

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The text is centered within the hourglass.

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SLOVENIA: COUNTRY BACKGROUND REPORT

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Abstract. Slovenia seeks membership in the European Union and NATO and is considered to be among the top candidates currently aspiring to join each organization. Independent from the former Yugoslavia since 1991, Slovenia has focused on consolidating its transition to a democratic market economy and integrating into western institutions. By most assessments, Slovenia has been successful in these efforts, especially in comparison with the conflict-ridden experience of the other former Yugoslav republics. This report provides background information on Slovenia.

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Slovenia: Country Background Report

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Summary

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Background

The area that is now Slovenia was originally settled by Slavs in the 6th century. By the 9th century, "Slovenia" was incorporated into the Holy Roman Empire where it remained until it became a member of the Austrian Hapsburg Empire in the 14th century. When the Austro-Hungarian empire collapsed at the end of World War I, Slovenia joined Serbia and Croatia in the "Kingdom of Serbs, Croats, and Slovenes," later renamed Yugoslavia. During World War II, Slovenia was partitioned between Germany, Italy, and Hungary. The Slovene Liberation Front joined with partisan forces led by Josip Broz Tito to liberate Yugoslavia in 1944-1945. In 1945, Yugoslavia became the Federal People's Republic of Yugoslavia (later the Socialist Federal Republic of Yugoslavia), of which Slovenia was one of six constituent republics. Tito ruled until his death in 1980.

Under Tito, Yugoslavia played a maverick non-aligned role during the Cold War. Tito embarked on limited economic reforms that sparked some economic growth in the 1950s, but the Yugoslav economy began to stagnate in the 1970s. Slovenia, the most prosperous Yugoslav republic, sought greater decentralization in the Yugoslav federation. In a December 1990 referendum held in the republic, nearly 90% of participants favored independence. On June 25, 1991, Slovenia formally declared its independence from Yugoslavia. After a brief conflagration, the Yugoslav federal armed forces pulled out of

Slovenia on July 18, 1991. Slovenia gained international recognition as a free, independent country in late 1991 and early 1992, and became a member of the United Nations in May 1992.

Political Institutions. On December 23, 1991, the Slovenian assembly passed a new constitution defining Slovenia as a democratic republic and a legal and social state with power divided among the legislature, the executive, and the judiciary. As a parliamentary democracy, the president serves as head of state and is the commander-in-chief of Slovenia's defense forces. The government, the highest executive body, is headed by a prime minister who is proposed by the president after consultation with the various parliamentary groups. The government is answerable to the National Assembly, the highest legislative body, which consists of 90 members, each elected to four-year terms. The National Council, with 40 councilors elected to five-year terms, serves as a legislative advisory body representing sectional and local interests, with the power only to initiate and delay legislation. The Constitutional Court, whose nine judges are elected by the National Assembly, is the ultimate authority on the constitutionality of statutes.

Slovenia at a Glance

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| <i>Area:</i> | 20,273 sq km (7,906 sq mi); slightly smaller than New Jersey |
| <i>Population:</i> | 1.97 million (1999 estimate) |
| <i>Ethnic groups:</i> | Slovenes: 91% Croats: 3% Serbs: 2% Muslim: 1% Others: 3% |
| <i>Religious groups:</i> | mostly Roman Catholic; some Lutheran and Eastern Orthodox |
| <i>GDP/capita:</i> | \$10,000 (1998 estimate) |
| <i>Leadership</i> | |
| <i>President:</i> | Milan Kucan |
| <i>Prime Minister:</i> | Janez Drnovsek |

Sources: U.S. Department of State, CIA World Factbook.

Current Political Situation. Slovenia's most recent parliamentary elections were held in November 1996. The results brought about a four month period of political paralysis. Prior to the vote, three right-wing opposition parties, the Christian Democratic Party (SKD), the Slovenian People's Party (SLS), and the Social Democratic Party (SDS), aligned themselves as the "Slovenian Spring" coalition. It was thought that the alliance formed between these three groups would offer the best chance of upsetting the stronghold of the ruling Liberal Democratic Party (LDS). The LDS won a plurality of the vote (27%) but struggled to form a government. In February 1997, the LDS brokered a coalition agreement with the center-right Slovenian People's Party (thereby splitting the "Slovenian Spring") and the small Democratic Party of Pensioners (DeSUS). The "grand coalition" currently holds 50 of 90 seats in the National Assembly. Under the power-sharing arrangements, Drnovsek remained Prime Minister; Marjan Podobnik and Janez Podobnik, both of the SLS, became Deputy Prime Minister and president of the National Assembly, respectively. The next parliamentary elections are scheduled to be held by late 2000. The current government is expected to finish its mandate. In November 1997, voters re-elected incumbent Milan Kucan to be President for a five-year term. Kucan won by a large margin over a divided opposition.

