedes Benz that cost \$150,000. It is only acceptable for Albanian politicians to consider a \$150,000 car as constituting a gift, not a bribe.

Personal hatred between leaders of politics has produced continuous political instability. Independence of judiciary institutions and mass media from politics is a challenge of our Albanian times. The majority of Albanians view resolution of such challenges by current politicians merely as a mission impossible.

Albanians are looking for a change. Leaving the country to Europe and the USA is not a solution to the problems. It is clear that those who have enjoyed abuse of power and continue to do so will not give power a their own will. The answer to this is punishment of abusers with the free vote, but I am afraid that the free vote has been seriously damaged in Albania. Votes do not get counted and voters do not get heard.

Albanian politicians trust to the muscles of their militants and manipulation of votes, than the free will of the voters. It is a fact that Albania is the only country in the region that cannot realize free and fair elections. For this, the political elite bears responsibility. I think it is time to support a new political thought that is currently being cultivated in Albania. Halls and squares are packed with people not anymore because political leaders show up.

We are trying to articulate concerns and abuses done to end sufferings by the citizens due to misbehavior and abuse of power. We have improved the awareness of level of the civil and constitutional rights. Albania has changed several governments, but never the governance model. Civil society has a different vision from the politicians relevant with Albania's future.

A new and better governance needs a younger generation and new strategy built on the different mentality. We demand support for the civil society's symbolic efforts because we have cultivated a radical change from a rotten corruptive system to an opportunity for dynamic social change. Strengthening partnership with civil society is more strategic than any diplomatic relation between our countries. Governments come and go, politicians do so as well, but the route of friendship and feeling are deeper to the society.

Right before I left for this trip, many people I know and I do not, authorized me just to give a message. They are expecting the USA to assist establishing and strengthening the rule of law in Albania. Meanwhile, we wish that the USA could support Albania to pass at the next bid of the Millennium Challenge Account Fund and to advocate or push Albania toward Euro-Atlantic integration. This might happen not because of government, but because of such a partner-nation as Albania.

Thank you.

Mr. SMITH. Thank you, Mr. Spahiu.

I would like to ask the Member of the Parliament and the president of the Republican Party, Mr. Mediu, if you would proceed.

**FATMIR MEDIU, PRESIDENT,
ALBANIAN REPUBLICAN PARTY**

Mr. MEDIU. Mr. Chairman, Members of the Congress and the Commission, thank you very much for the opportunity to appear here today as a representative of one of the opposition parties, but I believe I do represent the views of the opposition in general and serve as a witness in the discussion of the state of democracy in Albania.

Being a member of the parliament and a politician and listening to the previous speaker does not give me a comfortable position in this hearing, even that I am a member of the opposition. To be honest with you, I would much rather be here today discussing more positive aspects of my country. I would have wished to refer to the pro-American feelings of my people, as previous speakers stated, and relate to you that after many years of dictatorship and the self-isolation of my country, Albania is fortunately progressing on the path to democracy. I am confident that this will happen 1 day, and I believe that this hearing will assist this process.

Unfortunately, today Albania is facing a difficult situation as a result of an inept government unable to serve its citizens, and at the same time overly capable in serving the illegal interests of a group of high-powered people. In great measure, this is a result of the influence of organized crime and corruption on the Nano government, which is undermining the foundation of the country's and our people's future. The primary ambitions of the Albanian people are the integration of the country into the NATO and European Union. However, while our membership in NATO enjoys complete support from all political parties and we are closer to meeting the military standards of this alliance, with strong support for the United States, we still remain far from the required reforms and political standards necessary for membership.

After review of the progress of the stabilization association process with the European Commission, we share the same opinion with them that this process is problematic and moving much too slowly. There is no political will in the current government to continue much-needed reforms to fight corruption, nepotism and organized crime. The judiciary is far from being independent. It is largely controlled by the government and filled with corruption. In one of the reports, it was mentioned that there are some people who have been arrested and so on, but I think these are the small fishes because the bosses cannot be touched because they are directly connected with the members of the government.

The economic situation is deplorable, not only due to a lack of proper economic reforms, but above all due to the government's illegal business and control of the economy from their monopolies. Some 40 percent of Albanians live below the poverty line. Unemployment stands at 38 percent and in some cities in the northern part of Albania such as Shkoder, it is over 60 percent. As a result, over 100,000 Albanians leave their country every year.

By far, in my opinion the main problem in putting Albania back on the democratic track is the inability of Albanians to vote in free and fair elections. Albania has not held free and fair elections over the last 7 years since the Socialists have been in power.

Allow me to briefly present some of the shortcomings and failures of the government to guarantee free and fair elections as reported by the OSCE/ODIHR. The October 2000 local elections. The report of the in-

ternational observers related to this election states that the Central Election Commission failed to address problems in the voters lists, invalid ballots and election complaints. It concludes that the elections did not fulfill international standards for free and fair elections.

Parliamentary elections 2002. Fatos Nano, current prime minister, tried to manipulate the voting process by camouflaging Socialist candidates as independents. However, strong pressure from the international community forced him to put aside this fraudulent mechanism. But he then created the infamous case of constituency number 60, in which he prefabricated nine members of the parliament with only 7,000 votes, thus taking away eight seats from the opposition. In violation of the law, he fragmented the election process into five rounds. In the OSCE/ODIHR report of July 23 and October 11, 2001, underline that because of pressure on the CEC and the Constitutional Court some mandates were not properly allocated and some second-round contests that should have taken place were prevented.

Furthermore, the police directly intervened in the election process by stuffing ballot boxes, detaining and torturing Commissioners from the opposition and intimidating voters on the day of the elections. The clear proof of this is this photo album that I submitted to your Commission. In order to ensure free and fair elections, the opposition parties, after the parliamentary elections, engaged itself in a hard 2 years of work with the assistance of the OSCE Presence in Tirana to prepare and adopt a new election code on a consensual basis.

Local elections, 2003. Immediately after the election code was passed, however, the government violated the code by taking control again of the Central Election Commission, as a result taking control in the outcome of the elections. In addition, a whole chain of problems followed. The prime minister blocked financing to the opposition parties. Voters were massively prevented from voting because of problems in the voter list created by the government. The final ODIHR report stated that local elections did not meet OSCE standards and international standards for free and fair elections.

Organized crime and corrupt officials clearly tied to the government have by now, as was mentioned, their own clear-cut agenda, which means that if we fail to take concrete measures in the next parliamentary elections, we will see the victory of many members of the parliament who are implicated in or will be representatives of crime and dirty money. This would indisputably constitute a threat to the stability in the country, in the region and beyond. Also, organized crime and corruption, Mr. Chairman, are a safe shelter and fertile breeding ground for terrorism.

The last elections were evidence of the fact that publicly denounced individuals involved in crime and smuggling, connected to Fatos Nano, with no relation to the Socialist Party, managed to be the candidates of the Socialist Party, manipulating the elections to gain control of important areas of Albania. Now, the Albanian Government ranks among the most corrupted countries in the world and because of this failed to qualify in the Millennium Challenge program. Having free and fair elections is of vital importance for Albania. To make this possible, we need assistance from the U.S. Government and Congress.

In addition, the following ought to be considered, in my opinion. One, assurance of political will to enable free elections. The Nano government does not have such a will. There are also indications within the

party in power that it does not enjoy the necessary majority to govern because of splits within this party due to corruption. Albania could head toward early elections, but without electoral reform we will not be able to respect the votes of our citizens. Previous experiences have shown that a transitory government supported by all political parties constitutes a solution for free and fair elections.

Two, immediate implementation of OSCE/ODHIR recommendations involving in electoral reform not only political parties, but also active parts of civil society. Three, alteration of the electoral system from a majority to a proportional one, which diminishes to a certain degree the possibility of candidacy from elements implicated in crime. It holds the political leadership of the parties even more directly accountable for their political behavior.

Four, balance the structures responsible for election administration and management, especially of the balance of the Central Election Commission. Five, set up facilities and ways to check the voting process from as many political parties as possible and making the process as most transparent as we can. Six, prepare the final voters lists. Seven, arrange the electoral zones in order to bypass gerrymandering. Eight, draft and adopt the law on financing political parties and electoral campaigns. This is the moment, I think, financing of political parties and election campaigns would stop the relation between the crime, corruption and dirty money with politics, and then the politics has to respond to requests of this segment of the society. Nine, draft a law on conflicts of interest because the current government has a lot of members of the government which have clear conflicts of interest with the job that they are doing. Ten, reduce the immunities for politicians in order to open up ways for the execution of justice.

Thank you.

Mr. SMITH. Thank you very much for your very powerful statement. Finally, we will hear from Mr. Selami.

**EDWARD SELAMI, FORMER MEMBER,
ALBANIAN PARLIAMENT**

Mr. SELAMI. Thank you, Mr. Chairman, staff members, ladies and gentlemen, for the opportunity to share with you my thoughts about the state of democracy in Albania.

I highly appreciate the fact that this distinguished panel is holding this hearing. I would like to pay tribute to the wonderful work this Commission and panel has done for the advancement of democracy in Europe, and especially in Albania. Being an Albanian, I can never forget the important role that the Helsinki Commission played in helping my country in its very first steps toward democracy, this at a time when only a few people here in Washington or the other Western capitals paid any attention to Albania or even knew that it existed on the international map.

Mr. Chairman, since the last hearing this Commission has held on Albania, the country has experienced both negative and positive developments. The total collapse of government following a pyramid scheme financial scandal in 1997 was a major setback in the democratic process in Albania. Albania and Albanian people are still playing a price for the economic ruin and the political cares that followed that scandal.

That tragic event emphasized how important it is for a country to make democracy the only game in town. It demonstrated that democracy in Albania, even after initial dramatic progress, was very fragile. This hearing I am sure will help tremendously that this unpleasant and tragic experience is not to be repeated again.

I would like to focus my testimony on two major issues, on free and fair elections and on the need for a healthy political discourse. The first is the minimum requirement for any functioning democracy. The second has a major impact on the ongoing democratic process and the establishment of the rule of law in Albania. Since 1994, unfortunately no elections in Albania have been declared free and fair by the OSCE or the losing parties. This is one of the major factors that keeps many Albanian voters away from the political booths and one of the causes for the very polarized political climate.

The two major political parties have agreed to work on improvement of election law and infrastructure. Yet it remains to be seen if they will have the political will of conducting a normal election process. I think this Commission, the State Department and the OSCE Presence in Albania can play a very important role in convincing both parties, in power and the opposition, to bide by the agreements. The more voters who get the message that each vote counts, the more likely it will be that they will show up on election day.

There are several areas that require improvement in the election process, which are already addressed by the OSCE report on Albania and by my colleagues here. Without getting too much into technicalities, I think that the most important part in the process is a complete and transparent counting of the votes. I think that if there is a political will from the main political parties, they will find a way, and this is in the benefit of every party and the benefit of the process.

This will exist only if election day is not seen as a life or death matter for political parties. In other words, it should be seen as a milestone in the ongoing democratic process and as an opportunity for voters to choose the party with the best platform for the development of the country and the most reliable people to implement it.

Having been in a leadership position in Albania, I am fully aware that the democratic process is not always easy, and actually is very difficult, especially in a country with a lack of a democratic tradition. However, the democratic process is indispensable for the well being of Albania. Unfortunately, the major political parties have demonstrated that they do not always respect the democratic process, both within parties and among them. I think part of the problem arises from a cultural tradition where political opponents are considered as personal enemies. This has created an environment of extreme polarization and much of the valuable energy has been wasted fighting among politicians and in between parties.

It is especially the responsibility of the governing party to concentrate its energies in building and strengthening the legal, social and economic framework for a sustained democracy. After all, it was elected in office to serve and address the needs of the people.

Besides the political bickering between political rivals, another issue which seems to take a large portion of undeserved attention of some governing party officials is advancement of self-interest. As a result, official corruption, as was mentioned here, is becoming widespread. It seems that the Albanian politicians forget to realize that as much as it

is an honor to represent the people, you do have obligations and responsibilities to them and to the ideal of democracy. For a functioning democracy to work, it is important that both the governing and opposition parties play a major role in strengthening democratic institutions. It is encouraging that in the past, there have been few instances when the Socialist party has allowed the opposition party to have a say in major issues, the most telling example being the election of the president of the republic with a wide consensus across party lines, but much more room for improvements remains in this aspect.

On the other hand, the opposition party can help strengthen the democratic process by offering not only well-deserved criticism toward government, but also alternatives for improving the life of the ordinary citizen. The Democratic party, the major opposition party in Albania, has not always focused its attention on providing alternatives. However, it is encouraging to see that in the last year its leaders have publicly solicited ideas from media and the business community. It is also encouraging to hear from Democratic party officials that they would like to see new people in party leadership positions. It is important that they pursue this course. I think the opposition should spend more time looking toward the future, what can be done if elected, and how it can be done. The opposition should give real alternatives to people and convince them that they represent the best choice. It should try to bring into the democratic process people that feel left behind. It needs to focus its main energies on the real issues that face the Albanian people.

Fully aware of the challenges that lay ahead, which were reinforced from my colleagues on the panel here, I still remain optimistic and think that the best day of Albanian democracy and the Albanian people lay ahead. Even in the darkest day, I never lost faith and confidence in the Albanian people and their ability to overcome obstacles. I always look at this country as the people who gave the world Mother Teresa.

Thank you, Mr. Chairman.

Mr. SMITH. Mr. Selami, thank you very much for your testimony. I have a couple of questions on the issue of corruption, which I think was hit and focused upon very intensely during this panel.

Back in the year 2000 at the OSCE parliamentary assembly in Bucharest, the entire assembly was convened on the issue of corruption, pretty much as the hijacker of democracy. It used to be that external and internal threats from communism or some other ism, now it was a matter of corruption posing perhaps the greatest threat of all if you have corrupt officials.

I would note that Freedom House in its report recently pointed out, and I would ask if any of you would want to respond to this, and this is their quote, in spite of Prime Minister Nano's appointment of ministers who may have been accused of corruption and ties to organized crime not more than 2 years ago, it seems even less probable that the fight against corruption, monopolies and organized crime will gain momentum.

It has always been my view that personnel equals policy, just like money often, whatever you fund, that policy is going to be promoted. If the people who are the gatekeepers are something less than savory, how can progress and how can transparency and openness and hopefully good governance go forward? Would any of you want to touch on that as to the people that are in those gatekeeper positions and ministers? Yes, Professor Pano.

Mr. PANO. Yes. There has been a rapid turnover in many of these gatekeeper positions such as the head of the attorney general's office, the state information services. Many of these changes, of course, have come from political pressures that are exerted on the parties or because of difficulties these individuals have encountered in maintaining their own purity. Many of these people are under very heavy pressure.

One of the problems in Albania is that the political leadership has not always set a good example for people in the observance of the law. We have many laws that have been passed, many reforms that have been passed, especially in the past 5 years. The problem has been in the implementation of these reforms. Oftentimes, it is from a political pressure at the higher levels of government.

I might also note, for example, that one of the laws that was recently passed, the law on the disclosure of financial assets of politicians, was in its implementation I would say less than successful. We had many political leaders, many politicians who were really lax in declaring their wealth. Many people sort of laughed at these reports when they were published. They have been a source of great discussion in the press, and I would say derision among the people because it has made them very cynical as to the whole process. So there is clearly a problem in the implementation of certain reforms.

At the same time, there are especially in the civil service ranks, and the civil service has been expanded in recent years in Albania. More and more people are getting civil service protection. So I think those individuals with civil service protection, as we have in many of our ministries, inspector generals might be able to play an effective role in maintaining a degree of honesty and probity in the execution of these laws.

It is a problem. It is going to take a great deal of difficulty to resolve. It is going to take some attitudinal changes. I think another factor that is kind of looming on the horizon is the rise of this criminal wealth that has been accumulated as many of these people have accumulated money illicitly and begin to move into legitimate areas of business as they become powers in themselves. This is true in societies such as ours. With wealth you get power, and this is going to make the situation difficult for Albania, but it is a problem that needs to be addressed. I am hoping that there will be some movement on this in the near future, especially with this new initiative that the government has proclaimed this past week.

Mr. SMITH. Mr. Veliaj?

Mr. VELIAJ. Yes, Professor Pano just about summed it all, but a few more notes on that. Just recently, there was a court case in Albania. I am just using an example to illustrate the issue. There was a court case where the prime minister took to court the publisher of a local newspaper. The local newspaper had simply Xerox copied a government document in which the prime minister awards himself five bonus salaries.

Now, how this is libel or slander, I do not know, but I can only imagine the pressure under which the judges involved in the case would act in a fair and unbiased way. So the point I wanted to illustrate is that even the mechanisms in place are under such direct top-down pressure from the people at stake. You cannot expect a minister to fight corruption where a minister, for example the minister of agriculture, is also the largest importer of foodstuffs in the country. There is a large con-

flict of interest. You cannot expect people to fight corruption in the telecom industry if the people who run the ministry are also the owners of the largest competitor.

So in many ways, sometimes it feels like you are living the Sopranos in real life, where conflict of interest and family, the privatization of the state is occurring right before everyone's eyes. You pick up a 9-year-old in Albania, and they will tell you who owns what and by what means they got it in the country. This is a point of embarrassment.

I was sitting when Congressman Cardin was speaking to some of our youths from the Balkans. I have no idea when the last time an elected official in Albania took time away to come and explain, not necessarily to their constituency, but to the people of Albania why they stand for issues, why they forge their way, why do they get money from these people who are clearly known to be in organized crime circles. The paranoia that we all have now is that crime is not only affecting politics. Crime is becoming politics. These people now sit in parliament. These are the very same people that once you go back home, do send the threats and the court cases and so on and so forth.

When you have it in these high levels and the role models are at this stage, then it becomes a mentality trend. Then you obviously have to pay your police every time you cross a red light, and you pay a bribe worth an espresso. Of course, you have to pay your teachers to pass a class. Of course, you have to pay a doctor. So that becomes a way of life. To be honest, it suddenly becomes like you have just fallen down from the moon.

Therefore, you cannot expect the average Joe to escape this reality, but you should expect that elected high political officials show at least some level of leadership model for the rest of the country. So that is my two cents on that.

Mr. MEDIU. Just shortly to bring to your attention some facts about the corruption. In the last 2 years, we have changed about six general directors of the customs service, which is a clear and significant position of the government how they deal with certain institutions in order to find out the way that they can make some money for their own. Two newly appointed ministers have been accused from Prime Minister Nano of being involved in dozens of corruption affairs only 2 years ago, and because of that the Meta government was toppled at this time. We have been working as opposition to start with the investigation committees within the parliament in order to find out what is going on with the corruption and to make the judiciary functioning. We brought to the attention of the public, but also of the judiciary several cases like telecom, where there are millions of dollars involved in the corruption of the governmental people, and no reaction from judiciary. In my view, it is because the judiciary is politically controlled and politically appointed. The government has certain powers, and believes they are omnipotent and they do not care about the judiciary at all.

One of the clear examples is that Prime Minister Nano was accused of unfortunately being involved in the death of a citizen, because of a car accident. He never appears in the court to find out and explain how it happened, we tried as opposition to set up a Commission in the parliament for this case, and he refused. So far we do not have any case going on for the death of this citizen.

Also, the tragedy of the 9th of January, when 21 people died in the sea, because they wanted to get a better future in another country, and it was a very tragic death of them. We tried to start an investigation committee in the parliament and the Nano government and the majority of the parliament refused even to follow on to investigate this case. As was mentioned from Mr. Veliaj, police officers, linked with the government were involved in this traffic, but so far no one that has connections with the government has been brought to justice.

Mr. SPAHIU. Just some point in order to clear the picture about the corruption and the different standpoint of the international organizations, civil society and Albanian Government. I guess that there are some different standards and some different pictures for the comments of the different sectors. I guess that Albania is under the pressure of EU in order to pass and to improve the legal framework. This is one of the standards in the process of stabilization and association of Albania in the attempt at membership of EU.

In this sense, sometime the Albanian Government considered in public as an achievement and the result, so the improvement of legal framework and passing hundreds of thousands of laws in the parliament. But we have a different standard as civil society. We are monitoring the process of implementation and we consider that one of the biggest issues in Albania is the law enforcement.

I will just give you an example. Just last year, there are 5,000 decisions of court. They are ignored and not executed from the public administration. Can you imagine that thousands of people are waiting through a long queue in the court, wasting time for several years, and after several years they win the case and this is the piece of paper, because the executive power ignored the judiciary decision. So in the same time, it caused damage for the human rights and for the interests of the public as well.

So this is the biggest question, the different standards of the perception of the abuse of power.

Mr. SMITH. I thank you for that answer.

We have several members here on the Commission, interested members, so I will forego the remainder of my questions. I do have one comment I want to make, especially in light of the very strong and powerful statements you have made with regard to the corruption issue.

As you know, when it comes to human trafficking, Albania is, from the U.S. point of view, a tier two country. It has a very serious problem in human trafficking, particularly for forced prostitution, but it is taking efforts pursuant to our law to try to mitigate that.

One of the concerns that I have is that official corruption and the ability to more stealthily promote traffic victims and to make money off of that abuse can be concealed, and if there is lack of law enforcement, as you have just indicated, and a lack of investigative capability that is real and transparent, it seems to me that this could be very well hidden. The January 9 incident that you mentioned earlier begs the question as to how many other instances of complicity by government officials, police and higher up is there.

As a result of this hearing, I plan on, and the Commission will look further into whether or not the placement on tier two is a correct one. We have a watch list which we created in a more recently enacted law in 2003 that puts a country that says, we are watching with more scrutiny, rather than less, and perhaps that is where Albania belongs, espe-

cially since some of the issues that have been raised here, like I said, I think begs that question. So that is something that we will do as followup to this hearing, so that Albanian women and any other woman who is transited through Albania does not suffer that cruelty.

Mr. Engel?

HON. ELIOT L. ENGEL, A MEMBER OF CONGRESS (NY-17)

Mr. ENGEL. Mr. Chairman, I am just wondering if you could just indulge me for 30 seconds, because I have to go. I just wanted to thank you for letting me listen to the testimony. I do chair the Albanian issues caucus in the Congress and I know many of the panelists. I just want to express my concerns with corruption and clean elections and how important it is. I think that we need to say that Albania has made tremendous strides, but still obviously has a long way to go. As I always say, I know of no people in the world that are more pro-American than the Albanian people. So I think with our strong monitoring and working with the people in Albania, that we will move them along the road to democracy.

I thank you very much.

Mr. SMITH. Thank you, Mr. Engel.

Mr. CARDIN. I also want to acknowledge Mr. Engel's leadership in regard to the issues in the entire region. It is nice to have you here today and we know of your interest and commitment.

It is interesting that every member of the panel talked about corruption in Albania. Our chairman has mentioned it as a central theme. The committee that I chair in the OSCE parliamentary assembly, the second committee, has made that its principal objective. We look at what happened in Maastricht with the ministerial meetings, and we find that they also have underscored the importance of fighting corruption and promoting transparency in each of the OSCE states.

It is clear that Albania, which has agreed to these commitments, has not carried out these commitments. Although it is understandable if a person has a conflict of interest that that person is going to be influenced by that conflict of interest, we do have a right to expect that Albania will pass laws to prohibit those types of conflicts of interest, have enforcement and disclosure in order to make sure it is carried out.

So I think it does start with political leadership, and we are disappointed that more progress has not been made. Also there is a responsibility among the people of Albania to demand from their public officials a different culture and existence. It seems to me that is one area that also needs to be dealt with.

Mr. Chairman, I want to move to a different subject and get this panel, if they have a view on it, as to what impact the progress in Albania is having on stability within the region, particularly as it relates to its neighbors in Serbia and Kosovo; what is happening in Montenegro; what is happening in Macedonia, its neighbors as to what is happening in Albania is a positive impact on us trying to bring stability to the region and respect for human rights among all the ethnic communities, including those that are minority and majority within different political divisions within that region.

I do not know whether you have a view on that or not, but if anyone here believes it would be useful to enlighten us on that, I would appreciate it.

Mr. MEDIU. Albania has been considered one of the countries in the region that has played a constructive role for the region's stability. We all, political forces in the parliament, but I believe it is also the belief of civil society, that we have to work and keep the stability and the peace in the region as the only way toward the European Union and NATO structures. We have been trying to work as much as we can in this direction.

But I will like to mention, that sometimes we have just agreed with the general resolutions or comments coming from the international community instead of playing an active role as a government or politicians in order to help especially the neighbor countries lived by Albanians, to fulfill their standards.

