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Legislation

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Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

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I

(Acts whose publication is obligatory)

COMMISSION REGULATION (EC) No 1650/2004
of 21 September 2004
establishing the standard import values for determining the entry price of certain fruit and vegetables

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 3223/94 of 21 December 1994 on detailed rules for the application of the import arrangements for fruit and vegetables⁽¹⁾, and in particular Article 4(1) thereof,

Whereas:

- (1) Regulation (EC) No 3223/94 lays down, pursuant to the outcome of the Uruguay Round multilateral trade negotiations, the criteria whereby the Commission fixes the standard values for imports from third countries, in respect of the products and periods stipulated in the Annex thereto.

- (2) In compliance with the above criteria, the standard import values must be fixed at the levels set out in the Annex to this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

The standard import values referred to in Article 4 of Regulation (EC) No 3223/94 shall be fixed as indicated in the Annex hereto.

Article 2

This Regulation shall enter into force on 22 September 2004.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 21 September 2004.

For the Commission
J. M. SILVA RODRÍGUEZ
Agriculture Director-General

⁽¹⁾ OJ L 337, 24.12.1994, p. 66. Regulation as last amended by Regulation (EC) No 1947/2002 (OJ L 299, 1.11.2002, p. 17).

ANNEX

to Commission Regulation of 21 September 2004 establishing the standard import values for determining the entry price of certain fruit and vegetables

<i>(EUR/100 kg)</i>		
CN code	Third country code ⁽¹⁾	Standard import value
0702 00 00	052	67,6
	999	67,6
0707 00 05	052	94,6
	096	12,9
	999	53,8
0709 90 70	052	89,5
	999	89,5
0805 50 10	052	76,3
	388	60,5
	508	37,1
	524	54,4
	528	51,3
	999	55,9
0806 10 10	052	83,2
	220	121,0
	400	170,3
	624	148,4
	999	130,7
0808 10 20, 0808 10 50, 0808 10 90	388	66,3
	400	93,0
	508	68,9
	512	94,0
	528	86,4
	800	177,0
	804	64,5
	999	92,9
0808 20 50	052	92,8
	388	86,0
	999	89,4
0809 30 10, 0809 30 90	052	119,6
	999	119,6
0809 40 05	066	53,9
	094	29,3
	624	117,4
	999	66,9

⁽¹⁾ Country nomenclature as fixed by Commission Regulation (EC) No 2081/2003 (OJ L 313, 28.11.2003, p. 11). Code '999' stands for 'of other origin'.

COMMISSION REGULATION (EC) No 1651/2004**of 21 September 2004****amending Regulation (EEC) No 2921/90 as regards the amount of the aid for the production of casein and caseinates from skimmed milk**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1255/1999 of 17 May 1999 on the common organisation of the market in milk and milk products⁽¹⁾, and in particular Article 15(b) thereof,

Whereas:

- (1) Article 2(1) of Commission Regulation (EEC) No 2921/90 of 10 October 1990 on aid for the production of casein and caseinates from skimmed milk⁽²⁾ sets the amount of aid for the production of casein and caseinates from skimmed milk. In view of the development in the price of casein and caseinates on the Community and world markets, the amount of the aid should be reduced.

- (2) Regulation (EEC) No 2921/90 should be amended accordingly.

- (3) The Management Committee for Milk and Milk Products has not delivered an opinion within the time limit set by its chairman,

HAS ADOPTED THIS REGULATION:

Article 1

In Article (2)1 of Regulation (EEC) No 2921/90, 'EUR 4,80' is hereby replaced by 'EUR 3,30'.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 21 September 2004.

For the Commission

Franz FISCHLER

Member of the Commission

⁽¹⁾ OJ L 160, 26.6.1999, p. 48. Regulation as last amended by Commission Regulation (EC) No 186/2004 (OJ L 29, 3.2.2004, p. 6).

⁽²⁾ OJ L 279, 11.10.1990, p. 22. Regulation as last amended by Regulation (EC) No 1325/2004 (OJ L 246, 20.7.2004, p. 21).

COMMISSION REGULATION (EC) No 1652/2004**of 20 September 2004****authorising transfers between the quantitative limits of textiles and clothing products originating in the Islamic Republic of Pakistan**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3030/93 of 12 October 1993 on common rules for imports of certain textile products from third countries⁽¹⁾, and in particular Article 7 thereof,

Whereas:

- (1) The Memorandum of Understanding between the European Community and the Islamic Republic of Pakistan on arrangements in the area of market access for textile products, initialled on 31 December 1994 and approved by Council Decision 96/386/EC⁽²⁾, provides that favourable consideration should be given to certain requests for so-called 'exceptional flexibility' by Pakistan.
- (2) The Islamic Republic of Pakistan submitted a request for transfers between categories on 24 May 2004.
- (3) The transfers requested by the Islamic Republic of Pakistan fall within the limits of the flexibility provisions referred to in Article 7 of Regulation (EEC) No 3030/93 and set out in Annex VIII thereto.