Economy. Of the six republics of the former Yugoslavia, Slovenia accounted for only 8% of the total Yugoslav population, but its economy was the most advanced and industrialized. With a well developed industrial and manufacturing base, modern infrastructure, and a trained and efficient labor force, Slovenia's economic future as an

independent country appeared bright. The dissolution of Yugoslavia produced a short but severe economic slump, largely due to dislocations in production, employment and ruptured trade ties. Slovenia's economy resumed growth in 1993 and in subsequent years GDP has grown about 4% annually. Slovenia has one of the highest per capita income in the region (around \$10,000). Inflation decreased from over 200% in 1992 to under 8% at the end of 1998, thanks to tight monetary and fiscal policies. Unemployment has remained high, at about 14% in 1998, according to Slovenian figures.

Key to the economic transition has been the government's emphasis on opening the economy to trade and investment. A recent priority has been on accelerating privatization of the country's large public sector, especially in banking, telecommunications, and energy. In addition, further economic and administrative reforms consistent with the aim of joining the European Union remain a priority. Over two-thirds of Slovenia's trade is with European Union countries. Slovenia maintains free trade agreements with many countries on a bilateral basis, with the European Free Trade Association (EFTA), and is also a member of the Central European Free Trade Agreement (CEFTA).¹

Human Rights and Freedoms. According to the State Department's *Country Reports on Human Rights Practices in 1998*, no major human rights problems were evident in Slovenia. The constitution prohibits torture, inhumane treatment and arbitrary arrest, guarantees the right to a fair public trial, political rights, and respect for civil liberties. The report assessed that the Slovenian government respected the rights of its citizens, the judiciary was independent of the government, and that the media enjoyed full freedoms. An ombudsman deals with individual human rights problems. Minorities generally are treated fairly in practice as well as in law; however, several thousand non-Slovene residents remained without citizenship because of slow governmental processing of citizenship applications.

Foreign Policy and Defense

Slovenia's main foreign policy goal is to achieve full membership in international and European organizations, especially the European Union and NATO. A successor state to the former Yugoslavia, Slovenia has been largely able to distance itself from the prolonged violent ethnic conflict experienced in Croatia, Bosnia, and Kosovo. Slovenia became a member of the United Nations on May 22, 1992. It has also joined the International Monetary Fund (IMF), the World Bank, the World Trade Organization, the Organization for Security and Cooperation in Europe (OSCE), the Council of Europe, the Central European Free Trade Agreement (CEFTA), and a number of other international organizations. At the end of 1999, Slovenia concludes a two-year term as a non-permanent member of the U.N. Security Council.

European Union. In October 1994, Slovenia's negotiations with the EU on an association treaty (the first step toward eventual full membership) were blocked by Italy's right-wing government over a property dispute that dated back to World War II. By March 1995, after a new Italian government came to power, Italy lifted its veto on EU negotiations with Slovenia; in return, Slovenia agreed to negotiate with the EU and Italy

¹Economic data from U.S. Department of State Fiscal Year 2000 Country Commercial Guide for Slovenia.

on property rights. The two nations agreed to a compromise arrangement in the framework of the EU association treaty negotiations, under which all EU citizens would be allowed to buy property in Slovenia, on a reciprocal basis.² On June 10, 1996, Slovenia signed an association treaty with the EU, becoming the 10th associated EU member, and simultaneously applied for full EU membership. Italy has meanwhile expressed full support for Slovenia's eventual membership in the EU and NATO.

In March 1998, the European Union opened accession negotiations with six candidate countries: Slovenia, Poland, Hungary, the Czech Republic, Estonia, and Cyprus. In its November 1998 progress report on candidate countries, the European Commission criticized Slovenia's poor record of adopting the *acquis communautaire*, the EU's body of law. In contrast, the Commission's October 1999 update praised Slovenia's "impressive efforts" to accelerate harmonization in the intervening year. The report also noted continued areas of deficiency, especially in public administration and judicial reform, delays in court proceedings, delays in the denationalization process, and the need for further privatization. Safety and ownership issues regarding Slovenia's nuclear power plant at Krsko, which are tied in with Slovenia's relations with Croatia, are likely to represent additional negotiation topics with the EU. Slovenian officials have stated that Slovenia should be ready for EU accession by the end of 2002.

The Kosovo crisis in 1998-1999 created a new momentum to the EU's approach to enlargement. The European Commission recently recommended that six additional candidate countries (Slovakia, Bulgaria, Romania, Latvia, Lithuania, and Malta) be invited to open accession negotiations in 2000. In June 1999, the European Union endorsed the Stability Pact for Southeastern Europe, a broad international initiative intended to enhance security and stability and to promote economic recovery in countries of the region. A summit meeting of participating Stability Pact countries, including Slovenia, and international organizations was held in Sarajevo in July. Three working groups, or roundtables, were established on: economic reconstruction, development, and cooperation; human rights and democracy; and security issues. The Slovenian government has expressed full support for the activities and projects of the Stability Pact.

