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COUNCIL

COUNCIL DECISION

of 28 January 2002

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

(2002/83/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 Bulgaria's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Bulgaria 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) Bulgaria needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community 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 Bulgaria 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.

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

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

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 Bulgaria 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 Bulgaria. The present revision is based on a proposal by the Commission following consultation with Bulgaria, and draws on the analysis of the Commission's 2001 regular report on progress made by Bulgaria 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 Bulgaria towards membership of the Union, the financial means available to help Bulgaria 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 Bulgaria, 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 Bulgaria. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that Bulgaria 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.

Bulgaria submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) on 2 July 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 Bulgaria's membership preparations. Bulgaria will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Bulgaria 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 Bulgaria. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and the rule of law

- continue to make progress with public administration reform. Ensure effective implementation of the provisions of Civil Service Act and related regulations. Take steps to ensure accountability, openness and transparency of public service. Strengthen capacity for strategic planning, policy analysis and evaluation at the centre of government and in line ministries and improve quality of consultation with affected parties (e.g. social and economic partners, civil society, and private sector) on preparation of new legislation,
- in need of particularly urgent action: start to implement the strategy for reform of the judicial system, paying particular attention:
 - to strengthening the administrative capacity of key institutions; Supreme Judicial Council and Ministry of Justice, through building budgetary, supervisory, planning and human resource management capacity,
 - to review the degree of immunity of members of the judiciary to ensure this is in line with international standards,
 - to ensuring the full implementation of fundamental rights in penal cases such as legal aid,
- in need of particularly urgent action: start to implement the national strategy to combat corruption in public life, especially focus on awareness building, prevention and the prosecution of corrupt acts.

Human rights and the protection of minorities

- ensure that an effective system for redressing police misconduct is established,
- continue to implement the Roma framework programme with particular attention to providing necessary financial support, significant strengthening of the National Council of Ethnic and Demographic Issues, and ensuring equal access to health, housing, education and social security,

⁽¹⁾ The order of presentation is that used in the 2000 regular report.

- adopt and implement secondary legislation necessary for the effective functioning of the Child Protection Act. Ensure further measures are taken to improve community care services for children. Ensure the full implementation of the UN Convention on the Rights of the Child.

Economic criteria

- maintain macroeconomic stability, with a view to ensuring medium-term sustainability of public finances, and continue to promote economic growth and competitiveness through further market-based enterprise restructuring and promotion of private sector development,
- take measures to improve the functioning of the financial sector and in particular to strengthen the banking sector,
- continue the privatisation process in such a way that the privatised companies can be restructured and can grow,
- make progress on restructuring of the energy sector. Develop and start to implement an energy efficiency strategy and aim to attract increased investment,
- ensure that the steel sector is restructured on a viable basis, and receives no further State aid incompatible with Community State aid rules for the steel sector,
- further improve and accelerate bankruptcy and liquidation procedures, reduce the time needed to complete procedures and improve enforcement of decisions,
- establish a functioning land market and finalise the land and property register,
- take further measures to improve the business environment and stimulate domestic and inward investments. Ensure business-friendly legal, tax, regulatory and administrative frameworks (including improved contract enforcement and licensing procedures) that provide a level playing field for all businesses,
- develop a more favourable business environment for small and medium-sized enterprises (SMEs) through addressing the remaining obstacles to SME development including lack of business expertise among SME managers, and access to finance on appropriate terms.

Ability to assume the obligations of membership

Free movement of goods

- modify the framework law on technical requirements implementing new and global approach principles to ensure it is in line with the *acquis*,
- reinforce horizontal administrative infrastructure and separation of standardisation and certification functions. Implement 'New approach' Directives on the basis of modified framework legislation and reinforcement of related administrative capacity (conformity assessment bodies and laboratories). Speed up the adoption of EN harmonised standards,
- pursue alignment of traditional sectoral legislation notably in the pharmaceuticals, chemicals, foodstuffs and motor vehicles sectors. Reinforce market surveillance systems and prepare administration and food operators for Community principles of food safety,
- adopt and enforce amendments to public procurement legislation to ensure correct application and full compatibility with the *acquis*. Ensure transparent public procurement procedures at central and regional levels,
- 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

- continue to pursue alignment of mutual recognition of professional qualifications and diplomas and introduce required administrative structures, education and training programmes.

Freedom to provide services

- reinforce supervision of financial services,
- adopt and implement national legislation and establish an independent public supervisory authority responsible for monitoring the correct application of data protection provisions.

Free movement of capital

- take further steps to prevent use of financial system for money laundering. Strengthen the capacity of the Financial Intelligence Bureau to deal with money laundering and to ensure that all relevant professions cooperate with it. Complete alignment of legislation with the second Directive against money laundering,
- ensure compliance with the recommendations of the financial action task force.

Company law

- upgrade accounting and auditing standards and practices, and further align the regulatory framework with the *acquis*,
- in need of particular urgent action: enhance the enforcement of industrial and intellectual property rights, with the emphasis on the fight against piracy and counterfeiting and strengthening border control measures. Improve cooperation among enforcement bodies; intensify training for enforcement bodies including judges and prosecutors.

Competition policy

- complete the legislative framework in both antitrust and State aid; strengthen administrative capacity (particularly for State aid control); ensure full enforcement of antitrust and State aid rules; maintain a comprehensive State aid inventory and prepare a comprehensive annual State aid report; increase awareness of antitrust and State aid rules among market participants and aid granters; intensify training of the judiciary in antitrust and State aid matters.

Agriculture

- prepare the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of Community funded rural development programmes,
- upgrade the capacity of the agricultural administration for the practical implementation and enforcement of the management mechanisms of the common agricultural policy, in particular the integrated administration and control system and the paying agency for the management of common agricultural policy funds, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation,
- put in place the necessary conditions for the emergence and strengthening of efficient land, labour and capital markets in the rural and agricultural sectors,
- continue the upgrading of food processing establishments so that they are in a position to respect Community food safety standards,
- continue the reinforcement of the food control administration,

- continue preparation of the vineyard register,
- continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at future external borders,
- 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*.

Fisheries

- complete the establishment of the adequate organisation, adequate institutional resources and equipment relating to inspection and controls at central and regional levels; complete the fishing vessel register in full compliance with Community requirements.

Transport policy

- continue legal alignment and reinforce administrative capacity in road transport especially on adaptation of the fleet to technical and safety requirements and charging/taxation,
- continue legal alignment and reinforce administrative capacity in railway transport with a view to the implementation of the revised railway *acquis*. Pursue the restructuring of Bulgarian railways,
- continue to align and implement maritime transport legislation, taking into account its latest developments, and in particular strengthen the administrative capacity in order to improve the flag State performance in the field of maritime safety.

Taxation

- continue alignment of VAT legislation, with particular regard to exempt transactions, right of deduction and special schemes. Align gradually legislation on excise duties, with particular regard to the applied rates,
- ensure that existing and future legislation complies with the principles of the code of conduct for business taxation,
- continue to modernise and strengthen tax administration to ensure laws are effectively implemented and enforced, particularly for revenue collection and administrative cooperation and mutual assistance,
- develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States,
- implement the Holding and Movements Directive.

Statistics

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

Employment and social policy

- continue alignment of the social *acquis*, in particular on equal treatment for women and men and health and safety at work and develop implementation capacity including the strengthening of the labour inspectorates. Adopt legislation against discrimination and develop a timetable for its implementation,

- continue alignment of legislative framework and develop implementation capacity for the *acquis* on public health; accelerate the development of measures in the area of surveillance and control of communicable diseases and health monitoring and information,
- continue to support social partners' capacity-building efforts, in particular with a view to their future role in the development and implementation of Community employment and social policy, including the European Social Fund and foster structured involvement of social partners, notably through autonomous bipartite social dialogue,
- prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

- prepare, as a matter of urgency, a new energy strategy paying particular attention to the need to improve energy efficiency (and to implement a strong policy of demand-side management) and to revise energy demand forecasts on the basis of more realistic growth and energy intensity scenarios. This should take into account the commitments of the Understanding of 1999 on Kozloduy nuclear power plant,
- implement the commitment made in the Understanding of 1999 to close down definitively Units 1 and 2 of the Kozloduy nuclear power plant before the year 2003, and decide in 2002 a firm date, not later than 2006, for the closure of Units 3 and 4,
- 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,
- focus on strengthening the independence, resources and capacities of the national regulatory authority for nuclear energy,
- continue to ensure a high level of nuclear safety at Units 5 and 6 of the Kozloduy nuclear power plant and maintain a high level of nuclear safety throughout the decommissioning phases of Units 1 to 4,
- in need of particularly urgent action: adopt the framework law and timetable to meet oil stocks requirement *acquis*,
- improve management of radioactive waste,
- start to implement energy efficiency measures and step up the use of renewable energy. Ensure the Energy Efficiency Agency is adequately resourced,
- put in place transparent market rules with a clear schedule for opening the market to competition. Enhance role of State energy regulatory commission in enforcement of these rules. Complete the restructuring of the solid fuels sector,
- make preparations for participation in the internal market for electricity and for natural gas including with regard to alignment; create an independent transmission system operator (electricity); eliminate remaining price distortions; strengthen the sector regulator, and adopt timetables for market opening.

Industrial policy

- develop and implement a market-oriented competitiveness strategy including sectoral strategies as appropriate.

Telecommunications and information technologies

- complete the transposition of the *acquis*,
- ensure independence of the bodies concerned with regulation (State Telecommunications Commission, Postal Regulator and ministry) from operational activities and strengthen their capacity in preparation for planned full liberalisation of these sectors by 1 January 2003.

Culture and audiovisual policy

- strengthen the administrative capacity of the national regulatory body in the field of broadcasting.

Regional policy and coordination of structural instruments

- strengthen administrative capacity in key ministries, particularly at the central level, to design strategies and to implement and evaluate projects for regional development and economic and social cohesion, financed by Community and national funds,
- prepare a coherent development plan as required by the Structural Funds Regulations. Integrate it into the national budgetary and policy-making framework so that it serves as an integrated and operational development tool,
- clarify the proposed institutional arrangements for managing Structural Funds after accession, including appropriate control, monitoring and evaluation mechanisms and start to build the necessary administrative structures consistent with these arrangements,
- prepare to comply with basic financial management and control provisions as laid down by the respective regulations of the Structural Funds.

Environment

- continue transposition of the *acquis* with particular emphasis on environmental impact assessment, air quality, waste management, water quality, nature protection, industrial pollution control and risk management and radiation protection,
- continue implementation of the *acquis* with particular emphasis on environmental impact assessment, air quality, waste management, water quality, nature protection, industrial pollution control and risk management, and radiation protection. Continue preparation and development of directive-specific implementation plans, including financing plans, with particular emphasis on waste management (including waste management plans), water quality and nature protection, and start implementation,
- continue strengthening administrative, monitoring and enforcement capacity at national and regional levels. Particular attention should be given to the strengthening of the Ministry of Environment and Water as well as regional inspectorates in relation to waste management and nature protection,
- continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumer and health protection

- continue alignment of legislation and take steps to ensure effective implementation of the Consumer Protection Act, in particular through an independent and efficient market surveillance mechanism.

Cooperation in the field of Justice and Home Affairs

- submit a Schengen action plan,
- continue to upgrade and modernise infrastructure at the future Union external borders,
- bring the current Refugees Act in line with the relevant *acquis* and assure its proper implementation,
- improve the internal cooperation within the police and with other law enforcement agencies and with the judiciary in particular to strengthen capacities to fight organised crime,

- update and implement an integrated strategy for the fight against organised crime, from prevention to prosecution, in collaboration with the Ministry of Justice, the Ministry of Interior and any other concerned agency,
- develop a national drugs strategy and strengthen the administrative capacity of and the coordination among bodies involved in its implementation,
- take the necessary steps in order to ensure the implementation of Community instruments in the area of judicial cooperation in civil matters,
- take the necessary steps to align the legislation with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs union

- fully implement the Bulgarian customs code and its implementing provisions, guarantee the stability and strengthen the administrative and operational capacity of the customs administration to enable it to enforce legislation and improve cooperation with other law enforcement bodies. Continue to upgrade infrastructure at borders,
- in need of particularly urgent action: continue the implementation of the IT strategy of the Bulgarian customs administration. Develop IT systems so as to allow for the exchange of computerised data between the Community and Bulgaria,
- continue serious efforts to implement the customs ethics policy.

Financial control

- implement the new legislative framework on public internal financial control and strengthen the administrative capacity and the functional independence of the relevant institutions,
- implement the framework for systems based and performance audits; develop a culture of managerial accountability,
- develop coherent and comprehensive standards for external audit supported by appropriate methodology and manuals; strengthen the capacity of the National Audit Office,
- in need of particularly urgent action: complete the legislative framework for external audit,
- designate a contact point for the protection of the Communities' financial interests and start effective cooperation with OLAF through this contact point,
- strengthen the fight against fraud,
- step up efforts to ensure the correct use, control, monitoring and evaluation of EC pre-accession funding as a key indicator of Bulgaria's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to Bulgaria 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, Bulgaria 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 Bulgaria 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 Bulgaria 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.

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Cyprus**

(2002/84/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 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 Association Agreement 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 2001 Commission's regular report presents an objective analysis on Cyprus's preparations for membership and identifies a number of priority areas for further work.
- (5) In order to prepare for membership, Cyprus 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.

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

(7) The European Council at Helsinki underlined that a political settlement will facilitate the accession of Cyprus to the European Union. If no settlement has been reached by the completion of accession negotiations, the Council's Decision on accession will be made without the above being a precondition. In this the Council will take into account all relevant factors,

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 in the Accession Partnership for Cyprus 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, 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, 28 January 2002.

For the Council
The President
J. PIQUÉ I CAMPS

⁽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 the Accession Partnerships (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 Cyprus was decided in March 2000. The present revision is based on a proposal by the Commission following consultation with Cyprus, and draws on the analysis of the Commission's 2001 regular report on progress made by Cyprus 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 Cyprus towards membership of the Union, the financial means available to help Cyprus 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 updated national programme for the adoption of the *acquis* prepared by Cyprus, the pre-accession fiscal surveillance procedure, the pre-accession economic programme, the pre-accession pact on organised crime, a national employment strategy in line with the European employment strategy, and sectoral plans necessary for the participation in the Structural Funds after membership. 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 Cyprus. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that Cyprus 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 2000 Accession Partnership is assessed in the 2001 regular report. This assessment has been used in formulating the priorities for the current Partnership.

Cyprus submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) in September 2000. The NPAA sets out a timetable for achieving priorities and intermediate objectives, based on the 2000 Accession Partnership, as well as necessary administrative structures and financial resources.

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

Efforts for a political settlement

- continue efforts to support a settlement under the auspices of the UN.