(4) It is appropriate to grant the request.

(5) It is desirable for this Regulation to enter into force on the day after its publication in order to allow operators to benefit from it as soon as possible.

(6) The measures provided for in this Regulation are in accordance with the opinion of the Textile Committee set up by Article 17 of Regulation (EEC) No 3030/93,

HAS ADOPTED THIS REGULATION:

Article 1

Transfers between the quantitative limits for textile goods originating in the Islamic Republic of Pakistan are authorised for the quota year 2004 in accordance with the Annex.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 20 September 2004.

For the Commission

Pascal LAMY

Member of the Commission

⁽¹⁾ OJ L 275, 8.11.1993, p. 1. Regulation as last amended by regulation (EC) No 487/2004 (OJ L 79, 17.3.2004, p. 1).

⁽²⁾ OJ L 153, 27.6.1996, p. 47.

ANNEX

PAKISTAN					ADJUSTMENT				
Group	Category	Unit	Limit 2004	Adjusted working level	Quantity in units	Quantity in tonnes	%	Flexibility	New adjusted working level
IB	4	pieces	50 030 000	54 445 723	12 960 000	2 000	25,9	Transfer from category 28	67 405 723
IB	5	pieces	14 849 000	15 467 728	2 265 000	500	15,3	Transfer from category 28	17 732 728
IIA	20	kilograms	59 896 000	61 953 754	1 500 000	1 500	2,5	Transfer from category 28	63 453 754
IIB	28	pieces	128 083 000	137 043 630	-6 440 000	-4 000	-5,0	Transfer to categories 4, 5 and 20	130 603 630

COMMISSION REGULATION (EC) No 1653/2004

of 21 September 2004

on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁽¹⁾ and in particular Article 15 thereof,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Council,

Having regard to the opinion of the Court of Auditors,

Whereas:

- (1) Regulation (EC) No 58/2003 laid down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, which the Commission was charged with setting up.
- (2) These executive agencies (hereinafter the agencies) will have legal personality and their own operating (i.e. administrative) budget, the implementation of which is governed by this standard financial regulation pursuant to Article 15 of Regulation (EC) No 58/2003. However, when the Commission delegates responsibility to the agency for the budget implementation of operational appropriations relating to Community programmes, these appropriations will remain entered in the general budget and be governed by Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁽²⁾ (hereinafter the general Financial Regulation).
- (3) In accordance with Article 15 of Regulation (EC) No 58/2003, the operating budget of the executive agencies covers their administrative expenditure for the financial year.
- (4) In accordance with Regulation (EC) No 58/2003, it is necessary to adopt a standard financial regulation which the agencies must apply when implementing their administrative appropriations, with a content which is as close as possible to the general Financial Regulation. If the standard financial regulation does not

expressly lay down rules, the provisions of the general Financial Regulation apply along with Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁽³⁾.

- (5) The fundamental principles of budgetary law (unity, universality, specification and annuality), and the principles of budget accuracy, equilibrium, unit of account, sound financial management and transparency should be reaffirmed.
- (6) As far as their staff are concerned, agencies will have to distinguish between temporary posts, which will be covered by an establishment plan submitted for approval to the budgetary authority, and appropriations allowing the remuneration of other categories of staff, recruited on renewable contracts.
- (7) As far as the financial actors are concerned, it is necessary to define the powers and responsibilities of the agency's accounting officer and authorising officer, who must be officials subject to the Staff Regulations of the Officials of the European Communities, and the conditions under which the authorising officer will be able to delegate his powers of budget implementation.
- (8) The authorising officer should be given a significant degree of management autonomy. He must be given complete freedom for transfers, subject to an obligation to inform the steering committee, which must be able to oppose such transfers within a time limit of one month.
- (9) In accordance with Article 20(2) of Regulation (EC) No 58/2003, the function of internal auditor is to be performed in the executive agencies by the internal auditor of the Commission. The Commission's internal auditor should therefore perform the same tasks in respect of the executive agencies as those which the general Financial Regulation entrusts to him in respect of the Commission's departments. Moreover, an internal auditing service must be able to advise the agency's authorising officer on dealing with risks, as is the case for the authorising officers within the Commission.

⁽¹⁾ OJ L 11, 16.1.2003, p. 1.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 357, 31.12.2002, p. 1.

