

COUNCIL DECISION
of 20 March 2000
on the principles, priorities, intermediate objectives and conditions contained in the Accession
Partnership with the Republic of Malta

(2000/249/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 555/2000 of 13 March 2000 on the implementation of operations in the framework of the pre-accession strategy for the Republic of Cyprus and the Republic of Malta ⁽¹⁾,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy.
- (2) Regulation (EC) No 555/2000 complements Regulation (EC) No 622/98 ⁽²⁾ which provides that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant country, as well as on subsequent significant adjustments applicable to them.
- (3) Community assistance is conditional on the fulfilment of essential elements, and in particular on progress towards fulfilment of the Copenhagen criteria. Where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance.
- (4) The 1999 Commission's regular report presented an objective analysis on the Republic of Malta's preparations for membership and identified a number of priority areas for further work.

- (5) In order to prepare for membership, the Republic of Malta should prepare a national programme for the adoption of the *acquis*. This programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 1(2) of Regulation (EC) No 555/2000 the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of Malta are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Association Agreement bodies as appropriate and through the competent Council bodies to which the Commission shall report regularly.

Article 3

This Decision shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

Done at Brussels, 20 March 2000.

For the Council
The President
J. GAMA

⁽¹⁾ OJ L 68, 16.3.2000, p. 3.

⁽²⁾ Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships (OJ L 85, 20.3.1998, p. 1).

ANNEX

MALTA: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 regular report on the progress made by Malta towards membership of the European Union, the financial means available to help Malta implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate countries in their preparations for membership. These include, *inter alia* the national programme for the adoption of the *acquis*, the joint assessment of medium-term economic policy priorities, the pact against organised crime as well as the national development plans and other sectoral plans necessary for the participation in Structural Funds after membership. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

The main priority areas identified for each candidate country relate to their ability to assume the obligations of meeting the Copenhagen criteria which state that membership requires:

- that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate countries to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's regular reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate countries to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the countries concerned, the achievement of which will condition the degree of assistance granted and the progress of the negotiations under way with some countries and the opening of new negotiations with the others. The priorities and intermediate objectives are divided into two groups — short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Malta can complete or take them substantially forward by the end of 2000. The priorities listed under the medium-term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000.

Malta is currently preparing a national programme for the adoption of the *acquis* (NPAA). It will set out a timetable for achieving priorities and intermediate objectives, based on the Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Malta's membership preparations. Malta will nevertheless have to address all issues identified in the regular report. It is also important that Malta fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Association Agreement and the screening exercise. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's regular report, the following short- and medium-term priorities and intermediate objectives have been identified for Malta.

3.1. Short-term (2000)

Economic criteria

- establish a medium-term economic policy for the creation of a stable and sound macroeconomic environment,
- establish clear long-term policies on taxation and bring previously unrecorded economic activity within the tax net,
- define an industrial restructuring policy to accelerate industrial restructuring, in particular in the agri-food and furniture sectors, and continue privatisation.

Internal market

- intellectual and industrial property rights: adopt a new Patents Act in line with the European Patent Convention and the EC Regulations creating a supplementary protection certificate for medicinal products and for plant protection products,
- company law: continue alignment, in particular transpose the 11th Directive,
- data protection: adopt national legislation in accordance with EU directives,
- free movement of goods: eliminate levies on imports from the EU; align civil and consumer policy legislation with the product liability directive by providing rules on the manufacturer's strict liability,
- free movement of capital: adopt a precise calendar for achieving free movement of capital, starting by dismantling restrictions on long-term inward and outward capital flows,
- competition: adopt a merger law; ensure application of competition rules to public undertakings with special or exclusive rights; adopt a State aid law and set up a State monitoring authority; complete State aid inventory and annual State aid reports,
- telecommunications: establish independent national regulatory authority,
- audiovisual: complete alignment of legislation,
- taxation: continue transposition and establish timetable for full legislative alignment of VAT and excise duties legislation; ensure that new tax measures comply with the principles of the code of conduct for business taxation,
- customs: design a timetable for harmonisation of legislation; adopt the Combined Nomenclature including harmonised rules of origin; implement the Single Administrative Document: reinforce institutional and administrative capacity including computerisation.

Agriculture

- prepare measures required to implement and establish administrative structures for the common agricultural policy and rural development policies,
- continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at future external borders.

Environment

- adopt a strategy and a detailed, directive-specific programme for the transposition, the implementation and the enforcement of the EU environmental *acquis*, in particular through the development of framework and sector legislation, together with preparation of the necessary implementing regulations and capacity building requirements,
- develop a plan for financing investments (directive specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year,
- complete transposition and enforce the environmental impact assessment Directive.

Transport

- adopt a strategy and timetable for the transposition and implementation of the *acquis* particularly in the field of aviation and maritime transport (including maritime safety).

Employment and social affairs

- support social partners' capacity-building efforts to develop and implement the *acquis*

Justice and home affairs

- lift the geographical reservation to the 1951 Geneva Convention in the field of asylum; boost participation in international cooperation in the field of justice,
- adopt specific legislation on asylum and set up structures in charge of dealing with asylum requests; sign the Council of Europe Agreement on illicit drug trafficking by sea,
- strengthen the staff of the economic crime squad and of the services in charge of the fight against drugs; ratify the European convention on laundering of proceeds of crime, sign the European criminal law convention on corruption and the OECD Convention on Bribery.