Economic criteria

- accelerate liberalisation of a number of protected sectors of the economy, including telecommunications, air transport, and energy,
- improve conditions for enterprise and development, with particular attention to sectoral diversification and small and medium-sized enterprises (SMEs).

Ability to assume the obligations of membership

Free movement of goods

- in need of particularly urgent action: adopt framework legislation for the implementation of the new and global approach principles,
- pursue implementation of 'New approach' Directives on the basis of this framework legislation; pursue alignment of remaining traditional sectoral legislation, in particular in the field of pharmaceuticals for veterinary use, cosmetics and foodstuffs,
- reinforce horizontal administrative infrastructure and implementing capacity in the sectors covered by product specific legislation,
- develop and implement a market surveillance strategy,
- align legislation on public procurement with the *acquis* concerning coverage and the review system,
- proceed with screening of legislation in the non-harmonised area to ensure that it is in compliance with Articles 28 to 30 of the Treaty and complete administrative arrangements for the future monitoring in this area.

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

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, Cyprus 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

- in need of particularly urgent action: reinforce supervision of financial services,
- proceed with bringing the cooperative and credit societies sector in line with the *acquis*.

Free movement of capital

- continue to align rules on medium and long-term capital operations and prepare the way for subsequent liberalisation of short-term operations,
- liberalise foreign participation in financial services and tourism,
- ensure compliance with the recommendations of the financial action task force,
- complete alignment of legislation with second Directive against money laundering.

Company law

- align and enforce trade mark, copyright and neighbouring rights legislation; reinforce administrative capacity especially by strengthening border controls. Maintain sustained efforts on enforcement of intellectual property rights in particular on the fight against piracy and counterfeiting. Improve cooperation among enforcement bodies; intensify training for enforcement bodies including judges and prosecutors.

Competition

- in need of particularly urgent action: complete the legislative framework; bring State aid to international business enterprises (offshore) in line with the *acquis*; further reinforce the administrative capacity (both with respect to antitrust and State aid control); ensure enforcement of the rules in antitrust and State aid; maintain a comprehensive State aid inventory and annual report; bring the existing aid schemes in line with the *acquis* well before accession; increase awareness of the rules among all market participants and aid grantors; intensify the training of the judiciary in the specific fields of antitrust and State aid.

Agriculture

- set up the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of Community funded rural development programmes,
- 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, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation; bring the status and operation of the current monopolies in line with the *acquis*,
- continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements,

- 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*.

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 the market policy, structural programmes co-financed by the Financial Instrument for Fisheries Guidance, and a fishing vessel register,
- reduce the number of fishing vessels operating outside the Mediterranean Sea in accordance with agreed objectives and timetable.

Transport policy

- in need of particularly urgent action: complete alignment and implementation of maritime transport legislation, taking into account its latest developments, in particular enforce maritime safety standards and further strengthen the administrative capacity of the Department of Merchant Shipping, in accordance with the Department's 2000 to 2002 action plan in order to improve the flag State performance of the Cypriot fleet,
- continue alignment and strengthen administrative capacity in road transport, in particular transport of dangerous goods, and in aviation (particularly air safety).

Taxation

- ensure due alignment of the tax *acquis*, with particular attention to alignment of the VAT and excise duty regimes, including the transitional VAT regime. In need of particular urgent action: proceed with alignment of VAT and excise duty rates to that of the Community *acquis* and elimination of discriminatory measures against imports from the Community,
- ensure that existing and future tax legislation complies with the principles of the code of conduct for business taxation,
- strengthen administrative capacity including control and enforcement procedures, and administrative cooperation and mutual assistance,
- in need of particularly urgent action: develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States.

Statistics

- further improve quality and coverage of statistics; ensure adequate resources are available to further strengthen statistical capacities.

Social policy and employment

- continue to support social partners' capacity building efforts, in particular with a view to their future role in the development and implementation of Community employment and social policy, including the European Social Fund, notably through autonomous social dialogue. Strengthen administrative capacity in the fields of labour law and equal opportunities,
- complete alignment and ensure proper implementation of Community legislation in particular in the field of equal treatment for women and men. Strengthen the related administrative and enforcement structures, including the labour inspectorates and establish an independent guarantee fund for employees in the case of employer's insolvency. Adopt legislation against discrimination and develop a timetable for its implementation,
- complete alignment and implement Community legislation on public health, and adapt the national structures for surveillance and control of communicable diseases and health monitoring and information,
- prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

- continue alignment of oil stocks requirements; make progress in ensuring the actual constitution of the stocks, including the necessary investments in storage capacity, towards the level of 90 days; develop the administrative structure,
- prepare for participation in the international energy market, notably concerning the electricity Directive; eliminate remaining price distortions; establish a regulator and a common system operator for both transmission and distribution,
- improve energy efficiency: enhance the use of renewable energy, and strengthen the relevant institutions in this area,
- 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.

Telecommunications and information technologies

- adopt new law on telecommunications and postal services and introduce a comprehensive regulatory framework, in particular in the fields of licensing, interconnection, universal service, numbering and data protection; terminate monopoly for mobile voice telephony.

Regional policy and coordination of structural instruments

- in need of particularly urgent action: establish a territorial organisation allowing for the effective implementation of the Structural Funds Regulations,
- prepare a coherent development plan as required by the Structural Funds Regulations; define the implementation structures of the final plan; define the managing and paying authorities; improve the administrative capacity, in particular in terms of recruitment and training,
- set up the required monitoring and evaluation systems for Structural Funds, in particular for *ex-ante* evaluation and for the collection and processing of the relevant statistical information and indicators,
- align with the specific financial management and control procedures for future Structural and Cohesion Funds under the relevant Community Regulations,
- develop the technical preparation of projects eligible for Structural and Cohesion Funds assistance (project pipeline).

Environment

- complete transposition of the *acquis*, with special emphasis on waste management,
- continue implementation of the *acquis*, with special emphasis on urban waste water treatment and packaging waste; develop an implementation plan for the water framework Directive,
- continue strengthening the administrative and enforcement capacity, with special emphasis on nature protection legislation,
- continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Cooperation in the field of Justice and Home Affairs

- continue efforts aiming at a fair and effective application of the law on asylum, in particular the provision for manifestly unfounded claims. Ensure that an independent authority examines the asylum applications in appeal; ensure that implementing rules and regulations are drafted in accordance with international and European standards; enhance administrative capacities in the domain and improve overall conditions in reception centres; establish a system for the integration of refugees,
- complete alignment with common visa policy,

- ensure due implementation of the Schengen action plan, and continue preparation for future participation in the Schengen information system by developing national databases and registers,
- ensure due implementation of immigration legislation, in particular the proper application of immigration procedures,
- review the readmission agreements with neighbouring countries and their implementation in conformity with the principle of 'non-refoulement'. Continue efforts to reinforce the technical equipment for border control,
- maintain sustained efforts in the fight against money laundering, ensuring sufficient human resources and qualified staff as well as training. Implement the national drugs strategy and improve the fight against drug trafficking,
- continue efforts to implement the data protection legislation,
- improve the internal cooperation within the police and with other law enforcement agencies and with the judiciary in particular to strengthen capacities to fight organised crime,
- 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 prerequisites to the conclusion of a cooperation agreement with Europol are met,
- take the necessary steps to align the legislation with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs union

- accelerate legislative harmonisation including as regards the introduction of all customs regimes with economic impact and simplified procedures; strengthen the institutional and administrative capacity. Implement the reform and modernisation programme of the customs department,
- in need of particularly urgent action: continue the implementation of the IT strategy of the Cypriot customs administration. Develop IT systems so as to allow for the exchange of computerised data between the Community and Cyprus.

External relations

- take the necessary measures to ensure that any international treaty or agreement incompatible with the *acquis* is renegotiated or terminated by accession.

Financial control

- further develop functional independence for internal controllers/auditors at both central and decentralised levels; complete work on an audit manual and on developing audit trails for the control of Community funds,
- strengthen public financial control functions through the provision of adequate staff, training and equipment,
- confirm a suitable contact point for OLAF for the protection of the Communities' financial interests, and start cooperation with OLAF through this contact point,
- strengthen the fight against fraud,
- continue efforts to ensure the correct use, control, monitoring and evaluation of EC pre-accession funding as a key indicator of Cyprus' ability to implement the financial control *acquis*.

5. **Programming**

After the expiry on 31 December 1999 of the fourth Financial Protocol concluded with Cyprus, Council Regulation (EC) No 555/2000 replaced the financial protocols from 2000 onwards for a period of five years. The total budget allocated to Cyprus for the period 2000 to 2004 adds up to EUR 57 million, of which one third of each annual allocation is to be used for financing the 'bi-communal' projects. The programming exercise for each year has to be submitted for opinion to the PHARE Management Committee.

Activities financed under this new Regulation will focus assistance on priority operations to prepare for accession as defined within this and the previous accession partnership with Cyprus, as well as the participation in certain Community programmes and agencies including research and technological development framework programmes.

The 2000 budget (EUR 9 million) has been programmed to support activities in the following sectors: internal market (taxation and customs); Justice and Home Affairs; administrative cooperation; participation in Community programmes in the sector of education (Leonardo, Socrates, Youth); and bi-communal activities (Nicosia master plan).

Cyprus is still participating in the multicountry activities of the MEDA programme, and also receives EIB support.

6. **Conditionality**

Community assistance for financing projects is conditional on respect by Cyprus 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 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 Association Agreement and in particular in the Association Committee.

Council Regulation (EC) No 555/2000 stipulates that 'the Commission shall be assisted by the Committee provided for in Article 9(1) of Council Regulation (EEC) No 3906/89'. This means that the Management Committee that shall supervise the pre-accession programmes with Cyprus is the same as for the PHARE programme.

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

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with the Czech Republic**

(2002/85/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 the Czech Republic's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, the Czech Republic 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) The Czech Republic needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community 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 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 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 the Czech Republic 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 the Czech Republic. The present revision is based on a proposal by the Commission following consultation with the Czech Republic, and draws on the analysis of the Commission's 2001 regular report on progress made by the Czech Republic 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 the Czech Republic towards membership of the Union, the financial means available to help the Czech Republic 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 the Czech Republic, 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 the Czech Republic. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that the Czech Republic 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.

The Czech Republic submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) on 25 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 the Czech Republic's membership preparations. The Czech Republic will nevertheless have to address all issues identified in the 2001 regular report. It is also important that the Czech Republic 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 the Czech Republic. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and rule of law

- in need of particularly urgent action: complete the reform of public administration at national level by establishing a legal framework which provides for stability, independence from undue influences and professionalism; continue to strengthen training, including with regard to *acquis*-related issues,
- complete the reform of the judiciary, taking account of legal, organisational, administrative, training and budgetary aspects, with a view to ensuring effective application of the law, including Community legislation, and ensuring independence of the judiciary,
- pursue efforts to more effectively fight against corruption and economic crime.

Human rights and the protection of minorities

- ensure that an effective system for redressing police misconduct is established,
- continue efforts, at national, regional and municipal level, to improve the condition of the Roma minority. Efforts should address employment opportunities, access to education, including appropriate measures to integrate Roma children into mainstream schools, measures to fight discrimination in society and access to housing. In particular, implement tasks contained in the government policy for Roma integration of June 2000.

Economic criteria

- in need of particularly urgent action: implement a restructuring plan for the steel sector in line with Community requirements and implement viability plans in the steel enterprises,
- improve the business environment by: (i) improving the operation of the commercial register, (ii) improving bankruptcy legislation and its implementation, and (iii) resolving the bad loan problem in a transparent and economically efficient way,

⁽¹⁾ The order of presentation is that used in the 2000 regular report.

- complete privatisation in the enterprise sector and pursue the programme of liberalisation of utilities,
- proceed in enterprise restructuring, in particular through the revitalisation programme and the Czech Consolidation Agency, and provide appropriate support to small and medium-sized enterprise (SME) development,
- continue fiscal reforms, including health care and pension system financing reforms, with a view to ensuring medium-term sustainability of public finances.

Ability to assume the obligations of membership

Free movement of goods

- complete alignment and effective implementation in the areas of foodstuffs; sectoral and horizontal legislation. Complete implementation of remaining 'New approach' Directives and the adoption of European standards,
- ensure the effectiveness of implementing structures, complete reinforcement of market surveillance and conformity assessment. Set up a body for exchanging information and notification on technical requirements,
- complete alignment and ensure transparency in the area of public procurement; abolish national preference clause for public procurement by introducing access for all Community companies to award procedures in the Czech Republic,
- 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

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

Free movement of services

- complete alignment in the areas of insurance, data protection and information society legislation,
- reinforce supervision of financial services,
- ensure the effectiveness of the Office for Personal Data Protection.

Free movement of capital

- continue efforts to abolish existing anonymous accounts,
- complete alignment of legislation with the second Directive against money laundering,
- ensure compliance with the recommendations of the financial action task force.

Company law

- strengthen enforcement of intellectual property rights in particular by police and customs authorities and improve cooperation among them. Increase efforts to fight against piracy and counterfeiting; intensify training for enforcement bodies including judges and prosecutors.

Competition policy

- ensure enforcement of the rules in antitrust and State aid fields (including the implementation of the regional aid guidelines); improve transparency and flow of information especially with regard to State aid; increase awareness of the rules amongst all market participants and aid granters; intensify the training of the judiciary in the specific fields of antitrust and State aid.

Agriculture

- upgrade the capacity of agricultural administration and complete preparations for the enforcement and practical application of the management mechanisms of the common agricultural policy (CAP), in particular market information systems (including price reporting), the integrated administration and control system, the paying agency, the farm accountancy data network and carcase classification, 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,
- complete the system of animal identification; continue alignment with the veterinary and phytosanitary *acquis* and upgrade inspection arrangements; continue the upgrading of food processing establishments, in particular meat and dairy plants, so that they are in a position to respect Community food safety standards,
- 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*.

Transport

- complete legislative alignment and strengthen administrative capacity in road transport (in particular on technical and safety standards, vehicle taxation and rules on road transport of dangerous goods) as well as in railway transport with a view to the implementation of the revised railway *acquis*, including rules on interoperability of railways and public service operations,
- complete legislative alignment on air transport (particularly air safety — setting up of an independent aviation accident investigation authority — and air traffic management).

Taxation

- ensure due alignment with the tax *acquis*, including the transitional VAT system,
- in need of particular urgent action: alignment of VAT, and excise duty rates, to that of the Community *acquis*, as well as closure of duty-free shops at land borders with the Union,
- ensure that existing and future legislation complies with the principles of the code of conduct for business taxation,
- strengthen administrative capacity, including control and enforcement procedures, administrative cooperation and mutual assistance,
- implement the Holding and Movements Directive,
- in need of particularly urgent action: develop IT systems so as to allow for the exchange of computerised data with the Community and its Member States.

Economic and monetary union

- in need of particularly urgent action: ensure alignment of the Act on the Czech National Bank with the *acquis* to consolidate its independence.