I believe that speaking about Kosovo in my view, the standards and the status is one of the biggest questions so far, but in my opinion is that one of the biggest problems also is the economic situation in Kosovo, which is becoming really, really bad. The people of Kosovo do not have a real environment where they can build their family economy. So one of the concerns that I want to add beyond this standards and status is also the economic situation.

Being in touch with politicians in Macedonia because I chair the committee for European integration, and we have close ties with the members of the parliament and members of the government in Macedonia, I think the main challenge is fulfilling the ÖHRID Agreement request from all international structures and agreed from all sides in Macedonian politics.

But still, I think when I mention organized crime and corruption, Albania is facing a lot of problems, but I think this is something that is not just an Albanian one. It is going beyond Albania. It is the region problem as well. If we do not have a strong standing and commitment fighting against corruption and organized crime, I think this will destabilize the region somehow. A lot of traffics and things that happen in the region is because of the conflicts that we already had before in the region.

Mr. CARDIN. Thank you.

Mr. Chairman, thank you. I know that the hour is growing late.

Mr. SMITH. Thank you very much, Mr. Cardin.

I would like to now yield to the Chairman of the Commerce, Justice and State Department Appropriations Committee. One of the nice things about this Commission is that we have a wealth of talent, but also people who have very, very key positions. Perhaps more than any other committee when it comes to issues as they relate to countries like Albania, here you have Commerce, the Justice Department, and the State Department all wound up in one appropriations bill, and this is the Chairman, Frank Wolf.

Mr. WOLF. Thank you, Mr. Smith. I just want to make a couple of comments.

I appreciate Chairman Smith having this hearing. This sort of brings me back. You guys kind of remind me of the Havel and Lech Walesas of a different problem of communism, but of corruption. The fact that Chairman Smith has had this hearing and he is the type of person who when he gets involved in something, stays with it. I have traveled with Chris in a number of these places. So this is one of the better hearings that I have been to.

Second, I want to thank all of you. It has taken a lot of courage to do what you all have done. The Albanian people are good people. They really are. I know a number of Albanians. I was up in Kukas when the Kosovo bombing was taking place. The Albanians opened up their homes and took people in and did a lot of good things. But this issue of corruption, I go back to what Professor Pano said. I underlined it. I hope this is being covered in Albania. I hope the media of Albania is covering this hearing to see the courage of all five of you. I know, professor, you live here. I guess you live in Virginia now. I do not know if you are going to go back or not, but the three of you.

But as Albania approaches 2005, it is apparent that politics as usual is a luxury the country can no longer afford. This folly has exacted a heavy toll on the nation. It has tarnished Albania's international image. To fail to meet the test of 2005 will dim the chances of timely emission to NATO and EU. Of course, professor, you are exactly right. They are not going to get in NATO, we cannot speak for the EU, but on NATO, with these corruption problems. In turn, it has the effect of undermining the country's internal stability by hindering economic progress and sparking social unrest.

In this event, Albania could be viewed as an unstable country and unreliable partner by its Balkan neighbors, and thus risk exclusion from a variety of regional initiatives. An unstable Albania would serve as a negative role model in Kosovo and the Albanians in Macedonia, thus, as the professor said, the stakes in Albania for 2005 are high and those of its leaders who fail to meet their responsibilities in assuring the success of the election should be held accountable by the Albanian people and the international community.

I appreciate the courage of all of you who have testified. It is easy to say something and not be from the region. Three of you have to go back. Let me just say that we are going to do a cable out to the American embassy to make sure no one who testified today is intimidated in any way. We ought not hear. Not that I am inferring that there would be, but nobody who came to take the time, the Havels of Albania, the Lech Walesas of Albania, ought to have any fear of any repercussions, physical or mental or any other way. I have been to Albania a number of times and plan on going back a number of times.

Last, I would encourage, professor I would throw you in on it, although I am sure you are not going to leave, that the four of you ought to consider running for office to putting yourself out, if you will. I think you really offer the hope for the young people.

When we were in Albania in August of last year, with Congressman Tony Hall, I met with a group of your young people. It was very, very moving. They were all young people. One had gotten this number, I guess you do a drawing that if your number is pulled up, you can leave. His number was pulled up and he was able to leave, but he, this small band, there were about 12 or 15 of them, all probably under 30, who wanted to stay to do good things for his country. I think for those young people, it is very, very important.

So I appreciate Mr. Smith having this hearing. I appreciate all of you, but the four of you from Albania, now you live in Virginia. You might want to consider going back. You can still have dual citizenship, if you will, and put your name on the ballot. Thanks for being courageous. We have had problems in this country of corruption. We have had local officials who have been corrupt. There have been whole stories

of different people, and it took people of courage to stand up and make a difference. You all have done this. So I want to thank Chairman Smith for having the hearing. I hope it is covered in Albania. I hope all five of your statements and the Ambassador from the Helsinki Commission earlier, will be distributed to all of the media and will be on television, and also people can see that people really have been speaking out here in the U.S. Congress.

If any of you are intimidated or hindered in any way, we hope that you will let us know. Either call Chairman Smith or myself. Our commitment is to see that you can change the corruption problem whereby you will be eligible for the Millennium Account; you will be selected for the Millennium Account. There will be other assistance to Albania because we appreciate the fact that you have stood with us in Iraq. The Albanian people are good people and friends of the United States. As you change and these 2005 elections become good, the corruption problem is taken care of, our commitment is to try to help you any way we can, economically, politically and any other way.

But Chairman Smith, thanks for the hearing, and for those of you, I really appreciate your testimony. It has probably been one of the better hearings I have been to. These hearings used to be held in 1985 and 1986 and 1987 during the dark days of communism. There were the people that would rise up. The dissidents would rise up. But since that time, we all think that freedom is running rampant and there are no problems. The fact that you are on the issue of corruption, because that can be another form of totalitarian dictatorships. If you cannot trust the people that make the laws and enforce the laws, then you just cannot trust us.

So you sort of bring back the memories of hearings that this committee used to hold in the so-called dark days of the 1980's. Now, many of those countries are doing very well and I am convinced that with people like you, Albania will do very, very well.

Thank you, Mr. Smith. I yield back.

Mr. SMITH. Thank you very much, Chairman Wolf.
Commissioner Aderholt?

**HON. ROBERT B. ADERHOLT, COMMISSIONER, COMMISSION
ON SECURITY AND COOPERATION IN EUROPE**

Mr. ADERHOLT. Thank you, Mr. Chairman.

Let me just say, I apologize for coming in late. I had a committee markup earlier and was already scheduled, so I wanted to. But I did want to come and to associate myself with the support of this hearing. I appreciate your willingness to have this hearing and for the panelists and the witnesses who have spoken this morning. Certainly, this will be an issue that we will watch with interest and we will followup and I look forward to being of help any way we can. I do not really have any questions, but I do want to say thank you for this hearing and thank the panelists for being here today.

Mr. SMITH. Thank you very much, Mr. Aderholt.

I do have one final question for Mr. Veliaj, and that is dealing with the issue of the Roma and any thoughts you might have on how to protect them both in the upcoming election, but more importantly their basic rights. We know that some of the Roma children are trafficked. We know that a lot of the children of all nationalities are trafficked, but

there seems to be a particular capability on the part of organized crime to steal those children and to put them into a trafficked situation. Did you want to comment on that?

Mr. VELIAJ. You are absolutely right. It has been a concern. However, I do want to make a couple of points. To bring another example, there was an article in the New York Times awhile ago that I believe to a certain degree absolutely inflated the problem. It is a story that sells. A kid is worth a TV. So as such, I believe there needs to be a balance in judging that particular issue.

However, it does not go to support the fact that the Roma still remain disenfranchised. Many of them are unregistered populations, very, very mobile. There has been no visible or tangible government effort to approach these communities and integrate them into social and political life. There is hardly any political representation. For the most part in similar hearings, there would be the token Roma who would entertain the crowd, but other than that, nothing substantial on this issue.

However, I think what plays to the disadvantage of the Roma people is the fact that in many ways the rest of the population is so covered with the issues that we mentioned that it sort of brings shame to groups like the one I direct and maybe of the civil society, that because of the multitude of everything else, it sort of falls on them to be the last chapter on the book of horrors.

So therefore, I think in a lot of our contacts with Roma communities, many of them would actually admit that they had a better life under communism. Integration was maybe forced, but to a certain way it worked out for them to be part of the system, however wrong that system could have been, rather than be totally left out of the system. But your question is also an appeal to more work on our side.

Mr. SMITH. Let me just conclude, unless any of you have any final comment. Let me associate myself with the remarks of Chairman Wolf with regards to retaliation. You have spoken, all of you, with breathtaking candor and honesty, and that is the way it should be. As I think one of you mentioned earlier, the political opponent should be just that, not an enemy, and it is nice to see the Democrat and the Republican parties working in coalition. Believe it or not, we do that here very often, even though we are opposition parties. We work very closely on legislation together, even though we may have an adversarial view on some other issue. That is the way the system has been set up, but we are not enemies. We are opponents and hopefully we do it in a way that respects mutually the other person.

So retaliation, I know Ambassador Tarifa is here and will be testifying next. We will be watching this very closely to ensure that nothing whatsoever comes your way by way of retaliation. If it does, believe me this Commission will move heaven and earth with regards to that, and that is all I will say on that.

Let me also say that the Albanian people certainly are deserving to hear you testify with such brilliance, each of you, just underscores that there is a wealth of talent that is already in the employ of the Albanian people. The Albanian people are a great people, but they deserve a world-class government that is absolutely transparent, that has due process rights and when there are convictions or when there are acts of law, that they are implemented. A law that goes unimplemented is a waste of time. It is a false hope.

When we write our laws, and Frank will back me up on this, and Robert, we always use, if we want it to be implemented, the word "shall." We do not use the word "may." We say "shall" and we fully expect it to be implemented. If it is not, we drag under secretaries, assistant secretaries or the secretaries themselves before congressional committees to find out why it is not being implemented. The people of Albania certainly deserve to have their laws fully and completely implemented.

Again, I just want to thank you for your excellent testimonies. It helps this Commission to do its work, and hopefully, as Frank said, this will resonate hopefully in a positive way in Albania itself. Thank you.

Do you have any further comments you want to make before we move on? Yes, professor.

Mr. PANO. Over the years, I have had occasion to criticize the Albanian Government policies. I think one of the constructive things that has happened in Albania is that we have come a long way from the Communist period. There is a good deal of political give and take. There are occasionally hot tempers in the Albanian assembly, and legislators may come to blows. But I think the government has shown restraint. I do not think that there is a danger of real political retaliation. I think we do need to realize that things have changed, but nevertheless I am sure our visitors from Albania appreciate your interest and concern. But the very fact that this hearing is being held in public, that there has been a free and open exchange of ideas, in all honesty, I do not think it is going to be held against these very fine gentlemen when they return to Albania.

Mr. SMITH. Thank you.

Mr. SPAHIU. I want to thank you, Mr. Chairman, for holding this hearing. I just want to stress again the point about the elections. We appreciate that the Helsinki Commission will be focused and have a followup agenda about the electoral forum in Albania. We need the support from the Congress and we need the support from the U.S. Government.

Mr. SMITH. Thank you very much, and thank you all. We do appreciate your testimony and your leadership.

Our third and final panel today is represented by the Albanian ambassador to the United States, Fatos Tarifa. The Ambassador has an incredible academic record, including a double-doctorate as a career sociologist and university professor. He was Albania's Ambassador to The Netherlands prior to his appointment to the embassy in Washington in 2001.

Mr. Ambassador, you are welcome and please proceed as you would like.

**HIS EXCELLENCY FATOS TARIFA, AMBASSADOR OF THE
REPUBLIC OF ALBANIA TO THE UNITED STATES**

MR. TARIFA. Good morning, Mr. Chairman. I am honored by my country to be here as Ambassador of Albania to the United States and to have this chance to thank you in America for your abiding interest in us and in the growth of our modern democracy.

We experience again and again that America's support for modern Albania is constant and sincere. We find it in our every encounter with the people of the United States, all the way through to our repeated encounters with the President of the United States, most recently 3 weeks ago in Istanbul.

We find it every day in places where democracy needs her attention, in Iraq and in Afghanistan and in Bosnia where Albanian troops proudly serve at this moment in each of those places along side American troops, the free and democratic Albania finally being able to be the ally to you and you are to us.

Mr. Chairman, is democracy succeeding in Albania? The answer is yes. Does it need improvements? The answer is yes. Democracy in Albania is irreversible and irrepressible. We in Albania know this better than anyone could ever say it for us.

We have also come to know one other fundamental principle of our democracy. Every day, we must renew it. Every day, we must defend it. Every day we must improve it. I speak here as Ambassador of Albania today, but my background is as a sociologist. There is no conflict of professional interest in my speech today because I rely on fact as a sociologist and the facts support my views. So although my speech might sound a little rosy compared to the other talks, it is all true and all documented.

We have heard many different views about Albania today, Mr. Chairman, but the most important thing that we have heard today is this: These voices we heard speaking to you, they are the very sound of democracy in Albania. I would like here to open a parenthesis for Congressman Wolf's concern and your own concern, Mr. Chairman, about the fear you have that intimidation or prosecution of those witnesses today is going to happen. That is a very baseless fact. The time when politicians were prosecuted in Albania is long gone, since 1997.

Albania has grown remarkably, even exponentially in the last few years. There are a number of accomplishments that most of the world does not yet know that Albania has achieved. They show how hard we are working and how much we have done. There are significant indicators to our democratic development and how serious we are about success.

Mr. Chairman, the progress in Albania in recent years is extensive and there is a wide area of truly interesting details in almost any category you could choose. Therefore, I ask if I may submit for the record two documents that the Government of Albania has compiled within the last year. One is the Government of Albania Accomplishments and Reform, 2003; the other is the 2003–2004 submission by the Government of Albania to the Millennium Challenge Account,* there with Mr. Hand.

[* EDITORS NOTE.—The Millennium Challenge Account Submission by the Government of Albania; Policies, Regulations, Legislation and other Actions Affecting MCA Indicators, 2003–2004 has been retained in the Commission's files.]

These are facts in these reports. The Albanian reality is this. In barely 12 years starting with absolutely nothing but determination, Albania has built by hand a democracy, stone by stone and brick by brick. Every single activity of modern society that requires freedom of speech

and freedom of thought and freedom of the press, from the classroom to the newsroom to the boardroom, had to be learned by Albanians from the ground up.

Most importantly, after generations of that punitive police state under communism, our citizens have had to learn that the courts are now their friends and the police are now their friends, when for a century the exact opposite was true. At the same time, the police and the courts have had to learn what it takes so that they truly do become the protectors of the people and the protectors of the law.

We had to learn and we are still learning to live with a free press. We wrote a new constitution and then had to learn to trust it. Then we had to learn to live it, as did long ago a very young United States.

I would like to focus on three main issues, actually, which are the elections, the fight against corruption and the trafficking. Mr. Chairman, Mr. Members of the House, one of the topics is about today's constant improvement in our process of Albania's elections. That, of course, is a primary mission of the OSCE in general and therefore a principal focus of my colleague, Ambassador Lipponen in his testimony and the OSCE Presence in Albania.

Ambassador Lipponen has relayed to the committee many of the latest developments. He has explained that the major political parties in Parliament have agreed to implement recommendations for improvements of elections. The major parties have just signed a protocol stipulating both the agreement and a set timetable that requires improvements to be in place for the election next year.

Since the overthrow of our dictatorship in the early 1990s, and with absolutely no prior experience at elections, Albania has held national elections for Parliament five times, and also held local elections on a national scale five times. We have known some success each time and we have improved the process every time.

Therefore, I think there should be no concern about the next election, the election of 2005, and we should not prejudice or pre-judge that they might fail to meet the test next year. The most important trend line over all those years is this: no matter what Albanian democracy has held because we have learned every time. There have been hot disputes over time and powerful political disagreement every time, and Albanian elections have been held. The Albanian Government has held and Albanian democracy has held.

We are barely 7 years distant from the near-fatal financial collapse, the world came to call the pyramid schemes. There was panic arising, but our young democracy held evening 1997. It was shaken violently, but it held. We are barely 5 years out of an actual war, the war on our border, the Kosovo crisis, and despite the turbulence and violence with a shooting war within earshot, peace in Albania held, our government held, our democracy held.

We have had and we will continue to have time for hot political disagreements. That is what democracies do. We have already known times in our young years of democracy when Parliament was boycotted, preventing any legislative movement, and we have known times when parties have internal relationship fights that are as rough as it gets. But each time, resolution was achieved by democratic means. Each time, resolution was achieved within parliamentary rules. Each time, it was

achieved within the constitution or within the law. Each time, government stayed in place correctly or transitions were legal and peaceful. Each time, democracy held.

Clearly, democracy has a home in Albania, but let me be just as clear, corruption does not. To talk about democracy in Albania, it is imperative to talk openly about the battle we are fighting fiercely against corruption in all of its forms. Corruption, I too will say the word and look it straight in the face, as does every Albanian determined to fight it and defeat it. Albania did not invent corruption and we do not hold a copyright on it. But we do share historic twists that have been visited under every country that rushed into their democratic transition in the last decade. When the tyrants were toppled so rapidly, for a terrible moment an ungoverned space arced between dictatorship and democracy. Before laws could be rewritten or the police could be reformed, the criminals rushed in.

We do not accept that. Corruption is not fate. It is our enemy. As you, Mr. Chairman, said, it is the hijacker of democracy. We fight to prevent corruption, prosecute corruption and punish corruption. Fighting corruption is central to our survival as a young democracy and to our success as a nation. That is, it is the highest priority of this government.

I refer you, please, Mr. Chairman, to the two large reports by the Government of Albania that I have brought with me today. They include enormous detail of the progress we have made in our anti-corruption fight, as well as steps in which we are currently engaged. Allow me to highlight just a few elements.

The fight against corruption is now coordinated directly out of the office of the prime minister at the ministry level itself. New offices combine interdepartmental disciplines for the first time in the Albanian Government, with for example special detectives working alongside prosecutors who are dedicated to the anti-corruption fight. Our newly trained police and intelligence professionals work closely with their international counterparts. We have doubled the number of corruption convictions of public officials. We have created a new code of conduct for judges and enforcements behind it. We have created tougher enforcement for the full financial disclosure already required of every elected public official in Albania. We have outlawed all forms of money laundering, improved confiscation of criminal assets up to European standards, and established a financial intelligence unit in the ministry of finance aiming to prevent and combat money laundering, all this within the last few years in Albania.

Let me finally address the issue of human trafficking, one of the worst scourges throughout the world. It has also been an issue throughout our region. But in recent years, Albania has taken very strong action against trafficking in humans and there have been clear results. A report for the OSCE and several United Nations agencies issued last November said that the Albanian fight against trafficking changed dramatically as of 2002 because of, quote, "serious initiatives taken by the Albanian Government at the time."

The most serious initiative to which the report referred was strong action by the Government of Albania. It had put in place a 3-year national action plan, coordinated at ministry level across the country and across the government. The first priority in the first year was suppressing traffic, and it showed results nearly immediately. The same

report to the OSCE and the U.N. agencies stated, quote, “the number of women trafficked out of Albania in the year 2002 is estimated to be very low.”

We trained special anti-trafficking police and deployed them in each regional district of Albania. We assigned special resources and personnel to our gateways, our seaports and the airports. As a result, and confirmed by every possible measure and under international scrutiny, since 2002 we and our partners stopped, disrupted and shut down the traffickers’ favorite routes by speedboats across the Adriatic.

As the U.S. State Department pointed out this year in its annual trafficking in persons report, Albania achieved more than a momentary halt to speedboat smuggling. Quote, “the government continued its prevention of human trafficking by speedboats across the Adriatic.” The State Department report also said this year that in Albania, quote, “arrests and prosecution for trafficking-related offenses increased significantly.”

Our forceful police activity is having the wider effect that we intended. As the report to the OSCE and the U.N. agencies detailed, Albania’s police pressure at the source points and on smuggling routes has forced criminal traffickers to either abandon trafficking in humans or change to tactics that are more expensive, complicated and less productive for them.

Because of this and other strong actions taken by the Government of Albania over the last several years and continuing as we speak, the United States was able to move Albania up in classification in 2002 and this year in its annual trafficking in persons report. Albania had been in the lowest of groupings, but now Albania has moved up into the group of nations that are, quote, “making significant efforts to comply with the standards to eliminate trafficking.”

Just as unacceptably, we are fighting human traffickers internally. We will never tolerate the theft of our people. We have started wide-reaching public awareness campaigns to a wide range of communities. We are working especially through the schools, the media and through the police to make our own people understand how dangerous this is, how low these criminals will go, how our people can avoid being kidnapped or fooled, to protect themselves and each other.

There has been a strong commitment in the last 2 years to take responsibility for the victims of trafficking. The government has established special programs in the police districts, opened special shelters in the most populace districts, and new levels of cooperation between the police and the victims’ assistance organizations. By every count, it is working. We take care of the victims while we hunt down their captors.

For more full and detailed information, I would refer you, Mr. Chairman please, to two reports of the United States Department of State, the 2004 trafficking in persons report, and the international narcotic control strategy report issued in March 2004. I would also refer you to the 2003 update to the report on trafficking in human beings in Southeast Europe done by UNICEF, the Office of the UNHCR, and from the Office of Democratic Institutions and Human Rights of the OSCE.

This is Albania of the 21st century, a land of cell phones, boarding passes, startup businesses and a passionate debate over writing the laws that will put our democracy into cement. Every possible measure is possible and every possible trend-line is up. This is true for the areas

about which I have spoken in detail, and I would be glad to take questions in other areas as well, our national war against corruption and trafficking, our march toward ever-better elections, the upward projections that we have earned on all economic trend-lines.

I should for your record also say that there is a great economic improvement and living conditions for the people of Albania. Only 5 years ago, the GDP per capita was only \$400. It is \$1,500 today. That is four times higher in just about the same number of years. The latest UNDP report that was published last week actually ranks Albania now in the 65 place. That was the biggest jump in the entire number of countries of the world upward, moving up 35 ranks. That was the biggest jump known actually since this report has been published.

Albania today is a country at peace. It is a country already in a mature and productive working relationship throughout the world. We are full members now of multiple international organizations. We are steady on the track of becoming a full member of NATO. We are doing all that is needed to eventually become a member of the European Union.

When I said Albania has friends among other nations, I close with this, and will have America know this, we are more than proud of our friendship and partnership with the United States. There is a truth that America's friends know that made us rush to your side after September 11. Sometimes now in these worrying, tiring days, maybe even America needs to hear it again from their friends in Albania.

The American story is the inspiration for all of us. With America as our moral compass, Albania says it again, when it comes to democracy, and we are showing you that we can, for our own sake, Albania is going to get it right.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you very much, Mr. Ambassador, for not only your testimony, but your presence and the exchange that you have engaged in with our Commission. We do appreciate that, and I think you made the point about the fact that the previous panel spoke out and spoke out so passionately and with such candor that that is a demonstration of democracy. I would agree. It is very encouraging that they were here, that they made their comments and we appreciate your statement regarding any potential retaliation, that that will not happen.

Part of the concern obviously would be that it might not be directly related to government, but that somebody who might be complicit with government, organized crime for example, at some level may do something. So that is where I think both Mr. Wolf and I were coming from.

Let me just ask a couple of questions. You did quote the trafficking in persons report very extensively. For the record, as I think you probably know, I wrote the legislation, the Trafficking Victims Protection Act of 2000 and the Reauthorization and Expansion Act of 2003. One of the lessons learned when we wrote the second act was that mere investigation and arrest is not tantamount necessarily to conviction and sentencing.

The report, which obviously covered the period of 2003, pointed out, and this is very encouraging, that trafficking-related corruption was a problem. The government arrested four police officers on related charges and investigated 11 cases of police involvement in trafficking. My question is, were they convicted? What has been the outcome of those arrests and investigations?

And second, since we are now in 2004 and the TIP office has the capability of issuing reports anytime, we wrote the law to say that there must be at least one annual report, and for those on the watch list there needs to be an interim report at the end of this year. But that if the situation warrants it, at anytime that the office feels it is necessary, they can issue an updated statement on any country under review. Specifically, what happened in those cases and are there other instances of arrests, and especially of sentencing and conviction?

Mr. TARIFA. Thank you for your question, Mr. Chairman. It is an important question. I think it requires some depth of search and I will have to ask the government. I will make sure you get a full answer to your question as soon as I have the needed information. I am leaving for Tirana the day after tomorrow and I will make sure that I convey to the Prime Minister your concern and come back with an answer for you.

Mr. SMITH. I would deeply appreciate that. We will make that a part of the record.