- (10) For each executive agency, the timetable for drawing up the operating budget, for presentation of the accounts and for discharge must comply with the provisions of Regulation (EC) No 58/2003, and the general Financial Regulation. The discharge authority for the executive agencies' operating budget must be the same as for the general budget.
- (11) The accounting rules applied by the agencies must allow consolidation with the Commission accounts. They must be adopted by the Commission's accounting officer by analogy with Article 133 of the general Financial Regulation. The Court of Auditors will audit the agency's accounts.
- (12) Each agency should have access to the panel referred to in Article 66(4) of the general Financial Regulation set up by the Commission to examine irregularities so that a similar assessment can be made of identical cases.
- (13) For their operating budget, agencies must meet the same requirements as the Commission for public contracts awarded on its own account. For this, a reference to the general Financial Regulation will suffice.
- (14) No provision is made for the award of grants because the executive agencies may not award grants from their operating budget, which must be used only to cover administrative expenditure,

HAS ADOPTED THIS REGULATION:

TITLE I

SUBJECT MATTER

Article 1

This regulation lays down the essential rules applicable to the establishment and execution of the operating budget (hereinafter the budget) of the agencies referred to in Regulation (EC) No 58/2003 (hereinafter the agencies or the agency).

Article 2

For any aspect relating to the operation of the executive agencies which is not expressly defined by this regulation, the provisions of Regulation (EC, Euratom) No 1605/2002 (hereinafter the general Financial Regulation) and Regulation (EC, Euratom) No 2342/2002 shall apply *mutatis mutandis*.

TITLE II

BUDGETARY PRINCIPLES

Article 3

The budget shall be established and implemented in compliance with the principles of unity and budget accuracy, annuality,

equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in this Regulation.

CHAPTER 1

Principle of unity and budget accuracy

Article 4

The budget shall be the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the agency.

Article 5

The revenue of the agency shall comprise a grant awarded by the Communities and any other revenue, including assigned revenue within the meaning of Article 15.

Expenditure shall comprise the administrative expenditure of the agency as well as, if applicable, expenditure financed by assigned revenue in accordance with the first paragraph.

Article 6

No revenue shall be collected and no expenditure effected unless booked to a line in the budget.

An appropriation may not be entered in the budget if it is not for an item of expenditure considered necessary.

No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

CHAPTER 2

Principle of annuality

Article 7

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December.

The appropriations entered in the budget shall be non-differentiated appropriations.

Administrative expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.

Article 8

The agency's revenue shall be entered in the accounts for a financial year on the basis of the amounts collected during that year. It shall result in the same level of appropriations being made available.

The appropriations authorised in the budget for a given year may be used solely to cover expenditure committed and paid in that financial year, and to cover amounts due against commitments from the previous financial year.

Article 9

Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.

Appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only. Appropriations carried over which have not been utilised by 31 March of year N+1 shall be automatically cancelled. Appropriations carried over in this way shall be identified in the accounts.

Appropriations relating to staff expenditure may not be carried over.

The appropriations available at 31 December arising from the assigned revenue referred to in Article 15 shall be carried over automatically. The appropriations available corresponding to assigned revenue carried over must be used first.

Article 10

The appropriations entered in the budget may be committed with effect from 1 January, once the budget has become definitive.

However, as from 15 November of each year, routine administrative expenditure may be committed in advance against the appropriations provided for the following financial year. Such commitments may not exceed one quarter of the appropriations on the corresponding budget line for the current financial year. They may not relate to new expenditure whose principle has not yet been acknowledged in the last budget duly adopted.

Moreover, expenditure which must be paid in advance, for example rents, may give rise to payments from 1 December onwards to be charged to the appropriations for the following financial year.

If the budget has not been adopted at the beginning of the financial year, the system of provisional twelfths laid down in the general Financial Regulation shall apply *mutatis mutandis*.

CHAPTER 3

Principle of equilibrium*Article 11*

Budget revenue and expenditure must balance. The agency may not raise loans.

Appropriations may not exceed the amount of the Community subsidy referred to in Article 5, plus assigned revenue and any other revenue referred to in Article 5.

Article 12

If the balance of the outturn account within the meaning of Article 56 is positive, it shall be repaid to the Commission up to the amount of the subsidy paid during the year.

The difference between the subsidy referred to in Article 5 and that actually paid to the agency shall be cancelled.

CHAPTER 4

Principle of unit of account*Article 13*

The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro.

However, for cash-flow purposes, the accounting officer of the executive agency may, in duly justified cases, carry out operations in national currencies and, where applicable, in the currencies of third countries.

CHAPTER 5

Principle of universality*Article 14*

Total revenue shall cover total expenditure, with the exception of revenue assigned to specific items of expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other, subject to Article 16.

Article 15

Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, and revenue from the Member States, non-member countries or miscellaneous bodies for the implementation of programmes funded by sources other than the general budget of the European Communities (hereinafter the general budget), constitutes revenue assigned to specific items of expenditure.

All assigned revenue must cover all direct or indirect expenditure incurred by the activity or purpose in question. The budget shall carry lines to accommodate the categories of assigned revenue and wherever possible shall indicate the amount.

The management board shall decide, after obtaining the Commission's agreement, if any gifts, bequests and subsidies from sources other than the Community may be accepted.