Statistics

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

Social policy and employment

- complete alignment of the Community legislation, in particular in the field of equal treatment for women and men and health and safety *acquis*, and increase enforcement efforts of the whole social legal *acquis*. Strengthen relevant institutional structures, in particular labour inspectorates. Continue adopting legislation in line with the anti-discrimination *acquis* and prepare for its implementation,
- ensure transposition of the public health *acquis* and further develop measures in the area of surveillance and control of communicable diseases and health monitoring and information,
- continue to support social partners' capacity building efforts, in particular with a view to their future role in the development of Community employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue,
- prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

- prepare for the internal energy market, notably through completion of alignment with the electricity and gas directives; eliminate remaining price distortions; strengthen the independence and resources of regulatory bodies,
- continue aligning with oil stock requirements and make progress in ensuring the actual constitution of the stocks, including the necessary investments, towards the level of 90 days,
- improve energy efficiency, enhance the use of renewable energy sources and strengthen the relevant institutions in this area,
- 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 to ensure a high level of nuclear safety at the Dukovany and Temelin nuclear power plants.

Telecommunications and information technologies

- complete transposition and implementation of the *acquis* including in particular cost orientation, asymmetry and local loop unbundling,
- ensure independence of the National Regulatory Authority for telecommunications,
- ensure effective functioning of the liberalised market through effective interconnection pricing,
- secure the widespread availability of carrier selection facilities.

Culture and audiovisual policy

- strengthen the administrative capacity of the Council of the Czech Republic for broadcasting.

Regional policy and coordination of structural instruments

- in need of particularly urgent action: define attribution of legal and budgetary competencies between the central and regional levels, and define the framework for the implementation of the Structural Funds,
- continue to develop, rationalise and streamline the national development plan and define the implementation structures of the final plan; develop project and programme generation and implementation capacity at central and regional level; continue development of monitoring and evaluation capacity; ensure availability of all relevant statistical data,
- define the bodies in charge of the implementation of Structural Funds and the Cohesion Fund, in particular the managing and paying authorities; establish a clear division of responsibilities and improve the administrative capacity, in particular in terms of recruitment and training; ensure effective interministerial coordination,
- align with the specific financial management and control procedures for future Structural and Cohesion Funds under the relevant Community Regulations,
- develop the technical preparation of projects eligible for Structural and Cohesion Funds assistance (project pipeline).

Environment

- complete transposition of the *acquis*, with particular emphasis on integrated pollution prevention and control and on amendments to the legislation not complying with the *acquis* in particular in the waste and water sector,
- complete implementation of the *acquis*, in particular as regards environmental impact assessment, water intended for human consumption, nitrates (designation of vulnerable zones, action plans) and dangerous substances (inventories, pollution reduction programmes), nature protection (list of sites of Community importance, special protected areas) and integrated pollution prevention control (institutions, integrated permits),
- continue strengthening the administrative, monitoring and enforcement capacity at national, regional and local level. Particular attention needs to be paid to clear distribution of competencies, to improve cooperation between responsible authorities, to training and to strengthening the investment planning capacity,
- continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumer and health protection

- complete legislative alignment and ensure the effectiveness of administrative structures, including market surveillance.

Justice and Home Affairs

- ensure due implementation of the Schengen action plan.
- continue preparation for future participation in the Schengen information system by developing national databases and registers,
- strengthen border control management; improve coordination between organisations responsible for border management and training of staff; improve the controls at the 'green' borders,
- further improve the system for granting of visas to take full account of migration risks; improve cooperation between all police units dealing with migration,
- ensure implementation of the new Aliens Act; ensure the involvement of an independent body as the second instance in the asylum procedure,

- ensure effective implementation of the new strategy for combating organised crime; establish a framework for cooperation between different law enforcement agencies, especially concerning the fight against financial crime and corruption, in particular concerning money-laundering, and as regards trafficking in human beings; provide further training for the police concerning organised crime and drugs; introduce modern equipment, such as an integrated computer-based investigation system,
- take the necessary steps to ensure implementation of Community instruments in the area of judicial cooperation in civil matters,
- take the necessary steps to align the legislation with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs union

- in need of particularly urgent action: continue the implementation of the IT strategy of the Czech customs administration. Develop IT systems so as to allow for the exchange of computerised data between the Community and the Czech Republic,
- continue efforts to strengthen customs ethics, combat fraud and corruption, protect copyrights and industrial property rights, fight against economic crime and organised crime,
- continue efforts to reduce waiting time at the border.

External relations

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

Financial control

- complete the legislative framework for public internal financial control,
- implement the concept of managerial accountability,
- set up an internal audit service with adequate functional independence directly under the highest management level in spending centres,
- set up a central unit in the Ministry of Finance to deal with coordination and harmonisation of the methodology for financial management and control and internal audit throughout the government,
- strengthen the fight against fraud and adopt the appropriate legislative framework to this effect,
- agree on the framework for cooperation with OLAF for the protection of the Communities' financial interests and effectively start cooperating with OLAF through the central contact point,
- continue efforts to ensure the correct use, control, monitoring and evaluation of Community pre-accession funding as a key indicator of the Czech Republic's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to the Czech Republic 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, the Czech Republic 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 the Czech Republic 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 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 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.

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Estonia**

(2002/86/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 Estonia's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Estonia 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) Estonia needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community 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 Estonia 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 *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 Estonia 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 Estonia. The present revision is based on a proposal by the Commission following consultation with Estonia, and draws on the analysis of the Commission's 2001 regular report on progress made by Estonia 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 Estonia towards membership of the Union, the financial means available to help Estonia 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 Estonia, 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 Estonia. The priorities listed in the revised Accession

Partnership have been selected on the basis that it is realistic to expect that Estonia 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.

Estonia submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) on 12 April 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 Estonia's membership preparations. Estonia will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Estonia 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 Estonia. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and the rule of law

- continue to improve the efficiency and independence of the judiciary. Address, in particular, workload in courts and backlogs of pending court cases; improve infrastructure to ensure the due functioning of courts; ensure the enforcement of courts' decisions; improve citizen's access to justice; widen the availability of legal aid.

Human rights and protection of minorities

- continue the integration of non-citizens by implementing concrete measures, including language training for non-Estonian speakers; provide necessary financial support for the implementation of these measures,
- ensure that the implementation of language legislation is in line with both international standards and the Europe Agreement and respects the principles of justified public interest and proportionality.

Economic criteria

- continue efforts to improve labour market responsiveness, in particular by upgrading education and training, in order to reduce the level of unemployment,
- continue efforts to improve the conditions for the creation and development of private enterprises,
- implement the restructuring plan for the oil-shale sector,
- complete land reform, with particular emphasis on the registration of agricultural land.

Ability to assume the obligations of membership

Free movement of goods

- complete the transposition and implementation of 'New approach' directives and traditional sectoral legislation,
- reinforce the national accreditation system and market surveillance system; ensure that the metrology organisation is fully operational,

⁽¹⁾ The order of presentation is that used in the 2000 regular report.

- continue with the adoption of EN standards.
- proceed with screening of legislation in the non-harmonised area to ensure that it is in compliance with Articles 28, 29 or 30 of the Treaty and complete administrative arrangements for the future monitoring in this area.

Free movement of persons

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

Freedom to provide services

- complete alignment of financial services legislation,
- reinforce the supervision of financial services, in particular of securities markets,
- complete alignment of data protection legislation, strengthen and ensure the independence of the supervisory body.

Free movement of capital

- in need of particularly urgent action: align legislation on payment systems and ensure effective implementation,
- align legislation on direct investment in those sectors still restricted (security services),
- ensure compliance with the recommendations of the financial action task force,
- complete alignment of legislation with second Directive against money laundering.

Company law

- in need of particularly urgent action: complete alignment in intellectual and industrial property rights, and strengthen administrative and judicial capacity with a view to tackling piracy and counterfeiting.

Competition policy

- ensure the enforcement of anti-trust and State aid rules; increase awareness of the rules among all market participants and aid granters; intensify the training of the judiciary in the competition field.

Agriculture

- reinforce the administrative structures needed for the design, implementation, management, monitoring, control and evaluation upon accession of Community-funded rural development programmes,
- upgrade the capacity of the agricultural administration 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, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation,
- complete upgrading of food processing industry, in particular in the dairy, meat and fish processing sectors in line with Community food safety standards; reinforce the food control administration,

- complete system of animal identification; implement food safety control systems (hazard analysis and critical control points), animal waste treatment, residue and zoonosis control programmes,
- complete alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, with particular emphasis on improvement of laboratory capacity, with a view to fulfilling the obligations of control of domestic production and at future external borders,
- 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*.

Fisheries

- complete the establishment of adequate administrative structures with sufficient institutional resources and equipment at central and regional level that 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

- complete legislative alignment in maritime transport, taking into account its latest developments, and in particular, strengthen the implementation of maritime safety standards, and further reinforce the relevant administrative capacity in order to improve the flag State performance of the Estonian fleet,
- complete legislative alignment and reinforce administrative capacity in the inland waterways sector, in the road sector in particular as regards road safety, dangerous goods and taxation, and in the railway transport sector with a view to the implementation of the revised railway *acquis*, particularly by setting up an independent allocation and charging body; complete legislative alignment in aviation, and in particular, set up an independent aviation accident investigation authority.

Taxation

- complete alignment with the tax *acquis* as regards VAT (zero-rating and the transitional VAT regime), excise duties and direct taxation,
- ensure that legislation complies with the principles of the Code of Conduct for Business Taxation,
- strengthen administrative capacity and control procedures and improve administrative cooperation and mutual assistance,
- develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States,
- Implement the Holding and Movements Directive.

Statistics

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

Social policy and employment

- complete alignment and ensure proper implementation of Community legislation in particular in the field of equal treatment for women and men. Strengthen the capacity of enforcement bodies, in particular the National Labour Inspectorate and ensure coherence and coordination between these. Adopt legislation against discrimination and develop a timetable for its implementation,

- complete transposition and continue to implement the *acquis* on public health and develop a national system for surveillance and control,
- continue to support social partners' capacity-building efforts in particular with a view to their future role in the development and implementation of Community employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue,
- prepare a national strategy, including data collection, with a view to the future participation in the European strategy on social inclusion.

Energy

- continue preparations for the internal energy market and alignment of legislation with the electricity and gas directives; establish an independent transmission system operator (electricity); eliminate remaining price distortions and bring levels of market opening in line with the *acquis*,
- strengthen the administrative capacity of the independent regulator of the energy sector,
- make progress in building up levels of oil stocks, including necessary investments, towards the level of 90 days, and develop adequate administrative structures,
- improve energy efficiency, promote the use of renewable energy sources and strengthen the relevant institutions in this area,
- 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.

Telecommunications and information technologies

- complete transposition and implementation of the *acquis* including local loop unbundling; ensure effective functioning of the liberalised market through effective interconnection regulation and availability of carrier selection facilities.

Culture and audiovisual policy

- strengthen administrative capacity and coordination of relevant authorities in order to ensure implementation of the *acquis*.

Regional policy and coordination of structural instruments

- ensure effective interministerial coordination and appropriate partnership with a view to both programming and implementation; prepare a single programming document as required by 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, upon accession, to fulfil their responsibilities and deliver the tasks assigned to each of them according to the Structural Funds Regulations,
- set up monitoring and evaluation systems; align financial management and control procedures with the specific requirements of the Structural Funds Regulations,
- develop the technical preparation of projects eligible for Structural and Cohesion Funds assistance.

Environment

- complete transposition of the *acquis*, with particular emphasis on water quality and waste management,
- continue implementation of the *acquis*, in particular as regards landfill of waste (establish waste management plans and find sustainable solutions to the handling of wastes from extraction, incineration and refining of oil-shale), discharge of dangerous substances in the aquatic environment (establish pollution reduction programmes and ensure monitoring) and nitrate pollution from agricultural sources; strengthen efforts to meet microbiological parameters for water intended for human consumption,

- continue strengthening administrative capacity, in particular at regional and local level,
- continue to integrate environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumers and health protection

- complete legislative alignment and strengthen market surveillance and enforcement authorities.

Cooperation in the field of Justice and Home Affairs

- ensure implementation of the Schengen action plan,
- improve coordination among law enforcement bodies and the judiciary; continue the fight against organised crime; strengthen capacities to deal with money laundering,
- continue preparation for future participation in the Schengen Information System by developing various national databases and registers,
- take the necessary steps to ensure implementation of the Community instruments in the area of judicial cooperation in civil matters,
- continue the fight against drugs by developing and implementing the national drugs strategy and strengthening the administrative bodies involved in its implementation; prepare for full participation in the work of European Monitoring Centre for Drugs and Drug Addiction,
- align legislation on visas, legal migration and asylum; implement border and migration legislation to prevent illegal immigration; properly implement the Refugees Act,
- pursue border demarcation with Russia; strengthen border management and control, including sea surveillance,
- complete legislative alignment with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs union

- ensure effective implementation of tariffs and tariff-related measures; further align legislation concerning cultural goods and precursors; continue the fight against fraud and corruption; continue to implement the customs ethics policy,
- reinforce administrative and operational capacity including border control; develop capacity in the field of revenue collection and on all customs procedures related to tariffs; improve coordination between the relevant bodies as regards enforcement and revenue collection of duties; improve the capacity of customs laboratories,
- continue the implementation of the IT strategy of the Estonian customs administration; develop IT systems so as to allow for the exchange of computerised data between the Community and Estonia.

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

- ensure the implementation of the new legislation on public internal financial control; continue to develop internal audit/control units in all spending centres; strengthen managerial accountability and public financial control functions through the provision of adequate staff, training and equipment,
- complete the legislative framework for external audit; formalise the working relationship between the Supreme Audit Office and the Parliament,

- start cooperating effectively with OLAF through the designated central contact point,
- strengthen the fight against fraud,
- continue efforts to ensure the correct use, control, monitoring and evaluation of EC pre-accession funding as a key indicator of Estonia's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to Estonia 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, Estonia 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 Estonia 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 Estonia 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.

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Hungary**

(2002/87/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 Hungary's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Hungary 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) Hungary needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community 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 Hungary 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 Hungary 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 Hungary. The present revision is based on a proposal by the Commission following consultation with Hungary, and draws on the analysis of the Commission's 2001 regular report on progress made by Hungary 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 Hungary towards membership of the Union, the financial means available to help Hungary 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 Hungary, 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 Hungary. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that Hungary 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.

Hungary submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) in July 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 Hungary's membership preparations. Hungary will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Hungary 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 2001 regular report, the following priorities and intermediate objectives have been identified for Hungary. These priorities are presented in accordance with the structure of the Regular Report ⁽¹⁾.