One of the things we found, and this applied to nations all over the globe, was that if we have an Achilles heel in this fight against trafficking, it is police. That is where the first major bribe, that is where the protection money is often tendered. The corruption sometimes does a vertical to higher-ups, but that is where it all starts, so getting back to us on that is extremely important.

We have looked at other countries. Mr. Wolf, again, not only does he oversee the State Department and the Commerce Department, but Justice as well. Most of our police departments have internal affairs departments because there is corruption here, there is corruption everywhere, but it is what you do about it that matters. So that could very, very helpful to us.

We found in some countries, including India and elsewhere, not only were the traffickers paying off in dollars or whatever the local currency might be, they were also allowing these so-called police to exploit the women themselves. We had a situation in Montenegro that I will never forget where we intervened on behalf of seven women that we knew of that had been trafficked.

One of the NGO's let us know. We contacted the prime minister, who did intervene, to his credit, and we are grateful for that. But what the women told us, do not send the regular police. They are part of the problem. So he sent his own special agents to go in and rescue them, rather than let the people who were actually part of the exploitation. So I ask you, it is that important to us to know that answer.

On the issue, as you raised and as several witnesses have raised, with regards to the upcoming elections, the registration issue, the tabulation of results, the counting is very important. We plan on holding an additional hearing of the Commission to focus just on the election issue, because that is where I think many of us are concerned. If you can reassure us that those kinds of issues will be taken care of in a positive, transparent and truly democratic way, that would be greatly appreciated.

From the ODIHR report, just again to reiterate, of most concern, I just quote this for the record, the falsification of results was reported by international observers in 10 percent of vote counts observed. In 19 percent of the counts observed, more ballot papers were found in the ballot box than the number of voters recorded as having voted. Obviously, that is one reason why, as was pointed out by Mr. Veliaj, you

know, the concern that less than 50 percent of the voters voted. If people do not think that the outcome is above-board, they are going to just stay home.

Mr. Wolf?

Mr. WOLF. Thank you, Mr. Chairman.

Mr. Ambassador, I want to thank you for your statement. Also, we appreciate very much the friendship between your country and the United States, and your people serving. Also, I want to second what Mr. Smith said. Where the police are corrupt, that is where the trafficking takes place. Where the police are honest, that early goes a long way to knocking it out.

Last, I want to second what you said. Albania has come a long way. I used to hear stories about how it was under the Hoxha government. I remember reading the article years ago where he broke off diplomatic relations with Russia because he thought Russia was too liberal and he only had a relationship with China. So your people have suffered a lot and they have come a long way. So I think it is important to make that point that it is not static. It is moving and it is moving in a positive direction.

Thank you for your testimony. We appreciate it.

Mr. SMITH. Mr. Hand?

MR. HAND. Mr. Ambassador, I was wondering if you could elaborate a little bit more on the situation of the media in Albania. I have heard concerns about issues relating to criminal defamation, although I understand that there have been reforms recently and that the trend is actually a positive one, but if you could comment on that, as well as the relationship between the media and those that may be funding the media, and whether that creates biases, how that can be taken into account, and whether there is actually independent, objectively reporting media in Albania today. If you could just elaborate on some of those points, I would appreciate it.

Mr. TARIFA. Thank you, Mr. Hand. It was actually part of my testimony as well, but I feared I would not have time, so I shortened my presentation to the minimum possible that I could say. I will be glad to answer the question. I know the Commission has also asked about the concentration of the media and journalism in Albania in its invitation to me to testify here today.

There is a great concern shared by this government and the people of Albania about the media laws, particularly about the mystery of how and by whom many new startup media in Albania are funded. A decade ago, the few media in the newly free Albania were merely remnants of Communist Party mouthpieces. We had no tradition or models on which to build. We certainly did not have an independent amount of money with which to conduct our new free media.

By the mid-1990's, anyone who had money could start a newspaper or radio or TV outlet in Albania. We seemed to travel from one extreme of suppression of speech to the other extreme of no regulation at all. Like in the early years of the formation of the United States, I would say we now have a press that rejoices in its new-found freedom of expression, sometimes again in the extreme.

In the last 7 or 8 years, we have gone from one state-funded TV and radio outlet to see now more than 125 stations, TV and radio nationally and locally around Albania. Nearly all of them are completely privately funded. They are licensed by a national council whose members are

appointed by both major political parties. The media are required to file annual financial statements for transparency on their funding sources, but only a fraction of them do so. Even on some of those filings, 50 percent of the sources are listed as the “other” under that category, so it is very dubious.

Like your country back then, our press is partisan and oriented in party politics. It relishes gossip and personal character assassination sometimes. It hides its ownership. We hope that eventually in time our press will mature and grow and become more like the media in the United States, responsible, objective, disinterested and constantly in search of the truth, because democracy needs a free press; democracy needs also a responsible press, and we are determined that our press will be responsible and free.

This government is undertaking initiatives to enact appropriate mechanisms to make sure that the media in Albania are completely free, while the business dealings behind them are completely transparent. Albania now needs the legal mechanisms that other democracies already have to ensure that journalists have freedom from the pressures, including the pressures of who is paying them and why, and that the public can be completely aware of who actually is bringing the news to them.

There is major concern in national debate within the government, the Albanian public and our international community of friends about the evils that such an unaccountable system actually creates, illegal business deals and tax evasion taking place by those who use a small media outlet as their business front for existence. We all know this must change and the prime minister himself said recently to parliament, it was nationally televised, resulting in the issue by the highest modern standards is critical to Albania’s survival as a democracy and its goals for European integration.

In our new democracy, no one wanted to be the first in Albania to put a single restriction on the freedom of speech, but as the prime minister said, there is a social and governmental responsibility to guarantee all the freedoms associated with the media in a democracy, whether putting a firewall around freedom of speech or creating legal redress after wild accusations and defamation, and also protecting the freedom for truth itself when the funding behind it involves political strings or illegal activities.

No one has the right to cry fire in a crowded theater when there is no fire. That is what we have learned here in America. After a lifetime of totalitarianism, it takes courage to start acting on laws about freedom of speech, but Albania can see now that we have full access to other democratic societies as well, that there is a way to legislate these matters correctly within democratic principles. There is a way to separate freedom of speech from the rules for operating the business side of the media business. Pressures from the marketplace and public opinion will render their own verdicts on the quality of media in Albania, of course, but the government is embracing actually institutional responsibility to guarantee protections for speech and transparency of business.

To this end, a Parliament committee is drafting a new law, actually it is in Parliament, on the freedom of press to guarantee freedom and enforce actual transparency of funding. That is a very important issue. The Prime Minister very recently announced another new initiative is bringing together, he has announced, the best advice available as Alba-

nia writes new guarantees for the media. He has invited international experts to join Albania's experts to draft a new package of laws to protect the public and the media itself from what happens when the protection is afforded for free speech are abused.

For the question, I will be glad again to answer.

Mr. SMITH. Mr. Ambassador, the country reports on human rights practices does criticize Albania for police brutality. My question is, is it a matter of training? Is it a matter of a culture within the police itself? What kind of human rights training does the police get?

Let me just say parenthetically that when we in the Congress discovered the abuses of Iraqi prisoners, there are now at least six major comprehensive investigations under way to look at it from every aspect in the hopes that such abuse never happens again. There are 140 criminal investigations that are under way. Those who have committed the crimes, one has already been convicted. By cooperating, he probably will provide very important evidence to convict others anywhere in the chain of command that it goes, it will go. We have already had congressional hearings on it.

It is the sound of democracy, to use your phrase, that when there is police brutality, corruption, complicity in trafficking, or just beating up of prisoners, we take action. Inevitably in a democracy, even more so in a dictatorship, but even in democracy there is going to be police abuse. It is what you do with it. I was wondering if you might tell us what is being done in that regard.

Mr. TARIFA. Thank you for the question. It is very important, Mr. Chairman, what you say. It also shows the maturity of democracy.

A country in transition, 12 years, 13 years experimenting with democracy, what I am saying is not that there are no problems. There are a lot of problems in my country, but there is a tremendous, tremendous growth and a lot of good things have happened. I would like you to visit. It is a long time, I believe, since you have journeyed there.

Mr. SMITH. It was several years ago.

Mr. TARIFA. Because you will never realize how much progress has been made unless you see it for yourself. I will glad to spend time with you in Albania. I know that members of the government and the opposition as well would be glad to welcome you there, as all of the Albanian people will do. Ask Secretary Powell about his visit in Tirana. Please come.

But yes, you are right. There is reform under way in all aspects and in all sectors of society and in all departments of the government. There is a forum under way in the police department as well. We cannot deny what has been achieved. There might have been sporadic cases that police abuse and violence has been used. I am not able at this point to tell you what cases are referred to in the report you mentioned, but it is very important that I check with my government, so I ask that you leave the record open for this and give me a period of time to submit additional information and respond to your question fully.

Mr. SMITH. I appreciate that. Just let me point out for the record that Peter Dickinson, who is the communications director for the Committee on Veterans' Affairs, which is a committee I also chair, was the IRI director from 1994 to 1996 in Albania. Peter, thank you for your good work. Peter actually sat where you sat and briefed the Commission on Albanian issues several years back. So we have another man who is very interested in the outcome.

Mr. TARIFA. Peter is married to one of our girls, an Albanian.

Mr. SMITH. Yes, he married one.

[Laughter.]

One final question on Roma, if you could give us assurances that progress is being made to integrate, to protect those who might otherwise be abused. We know that throughout all of Europe, Roma is the most disenfranchised, discriminated-against minority in Europe. If you could tell us what the government is doing vis-a-vis the Roma?

Mr. TARIFA. Yes. Again, I am very sensitive to the minority issues myself. My wife comes from the Greek minority. I was today here a minority myself in this hearing. But I am afraid I will not be able to satisfy your question about the Roma situation in Albania because I myself have been away for 12 years now from my country. I do not possess the media information to actually answer the question.

I know, though, that an incident that appeared in the New York Times last November had a long story behind about a Roma child that was sold for a TV set, and that story was immediately picked up by the Guardian in UK, and then by the Associated Press and the New York Times in November. The story was not told completely. That brought the attention to the Roma situation I think, and made a great concern among members in the House here. I know your personal concern.

The truth of the story was, though, that that case was depicted and resolved by the Albanian police, first of all, in cooperation with the Italian police. For your record, I would like to leave some investigation made that how the story spread out and who was responsible. The father of the child, as well as the Italian surrogate, were both arrested by the Albanian and Italian police.

So there is a concern, but again full explanation I will be able to give to you if I collect more information on that issue.

Mr. SMITH. You heard me quote Freedom House earlier, the nations in transit report. I would like if you could how you would respond to this, so that we have a greater understanding on the government's view. The bottom line in their statement was, in light of Prime Minister Nano's appointment of ministers whom he accused of corruption and ties with organized crime not more than 2 years ago, it seems even less probable that the fight against corruption, monopolies and organized crime will gain momentum.

How do you respond to that?

Mr. TARIFA. I need to think about that. That is a matter of forming of a government; a matter of finding members of the cabinet that can form a government. There have been allegations about corruption about former members of the cabinet and among them two are said to have been those who the prime minister accused formerly as being corrupt. I do not have an effect. I cannot say anything with certainty how those allegations stand. What I can say is that there has been and continues to be a very strong fight against corruption at all levels of the government. There are a lot of problems. There are cases of corrupt practices, but there are tremendous efforts to fight against them, and that is the trend.

We know that we cannot fight corruption in 1 day. It is not something that we can do overnight. It will take time and the courage of the government will be shown whether or not they continue that struggle the way they have started it.

Mr. SMITH. For the record, when anybody seeks to be a judge, an ambassador, the extensive background checks that are done on them is very extensive. When you run for political office, the election very often is the background check. If you have anything in the closet, you can be sure that your opponent is going to hit you right between the eyes with it.

If you could respond to that in greater detail, it would be greatly appreciated because the allegation here by Freedom House is that the very people that the prime minister was accusing of corrupt ties, the next thing you know they are people of great influence. They already had great wealth. Now, they are people of additional influence within the government. That raises serious questions, so if you could respond we will keep the record open to receive that.

Mr. TARIFA. My response will be anecdotal because all I know is what the newspapers say. I will have to rely on that information. I do not have inside information on any issues that deal with the government formation in Albania. I am not a party man. I am an appointed Ambassador, but I do not know what procedures are appropriate to form a government. So whatever you might say, it is just anecdotal knowledge to me.

Mr. SMITH. If you could inquire so that we can fill the record.

Mr. TARIFA. OK. That I can do.

Mr. SMITH. We can expand the question if you would like, if you find that helpful.

I have no further questions. If you have anything that you would like to say in conclusion, Mr. Ambassador?

Mr. TARIFA. I very much appreciate the fact that you are holding this hearing, that I was invited to hear a different view. I thank you very much. One concern I had, but I do not have it anymore. I tried to reach you before coming here. It was impossible from your agenda. It was very busy. But I would like to stay in touch with you and inform you and update you about the situation in Albania and how it evolves before the elections and on the issues that are of most concern to you, the human trafficking and the fight against corruption. I promise I will update you on those issues.

Mr. SMITH. I do appreciate that, and thank you again for being here. This hearing is adjourned.

[Whereupon, at 1 p.m., the hearing was adjourned.]

APPENDICES
PREPARED STATEMENT OF OSMO LIPPONEN, AMBASSADOR,
HEAD OF OSCE PRESENCE (FIELD MISSION) IN ALBANIA

Introduction

This hearing of the US Commission on Security and Cooperation in Europe on “Advancing Democracy in Albania” comes at an important moment for the country. Albania has now entered a pre-election stage, with the next parliamentary elections due in summer 2005. As a result, political tension within the country has perceptibly risen, bringing with it even the possibility of early elections, for which the country is not prepared. At the same time, evaluation of the government’s achievements, especially within the international context, is a topical issue in light of the country’s ongoing pursuit of its primary goal of further Euro-Atlantic integration.

Whenever assessing Albania, it is always necessary to situate it in its proper context. The country has unreservedly made much progress since the well-known outbreak civil unrest in 1997 that engulfed the country following the collapse of pyramid schemes. To help the country out of this turbulence, the OSCE Presence in Albania (henceforth, “the Presence”) was established at this time with a mandate to pursue democratization, human rights, electoral reform and media development. Since 1997—the most commonly used reference point for judging Albania’s progress—the main activity of the national authorities, aided by the international community, was to stabilize the public order situation in the country and to begin rebuilding the state piece by piece, institution by institution. However, the country still remains an ODA-qualified developing country with grave social and economic problems.¹

The trajectory of Albania’s development over the past seven years has been upward, although not always smooth nor without significant challenges. The sharply divisive nature of the country’s politics has been an ever-present factor repeatedly threatening to derail the accomplishments. Here, the Presence has played a key role in trying to mediate the recurring conflicts. Collectively, the Presence and the other members of the international community have supported Albania’s own efforts towards a steady path of development, both in terms of strengthening its democratic institutions as well as its economy.

In recognition of the progress achieved and as a sign of further international commitment to the country, the European Union opened negotiations with Albania on 31 January 2003 on a Stabilization and Association Agreement (SAA), which is the first step towards future integration.² Discussions on greater cooperation with NATO and future possible membership have also intensified at the same time.

Despite this evidence of progressive achievement, numerous risk factors continue to confront Albania and should be taken into consideration when evaluating the current situation in the country. After illustrating the socio-economic context, this report will outline important issues from the Presence’s point of view related to trends in democratic development, the challenges of the ongoing process of electoral reform, aspects of the human rights situation, the freedom of the media and the situation as regards trafficking in human beings.

Socio-economic Context

Since 1997, Albania has maintained a good macro-economic framework and, due to its close cooperation with the IMF, has followed a tight monetary policy to reduce inflation and to keep the currency stable. Figures for Albania's economic growth over this period have averaged about 8% per annum.³ Although certainly very good, this economic growth has not been enough to solve some of the fundamental socio-economic problems facing the country affecting its rate of poverty. While GDP per capita has steadily risen,⁴ it is still lower than for the other countries in the region and the gap between Albania and the rest of Europe continues to increase. This can also be seen when calculated at purchasing power parity.

Albania is challenged by inadequate infrastructure, insufficient investment in the health and education sectors, rapid urbanization and massive population movements from the north of the country to the centre⁵ as well as abroad,⁶ often in the form of irregular (illegal) migration. There is still a considerable rural population. As much as 57 percent lives off of agricultural production,⁷ which is for the most part subsistence farming.⁸ A full 25.4 percent live below the full poverty line,⁹ rising to 33.8 percent when non-income poverty is taken into account.¹⁰ A survey undertaken by the World Bank shows that 87.1 percent of respondents considered themselves as less than or not at all satisfied with their financial situation and means of consumption.¹¹

The benefits of economic growth are uneven and appear to be accruing mostly to urban areas, and particularly Tirana, while rural and more remote areas are being left behind, further exacerbating the existing large gap. The World Bank has concluded that several non-income dimensions of deprivation appear appalling given the overall level of development of the country and that, "Without direct, focused and well-targeted policy action and support from the government, the possibility for many of the rural poor, and for the uneducated urban poor, to escape poverty by connecting to the economic growth process seems remote."¹²

With little industrial production and few products capable of being exported, most of the economy is concentrated on sectors that employ only non-skilled and semi-skilled labour.¹³ International investment in Albania is not growing, and when occasional large investments do occur, such as the recent purchase of the National Savings Bank, they are mostly confined to buying off the few remaining state-owned companies.¹⁴ Remittances from abroad, officially estimated to be US\$453 million per annum,¹⁵ have largely kept the country afloat, but have now showed signs of decreasing. This decline is forecast to continue over the next years.¹⁶ On average, these remittances represent 13 percent of total income among Albanian households.¹⁷

Official unemployment has been calculated to be 15.4 percent, although other government sources indicate that this could be as high as 20 percent when taking into account additional factors.¹⁸ When the unemployment rate is taken into account alongside the figures for Albanian migrants working abroad (representing 1/3 of the labour force), it is clear that immigration has acted as a safety valve for the country, not only in terms of providing the source for remittances, but also in absorbing a very large population of young people, who would otherwise have little to do inside the country. An astonishing 35 percent of children of house-

hold members currently live abroad. For children who left home in the 1990s, this share reaches what has been described as “exodus proportions”, with one child in two currently living abroad.¹⁹

The former fairly good education system has been eroded by decreased spending that is only half of what it was in 1990.²⁰ School attendance is decreasing and illiteracy is growing again. Child labour is a growing problem that is contributing to this trend. Healthcare is also suffering from considerable difficulties and is marked by widespread corruption in the provision of services due to underinvestment in the sector. As the World Bank has observed, health care services are increasingly being paid out-of-pocket for both formal “copayments” and informal payments.²¹

Complicating matters is the government’s difficulty in raising adequate revenue. The non-payment of taxes and social security weakens the government’s already low capacity to produce social assistance and educational services. Albania has the lowest rate of tax collection in the region—only 20 percent of GDP²²—and data show that 50 percent of imports are not declared, depriving the state budget of much needed revenue. Overall, it is estimated that US\$600 million is lost to smuggling.²³

Albania is in need of real policies for how to solve these basic issues. But while there are dozens of government strategies signed off by international donors, such as the National Strategy on Socio-Economic Development (NSSD), ownership over these strategies is not strong. Moreover, there is a lack of credibility in the political system, where the citizens have come to view corruption, criminality, and rule of law problems as ever-present and unchanging constants in their lives, leading to widespread apathy and overall cynicism.²⁴ A recent survey conducted by the Albanian Institute for International Studies shows that an overwhelming 83 percent of their respondents cite politics as the main source of conflict in the country.²⁵

The political system, predominantly characterized by polarization, is not yet properly functioning. While the Albanian Assembly has become the main forum for political exchange, it remains underdeveloped and therefore is mainly used as a space for publicizing political conflict. Hence, social and economic issues are practically not regarded as important matters of debate. Only lately have the first signs of dialogue between the Assembly and civil society interest groups over legislation taken place, but citizens’ access to information is rarely accomplished in practice. Government remains non-transparent and too detached since civil servants are not yet in the habit of serving the people. Corruption and political interference have undue influence on the judicial system. And thus far, power has only changed hands through violence and protest or through disputed elections.

Despite the clearly positive developments in the country, the outlook is mixed once these political factors are taken into account alongside the socio-economic indicators. Survey data collected by a variety of organizations clearly indicate that Albanians still feel that they do not have a chance in the country because the quality of life is insufficient and the welfare gap is widening. They still look towards emigrating for better opportunities abroad. The polarization between those better off and the 30% of the population living under the poverty line is not diminishing. The creation of new jobs is too slow and the rural population is becoming totally disillusioned. The media and relatives abroad strengthen the belief that emigration is the only option. Indeed, this

attitude is demonstrated by the government itself, where in the context of official international relations, visa issues and other policies concerning the free movement of people are high on Albania's priority list.

Recent Trends in Democratic Development

The past seven years has been an intensive period of institution-building, beginning with the Constitution, passed by referendum in November 1998. While the state structures have gradually taken shape and been strengthened, this has occurred in an uncertain political atmosphere, marked by suspicion and distrust. The main opposition party has repeatedly opted out of political processes, including the Constitutional referendum, which it boycotted and the final stages of drafting the 2000 Electoral Code. This abdication has allowed the majority routinely to take advantage of its predominant position.

A step forward towards normalization was made when the current president was elected in June 2002 through political consensus. This event ushered in a brief period of cooperation between the two main parties and, although short-lived, it left behind the notion of needing to achieve consensus on important matters of state that affect all Albanians. The opposition now accepts the Constitution—even claiming that it is its defender—and no longer boycotts the Assembly; however, it does still frequently stage walk outs.

With tensions in society and between political forces still so strong, maximum efforts are needed to build these consensual approaches on major issues, as has been done, for example, on property restitution and electoral reform. The achievements made in last year's electoral reform process, accompanied by improved political will, contributed to a very different kind of electoral campaign. For the first time, candidates began to address quality-of-life issues affecting people's daily lives such as water supply, road infrastructure, civic life, schooling and health services. This noticeable departure from past campaigns was also encouraged by citizens, who provoked the candidates with questions as to their abilities to raise living standards and solve long-standing problems.

Political campaigns in Albania have largely lacked any form of identifiable platforms since parties have traditionally relied on their supporters to vote for them simply because they are not the other party. So long as the country has been in a state of perpetual political conflict, it was easy enough to maintain this approach. As a consequence, politicians have felt unaccountable since nothing had really been promised and public pressure has been almost non-existent.

The experience of the 2003 local elections poses, therefore, interesting prospects for 2005. The 2003 results show that in many cases, the choice of candidate was a deciding factor in choosing a mayor. Differences in results between the mayoral and proportional vote give evidence to instances of vote splitting, potentially reflecting early signs of maturation in Albanian voting behaviour. In many medium-sized municipalities, voters rejected incumbent candidates or incumbent parties that showed few accomplishments and appeared willing to give a chance to a new face. At the same time, they continued to vote more or less along traditional party lines in the proportional vote for municipal and commune council members.²⁶

This perceptible change in the public's voting behaviour, has been accompanied by the welcome emergence of civil society groups acting as sources of public pressure on the government attempting to render it more accountable to the people.

In the first months of 2004, for example, the government's proposed increases in the prices of bread, electricity and telephone services stirred strongly negative reactions amongst Albanians, which were captured by civil society groups such as Mjaft! (Enough!), the USAID-supported Citizen's Advocacy Office, trade unions and business groups. The government responded to the success of these campaigns by rolling back some of these price increases. The success of these protests in attracting public support on issues of concern illustrates that political parties no longer hold a monopoly on popular sentiment or expressions of public opinion. However, normal dialogue between the political forces and other interests groups is still too much driven by only a handful of professional NGOs.

At the moment it appears there is a dawning of civil society, or what some have called a "honeymoon phase". Both the prime minister and the leader of the Democratic Party have reached out to civil society in roundtable meetings over the past months to show publicly that they are taking civil society's view into account.

Despite the positive aspects discernable in Albania's democratic development, there are indicators of negative trends. As noted in various Presence reports, there is a growing convergence of political, commercial, and media interests in the country that have the potential to slow the course of Albania's evolving democracy. For as much civil society may be trying to impact upon the system of governance in the country, it is still very weak, and these other more powerful influences, accompanied by strong financial backing, are pushing to ensure that decision-making remains closed, unaccountable and non-transparent. This raises many concerns over any potential success of the very necessary anti-corruption efforts.

The signs of these intersecting interests were already visible in the 2001 elections and continued to grow since. Issues of conflicts of interest are already widely ignored, and with the current system of little or no controls on party financing, the situation where candidacies and even elections can be bought may only get worse.

