

COUNCIL DECISION

of 28 January 2002

on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Lithuania

(2002/89/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community;

Having regard to 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⁽¹⁾, and in particular to Article 2 thereof,

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 622/98 sets out 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 State, 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 the respect of the commitments contained in the Europe Agreements and 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 Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies.
- (5) The 2001 Commission's regular report presents an objective analysis on Lithuania's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Lithuania should continue to update its 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.

(7) Lithuania needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of EC pre-accession funds are in place,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions in the Accession Partnership for Lithuania 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 Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

This Decision shall take effect on the third day following its publication in the *Official Journal of the European Communities*.

Done at Brussels, 28 January 2002.

For the Council
The President
J. PIQUÉ I CAMPS

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

1. Introduction

At its meeting in Luxembourg in December 1997, the European Council decided that the Accession Partnership would be the key feature of the enhanced pre-accession strategy, mobilising all forms of assistance to the candidate countries within a single framework. In this manner, the Community targets its assistance towards the specific needs of each candidate so as to provide support for overcoming particular problems with a view to accession.

The first Accession Partnership for Lithuania was decided in March 1998. As provided for in Regulation (EC) No 622/98 (Article 2), the Accession Partnership was updated a first time in December 1999, taking into account further developments in Lithuania. The present revision is based on a proposal by the Commission following consultation with Lithuania, and draws on the analysis of the Commission's 2001 regular report on progress made by Lithuania towards accession.

2. 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 2001 regular reports on the progress made by Lithuania towards membership of the Union, the financial means available to help Lithuania implement these priorities and the conditions which will apply to that assistance.

The Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the updated national programme for the adoption of the *acquis* prepared by Lithuania, the pre-accession fiscal surveillance procedure, the pre-accession economic programme, the pre-accession pact on organised crime as well as the national development Plans, the rural development plans, a national employment strategy in line with the European employment strategy, and sectoral plans necessary for the participation in the Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures and may be supported by pre-accession aid. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

3. Principles

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

- that the candidate State 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 in 1995, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure harmonious operation of Community policies after accession and at Luxembourg, in 1997, 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. The Feira and Gothenburg European Councils in 2000 and 2001 respectively confirmed the vital importance of the applicant countries' capacity to implement and enforce the *acquis*, and added that this required important efforts by the applicants in strengthening and reforming their administrative and judicial structures.

4. Priorities and intermediate objectives

The Commission's regular reports have highlighted, besides the progress already made, the extent of the efforts which still have to be made in certain areas by candidate States 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 States concerned, the achievement of which will condition the degree of assistance granted and the progress of the negotiations under way with Lithuania. The priorities listed in the revised Accession

Partnership have been selected on the basis that it is realistic to expect that Lithuania can complete or take them substantially forward over the next two years (2002 to 2003). Within this list, issues that require particularly urgent action have been highlighted as such. The progress made in meeting the priorities of the 1999 Accession Partnership is assessed in the 2001 regular report. This assessment has been used in formulating the priorities for the current Partnership.

Lithuania submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) in June 2001. The NPAA sets out a timetable for achieving priorities and intermediate objectives, based on the 1999 Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Lithuania's membership preparations. Lithuania will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Lithuania fulfils the commitments of legislative approximation and the implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, and in the context of the negotiation process. 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 priorities and intermediate objectives have been identified for Lithuania. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and the rule of law

- consolidate a modern, professional and efficient civil service that is independent from undue influences, notably by ensuring further training, an appropriate level of remuneration and greater interdepartmental coordination,
- complete judicial reform in particular through the adoption of the new Law on Courts; duly implement the Civil Code and the Law on Administrative Court Proceedings; adopt the new Code of Criminal Procedures and ensure its proper implementation as well as that of the Criminal Code; continue training of specialised judges and prosecutors including in *acquis* — related matters; improve working conditions and infrastructure to ensure the proper functioning of courts, in particular as regards Administrative Courts and Regional Courts; ensure proper implementation of the law on legal aid so as to widen the availability of legal aid,
- further strengthen the fight against corruption by adopting and starting implementation of the anti-corruption strategy; adopt and start implementing a new law on corruption prevention, complete and start implementing the Code of Ethics for Civil Servants; ratify the relevant international anti-corruption conventions.