NATO. Entry into NATO has been a stated goal of the Slovenian government since 1993. Slovenia joined NATO's Partnership for Peace (PFP) program in March 1994 and has since actively participated in PFP exercises and other PFP-related activities. In spite of support from some NATO allies, Slovenia was not invited to open membership talks with NATO at the Madrid summit in July 1997. The Madrid summit extended invitations to Poland, Hungary, and the Czech Republic, but declared an "open door" policy with regard to additional invitations. The three invited countries formally joined the alliance in March 1999. Officials from many NATO countries have said that they would consider Slovenia favorably in the next round, whenever such a decision is made. At the April 1999 Washington summit, NATO instituted a Membership Action Plan to help prepare aspirant countries for future alliance membership. The summit also singled out for praise the "front-line" countries surrounding Yugoslavia, including Slovenia, for their role in supporting NATO's air war.

²The Financial Times, June 10, 1996.

During NATO's Allied Force operation, Slovenia supported NATO's intervention, offered NATO use of the country's air space, and assisted in NATO-led humanitarian efforts in Albania. A clear majority of the population supported the NATO action, in contrast to the more negative public opinion registered in other countries in the region (including among NATO allied countries). Six Slovene Army officers are to join Kosovo Force (KFOR) headquarters at the end of 1999. Slovenia currently also contributes a flight crew to NATO's Stabilization Force (SFOR) headquarters in Bosnia, and military police personnel to SFOR's paramilitary Multinational Specialized Unit. It also contributed a medical unit to the Italian-led humanitarian operation in Albania, Operation Alba, in mid-1997.

Slovenia had to build up its armed forces from scratch after achieving independence in 1991. The armed forces have undergone a steady process of reform and restructuring. In February 1998, the government adopted a National Strategy for Integration into NATO, which remains the country's roadmap for NATO membership. The Slovenian Armed Forces currently total about 60,000, mostly reservists. Over the next decade, the reserve structure is to be reduced to 33,000 while the professional component increases. With about 5,000 professional soldiers and 5,500 conscripts participating in 7-month service rotations, the Slovenian army totals 10-12,000 men at any given time. Under the restructuring plan, the armed forces will be comprised of rapid reaction forces, main defense forces, and support defense forces. The Slovenian army is building a professional motorized infantry battalion for use in international peacekeeping activities. 1998 defense expenditures amounted to about \$272 million, or 1.8% of GDP.³ The government plans to increase defense spending to 2.3% of GDP in 2003.

Regional Relations. Slovenia participates in numerous regional cooperation initiatives, including the Central European Initiative, CEFTA, the Southeastern Europe Cooperative Initiative (SECI), and, recently, the Stability Pact for Southeastern Europe. Slovenia and Croatia have maintained several unresolved bilateral issues since they both gained independence in 1991. In October 1999, Croatian Prime Minister Zlatko Matesa made his first official visit to Slovenia. The two governments concluded an agreement on property rights and expressed willingness to seek solutions to the remaining issues. These include the demarcation of their common land and sea borders, joint ownership of the Krsko nuclear power plant, and Croatian citizens' foreign currency deposits in a Slovenian bank. None of these issues is considered a threat to regional stability, though both sides have said that they seek to resolve all of them as soon as possible. Slovenia has yet to fully normalize relations with Serbia-Montenegro. Several succession issues among all of the former Yugoslav republics remain unresolved. In November 1999, Slovenia along with Bosnia, Croatia, and Macedonia drafted a U.N. General Assembly resolution that would require Serbia-Montenegro to reapply for U.N. membership. During the Kosovo conflict, Slovenia hosted several thousand Kosovar refugees, including several hundred refugees that were evacuated from refugee camps in Macedonia.

³CIA World Factbook; Slovenian Ministry of Defense web page [<http://www.mo-rs.si/>].

U.S. Policy

The United States recognized Slovenia as an independent country on April 7, 1992, along with Croatia and Bosnia-Herzegovina. The Clinton Administration has supported Slovenia's efforts to eventually join the European Union and NATO, although it favored limiting the first wave of NATO's eastern enlargement to Poland, Hungary, and the Czech Republic. Since the April 1999 NATO summit in Washington, Administration officials have reiterated that they remain supportive of NATO's "open door" policy with regard to further enlargement of the alliance.

President Clinton visited Slovenia in June 1999, the first U.S. President to do so. Clinton thanked Slovenia for its support of NATO's operation in Kosovo and called Slovenia a model for the region and "an excellent candidate for NATO." As part of that visit, the United States and Slovenia concluded four bilateral agreements on taxation, export financing, non-proliferation, and scientific and technological cooperation. U.S. foreign assistance to Slovenia under the Support for East European Democracy Act, which provided over \$12 million in transition assistance to Slovenia, ended after Fiscal Year 1996. The United States continues to provide bilateral military assistance to Slovenia. The United States ranks ninth among foreign investors in Slovenia.