Electoral Reform

Albania will be facing an enormous test next summer when the next parliamentary elections are scheduled to be conducted. The expectations for these elections have grown all the greater since the report of the ODIHR election observation mission described the October 2003 local elections as a "missed opportunity for significant progress towards compliance with OSCE commitments and other international standards for elections."²⁷ It had been hoped that the 2003 elections would have shown sufficient progress towards meeting international standards that much of the pressure surrounding the 2005 elections would have dissipated. Unfortunately, this is not the case. As in past elections, the difficulties faced in 2003 were largely due to the lack of political will of Albania's two main parties, even if they had initially demonstrated the will to overhaul the electoral framework.

This lack of political will has meant that Albanian elections continue to be protracted and litigious affairs. The 2001 parliamentary elections, for example, ran from 24 June to 19 August requiring five rounds of voting due to re-runs and delayed voting in certain areas. In 2003, the elections took place on 12 October, but the final results were not announced until 20 February 2004, again due to various re-runs, delayed voting and court appeals, although in fewer areas.²⁸

The 2003 elections were, however, an improvement over those of 2001. Many of the problems highlighted by ODIHR in its Final Report on the 2001 parliamentary elections were resolved through the new code and were satisfactorily implemented. These improvements include the performance of the electronic media, which provided generally balanced coverage; the role of the police, which stayed away from the voting centres in conformity with the amended Law on State Police; and the new system of complaints and appeals, which reduced the burden on the courts. In 2001, the problems surrounding the complaints and appeals process meant that the courts had to decide well over a third of the election outcomes in the 100 electoral zones.²⁹

The OSCE Presence in Albania has been closely involved in elections in Albania since 1997, when it organised the first elections following the period of unrest. Since that time, the Presence has provided assistance in the form of legislative drafting, technical expertise and political brokerage. The progress seen in the 2003 elections was largely due to the work of an ad hoc parliamentary committee on electoral reform,³⁰ which worked for over a year on drafting amendments to the first post-Constitution Electoral Code in response to ODIHR's recommendations.³¹

The achievements of the "Bipartisan Committee" have often been overlooked as the conduct of the two main political parties after the expiry of the Committee's mandate unfortunately overshadowed its successes. Debates within this committee managed to resolve, or at least set aside, many of the contentious issues arising from the 2001 elections. The opposition's contestation of those election results led it to boycott the Assembly until early 2002.³²

Because a number of political issues, outside the scope of the ODIHR recommendations, remained important to the two main parties, a separate agreement between the SP and DP was negotiated outside the ad hoc committee. Although this agreement and the Presence's mediation were later criticized by the smaller parliamentary parties, it was a necessary step in order to ensure that the new Electoral Code could be passed in the Assembly. In the political reality of Albania, there would not be a credible reform process nor the proper climate for holding elections without the two current major political forces being involved in as broad a consensus as possible on the Code.

We are currently now faced with a similar situation. ODIHR has outlined a number of straightforward recommendations in its report on the 2003 elections and, together with the Council of Europe's Venice Commission, has thoroughly evaluated the new Electoral Code by highlighting in great detail where changes should be made. After several months of closely held negotiations between the SP and DP, the Presence managed to bring the two parties to agreement on establishing another ad hoc parliamentary committee to amend the electoral legal framework according to the aforementioned recommendations. Getting the two parties to agree was no small task.

The main object of discord is the political balance within the Central Election Commission (CEC), where five of the seven seats have gone those proposed by the ruling majority. It is an issue that was unable to be resolved prior to the October 2003 elections, and is one that the opposition has used as a test of the government's goodwill. Thus far, the government has steadfastly refused to consider balancing the CEC until current members' mandates expire in 2006, that is, after the next elections.

The new ad hoc committee has a very tight timeframe in which to work. All amendments to the Electoral Code will need to be drafted and agreed by the end of September so that the Assembly can approve them. Amendments on a few subjects such as improving the voter registers and the criteria for establishing electoral zone boundaries need to be approved even earlier to allow sufficient preparation time. But already we can see that insufficient provisions in the Electoral Code on party financing have led to a severe dispute over campaign funds between the major parties. The vacuum of clear rules on this issue has led to different interpretations of the law, creating an unsatisfactory situation that needs rectifying. It is on these very political issues, including especially the composition of the CEC, that the political parties must show maximum political will to compromise and to uphold their agreements.

Should political will be lacking, the next elections will be a major setback to Albania in its democratic development. While the ad hoc committee has not yet been convened as some seats remain vacant, the technical experts group wet up to support the committee has had its first meeting on 14 July, and so the practical work can be considered begun.

Women in Politics

Participation of women in the political life of the country is an issue of particular concern to the Presence. Not only are women deprived of the right to vote in many parts of the country due to traditional patriarchal patterns of behaviour in which the male head of the household votes for the entire family, but fewer women are being run as candidates and even fewer are being elected consequently to representative government at either the local or national level. A report published by the Albanian Assembly on the history of women in parliament confirms this negative trend.³³ Currently, a disappointing nine out of 140 MPs are women (6.4%). In the 2003 local elections, only 70 out of 1949 candidates for mayor were women (3.5%), and of these only 10 were elected (2.6% of 384 municipalities and communes).³⁴ The problem begins with political parties not respecting their own internal quotas for women as contained in their party statutes, thus reducing the number of women in party leadership posts and further reducing their chances of eventual electoral success. However, a sustainable solution for this problem is needed within the electoral system, as it is more than just a question of political will.

Human Rights

According to the latest specialised reports, the human rights situation in Albania has been fairly good. Nevertheless, there are a few areas over which the Presence has expressed its concern, most specifically, Roma rights, minority education rights, the state of pre-trial detention, worker's rights and freedom of the press (covered in the next section).

The social and economic realities of developing countries mean that there are unfortunately population groups, or minorities, which become more and more marginalized as a result of decision-making to allocate scarce resources. The central government's and local communities' ability to provide targeted training and facilities for these groups remains insufficient.

The group most affected by this in Albania are the Roma and Egyptians, which are being further alienated from mainstream society. Roma and Egyptian children, for example, have a higher incidence of dropping out of school. This phenomenon, of course, is not just typical of Albania, but affects much of the OSCE area. The government has drafted a National Strategy for Improving Roma Living Conditions, completed last year, but like many such strategies, there is little real ownership of the objectives and implementation is extremely poor.

In general, the basic rights of minorities are granted in Albania and there is no active persecution or maltreatment. On the other hand, as the Presence has stated on several occasions, there needs to be a more active investment on the part of the government to guarantee education in minority languages and active integration of certain minority groups into society. There are currently no governmental programmes targeting the Roma to help raise their rate of school attendance.

Perhaps the most acute human rights issue in Albania today concerns the pre-trial detention facilities, where prisoners held in remand face intolerable conditions that only seem to deteriorate, particularly as regards sanitation and hygiene. Overcrowding is a major obstacle to ensuring a basic normal treatment for the detainees, which then further impacts upon the unacceptable treatment of juvenile delinquents. Convicted prisoners are also held amongst the detainee population and there is no separation according to age nor type of crime. In a very recent example, a minor, who was being held in the same cell as an adult, died in custody on 8 July, allegedly due to police abuse.

The Presence recently completed a study of the pre-trial detention system, which outlines these concerns in detail and notes that the Ministry of Public Order's regulation on the centres does not meet the minimum international standards for treatment of prisoners.³⁵ For this reason, the Presence has been advocating for the swift completion of the transfer of responsibility for the pre-trial detention centres from the Ministry of Public Order, where the police exercise oversight and management, to the Ministry of Justice.

Although the government decided on making this transfer some time ago, progress has been disappointingly slow. The responsibility for only one centre, in Vlora, has been transferred; and the latest proposals indicate that the process will be piecemeal and not be completed for a number of years. One of the main hindrances to the transfer is the lack of capacity to hold pre-trial detainees and convicted prisoners. There are already efforts underway to find a solution to these issues also with international support for building new prisons.

Another concern for the Presence, prompted by the intervention of the People's Advocate (Ombudsman), is worker's rights. With the high rate of unemployment and, consequently, individuals willing to work in the black, the violation of workers' rights appears to be becoming more and more common. The great majority of the capital's construction work-

ers, for example, are without any social security or worker protection. Care should be taken to ensure that minimum protections are guaranteed.

Freedom of the Media

On the face of it, Albania would appear to have a vibrant media sector offering a variety of choice: 19 daily newspapers;³⁶ 46 radio and 65 television stations covering a total market of just over 3 million.³⁷ While the number of media outlets actually seems to be increasing, these numbers do not reveal what media analysts have described as troubling. Leaving aside a not fully adequate legal framework, particularly for print media, and a wholly chaotic situation in the broadcast sector due to an overly weak state regulator, the main trend in the media sector in the past few years has been towards less independence and greater political and economic interference.

The foremost publicly visible source of financing for the media is through advertising. It is estimated that advertising by state institutions and state-owned or partially owned companies constitutes about 60 percent of total advertising revenue.³⁸ This comes in a variety of forms such as published vacancy notices for civil service positions (a legal requirement) or television and print advertising for the fixed-line telephone company and the national electricity company, both of which are state-owned monopolies. With media operators heavily dependent on this steady stream of revenue, it is an easy way for the state to exercise a degree of control over them, even if indirectly.

Another way of how the state indirectly infringes upon media independence is related to the nature of the media business itself. Because media outlets largely cannot operate according to viable profit-making business models (due to the lack of sufficiently diversified advertising and other forms of subscription-based income),³⁹ they generally do not form an owner's primary business interest.⁴⁰ Rather, they are often a part of larger set of additional business holdings and investments and most have been set up by owners as a "side business". In this regard, incentives in the form of lucrative government-sponsored procurement contracts for goods and/or services from which the larger enterprise stands to benefit tend to influence the editorial direction of a media outlet in favour of state authorities lest these contracts be awarded to competitors with a more sympathetic and less critical voice. In this way, a politics-business-media triangle has been formed creating a mutually reinforcing relationship of benefits that operates to the detriment of media independence.

More direct means of media control has increasingly become apparent over the past two years. A number of journalists and owners have been successfully sued by government officials for libel. Although media ethics remain underdeveloped in Albania and journalistic standards are not always respected, prominent media personalities have been taken to court for their editorial views has served to threaten basic freedom of expression. The recent civil defamation case decided against Koha Jonë newspaper⁴¹ has been widely criticized by numerous human rights watchdog groups both in and outside Albania, including the Council of Europe and the London-based NGO Article 19.⁴² This lawsuit represents an example of what many journalists and editors have described

to the OSCE Presence as the repressive climate currently surrounding the media. Numerous other lawsuits have been recently launched or publicly threatened by politicians.⁴³

These threats against the freedom of expression in Albania represent a worrying trend. In order to avoid further politicization of the courts in being forced to decide on these issues, the Presence has begun planning the creation of a Media Council to develop a code of conduct for media owners and journalists. The objective is to provide a forum for self-regulation so that the media sector itself, rather than the courts, can decide on how best to balance the basic right of the freedom of expression with journalistic ethics and responsibility.

Trafficking in Human Beings

The issue of trafficking in human beings is an issue that has been associated with Albania for many years. The Presence itself began working on the issue in 1998 by raising concerns over Albania's being both a source and transit country for illegal migrants and human trafficking. Its early efforts urged the police to begin targeting the traffickers themselves rather than the victims, who could be more easily arrested. According to the latest US State Department report on worldwide trafficking, Albania still remains a source country for women and children trafficked for the purposes of sexual exploitation and forced labour and it does not fully comply with the minimum standards for the elimination of trafficking.⁴⁴

As this report recognizes, progress has been made, however. The US State Department rewarded the government's efforts by upgrading Albania's status from a Tier 3 to a Tier 2 country in 2002 and has since reconfirmed this ranking. This improvement reflects consistent work by the international community working together in a coordinated fashion with the Albanian authorities.

The government's National Strategy on Trafficking in Human Beings, originally drafted in 2001, has had a degree of success in concentrating the attention of various ministries on their role in combating this crime, such as in the opening of a government-supported shelter for trafficking victims. Practical policing assistance provided by Italy in patrolling the waters of the Adriatic for people smugglers and the US-backed policing programmes at Albania's three main ports (Durrës, Vlora and Mother Theresa Airport) have provided further support to the police with measurable results. Moreover, a number of police operations, including those coordinated regionally by the Southeast Europe Cooperative Initiative (SECI), have disrupted trafficking networks and netted a large number of traffickers.⁴⁵

In spite of these improvements, trafficking is remains a relevant issue and recruitment still takes place in Albania.⁴⁶ The tragedy occurring on last January 9, when 21 Albanian illegal migrants lost their lives in the Adriatic Sea, also shows that smuggling networks still exist, or at least can come together relatively quickly. As well, it illustrates that the demand to leave also exists. So while the international community's efforts to support anti-trafficking initiatives by planning training and providing expertise and technology and financial assistance can be regarded as having some success, a more holistic or systematic approach is still needed.

Such an approach would not only prioritize the repressive dimension of solving the problem through law enforcement, but would also take into account the social and economic situation of the country, which, as demonstrated, provides the breeding ground for trafficking in human beings and people smuggling. Transparency in the public administration and judicial system, need also to be emphasized, particularly as corruption and criminality have penetrated these systems, undermining public confidence and potentially compromising effective solutions. While police actions have resulted in sizeable arrests, appropriate sentencing has been lacking. Therefore, properly functioning special courts to handle these cases accompanied by a workable witness protection scheme are essential for achieving successful prosecutions. Robust public awareness-building measures should necessarily underpin these efforts.

A further note of caution should be sounded. The disruptions to the networks of people smuggling and trafficking in Albania has raised the costs of this criminal activity, leading to a search for easier profits. In turn, this has produced an increase in drug trafficking from and through Albania. According to the World Drug Report 2004, recently released by the UN Office for Drugs and Crime, Albania has become the most frequently cited source country for cannabis in Europe⁴⁷ and is an increasingly important transshipment point for heroin coming from Afghanistan via Turkey.⁴⁸ The prominent rise of heroin trafficking in Albania poses a serious threat to overall security, as has been seen in a number of other countries.

Drug trafficking and the money laundering that accompanies it also pose risks for the financial system, which still overwhelmingly remains cash-based, by increasing the black economy. The fight against money laundering also belongs to the systematic approach because although there has been new legislation adopted on this issue, implementation needs significant improvement. The economic and financial surveillance systems in general do not yet function properly. As a consequence, the black economy contributes to the flourishing of the grey, or informal, economy, which is estimated to constitute at least one-third of GDP.⁴⁹

Conclusion

Albania's progress towards establishing closer relations with Euro-Atlantic structures, namely the EU and NATO, have as much been a reward for its achievements as a means of ensuring the international community's engagement in promoting further reform and institutional development. While Albania's macro-economic indicators have been largely positive, further attention needs to be given to the country's socio-economic risk factors. The consolidation of the state and its institutions has brought the public order situation under control and has allowed the government to provide some improved services. However, rampant corruption within the public administration and the judicial sector severely damages the public's trust and only serves to magnify the existing inequities. A major risk factor is further posed by organized crime, which has taken advantage of the continued weaknesses within the police and justice system to increase its influence over the state and infect the political system.

Without a more normalized political atmosphere, where political and institutional forces can balance one another, Albania's democratic development will remain incomplete and its institutions fragile and vulnerable. Civil society, which can exert a positive influence, has at last become recognized as a factor, but is still too weak.

With the next parliamentary elections now on the horizon, Albania finds itself at a critical juncture. These elections will stand as a test for the depth of its institutions and maturity of its political class. For this to occur, the country's political leaders must demonstrate sustained political will to support the ongoing electoral reform process and to ensure that international electoral standards are at last met. The international community must also remain collectively engaged to help this process and provide assistance as necessary.

For Albania to be able to manage its significant socio-economic and rule of law problems in order to meet the needs of its citizens and guarantee them a secure future, Albania must move towards having a normally functioning parliamentary system built on constructive debate and dialogue. Government-opposition interaction should put governance issues first rather than continue to focus on divisiveness. In the forthcoming elections, whichever party should win needs to have programmatic readiness based on sound policies and be able to demonstrate tolerance and respect to the opposition.

Endnotes

¹ ODA refers to official development assistance and comprises grants or loans to developing countries and territories on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) list of aid recipients that are undertaken by the official sector with promotion of economic development and welfare as the main objective and at concessional financial terms. Albania is designated as a Lower-Middle Income Country (having a per capita gross national income (GNI) of \$746–\$2975) on Part I of the DAC list.

² Stabilisation and Association Agreements are a solution for building closer ties with the European Union being offered to the countries of the Western Balkans.

³ Republic of Albania Ministry of Finance, *Progress Report on the Implementation of the National Strategy for Socio-Economic Development during 2003* (Tirana: April 2004), 20.

⁴ In the World Bank's Albania Poverty Assessment (Washington, DC: 3 November 2003), it is noted that Albanian GDP figures should be treated with caution. This report cites a GDP per capita amount of US\$1230 in 2002. The Ministry of Finance's *2003 NSSED Progress Report*, however, cites a figure of US\$1950 for 2003. The World Bank reports further notes that the Albanian government recently changed its methodology for calculating GDP. Government officials routinely cite figures in the range of US\$1400–1500.

⁵ A recent report published by the Albanian Institute of Statistics, INSTAT, based on the Population and Housing Census of 2001 and the Living Standard Measurement Survey (LSMS) of 2002 shows that 91% of internal migration was towards the central and coastal parts of the country, 54% of total specifically moved to Tirana, increasing the population there by almost a quarter. Kukës Region, the poorest area of the

country located in the Northeast, lost almost a third (29%) of the population to migratory outflows since 1989. Albanian Institute of Statistics, *Migration in Albania* (Tirana: 2004).

⁶ It is estimated that at least 458,000 Albanians are living abroad. Other figures indicate that up to 600,000 Albanians were legally residing in Greece and Italy in 2001, not including those who were there illegally. This figure represents one-fifth of a population of 3.069 million. World Bank, *Albania Poverty Assessment*, 131.

⁷ INSTAT, *Migration in Albania*.

⁸ Agriculture represented 24.7% of GDP in 2001. *2003 NSSSED Progress Report*, 4.

⁹ *Ibid.*, 12.

¹⁰ Calculated according to Unmet Basic Needs (UBN): water and sanitation, housing conditions (as perceived by the household), energy supply, crowding of the dwelling, and education of the household head. A household is defined as UBN-poor when two or more of these basic needs are unmet. *Ibid.*, 17.

¹¹ *Ibid.*, 23.

¹² *Ibid.*, 39.

¹³ The *2003 NSSSED Progress Report* reveals that the fastest growing sector of the economy is in construction (11.3%) whereas the industrial sector is declining.

¹⁴ The Austrian Raiffeisen Bank bought the National Savings Bank for 126 million (in euros).

¹⁵ *Ibid.*, 133.

¹⁶ Conclusion based on a survey of 1150 emigrants presented in a paper by I. Gedeshi and E. Uruçi on “The Role of Remittances in the Social Economic Development in Albania” at the 4th International Bank of Albania Conference on the Albanian Economy: Performance and Policy Challenges (Saranda, Albania: 11–12 October 2003).

¹⁷ World Bank, *Albania Poverty Assessment*, 131.

¹⁸ *Ibid.*, 64.

¹⁹ *Ibid.*, 134.

²⁰ *Ibid.*, 98.

²¹ The World Bank found that informal payments are widespread, especially in hospital care where 60% of people reported making under-the-table payments. These payments also represent an important share of total expenditure, accounting for about a quarter of total expenditure on hospitalization. *Ibid.*, 88.

²² International Monetary Fund, *Albania Country Report*, No. 4/22 (Washington, DC: 8 January 2004), 23.

²³ UNDP Albania, *Early Warning Report: Human Security in Albania* (Tirana: April 2004), 15.

²⁴ Survey data shows that 46.3% of respondents were not satisfied with the performance of the Albanian Assembly; 38.8% not satisfied with the courts and 33% not satisfied with government at all. The survey also indicates that 74.4 percent believe that at least some or most civil servants are corrupt

²⁵ UNDP Albania, *Early Warning Report*, 20.

²⁶ The SP lost 16% of their mayors, while the DP gained 13%. The SP's share of the proportional vote decreased by 9% while DP stayed almost the same.

²⁷ OSCE Office for Democratic Institutions and Human Rights, *Election Observation Mission Final Report on the 2003 Local Government Elections in the Republic of Albania*, (Warsaw: 25 February 2004), 1.

²⁸ In 2001, the elections were run with two rounds of voting. Given the incurred delays, the new Electoral Code removed the ballotage round, leaving the elections beginning in 2003 with only one round of voting. This will also be the case for the parliamentary elections. This change clearly did not remove the possibility of delaying the final results of the elections, however.

²⁹ Under the Albanian Constitution, 100 out of 140 seats in the Assembly are directly elected through a first-past-the-post system. The remaining 40 seats are attributed to parties through a formula based on proportional results, with the aim of the overall result to be proportional.

³⁰ Often colloquially referred to as the “Bipartisan Committee”, due to the consensual nature of the voting mechanism established for this committee.

³¹ The Presence also led the drafting of this first Electoral Code in 2000. The amendments drafted in 2003 to this code were so extensive that it was considered to be a new Electoral Code.

³² One opposition party, the New Democrat Party, did not support the boycott, however.

³³ Women’s representation in the Assembly plummeted with the dissolution of the Communist regime, falling from 30% to 4% after the first democratic elections. Since 1991, an average of only 6.2% of MPs have been women. Source: Assembly of the Republic of Albania, Research and Library Section, *Women in the Assembly* (Tirana: 2003), 25.

³⁴ ODIHR, *2003 Elections Final Report*, 17. There are no figures for the number of women represented on the municipal and communal councils, although the Presence is supporting a project to compile these figures.

³⁵ OSCE Presence in Albania Rule of Law/Human Rights Department, *Pre-Trial Detention Centre Situation Survey* (Tirana: April 2004), 8.

³⁶ Adrion Distribution Ltd.

³⁷ A total of 128 public and private broadcasters are licensed by the National Council on Radio and Television: including 3 national television stations; 62 local television stations; 3 national FM radio stations; 43 local FM radio stations; 1 satellite transmitter; 3 television broadcasters with repeaters; 3 radio broadcasters with repeaters; and 10 cable providers. Source: National Council on Radio and Television.

³⁸ Diana Kalaja, *The Media Picture of Albania: Little Berlusconi Threaten Real Albania Media Freedom*, Media Online Special Report, Albanian Media Institute, 21 April 2003.

³⁹ For example, the 19 newspapers cited above have generally low circulation figures averaging only 3,000 to 4,000 copies daily. Although new dailies continue to appear, the true ability of the newspaper industry has routinely been placed in doubt by media experts.

⁴⁰ In his recent speech given before the Albanian Assembly on 5 July 2004 regarding the media situation in Albania, Prime Minister Fatos Nano stated that official statistics reveal that 45 percent of licensed television broadcasters’ pre-tax earnings comes from advertising revenue, 5 percent from sponsorships, and 50 percent from “other sources”.

Concurring with the Presence's own opinion, the prime minister further stated that, "... F]rom what the balance sheet shows, the investments some media owners declare can in no way justify their financial resources."

⁴¹ Prime Minister Nano and two top advisors sued *Koha Jonë* for 40 million lek (US\$40,000) for damage to their "honour and dignity" in response to the newspaper having run a story criticizing a government decision awarding a bonus of five months' salary to these officials for having assisted in the successful privatization of the National Savings Bank. The Tirana District Court decided in favour of the plaintiffs, imposing a fine of 2 million lek (US\$20,000).

⁴² In a letter to the chairman of the Albanian delegation to the Parliamentary Assembly of the Council of Europe, Søren Søndergaard, co-rapporteur of the Parliamentary Assembly's Monitoring Committee on Albania expressed serious concern over the "apparent disproportionality" of the court's verdict. Similarly, in a letter to Prime Minister Nano, the executive director of Article 19, Andrew Puddephatt, described the fine as "unduly harsh" and questioned the procedural violations of the court.

⁴³ The *Koha Jonë* publisher is facing another lawsuit by the Prime Minister Nano and his wife. The editor-in-chief of the opposition newspaper *Tema* was found guilty of libel in June in a criminal case also initiated by the prime minister. Lawsuits against *Tema* have been filed by the chairman of the Social Democratic Party and the deputy speaker of the Assembly. In 2003, the editor-in-chief of the Greek language newspaper *Romiosini* was ordered to pay 4,000 (in euros) compensation to the chairman of the Human Rights Union Party.