Economic criteria

- take measures to reduce unemployment, in particular long-term unemployment, notably by promoting adequate re-training and improving the business environment with a view to attract green-field investments and enhance the creation of new enterprises,
- complete the large-scale privatisation process, including the remaining State-owned bank and the energy utilities,
- ensure implementation and enforcement of the enterprise restructuring law and the legislation on bankruptcy, in particular by continuing training efforts in the fields of enterprise risk assessment and evaluation of enterprise restructuring plans,
- implement the strategies adopted for the development of industries and small and medium-sized enterprises (SMEs) and continue improvement of business support infrastructure,

⁽¹⁾ The order of presentation is that used as from the 2000 regular reports.

- complete the remaining part of land titling and registration and further support land market development; consolidate small land tenures.
- continue with the social security reform in a sustainable way for public finances, with a view to ensuring medium-term sustainability of public finances.

Ability to assume the obligations of membership

Free movements of goods

- complete the process of the transposition and effective implementation of all 'New approach', directives and traditional sectoral legislation, in particular abolish pre-marketing authorisation on detergents and foodstuffs, and gradually replace the old market authorisations on pharmaceuticals by the new ones complying with the transposed Community legislation,
- proceed with the establishment of a standards association and promote a stronger involvement of industry in the standards preparation process; reinforce national accreditation system; reinforce the State Metrology Service and improve operational capacities and know-how of the accredited calibration laboratories; strengthen cooperation between the institutions involved in market surveillance activities. Complete implementation of the development programme of certification bodies and test laboratories,
- complete adoption of EN standards,
- complete alignment of the public procurement legislation and ensure its effective implementation, in particular by further strengthening the Public Procurement Agency, and establishing an information system for the monitoring of procurements,
- proceed with screening of legislation in the non-harmonised area to ensure that it is in compliance with Articles 28, 29 and 30 of the Treaty and complete administrative arrangements for the future monitoring in this area.

Free movement of persons

- complete alignment of mutual recognition of professional qualifications and diplomas and further develop required administrative structures, education and training programmes,
- with respect to professional qualifications obtained before harmonisation, Lithuania should give priority to introducing measures to ensure that all its professionals can, from accession, meet the requirements laid down by the Directives,
- reinforce the administrative structures for the coordination of social security.

Freedom to provide services

- reinforce supervision of financial services,
- implement Law on third party motor liability insurance,
- complete the process of alignment in the field of data protection; complete reorganisation of the State Data Protection Inspectorate, ensure its full independence; strengthen the administrative capacity, in particular through the provision of training.

Free movement of capital

- abolish the restrictions on cross-border transfer of means of payment and on investment rules for pension funds and insurance companies,
- adopt the constitutional amendments on access to farmland ownership as planned,
- strengthen and improve coordination of the institutions responsible for the enforcement of the prevention of money laundering. Complete alignment of legislation with the second Directive against money laundering,
- Ensure compliance with the recommendations of the Financial Action Task Force.

Company law

- establish and ensure the efficient functioning of the Central Register of Legal Entities,
- establish the Board of Accounting, improve qualifications of specialists,
- complete the process of alignment with the *acquis* on patents; continue training of the State Patent Bureau staff in the field of trade mark protection; ensure adequate enforcement of the law on trade marks; implement the strategy on the enforcement of copyright and related rights; further strengthen administrative capacity of collective administration associations and the Division of Copyright and Related Rights as regards the implementation of international conventions,
- in need of particular urgent action: strengthen administrative capacity of enforcement bodies of intellectual and industrial property rights and increase efforts to fight against piracy and counterfeiting. Improve cooperation among enforcement bodies notably the police, customs and the judiciary. Strengthen administrative capacity at the border and ensure proper enforcement of border legislation. Intensify training for enforcement bodies including judges and prosecutors.

Competition policy

- complete the legislative framework, strengthen the administrative capacity of the Competition Council (in particular as regards State aid control); ensure enforcement of the rules in anti-trust and State aid; maintain the State aid inventory and prepare the annual reports; increase awareness of the rules among all market participants and aid grantors; intensify the training of the judiciary in the competition field.

Agriculture

- upgrade the capacity of agricultural administration, in particular of the Market Regulation Agency for Agriculture and Food Products, and complete preparations for the enforcement and practical application of the management mechanisms of the common agricultural policy, in particular the integrated administration and control system and the paying agency for the handling of common agricultural policy expenditure, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation,
- reinforce the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of Community funded rural development programmes,
- continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, particularly at future external borders. The identification and registration of animals needs to be completed,
- reinforce the technical capacity of testing laboratories in order to ensure their accreditation in order to implement the hazard analysis critical contact point requirements,
- complete transposition of legislation on transmissible spongiform encephalopathies, plant passports, maximum residue levels, animal nutrition and ensure implementation and enforcement, including testing of animal diseases, in particular transmissible spongiform encephalopathies, in accordance with the *acquis*,
- continue the restructuring of food processing establishments including meat, canned fruit and vegetables and their upgrading so that they are in a position to respect Community food safety standards,
- implement the food safety strategy.