Political criteria

Democracy and the rule of law

- take measures to reduce further the backlog of cases at the Supreme Court, in order to allow it to carry out its main functions, i.e. the unification of court practice and the provision of judicial guidance to the lower courts; maintain efforts to modernise the judiciary, in particular ensuring adequate funding; widen the availability of free legal aid; continue training of judges in Community legislation,
- ensure implementation of the newly adopted anti-corruption strategy.

Human rights and the protection of minorities

- improve the integration of the Roma minority in the Hungarian society through more efficient implementation and impact assessment of the medium-term Roma action programme, with particular emphasis on promoting access to mainstream education, fighting discrimination in society (including within the police services), fostering employment, and improving the housing situation,
- ensure that an effective system for addressing complaints of police misconduct is in place.

Economic criteria

- develop and implement a comprehensive public health care reform that ensures a high level of health protection at a sustainable cost to the government budget, with a view to ensuring medium-term sustainability of public finances,
- improve government accounting at local level and improve timeliness of data provision to central authorities,
- accelerate railway restructuring to reduce the medium-term impact on public finances,
- create the necessary conditions for an efficient agricultural land market,

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

- continue to promote the development of small and medium-sized enterprises, in particular by improving access to credit.

Ability to assume the obligations of membership

Free movement of goods

- complete implementation of 'New approach' directives and alignment of traditional sectoral legislation; transpose legislation on the provision of information on technical standards and regulations; implement protection of pharmaceutical test data ('data exclusivity'),
- continue implementation of the food *acquis*, and develop and implement an action plan to promote HACCP (Hazard Analysis and Critical Control Points) for the entire food industry.
- complete reinforcement of market surveillance and conformity assessment structures, also in the food industry; ensure effectiveness of implementing structures in all sectors,
- increase transparency of public procurement at all levels, including at lower levels of government, and in all sectors, including major public infrastructure works such as road construction,
- 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 the required administrative structures, education and training,
- with respect to professional qualifications obtained before harmonisation, Hungary 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.

Free movement of capital

- in need of particularly urgent action: implement the recommendations of the financial action task force on money laundering; bring forward the phasing out of anonymous saving books, and strengthen the police's financial intelligence unit.

Company law

- continue to strengthen the protection and enforcement of intellectual property rights by all relevant law enforcement bodies, including customs; intensify training for enforcement bodies including judges and prosecutors.

Competition policy

- complete the legislative framework and ensure the full enforcement of the rules in both anti-trust and State aid including the alignment of incompatible aid schemes, in particular fiscal aids. Increase awareness of the rules among all market participants and aid granters. Intensify the training of the judiciary on competition matters.

Agriculture

- reinforce the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of Community-funded rural development programmes,
- continue to upgrade the capacity of the agricultural administration and complete the preparations for the practical implementation and the enforcement of the management mechanisms of the common agricultural policy, in particular market information systems (including price reporting), the integrated administration and

control system and the Paying Agency for the management of funds within the common agricultural policy, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation,

- complete the establishment of a vineyard register,
- continue the overall upgrading of food processing establishments with a view to meeting Community food safety standards, in particular in the dairy and meat sector,
- complete transposition of legislation in the veterinary and phytosanitary field (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*,
- implement the identification and registration systems for sheep, goats, swine and horses, and adopt the secondary legislation for swine and horses; ensure effective functioning of the bovine identification and registration system,
- complete developments in the veterinary and phytosanitary border inspection posts, in particular at the future external borders,

Transport policy

- complete legal alignment and reinforce administrative capacity in road transport (in particular control of driving time restrictions and taxation with a view to respecting the minimum levels foreseen by the *acquis*, as well as harmonisation with *acquis* on weights and dimensions),
- continue the alignment in the railway sector and proceed with the restructuring of MÁV in order to allow for the implementation of the revised railway *acquis*,
- align further with the air transport *acquis*, notably concerning market access,
- in all subsectors, and particularly in rail and air transport, set up the required administrative and management bodies and strengthen the existing ones, notably the General Transport Inspectorate,

Taxation

- complete legislative alignment, with particular regard to VAT zero-rating and reduced rates, including the transitional VAT regime; continue gradual alignment of excise duty rates,
- strengthen further the administrative capacity in order to ensure effective application of the *acquis*, including the upgrading of equipment, administrative cooperation and, as a matter of particular urgency, the development of IT systems so as to allow for the exchange of electronic data with the Community and its Member States,
- ensure that existing and future legislation comply with the principles of the Code of Conduct for Business Taxation.

Social policy and employment

- complete alignment and ensure proper implementation of the social *acquis*, in particular in the field of health and safety at work. Strengthen the related administrative and enforcement structures, including labour inspectorates. Continue adopting legislation in line with the anti-discrimination *acquis* and prepare for its implementation,
- ensure transposition and implementation of the public health *acquis* and continue measures with regard to surveillance and control of communicable diseases and the health monitoring and information system,

- continue to support social partners' capacity-building efforts, in particular with a view to their future role in the development and implementation of Community employment and social policy, including the European Social Fund. Particular attention should be paid to enhancing the social partners' capacity to conduct social dialogue and to ensuring due process also in the tripartite social dialogue,
- prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

- complete the alignment process for the internal energy market (electricity and gas); eliminate remaining price distortions; strengthen the regulator (Hungarian Energy Office),
- further enhance energy efficiency and promotion of renewable energy sources, and strengthen the relevant institutions in this area,
- 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 to ensure a high level of nuclear safety at the Paks nuclear power plant.

Telecommunications and information technologies

- complete transposition and implementation of the *acquis* including local loop unbundling. Ensure effective functioning of the liberalised market through effective interconnection and leased lines regulation, and availability of carrier selection facilities and number portability.

Culture and audiovisual policy

- align legislation with the *acquis* on 'television without frontiers',

Regional policy and coordination of structural instruments

- ensure effective interministerial coordination and appropriate partnership at central and regional level with a view to both programming and future implementation of Structural and Cohesion Funds assistance,
- complete the preparation of a development plan in line with the Structural Funds Regulations and establish the structures required for implementing Structural and Cohesion Funds assistance,
- prepare operational programmes in line with the Structural Funds Regulations, including an *ex ante* evaluation,
- put in place the necessary legislative and normative framework to allow early commitments of the necessary national co-financing of Structural and Cohesion Funds assistance; revise and streamline the system of payments of national and Community funding to final beneficiaries so as to ensure efficient and timely utilisation of Funds,
- align financial management and control procedures with the specific requirements of the Structural Funds Regulations,
- ensure that the designated managing and paying authorities will progressively build up their capacity in order to be able, upon accession, to fulfil their responsibilities and deliver the tasks assigned to each of them according to the Structural Funds Regulations,
- define the tasks to be performed by line ministries and other bodies on behalf and under the responsibility of the managing authorities,
- set up evaluation and monitoring systems and establish a system for the computerised exchange of data required to fulfil the management, monitoring and evaluation requirements of the Structural Funds Regulations,
- develop the technical preparation of projects eligible for Structural and Cohesion Funds (project pipeline).

Environment

- complete transposition of the *acquis*, in particular as regards hazardous waste, packaging and packaging waste, and control of major accident hazards involving dangerous substances,
- continue implementation of the *acquis*, in particular as regards air quality (by ensuring air monitoring in accordance with the *acquis*), management of municipal waste, and the discharge of dangerous substances in the aquatic environment (by establishing pollution reduction programmes),
- continue strengthening the administrative capacity and coordination, in particular concerning the environmental inspectorates (both the central and regional ones). Also, particular attention should be paid to increasing human resources of the competent authorities in the sector of chemicals,
- continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Justice and Home Affairs

- ensure due implementation of the Schengen action plan,
- continue to strengthen border management, paying special attention to the Union's future external borders by continuously upgrading equipment, training and enhanced cooperation between the different services involved,
- continue preparation for future participation in the Schengen Information System by developing national databases and registers,
- improve the internal cooperation between police, other law enforcement agencies and the judiciary (from prevention to prosecution), in particular to strengthen the fight against organised crime and money laundering,
- strengthen the administrative capacity of, and coordination between, bodies involved in the implementation of a national drug strategy,
- take the necessary steps in order to ensure the implementation of the most recent Community instruments adopted in the area of judicial cooperation in civil matters.

Customs union

- harmonise the Hungarian system of customs-free zones with the provisions of the *acquis*,
- further strengthen the administrative capacity in order to ensure the effective application of the *acquis*, including continued training of customs officers,
- in need of particularly urgent action: continue the computerisation process of the Hungarian customs administration; develop IT systems so as to allow for the exchange of computerised data between the Community and Hungary.

Financial control

- define and strengthen the managerial accountability in budget spending centres,
- strengthen the administrative framework for internal audits at the level of internal audit services in budget spending centres and ensure their functional independence,
- specify the role and functions of the designated contact point for the protection of the financial interests of the Community and effectively start cooperating with OLAF through this contact point,
- establish adequate functional independence of the decentralised internal audit capabilities,

- strengthen the fight against fraud, notably in the area of VAT,
- continue efforts to ensure the correct use, control, monitoring and evaluation of Community pre-accession funding as a key indicator of Hungary's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to Hungary 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, Hungary 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 Hungary 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 Hungary 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.

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Latvia**

(2002/88/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 Latvia's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Latvia 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) Latvia needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community 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 Latvia 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 Latvia 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 Latvia. The present revision is based on a proposal by the Commission following consultation with Latvia, and draws on the analysis of the Commission's 2001 regular report on progress made by Latvia 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 Latvia towards membership of the Union, the financial means available to help Latvia 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 Latvia, 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 Latvia. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that Latvia 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.

Latvia submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) in July 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 Latvia's membership preparations. Latvia will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Latvia 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 Latvia. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and the rule of law

- accelerate efforts to develop a professional and stable civil service at all levels of the public administration, including a sound remuneration system. Ensure minimum staffing levels, training, and adequate financial resources at all levels of the public administration with a view to strengthening the capacity to implement the *acquis*,
- continue to strengthen the judicial system, including completion of legal framework (law on criminal procedure and law on administrative procedure), alleviation of courts' workload, elimination of backlog of pending court cases and ensuring the enforcement of court decisions. Strengthen training and increase remuneration of judges. Improve the infrastructure, including court buildings, to ensure the due functioning of the courts. Promote access to justice,
- complete the legal framework for the fight against all types of corruption and ensure implementation of legislation, as well as the anti-corruption strategy. Improve interagency and international cooperation.

Human rights and the protection of minorities

- address the issue of pre-trial detention,
- ensure implementation of the language law and its implementing regulations in line with the principle of proportionality, international standards, and the Europe Agreement,
- continue to implement further concrete measures for the integration of non-citizens, on the basis of the national programme 'The integration of society in Latvia', including language training and information campaigns, and provide the necessary financial support.

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

Economic criteria

- complete privatisation of the remaining large enterprises,
- continue to strengthen land market and finalise the land and property register,
- further promote competitiveness, notably through measures aimed at stimulating domestic and inward investment in growth-generating activities,
- improve business environment, in particular through the removal of the remaining regulatory and administrative constraints to enterprise developments.

*Ability to assume the obligations of membership**Free movement of goods*

- complete alignment of public procurement legislation and ensure implementation at all levels,
- complete the process of transposition and implementation of all 'New approach' and sectoral legislation with the *acquis*; in particular as concerns food legislation, fertilisers, and the renewal of existing marketing authorisations for pharmaceuticals,
- proceed with screening of Latvian legislation in the non-harmonised area to ensure it is in compliance with Articles 28, 29 and 30 of the Treaty and complete administrative arrangements for the future monitoring in this area,
- reinforce national accreditation system; upgrade the national metrology system; complete the reform of the market surveillance system; designate the appropriate bodies regarding notification procedure and ensure their functioning,
- complete adoption of EN standards.

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, Latvia 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

- continue to reinforce supervision of financial services,
- complete alignment of data protection legislation; ensure independence of supervisory body.

Free movement of capital

- ensure compliance with the recommendations of the financial action task force,
- complete alignment of legislation with second Directive against money laundering.

Company law

- in need of particularly urgent action: strengthen enforcement of intellectual and industrial property rights, in particular in police and customs, and improve cooperation among them. Increase efforts to fight against piracy and counterfeiting; intensify training for enforcement bodies including judges and prosecutors,
- in need of particularly urgent action: implement the commercial code.

Competition

- ensure the enforcement of competition and State aid rules, including the strengthening of the Competition Council and Bureau, as well as the Secretariat of the State Aid Surveillance Commission. Increase awareness of the rules among all market participants and aid granters. Ensure training of the judiciary on competition-related matters.

Agriculture

- upgrade the capacity of the agricultural administration 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, 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, in particular at the future external borders,
- continue restructuring of the agri-food sector, including modernisation of meat, dairy and fish processing plants to meet Community food safety standards,
- 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*.

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 reinforce administrative capacity in road transport (particularly on social legislation including requirements for access to profession, fiscal harmonisation and technical and safety standards), railway transport (with a view to the implementation of the revised railway *acquis*), and air transport (in particular the legal status of the independent aviation accident investigation authority),
- continue to align and implement maritime transport legislation, taking into account its latest developments,
- in need of particularly urgent action: strengthen the administrative capacity in the field of maritime transport safety in order to improve the flag State performance of the Latvian fleet.

Taxation

- complete legislative alignment with particular attention to VAT (including the transitional VAT regime) and excise tax legislation, especially as regards VAT exemptions,
- 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 as well as improve the administrative cooperation and mutual assistance in order to be able to implement the *acquis*,

- in need of particularly urgent action: develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States,
- implement the Holding and Movements Directive.

Statistics

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

Social policy and employment

- complete transposition and ensure implementation of the social *acquis* in the fields of labour law, health and safety at work and equal treatment for women and men. Strengthen the related administrative and enforcement structures, including the labour inspectorates and establish an independent guarantee fund for employees in the case of employer's insolvency. Adopt legislation against discrimination and develop a timetable for its implementation,
- complete transposition and ensure implementation of the *acquis* in the field of public health, and further develop measures in the area of surveillance and control of communicable diseases and of health monitoring and information,
- continue to support social partners' capacity-building efforts in particular with a view to their future in the development and implementation of Community employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue,
- prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

- prepare for the internal energy market, notably the electricity and gas Directives: accelerate the completion of alignment with the *acquis*, in particular as regards the restructuring process of the electricity utility; establish an independent transmission system operator (electricity); eliminate price distortions; strengthen the regulator,
- continue alignment of oil stock requirements; make progress in ensuring the actual constitution of stocks, including the necessary investments, towards the level of 90 days and develop an administrative structure,
- improve energy efficiency, enhance the use of renewable energy and strengthen the relevant institutions in this area,
- implement the recommendations contained in the Council report 'Nuclear safety in the context of enlargement' with due regard to the priorities assigned in the report.

Telecommunications and information technologies

- ensure alignment with the telecommunications *acquis* and its enforcement, including liberalisation of the telecommunication market; ensure the independence of the regulator,
- continue alignment and ensure implementation of postal legislation.