⁴⁴ US Department of State, *Trafficking in Persons Report* (Washington, DC: June 2004), 116.

⁴⁵ In Operation Mirage 2003, organized by the SECI Regional Center for Combating Trans-Border Crime in September 2003, the Albanian police succeeded in arresting 125 traffickers, representing the highest number of arrests out of any country in Southeast Europe.

⁴⁶ SECI Regional Center for Combating Trans-Border Crime, *Operation Mirage 2003: Evaluation Report* (Bucharest: February 2004), 3.

⁴⁷ United Nations Office on Drugs and Crime, *World Drug Report 2004*, Volume I, (Vienna: 25 June 2004), 126.

⁴⁸ *Ibid.*, 85.

⁴⁹ Jan-Peter Olters, "The Informal Sector: Impeding Economic Development?" (Paper delivered at the 4th International Bank of Albania Conference on the Albanian Economy: Performance and Policy Challenges, Saranda, Albania, 11–12 October 2003), 2.

**PREPARED STATEMENT OF NICHOLAS C. PANO, PROFESSOR
EMERITUS OF HISTORY, WESTERN ILLINOIS UNIVERSITY**

Mr. Chairman and members of the Commission, thank you for the opportunity to participate in today's discussion. The topic of this hearing, "Advancing Democracy in Albania," is both timely and relevant since Albania finds itself at another critical juncture in its postcommunist evolution as it prepares for the 2005 parliamentary elections. It is particularly appropriate that the hearing should be held under the auspices of the United States Commission on Security and Cooperation in Europe, given that the OSCE and the United States have been in the forefront of multinational efforts to assist the Albanian people and government to effect the transition to political democracy and a market economy.

Albania's journey on the road to transition has been arduous and marked by detours and backtracking. The difficulties the Albanians have experienced these past fourteen years, while similar to those of their Balkan counterparts, seem to have been more taxing, given their country's heritage. Not surprisingly, the absence of a democratic tradition; the fact that it was Europe's least-developed state; the legacy of more than four decades of domestic oppression coupled with enforced isolation from much of the world during the unremittingly Stalinist regime of Enver Hoxha and his successors; and the vicissitudes of Tirana's relations with its neighbors in the context of the periodic crises that have convulsed the Balkans in the postcommunist era have contributed to the traumas that have attended Albania's endeavor to effect a democratic transition.

In evaluating the pace and results of Albania's transition, it is important to note that the country has experienced a violent and destructive anti-government uprising in 1997; an abortive anti-government coup the following year; persistent conflict among and within its major and minor political parties; inadequate law enforcement; inequitable administration of justice; and rampant crime and corruption, along with other related problems. Despite these challenges, there have nevertheless been noteworthy developments in various aspects of Albanian life. Before addressing the political aspects of the transition, I should like to touch on a selected few of these nonpolitical developments.

For those who travel regularly to Albania, the most noticeable change has been the building boom evident in other major cities. But, in addition to the new urban apartment houses and office buildings, numerous houses of a variety of sizes have been constructed in rural areas. The government has embarked on a program to upgrade and expand the nation's road network, which should enhance internal trade and commercial ties with neighboring states, and improve highway safety. A renovation of terminal runway and air traffic control facilities at Tirana's Mother Teresa Airport is currently in progress, and plans are being developed to improve the port facilities at Durrës and Vlorë. There have been many urban beautification projects completed in Tirana, and similar initiatives are projected for other cities. Controversies have arisen regarding some of these public works projects with allegations of excessive project costs, poor quality workmanship, and favoritism in awarding contracts. Given the nature and frequency of these complaints, it is incumbent upon the government to review and possibly reform its contract bid and project oversight procedures, and its requirements regarding contractor accountability.

On the macroeconomic level, by 1999, through the combined efforts of the Albanian government and a host of international agencies, there was discernible progress being made to surmount the effects of the economic dislocation and accompanying domestic turmoil arising from the 1997 collapse of the speculative financial pyramid schemes. Between 1999 and 2003, the nation's Gross Domestic Product has grown at an average annual rate of approximately 6 percent, and the average annual inflation rate has been kept below that level for this period. The lek since 2003 has appreciated considerably in value in respect to many world currencies, including the dollar and the euro. Although this development is a mixed blessing for Albania, it in part reflects the improving health of the Albanian economy as well as the impact of the informal sector on the nation's economic life. The Albanian economy has benefited significantly from the remittances of Albanian emigrants working abroad. The infusion of these funds accounts for between 15 to 20 percent of the Albanian GDP and has contributed to the strengthening of the national currency. Additionally, the economy has profited from the wealth amassed by those Albanians engaged in smuggling; drug and people trafficking; and other illicit activities. Funds derived from these sources are increasingly being invested in legitimate business ventures in the country and used for contributions to politicians and political parties. Although the exact dimension of criminal involvement in and influence on Albanian politics is unknown, these practices constitute a threat to the integrity of the political process in the country. Just this week (mid-July 2004) the government has announced an initiative to address this problem. It remains to be seen whether this proposal will in fact mark the beginning of a long-needed concerted assault on organized crime in Albania. Nevertheless, the growing wealth and power of organized crime represents a major threat to an orderly economic and democratic transition in Albania. This high-priority challenge must be addressed in a meaningful manner.

The privatization process that began in the early 1990s under the leadership of former President Sali Berisha has now been largely completed with the sale of the former national savings bank and the partial state divestiture of the nation's largest insurance firm, INSIG. There have been serious concerns raised about proposals for the sale of the nation's fixed line telephone company, TELKOM. Given the gravity of the charges that have been made, they need to be thoroughly investigated and resolved before there is any further movement on this transaction. The protracted parliamentary controversy regarding the resolution of land ownership continues. The definitive resolution of this thorny issue will serve to alleviate somewhat rural social tensions and contribute to the strengthening of the economy.

While Albania is close to completing the process of establishing a market economy, this development has had a varying impact on its citizens. Although the per capita GDP has more than doubled to approximately US\$1,800, one of three Albanians lives below the poverty level (monthly income of less than US\$60). Consequently, there is now a pronounced disparity of wealth between a relatively small group composed of businessmen, professionals, government officials, and criminals and a larger group made up of laborers, farmers, shopkeepers, and pensioners. This situation has aggravated social tensions within the country. Further compounding the problem is the chronic unemployment that has persisted during the transition period. According to re-

cent Albanian official data, the nation's unemployment rate ranges between 16 to 18 percent while ILO information suggests that 38 percent of Albanians lack employment. This situation has contributed to the rise of crime in the country and the emergence of Albania as a center for the trafficking of women and children as well as drugs. The lack of economic opportunity has spurred the massive emigration that Albania has experienced since the early 1990s. Among the more than 500,000 emigrants are thousands of young, well-educated, and talented Albanians whose skills and creativity have been lost to the homeland. This unfortunate trend, which has often included risky illicit flights from the country, will likely continue, even in the face of vigorous government undertakings to curb this traffic.

With the lifting of the communist-era restrictions on the free movement of peoples, there have been some major shifts of population, especially from the impoverished rural areas of northern Albania to the cities of central Albania. As a consequence, Tirana's population has doubled to more than 600,000 in the past fourteen years. As a result there is a serious shortage of decent affordable housing for the newcomers and a further strain on already overburdened city services and public utilities. Thus many of these new arrivals are living in squalor in makeshift housing. The internal population migrations have resulted in some weakening of family ties and the growth of tensions between newcomers and established residents.

The problems arising from the economic and social changes that have been occurring in Albania have spurred a growth in crime, especially violent and property crimes. As police effectiveness in crime solving has increased and the number of criminal convictions has risen, the nation's prison and pre-trial detention facilities have been overtaxed. Albanian and international human rights organizations have repeatedly documented instances of abusive and inhumane treatment of prisoners. The situation in the pre-trial detention centers has reached a crisis level and requires immediate action. A possible solution to this problem is to build a series of regional detention centers for prisoners awaiting trial or for long-term detainees while using most of the current facilities for those being held for interrogation or for short-term detention.

The socioeconomic changes that have been unfolding in Albania have spawned problems that must be addressed to reduce tension and mass alienation in the country. Failure to do so could foster disillusionment with and apathy toward the political process and endanger the further and accelerated progress that Albania must make toward the full-fledged democracy required for admission to the EU and NATO.

Albania's progress toward democracy has been influenced by the country's political culture. Albania's political culture, which has been characterized by a low level of popular participation in political activity, has produced a society in which the concepts of democratic government, the rule of law and the accountability of public officials, and the expression and toleration of diverse opinions have not been fully rooted. It is apparent that these concepts either have not been fully appreciated or have been deliberately ignored by segments of the country's political elite. This factor has contributed to the high level of corruption, abuses of power, excessive partisanship, and lack of trust and goodwill that have had at times raised obstacles to the orderly achievement of political democracy.

It is interesting to observe that in April 1991, as Albania began its transition, Fatos Nano was serving as the country's last communist Prime Minister while Sali Berisha headed the opposition Democratic Party. Both these long-time antagonists continue to dominate the political stage, with Nano as Prime Minister in the current Socialist government and Berisha serving as leader of the Democratic Party. Having remained the dominant personalities in Albanian political life during the entire transition period, they are to a large extent responsible for the highly confrontational style with its "winner-take-all" attitude that has characterized Albanian politics. Except for a brief truce or two, they have had little personal contact with each other, and the antipathy that exists between them is shared by other members of their respective party leadership cadres. Nano's resentment toward Berisha has been nurtured by the fact that in May 1991 Berisha fomented a general strike that resulted in Nano's resignation from office. Subsequently, during Berisha's presidency Nano was convicted of alleged economic crimes committed while he was Prime Minister and served nearly four years in prison. Berisha and Nano have managed to survive as long as they have because both are intelligent and charismatic, both are excellent orators and masters of polemical political rhetoric, and both have been able to establish strong ties at the grassroots party level and to command an almost fanatical loyalty from their hard-core party faithful. Given their strong personal followings and their respective abilities to control their party machinery, they have been able up to now to repel challenges and to retain their leadership positions.

Nano in December 2003 appears to have consolidated his hold over the Socialist Party by assuming the party chairmanship while retaining his government post. He has succeeded in excluding his long-time party rival Ilir Meta and Meta's key allies from top-level party councils. Meta in turn has formed a splinter movement within the party, the Movement for Socialist Integration. Meta and his group have been testing the waters to gauge the extent of their popular backing before deciding whether to secede from the Socialist Party. The Socialists on several occasions have been on the brink of division, but have thus far managed to avoid a break. Meta's possible defection could not have come at a worse time for Nano, who is being threatened with the loss of support from his minor party allies. The defection of the Meta group and that of the Socialist Party's allies could jeopardize the prospects for a Socialist victory in 2005.

The 2005 elections are also critical for Berisha. He has led the Democratic Party to losses in the 1997 and 2001 parliamentary elections and to defeat in the local government elections of 2000 and 2003. Berisha has been subject to some criticism within the party and by his allies for the poor performance of the Democratic Party in these contests and for his harsh confrontational leadership style. There is also recognition that his popularity among voters has waned somewhat, owing to their bitter memories of the failed pyramid schemes and the violence that ensued. Aside from the fact that Berisha has raised some valid concerns relating to the legitimacy of the elections that his party lost, the intensity with which he has pursued these matters underscores his desire to reinforce the conviction that his party's defeats were attributable to corrupt practices. Should the Democratic Party suffer another defeat in the 2005 election, Berisha's days as party leader could be numbered.

Given the stake that both Nano and Berisha have in the outcome of the election, it will be interesting to observe whether the two party leaders and their parties can cooperate in the drafting and ratification of a new electoral code to rectify the problems that plagued the 2000, 2001, and 2003 elections. A failure to do this could undermine their support among Albanian voters and within the international community. Fatos Nano's tactics in the preliminary planning for the 2001 and 2003 elections created some unnecessary tensions that clouded the conduct of these contests. With the stakes for Albania as high as they are in 2005, it is incumbent upon him and his party to refrain from engaging in any activities that would compromise the integrity of the electoral process. Similarly, Sali Berisha and the Democrats, while taking appropriate measures to safeguard their interests and to ensure a fair and free election, should cooperate in any constructive initiatives to enhance the prospects for success of the forthcoming parliamentary balloting.

Representatives of the Democratic and Socialist parties will begin negotiations on July 19 to draft a new electoral code. The degree to which the parties can succeed in this undertaking could be a harbinger of the political climate in which the 2005 campaign will be conducted.

With the parliamentary elections less than a year away, both major parties find themselves in conflict with their allied minor parties. The Socialist Party's principal allies (the Social Democratic Party, Human Rights Union Party, and Agrarian Party) have differed with their coalition partner mainly over their dissatisfaction with the allotment of cabinet posts and other government positions. With the decision of some members of the Meta faction to vote against their party on selected issues in the Assembly, the allied parties have sought to capitalize on the situation by exerting leverage on the Socialists to accede to their demands. Thus far, the two groups remain at loggerheads. But under threats from the Democrats to seize upon this opportunity to call for a vote of no confidence to overthrow the Nano government, the Prime Minister may be forced to reach an accommodation with his disgruntled partners.

Similarly, the Democrats find themselves at odds with some of their coalition partners, especially the Republican Party, National Front Party, and Legality Movement Party. Among the disputed matters are such issues as land reform and compensation for the victims of communist era political persecution.

Furthermore, all of the leading minor parties have protested the terms of the July 1, 2004, Electoral Reforms agreement between the Democrats and the Socialists primarily because it does not grant these parties equal representation on the drafting commission for the new code. It is still unclear as to whether or not and, if so, when the rifts between the major and minor parties will be healed. This development adds another dimension to the 2005 election puzzle.

In addition, there is the possibility of two new players in the Albanian political arena. As mentioned previously, Ilir Meta is conducting soundings to determine whether to transform his Socialist Integration Movement into a new party. The parties formed from defections from the Democratic Party have not fared particularly well, and the odds are that a Meta-led party would not become a major factor in Albanian politics. On the other hand, the party could siphon a sufficient number

of votes away from the Socialists in closely contested districts to enable the Democrats to increase their representation in the Assembly or even to secure a majority to form a new government.

In late May 2004, Leka Zogu, son of Albania's pre-World War II ruler, announced the formation of a new political organization, the Movement for Development. Zogu has been consulting with a number of constituent groups to ascertain the level of interest in his proposed program. It remains to be seen whether Zogu will seek to transform his movement into a full-fledged political party along the lines of Bulgarian Prime Minister Simeon Saxcoburggotski's National Movement Simmeon II. Zogu has recently curtailed his political activity owing to the serious illness and death of his wife. The possible entrance of Zogu into Albanian political life could impact on the fortunes of the Democratic Party and its right-wing coalition partners in the 2005 elections.

Thus there are many imponderables as Albania prepares to go to the polls. One of the major challenges confronting the parties will be to reverse the declining voter turnout for elections. Voter participation in parliamentary elections declined from 89.1 percent in 1996 to 56 percent in 2001, while the turnout for the local elections fell from 62 percent in 2000 to 52 percent in 2003. Aside from the fact that some voters were disenfranchised owing to defects in voter registration lists, and others failed to vote because they were away from their homes, the major factor accounting for the falloff is voter apathy and alienation. A growing number of Albanians have become disenchanted with the political process, especially the negative campaigning and the seemingly endless bickering among politicians and political parties. The parties, Central Election Commission, relevant NGOs and government agencies, and media all have the obligation to create an environment conducive to the planning and administration of elections that will meet the expectations of international institutions and stimulate greater voter participation.

There have been some mixed signals emanating at times from both the ruling party and the opposition suggesting that early elections be called. In my view that course would be a serious error given the domestic and international implications of these elections.

The Albanian government and the political parties must give their highest priorities to adequately preparing for the upcoming elections by profiting from the mistakes of the past. The key issues that must be addressed in preparing for 2005 include:

1. Revision of the Electoral Code to correct technical issues that have caused problems in past elections
2. Re-composition of the Central Election Commission to reflect a more equitable balance of parties
3. The definition of electoral district boundaries
4. The revision and updating of voter registration lists
5. The designation of polling places and the posting of voter lists for each of these locations
6. The early selection of polling judges and the development of a meaningful training program for these officials
7. The announcement of the schedule for the delivery of the government subvention payments to political parties

To complete this agenda will require considerable time, and it would be a grave disservice to the cause of good government to attempt to advance this schedule for partisan political advantage.

Another responsibility of the parties is to identify qualified women, of whom there are many, to seek election to the Assembly. Female representation in the Albanian Assembly is among the lowest of all national legislative bodies in Europe.

As Albania approaches 2005, it is apparent that politics as usual is a luxury the country can no longer afford. This folly has exacted a heavy toll on the nation. It has tarnished Albania's international image. To fail to meet the test of 2005 will dim the chances for timely admission to NATO and the EU. This could in turn have the effect of undermining the country's internal stability by hindering economic progress and sparking social unrest. In this event, Albania could be viewed as an unstable country and an unreliable partner by its Balkan neighbors, and thus risk exclusion from a variety of regional initiatives. An unstable Albania would serve as a negative role model for Kosovo and the Albanians of Macedonia.

Thus the stakes for Albania in 2005 are high, and those of its leaders who fail to meet their responsibilities in ensuring the success of the elections should be held accountable by the Albanian people and the international community.

**PREPARED STATEMENT OF HIS EXCELLENCY FATOS TARIFA,
AMBASSADOR OF THE REPUBLIC OF ALBANIA
TO THE UNITED STATES**

Good morning, Mr. Chairman, Members of Congress and your staff, colleagues and friends;

I am honored by my country to be here as Ambassador of Albania to the United States, and to have this chance to thank you and America for your abiding interest in us and in the growth of our modern democracy.

We experience, again and again, that America's support for modern Albania is constant and sincere. We find it in our every encounter with the people of the United States, all the way through to our repeated encounters with the President of the United States—most recently three weeks ago in Istanbul.

We find it every day in our working relationships throughout your government and this Congress.

And we find it every day in the places where democracy needs her champions: in Iraq, in Afghanistan and in Bosnia, where Albanian troops proudly serve—at this moment in each of those places—alongside American troops; a free and democratic Albania finally able to be the ally to you that you are to us.

Mr. Chairman: You know that we are barely 12 years out of a dictatorship so severe and so punitive that it is nearly impossible to describe to an outsider. It was communism and worse, if there is such a thing. It froze us in time. Walled out information. There was no freedom of the press. There was no freedom. There was no press.

Communism is now long gone. The Albanian people hunger for democracy and freedom. Our people are strong, and smart and clearly willing to sacrifice. They are approachable, friendly and outspoken. They are anything but silent. And now we are also this: We are free.

Mr. Chairman: Is democracy in Albania succeeding? The answer is: YES. Does it need improvement? The answer is: YES

Democracy in Albania is irreversible and irrepressible. And we in Albania know this better than anyone could ever say it for us.

We have also come to know one other fundamental principle of every democracy:

Every day we must renew it. Every day we must defend it. Every day, we must improve it.

We have heard many different views about Albania today, Mr. Chairman. But the most important thing that we've heard today is this: These voices we heard speaking to you, they are the very sound of democracy in Albania.

Mr. Chairman, it took us so long to get democracy in Albania and at such incredible cost. But, I can promise you this on behalf of Albania: We will keep our democracy and we will work to improve it.

Albania has grown remarkably, even exponentially in the last few years. There are a number of accomplishments that most of the world doesn't yet know that Albania has achieved. They show how hard we are working and how much we have done and they are significant indicators of our democratic development and how serious we are about success.

After some of the observations that we have heard today, mine might sound too sunny and rosy. But what I am going to tell you is all true and well documented.

I offer these as balance and context for a full picture of 21st century Albania, of a democracy serious about its transition and consolidation, so that, after this, when you next think about Albania, you will remember these things as well.

Mr. Chairman, the progress of Albania in recent years is extensive and there is a wide array of truly interesting details in almost any category you could pursue. Therefore I ask if I may submit for the record two documents that the Government of Albania has compiled within the last year. These reports were written specifically to better inform our bilateral relationships with the United States.

One is “The Government of Albania Accomplishments and Reforms, 2003”. The other is the 2003–2004 “Submission by the Government of Albania to the Millennium Challenge Account.”

These are fact-driven reports. The data originates from the Albanian government and also from the numerous international entities that are involved with the development of Albania.

And today we proudly offer it also to you and your colleagues. We offer both reports and hope that you would find the time to see what a young democracy can actually do, with a little help from its friends.

And how far we have come, shows how far we can go.

The Albanian reality is this: In barely twelve years, starting with absolutely nothing but determination, Albania has built by hand a democracy, stone by stone, brick by brick.

- Every single activity of modern society that requires freedom of speech and freedom of thought and freedom of press, from the classroom to the newsroom to the boardroom, had to be learned by Albanians from the ground up. All of the old rules were thrown out, because every old rule was about repression;

- We had to write the laws of freedom: We had to write hundreds of brand new laws and then we had to send back and revise hundreds more once we found that the originals needed to be toughened up;

- Most importantly, after generations of that punitive police state, our citizens have had to learn that the courts are now their “friends” and that the police are now their “friends” when for a century, the exact opposite was true.

- And this as, at the same time, the police and the courts have had to learn what it takes so that they truly do become the protectors of the people, and the protectors of the law.

- We had to learn—and are still learning—to live with a free press.

We wrote a new constitution, and then had to learn to trust it. And then had to learn to live it, as did, long ago, a very young United States.

ECONOMY

For democracy to flourish, it must root in a stable society with a stable economy. Albania is building both, and both show signs that they will thrive. The facts prove this.

There are the subtle signals our economy sends in every day life now in Albania. And Albania is pushing forward on every front:

- We see the new office towers rising in Tirana;

- Where a few years ago it was “hundreds”, today one sees hundreds-of-thousands of cell phones attached endlessly to Albanian ears;

—There are also days now when, even to our surprise, one cannot find an available seat on any flight into Tirana from Europe's commercial capitals.

—We are constructing highways, improving railroads and installing a nationwide air traffic control system that is state-of-the-art;

—We are reassigning budgetary priorities in the schools to invest more in the students' heads than in overhead;

—Albanian children continue to be vaccinated and immunized at a rate closing in on 100%;

—We are computerizing government records;

And there are the more quantifiable indicators. In the Albanian economy, every measurable category is UP, and staying UP:

Allow me please to repeat: Every trend line is up, and they do not reverse:

We are meeting or exceeding our goals in critical areas, year after year:

—Albanian productivity is consistently rising;

—For years, we have held the rate of inflation at, or below, its target;

—For years, per capita income has risen;

—For years, GDP has risen at, or above, target growth rates;

—And steadily over years, government spending meets its targets matched with a steady increase in collection of customs duty and tax revenue.

Also for years, investment in Albania is rising and development by Albanians is rising:

—The ancient rusting industries that failed when they were state-owned, now are being modernized, streamlined and privatized;

—In multiple business areas, there are now multiple competitors especially in construction, financial services and wireless communications;

—ATM machines are appearing along with private banks behind them, as Albanians begin, in increasing numbers, to do something else that is completely against their experience: Trust their money again, to a bank.

And Albania is proud that the World Bank, year after year now at Board of Directors level, has renewed its poverty reduction loans to Albania, based on Albania's good performance.

PROPERTY LAW

All countries that suffered political repression, including Albania, are faced now with untangling decades of complications over property rights, when property was seized for political reasons and records disappeared. It holds up the economy when there is no clarity in property ownership nor credibility of titles. We are now very close to completing, with years of work and OSCE assistance, enactment of a new and correct Property Law to untangle decades of conflict that lets smart growth flourish.

And Albania is now signatory to every major international convention protecting intellectual property rights. Albania is neither in the Priority Foreign Country List, nor the Priority Watch List or the Watch List of the 2004 Special 301 Report on Intellectual Property of the U.S. Trade Representative Office.

REVERSE MIGRATION

And so importantly to us, we are beginning to see this: Albanians coming home. After the totalitarian years when people dreamed of getting out, and the first fragile years of freedom when they flooded out, we are beginning to see that wound staunch. The evidence is anecdotal but beginning to reflect statistically. We are beginning to see Albanian émigrés come HOME . to an Albania that is already vastly improved.

A decade ago, Albania was at the bottom of every category on everyone's list, but that is changing and it is all about genuine and marked improvement. By our own hard work and the extraordinary help of our extraordinary friends, we are rising—on nearly every “list” of consequence. Albania can now be found rising firmly to the midway points in the rankings of the nearly two hundred nations in the world.