Fisheries

- complete the establishment of adequate administrative structures and equipment at central and regional level that can ensure the implementation of the common fisheries policy, including management of resources, inspection and control of fishing activities, the market policy, structural programmes co-financed by the Financial Instrument for Fisheries Guidance, a fishing vessel register and a management plan for the fleet capacity in accordance with available resources.

Transport policy

- continue legal alignment and strengthen administrative capacity in road transport (particularly on social legislation, fiscal harmonisation and technical and safety standards), railway transport (with a view to the implementation of the revised railway *acquis*) and air transport,
- continue to align and implement maritime transport legislation, taking into account its latest developments,
- in need of particularly urgent action: strengthen the administrative capacity and complete the institutional structure in the field of maritime safety in order to improve the flag State performance of the Lithuanian fleet.

Taxation

- complete legislative alignment with particular attention to the VAT (including the transitional VAT regime) and excise legislation, especially as regards VAT exemptions and levels of excise duties,
- ensure that existing and future legislation complies with the principles of the Code of Conduct for Business Taxation,
- strengthen the administrative capacity and control procedures, and improve the administrative cooperation and mutual assistance in order to be able to implement the *acquis*,
- develop IT systems so as to allow for the exchange of computerised data with the Community and its Member States,
- implement the Holdings and Movements Directive.

Statistics

- further improve quality and coverage of statistics; ensure that adequate resources are available to further strengthen statistical capacities, including at regional level.

Employment and social policy

- complete transposition of the social *acquis*, notably through the adoption of the new Labour Code, and ensure its proper implementation through the appropriate enforcement structures, including the labour inspectorates, according to agreed timetable. Complete alignment in the field of equal treatment for men and women. Adopt legislation against discrimination and develop a timetable for its implementation,
- continue to support social partners' capacity-building efforts in particular with a view to their future in the development and implementation of the Community employment and social policy, including the European Social Fund, notably through autonomous social dialogue,
- adopt the law on public health and continue the implementation of the public health care reform, and in particular develop further the health monitoring system; finalise the development of measures in the area of surveillance and control of communicable diseases.
- continue preparations for a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

- implement the recommendations contained in the Council report on nuclear safety in the context of enlargement with due regard to the priorities assigned in the report,

- continue the implementation of the national energy strategy; start and complete, as a matter of urgency, a revision of the national energy strategy allowing for a decision on the closure date of Unit 2 of the Ignalina nuclear power plant in a manner compatible with Lithuania's timetable for accession,
- advance the legal, technical, economic and social preparation for the definitive closure (before 2005) and decommissioning of Unit 1 of the Ignalina nuclear power plant,
- strengthen the resources and capacities of the national regulatory authority for nuclear energy,
- maintain a high level of nuclear safety throughout the decommissioning phases of the Ignalina nuclear power plant,
- continue the alignment process on oil stocks; make progress in ensuring the actual constitution of stocks, including the necessary investments, towards the level of 90 days; develop the necessary administrative capacity,
- complete the alignment process with regard to internal energy market (electricity and gas); establish an independent transmission system operator (electricity); eliminate remaining price distortions; strengthen the regulator (National Control Commission for Prices and Energy),
- continue the refurbishment of conventional power plants in line with the environmental *acquis*,
- step up the improvement of energy efficiency and the use of renewable energy sources and strengthen the relevant institutions in this area.

Telecommunications and information technologies

- ensure the effective functioning of the Communications Regulatory Authority, including the structure in charge of postal services once it is established, by qualified staff for its new tasks and appropriate financing,
- ensure compliance with the telecommunications *acquis*, in particular as regards interconnections procedures.

Culture and audiovisual policy

- continue to strengthen administrative capacity of the relevant authorities.

Regional policy and coordination of structural instruments

- complete the legal and administrative framework which allows for the implementation of the *acquis* in this area, in particular with regard to financial management and control,
- ensure effective interministerial coordination and appropriate partnership with a view to both programming and implementation,
- prepare a single programming document in line with the Structural Funds Regulations, including an *ex ante* evaluation,
- ensure that the designated managing authority and paying authorities will progressively build up their capacity in order to be able, on accession, to fulfil their responsibilities and deliver the tasks assigned to each of them according to the Structural Funds Regulations,
- set up evaluation and monitoring systems,
- develop the technical preparation of projects eligible for Structural and Cohesion Funds assistance (project pipeline).