Article 16

The cost of products or services provided to the agency shall be charged to the budget for the full ex-tax amount, where they incorporate taxes refunded, either by the Member States pursuant to the Protocol on the Privileges and Immunities of the European Communities, or by a Member State or non-member country on the basis of other relevant agreements.

Any national taxes temporarily borne by the agency under the first paragraph shall be entered in a suspense account until they are refunded by the State concerned. Any negative balance shall be entered in the budget as expenditure.

CHAPTER 6

Principle of specification

Article 17

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.

Article 18

The director shall take decisions on transfers of appropriations within the operating budget. He shall inform the Commission and the management board beforehand, which shall have one month in which to oppose such transfers. After this time limit they shall be deemed to be adopted.

Appropriations corresponding to assigned revenue may be transferred only if they are used for the purpose to which the revenue is assigned.

CHAPTER 7

Principle of sound financial management

Article 19

1. Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.

2. The principle of economy requires that the resources used by the agency for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency is concerned with the best relationship between resources employed and results achieved.

The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results. These results shall be evaluated.

3. The annual work programme of the executive agency adopted by the management board shall contain detailed objectives and performance indicators.

CHAPTER 8

Principle of transparency

Article 20

The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency.

The budget and amending budgets, as finally adopted, shall be published in the *Official Journal of the European Union* within two months of their adoption.

TITLE III

ESTABLISHMENT AND STRUCTURE OF THE BUDGET

Article 21

The executive agency shall send the Commission, by 31 March each year at the latest, an estimate of its revenue and expenditure drawn up by the Director of the Agency and adopted by the management board and the general guidelines underlying that estimate, together with its work programme.

The agency's estimate of revenue and expenditure shall include:

- (a) an establishment plan setting the number of temporary posts authorised within the limits of the budget appropriations, by grade and by category;
- (b) where there is a change in the number of persons in post, a statement justifying the request for new posts;
- (c) a quarterly estimate of cash payments and receipts.

Article 22

The Commission, as part of the procedure for adopting the general budget, shall send the agency's statement of estimates to the budgetary authority and propose the amount of the subsidy for the agency and the number of staff it considers that the agency needs.

The agency's operating budget may not be adopted definitively until the general budget of the European Union has been finally adopted in accordance with the procedure provided for in Article 13 of Regulation (EC) No 58/2003.

The budgetary authority shall adopt the establishment plan of all the agencies and any subsequent amendment thereto in accordance with Article 24.

Any amendment to the budget, including the establishment plan, shall be the subject of an amending budget adopted by the same procedure as the initial budget, subject to Articles 18 and 24.

Article 23

The budget shall comprise a statement of revenue and a statement of expenditure. It shall show:

1. in the statement of revenue:
 - (a) the estimated revenue of the agency for the financial year in question;
 - (b) the revenue for the preceding financial year and the revenue for year N-2;
 - (c) appropriate remarks on each revenue line;
2. in the statement of expenditure:
 - (a) appropriations for the financial year in question;
 - (b) the appropriations for the preceding financial year and the appropriations for year N-2;
 - (c) appropriate remarks on each subdivision.

Article 24

1. The establishment plan referred to in Article 21 shall show next to the number of posts authorised for the financial year, the number authorised for the preceding year and the number of posts actually filled. It shall constitute an absolute limit for the agency; no appointment may be made in excess of the limit set.

However, the management board may modify the establishment plan by up to 10% of posts authorised below grade A3 provided that this does not affect the volume of staff appropriations corresponding to a full financial year and remains within the limits of the total number of posts authorised by the establishment plan.

2. By way of derogation from paragraph 1, the effects of part-time work authorised by the appointing authority in accordance with the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities (hereinafter the Staff Regulations) may be offset by other appointments.

TITLE IV

IMPLEMENTATION OF THE BUDGET

CHAPTER 1

General provisions

Article 25

The director shall perform the duties of authorising officer. He shall be an official subject to the Staff Regulations. He shall implement the budget in revenue and expenditure in accordance with this Regulation, on his own responsibility and within the limits of the appropriations authorised.

Article 26

The director may delegate his powers of budget implementation to staff of the agency subject to the Staff Regulations. These members of staff may act only within the limits of the powers expressly conferred upon them.

Article 27

All financial actors within the meaning of Chapter 2 of this Title shall be prohibited from taking any measures of budget implementation which may bring their own interests into conflict with those of the agency or of the Communities. Should such a case arise, the actor in question must refrain from such measures and refer the matter to his superior. The director must refer it to the management board.

There is a conflict of interests where the impartial and objective exercise of the functions of a financial actor in the implementation of the budget or an internal auditor is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary.

CHAPTER 2

Financial actors

Article 28

The duties of authorising officer and accounting officer shall be segregated and mutually incompatible.

Article 29

The authorising officer shall be responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with. He shall conserve the supporting documents relating to operations carried out for a period of five years from the date of the decision granting discharge in respect of implementation of the budget.