Reinforcement of administrative and judicial capacity including capacity to manage and control EU funds

- present a programme on public administration reform aiming at improving the efficiency and effectiveness of the public administration,
- complete the legislative framework for internal and external financial control; set up a central organisation within the government for harmonising internal audit/control functions; set up internal audit/control unit in spending centres; introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and *ex-ante* financial control; issue an audit manual and develop audit trial for control of EU funds,
- make available GDP/capita data in accordance with EU methodology.

3.2. Medium-term*Economic criteria*

- reduce public debt and the budget deficit,
- improve tax collection and reform of the public sector; restructure loss-making public sector enterprises and ensure that they face market discipline,
- strengthen the financial system to prepare for a fully liberalised capital account regime,
- complete the process of privatisation,
- continue efforts to improve the conditions for enterprise creation and development, with particular attention to small- and medium-sized enterprises,
- establish an annual fiscal surveillance procedure aimed to bring the reporting, monitoring and control of public finances, specifically fiscal positions, in line with the EU procedures.

Internal market

- public procurement: complete alignment to include local authorities and other bodies governed by public law; adapt the judicial review system to the requirements of relevant directives,
- data protection: establish independent supervisory authority,
- free movement of goods: ensure sufficient independence of standardisation, certification, accreditation and metrology bodies and finalise overall institutional arrangements; align national legislation in the field of pharmaceuticals with the *acquis*,
- free movement of capital: abolish remaining restrictions on inward and outward capital movements in order to achieve full liberalisation,
- free movement of services: align banking rules on deposit guarantee schemes and consolidate its supervision; adjust legislation on payment systems; further align legislation in the securities sector,
- free movement of persons: complete alignment of mutual recognition of diplomas,
- competition: reinforce the competition authorities; ensure conformity of State aid system in particular with regard to shipbuilding,
- telecommunications: bring the telecommunications regulatory frameworks fully in line with the *acquis* in particular in the fields of licensing, interconnection and universal service, numbering and data protection,
- taxation: full alignment of the tax *acquis* including the Community's transitional VAT regime; review existing laws and ensure compatibility with the code of conduct for business taxation; strengthen administrative capacity and control procedures including administrative cooperation and mutual assistance,

- consumer protection: continue alignment and strengthen market surveillance and enforcement authorities,
- customs: complete alignment of legislation including customs procedures with an economic impact, free zones, customs warehouses, tariff quotas and ceilings, suspensions, counterfeited and pirated goods and a binding tariff information system; provide for the use of simplified procedures; reinforce the organisation, in particular to prepare for the operation of all customs procedures with economic impact, the system of tariff suspensions and the administration of tariff quotas and ceilings; continue fight against fraud and corruption.

Agriculture

- continue preparations for implementation of the common agricultural policy and rural development policies.

Fisheries

- continue alignment, in particular on controls, imports and State aid, as well as the fleet register.

Energy

- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),
- align national legislation (oil stock requirements and energy efficiency) with the *acquis*; restructure Malta's institutional structures to separate policy formulation and regulation and reinforcement of its capacity to implement the *acquis*.

Environment

- complete transposition and implement the *acquis* with particular attention to the framework legislation, the horizontal legislation, and to the legislation on nature protection, on water quality and on waste management; strengthen the institutional, administrative and monitoring capacity,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Employment and social affairs

- transpose and implement EU legislation in the fields of occupational health and safety, labour law, equal treatment of women and men and public health; reinforce related administrative structures and those required for the coordination of social security,
- prepare a national employment strategy, with the help of the joint employment policy review, with a view to later participation in the European employment strategy.

Economic and social cohesion

- develop a national policy for economic and social cohesion with a view to diminishing internal disparities and preparing for Structural Funds implementation including pluriannual budgeting procedures and establishing structures for monitoring appraisal and evaluation.

Transport

- align road transport (market access, road safety, rules for dangerous goods and taxation), maritime transport legislation and aviation (particularly air safety and air traffic management).

Justice and home affairs

- continue progressive alignment of visa legislation and practice with that of the EU,
- continue fight against trafficking in women and children.

Reinforcement of administrative and judicial capacity including capacity to manage and control EU funds

- reform the public sector in order to improve the efficiency and effectiveness of the public administration,
- strengthen public financial control functions through the provision of adequate staff, training and equipment,
- adopt EU compatible statistical methodologies and practices, in particular as regards GDP estimation, harmonised consumer price indexes, short-term indicators, social statistics, business register and balance of payments.

4. PROGRAMMING

The date of validity of the fourth Financial Protocol (12 June 1995 to 31 October 1998) was extended by one year (until 31 December 1999). The Protocol is the sole EU financial instrument (apart from EIB loans) for financial and technical cooperation.

In 1998 no new funds were committed given the pre-accession orientation of the 1996 indicative programme. The funds available in 1999 amounted to EUR 5 million. Under these national allocations, Malta can also fund part of its participation in Community programmes including in the fifth research and technological development framework programme.

Financial assistance from the year 2000 will be determined once the draft regulation on pre-accession finance has been adopted by the Council. Under these national allocations, Malta will also be able to fund part of its future participation in Community programmes.

Activities financed as from the year 2000 will focus assistance on the adoption of the Community *acquis* on the basis of priority areas set out in this Accession Partnership.

Malta is eligible for EIB loan finance under the Euro-Med mandate. There are also EUR 30 million of EIB loans available under the fourth Financial Protocol between Malta and the EU.

5. CONDITIONALITY

Community assistance for financing projects is conditional on respect by Malta of its commitments under the Association Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Association Agreement and in particular in the Association Committee. The Accession Partnership will be amended as necessary in accordance with Article 2 of Regulation (EC) No 622/98.