Environment

- complete transposition of the *acquis*,

- continue implementation of the *acquis*, in particular as regards sulphur content in liquid fuels, volatile organic compounds emissions resulting from storage and distribution of petrol, waste management (in particular waste oils, landfills and packaging and packaging waste), urban waste-water treatment, drinking water (in particular by solving the problem of excess fluoride), dangerous substances discharged into the aquatic environment (by establishing inventories and pollution reduction programmes) and nature protection (including the preparation of a list of sites of Community importance and designating special protection areas),
- continue strengthening the administrative and monitoring capacity, both at central and local level, in particular for chemicals and GMOs,
- continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumer protection and health

- further strengthen the market supervision institutions, strengthen the National Consumer Rights Protection Council.

Cooperation in the field of Justice and Home Affairs

- ensure the implementation of the Schengen action plan,
- complete border demarcation with Belarus and Russia (border with Kaliningrad) and strengthen border control, including maritime border; continue training for border guards, improve infrastructure and equipment,
- step up efforts in the fight against trafficking in human beings,
- complete alignment with the *acquis* on visa policy, asylum and migration, reinforce the administrative capacity of competent bodies and improve the appeals system,
- complete reorganisation and modernisation of police service and further develop the professional training system for the police; establish a network of police liaison officers; reinforce bilateral cooperation with other Union Member States; strengthen cooperation among all bodies (including the judiciary) in the fight against organised crime; ensure effective implementation of anti-money laundering measures,
- implement the national drugs strategy and strengthen administrative capacity of and coordination among all relevant bodies (ensuring a clear division of responsibilities); complete the legal framework for international cooperation, prepare for participation in the work of the European information network on drugs and drug addiction,
- take the necessary steps in order to ensure the implementation of the Community instruments in the area of judicial cooperation in civil matters,
- ensure that the pre-requirements for the conclusion of a cooperation agreement with Europol are met,
- continue preparation for future participation in the Schengen Information System, by developing various national databases and registers,
- take the necessary steps to align the legislation with the Convention on Protection of the Communities' Financial Interests and its Protocols.

Customs union

- complete the process of alignment with the *acquis*; complete the process of restructuring of regional customs offices,

- in need of particularly urgent action: accelerate the implementation of the IT strategy of the Lithuanian customs administration. Develop IT systems so as to allow for the exchange of computerised data between the Community and Lithuania,
- reinforce customs activities at the border, and cooperation with other services at the border (border guards, veterinary and phytosanitary services). Implement the customs ethics policy.

External relations

- take the necessary measures to ensure that any international treaties or agreements including bilateral investment treaties incompatible with the *acquis* are renegotiated or terminated by accession.

Financial control

- implement the methodology for financial management and control and for internal audit throughout the government in a harmonised way,
- train human resources in the area of public internal financial control, the national fund included,
- adopt and implement external and internal audit standards in line with internationally approved and Community compliant standards, adopt control and audit manuals, prepare audit trails and methods for reporting, monitoring and accounting of national and Community funds,
- complete the legislative framework of the State Control Office including the enhancement of its independent status,
- designate a contact point for the protection of the Communities' financial interests and start cooperating effectively with OLAF through this contact point,
- strengthen the fight against fraud,
- continue efforts to ensure the correct use, control, monitoring and evaluation of Community pre-accession funding as a key indicator of Lithuania's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to Lithuania comprises support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87); and support for infrastructure projects in the fields of environment and transport through the structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73), which gives priority to measures similar to the Cohesion Fund in the pre-accession period. Under these national allocations, Lithuania can also fund part of its participation in Community programmes including the research and technological development framework programmes and programmes in the areas of education and Enterprise. In addition Lithuania will have access to funding from multicountry and horizontal programmes directly related to the *acquis*. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and the International Financial Institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

6. Conditionality

Community assistance for financing projects through the three pre-accession instruments PHARE, ISPA and Sapard is conditional on respect by Lithuania of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this revised Accession Partnership. 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.

7. Monitoring

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg, it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption and implementation of the *acquis* can be examined. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting the Partnership's priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

The PHARE Management Committee ensures that actions financed under all three pre-accession instruments, PHARE, ISPA, and Sapard, are compatible with each other as well as with the Accession Partnerships as laid down in the Coordinating Regulation (Council Regulation (EC) No 1266/1999, OJ L 161, 26.6.1999, p. 68).

The Accession Partnership will continue to be amended as necessary in accordance with Article 2 of Regulation (EC) No 622/98.
