

COUNCIL DECISION
of 6 December 1999
on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with the Czech Republic

(1999/858/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 fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment 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 1999 Commission's Regular Report presented an objective analysis on the Czech Republic's preparations

for membership and identified a number of priority areas for further work;

- (6) in order to prepare for membership, the Czech Republic should 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,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Czech Republic 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 that of its publication in the *Official Journal of the European Communities*.

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

CZECH REPUBLIC: 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 the Czech Republic towards membership of the European Union, the financial means available to help the Czech Republic 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 States in their preparations for membership. These include, *inter alia*, the revised 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 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. 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 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, the European Council stressed the need for the candidate States 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 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 the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again 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 the Czech Republic 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. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

The Czech Republic submitted a revised version of its National programme for the adoption of the *acquis* (NPAA) on 31 May 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for the Czech Republic's membership preparations. The Czech Republic will nevertheless have to address all issues identified in the Regular Report. It is also important that the Czech Republic fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and 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 short and medium term priorities and intermediate objectives have been identified for the Czech Republic.

3.1. Short-term (2000)

Political criteria:

- implement actions contained in the Government Resolution of 7 October on Roma including provision for the necessary financial support at national and local levels; implement measures aimed at fighting discrimination (including within the public administration); foster employment opportunities and increase access to education.

Economic criteria:

- complete the restructuring of the banking sector (the privatisation of the two remaining major banks; resolve bad loan problems); promote enterprise restructuring, especially of large conglomerates and accelerate privatisation in the enterprise sector,
- implement a plan for restructuring the steel sector in line with European Union requirements,
- improve bankruptcy legislation and its implementation.

Internal market:

- intellectual and industrial property rights: align legislation (extension of protection of copyright to 70 years; retroactive protection of sound recording; counterfeited and pirated goods); strengthen administrative and judicial enforcement, including at borders,
- company law: adopt legislation reinforcing the protection of minority shareholders,
- data protection: complete alignment and establish an independent supervisory authority,
- free movement of goods: modify horizontal legislation on technical requirements for products, conformity assessment and on public health protection; continue alignment of sectoral legislation; improve market surveillance and conformity assessment structures as regards equipment and training of staff; reinforce implementing structures in sectors covered by product specific legislation,
- free movement of capital: align laws on telecommunications, on insurance and on bonds in order to abolish the remaining restrictions in these fields; abolish anonymous accounts,
- free movement of services: reinforce the securities commission and widen its field of operation,
- competition: align anti-trust and State aids legislation; reinforce the State aid monitoring authority with sufficient qualified staff; complete the State aid inventory,
- telecommunications: align legislation including strengthening of the independent regulatory authority by June 2000,
- audio-visual: complete alignment of legislation,
- taxation: align excise duties and VAT legislation in particular as regards the reduced VAT rate; ensure the closure of duty-free shops at land borders; confirm acceptance of the principles of the code of conduct for business taxation and ensure that new tax measures are in conformity with these principles.

Agriculture:

- prepare measures required to implement the common agricultural policy and rural development policies (Ministry and institutions such as the State Fund for market regulation),
- veterinary and phytosanitary sector: continue alignment and upgrade inspection arrangements,
- approve a plan to modernise meat and dairy plants to meet European Union hygiene and public health standards,
- complete harmonisation of the cattle identification system and extend it to cover other species.

Employment and social affairs:

- further develop a national strategy with a view to later participation in the European employment strategy, building on the Joint Employment Review,
- support social partners' capacity-building efforts to develop and implement the acquis, notably through bipartite social dialogue.

Environment:

- accelerate the transposition and enforcement of framework legislation in the areas of water quality, waste management, integrated pollution prevention control, nature protection and air quality,

- develop an environmental investment strategy based on estimations of costs of alignment and realistic sources of public and private finance year-by-year with emphasis on those directives with heavy investment needs in the water sector, air sector, waste management and industrial pollution control,
- complete transposition and enforce the environmental impact assessment directive.

Justice and home affairs:

- strengthen border control and ensure coordination between the relevant services to enable full participation in the Schengen information system,
- adopt asylum and alien legislation; reinforce the policy to deal with illegal immigration,
- implement policy on organised crime, corruption (legislation, implementing structures, sufficient qualified staff, better cooperation between institutions) and economic crime; ratify the OECD convention on bribery; sign the European criminal law convention on corruption,
- strengthen capacities to deal with money laundering.

