

1 INFORMATION ON THE COUNTRY OF LIECHTENSTEIN

1.1 Country and people

Geography

The territory of the Principality of Liechtenstein lies between Switzerland and Austria and covers an area of 160 square kilometers. Liechtenstein consists of 11 rural municipalities, the largest two of which have slightly over 5,000 inhabitants each. One quarter of the territory of the country is located in the Rhine Valley, while the remaining three quarters are covered by the slopes above the Rhine Valley and the inner-Alpine region. The capital and seat of the national authorities is Vaduz.

Population

At the end of 2004, Liechtenstein had a resident population of 34,600 people, the size of a small city. However, the population of the country is spread out over 11 municipalities. 34.3% of the resident population are foreigners. Of all the foreign citizens living in Liechtenstein, 49.8% are from the countries of the European Economic Area (EEA)¹, especially from Austria and Germany, and 30.5% from Switzerland. The proportion of the foreign population from third countries is therefore 19.7% - including 7.5% from Turkey and 4.4% from Serbia and Montenegro.

Demographics

At the end of 2004, 17.6% of the population were younger than 15 years old and 11.1% were older than 65. Life expectancy has increased over the last 30 years. In 2002, the average for women was 82.1 and the average for men was 78.7%².

Religion

At the end of 2002³, 76% of the overall population were Roman-Catholic, 7% were Protestant, and 4.1% Muslim. 10.8% of the population provided no data on their religious affiliation.

The Liechtenstein Constitution guarantees freedom of religion and conscience. It also guarantees civil and political rights independent of religious affiliation. Until 2003, dispensation from religious instruction at the secondary level (*Oberschule*, *Realschule*, and *Gymnasium*) was granted with reference to freedom of religion. Starting with the 2003/2004 school year, the option is now offered to choose between a “Religion and Culture” course and denominational religious instruction (Catholic or Protestant) in the first grades of secondary school. All students not attending denominational instruction attend the “Religion and Culture” class. The goal of the “Religion and Culture” class is to encourage students to think about the topic of religion and its significance for personal and social life – in a manner that is respectful of the different religious and philosophical beliefs.

According to the Constitution, the Roman-Catholic Church is the “National Church of Liechtenstein”, which is not equivalent to an established or State church. In addition to the

¹ The European Economic Area was created out of the 15 Member States of the European Union and the EFTA States Iceland, Liechtenstein, and Norway. The 10 new EU Member States have been part of the EEA since 1 May 2004.

² Because of the small size of the country, life expectancy is not measured in Liechtenstein. The figures indicated have been taken from the Council of Europe publication “2004 Recent Demographic Developments in Europe”.

³ No new survey has been taken in Liechtenstein since the end of 2003 concerning the distribution of religions.

Roman-Catholic Church, the Evangelical (Protestant) Church is also supported financially by the State. In the wake of the establishment of the Archdiocese of Liechtenstein, a disentangling of Church and State is currently under consideration.

Language

According to the Liechtenstein Constitution, the German language is the State and official language of Liechtenstein. In general, an Alemannic dialect of German is used as the conversational language.

1.2 General political structure

System of State

The Principality of Liechtenstein is a constitutional hereditary monarchy on a democratic and parliamentary basis. The power of the State is embodied in the Reigning Prince and the People. The relatively strong position of the Reigning Prince is balanced by far-reaching direct-democratic rights of the People.

Separation of powers

In the dualistic system of State of the Principality of Liechtenstein, the power of the State is embodied both in the Reigning Prince and the People. Separation of powers is further safeguarded by vesting separate rights in the executive branch (Government), the legislative branch (Parliament), and the judicial branch (Courts).

Reigning Prince (Head of State)

The Reigning Prince is the Head of State and represents the State in all its relations with foreign States, notwithstanding the requisite participation of the competent Government. On the proposal of Parliament, the Reigning Prince appoints the Members of the Government. He is also responsible for appointing judges, the election of which is undertaken by Parliament on the proposal of a special selection body. On important grounds, the Reigning Prince may dissolve Parliament and dismiss the Government. The Reigning Prince may also exercise emergency powers. He also may exercise the powers of pardon, mitigation, and quashing with respect to criminal investigations. Every law requires the sanction of the Reigning Prince to enter into force. In exercising his powers, the Reigning Prince is bound by the provisions of the Constitution.

Parliament

The Liechtenstein Parliament is elected every four years. Parliament consists of 25 Members. They are elected in universal, equal, direct, and secret elections in accordance with proportional representation. In the current legislative term (2005-2009), three parties are represented in Parliament. The Progressive Citizens' Party has a plurality with 12 seats. The Patriotic Union has 10 seats, and the Free List is represented with three seats.

The most important responsibilities of Parliament are participation in the legislative process, assent to international treaties, approval of State funds, election of judges on the proposal of the selection body, and supervision of the National Administration. Parliament elects the Government and proposes its appointment to the Reigning Prince. It can also trigger dismissal of the Government when the Government loses its confidence. Parliament has a quorum if at least two thirds of its Members are present.