Within this last week, the United Nations released its 2004 Human Development Report. It ranks the countries of the world on quality of life of their people,

- If they expect to live a long and healthy life;
- If they are educated;
- If they have a decent standard of living.

On this year's UNDP Report released last Thursday, we found that:

- On the overall index, when all categories are taken into account:
- Albania is nearly at the top third of all countries.
- On the conditions that allow development of women's lives:
- Albania is clearly in the top third of all nations,

—And, on per capita income, the per capita income of an Albanian is now higher than that in nearly half the countries in the rest of the world.

The report shows clearly, for every year from the late-90s on, all of Albania's data, year after year, spike sharply upwards, for the better;

Albania's data, in each year, exceed the comparative median for the world; And the data show that now, Albania is quickly closing in on the median for all the countries of eastern and central Europe combined.

The data prove that hard work pays off: Over years, there has been only steady movement up and improvement for Albania. This is irreversible.

I would ask, Mr. Chairman, if you would enter into the record, the Country Fact Sheet on Albania from the United Nations Development Program's Human Development Report 2004.

RELIGIOUS TOLERANCE AND MINORITY RIGHTS

There is also another important facet of Albania's modern life that I would present to you proudly: Albania is incontestably a home of Religious freedom and religious tolerance

We are not unmindful that we live in a part of the world where this has been the exception and needs to become the norm, and Albania is proof that it can be the norm. Albania has always been like this: During World War II, every member of the Jewish faith in Albania was saved from Nazi persecution because Albanians cared and protected them.

Because Albanians believe in the dignity of people and in true religious tolerance. And because we believe it, we live it.

Albania is now a modern secular state and we specifically protect religious freedom in our modern Constitution.

Most of the three and a half million Albanians are Muslim; the rest are primarily Orthodox Christian and Roman Catholic. The religion to which an Albanian is born is important of course in the narrative of societal life and this tolerance we practice and enjoy, so little known outside Albania, is a fundamental assumption for all Albanian life.

I would point out to you these phrases in the United States Department of State's most recent International Report on Religious Freedom about Albania's religious pluralism: [In Albania], "There is no official religion and all religions are equal." "Government policy continued to contribute to the generally free practice of religion." "Various religious groups are generally amicable"; "Intermarriage is extremely common"; "Tolerance is widespread."

I also ask, Mr. Chairman, if you would insert into the record The Albania Country Report in the U.S. State Department's International Religious Freedom Report 2003".

In our new democracy, we are also legislating to guarantee the rights of minority populations. Albania is home to a number of minorities that are ethno-centric rather than religiously centered. We are passing legislation to protect their rights and creating oversight at senior levels to ensure compliance.

ELECTORAL ISSUES

This is the society we are building, in a nation that now democratically elects its leaders.

Mr. Chairman, one of your topics of focus today is the constant improvement of our process for Albania's elections. That, of course, is a primary mission for the OSCE in general and therefore, a principal focus for my colleague, Ambassador Lipponen, and the OSCE Presence in Albania.

Ambassador Lipponen has relayed to the Committee many of the latest developments.

He has explained that the major political parties in Parliament have agreed to implement recommendations for improvement of elections. The major parties have just signed a protocol stipulating both their agreement and a set timetable that requires improvements to be in place for the elections next year. They have all also reached out beyond their agreement with each other and they have invited all the parliamentary parties to participate in the improvement process.

When that protocol was signed in Tirana, Ambassador Lipponen publicly stated that he saw QUOTE "a strong political commitment" by the two largest political parties "to change the Electoral Code for the next election." He also said, QUOTE, "Things are better than they look."

The Ambassador and your distinguished speakers have covered many of these procedural points thoroughly and eloquently, but, as the official representative today of Albania, I would like to add a bit more, to support that point, that "things are better than they look".

Since the overthrow of our dictatorship in the early 1990s and with absolutely no prior experience at elections, Albania has held national elections for Parliament five times., we held national elections five times and also held local elections on a nationwide scale five times. We have known some success each time and we have improved the process, every time.

But the most important trend line over all those years is this: No matter what, Albanian democracy has HELD. Because we learned every time.

There have been hot disputes every time and powerful political disagreement every time. And Albanian elections have been held, Albanian governments have held and Albanian democracy has HELD.

We are barely seven years distant from the near fatal financial collapse the world came to call the "Pyramid Schemes". Our people had their savings stolen by criminals and could not reclaim them. There was panic and rioting, but our young democracy HELD. It was shaken violently, but it HELD.

We are barely five years out of an actual war, the war on our border, the "Kosovo Crisis". As little as Albania had itself in those lean years, we threw open our borders and the three million of us took in a half-million refugees fleeing ethnic cleansing. We opened our borders to them. And we opened our ports and bases and skies to NATO. And despite the turbulence and violence with a shooting war within earshot, Peace in Albania held, our government held, our democracy HELD.

We have had and we will continue to have times of hot political disagreements. That's what democracies do.

We have already known times in our young years when parliament was boycotted, preventing any legislative movement, and we have known times when parties have internal leadership fights that are as rough as it gets.

But, each time, resolution was achieved by democratic means. Each time, resolution was achieved within parliamentary rules, or within the constitution and within the law. Each time, governments stayed in place correctly, or transitions were legal and peaceful. EACH TIME, democracy HELD.

We are stronger and more sure every day. What happened in the Albanian streets seven years ago, is not only unacceptable now, it is unthinkable now.

In Albania, peaceful protests are now legal, of course, and they do occur peacefully. But one instance last winter, a legitimate protest briefly turned violent. Even when those who would cause harm tried violence, our new democracy showed itself: The Albanian police stepped in quickly with their new training, new supervision, and new rules. The police shut down the violence in a professional way that was a success: The police received public praise, within a matter of hours, from the European Union and, from the United States.

The local elections that were held all across Albania last October showed us where we need improvement, but they also showed where we have already improved:

These elections were conducted for the first time, within an efficient and more transparent one day cycle, rather than drifting over two-to-three days of previous cycles.

These elections saw, for the first time in Albanian history, face to face public debate between the leaders of the major parties. Televised, broadcast on radio, conducted in public and unprecedented.

The campaign was conducted over weeks with large public participation. There were scores of public rallies, speeches and parades, all over Albania: They were colorful, lively, partisan and peaceful. To Americans, they would look like normal and routine campaign events, and "no big deal". For us: "No big deal" is the "big deal".

FIGHTING CORRUPTION AND ORGANIZED CRIME

Clearly, democracy has a home in Albania. Let me make this just as clear: Corruption does NOT.

To talk about democracy in Albania, it is imperative to talk openly about the battle we are fighting fiercely against corruption in all of its forms.

“CORRUPTION”. I too will say the word and look it straight in the face, as does every Albanian determined to fight it and DEFEAT it.

Albania didn’t invent corruption, and we don’t hold a copyright on it. But we do share a historic twist that has been visited onto every country that rushed into their democratic transition in the last decade. When the tyrants were toppled so rapidly, for a terrible moment an ungoverned space arced between dictatorship and democracy. Before laws could be rewritten or the police could be reformed, the criminals rushed in. And we do not accept that. Corruption is not “fate”; it is an enemy. We fight to prevent corruption, prosecute corruption and punish corruption.

Fighting corruption is as central to our survival as a democratic society and to our success as a nation, that it is the highest priority of this government.

I refer you please, Mr. Chairman, to the two large reports by the Government of Albania that I have brought with me today. They include enormous detail of the progress we have made in our anti-corruption fight as well as the steps in which we are currently engaged. There are solid achievements in our fight against corruption and anti-corruption activity has accelerated exponentially in recent years:

Allow me to highlight just a few elements:

- The fight against corruption is now coordinated directly out of the office of the Prime Minister at minister-level itself;

- New offices combine inter-departmental disciplines for the first time in Albanian government with, for example, special detectives working alongside prosecutors who are dedicated to the anti corruption fight;

- Until recently, our intelligence and police services were forbidden by law from having any contact whatsoever with any foreign national; but now, we have changed all those laws, and now our newly trained police and intelligence professionals work closely with their international counterparts:

- Now they can work constantly with our neighboring countries to tighten our lengthy borders;

- They work constantly with our NATO partner countries on international crime fighting operations and intelligence sharing;

- Now Albania is a contributor in the international fight against trafficking and terrorism and corruption.

- Within the last year, for the first time ever, the Albanian police mounted an undercover sting operation within their own department and arrested their own;

- We have doubled the number of corruption convictions of public officials;

- We have enacted a program for long term witness protection;

- We have created a new code of conduct for judges and enforcement behind it;

- We have created tougher enforcement for the full financial disclosure already required of every Albanian public official;

- And we have, by enacting new laws, toughened Albania's criminal penalties to bring them up to European standards;
- We have outlawed all forms of money laundering, improved confiscation of criminal assets up to European standards and established a Financial Intelligence Unit aiming to prevent and combat money laundering.

All this, within the last few years, in Albania.

FREEDOM OF PRESS

Mr. Chairman: You also ask about the current status of media and journalism in Albania. There is great concern, shared by this government and the people of Albania, about media now, particularly about the mysteries of how and by whom, many new start-up media in Albania are funded.

The concern has been expressed by a number of international organizations. But it is being acted on forcefully by the Government of Albania.

This government is undertaking initiatives to enact appropriate mechanisms to make sure that media in Albania are completely free while the business dealings behind them are completely transparent. Albania now needs the legal mechanisms that other democracies already have to ensure that journalists have freedom from all pressures, including the pressures of who is paying them, and why. And that the public can be completely aware of who it is actually that brings them the news.

A decade ago, the few media in the newly free Albania were merely remnants of Communist party mouthpieces. We had no tradition or models on which to build; we certainly had no independent mountain of money with which to construct our new free media. Some new media appeared, but in those first years after the totalitarians were ejected, before democracy began to be institutionalized, there was a vacuum within which private media created themselves.

By the mid-90s, anyone with the money could start a newspaper or radio or TV outlet in Albania. We seemed to travel from one extreme of suppression of speech to the other extreme of no regulation at all. Like in the early years of the formation of the United States, we too have a press that rejoices in its new found freedom of expression—sometimes in the extreme. Like your country back then, our press is partisan and oriented in party politics. It relishes gossip and personal character assassination. It hides its ownership. We hope that eventually in time our press will mature and grow and be come more like the media in the United States—responsible, objective, disinterested and constantly in search of the truth. Democracy needs a free press. Democracy needs a responsible press. We are determined that our press will be responsible—and free.

Currently there are no guarantees of freedom, no protections from slander, no transparency on media ownership. In the last seven or eight years we have gone from one state-funded TV & Radio outlet to see, now, more than 125 stations, TV and radio, national and local, around Albania.

- Nearly all of them are completely privately funded;
- They are licensed by a national council whose members are appointed by both major political parties;
- The media are required to file annual financial statements for transparency on their funding sources but only a fraction of them do;

- Even on some of those filings, 50% of the sources are listed as “other”.

There is major concern and national debate within the government, the Albanian public, and our international community of friends, about the evils that such an unaccountable system creates: Illegal business deals and tax evasion taking place by those who use a small media outlet as their business “front” for existence.

We all know this must change. And as the Prime Minister himself said recently in Parliament in a speech that was nationally televised, resolving the issue by the highest modern standards is critical to Albania’s goals of European integration.

In our new democracy, no one wanted to be the first in Albania to put a single restriction on free speech. But, as the Prime Minister says, there is a societal and governmental responsibility to guarantee all the freedoms associated with the media in a democracy, whether putting a firewall around freedom of speech, or creating legal redress after wild accusations and defamation, and also protecting the freedom for truth itself, when the funding behind it involves political strings or illegal activity. No one has the right to cry “fire” in a crowded theater when there is no fire.

After a lifetime of totalitarianism, it takes courage to start acting on laws about freedom of speech. But Albania can see, now that we have full access to other democratic societies, that there is a way to legislate these matters correctly within democratic principles. There is a way to separate freedom of speech from the rules for operating the business side of the media business.

Pressures from the market place and public opinion will render their own verdicts on the quality of media in Albania, of course, but the government is embracing its institutional responsibility to guarantee protections for speech and transparency of business.

To this end, a Parliamentary committee is drafting a new Law on the Freedom of the Press to guarantee freedom and enforce transparency of funding. Its work is described as broad and serious and fully transparent to the public. The public has the right to know who owns the various media outlets that bring them the news.

The draft laws are being designed to raise standards in Albania of transparency and guarantees to the highest European standards.

And the Prime Minister very recently announced another new initiative: He is bringing together, he has announced, the best advice available as Albania writes new guarantees for the media. He has invited international experts to join Albania’s experts to draft a new package of laws to protect the public, and the media itself, from what happens when the protections afforded free speech are abused.

HUMAN TRAFFICKING

Let me finally address the issue of human trafficking, one of the worst scourges throughout the world. It has also been an issue throughout our region.

But, in recent years Albania has taken very strong action against trafficking in humans and there have been clear results.

A report for OSCE and several United Nations agencies issued last November said that the Albanian fight against trafficking “changed dramatically” as of 2002 because of “serious initiatives” taken by Albania at that time.

The most serious initiative to which the report referred was strong action by the government of Albania. It had put in place a three-year National Action Plan coordinated at minister level across the country and across the government. It coordinated the police, the courts, our intelligence service and military unit support among multiple Albanian departments. It created effective interaction with international organizations including the Council of Europe, the OSCE and the U.S. Embassy with, as that same report stated, three years of clear goals and priorities.

The first priority in the first year was suppressing traffic and it showed results nearly immediately. As that same report for the OSCE and UN agencies states: "The number of women trafficked out of Albania in the year 2002 is estimated to be very low."

We trained special anti-trafficking police and deployed them in each regional jurisdiction of Albania. We assigned special resources and personnel to our gateways, our seaports and the airport. As a result, and confirmed by every possible measure and under international scrutiny, since 2002 we and our partners stopped, disrupted and shut down the traffickers' favorite route by speedboat across the Adriatic.

As the U.S. State Department pointed out this year in its Annual Trafficking in Persons report, Albania achieved more than a momentary halt to speedboat smuggling: "The government continued its prevention of human trafficking by speedboat across the Adriatic". The State Department report also said this year that in Albania, "Arrests and prosecutions for trafficking-related offenses increased significantly."

And forceful police activity is having the wider effect that we intended. As the report for the OSCE and UN Agencies details, Albanian police pressure at source points and on smuggling routes has forced criminal traffickers to either abandon trafficking in humans or change to tactics that are more expensive, complicated and less productive for them.

Because of these and other strong actions taken by the Albanian Government over the last several years and continuing as we speak, the United States was able to move Albania up in classification in 2002 and this year in its annual Trafficking in Persons Report. Albania had been in the lowest of groupings but now Albania has moved up into the group of nations that are "making significant efforts to comply" with the standards to eliminate trafficking.

We still strive for higher standards and there is more progress: Albania was once clearly a point of easy transit for traffickers who would smuggle their victims from other countries through Albania en route third country destinations.

But that also is now STOPPING: As the State Department said in this year's Trafficking in Persons Report: "Regional and international experts consider Albania to have significantly decreased as a transit country to Western Europe". Albania has worked hard to achieve that progress and earn that sentence. If you should have the opportunity to look in detail at the State Department's Trafficking in Human Report, you will see listed a number of European countries and other highly developed democracies that are still listed as major transit points for human smuggling, while Albania is getting rid of it.

And, just as unacceptably, we are fighting human traffickers internally. We will never tolerate the theft of our own people. We have started wide reaching public awareness campaigns to a wide range of communities. We are working especially through the schools, the media and

through the police, to make our own people understand how dangerous this is, how low these criminals will go, how our people can avoid being kidnapped or fooled, to protect themselves and each other.

There has been a strong commitment in the last two years to take responsibility for the victims of trafficking. The government has established special programs at the police districts, opened special shelters in the most populous districts, and new levels of cooperation between the police and victims' assistance organizations. And by every account it's working. We take care of the victims while we hunt down their captors.

For more full and detailed information, I would refer you, please, to two reports from the United States Department of State: "The 2004 Trafficking in Persons Report" and the "International Narcotic Controls Strategy Report, issued in March of 2004".

And I would also refer you to the "2003 Update" to the report on "Trafficking in Human Beings in South Eastern Europe" done for UNICEF, the office of the UN High Commissioner for Human Rights and for the Office of Democratic Institutions and Human Rights of the OSCE.

And I would refer you also to the websites of the Albanian Council of Ministers and the Ministry of Public Order.

CLOSING REMARKS

This is Albania of the early 21st-century. A land of cell phones, boarding passes, start-up business, and a passionate debate over writing the laws that will put our democracy into cement. Every possible measure is positive; every possible trend line is UP.

This is true for the areas about which I have spoken in detail: our national war against corruption and trafficking, our march toward ever better elections, the upward projections that we have earned on all economic trend lines.

We yearned for democracy for so long that, as I said: We are going to get it RIGHT.

It is also true in our international relationships. We grew up on the wrong side of the Iron Curtain but we have found, in these dozen years of our young freedom that the nations of the world were waiting to welcome the modern Albania. On every continent, in so many capitals, we are encouraged, we find friends and we find partners.

Albania today is a country at peace. It is a country already in mature and productive working relationships around the world. We are full members now of multiple international organizations. We are steady on the track of becoming a full member of NATO, with a downsized and upgraded modern military. We are doing all that is needed to eventually become member of the European Union.

We work closely with our neighbors. All borders have two sides. Last March, at a summit of the leaders of the Vilnius-10 Group of modern young democracies, Prime Minister Nano of Albania spoke on a panel alongside the leaders of Serbia-Montenegro, Croatia, Bosnia-Herzegovina and Macedonia. They were the new leaders, of new democracies, in a new century, but this is the reality now, in the place you call "The Balkans". It is a place of progress, a modern place of only forward-motion and progress.

When I said “Albania has friends among the nations”, I close with this, and we will have America know this: We are more than proud of our friendship and partnership with the United States.

There is a truth that America’s friends know, that made us rush to your side after September 11th: Sometimes now in these worrying tiring days, maybe even America needs to hear it again, from their friends in Albania:

The American story is the inspiration for all of us, who have bled to get democracy into our own countries. With America as our moral compass, Albania says it again: When it comes to democracy—and we are showing you that we can—for our own sake, Albania is going to get this RIGHT.

ADDITIONAL RESOURCES

1. “The Government of Albania Accomplishments and Reforms, 2003”
2. “Millennium Challenge Account Submission by the Government of Albania; Policies, Regulations, Legislation and other Actions Affecting MCA Indicators, 2003–2004.” [A copy has been retained in the Helsinki Commission’s files.]
3. The Country Fact Sheet on Albania. From UNDP’s Human Development Report 2004 (15 July 2004) http://hdr.undp.org/statistics/data/country_fact_sheets/cty_fs_AL_B.html
4. The Albania Country Report in the U.S. State Department’s International Religious Freedom Report 2003 (most recent) <http://www.state.gov/g/drl/rls/irf/2003/24328.htm>
5. The U.S. State Department’s 2003 International Narcotics Control Strategy Report (issued March 2004) <http://www.state.gov/g/inl/rls/nrcrpt/2003/vol1/html/29838.htm>
6. Country Narrative for Albania in Part IV of the U.S. State Department’s Trafficking in Persons Report of June 2004 <http://www.state.gov/g/tip/rls/tiprpt/2004/33192.htm>

**GOVERNMENT OF ALBANIA ACCOMPLISHMENTS
AND REFORMS, 2003**

This compilation summarizes highlights of progress and accomplishment during 2003 by the Government and Parliament of Albania in their accelerated drive to strengthen the structures of modern Albania.

This summary contains results of Albania's initiatives in support of regional security and development. It documents the commitments Albania makes to protect democracy in the world, to achieve its full integration into the institutions of Europe and the Euro-Atlantic community, and to assume broader responsibilities in the international community.

This summary covers a wide range of categories and focuses on the most current timeframe, the period from January to October 2003. It documents completion of many goals and gives details about the forward progression of others, as committed to by the Government.

This summary concludes with the most recent assessment of its priorities for legislative and executive actions in the near term, reflecting decisions made in 2003 determining the top priorities in goals for which the Government has pledged completion in 2004.

SECTION 1. MAJOR INTERNATIONAL COMMITMENTS BY ALBANIAN HEAD OF GOVERNMENT AND LEADERS JAN-OCT 2003

1a. Iraq_Support and Deploy: "Operation Iraqi Freedom"

- Prime Minister of Albania is one of first leaders to declare publicly Albania's unconditional support to U.S. and join Coalition of the Willing;
- Prime Minister supports Coalition publicly at Rome meeting of senior leaders of Socialist International;
- Prime Minister publishes Albania's support (Feb 03 Boston Globe, Wall Street Journal)
- Deploys Albanian Commando Company in April 2003.
- OCT 2003: Albania deploys its second rotation of Albanian Commando Company troops to Iraq
- All Albanian ports, airspace, civilian and military airports are opened to Coalition members, and offer remains in place.
- Albanian Parliament passes Resolution of Support (May 03)

1b. Afghanistan_Support and Deploy, "Operation Enduring Freedom" Albania one of first nations to join US-led alliance

- Continued public support since 9/11/01 for U.S.-led alliance;
- AUG 2003: Albania deploys its third rotation of Albanian Special Operations Troops to Kabul area.
- All Albanian ports, airspace, civilian and military airports are opened to Coalition members, and offer remains in place.

1c. Bosnia i Herzegovina—7th year of deployment/support: NATO/SFOR

- Public support and offers of assistance since 1996 for NATO peace-keeping
- OCT 2003: Albania deploys its 13th rotation in seven straight years of support, for NATO force protection and camp security near Sarajevo

1d. Kosovo: NATO/KFOR—Continuing Albanian co-operation

- May 2003: Updated agreement between Albania and NATO/KFOR to maintain peace and prevent incidents along Albanian border with Kosovo.
- Original NATO deployment of 20,000 troops in Albania [NATO/AFOR] at Albanian invitation in 1999, reduced by 2003, to 600.
- All Albanian ports, airspace, civilian and military airports are opened to NATO members and partners per 1999 agreement with NATO, and offer remains in place.

1e. SEEBRIG, HQ, Constanza, Romania, concrete support from Albania for regional Southeastern Europe Brigade

- Albania meets target, on schedule, to have 10 contingents of personnel and specific equipment prepared to deploy at moment's notice if needed within regional security agreement.
- Permanent Albanian Liaison officer stationed at SEEBRIG HQ in Romania.

1f. MAY 2003 Albania becomes partner to US-Adriatic Charter and hosts the inaugural Signing ceremony in Tirana

- Albania signs U.S.-Adriatic Charter for close co-operation among Albania, Croatia, Macedonia and the United States.
- Albania hosts senior leaders of all Charter nations for the signing ceremony in Tirana.

1g. MAY 2003 Senior Albanian leaders receive Secretary Powell in Tirana for bilateral meetings:

- U.S. Secretary of State visits Tirana for signing of US-Adriatic Charter and meets with the President, Prime Minister and Minister of Foreign Affairs for bilateral discussions on range of issues.
- Additional bilateral discussions occur between Albanian leaders and Secretary Powell during the UN General Assembly in New York in September 2003.

1h. International Criminal Court: Albanian Parliament approves prevention of ICC proceedings against US personnel

- [May 2] Prime Minister Nano and U.S. Secretary of State Powell sign agreement between Albania and United States under Article 98 of the Treaty of Rome to prevent the International Criminal Court from proceeding against Americans in Albania.
- [June] The Albanian Parliament ratifies this agreement with near unanimity, 108 of 109 members voting yes, and one abstention.

1i. Albania offers port and military basing to the United States

- Albania offers the United States unilateral use of military facilities, including naval basing and support on Albania's Adriatic Coast, for forward basing and other support of American military activity in the Adriatic, Southeastern Europe and Eastern Mediterranean region. [Spring, 2003]

1j. Exchange of visits, Ministers of Defense of U.S. and Albania

- U.S. Secretary of Defense Rumsfeld visits Tirana and conducts bilateral discussions with Albania's President, Prime Minister, Ministers of Defense and Foreign Affairs;
- Albanian Minister of Defense meets in the Pentagon with Secretary Rumsfeld and in U.S. Capitol with members of Congress. [June 2003]

1k. U.S.-Albanian Joint Military Exercises on Albanian coast

- [May] U.S.-Albanian joint military exercises take place on Albanian coast with US forces that are en route to their deployment in Iraq. Prime Minister of Albania attended and observed.
- [September] U.S. Marine Expeditionary Unit and Albanian Forces conduct Joint Exercise in Albania; 2nd US-Albania bilateral exercise based in Albania in 2003.