Culture and audiovisual policy

- continue to strengthen the capabilities of the independent television/radio regulatory authority.

Regional policy and coordination of structural instruments

- complete legal and administrative framework which allows for the implementation of the *acquis* in this area, in particular with regard to financial management and control,

- define the bodies in charge of the implementation of Structural Funds and the Cohesion Fund, in particular the managing and paying authorities; define the tasks to be performed by line ministries and other bodies on behalf and under the responsibility of the managing authority,
- prepare a Single Programming Document in line with the Structural Funds Regulations, including *ex ante* evaluation,
- ensure that the designated managing 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,
- ensure effective interministerial coordination and appropriate partnership with a view to both programming and implementation,
- 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*, with special emphasis on access to environmental information, waste management and chemicals,
- continue implementation of the *acquis*, in particular as regards waste management (in particular packaging and packaging waste and hazardous waste, including PCBs/PCTs, waste oils, accumulators and batteries), water quality (in particular urban waste water, microbiological parameters of drinking water, establishment of pollution reduction programmes for List II substances, designation of vulnerable zones under the nitrates Directive) and chemicals,
- continue strengthening the administrative capacity at all levels, in particular regional and local levels. Special emphasis should be put on nature protection,
- continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumers and health protection

- ensure the effectiveness of administrative structures involved in market surveillance.

Cooperation in the field of Justice and Home Affairs

- ensure implementation of the Schengen action plan,
- strengthen law enforcement bodies and cooperation among them, including the judiciary, in the fight against organised crime, in particular concerning money laundering, cyber crimes, trafficking in human beings and drugs. Ensure that the prerequisites for the conclusion of a cooperation agreement with Europol are met,
- update and implement the National Drugs Strategy and prepare for participation in the activities of the European Monitoring Centre for Drugs and Drug Addiction,
- continue alignment to the *acquis* and European practice on visas, migration, and asylum and strengthen the administrative capacity of the institutions responsible in these areas,
- continue preparation for future participation in the Schengen information system by developing national databases and registers,
- continue to strengthen controls at the future external border, including the establishment of an integrated sea surveillance system,

- take the necessary steps to ensure implementation of Community instruments in the area of judicial cooperation in civil matters,
- take the necessary steps to align legislation with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs union

- complete alignment of customs legislation and ensure implementation; reinforce administrative and operational capacity. Continue efforts to implement the customs ethics policy,
- in need of particularly urgent action: accelerate the implementation of the IT strategy of the Latvian customs administration. Develop IT systems so as to allow for the exchange of electronic data between the Community and Latvia.

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

- complete the legislative framework for public internal financial control,
- develop and implement the concept of managerial accountability,
- develop the concept of audit trails and prepare audit trails for Community funds,
- accelerate alignment in the area of external audit, in particular enhance the operational capacity and the independence of the State Audit Office,
- designate a contact point for the protection of the Communities' financial interests, and effectively start cooperating 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 Latvia's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to Latvia 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, Latvia 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 Latvia 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 Latvia 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.

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 control 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.

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Malta**

(2002/90/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 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 Association Agreement 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 2001 Commission's regular report presents an objective analysis on Malta's preparations for membership and identifies a number of priority areas for further work.

(5) In order to prepare for membership, Malta 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.

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

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 in the Accession Partnership for 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, 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 2000.

For the Council
The President
J. PIQUÉ I CAMPS

⁽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 the Accession Partnerships (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 Malta was decided in March 2000. The present revision is based on a proposal by the Commission following consultation with Malta, and draws on the analysis of the Commission's 2001 regular report on progress made by Malta 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 Malta towards membership of the 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 States in their preparations for membership. These include, *inter alia*, the updated national programme for the adoption of the *acquis* prepared by Malta, the pre-accession fiscal surveillance procedure, the pre-accession economic programme, the pre-accession pact on organised crime, a national employment strategy in line with the European employment strategy, as well as sectoral plans necessary for the participation in the Structural Funds after membership. 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 Malta. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that Malta 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 2000 Accession Partnership is assessed in the 2001 regular report. This assessment has been used in formulating the priorities for the current Partnership.

Malta submitted its national programme for the adoption of the *acquis* (NPAA) in September 2000. The NPAA sets out a timetable for achieving priorities and intermediate objectives, based on the 2000 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 2001 regular report. It is also important that Malta fulfils the commitments of legislative approximation and the implementation of the *acquis* in accordance with the commitments made under the Association 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 2001 regular report, the following priorities and intermediate objectives have been identified for Malta. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Economic criteria

- continue efforts to stabilise public finances (budget deficit and debt), giving consideration to the reform of the social security, with a view to ensuring medium-term sustainability,
- restructure loss-making public sector enterprises; reduce price controls and improve price adjustment mechanisms, accelerate the implementation of the privatisation programme,
- continue efforts to restructure and develop small and medium-sized enterprises (SMEs), adopt and start to implement a plan for the dismantling of remaining levies on agricultural goods as well as a restructuring policy for the agri-food sector.

Ability to assume the obligations of membership

Free movement of goods

- complete the process of the transposition and implementation of all 'New approach' and traditional sectoral legislation with the *acquis*, in particular, in the fields of foodstuff and pharmaceutical (renewal of existing marketing authorisations) legislation,
- establish a basic infrastructure in the metrology sector; reinforce horizontal administrative infrastructure and implementing capacity in the sectors covered by product specific legislation; reinforce national accreditation system; develop a market surveillance strategy,
- complete alignment in public procurement to include local authorities and other bodies governed by public law and to align the tender procedures; adapt the judicial review system to the requirements of relevant Directives,
- 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, strengthen administrative structures and continue efforts to introduce education and training programmes,

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

- with respect to professional qualifications obtained before harmonisation, Malta should give priority to introducing measures to ensure that its professionals can, from accession, meet the requirements laid down in the related Directives,
- reinforce the administrative structures for the coordination of social security.

Free movement of services

- complete alignment of banking rules on deposit guarantee schemes, payment systems and securities,
- reinforce supervision of the financial services,
- adopt national legislation and establish independent supervisory authority in accordance with Community legislation on data protection.

Free movement of capital

- ensure compliance with the recommendations of the Financial Action Task Force,
- complete the implementation of the three-stage plan for the elimination of remaining restrictions on inward and outward capital movements in order to achieve full liberalisation,
- set up a financial intelligence unit to combat economic crime, including money laundering,
- complete alignment of legislation with the second Directive against money laundering.

Company law

- adopt legislation on supplementary protection certificates as well as legislation transposing Community *acquis* on designs and protection of biotechnological inventions,
- strengthen the enforcement of the intellectual property rights in accordance with the *acquis*, in particular police and customs authorities in charge of the enforcement of the intellectual property rights and improve cooperation between them; train judges and prosecutors with respect to intellectual property rights legislation; increase efforts to fight against piracy and counterfeiting,
- reinforce the administrative capacity of the Industrial Property Office.

Competition

- complete alignment with the *acquis*, in relation to antitrust and state aid legislation; complete inventory and annual State aid reports; ensure conformity of State aid system in particular regarding shipbuilding,
- strengthen the administrative capacity of the competition authorities to ensure the full enforcement of the antitrust and State aid rules; intensify the training of the judiciary in the specific fields of antitrust and State aid, increase awareness of the rules among all market participants and aid granters.

Agriculture

- in need of particularly urgent action: set up the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of Community-funded rural development programmes,
- upgrade the capacity of agricultural administration 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, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation,

- in need of particularly urgent action: continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at future external borders,
- 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*.

Fisheries

- complete alignment, in particular with the market policy legislation and resources management, inspection and control.
- complete the fishing vessel register in full compliance with Community requirements and develop a management plan for the fleet capacity according to available fish resources.

Transport policy

- continue legal alignment on road transport (in particular access to the profession, fiscal harmonisation, and transport of dangerous goods) as well as on air transport.
- in need of particularly urgent action: complete alignment and implementation of maritime transport legislation, taking into account its latest developments, in particular enforce maritime safety standards, and further strengthen the administrative capacity of the Maritime Authority in order to improve the flag State performance of the Maltese merchant fleet.

Taxation

- ensure due alignment with the *acquis*, with particular attention to the alignment in the VAT area, including the transitional VAT regime. In need of particularly urgent action: alignment of VAT duty rates,
- review existing laws to ensure compatibility with the principles of code of conduct for business taxation,
- pursue efforts to strengthen administrative capacity and control procedures including administrative cooperation and mutual assistance,
- develop IT systems so as to allow for the exchange of computerised data with the Community and its Member States,
- ensure complete elimination of the current special levies on certain imported products, as foreseen.

Statistics

- further improve quality and coverage of statistics; ensure adequate resources are available to further strengthen statistical capacities.

Social policy and employment

- complete alignment and ensure proper implementation of Community legislation, in particular in the field of equal treatment for women and men. Strengthen the related administrative and enforcement structures, including the labour inspectorates and establish an independent guarantee fund for employees in the case of employer's insolvency. Adopt legislation against anti-discrimination and develop a timetable for its implementation,
- complete the transposition and implementation of Community legislation in the field of public health; adapt the national structure for surveillance and control of communicable diseases and health monitoring and information to meet the Community requirements,
- continue to support social partners' capacity building efforts in particular with a view to their future role in the development and implementation of Community employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue,
- prepare a national strategy, including data collection, with a view to later participation in the European strategy on social inclusion.

Energy

- finalise the national energy strategy in line with Community energy policy objectives,
- speed up the preparation for the internal energy market, notably the implementation of the Malta Resources Authority Act and the restructuring of Enemalta, eliminate remaining price distortions, strengthen the Regulator,
- strengthen the role and administrative capacity of the Regulatory Authority,
- continue the alignment process with respect to oil stocks; make progress in the actual constitution of the stocks, including the necessary investments, towards the level of 90 days,
- step up the improvement of energy efficiency and the use of renewable energy sources and strengthen the relevant institutions in this area,
- 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.

Telecommunications and information technologies

- adopt legislation on data protection in the telecommunications sector.

Regional policy and coordination of structural instruments

- in need of particularly urgent action: establish a territorial organisation allowing for the effective implementation of the Structural Funds Regulations,
- prepare a coherent development plan as required by the Structural Funds Regulations,
- reinforce all the structures necessary for the programming and management of the structural funds and establish structures for monitoring, appraisal and evaluation; ensure effective interministerial coordination and progress in programming,
- prepare to comply with the specific financial management and control provisions (including pluriannual budgeting procedures) as laid down by the respective regulations as regards the management and control systems for assistance granted under the Structural Funds,
- develop the technical preparation of projects eligible under the Structural and Cohesion Funds assistance (project pipeline).

Environment

- complete transposition of the *acquis*, in particular as regards horizontal environmental legislation, waste management, industrial pollution control and nature protection,
- develop implementation plans for the environmental *acquis*, based on estimations of costs of alignment and realistic sources of public and private finance year-by-year, and start implementation. Continue and/or complete implementation of the *acquis*, in particular as regards the waste framework Directives (preparation of waste management plans), packaging and packaging waste, landfill of waste, industrial risk management and phasing out of leaded petrol,
- in need of particularly urgent action: continue strengthening the administrative, monitoring and enforcement capacity. Particular attention needs to be paid to the establishment of the competent authority under the new Environment Protection Act,
- 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

- continue alignment and strengthen market surveillance and enforcement authorities.

Justice and Home Affairs

- ensure alignment of data protection practices; ensure the establishment of an independent personal data supervisory authority,
- ensure that the prerequisites to 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,
- continue efforts to reinforce the external borders by improving technical means and appropriate training of the professionals,
- continue efforts for due implementation of the Refugees Act and alignment with immigration *acquis*,
- complete alignment with common visa policy and practice,
- take the necessary steps to ensure the implementation of the Community instruments in the area of judicial cooperation in civil matters,
- take the necessary steps to align the legislation with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs

- complete alignment of customs legislation, in particular on free zones, counterfeit and pirated goods, and duty reliefs,
- provide for the use of simplified procedures; reinforce the organisation of the customs administration, 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 ceiling; continue efforts to implement the customs ethics policy,
- in need of particularly urgent action: accelerate the implementation of the IT strategy of the Maltese customs administration. Develop IT systems so as to allow for the exchange of computerised data between the Community and Malta. Provide for sufficient IT staff in the Customs Administration.

External Relations

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

Financial control

- implement the new public internal financial control legislation,
- designate a contact point for the protection of the Communities' financial interests and effectively start cooperating with OLAF through this contact point,
- strengthen the fight against fraud, notably in the area of VAT and customs duties, and adopt the appropriate legislative framework to this effect,
- continue efforts to ensure the correct use, control, monitoring and evaluation of Community pre-accession funding as a key indicator of Malta's ability to implement the financial control *acquis*.

5. **Programming**

After the expiry of the fourth Financial Protocol with Malta and the decision of the Helsinki European Council to begin accession negotiations with Malta in December 1999, the Council adopted Regulation (EC) No 555/2000.

Following this Regulation, EUR 38 million was earmarked for the period 2000 to 2004 to allow Malta to prepare for accession and implement the Community *acquis*, mainly through administrative capacity building projects and participation in Community programmes and agencies, including research and technical development framework programmes. In addition, Malta remains eligible for MEDA regional programmes and EIB loans.

In 2000, EUR 6 million was committed to finance capacity building projects in the fields of customs, tax, agriculture as well as Malta's participation in Community Education and Youth programmes. In 2001, EUR 7,5 million was committed to finance capacity building projects in the fields of borders control and asylum, occupational health and safety, standardisation, and regional policy, as well as Malta's continued participation in Community Education and Youth programmes.

6. **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 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 Association Agreement and in particular in the Association Committee.

Council Regulation (EC) No 555/2000 provides that 'the Commission shall be assisted by the Committee provided for in Article 9(1) of Council Regulation (EEC) No 3906/89'. This means that the Management Committee that shall supervise the pre-accession programmes with Malta is the same as for the PHARE programme.

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

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Poland**

(2002/91/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 Poland's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Poland 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) Poland 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 Poland 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 Poland 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 Poland. The present revision is based on a proposal by the Commission following consultation with Poland, and draws on the analysis of the Commission's 2001 regular report on progress made by Poland 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 Poland towards membership of the Union, the financial means available to help Poland 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 Poland, 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 Poland. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that Poland 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.

Poland 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 Poland's membership preparations. Poland will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Poland 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 Poland. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and rule of law

- improve the functioning of the judicial system by measures to upgrade recruitment, training, logistical and clerical support; improve public access to the law; review degree of immunity in line with international standards; establish a national training standard for magistrates,
- continue to implement civil service legislation, devoting due attention to the issue of remuneration and training, and establish permanent training capacity for the civil service, in particular related to *acquis* issues,
- implement a comprehensive anti-corruption policy.