The authorising officer by delegation shall put in place, in compliance with the relevant minimum standards adopted by the Commission for its own departments and having due regard to the specific risks associated with his/her management environment, the organisational structure and the internal management and control procedures suited to the performance of his/her duties, including where appropriate *ex post* verifications.

Depending on the nature and scope of the duties, the authorising officer may establish within his/her departments an expertise and advice function designed to help him/her control the risks involved in his/her activities.

Before an operation is authorised, the operational and financial aspects shall be verified by members of staff other than the one who initiated the operation. Initiation and the *ex ante* and *ex post* verification of an operation shall be separate functions.

The authorising officer shall report to the management board on the performance of his duties in the form of an annual activity report, in accordance with Article 9(7) of Regulation (EC) No 58/2003, by 15 March of the financial year in question.

Article 30

The management board shall appoint an accounting officer, who is an official subject to the Staff Regulations and who shall be responsible for:

- (a) proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;
- (b) drawing up the agency's accounts in accordance with Title VI;
- (c) keeping the accounts in accordance with Title VI;
- (d) implementing the accounting rules and methods and the chart of accounts in accordance with the provisions adopted by the Commission's accounting officer;
- (e) treasury management.

The accounting officer shall obtain from the authorising officer, who shall guarantee its reliability, all the information necessary for the production of accounts which give a true image of the agency's assets and of budget implementation.

The accounting officer is alone empowered to handle monies and other assets. He shall be responsible for their safekeeping.

CHAPTER 3

Liability of the financial actors

Article 31

Any member of staff involved in the financial management and control of transactions who considers that a decision he is required by his superior to apply or to agree to is irregular or contrary to the principles of sound financial management or the professional rules he is required to observe shall inform the director in writing and, if the latter fails to take action within a reasonable period, the panel referred to in Article 35 and the management board. In the event of any illegal activity, fraud or corruption which may harm the interests of the Community, he shall inform the authorities and bodies designated by the applicable legislation.

Article 32

Without prejudice to any disciplinary action, authorising officers by delegation may at any time have their delegation withdrawn temporarily or definitively by the authority which appointed them, by a reasoned decision and after having been heard. The director may at any time withdraw his agreement to a specific delegation.

Without prejudice to any disciplinary action, the accounting officer may at any time be suspended temporarily or definitively from his duties by the management board, by a reasoned decision and after having been heard. The management board shall appoint an interim accounting officer.

Article 33

The provisions of this chapter are without prejudice to the criminal-law liability which the authorising officer and his delegates may incur as provided in the applicable national law and in the provisions in force on the protection of the Communities' financial interests and on the fight against corruption involving officials of the Communities or officials of Member States.

Every authorising officer and accounting officer shall be liable to disciplinary action and payment of compensation as laid down in the Staff Regulations. In the event of illegal activity, fraud or corruption which may harm the interests of the Community, the matter will be referred to the authorities and bodies designated by the applicable legislation.

Article 34

1. The authorising officer shall be liable to payment of compensation as laid down in the Staff Regulations. Accordingly, he may be required to make good, in whole or in part, any damage suffered by the Communities as a result of serious misconduct on his part in the course of or in connection with the performance of his duties, in particular if he determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a payment order without complying with this Regulation.

The same shall apply where, through serious misconduct, he fails to draw up a document establishing an amount receivable or if he fails to issue a recovery order or is, without justification, late in issuing it, or if he fails to issue a payment order or is late in issuing it, thereby rendering the agency liable to civil action by third parties.

2. An authorising officer by delegation who considers that a decision falling under his responsibility is irregular or contrary to the principles of sound financial management shall inform the delegating authority in writing. If the delegating authority then gives a reasoned instruction in writing to the authorising officer by delegation to implement the decision in question, the latter must implement it and may not be held liable.

Article 35

1. The panel set up by the Commission to determine whether a financial irregularity has occurred and what the consequences, if any, should be, in accordance with Article 66(4) of the general Financial Regulation, may exercise the same powers in respect of the agency as it does in respect of Commission departments.

On the basis of the opinion of this panel, the director shall decide whether to initiate disciplinary proceedings or proceedings for the payment of compensation. If the panel detects systemic problems, it shall send a report with recommendations to the authorising officer and to the Commission's internal auditor. If the opinion implicates the director, the panel shall send it to the management board and the Commission's internal auditor.

2. Any member of staff may be required to make good, in whole or in part, any damage suffered by the agency as a result of serious misconduct on his part in the course of or in connection with the performance of his duties. The appointing authority shall take a reasoned decision, after completing the formalities laid down by the Staff Regulations with regard to disciplinary matters.