1l. [September 2003] First Working Conference, US-Adriatic Charter partners and supporters

- Albania delegation participates as principals in first international conference and planning meeting of US-Adriatic Charter at Lake Ohrid, Macedonia;
- The Ministers of Defense of Albania and Serbia-Montenegro meet for dialogue on this occasion, in the US-Adriatic Charter atmosphere of closer regional co-operation.

1m. Albania invites Peace Corps to return; 36 Peace Corps volunteers arrive in Albania

- 36 Peace Corps volunteers arrive after Albanian invitation and a new Albania-U.S. agreement on Peace Corps after a six-year absence. The 36 volunteers will focus on Municipal Administration and training and arrived in Albania in September to work in communities nationwide.

SECTION 2. MAJOR ACHIEVEMENTS, INTERNATIONAL—2003**2a. January 2003 Albania and EU launch formal negotiations toward Stabilization and Association Agreement**

- EU President Prodi publicly announces that Albania is ready and Albania and the EU begin formal negotiations toward a Stabilization and Association Agreement between Albania and European Union.

2b. October 2003 Albania starts “National Strategy on Migration” with EU and IOM

- European Union and International Organization of Migration sign agreement for funding and assistance to Albania in development of a Migration Management System, including completion by 2005 of a National Strategy on the issues of immigration and emigration.

2c. July 2003 World Bank Board of Directors grants second loan to Albania, merit-based, on Albanian performance

- World Bank Board of Directors approves “Year 2 Poverty Reduction Credit Support” of USD \$18 million for Albania based on Albania’s positive performance in Year 1 of targets achieved in multiple economic categories

2d. July 2003 Albania invited to join, and joins, international finance officers group fighting money-laundering and terrorist- financing:

- Albania accepts invitation of the Egmont Group of Financial Intelligence Units and joins this organization sponsored by World Bank, IMF, Interpol and others, for co-ordination among 69 nations to stop illegal financing of criminals and terrorists.

- Albania receives Egmont Group invitation after Albanian Government leadership and Parliament enact Albanian law [2003] to fight money-laundering and financial crimes, and bring Albanian law in line with international standards.

2e. September 2003 Albania begins 5th year of full engagement NATO MAP process:

- Albania begins its 5th year of full participation in NATO’s accession MAP Process initiated in 1999 at NATO Summit in Washington, for military restructure and modernization to standards of NATO partners.

- Albania also enters 3rd year of full participation in the “Vilnius Group” of transitional democracies.

SECTION 3. REGIONAL LEADERSHIP AND INITIATIVES IN 2003

3a. Albanian initiative restarts “Corridor 8” economic contact group at Head of Government level, with Albania, Bulgaria, Greece, Macedonia, Romania

- Albanian Prime Minister revives “Corridor 8” agenda and activity at Head of Government level during regional leaders meeting in Italy with Italian EU Council of Ministers Presidency; Corridor 8 process is the regional approach to develop regional infrastructure in support of regional economic growth, and requires regional cooperation to succeed;

- Albania hosts first minister-level gathering in Tirana of revived Corridor 8 activity, with further meetings planned at Leader and operational levels.

- Discussions for financing infrastructure needs continue actively at ministerial levels (September) with European Investment Bank and European Bank for Reconstruction and Development.

3b. Albania holds senior level discussions in Belgrade with Serbia-Montenegro

- Prime Minister of Albania leads senior level delegation to funeral of assassinated Prime Minister Djindjic.

- On this occasion, senior-level bilateral talks on major issues occur between leaders of Serbia-Montenegro and Albania. [Spring 03]

3c. Albania establishes Diplomatic level exchanges with entire region

- Albania exchanges Ambassadors with Serbia Montenegro, and with that, Albania has permanent full-rank envoy exchange with all of its neighbors.

3d. Albanian Prime Minister initiates major regional anti-Crime plan

- Albanian Prime Minister authors and circulates to his counterparts in Southeast Europe, a draft proposal for regional Anti-Crime initiative, an “organized fight against organized crime”.
- Initiative results in multiple new bilateral and multilateral agreements, allowing cross-border training and joint operations of the different national law enforcement agencies in the regional anti-crime fight.

3e. Albanian leadership helps personally in region with ethnic issues in support of regional stability: [2003]

- Within multi-national framework, Albanian President and Prime Minister are actively engaged in public and in private to support stability.
- Within the framework, Albania supports rights of ethnic Albanian populations in region and co-operates directly with neighboring leaders in public unity against violence.
- Albanian Prime Minister Nano met several times with the Prime Minister of Macedonia, and with him in Macedonia, met with leaders of Macedonian communities of ethnic Albanians.
- The Prime Minister has publicly condemned the violence by militant ethnic Albanians in Macedonia [AKSH] maintaining that position consistently.
- Albania arrests and authorizes prosecution of several prominent AKSH leaders and opens international warrant on another senior AKSH leader;
- At new levels, discussions to create concrete actions of co-operation have occurred throughout 2003 between Ministers of Albania and Macedonia and the first meeting ever occurred between the Intelligence Services of Macedonia and Albania.

3f. Albania completes full set of regional Free Trade agreements

- In 2003, Albania signs Free Trade Agreement with UNMIK/Kosovo and completion of that agreement gives Albania Free Trade Agreements with all of its neighbors in the region.

3g. “Creation of Unique Energy System” among Albania, Greece, Macedonia, and Montenegro:

- Consultations continue with EU and European banks aimed at improving regional power supplies by harnessing regional natural resources.

3h. “Adriatic-Ionian Corridor”—among Albania, Slovenia, Bosnia I Herzegovina, Croatia, Montenegro and Greece:

- Multinational contact group for economic issues framed along the natural commercial corridor of the Adriatic coast.

SECTION 4. EXPANDING INTERNATIONAL RELATIONS

Numerous contacts and travel occurred in 2003 between Albanian leaders and international counterparts. Below are listed some of the meetings that occurred at the most senior levels of government:

4a. Head of State International Travel, 2003

The President of Albania conducts Head of State representational visits to:

- UN General Assembly, September, New York
- Great Britain
- Italy
- Turkey
- Macedonia Serbia-Montenegro (regional gathering)

4b. Prime Minister/Head of Government level, working visits:

Among the senior level contacts in 2003 during working visits of the Prime Minister of Albania are:

- In Italy, with PM Berlusconi (3 times)
- In Greece, with PM Simitis
- In Turkey, with PM Erdogan
- In Macedonia, with PM Cervenkovski
- In Montenegro, with PM Djukanovic
- In Serbia-Montenegro, with the President and PM Djivkovic

4c. Albania receives senior leaders:

Among the leaders who visited Albania in 2003:

- Italy, Prime Minister Berlusconi
- Bulgaria, Prime Minister Saxe-Coburg Gotha
- Romania, Prime Minister Nastase
- Macedonia, Prime Minister Cervenkovski
- U.S. Secretary of State Powell
- U.S. Secretary of Defense Rumsfeld
- EU Commission President Prodi
- NATO Secretary-General Lord Robertson

SECTION 5. CONTINUING STABILITY IN ALBANIAN GOVERNMENT JAN-OCT 2003

5a. 2003: Albania starts 7th year of continuous elected and stable national government

- Elected government endured without ever falling through domestic crises of 1997 and 1998, and the crisis in Kosovo in 1999;
- Also in this period of time: Two rounds of parliamentary elections (1997 and 2001) have occurred, including re-election of the government

5b. For non-performance on the job, Government discharges heads of major governmental departments

- Prime Minister Nano signed public and binding agreements with all members of the Cabinet and heads of key agencies and state-owned enterprises, stipulating the criteria they would meet for job performance.

- In 2003, on measurement against these agreements, the Government relieved three heads of key government entities of their positions, including the head of Customs.

5d. October 2003: Nation wide local elections campaigns occur successfully

- **Albania implements major reforms for local elections of 2003** For nationwide local elections scheduled for October 12, 2003 Albania introduces reform of SINGLE ROUND elections, replacing old, long-time system of multiple days of voting and days of waiting for delayed returns; [achieved by Albanian partnering with OSCE].

- **Widespread public campaigning occurs in 2003 with notable civility** Campaigning throughout the September/October election season was notably civil while very lively. Multiple candidates campaigned at well-attended, well-mannered public events all around Albania. The Prime Minister attended 50 public campaign events in a month; other candidates had similar schedules.

The Government, in a public statement from Prime Minister ahead of the election, praised all participants for conducting a “peaceful and orderly campaign”, and praised the Opposition by name for their constructive role.

- **Unprecedented numbers of public and televised debates** Debates occur during this campaign in the most widespread use to date. Debates are telecast locally and involve candidates, journalists and NGOs. Where broadcast is not available, debates are held in public halls or open-air. [Achieved in consultation with OSCE and international entities].

- **Party Leaders debate directly, for first time in years** On the eve of the nationwide elections, the Prime Minister and the leader of the major opposition party debated each other directly for the first time in years, in a scheduled, nationally broadcast and structured debate (10/10/03, on Voice of America).

- **Albania creates bi-partisan court for post-election challenges** For first time, and with agreement of all main political parties, Albania has created an Electoral Court to have a process to deal with any possible challenges to the elections scheduled on October 12, 2003.

- **Non-partisan appeal from Prime Minister for all Albanians to vote** The Government, in a widely publicized statement by the Prime Minister a week prior to elections, urges all Albanians to vote, and “vote freely for any alternative they wish”. The Government also calls on all supporters to continue to show to the world “the good conduct worthy of a truly democratic society and country.”

**SECTION 6. MAJOR BUSINESS/TECHNOLOGY AGREEMENTS
ACHIEVED IN 2003 WITH ACTIVE INVOLVEMENT OF ALBANIAN
SENIOR LEADERSHIP**

6a. “OPEN SKIES”, Albania and United States

- Signed in Washington in September, 2003 by U.S. Secretary of Transportation Mineta and Albanian Acting Foreign Minister Hajdaraga, the Open Skies Aviation Agreement allows airlines to fly to, from or beyond each other’s country, covering scheduled and charter, passenger and cargo flights in full free-market arrangement.

6b. Lockheed-Martin contract to install \$32-Million state-of-the-art Radar

- Contract signed in 2003 between Albania and Lockheed- Martin to install Lockheed's "SkyLine" Air Traffic Control System in Albania, creating safe Albanian skies for all aviation. Installation will shorten flying routes between Europe and Eastern Mediterranean and North America, allowing military and commercial aviation to fly over strategically situated Albania, rather than around it.

- First phase of installation will be done in time to service over flights for the 2004 Olympics in Greece.

- This is Albania's largest contract with an American firm and its first commercially financed project.

6c. General Electric: Contract to build modern rail transport

- \$75 million agreement signed between Government of Albania and General Electric (Italian Division) to construct a key commercial railroad linking the coastal port of Durres with Tirana, with a six-mile spur to Mother Theresa International Airport/Rinas, outside of Tirana.

SECTION 7. FIGHT BY GOVERNMENT AGAINST MAJOR CRIME INCLUDING HUMAN TRAFFICKING, DRUG TRAFFICKING CRIME AND CORRUPTION; HIGHLIGHTS OF ACTIONS AND ACCOMPLISHMENTS, JAN-OCT 2003 DATA FROM ALBANIAN MINISTRY OF PUBLIC ORDER:

Note: In Albania's government structure that uses the same model as other European governments, all police are in the executive branch and responsible to the Prime Minister (Ministry of Public Order). All judges and prosecutors are in a separate branch of government, responsible to a Council chaired by the President of Albania.

7a. Statistical Results of targeting major crimes, Jan-Aug 2003

Results Jan-Aug 2003: Targeting Human Trafficking

- Near elimination of human trafficking by speedboat across Adriatic Sea

- Large increase in arrests at border crossings

- Referred by police for prosecution:

- 85 cases involving 295 offenders for organizing illegal crossings

- 66 cases/90 offenders for traffic in females for prostitution

- 11 cases/26 offenders for traffic in children

Results Jan-Aug, 2003: Targeting Drug Traffic

- Large upsurge in confiscation of illegal drugs

- 40 helicopter/Air detection operations (with Italian liaison: Interforce)

- Three operations with international partners for drug seizures

Results Jan-Aug 2003: Targeting Organized and Economic Crime

- First-time targeting of 5 large criminal groups

- Referred for prosecution:

- 525 criminal offenses, economic crimes

- 30 cases referred, "abuse of competency" (corruption)

- 64 cases involving Customs 378 cases, falsification of documents

Results Jan-Aug, 2003: Eliminating Corrupt Police

- In 2003, for first time, Albanian Police have deployed undercover police officers within their own departments to detect police corruption;

- Jan–Aug, cases targeting Police accused of abetting trafficking, including senior police officials:
 - 179 Individual Investigations
 - 115 of those for involvement with human trafficking
- Jan–Aug, cases of charges of corruption among Police Officials, including senior officials:
 - Arrested 18
 - Prosecuted 71
 - Dismissed 183

7b. Significant anti-crime actions authorized and coordinated by senior Government officials, Jan–Sep 2003 Co-ordination at Cabinet level/Council of Ministers By the “State Committee on Fight against Human Trafficking”

- Committee activated within past 12 months to enforce and coordinate Albania’s National Strategy against Human Trafficking
- Committee chaired by Minister of State reports directly to Prime Minister; includes Ministries of Public Order, Defense, Finance, Foreign Affairs and State Intelligence service;
- Committee gives authority and coordinating structure across departmental lines of Executive Branch for information sharing and joint operations.

7c. New international and regional agreements that allow new actions to fight Drug and Human Trafficking Jan–Sep 2003

- New agreements reached by Albanian leadership with regional neighbors enable joint operations at land borders between Albanian police and regional counterparts;
 - Albania Police participate in international police joint operations with Italy and other neighboring countries;
 - Albanian agreements reached with neighboring nations enable assignment of full-time Police Attaches in and with neighboring countries;
 - Government upgrades operations at International Trafficking Center at Vlora, set up in cooperation with Italian, Greek and German police;
 - In 2003, Albania signs agreements with Bulgaria and Romania to ease repatriation of trafficking victims to their home countries;
 - Parliament enacts “Law on the Naval Equipment” to disable traffickers by requiring registration of all vessels in Albanian waters;
 - Albania begins training and equipping Albanian police for gradually closer interaction with Europol
 - Success of MIRAGE II regional anti-trafficking operation in which Albania ranked among region’s leaders in numbers of arrests, interdictions, etc.

7d. New Act of Parliament to permit Albanian Intelligence Services broader involvement in anti-crime activities

- Parliament enacts change in Albanian law to allow Albanian Intelligence to work with international counterparts for crime-fighting; Previous Albanian law forbade Albanian Intelligence from any contacts outside Albania;

- In 2003, Albania Intelligence conducts concrete interactions with U.S., Italy, Greece, Macedonia, UK, Montenegro, others;
- In 2003, Albania signs Reciprocal Cooperation Agreements for regularized exchange of intelligence (with, e.g., SECI Center in Bucharest).

7e. Special Anti-Crime Activities coordinated and managed by senior levels of Albanian Government, Jan–Sep 2003:

- Albanian Police and Albanian Armed Forces agree in Memorandum of Understanding [MoU] on regular joint operations, and conduct multiple joint surveillance and interdictions;
- Albanian Police and Customs agree in MoU for joint operations for first time, resulting in increase of arrests and seizures at borders.
- Albania deploys specially-trained “Delta Force” unit at Port of Vlora for crime-fighting (operational in 2003);
- Albania involves all major government departments in strategic plan to coordinate control of the major gateways—Ports of Durres and Vlora and Rinas/Tirana Airport, with specially trained staff from multiple units. (assisted by U.S./ICITAP).
- Parliament enacts new law allowing Albanian police to intercept cell phone communications for anti-crime purposes.

7f. Destruction of illegal firearms and excess military ammunition to prevent its use by criminals

- Collected: 11.6 thousand tons of small arms and light weapons.
- July 2003: NATO and Albania sign agreement for NATO technical and financial assistance through NATO’s Partnership for Peace Trust Fund in destruction of all collected weapons and ammunition.
- Destruction scheduled to begin in 2003, conclude in 2006, and will occur at Albanian munitions factories that are being retooled from production of arms to demolition of arms, with on-site assistance of Canada as lead sponsor of the NATO-Albania arms destruction program.
- Follows earlier NATO-assisted destruction in Albania of 1.6 million landmines.
- Also in 2003: Several new initiatives between the U.S. and Albania for joint programs for destruction of illegal arms on bilateral basis.

7g. Fight against Money Laundering, Jan–Sep 2003

- New Government Action Plan on Economic and Financial crimes creates regular coordination among Albanian Police, Customs, Tax and Road Transport units, and the senior level ‘Anti-Money Laundering Intergovernmental Committee’.
- June 2003: Parliament enacts tougher Anti-Money Laundering Law bringing Albanian Law in line with international standards
- July 2003: Albania invited to join, and joins, the 69-nation Egmont Group of Financial Intelligence Units (supported by World Bank, IMF, Interpol and others) for intelligence sharing and other institutional cooperation against money-laundering and terrorist financing.

7h. Government strengthens Albanian Police Ministry’s “Subdivision on Organized Crime”, Jan–Sep 2003

- Reorganized to report directly to Director of the Criminal Police.

- Centralizes the coordination of operations of multiple police units against major crimes (human and drug traffic, financial and economic crimes).

	<i>2003</i>	<i>2004 plan</i>
Full time staff:	53	64

7i. Senior Leaders create “Task Force Against Organized Crime” unifying a full-time staff from different branches of Government

- In 2003, Government establishes full-time Task Force staff that combines Albanian Police (Executive Branch) and prosecutors (Judicial Branch) in a single office for the first time.
- Gives Task Force high level authority: Based in office of General Prosecutor, most senior legal office in Government of Albania;
- Completed: Staff selection and special training of Task Force staff;
- Full time work, commencing by early 2004

7j. Creation of high level “Court of Serious Crimes”

- Council of Ministers authorizes creation of new high-level unit to focus on severe crimes and criminals, all within one unit;
- Court of Serious Crimes will have its own full time investigators, prosecutors and courts in four regional offices;
- Enabling legislation will have strict criteria for selection and training of judges, prosecutors and investigators;

Current status: Remaining legislation being written by senior government working group in consultation with international partners.

Target start date: Court is scheduled to be operational in first half of 2004

7k. Actions against Smuggling and Duties Evasion Jan–Sep 2003:

- Install first computer-link between Customs at Port of Durres and Tirana (operational by end of 2003) and begin computerization to network all of Customs Operations with Finance Ministry offices;
- Parliament enacts law to shut down multiple “duty-free” stores whose operations in Albanian cities encouraged smuggling and tax evasion.
- Government by executive order (normative act) begins Permanent Registration of businesses and computerizing the entire Income Tax and Small Business Tax administration.
- Government creates staff for “Customs Inspection Units” that allows the first hands-on inspection and verification of Customs declarations
- Government requires that Customs must report every three months on outcome of inspections and its follow-up actions;

7l. Albania increases services for victims of Human Trafficking,

- Expands operations in Tirana at Shelter for Victims of human trafficking (women and children) with increased housing, medical, psychiatric, temporary protection and repatriation services;
- Increases Victim Services in port of Vlora
- Increases legal/medical services for Albanian victims of human trafficking returning to Albania;
- Establishes Victim Shelters (for partial services and registration) in six police districts around Albania (with assistance of the Netherlands).

- Begin Public Awareness programs in Albania to involve, and protect, Albanian population.

SECTION 8. ANTI-CORRUPTION IN GOVERNMENT JAN–SEP 2003

8a. Arrest and prosecution of several senior Government officials

- In 2003, several senior officials of the Government of Albania were arrested and prosecuted on charges relating to corruption.
- Officials included a former Deputy Minister of Public Order (police) and a Deputy Governor of the Central Bank.

8b. Enacted by Parliament in 2003: Tougher mechanisms to enforce required Financial Disclosure by public officials

The previously enacted Albanian “Law on Declaration of Wealth of Politicians” already required annual public filing by every public official of the assets of the official and spouse. Filings were already required to be available publicly and were posted on government web site. Toughening of enforcement:

Passed by Parliament and signed into law, May 2003,

- ENACTED: New position of General-Inspector to be appointed by President of Albania, with full time staff, to monitor and enforce compliance with “Declaration of Wealth of Politicians Law”;
- ENACTED more specific language on what must be declared
- ENACTED more specific penalties, ranging from simple fine for filing late, to barring from office for refusal to file.

8c. Cabinet/Council of Ministers approves and begins creation of new “Law on Conflict of Interest”

- August 2003: Council of Ministers approves that additional law is required to cover key anti-corruption reforms not in any other law;
- Council of Ministers creates Working Group reporting to Prime Minister to draft new law to meet international standards of governance in consultation with international legal experts;
- Target dates: Draft legislation by early 2004; Enactment: 2004.

8d. In 2003: Police, prosecutors and judges attend special training sessions on Anti-Corruption Investigation and Prosecution, Training done with assistance of NGOs and international experts

8e. Actions taken by senior leaders to Prevent Misuse of Government Funds Jan–Sep 2003:

- *By act of Parliament:*

Parliament enacts legislation to expand jurisdiction of “Civil Service Law” with its provisions regulating government funds and penalties for abuse, to cover all institutions related to government spending;

Parliament enacts legislation requiring more detail in the budgets submitted to Parliament.

Parliament enacts “Law on Internal Auditing in the Public Sector

- *By Government executive order / Normative Act, internal management changes to create transparency and accountability and to implement Acts of Parliament (above):*

Government begins, in its ministries, process of competitive bids for government contracting/procurement;

Government introduces “Standard Procurement Policies” and begins (in 2004) intensive training of government workers involved.

Government incorporates international standards for procurement and contracting, audits and qualifications of auditors (with EU assistance);

Government audits will occur on regular schedule, be made available to the public and posted on government website.

- *Government begins computerizing and computer network of all key government financial bases, Jan–Sep 2003:*

Ministry of Finance already computerizing central system, standardizing databases and creating links to other parts of government, with priority to Customs and Taxation;

Government creating unifying database for government income, expenses and program outlays;

Training personnel at all points for operations.

Conducted with advice and assistance of World Bank, IMF, and other international financial management experts.

8f. Senior Leader Actions to fight Economic Crime in Business Community Jan–Sep 2003

- *Parliament enacts tougher penalties on private insurance companies* In 2003, Parliament enacts law for tougher regulation on commercial, independently operating private insurance companies to stop widespread abuses not addressed under any previous law.

- *Government signs agreement for anti-crime cooperation between Police and Albanian-based business community.* Agreements reached for anti-crime co-operation between Albanian State Police and Chambers of Commerce and Industry for mutual assistance.

- *Parliament enacts Anti-Monopoly, “LAW ON COMPETITION”* Aug 2003—Parliament passes law to reconcile Albanian standards with EU standards in anti-trust and anti-monopoly law, with jurisdiction over all sectors of the Albanian economy. To enforce compliance, Albanian Parliament will appoint in early 2004 the Commission (for decision-making) and Secretariat (for enforcement) required in the new law.

SECTION 9. POLICE MODERNIZATION AND REFORM DATA FROM MINISTRY OF PUBLIC ORDER, JAN–AUG 2003:

9a. New effort to redress complaints of police mistreating citizens

- Jan–Aug, 2003: Disciplinary measures taken by police and by government against hundreds of police, from street officers to senior ranks;

- Disciplinary measures revised to reflect severity of offense and now include: Prosecution, dismissal, long-term and short-term suspension, demotion, suspended pay and formal warnings in the file.

9b. Reform of Police Training and Recruiting Jan–Aug 2003

- By August 2003, more than 800 police completed special training; 75% of those were trained with international law enforcement assistance; Senior police: Advanced level training, in Albania and abroad;

- In 2003, Ministry of Public Order introduces process for more careful screening of police candidates and recruits;

- Approval in August 2003 by Council of Ministers/Cabinet: To create “Police Graduate School” (in addition to existing Police Academy);

- Increased professional training for police who work with media;
- For first time, special training for Border Police in human rights issues.

9c. Police introduce new reform measures for transparency in Police Administration Jan–Sep 2003:

- Enacted by Parliament: Legislation strengthening civilian control of Police;
- Police implemented multiple reforms for police departmental financial processes for efficiency, accountability and transparency; the reforms are same as new practices in other government departments on procurement and regularly and more frequently scheduled auditing;
- Police introduced new internal Human Resources procedures in 2003, enabling Police to address 1600 rank-related complaints;
- Police began competitive hiring practices for civilian jobs in State Police.
- To be completed by end of 2003: Restructure of the management of State Police.