Reinforcement of administrative and judicial capacity, including the management and control of European Union funds:

- adopt and implement a programme for the reform of the State administration (introduction of a civil service law),
- 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 units in spending centres; introduce 'functional independence' for internal controllers/auditors at central and decentralised levels and *ex-ante* financial control,
- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including the introduction of environmental impact assessments and European Union-compatible public procurement rules for projects co-financed by Community Funds and the establishment of a functioning paying agency for Sapard,
- begin implementing a programme to reform the judiciary (judges and State prosecutors) by filling vacancies, simplifying procedures, stepping up training of judges with regard to European Community law.

3.2. Medium-term

Political criteria:

- strengthen policies and budgetary means, at national and local levels, to continue improving the situation of the Roma,

Economic criteria:

- promote competitiveness of the private sector, including small- and medium-sized enterprises,
- complete privatisation process of industry and implement programme of liberalisation of utilities,
- organise a pre-accession fiscal surveillance covering yearly notification of deficit and debt figures (excessive deficit procedure reporting), production of medium-term fiscal strategies (according to stability and growth pact requirements) and improvement of fiscal transparency,
- continue health care and pension system financing reforms.

Internal market:

- public procurement: complete align legislation including by the end of 2002 abolish national preference clause for public procurement by introducing access to award procedures in the Czech Republic for all Community companies in certain sectors,
- intellectual and industrial property rights: complete alignment,
- data protection: complete alignment and establish an independent supervisory body,
- free movement of goods: complete alignment of sectoral legislation including on marketing authorisation for pharmaceuticals; ensure implementing structures for all sectors,

⁽¹⁾ Phare = Action plan for coordinated aid to Poland and Hungary.

⁽²⁾ ISPA = Instrument for Structural Policies for Pre-Accession.

⁽³⁾ Sapard = Special Accession Programme for Agriculture and Rural Development.

- free movement of persons: complete alignment of mutual recognition of diplomas,
- free movement of services: complete alignment of insurance legislation and establish an independent supervisory body,
- competition: ensure full enforcement of competition and State aid rules; ensure compliance of aid schemes and State aid legislation with the acquis; improve training at all levels,
- telecommunications: adopt spectrum monitoring system,
- taxation: complete alignment of tax legislation including the transitional VAT regime; complete reform of administrative structures and control procedures including administrative cooperation and mutual assistance,
- consumer protection: complete legislative alignment and strengthen administrative structures, in particular market surveillance,
- customs: complete alignment; strengthen border control; continue the upgrading of the operational capacities of the customs administration; continue the fight against fraud and corruption.

Economic and Monetary Union:

- consolidate the independence of the National Bank in particular Government borrowing.

Agriculture:

- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- veterinary and phytosanitary sector: complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes,
- implement plan to modernise meat and dairy plants.

Energy:

- continue to ensure high levels of nuclear safety at the Dukovany and Temelin (upon completion) nuclear power plants,
- 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 oil stock requirements and improve energy efficiency,
- strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

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

Employment and social affairs:

- transpose and implement European Union legislation in the field of occupational health and safety (including the framework directive), labour law, equal treatment of women and men, and public health; reinforce the related administrative structures and those required for the coordination of social security,
- establish an independent guarantee fund for employees in the case of employer's insolvency.

Economic and social cohesion:

- develop national policy for economic and social cohesion; improve administrative structures; organise the budgetary system and procedures according to structural funds standards, including appraisal and evaluation.

Environment:

- complete transposition and implementation of framework and sectoral legislation; continue strengthening administrative capacity, monitoring and enforcement capacity,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

- further upgrade law enforcement bodies and the judiciary (staff numbers, training and equipment); continue the fight against organised crime, trafficking in women and children, drug trafficking and corruption; ensure better coordination between law enforcement bodies,
- continue progressive alignment of visa legislation and practice with that of the European Union.

Reinforcement of administrative and judicial capacity, including the management and control of European Union funds:

- strengthen public financial control functions through the provision of adequate staff, training and equipment,
- complete reform of the judiciary (judges and state prosecutor's office),
- strengthen statistical capacities.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 358 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise 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 a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, the Czech Republic can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition the Czech Republic will have access to funding from multi-State 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 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.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by the Czech Republic 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 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 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 of the *acquis* can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

The Phare Management Committee ensures that financing decisions under all three pre-accessions 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.