Article 36

An accounting officer may be liable to disciplinary action and payment of compensation, as laid down in the Staff Regulations, in particular where:

- (a) he/she loses or damages monies, assets and documents in his/her keeping or causes them to be lost or damaged by his negligence;
- (b) he/she alters bank accounts or postal giro accounts without notifying the authorising officer in advance;
- (c) he/she recovers or pays amounts which are not in conformity with the corresponding recovery or payment orders;
- (d) he/she fails to collect revenue due.

CHAPTER 4

Revenue operations*Article 37*

An estimate of the amount receivable shall first be made by the authorising officer responsible in respect of any measure or situation which may give rise to or modify an amount owing to the agency.

Article 38

Establishment of an amount receivable is the act by which the authorising officer:

- (a) verifies that the debt exists;
- (b) determines or verifies the reality and the amount of the debt;
- (c) verifies the conditions in which the debt is due.

Any amount receivable that is identified as being certain, of a fixed amount and due must be established by a recovery order given to the accounting officer, accompanied by a debit note sent to the debtor. Both of these documents shall be drawn up and sent by the authorising officer responsible.

Without prejudice to the provisions laid down in the rules, contract or agreement applicable, any debt not repaid on the due date laid down in the debit note shall bear interest in accordance with Regulation (EC, Euratom) No 2342/2002.

Article 39

The authorisation of recovery is the act whereby the authorising officer responsible instructs the accounting officer, by issuing a recovery order, to recover an amount receivable which he has established.

The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer or authorising officer responsible. He shall exercise due diligence to ensure that the agency receives its revenue and shall see that its rights are safeguarded.

Amounts wrongly paid shall be recovered.

Article 40

Where the authorising officer responsible is planning to waive recovery of an established amount receivable, he shall ensure that the waiver is in order and complies with the principle of sound financial management. He shall report his intention to waive an established amount receivable to the management board. Such a waiver shall be by decision of the authorising officer, which must be substantiated. The authorising officer may delegate this decision only for amounts receivable of less than EUR 5 000. The waiver decision shall state what action has been taken to secure recovery and the points of law and fact on which it is based.

The authorising officer responsible shall cancel an established amount receivable when the discovery of a mistake as to a point of law or fact reveals that the amount had not been correctly established. The authorising officer may delegate this decision only for amounts receivable of less than EUR 5 000. Such cancellation shall be by decision of the authorising officer responsible and shall be suitably substantiated.

The authorising officer responsible shall adjust the amount of an established debt upwards or downwards when the discovery of a factual error entails the alteration of the amount of the debt, provided that this correction does not involve the loss of the agency's established entitlement. Such an adjustment shall be by decision of the authorising officer responsible and shall be suitably substantiated.

Article 41

Upon actual recovery of the sum due, the accounting officer shall make an entry in the accounts and shall inform the authorising officer responsible. A receipt shall be issued in respect of all cash payments made to the accounting officer.

If actual recovery has not taken place by the due date stipulated in the debit note, the accounting officer shall inform the authorising officer responsible and immediately launch the procedure for effecting recovery by any means offered by the law, including, where appropriate, by offsetting and, if this is not possible, by enforced recovery.

The accounting officer shall recover claims that the agency has on any debtor who himself has a claim on the agency that is certain, of a fixed amount and due by offsetting the equivalent amounts.

Article 42

Further time for payment may be granted by the accounting officer, in liaison with the authorising officer responsible, only on written request, with due indication of the reasons, provided that the debtor undertakes to pay interest for the entire period of time allowed, starting from the date on which the payment was originally due and that, in order to safeguard the rights of the agency, he provides a financial guarantee covering both the principal sum and the interest.

CHAPTER 5

Expenditure operations

Article 43

Every item of expenditure shall be committed, validated, authorised and paid.

Article 44

In respect of any measure which may give rise to expenditure chargeable to the budget, the authorising officer responsible must first make a budgetary commitment before entering into a legal obligation with third parties.

The individual legal commitments relating to individual or provisional budget commitments shall be concluded by 31 December of year N at the latest. The unused balance of these budget commitments shall be decommitted by the authorising officer responsible.

Article 45

When a budget commitment is adopted, the authorising officer responsible shall ensure that the expenditure has been charged to the correct item in the budget, that the appropriations are available and that the expenditure conforms to the relevant provisions, including compliance with the principle of sound financial management.

Article 46

Validation of expenditure is the act whereby the authorising officer responsible verifies the existence of the creditor's entitlement, verifies the conditions under which payment falls due and determines or verifies the reality and the amount of the claim. The validation of any expenditure shall be based on supporting documents certifying the creditor's entitlement.

The validation decision shall be expressed by the signing of a 'passed for payment' voucher by the authorising officer responsible. In a non-computerised system, 'passed for payment' shall take the form of a stamp incorporating the signature of the authorising officer responsible. In a computerised system, 'passed for payment' shall take the form of validation using the personal password of the authorising officer responsible.