Economic criteria

- maintain macroeconomic and budgetary stability, with a view to ensuring medium-term sustainability of public finances,
- make further progress on the institutional framework for the market economy and sound economic policy management (in particular on issues relating to public expenditure management and further fiscal decentralisation),
- continue improving the competitiveness of the Polish economy and upgrading of skills in particular in rural and eastern border regions, in particular through small and medium-sized enterprise development and human resources development measures,
- make further progress on structural reforms, including improving the functioning of labour markets and continuing the process of privatisation of State-owned firms, in particular in the energy sector and the remaining State-owned financial institutions,
- continue restructuring of the steel sector (in particular, by implementing measures as part of a comprehensive sectoral programme for restoring viability, including control of State aid and appropriate reductions in capacity); complete restructuring of the coal sector,
- restructure the Polish railways aiming at financial sustainability,
- continue improving the functioning of the land market and complete development of property register.

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

*Ability to assume the obligations of membership***Free movement of goods**

- in need of particularly urgent action: adoption and implementation of secondary legislation in the field of pharmaceuticals,
- continue transposition of 'New approach' Directives and adopted related European standards,
- adopt and implement the outstanding legislation on standardisation,
- continue in parallel to the deletion of the pre-market approval system, the transposition and implementation of legislation in the field of foodstuffs and the rationalisation and reinforcement of the food control administration, as well as the training of inspectors and food operators,
- continue transposition and implementation of traditional sectoral legislation, notably in the field of medical devices, chemicals and motor vehicles,
- establish well-functioning market surveillance system and ensure implementing structures for all sectors,
- adopt and implement a programme for the elimination of outstanding non-tariff market access barriers,
- abolish by the end of 2002 the national preference clause for public procurement by introducing access to award procedures in Poland for all Community companies. Implement SIMAP (public market information system),
- 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

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

Freedom to provide services

- in need of particularly urgent action: develop monitoring and regulatory bodies, in particular for financial services.

Free movement of capital

- in need of particularly urgent action: amend the sectoral legislation restricting foreign direct investments, abolish remaining restrictions,
- strengthen surveillance and regulatory bodies including the Financial Intelligence Unit,
- complete alignment of legislation with the second Directive against money laundering,
- liberalise progressively short-term capital movements,
- ensure implementation of the recommendations of the financial action task force.

Company law

- in need of particularly urgent action: implement Copyright and Neighbouring Rights Law and amendments,
- in need of particularly urgent action: continue to upgrade intellectual and industrial property enforcement at administrative and judicial level; increase efforts to fight against piracy and counterfeiting and intensify training for enforcement bodies including judges and prosecutors; ensure better coordination among enforcement bodies,
- take the necessary steps to ensure equal level of protection of industrial property rights with regard to pharmaceuticals.

Competition policy

- in need of particularly urgent action: improve transparency and flow of data especially with regard to information on State aid so as to ensure a credible enforcement record,
- adopt and implement programme for alignment of existing aid in special economic zones,
- analyse in depth and realign with the obligations under the *acquis* State aid granted to the sensitive sectors, in particular the automotive and steel industries,
- reinforce the antitrust and State aid authorities and procedures and ensure coordination and training at all levels,
- ensure the enforcement of the antitrust and State aid rules. Increase awareness of the rules among all market participants and aid grantors. Intensify the training of the judiciary in the specific fields of antitrust and State aid.

Agriculture

- in need of particularly urgent action: upgrade the capacity of agricultural administration 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, the paying agency and preparation for setting-up the milk quota management system, 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 EC funded rural development programmes,
- in need of particularly urgent action: align and implement veterinary legislation and food safety standards,
- upgrade inspection arrangements in particular at the future external borders and continue to implement the comprehensive development programme of phytosanitary and veterinary administration border posts. Complete system of animal identification and registration. Implement national laboratory plans for testing and diagnostic facilities, in particular the national reference laboratory; ensure adequate education on disease surveillance and Community animal health legislation at all levels,
- 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 upgrading of agri-food processing establishments so that they are in a position to respect Community food safety standards and legislation. Implement food hygiene, control system, animal waste treatment, modernise dairy farms, residue and zoonosis control programmes.

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 cofinanced by the Financial Instrument for Fisheries Guidance, a fishing vessel register and a management plan for the fleet capacity in accordance with available fish resources.

Transport policy

- continue legal alignment and reinforce administrative capacity in road transport (in particular access to the profession, technical and safety standards, axle weight and dimensions) and maritime transport (in particular ship reporting, maritime safety standards and classification requirements); continue alignment and establish the necessary administrative structures in air transport (in particular air safety and air traffic management),
- continue legislative alignment and restructuring in the railways sector with a view to the implementation of the revised railways *acquis*, devote particular attention to the setting-up of an independent infrastructure manager and regulatory body,
- continue legal alignment, taking into account latest developments, and strengthen administrative capacity in the field of maritime safety (in particular concerning ship reporting, maritime safety standards and classification requirements) in order to improve the flag State performance of the Polish fleet.

Taxation

- ensure legislative alignment with particular attention to VAT and excise duty rates, including the transitional VAT regime,
- eliminate discriminatory duties against imports from the Community,
- ensure that new tax measures and existing laws comply with the principles of the Code of Conduct for business taxation,
- implement national strategy for the improvement of tax and revenue collection and reinforce administrative capacity including control and enforcement procedures and administrative cooperation and mutual assistance,
- implement the Holding and Movements Directive,
- in need of particularly urgent action: develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States.

Economic and monetary union

- consolidate the independence of the National Bank of Poland.

Statistics

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

Social policy and employment

- complete alignment and ensure proper implementation of Community legislation in the fields of labour law, equal treatment for women and men and health and safety at work. Strengthen the related administrative and enforcement structures, including the labour inspectorates. Adopt legislation against discrimination and develop a timetable for its implementation,
- align the national system for surveillance and control of communicable diseases and health monitoring and information with those of the Community,

- continue to support social partners' capacity-building efforts, in particular with a view to their future in the elaboration and implementation of Community employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue,
- prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

- continue preparations for the internal energy market (complete the alignment of electricity and gas directives, including the elimination of price distortions and consolidating the regulator),
- continue the alignment of oil stock requirements in a non-discriminatory and transparent manner, and make progress in ensuring the actual constitution of stocks, including the necessary investments, towards the level of 90 days,
- step up the improvement of energy efficiency and the use of renewable energy sources and strengthen the relevant institutions in this area,
- 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.

Telecommunications and information technologies

- in need of particularly urgent action: complete alignment with the *acquis* and ensure transparent and effective implementation,
- consolidate national regulatory authority for telecommunications.

Culture and audiovisual policy

- complete alignment of legislation and continue to strengthen the capabilities of the independent television/radio regulatory authority.

Regional policy and coordination of structural instruments

- establish national development plan and define the implementation structures of the final plan,
- define the bodies in charge of the implementation of Structural Funds and the Cohesion Fund, in particular the Managing and Paying authorities; establish a clear division of responsibilities,
- ensure effective interministerial coordination and clarify responsibilities for regional policy issues,
- set up the required monitoring and evaluation systems for Structural Funds, in particular for *ex ante* evaluation and for the collection and processing of the relevant statistical information and indicators including regional statistics for the purposes of *ex ante* evaluation,
- improve the budgetary system according to Structural Funds standards; establish financial control arrangements for Structural Funds management, establish and properly staff future managing and paying authorities for Structural Funds management,
- develop the technical preparation of projects eligible for Structural and Cohesion Funds assistance (project pipeline).

Environment

- complete transposition of the *acquis*, with a special emphasis given to water quality (by adopting the Act on Water and related ministerial regulations) and industrial pollution,

- continue implementation of the *acquis*, in particular as regards air quality (including improvement of monitoring network), waste management (by achieving full implementation of the Directive on waste and the hazardous waste Directive, by drawing up waste management plans and by improving the recovery and selection system), water quality (by giving special emphasis to waste water treatment in agglomerations above 100 000 (population equivalent), by establishing the inventory for discharges of dangerous substances, by fully implementing the directives on drinking water, on quality of surface water and on nitrates pollution from agricultural sources) and industrial pollution (including the issuing of integrated permits under the IPPC Directive),
- continue strengthening the administrative, monitoring and enforcement capacity at national, regional and local level, with particular emphasis on permitting and planning and the establishment of the institutional structures to implement directives in the field of chemicals (also accredited laboratories) as well as in the field of nature protection,
- continue the integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumers and health protection

- continue alignment of legislation, strengthen market surveillance and enforcement including through a strengthening of consumer organisations and consumer awareness.

Cooperation in the field of Justice and Home Affairs

- ensure due implementation of the Schengen action plan,
- continue preparation for future participation in the Schengen information system by developing national databases and registers,
- continue efforts in upgrading the equipment and staffing at border crossing points, but also at the green border and blue border and in particular at the future external border of the Union; allocating adequate national budgetary and administrative resources, complete alignment with common visa policy,
- ensure full cooperation between national and Union law enforcement agencies by providing necessary administrative and logistical support; ensure the alignment of data protection practices; align cross-border surveillance, ensure exclusively civilian coordinated crime-fighting services,
- adopt and implement a strategy to combat organised crime (from prevention to prosecution); combat trafficking in human beings; adopt and implement a national anti-drugs strategy; including the establishment of a national drugs focal point to cooperate with the European Monitoring Centre for Drugs and Drug addiction; effectively address money-laundering and economic crime,
- improve the internal cooperation within the police, with other law enforcement agencies and with the judiciary in particular to strengthen the fight against organised crime and eliminate overlapping investigations,
- take the necessary steps in order to ensure the implementation of the Community instruments in the area of judicial cooperation in civil matters,
- take the necessary steps to complete alignment with the Convention on the Protection of the Communities' Financial interests and its Protocols.

Customs union

- in need of particularly urgent action fully implement the business strategy for the customs service on schedule, in particular the implementation of the IT strategy of the Polish customs administration. Develop IT systems so as to allow for the exchange of computerised data between the Community and Poland,

- strengthen integrated border management — including cooperation with the national partner services and neighbouring countries to establish integrated joint working procedures,
- implement the integrated tariff and the modernisation strategy for the customs administration including regional levels,
- ensure uniform application of the customs code throughout the country,
- complete alignment regarding simplified procedures; strengthen the administrative and operational capacity of Polish customs (notably as regards border management and coordination with other law enforcement bodies),
- continue efforts to combat customs fraud.

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

- in need of particularly urgent action: complete public internal financial control policy paper and relevant secondary legislation at national and regional level; set up a central unit for coordination and harmonisation of the methodology for financial management and control as well as for internal audit throughout the government; set up internal audit/control units in spending centres,
- introduce functional independence for internal auditors at both central and decentralised levels. Strengthen public internal financial control functions at all levels through enhancement of the administrative capacity,
- strengthen the concept and practice of managerial accountability,
- bring the activities of the Supreme Chamber of Control in line with international and EC standards,
- consolidate anti-fraud unit,
- continue efforts to ensure the correct use, control, monitoring and evaluation of EC pre-accession funding as a key indicator of Poland's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to Poland 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, Poland 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 Poland 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 Poland 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.

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Romania**

(2002/92/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 Romania's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Romania 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) Romania needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community 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 Romania 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 Romania 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 Romania. The present revision is based on a proposal by the Commission following consultation with Romania, and draws on the analysis of the Commission's 2001 regular report on progress made by Romania 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 Romania towards membership of the Union, the financial means available to help Romania 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 Romania, 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 Romania. The priorities listed in the revised Accession

Partnership have been selected on the basis that it is realistic to expect that Romania 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.

Romania submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) on 29 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 Romania's membership preparations. Romania will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Romania 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 Romania. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and the rule of law

- develop the policy framework set by the 1999 law on civil servants by introducing and implementing necessary secondary legislation,
- adopt and implement a comprehensive public administration reform package. Issues addressed should include (i) devising mechanisms to ensure the independence from undue influences and the accountability of civil servants, (ii) improved provisions for both initial and in-service training, and (iii) a career structure based on transparent promotion and assessment,
- intensify the fight against corruption in a comprehensive way, in particular by (i) clarifying the competencies of all bodies involved in anti-corruption activities, ensuring improved coordination between these bodies, and strengthening their implementation capacities, (ii) ratifying relevant international conventions against corruption, and (iii) introducing the notion of liability of legal persons into Romanian criminal law. Ensure effective immediate action with impact on public opinion and transparent administrative decisions,
- enhance policy formulation by (i) improving policy coordination and consultation procedures between ministries, (ii) consulting stakeholders — in particular the social partners and representatives from civil society, and (iii) screening all draft legislation for its budgetary implications as well as compatibility with the Europe Agreement, the *acquis communautaire*, and international obligations,
- reduce the reliance on ordinances, and emergency ordinances, as a legislative tool,
- provide adequate resources to the local levels of government to allow resources to match responsibilities,
- guarantee the independence of the judiciary. Improve its functioning by introducing objective criteria for recruitment and career development for judges and prosecutors, and ensuring appropriate initial and in-service training of judges, prosecutors and law clerks through continued support to the National Institute for the Magistracy and the Training Centre for Law Clerks. Widen the availability of legal aid,
- improve the enforcement of civil decisions,

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

- develop an effective probation system and limit the use of pre-trial detention,
- continue police reform by (i) adopting the draft laws on police organisation and the statute of police officers, (ii) redefining the police force as civil servants albeit with special status and (iii) bringing police officers under the jurisdiction of civilian courts,
- revise those sections of the Penal Code dealing with verbal outrage and offence against authorities in order to ensure that they do not inhibit legitimate freedom of expression.

Human rights and the protection of minorities

- complete the reform of the childcare system in accordance with the national strategy on the protection of children in need. The reform should (i) include adequate budgetary support for all children in care, (ii) address the particular problems of children with chronic diseases and handicaps, (iii) address the particular problems of young adults leaving institutions, and (iv) work towards closure of the existing special schools through the development of an inclusive education system,
- maintain the moratorium on international adoption in place until new legislation compatible with the best interests of the child and Romania's international obligations is adopted and the administrative capacity to implement the new legislation is ensured,
- provide adequate financial support and administrative capacity in order to implement the Government strategy on the improvement of the situation of Roma at national, regional and local levels with particular attention to fighting discrimination (including within the public administration) and ensure equal access to mainstream education, housing and social services,
- ensure that an efficient system for examining complaints of police misconduct is established and functions properly; access by Roma to this system should be ensured,
- provide adequate financial support and administrative capacity in order to adopt and implement the national strategy on the improvement of the situation of persons with handicaps,
- establish and ensure the due functioning of institutions to prevent and combat all forms of discrimination.