Government

The Government consists of five Ministers: the Prime Minister, the Deputy Prime Minister, and three other Ministers. The Ministers are appointed by the Reigning Prince on the recommendation of Parliament. The Government is the supreme executive authority, to which over 30 offices and several diplomatic missions abroad are subordinate. About 50 commissions and advisory councils support the work of the Administration.

The Government has the power to issue ordinances and is therefore also a rule-making authority. Ordinances may, however, only be issued on the basis of legislation and international treaties.

Jurisdiction

Jurisdiction is divided into jurisdiction under public law (special jurisdiction) and ordinary jurisdiction. Jurisdiction under public law is exercised by the Administrative Court and the Constitutional Court. The Administrative Court is the instance for complaints against decisions and orders of the Government or commissions acting on the Government's behalf. The responsibilities of the Constitutional Court include in particular the protection of the rights guaranteed by the Constitution, the European Convention on Human Rights, and the human rights instruments of the United Nations⁴. It also reviews the constitutionality of laws and international treaties and the legality of Government ordinances.

Ordinary jurisdiction encompasses the administration of justice in civil and criminal matters. The first instance is the Liechtenstein Court of Justice in Vaduz. Before a complaint can be lodged with the Liechtenstein Court of Justice in contentious civil matters, a mediation procedure must be undertaken in the municipality of residence of the defendant. Only if the mediation procedure fails can the Liechtenstein Court of Justice be invoked as the first instance. Ordinary jurisdiction in the first instance is exercised by individual judges. The second instance is exercised by the Court of Appeal, and the third instance by the Supreme Court. Both courts are collegial bodies.

Municipalities

Municipal autonomy plays an important role in Liechtenstein. The autonomous scope of authority of the 11 municipalities is laid down in article 110 of the Constitution. The eligible voters of each municipality elect a Municipal Council headed by a Mayor who, depending on the size of the municipality, exercises his office full-time or part-time. The municipal authorities conduct their affairs autonomously and manage the municipal assets. Citizens may call a referendum against their decisions.

1.3 Economic and political integration

Liechtenstein engages in an active foreign policy characterized by the goal of strengthening State sovereignty and the goal of better political and economic integration at the international and European levels. Through the industrialization and economic development that began in the 1960's and has continued until day, this integration has been realized step by step.

Already in 1960, Liechtenstein was integrated into the European Free Trade Association (EFTA) through its Customs Treaty with Switzerland. In 1991, it joined EFTA as an

⁴ International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, Convention on the Elimination of All Forms of Discrimination against Women, Convention on the Rights of the Child, Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, and the International Convention on the Elimination of All Forms of Racial Discrimination.

autonomous member. Liechtenstein joined the Organization for Security and Cooperation in Europe (OSCE) in 1975 and the Council of Europe in 1978. It became a member of the United Nations in 1990 and a member of the European Economic Area (EEA) and the World Trade Organization (WTO) in 1995.

Today, Liechtenstein maintains diplomatic missions to the United Nations in New York, the European Union in Brussels, to EFTA, the UN, and the WTO in Geneva, a Permanent Mission to the Council of Europe in Strasbourg and a Permanent Mission to the OSCE and the UN in Vienna. Bilateral embassies have been established in Berne, Berlin, Brussels, Washington, Vienna, and to the Holy See.

1.4 Economy

Economic area

Since entry into force of the Customs Treaty in 1924, Liechtenstein has formed a common economic area with Switzerland. The border between the two States is open; the border to Austria is controlled by Swiss border guards. Pursuant to the Currency Treaty with Switzerland, the Swiss franc is legal tender in Liechtenstein. As mentioned above, Liechtenstein has participated in the European Economic Area since 1995, in which it forms a uniform single market with the EU Member States, Norway, and Iceland. After enlargement by the ten new EU States on 1 May 2004, the EEA now includes a total of 28 Member States.

Economic structure

Liechtenstein is a modern industrial and service economy with worldwide connections. The foundations of its economic success in recent decades have been favorable framework conditions ensured by liberal business law. Liechtenstein is also home to a highly productive, globally oriented industrial sector, which contributes approximately 40% of the overall added value of the country (gross domestic product). In addition, Liechtenstein has well-developed service enterprises, especially in the financial sector, with legal counseling, professional trustees, and banks. The country enjoys a worldwide reputation as a modern financial center with first-class know-how. In 1999, financial services and general services generated 54% of the added value of the country (gross domestic product). Liechtenstein is one of the most heavily industrialized countries in the world. This broad diversification was and is the key for the continuous and crisis-resistant growth of the Liechtenstein economy.

Employment structure

The small size of Liechtenstein and the continuing economic growth entail that a large part of the workers must be recruited abroad and commute across the national borders (cross-border commuters). At the end of 2004, 16,768 residents of Liechtenstein were employed, or just about 50% of the resident population. Of these, 15,622 were employed in Liechtenstein and 1,146 were employed abroad. The 15,622 persons living and working in Liechtenstein were joined by 13,911 workers commuting to Liechtenstein from neighboring countries, so that a total of 29,533 persons were employed in Liechtenstein at the end of 2004. Compared with the total population of 34,600, this is a very high number.