Article 47

Authorisation of expenditure is the act whereby the authorising officer responsible, by issuing a payment order, instructs the accounting officer to pay an item of expenditure which he has validated. The payment order shall be dated and signed by the authorising officer responsible and, where appropriate, it shall be accompanied by a document certifying that the goods have been entered in the inventories referred to in Article 64.

Payment of expenditure shall be made by the accounting officer within the limits of the funds available.

Article 48

The validation, authorisation and payment of expenditure must be carried out within the time limits specified in, and in accordance with the provisions of, the general Financial Regulation and its implementing rules.

CHAPTER 6

Internal auditor

Article 49

The role of internal auditor in the executive agencies shall be exercised by the Commission's internal auditor.

The Commission's internal auditor shall exercise the same powers over the executive agencies as over Commission departments under Articles 85 and 86 of the general Financial Regulation. He shall report to the management board and the director on his findings and recommendations. They shall ensure that action is taken on recommendations resulting from audits and inform the Commission. The internal auditor shall submit to the agency, and send to the Commission for information, an annual report indicating the number and type of audits carried out, the recommendations made and the action taken on these recommendations.

The internal auditor's liability in the exercise of his duties shall be determined in accordance with Article 87 of the general Financial Regulation.

Every year the agency shall transmit to the discharge authority and the Commission a report drawn up by the director of the agency summarising the number and type of internal audits made by the internal auditor, the recommendations made and the follow-up given to those recommendations.

TITLE V

PROCUREMENT*Article 50*

1. As regards procurement for the operation of the agency, the provisions of the general Financial Regulation and Regulation (EC, Euratom) No 2342/2002 shall apply.
2. Executive agencies may ask to be associated, as contracting authority, with the award of Commission or inter-institutional contracts.
3. By way of derogation from paragraph 1, for the supply of goods, provision of services or performance of work that the Commission or interinstitutional offices are able to carry out, the executive agencies shall first use them before applying a procurement procedure.

TITLE VI

PRESENTATION OF THE ACCOUNTS AND ACCOUNTING

CHAPTER 1

*Presentation of the accounts**Article 51*

The agency's accounts shall comprise the financial statements and the reports on budget implementation. They shall be accompanied by a report on budgetary and financial management during the year.

Article 52

The accounts must comply with the rules and be accurate and comprehensive and present a true and fair view:

- (a) as regards the financial statements, of the assets and liabilities, charges and income, entitlements and obligations not shown as assets or liabilities, and cash flow;
- (b) as regards reports on budget implementation, of revenue and expenditure operations.

Article 53

The financial statements shall be drawn up in accordance with the generally accepted accounting principles specified in Regulation (EC, Euratom) No 2342/2002, namely: going concern basis, prudence, consistent accounting methods, comparability of information, materiality, no netting, reality over appearance, accrual-based accounting.

Article 54

In accordance with the principle of accrual-based accounting, the financial statements shall show the charges and income for

the financial year, regardless of the date of payment or collection.

The value of assets and liabilities shall be determined in accordance with the valuation rules laid down by the accounting methods referred to in Article 59.

Article 55

The financial statements shall be presented in euro and shall comprise:

- (a) the balance sheet and the economic outturn account, which represent the assets and liabilities and financial situation and the economic outturn at 31 December of the previous year; they shall be presented in accordance with the structure laid down by the Council Directive on the annual accounts of certain types of companies, but with account being taken of the specific nature of the agency's activities;
- (b) the cash-flow table showing amounts collected and disbursed during the year and the final treasury position;
- (c) the statement of changes in capital presenting in detail the increases and decreases during the year in each item of the capital accounts.

The Annex to the financial statements shall supplement and comment on the information presented and shall supply all the additional information prescribed by internationally accepted accounting practice where such information is relevant to the agency's activities.

Article 56

The budget implementation reports shall be presented in euro. They shall comprise:

- (a) the budget outturn account, which sets out all budget operations for the year in terms of revenue and expenditure; the structure in which it is presented shall be the same as that of the budget itself;
- (b) the annex to the budget outturn account, which shall supplement and comment on the information given in that account.

Article 57

The agency's accounts shall be consolidated with those of the Commission, in accordance with the procedure provided for in Article 14 of Regulation (EC) No 58/2003 and in accordance with the following provisions:

- (a) the management board shall notify, by 1 March following the end of the financial year, the accounting officer of the Commission and the Court of Auditors of the provisional accounts accompanied by the report on the budgetary and financial management during the year;

- (b) the management board shall approve, on the basis of the draft drawn up by the director, the final accounts of the agency and shall send them to the accounting officer of the Commission and to the Court of Auditors, the European Parliament and the Council, by 1 July of the following year at the latest;
- (c) the final accounts of the agency, consolidated with those of the Commission, shall be published in the *Official Journal of the European Union* on 31 October of the following financial year;
- (d) the director shall send the Court of Auditors a reply to any observations made in the report referred to in Article 14(3) of Regulation (EC) No 58/2003 by 30 September at the latest.