Economic criteria

- establish macroeconomic stability, in particular through the implementation of structural reforms, with a view to ensuring medium-term sustainability of public finances,
- promote competitiveness through market-driven enterprise restructuring including: (i) continuing and intensifying the privatisation process with a view to completing the Government's programme, (ii) taking measures to stimulate domestic and foreign investment, (iii) simplification of legal and administrative procedures, (iv) implementing new bankruptcy procedures, and (v) stabilising and increasing the transparency of the rules governing privatisation and business operation to ensure correct privatisation procedures,
- deal in particular with the outstanding arrears between companies (between public companies, but also between private and public companies),
- implement a plan for restructuring the steel sector in line with Community requirements and implement viability plans in the steel enterprises,
- implement a restructuring plan for the national air carrier aimed at reducing financial losses,
- speed up the creation of a functioning land market by developing a policy for agricultural land consolidation, completing the issuance of land titles and strengthening property rights,
- develop a policy framework for rural credit and rural financial infrastructure compatible with IFI and Community financial support,
- create an SME-friendly economic and legal environment, and in particular continue simplification of registration and licensing procedures.

Ability to assume the obligations of membership

Free movement of goods

- continue implementation of 'New approach' directives on the basis of framework legislation, and reinforce related administrative capacity (conformity assessment bodies). Bring Romanian legislation on pharmaceuticals, chemicals, cosmetics, textiles, footwear, legal metrology and motor vehicles into line with the *acquis*, and pursue alignment of the remaining traditional technical legislation. Pursue adoption of EN standards. Establish a market surveillance system, and prepare administration and food operators to Community principles of food safety,
- ensure an appropriate implementation of the new legislation on public procurement,
- 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 for persons

- pursue alignment of mutual recognition of professional qualifications and diplomas and introduce required administrative structures, education and training programmes,
- take preparatory measures to develop the administrative structures for the coordination of social security systems.

Freedom to provide services

- pursue alignment of legislation on securities markets,
- reinforce the supervision of financial services.

Free movement of capital

- ensure compliance with the recommendations of the financial action task force,
- complete alignment of legislation with the second Directive against money laundering.

Company law

- 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 ensuring proper enforcement of border legislation. Intensify training for enforcement bodies including judges and prosecutors,
- complete the process of alignment to the *acquis*, in particular through the adoption of necessary secondary legislation.

Competition

- complete the legislative framework in both State aid and anti-trust. Strengthen the administrative capacity of the competition authorities; ensure enforcement of the rules in anti-trust and State aid including the alignment of incompatible aid schemes. Complete the State aid inventory and prepare the annual reports. Increase awareness of the rules among all market participants and aid granters; intensify the training of the judiciary in the competition field.

Agriculture

- organise and carry out a general agricultural census,
- prepare the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of Community-funded rural development programmes,

- reinforce administrative structures in order to improve capacities for policy formulation and economic analysis,
- prepare for the implementation and enforcement of the management mechanisms of the common agricultural policy, in particular the integrated administration and control system including an animal identification and registration system and a land parcels identification system, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation,
- continue the establishment of a vineyard register and control systems in the wine sector,
- continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at future external borders,
- 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*,
- strengthen the administrative capacity to implement the food safety strategy.

Fisheries

- complete the establishment of adequate organisation, adequate institutional resources and equipment relating to inspection and controls at central and regional levels. Complete the fishing register in full compliance with Community requirements. Develop a reliable system of fisheries statistics.

Transport policy

- reinforce administrative capacity in road transport and continue legal alignment (in particular phase out discriminatory practices in road transport taxation/charging) and begin the implementation of an action plan to retrofit Romanian haulage vehicles with speed limitation devices and recording equipment,
- ensure due implementation of the maritime safety *acquis*, taking into account its latest developments, and strengthen the administrative capacity in order to improve the flag State performance of the Romanian fleet,
- restructure and modernise the Romanian Danube fleet to increase its competitiveness and to prepare it to comply with Community technical requirements,
- transpose and implement the revised railways *acquis*.

Taxation

- ensure legislative alignment with particular attention to VAT exemptions, refund conditions, taxable scope and zero-rating as well as excise duties levels, structure and exemptions,
- ensure that existing and future legislation complies with the principles of the Code of Conduct for Business Taxation,
- strengthen administrative capacity and control procedures including administrative cooperation and mutual assistance. Particular attention should be given to revenue collection, setting up of a taxpayer register, and refunding of VAT; draw up a tax administration strategy; establish a code of ethics and measures to apply such a code; assess the human resource requirements of the tax system and design and implement a training system covering both initial and in-service training,
- develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States,
- implement the Holding and Movements Directives.

Statistics

- carry out a population census,
- further improve quality and coverage of statistics by ensuring that adequate resources are made available to further strengthen statistical capacities, including at regional level.

Social policy and employment

- define and implement a national policy for employment that is in line with European employment guidelines, including preparations for participation in European Social Fund-type activities,
- develop capacity of the national Agency for Employment to implement active measures and employment programmes and strengthen the employment services at local level notably by improving cooperation between local services in the field of employment and social assistance,
- complete reform of the social assistance system, including financial decentralisation of the institutions involved,
- continue alignment and ensure proper implementation of Community legislation in the fields of labour law, equal treatment for women and men and health and safety at work, notably through the adoption of the new Labour Code. Strengthen the related administrative and enforcement structures, including the labour inspectorates. Adopt secondary legislation against discrimination and develop a timetable for its implementation,
- transpose and implement legislation on public health and develop a national system for surveillance and control of communicable diseases and a health monitoring information system,
- adopt necessary legislation to strengthen employees' and employers' organisations and support social partners' capacity-building efforts, notably in autonomous bipartite social dialogue, in particular with a view to their future role in the elaboration and implementation of EU employment and social policy, including the European Social Fund,
- strengthen the capacity to manage health sector reform in a comprehensive manner by improving strategic planning for human and financial resources to make efficient use of public funds while ensuring equal access to health care,
- prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

- develop and implement an energy strategy in line with Union energy policy objectives. In addition to the main energy sources, the strategy should also focus on improved energy efficiency, in particular in the sector of heating, and the use of renewable energy,
- advance the alignment process in the internal energy market (electricity and gas) through establishment of an independent electricity transmission system operator (electricity), elimination of remaining energy price distortions and preparation for continuing the progressive opening of the market, and ensuring independent and efficient regulatory mechanisms,
- establish strict and transparent financial discipline between all the actors of the energy market in Romania, in order to phase in a programme of cost recovery and reduction of arrears,
- develop and start implementing a programme to align to the oil stocks *acquis*,
- implement the recommendations contained in the Council report on nuclear safety in the context of enlargement with due regard for the priorities assigned in the report,
- continue to ensure a high level of nuclear safety at the Cernavoda nuclear power plant,
- focus on strengthening the resources and capacities of the national regulatory authority for nuclear energy.

Industrial policy

- review policy framework and legislation to improve the access of enterprises (particularly SMEs) to investment finance,
- implement a market-oriented competitiveness strategy including sectoral restructuring programmes.

Telecommunications and information technologies

- transpose the *acquis* on telecommunications and postal services,
- prepare for the full liberalisation of the telecommunications market by creating a national regulatory authority.

Culture and audiovisual policy

- align legislation and strengthen the capacities of the independent television/radio regulatory authority.

Regional policy and coordination of structural instruments

- develop a national policy for economic and social cohesion and, in this context, regularly update and improve the national development plan,
- set up the required monitoring and evaluation system, in particular for *ex ante* and *ex post* evaluation and for the collection of the relevant statistical information and indicators,
- strengthen the institutional and administrative capacity of the bodies in charge of programming and managing funds for economic and social cohesion, in line with the Structural Funds approach; in particular define the managing and paying authorities; establish a clear division of responsibilities at national and regional level and improve the administrative capacity in terms of recruitment, career profiles and training. Ensure interministerial cooperation.
- prepare to comply with basic financial management and control provisions as laid down by the respective regulations of the Structural Funds.

Environment

- complete transposition and start enforcement of the *acquis* in the sectors of horizontal legislation (environmental impact assessment), waste management, water quality, industrial pollution control and risk management (integrated pollution prevention and control, large combustion plants, control of major accident hazards involving dangerous substances),
- draw up directive-specific implementation plans, including financing plans, with particular attention to waste management (including a waste management strategy at national and regional level), water quality and industrial pollution control and risk management (integrated pollution prevention and control, control of major accident hazards involving dangerous substances),
- strengthen the administrative capacity at the national level to improve capacities for policy preparation and economic analysis. Particular attention needs to be paid to the enforcement capacity of the Environmental Protection Inspectorates at local level,
- integrate environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumers and health protection

- continue alignment of legislation, strengthen market surveillance and enforcement authorities, and in particular ensure effective implementation of the five-year strategy for the National Authority for Consumer Protection.

Cooperation in the field of Justice and Home Affairs

- improve border management by (i) developing an integrated border management strategy, (ii) implementing legislation for the law on the state frontier and the law on the organisation and functioning of the border police, (iii) ending the use of conscripts in the border police, and (iv) aligning legislation and practice in the field of countering illegal migration and trafficking in human beings, especially women and children,
- develop and present a Schengen action plan,
- continue progressive alignment of visa legislation and practice,
- draw up and start implementing an integrated strategy for the fight against corruption and organised crime and improve the coordination between law enforcement bodies from prevention to prosecution,
- develop and implement a national drugs strategy and establish a national focal point for contacts with the European Monitoring Centre on Drugs and Drug Addiction,
- continue alignment on the relevant *acquis* in the field of money laundering; ratify and implement the 1981 Council of Europe Convention and strengthen the administrative capacity of the National Office for Preventing and Fighting Money Laundering Operations,
- take the necessary steps in order to ensure the implementation of Community instruments in the area of judicial cooperation in civil matters,
- take the necessary steps to align the legislation with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs union

- continue efforts to implement the customs ethics policy. Implement measures to reduce waiting times at the border, to fight cross-border movement of pirated and counterfeit goods and to fight economic crime and organised crime,
- reinforce administrative and operational capacity in the field of customs enforcement through inter-service cooperation. Human resource requirements should be assessed and centralised training developed,
- accelerate the implementation of the IT strategy of the Romanian customs administration; develop IT systems to permit the exchange of computerised data between the Community and Romania.

Financial control

- prepare a policy paper for public internal financial control, followed by legislation, rules and procedures in line with internationally accepted standards, covering, in an integrated manner (i) the financial management and control responsibilities of the manager of the budget spending centre (managerial accountability); (ii) the *ex ante* controls performed by the Ministry of Finance delegate preventive financial control systems, and (iii) the internal audit function, including its functional independence,
- define and quantify the organisational, human resource and investment needs to establish internal financial control and internal audit in line with the policy paper, in key budget spending centres; draw up and implement plans for institution building and human resource development in the field of internal financial control and internal audit.
- strengthen the institutional capacities of the Court of Accounts as necessary for the introduction of modern auditing procedures in line with international standards and best practice,
- strengthen the fight against fraud, particularly as regards protection of Community financial interests,
- designate a central contact point for the protection of Community financial interests and start effective cooperation with OLAF through this contact point,
- step up efforts to ensure the correct use, control, monitoring and evaluation of Community pre-accession funds as a key indicator of Romania's ability to implement the financial control *acquis*.

5. **Programming**

For the period 2000 to 2006, in addition to PHARE, financial assistance to Romania 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, Romania 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 Romania will have access to funding from multi country 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 Romania 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.

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Slovakia**

(2002/93/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 Slovakia's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Slovakia 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) Slovakia needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community 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 Slovakia 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 Slovakia 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 Slovakia. The present revision is based on a proposal by the Commission following consultation with Slovakia, and draws on the analysis of the Commission's 2001 regular report on progress made by Slovakia 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 Slovakia towards membership of the Union, the financial means available to help Slovakia 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 Slovakia, 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 Slovakia. The priorities listed in the revised Accession

Partnership have been selected on the basis that it is realistic to expect that Slovakia 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.

Slovakia 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 Slovakia's membership preparations. Slovakia will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Slovakia 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 Slovakia. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and the rule of law

- ensure implementation of the civil service law; continue implementation of the public administration reform strategy, devoting due attention to the issues of training and remuneration,
- continue to strengthen the independence and the efficiency of the judiciary; devote particular attention to the training system for judges; ensure the provision of equipment and administrative staff,
- ensure the accountability and transparency of the investigation procedures,
- step up the fight against corruption and economic crime, in particular ensure the timely and effective implementation of the action plan to combat corruption.

Human rights and the protection of minorities

- continue improving the situation of the Roma through strengthened implementation of the relevant strategy, including the provision of the necessary financial support at national and local levels; measures aimed at fighting against discrimination (including within the public administration), fostering employment opportunities, increasing access to education, improving housing conditions; provide adequate financial support,
- ensure due implementation of the minority language legislation.
- ensure that an effective system for redressing police misconduct is established.

Economic criteria

- ensure medium-term sustainability of public finances by tackling expenditure reform, in particular of health and pension systems, and by continuing the reform of the public finance management system,

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

- continue enterprise restructuring and promote private sector development; complete the privatisation process,
- complete the financial sector restructuring and privatise the remaining State-owned banks and insurance company; ensure implementation of the bad-debt recovery mechanisms,
- implement new bankruptcy and investment promotion legislation, implement improvements to the regulatory framework for enterprises; open investment promotion to small and medium-sized enterprises (SMEs),
- complete the establishment of efficient land and capital markets in the rural and agricultural sectors.

Ability to assume the obligations of membership

Free movement of goods

- strengthen surveillance, oversight and complaint procedures and ensure implementation of the *acquis* in the field of public procurement,
- fully implement the law on technical requirements for products and on conformity assessment; fully align with and complete implementation of 'New approach' directives; complete alignment and effective implementation in the sectors covered by product specific legislation, including the fields of pharmaceuticals and chemicals, automobiles, and foodstuffs,
- upgrade to Community-level all market surveillance and conformity assessment structures, eliminate all previously mandatory certification; ensure effectiveness of implementing structures in all sectors, including as regards chemical substances; ensure a central procedure for authorisations for the placing of medicines on the market, as well as the procedure for mutual recognition of registrations,
- proceed with screening of Slovak legislation in the non-harmonised area to ensure 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

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

Freedom to provide services

- complete alignment and implement directives on financial services legislation,
- reinforce supervision of financial services,
- strengthen the administrative capacity of the data protection office.

Free movement of capital

- progressively relax restrictions on institutional investors,
- strengthen and coordinate the supervisory institutions and procedures,
- complete alignment of legislation with the second Directive against money laundering.

Company law

- in need of particular urgent action: reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls. Intensify training for enforcement bodies including judges and prosecutors,
- complete alignment and enforce trademark, copyright and neighbouring rights legislation.

Competition policy

- complete alignment in both the State aid and anti-trust field, improve the administrative capacity of the State Aid Office; ensure the enforcement of the rules in anti-trust and State aid including the alignment of incompatible aid schemes; complete 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

- in need of particularly urgent action: ensure alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular complete the establishment of the border inspection posts at the future external borders,
- 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*,
- upgrade the capacity of agricultural administration 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, the paying agency, quality and marketing standards and carcass classification, 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 the upgrading of food processing establishments so that they are in a position to respect Community food safety standards.