Agriculture is no longer of great significance to the national economy. However, it still plays an important role with respect to self-sufficiency in times of crisis and with respect to cultivation and preservation of the natural and cultural landscape. 1.3% of all persons employed in Liechtenstein at the end of 2004 still worked in the primary (agricultural) sector.

Although the service sector (commerce, financial services, hotels and restaurants, education, etc.) is continually growing and encompassed 54.5% of the fully employed population at the end of 2004, Liechtenstein continues to have an active and diversified secondary sector (industry, trades, construction, etc.), in which 44.2% of all fully employed persons work.

Unemployment

In an international comparison, unemployment is low. In August 2005, unemployment was 2.6%, which corresponds to 762 persons.

Inflation rate

Because of the economic and currency union with Switzerland, the inflation rate is expressed in terms of the annual average of the Swiss national index of consumer prices. In 2004, the inflation rate was 0.8%.

1.5 General legal framework for the protection of human rights

Fundamental rights and freedoms

A number of basic rights are enshrined in the Constitution of the Principality of Liechtenstein. In particular, these include the right to freedom of movement and acquisition of property, personal freedom, the sanctity of the home, the protection of the privacy of correspondence and documents, the right to proceedings before a regular judge, the inviolability of private property, the freedom of commerce and trade, the freedom of religion and conscience, the right to freedom of expression and press freedom, the right to free association and assembly, the right to petition, and the right to lodge complaints. The Constitution also specifies that all citizens are equal before the law and that the rights of foreign citizens are governed by treaties and, if no such treaties apply, by the principle of reciprocity.

Jurisdiction and international legal action

If a person believes that his or her fundamental rights or freedoms have been violated, the person may avail himself or herself of a court or a complaints procedure. The person may demand annulment of the administrative or governmental decision, compensation, or satisfaction for material or immaterial damage. The Constitutional Court is empowered to review the constitutionality of applicable law and may declare legislation, ordinances, or parts thereof to be invalid. In certain cases, complaints may also be lodged with the European Court of Human Rights in Strasbourg, as Liechtenstein has been a State Party to the European Convention for the Protection of Human Rights and Fundamental Freedoms of 4 November 1950 since 1982. The prerequisite is that the proceedings in Liechtenstein have exhausted all competent judicial instances.

Compliance with the provisions of the European Convention on Human Rights is also monitored by the Liechtenstein Constitutional Court.

Liechtenstein membership of international human rights conventions

As a member of the United Nations and the Council of Europe, Liechtenstein has ratified a number of European and international agreements for the protection of human rights. These are:

- Charter of the United Nations of 16 June 1945
- Convention relating to the Status of Refugees of 28 July 1951, with Protocol of 31 January

1967

- Convention of 21 December 1965 on the Elimination of All Forms of Racial Discrimination
- International Convention on Economic, Social and Cultural Rights of 16 December 1966
- International Convention on Civil and Political Rights of 16 December 1966
- Optional Protocol to the International Convention on Civil and Political Rights of 16 December 1966
- Second Optional Protocol to the International Convention on Civil and Political Rights, aiming at the abolition of the death penalty, of 15 December 1989
- Convention of 18 December 1979 on the Elimination of All Forms of Discrimination against Women
- Convention on the Rights of the Child of 20 November 1989
- Optional Protocol of 25 May 2000 to the Convention on the Rights of the Child on the involvement of children in armed conflict
- Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women of 6 October 1999
- Convention of 10 December 1984 against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- Statute of the Council of Europe of 5 May 1949
- European Convention for the Protection of Human Rights and Fundamental Freedoms of 4 November 1950, including various protocols
- European Convention of 26 November 1987 against Torture and Inhuman or Degrading Treatment or Punishment, including Protocols 1 and 2
- European Framework Convention of 1 February 1995 for the Protection of National Minorities
- European Charter for Regional or Minority Languages of 5 November 1995
- European Agreement of 5 March 1996 relating to Persons participating in Proceedings of the European Court of Human Rights
- Rome Statute of the International Criminal Court of 17 July 1998

Implementation of international conventions

With respect to the implementation of international human rights conventions, Liechtenstein abides by the principle that treaty obligations are only entered into if they can actually be complied with. A ratified agreement becomes part of national law from the date of entry into force, without the adoption of a special law being necessary, as long as the provisions of the agreement are specific enough to serve as a basis for decision.

National information policy concerning human rights conventions

All laws and therefore practically all international agreements are considered by Parliament and must be published in the Liechtenstein Law Gazette (Liechtensteinisches Landesgesetzblatt, LGBl.). Their entry into force is also published in the national newspapers. All legal acts are available to the public. The complete text can either be obtained from the Government Chancellery or viewed on the Internet.

The new Internet presentation of the State of Liechtenstein and its authorities went online in December 2003. On the new portal (www.liechtenstein.li), all international human rights agreements applicable to Liechtenstein may be accessed. Also available are all country reports submitted by Liechtenstein and the recommendations of the human rights committees and monitoring bodies.