9d. On need to decrease corruption by increasing base pay for basic police officers:

- In 2003, base pay for a basic police officer becomes 13.6% higher than it was in 2001, an increase that is more than four times a cost-of-living increase would be, as indexed by actual inflation rate:

	<i>2001</i>	<i>2003</i>	
Base salary (lek)	11045	12550	[+ 13.6%]
Rate of Inflation	3.5%	3%	

9e. Police begin a structured outreach to public for Anti-Crime cooperation and to raise public confidence in police Jan–Sep 2003:

- For first time, police include public and NGOs in the design of new police procedures to handle complaints against police;
- For first time, police conduct nearly 40 community and public meetings around Albania, at start of a 3-year program to create communication and cooperation at local level between police, officials and communities;
- Police begin public education on crime prevention, with programs in schools, on TV/radio, and prepare 4000 copies of the “Police Code of Ethics” for distribution to the public;
- Special media training for police officers results in increase in inquiries in general from media, and increase in number of media who go to cover a crime scene because they expect improved access and/or answers.

9f. Concrete upgrades of basic Police capability in field [Achieved with international law enforcement assistance, primarily from Italy, Greece, and the U.S.] Done Jan–Sep, 2003:

- Install and make operational: New high frequency Emergency Radio System to connect Police Central Headquarters with its 10 district divisions for voice and data transmissions;
- Deploy more than 400 new radios to police in field, 20% of those radios will be dedicated to special anti-crime police;

- Acquire by end of 2003 nearly 50 new vehicles, Brings number of police vehicles in field to more than 700;
- Install and make operational critical upgrades in the 10 District police offices for Switchboards, base radios, signal enhancing equipment.

SECTION 10. JUDICIARY—STATUS, AUGUST 2003

All Albanian courts and judges are organized under the Presidency of Albania, and not the Executive Branch (Prime Minister). Courts and Judges report to the Superior Council of Justice, chaired by the President of Albania. Judges and prosecutors are appointed by the President and confirmed by Parliament.

10a. Status of Judicial appointments Jan–Aug 2003:

Total number of positions funded for judges	395
Positions filled	315
Judges resigned or departed this year	10
Judges, first year on bench this year	13
Judges on bench for less than 5 years	177 of 315
Number of female judges	109 of 315

- All judges are required to file Financial Disclosure under the “Law on Declaration of Wealth of Politicians” and are subject to same penalties as other public officials, ranging from dismissal to fines.

10b. Actions taken by Albania against Judicial Corruption Jan–Aug 2003

- Specific inspections by Ministry of Justice/oversight into:
 - District Courts in cities of Elbasan, Durres, Sarande, Gjirokaster (investigating complaints of prolongation of cases, unlawful actions by judges and conduct on cases of major crimes);
 - District Courts of Fier, Vlore, Skrpar, Durres and Tirana For prolonged detentions, prolongation of cases
- Disciplinary measures taken Jan–Aug 2003:

Fieri District Court	2 judges dismissed
Kurbin District Court	1 judge dismissed
	1 judge: Warning
Tirana District Court	2 judges dismissed
Sarande Dist Court	1 judge: Warning
Elbasan Dist Court	1 judge: Warning

10c. Special Training for judges and staff Jan–Aug 2003:

- Training for newer judges occurred in these topic areas:
 - On Civil Case Management System (included Appeals Court level)
 - On Organized Crime (assistance of UNICRI)
 - On Commercial Law, Property Law, Regular Civil Process and Economic Crime; sponsored by American Bar Association/CEELI project and other international institutions
- Training for Senior level judges, April 2003 Multiple day training for heads and chancellors of major courts

10d. Reforms implemented in Albanian courts Jan–Aug 2003:

- Introduce negotiation and arbitration as alternative tools to resolve commercial disputes;

- Add 7 courtrooms and 50 offices for judges created in Tirana District
- Implement initial computerized case system
- Maintain Web page publicizing decisions
- Hire new administrative staff from graduates of the Law School of the University of Tirana

10e. Modernizing Information Management in the Courts:

- Design new computer-automated system for case management and start pilot programs in four courts, Being implemented ahead of schedule (target completion: Dec 2004);
- Procurement process began in 2003 for system-wide computerization.

SECTION 11. SENIOR LEVEL ACTIONS FOR ECONOMIC STABILITY

11a. Annual Statistics, Key Indicators [Using figures of World Bank, IMF]

	<i>2001</i>	<i>2002</i>	<i>To date 2003</i>	<i>10-yr target:</i>
Growth Rate	6.8%	4.7%	6%	[5–6%]
Rate of Inflation	3.5%	2.1%	3%	[2–4%]
Per Capita Income/USD (In 1996, was USD \$400.)	1333	1508	1690	—
Budget deficit % of GDP (exclusive of grants, etc.)	8.3%	6.2%	6.4%	[5%]
Revenue Collection as % of GDP	15.01%	15.25%	16.7%	—
Defense Spending as % of GDP	1.29%	1.25%	1.27%	1.38 *
Foreign Investment as % of GDP	3.2%	2.8%	3.8%	—

(*) Defense projection for 2004

11b. Albania renewed on merits of performance for all of its major international loan programs:

- **Albania begins Year 3 of Government of Albania’s coordinated “National Strategy for Social and Economic Development [NSSSED]”** NSSSED goals are based on European integration and Millennium Objective standards, with short, medium and long-term (2015) goals,

May: Albania issues “First Annual Progress Report—NSSSED”

June: IMF and World Bank review and approve the Report

- **IMF Renews Albania for PRGF, in performance based review:** June 2003 Begin YEAR 2 of 3-year PRGF program to maintain stability, manage growth and to direct government budget resources into areas where they will most effectively reduce poverty.

- **World Bank Renews Albania for PRSC, in performance based review** July 2003 World Bank Board of Directors approve Albania for 2nd loan at USD \$18 million on review of performance in Year One of Poverty Reduction Support Credit. Also: Albania and World Bank begin negotiations for 3rd year, PRSC III

11c. Economic Policy Reform internal in Albania, Senior Leader Actions Jan-Sep, 2003

- Albania starts 4th year of managed central government budgeting;
- Council of Ministers approves Mid-Term Budgeting Program, 2004–2006
- Government, by executive order/normative Act, implements new budgeting guidelines in many departments, shortens deadlines for deliberation, and introduces new systematic analysis and regular review of government spending priorities;
- Training programs completed in Slovenia, Austria and Albania for a number of Ministries' specialists on budget management.

11d. In 2003, Government moves major state-owned monopolies toward privatization in 2004:

- **Largest bank in Albania, the state-owned “Savings Bank of Albania” (SBA) moving now into privatization market:** On schedule, to increase value of bank when privatized, Government and bank have downsized excessive bank structure (targets met):

	<i>2002</i>	<i>Aug, 2003</i>
SBA Employees	1432	960
SBA Offices	102	92

Other value-adding modernizations achieved prior to privatization:
New secure Electronic Payments System and Accounts Payable System coming on line at all branches

Computerizing all branch offices and conducting Computer training for large numbers of employees;

Government manages process in close consultation with international financial management consultant team brought on to help with privatization.

Next step: Receive first inquiries of interest in October/November, 2003. Government started formal proceedings for SBA privatization, and SBA entered the ‘pre-qualification sequence’, in September 2003.

- **Government completes major steps to prepare State-owned Insurance monopoly, “INSIG” for privatization, All these targets achieved on schedule:**

Completed: Restructuring INSIG staff and offices;

Completed: Reduced INSIG staff by 40%;

Completed: Negotiations with IFC and EBRD for sale of 39% of stock;

Completed: Draft of legislation needed in Albanian Parliament for INSIG privatization to proceed.

Next step: Drafted legislation goes to Albanian Parliament for enactment authorizing INSIG privatization process to move forward.

- **Government readies state-owned telephone monopoly, ALBTELECOM, for privatization in 2004**

The Government has increased commercial market value of AlbTelecom by securing a GSM license to expand AlbTelecom's mobile/cell phone services.

The GSM License for AlbTelecom is the 3rd GSM license to activate in Albania. The other two GSM license-holders are AMC, a Greek and Norwegian owned telecom corporation, and Vodaphone, a UK Telecom corporation, both already operating in Albania.

By 2003, more than 600,000 Albanians were already mobile phone customers. Government acquisition of the GSM license for AlbTelecom enhances its competitiveness in the high-demand Albanian market.

Next step: The Government continues the process of marketing AlbTelecom. In agreement with interested investors and consultants assisting with privatization and their assessment of market conditions, AlbTelecom privatization will move forward in beginning of 2004.

SECTION 12. MILITARY/DEFENSE ACTIVITY, 2003

12a. Albanian Armed Forces support troop deployments internationally to allies and coalitions

Iraq—“Operation Iraqi Freedom” Supporting deployment of Albanian commando company of 70+ personnel under US Command in Iraq

1st deployment to Iraq April 2003

2nd deployment to Iraq October 2003

Afghanistan—“Operation Enduring Freedom” Albanian Special Operations Battalion Platoon on patrol duty near Kabul

3rd rotation to Afghanistan August 2003

Bosnia i Herzegovina—NATO/SFOR “Joint Effort” for seven straight years Nearly 70 Albanian Armed Forces provide force protection and base security at Camp Carreau Rajlovac, near Sarajevo.

- The first 13 deployments were from Albanian Commando Regiment;
- The next deployment scheduled for October is the first from Albania’s newly modernized Rapid Reaction Brigade
- Albania has given troops to NATO in Bosnia for more than seven years.

1st deployment to Bosnia July 1996

14th deployment to Bosnia October 2003

Kosovo—Close Albanian cooperation with NATO/KFOR

- Albania and NATO/KFOR renewed in 2003 the terms of understanding for continued close coordination and operations on the Albania border with Kosovo to prevent incidents and keep peace;
- Agreement provides new practical levels of cooperation between Albanian Armed Forces, Albanian State Police and NATO/KFOR.

“SEEBRIG” South East Europe Brigade, Regional Security agreement: Headquartered in Romania, with Albanian officer as permanent resident liaison:

In 2003, Albanian met its targets to have all of the following Prepared and ready to deploy if requested by SEEBRIG:

- a. Consolidated Albanian Infantry company
- b. Preparation of 2nd Albanian Infantry Company
- c. First units trained in Albanian Rapid Reaction Brigade
- d. Albanian AF Artillery Battery
- e. Albanian EOD Platoon
- f. Albanian Civil Protection company
- g. Albanian Military Police Platoon
- h. Albanian Medical Service unit
- i. 2 Albanian Patrol Boats fully equipped and staffed.

12b. Expanding Albania's International Military Relationships

• International Military Agreements entered in 2003 at senior levels of government:

Albania and United Kingdom, May 2003 MoU approved at level of Ministers of Defense for troop training

Albania and Poland, July 2003 Bilateral agreement signed by Ministers of Defense for exchanges

Albania and Greece, April 2003 Agreement ratified for joint construction projects and deepening of the port facilities at Bishti Palles Base (Albania); and agreement for Cooperation in Military Medicine.

Albania and Italy, 2003 Technical agreement signed for joint reconstruction portions of the Albanian Air Force Academy and runway in Pish Poro, Albania.

Albania and Macedonia, 2003 MoU signed between Ministries of Defense for communication and cooperation at advanced levels.

• **Albania increases the numbers of permanent military attaches and liaisons exchanged:** All lists current, include updates of 2003:

*Albanian Attaches/Liaisons
Permanently posted in:*

*Attaches/Liaisons Permanently
posted in Albania:*

USA

US

UK

UK

Italy

Italy

Greece

Greece

Turkey

Turkey

Germany

Germany

SEEBRIG HQ

Czech Republic

NATO/Belgium (2)

Bulgaria

NATO Partnership/Mons (1)

China

OSCE/Austria (1)

France

Macedonia

New Albanian postings, 2004:

Russia

NATO/Naples/AF South (1)

NATO (3 officers)

NATO/Izmir/Air Command (1)

Military attaches/liaisons to Albania, resident in nearby country

Austria

Hungary

Pakistan

Canada

Japan

Spain

Israel

Netherlands

Switzerland

12c. Increasing Participation of Albanian Armed Forces in NATO and Regional Joint Military Exercises

Albanian Armed Forces took part in all of the following NATO-coordinated and Regional security exercises within the last year:

- | | |
|-------------------------|----------------------------|
| • COOPERATIVE NUGGET-02 | NATO plus PfP countries |
| • SEESIM 02 | SEEBRIG/Regional |
| • CORNERSTONE 03 | SEEBRIG/Regional and U.S.A |
| • COOPERATIVE OSPREY 03 | NATO plus PfP countries |
| • COOPERATIVE NUGGET 03 | NATO plus PfP countries |
| • OPEN ROAD 03 | USA and partner countries |
| • COOPERATIVE AURA 03 | NATO |
| • VIKING 03 | NATO plus PfP countries |
| • COOP/ENGAGEMENT 03 | NATO plus PfP |

- SEESIM CAX 03 PFP
- SEVEN STARS 03 PFP
- COMBINED ENDEAVOR 03 NATO plus PFP
- USA/MEU USA, Albania [Albanian hosted]
- Coast Guard Exercises Albanian and NATO vessels
[USA, Turkey, Greece, Italy]

Multi-National Joint Exercises planned for the first part of 2004 (partial):

- SAR 04 PFP—Albania hosts
- SEVEN STARS 04 PFP
- COMBINED ENDEAVOR 04 NATO plus PFP
- HERALD HERMES 04 PFP
- PHILBEX 04 PFP—Albania hosts

Exercises resulting directly from the the US-Adriatic Charter:

- EAGLE SAR 03 Albania, MK, Italy (Croatia invited)

- NEIGHBORS EFFORT Albania, Macedonia
- MOUNTAIN TRAINING Albania, Macedonia

Joint exercises resulting from other Albanian agreements:

- ALBANIA EXPRESS 03 Albania and UK
- ADRIATIC PHILBEX 03 Albania and USA
- HERALD HERMES 02 & 03 Albania, Bulgaria, Romania, Greece
- SEEBRIG Training Albania, SEEBRIG, Italy
- SUMMER CLIMBING Albania, Macedonia, Switzerland
- ALBANIA JCEF 03 Albania, USA

12d. Modernizations achieved in 2003 by Albanian Armed Forces

- Command Restructure to NATO Standard, J1 to J9 commands Agreed and undertaken in late 2002; Will be completely accomplished by end of 2003

Force Restructure accomplished in 2003 of Armed Forces:

- Retrained a commando brigade as Rapid Reaction Brigade and equipped it with vehicles, radio communications, etc.;
- Equip Engineering Command with new heavy equipment for bridge-building in Albania, beginning in 2004;
- Equip and retool Commando Regiment for Chemical Detection, Protection and communications;
- Restructured Naval Districts achieve basic operational capabilities, and will complete upgrade of operational abilities by July 2004
- Formation of Helicopter Regiment as primary air protection, replacing deactivated fixed wing; deploy new helicopters;
- New Communication Battalion will be operational by end of year;
- In active process of reorganization on NATO standards: General Staff Battalion, Logistics Command, Civil Protection Base, Transport Battalion, Central Military Hospital, Radio Signals Battalion.
- Deactivation of outmoded units and conversion of units to reserve status.

12e. Reforms in Defense Budgeting in 2003, on NATO standards:

Increasing defense expenditures as percent of GDP: Government target: To reach goal of “2% of GDP” in 2010:

	2002 Actual	2003 Actual	2004 Projection
Defense Spending As % of GDP	1.25	1.27	1.38

- Modernization of Military Management and Budgeting, 2003: Introduced formal "Planning, Programming and Budgeting System" at General Staff level and senior Ministry levels Adopted first 10-year long-term Planning System and began formal budget analysis and review by two new Advisory Committees of experts. Created computer database of all records of Officers, NCOs; all Armed Forces personnel will be in database by end of 2003 Increased numbers of computers to ratio of 1 computer per 3 people at Ministry of Defense and General Staff. Brought on line a US Computer System at command levels for Defense Resources Management and Planning.

12f. 2003 Status of PERSONNEL RESTRUCTURING on NATO models,

- Continuing progress on Armed Forces targets to Increase use of modern technology and downsize personnel levels;
- To increase numbers of trained NCOs, numbers of volunteers, and to decrease levels of conscripts:

Numbers from Ministry of Defense, Exclusive of Civilian employees:

	2001 Actual	2002 Actual	2003 Actual	2004 Projection
Total Armed Forces	17450	16786	16537	16582
Non-com	3525	3274	3444	4000
Officers	3630	3663	3170	3193
Percent of Armed Forces that are				
Conscripts	38.5%	40%	33.7%	31.0%
Volunteers	4.5%	5%	5.5%	11.7%
Non-Com officers	20%	19.5%	20.8%	24%
Officers	21%	21.5%	19.5%	19.2%

12g. 2003 Status: Government actions to INCREASE RETENTION with improvement of Armed Forces Pay and Pension

Annual increases, Pay per month	2001 Actual	2002 Actual	2003 Actual	2004 Projection
Base Pay, Private	+ 48%	+ 8%	+ 8%	+ 10%
Officer, NCOs	+ 48%	+ 8%	+ 8%	+ 10%
Pensions	+ 10%	+10%	+ 15%	+ 10%

[During this period, Albanian rate of inflation averaged 2.8%.]

Also in 2003, to support retention of trained troops, Armed Forces:

- Improved Food and Housing Allowances;
- Improved Retirement benefits.

12h. Meeting NATO partnership goals within MAP Accession Process:

- In 2003: Government increases resources from government budget to fund Armed Forces modernizations required to meet the MAP goals;
- Armed Forces develops detailed plans to implement 48 NATO partnership goals over next few years on NATO calendar

In 2003: Priorities of NATO partnership goals already achieved:

- Priority training of forces designated available for PfP and NATO;
- Begin extending NATO standard training to all other Armed Forces
- Increase participation in multinational and regional exercises
- Raise levels of military education and English language training
- Acquire and deploy new communications equipment
- Upgrade Rinas/Tirana Airport physically and procedurally to allow use of Rinas for all types of NATO and partner country aircraft

12i. Modernizing MILITARY TRAINING AND EDUCATION to NATO standards, Jan–Sep 2003:

For RECRUITS: Basic and continuing basic training:

- (Sept 2003) Open new “National Training Center” in Bunavi for 350 recruits; By 2004, expand to train 3000 troops a year

To increase quality/quantity of NCOs: NCO Academy

- Improve NCO curriculum, adding advanced courses in leadership
- Introduce competitive testing to select NCO candidates

For junior level officers: Education and continuing education:

- New “Defense University” will open in September 2004, at capacity of 140 officers, for degree equivalent to four-year civilian university
- Consolidates the three existing military academies.

For senior officers, continuing education at “Defense Academy”:

- Revise curriculum at Defense Academy, which qualifies senior officers for high level positions in the Armed Forces

12j. Increasing English Language Capability of Armed Forces Jan–Sep 2003

- Increased number of English Language Training Labs (now at 9);
- Trained at two revised levels of English (basic, and advanced)
- Provide special advanced language training for selected officers, (in Hungary, Canada and USA).
- Increase numbers of Military in English language training in Albania:

<i>2002</i>	<i>2003</i>	<i>2004 scheduled</i>
200	380	420

12k. Status in 2003, DEACTIVATING UNITS & EQUIPMENT of past regime, and conversions to Reserve Status:

Among actions completed in 2003:

- Deactivation of one entire Tank Brigade (C2) completed
- Of two Field Artillery Brigades: One deactivated, the other Converted to Reserve Status: completed;
 - (1) Infantry Brigade: Deactivation complete
 - (5) Infantry Brigades: Conversion to reserve status complete
 - Conversion of Commando Brigade to Regiment size: Complete
 - Deactivate Air Wing (fixed wing) on schedule (completion: 2005)
 - 59 of 65 (outdated) fixed wing aircraft: Decommissioned
 - 11 of 36 naval vessels: Decommissioned by end of 2003

12l. Status 2003: Disposing of Outmoded, excess and Decommissioned Firearms and Weapons,

- All decommissioned weapons and ammunition are being relocated by military to central depots and are under 24-hour Armed Forces guard

- All decommissioned vessels, aircraft and large equipment Will be sold as scrap, or be disabled and go to museums.
- Decommissioned ammunition and arms will be destroyed.

12m. Status 2003: DISPOSITION of thousands of excess Military properties in Albania from previous regime:

- Cabinet level approval (July) to inventory all properties for disposition by Ministry of Defense;
- Armed Forces will select what they need from this inventory;
- Plans for most properties completed to become:
 - Housing for Armed Forces personnel;
 - Transferred to local governments for their use;
 - Privatized and sold.

12n. RETOOLING of Albanian state-owned factories that made armaments, explosives and ammunition in past regime:

Progress made in 2003:

- 1 of the 3 will be privatized, under MoD administration
- 3 of the 3 are being retooled from armament production to handle demolition of excess ammunition and arms.

SECTION 13. ACTIONS THAT WILL OCCUR BY END OF 2004

The following laws are given priority for enactment in “The Action Plan of the Government of Albania, 2003-2004”. The plan is annually reviewed and was most recently updated in July 2003.

The Government of Albania commits its full energy to completion of these reforms by the end of 2004, either by enactment of law in Parliament or by Normative Act (Executive Order):

13a. Enact new “Law on Conflict of Interest” (anti-official corruption)

Status: In 2003, the Council of Ministers voted to approve going ahead with creation of this law and Council of Ministers has authorized Working Group to draft legislation in consultation with international legal experts.

13b. Enact new “Law on Witness Protection”

Status: In 2003, Council of Ministers voted to approve going ahead with this law, and Council has authorized drafting of legal framework in consultation with international legal experts.

13c. Enact new “Law on Seizure of Assets”

To permit seizure of assets in connection with criminal activity

13d. Enact new Law to strengthen Criminal Provisions for Economic, financial crimes and corruption

13e. Enact revisions of “Law on Organized Crime” To strengthen and revise its criminal provisions

Status: In 2003, legislation is being drafted to bring Albanian penal code up to international standards and to reconcile Albanian code with international instruments ratified by Albania.

13f. Enact Albanian equivalent of the “UN Participation Act”

To revise Albanian law so that UN Security Council resolutions have rule of law authority in Albania enabling full enforcement by Albanian authorities within their jurisdiction.

Status: In 2003, legislation being drafted by Albanian Ministries of Justice and Foreign Affairs in consultation with international experts.

13g. Enact “Law on Property”

Albania experiences complications surrounding property ownership shared in all post-communist democracies, on issues of establishing title to properties seized for political reasons and providing fair compensation to those from whom they were taken.

Status: In 2003, the Cabinet/Council of Ministers voted approval to direct the Working Group drafting the law to start writing a second draft and more effective version of legislation, in close consultation with property law experts from the OSCE.

13h. Enact “Law on Drugs”

13i. Enact Amendments to “The Law on State Police”

13j. Amend “Law on Competition” Strengthening anti-monopoly legislation, enacted in 2003

13k. Amend “Money Laundering Law” enacted in 2003

13l Law on Civilian Control of Armed Forces to improve Civilian Command and Control Status: In Parliament, awaiting full assembly vote

13m. Enact four procedural reforms to continue modernization and reform of Albanian Armed Forces to NATO standards:

(1) Enact “Law on Status of Military Personnel”

Status: In 2003, Council of Ministers/Cabinet voted approval Of draft law; and it is currently in Parliament’s Defense Commission.

(2) Enact “Law on Military Ranks, Commands and Functions”

Status: Draft written and approval of draft voted by Council of Ministers; Legislation is now in Parliament and awaits action by full assembly

(3) Enact “Law on Military Pay”

Status: In 2003, draft legislation is written and awaits vote Of approval by Council of Ministers before being Forwarded to Parliament for final action

(4) Enact “Law on Military Pensions” connected to revision of nationwide Pension Law

Status: Draft written in 2003 being reviewed for Council of Ministers

13n. By action of the Government, Executive branch:

To Sign Memorandum of Understanding with Greece, Italy and Germany on the Anti-Trafficking Center at the port of Vlora, to increase and clarify police operations with international partners and to increase exchange of police information for the regional fight against organized crime and Trafficking.

13o. By action of the Government, executive branch:

To track down and arrest perpetrators of recent high-profile murders with political implications, and to provide thorough evidence for prosecutors to wage successful prosecution against perpetrators of killings that included businessmen and religious leaders.

13p. By action of the Government, executive branch:

Install international standards of airport security: Bring physical security standards at Mother Theresa/Rinas International Airport (Tirana) up to the level of internationally mandated security standards for international airports.

This is a U.S. Government publication produced by
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in Europe (CSCE)**.

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