Transport policy

- complete legal alignment and strengthen administrative/enforcement capacity in road transport (in particular on social legislation including financial standing requirements for access to profession, fiscal harmonisation and technical and safety standards with regard to weights and dimensions and electronic tachographs) and in railway transport with a view to implementing the revised railway *acquis*,
- ensure the setting up and the efficient operation of an independent aviation accident investigation authority.

Taxation

- in need of particularly urgent action: develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States,
- ensure legislative alignment with particular attention to the VAT and excise duty regimes, including the transitional VAT regime,
- eliminate discriminatory measures against imports from the Community,
- ensure that existing and future tax legislation complies with the principles of the Code of Conduct for Business Taxation,

- strengthen administrative capacity, including control and enforcement procedures, and administrative cooperation and mutual assistance,
- implement the Holding and Movements Directive.

Statistics

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

Social policy and employment

- complete alignment and ensure proper implementation of the social *acquis*, in particular in the field of health and safety at work, as well as equal treatment for women and men. Strengthen the related administrative and enforcement structures, including the labour inspectorates. Adopt legislation against discrimination and develop a timetable for its implementation,
- complete transposition and ensure implementation of Community legislation in the field of public health; further develop measures in the area of surveillance and control of communicable diseases and health monitoring and information,
- continue to support social partners' capacity-building efforts, in particular with a view to their future role in the development and implementation of Union employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue,
- prepare 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,
- adopt and implement the decommissioning plan to close the two Bohunice V1 nuclear reactors by 2006 and 2008 respectively,
- continue to ensure a high level of nuclear safety at the Mochovce nuclear power plant as well as the two Bohunice V2 nuclear reactors and maintain a high level of nuclear safety throughout the decommissioning phases of Units 1 and 2 (V1) of the Bohunice nuclear power plant,
- continue to prepare for the internal energy market, notably the electricity and gas directives; complete the alignment process, establish an independent transmission system operator (electricity); eliminate remaining price distortions; strengthen the regulator,
- continue alignment of oil stock requirements; make progress in ensuring the actual constitution of stocks, including the necessary investments, towards the level of 90 days; strengthen the oil stocks body,
- further improve energy efficiency, enhance the use of renewable energy sources and strengthen the relevant institutions in this area.

Telecommunications and information technologies

- complete transposition and implementation of the *acquis*, with particular attention to cost orientation, interconnection and carrier selection in the telecommunications sector,
- complete separation of regulatory and ownership functions.

Culture and audiovisual policy

- strengthen the administrative capacity of the Council of Radio and Television Broadcasting.

Regional policy and coordination of structural instruments

- in need of particularly urgent action: ensure that the territorial organisation allows for the effective implementation of the Structural Funds regulations,
- complete legal framework which allows for the implementation of the *acquis* in this area,
- define the bodies in charge of the implementation of Structural Funds and the Cohesion Fund, in particular the managing and paying authorities; establish a clear division of responsibilities and improve the administrative capacity, in particular in terms of recruitment and training; ensure effective interministerial coordination,
- further develop a coherent development plan as required by the Structural Funds regulation; define the implementation structures of the final plan,
- set up the required monitoring and evaluation systems for Structural Funds, in particular for *ex ante* evaluation and for the collection and processing of the relevant statistical information and indicators,
- align with the specific financial management and control procedures for future Structural and Cohesion Funds under the relevant Community regulations,
- develop the technical preparation of projects eligible to Structural and Cohesion Funds assistance (project pipeline).

Environment

- complete transposition of the *acquis*, with a special emphasis on air quality, water quality, waste management, nature protection and industrial pollution control,
- continue implementation, in particular as regards genetically modified organisms, air quality, packaging and packaging waste, waste management, urban waste water treatment, drinking water, discharges of dangerous substances to aquatic environment and integrated pollution prevention and control,
- continue strengthening the administrative, monitoring and enforcement capacity at all levels. Particular attention needs to be paid to strengthening the Environmental Inspectorate and good coordination between the Ministries,
- continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumers and health protection

- complete alignment of legislation and the establishment of market surveillance and enforcement authorities.

Cooperation in the field of Justice and Home Affairs

- implement the Schengen action plan,
- ensure alignment of data protection practices,
- continue to upgrade and modernise the infrastructure at the Union's future external borders; upgrade law enforcement bodies, in particular with regard to border control and illegal immigration; continue preparation for future participation in the Schengen Information System by developing national databases and registers; accelerate the progressive alignment of visa legislation and practice,
- establish an independent body as the second instance in an asylum procedure,

- elaborate and implement an integrated and comprehensive strategy for the fight against organised crime,
- continue the fight against trafficking in human beings and drug trafficking; align Penal Code to *acquis* in the area of fight against organised crime and fraud; strengthen the capacity to deal with money laundering; ensure the implementation of a national anti-drugs programme,
- 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 with Europol are met,
- ensure better coordination between services and agencies involved in the area of Justice and Home Affairs,
- take the necessary steps to complete alignment with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs union

- in need of particularly urgent action: accelerate the implementation of the IT strategy of the Slovak customs administration. Develop IT systems allowing for the exchange of computerised data between the Community and Slovakia. Provide for sufficient IT staff in the Slovak customs administration,
- ensure sufficient resource allocation for the collection of excise duties by the customs administration; ensure proper management of all aspects of Community policies managed by the customs authorities, and in particular with respect to the common agricultural policy,
- establish all the necessary specialised organisational units foreseen in the Act on state administration bodies in the field of customs,
- continue efforts to strengthen customs ethics, combat fraud and corruption, fight against economic crime and organised crime.

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

- in need of particularly urgent action: complete implementing legislation for internal financial control,
- ensure proper functioning of the central unit for coordination and harmonisation of the methodology for financial management and control and internal audit throughout the government; establish internal audit units in the spending centres; introduce functional independence for internal auditors; ensure the operational capacity of the organisations mentioned,
- further develop audit manuals and audit trails (applicable for the control of Community funds in the same manner as for the control of funds from the State budget),
- enhance the overall operational capacity as well as the independent status of the Supreme Audit Office; ensure the compliance with the International Organisation of Supreme Auditing Institution's standards.
- strengthen the fight against fraud,
- designate a suitable central contact point for the protection of the Communities' financial interests and effectively start cooperating with OLAF through this contact point,
- step up efforts to ensure the correct use, control, monitoring and evaluation of Community pre-accession funding as a key indicator of Slovakia's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to Slovakia 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, Slovakia 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 Slovakia will have access to funding from multi-country 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 Slovakia 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.

COUNCIL DECISION**of 28 January 2002****on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Slovenia**

(2002/94/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 Slovenia's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Slovenia 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) Slovenia needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community 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 Slovenia 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 Slovenia 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 Slovenia. The present revision is based on a proposal by the Commission following consultation with Slovenia, and draws on the analysis of the Commission's 2001 regular report on progress made by Slovenia 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 Slovenia towards membership of the Union, the financial means available to help Slovenia 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 Slovenia, 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 Slovenia. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that Slovenia 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.

Slovenia submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) on 31 May 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 Slovenia's membership preparations. Slovenia will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Slovenia 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 Slovenia. These priorities are presented in accordance with the structure of the regular report ⁽¹⁾.

Political criteria

Democracy and the rule of law

- in need of particularly urgent action: adopt the remaining framework legislation for public administration reform, including the laws on civil servants and public agencies,
- continue improving the functioning of the judiciary especially by further reducing the backlog of pending court cases.

Economic criteria

- promote competitiveness through market-based enterprise restructuring; stimulate domestic and inward investment by improving the business environment,
- complete restructuring, commercialisation and liberalisation of State-owned utilities, while ensuring competition and further price liberalisation,
- restructure the financial sector by completing the privatisation process of State-owned banks and by privatising the insurance company,
- improve the efficiency of the land registration system by reducing the backlogs in the land register.

Ability to assume the obligations of membership

Free movement of goods

- ensure effective functioning of the newly established Standardisation Institute. Complete adoption of traditional sectoral legislation; complete implementation of *New Approach* directives and complete adoption of EN standards. Reinforce related administrative infrastructure (conformity assessment bodies and laboratories), ensure proper coordination and effectiveness of national market surveillance bodies and prepare the relevant administration and food operators to the implementation of Community principles of food safety,

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

- proceed with the screening of Slovenian 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,
- strengthening of the Public Procurement Office and of the State Control Commission to improve transparency of decisions in the area of public procurement.

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, Slovenia should give priority to introducing measures to ensure that all its professionals can, from accession, meet the requirements laid down by the directives,
- further reinforce the administrative structures for the coordination of social security.

Freedom to provide services

- reinforce the supervision of financial services,
- complete alignment of legislation on investment services.

Free movement of capital

- abolish remaining restrictions on short-term transactions in order to complete liberalisation of capital flows,
- ensure compliance with the recommendations of the financial action task force,
- complete alignment of legislation with the second Directive against money laundering.

Company law

- continue to enforce the legislation in the area of intellectual and industrial property rights and intensify the fight against counterfeiting and piracy especially by strengthening border controls, by improving coordination among law enforcement bodies and by increasing provision of training for law enforcement bodies including judges and prosecutors.

Competition policy

- ensure due implementation of State aid control notably by bringing transparency into the activities of the Slovenian Development Corporation and by repealing the export-based criterion for tax reductions under the Act on Economic Zones,
- ensure the full enforcement of the rules; increase awareness of the rules among all market participants and aid granters; strengthen the administrative capacity of the competition office, and intensify the training of the judiciary in all fields of competition policy.

Agriculture

- reinforce the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of Community-funded rural development programmes,
- continue to upgrade the capacity of the agricultural administration and complete preparations for the practical application and enforcement of the management mechanisms of the common agricultural policy (CAP), in particular the integrated administration and control system and the Paying Agency for the handling of CAP expenditure, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation,

- continue alignment in the veterinary and phytosanitary sector, notably: complete the veterinary and phytosanitary inspection system in particular at future external borders; continue to implement the quality control system; complete animal identification; continue aligning animal welfare standards, animal waste treatment; modernisation of meat and dairy plants, residue and zoonosis control programmes,
- 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 overall upgrading of food processing establishments with a view to meeting Community food safety standards, in particular in the dairy and meat sector, and reinforce market surveillance for food products.

Transport policy

- complete legislative alignment on railway transport with a view to the implementation of the revised railways *acquis*, and reinforce administrative capacity in the land transport and air transport sectors.

Taxation

- complete legislative alignment with particular attention to the VAT (including the transitional VAT regime) and excise legislation,
- 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 as well as improve the administrative cooperation and mutual assistance in order to be able to implement the *acquis*.
- in need of particularly urgent action: continue to develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States,
- implement the Holding and Movements Directive.

Social policy and employment

- continue to support social partners' capacity-building efforts with a view to their future role in the development and implementation of Community employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue,
- complete alignment and ensure proper implementation of Community legislation in particular in the field of labour law and health and safety at work. Strengthen the related administrative and enforcement structures, including the labour inspectorates. Adopt legislation against discrimination and develop a timetable for its implementation,
- complete alignment in the area of public health, and continue to develop and implement measures with regard to surveillance and control of communicable diseases and to health monitoring and information,
- develop a national strategy, including data collection, with a view to later 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 identified in the report,
- continue to ensure a high level of nuclear safety at the Krško nuclear power plant,

- continue to prepare for the internal energy market in the gas and electricity sectors, including the elimination of remaining price distortions and by strengthening the regulatory authority,
- continue to make progress in ensuring the actual constitution of stocks, including the necessary investments, towards the level of 90 days,
- continue to improve energy efficiency and enhance the use of renewable energy sources, including by strengthening the relevant institutions in this area.

Telecommunications and information technologies/culture and audiovisual policy.

- in need of particularly urgent action: consolidate the recently established Telecommunications and Broadcasting Agency.

Regional policy and coordination of structural instruments

- in need of particularly urgent action: establish a territorial organisation allowing for the effective implementation of the Structural Funds Regulations,
- establish a clear division of responsibilities for the management of the Structural Funds and the Cohesion Fund, improve the administrative capacity of the institutions involved in the implementation of the funds in particular the Managing and Paying Authorities, especially in terms of recruitment and training; ensure effective interministerial coordination,
- prepare a coherent development plan as required by the Structural Funds Regulations and define the implementation structures of the final plan,
- set up the required monitoring and evaluation systems for Structural Funds, in particular for *ex ante* evaluation and for the collection and processing of the relevant statistical information and indicators,
- align with the specific financial management and control provisions for future Structural and Cohesion Funds under the relevant Community regulations,
- develop the technical preparation of projects eligible to the Structural and Cohesion Funds assistance (project pipeline).

Environment

- complete transposition of the *acquis* in particular as regards air quality, waste, water quality (by adopting a new water law and the implementing legislation), nature protection, industrial pollution and risk management, genetically modified organisms and radiation protection; and ensure its implementation,
- continue strengthening administrative capacity, especially at the local level and of institutions responsible for implementation and enforcement of the chemicals legislation,
- continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumers and health protection

- continue alignment of legislation and strengthen market surveillance and enforcement authorities.

Cooperation in the field of Justice and Home Affairs

- ensure due implementation of the Schengen action plan,
- continue preparation for future participation in the Schengen information system by developing national databases and registers,
- continue efforts to strengthen border controls especially on the future Union external border by provision of sufficient staff, training and equipment,

- in need of particularly urgent action: enforce the new asylum legislation effectively, including adoption of the remaining secondary legislation, improving of the capacity to process asylum applications, separation of the Asylum Home and Centre for Foreigners and improvement of conditions in both,
- strengthen the fight against organised crime; including by strengthening cooperation between different law enforcement bodies,
- continue efforts to combat illegal immigration and continue the further harmonisation of migration legislation with the *acquis*,
- take the necessary steps in order to ensure the implementation of Community instruments in the area of judicial cooperation in civil matters.

Customs union

- in need of particularly urgent action: continue the implementation of the IT strategy of the Slovenian customs administration and develop IT systems so as to allow for the exchange of computerised data between the Community and Slovenia.

External relations

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

Financial control

- designate a contact point for the protection of the financial interests of the Community, and effectively start cooperating with OLAF through this contact point,
- develop coordination role of the Ministry of Finance in financial management and control as well as in decentralised internal audit systems by means of adequate staff,
- further develop the public internal financial control concepts (managerial accountability and systems based audits) and amend relevant legislation,
- complete the establishment of the internal audit units in line ministries in a harmonised way and strengthen their independence,
- continue efforts to ensure the correct use, control, monitoring and evaluation of Community pre-accession funding as a key indicator of Slovenia's ability to implement the financial control *acquis*.

5. Programming

For the period 2000 to 2006, in addition to PHARE, financial assistance to Slovenia 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, Slovenia 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 Slovenia 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 Slovenia 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.