CHAPTER 2

Accounting

Article 58

1. The agency's accounting system is the system serving to organise the budgetary and financial information in such a way that figures can be input, filed and registered.

The accounts shall consist of general accounts and budget accounts. These accounts shall be kept in euro on the basis of the calendar year.

The figures in the general accounts and the budget accounts shall be adopted at the close of the budget year so that the accounts referred to in Chapter 1 can be drawn up.

2. Notwithstanding paragraph 1, the authorising officer may keep analytical accounts.

Article 59

The accounting rules and methods and the harmonised chart of accounts to be applied by the agency shall be adopted by the Commission's accounting officer, in accordance with Article 133 of the general Financial Regulation.

Article 60

The general accounts shall record, in chronological order using the double entry method, all events and operations which affect the economic and financial situation and the assets and liabilities of the agency.

Article 61

Movements on the accounts and the balances shall be entered in the accounting ledgers.

All accounting entries, including adjustments to the accounts, shall be based on supporting documents, to which they shall refer. The accounting system must be such as to leave a trail for all accounting entries.

Article 62

The accounting officer of the agency shall, after the close of the budget year and up to the date of presentation of the final accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are necessary for a true and fair presentation of the accounts in compliance with the rules.

Article 63

The budget accounts shall provide a detailed record of budget implementation. The budget accounts shall record all budget revenue and expenditure operations provided for in Title IV.

Article 64

The agency's accounting officer shall keep inventories showing the quantity and value of all the agency's tangible, intangible and financial assets in accordance with a model drawn up by the accounting officer of the Commission. The agency's accounting officer shall check that entries in the inventory correspond to the actual situation.

The sale of movable property shall be advertised in an appropriate manner.

TITLE VII

EXTERNAL AUDIT AND DISCHARGE

Article 65

The Court of Auditors shall scrutinise the agency's accounts in accordance with Article 248 of the EC Treaty.

The scrutiny carried out by the Court of Auditors shall be governed by Articles 139 to 144 of the general Financial Regulation.

The management board shall send the Court of Auditors the budget, as finally adopted. It shall inform the Court of Auditors, as soon as possible, of all decisions and acts adopted pursuant to Articles 15, 18, 26 and 31.

Article 66

The European Parliament, upon a recommendation from the Council, which shall decide by qualified majority, shall give a discharge to the director in respect of the implementation of the administrative budget for year N by no later than 29 April of the year N+2.

The discharge decision shall cover the accounts of all the agency's revenue and expenditure, the resulting balance and the assets and liabilities of the agency shown in the balance sheet. Discharge shall be granted concomitantly with that relating to the implementation of the general budget of the European Union.

With a view to granting the discharge, the European Parliament shall, after the Council has done so, examine the financial statements and reports on budget implementation of the agency. It shall also examine the report of the Court of Auditors referred to in Article 14(3) of Regulation (EC) No 58/2003, together with the replies of the director.

The director shall submit to the European Parliament, at the latter's request, in the same manner as provided for in Article 146(3) of the general Financial Regulation, any information required for the smooth application of the discharge procedure for the year in question.

Article 67

The director and the Commission shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.

At the request of the European Parliament or the Council, the director shall report on the measures taken in the light of these observations and comments. After first sending the report to the Commission, he shall send a copy to the Court of Auditors.

TITLE VIII

TRANSITIONAL AND FINAL PROVISIONS

Article 68

The time limits referred to in Article 57 shall apply for the first time in respect of financial year 2005.

For earlier years these time limits shall be:

- (a) 15 September for Article 57(b),
- (b) 30 November for Article 57(c),
- (c) 31 October for Article 57(d).

The provisions of Title VI shall apply progressively in line with technical possibilities so as to produce their full effect in respect of financial year 2005.

Article 69

The European Parliament, the Council and the Commission shall be empowered to obtain any necessary information or explanations regarding budgetary matters within their fields of competence.

Article 70

This Regulation shall enter into force on the twentieth day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 21 September 2004.

For the Commission
Michele SCHREYER
Member of the Commission

II

(Acts whose publication is not obligatory)

CONFERENCE OF THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES

DECISION OF THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES OF THE EUROPEAN UNION

of 14 July 2004

appointing judges at the Court of First Instance of the European Communities

(2004/646/EC, Euratom)

THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 224 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 140 thereof,

Whereas:

- (1) The terms of office of Mr DEHOUSSE, Mr VESTERDORF, Ms JÜRIMÄE, Mr VILARAS, Mr PAPASAVVAS, Mr JAEGER, Mr CZÚCZ, Mr MEIJ, Mr AZIZI, Ms WISZNIEWSKA-BIAŁECKA, Ms MARTINS de NAZARÉ RIBEIRO, Mr ŠVÁBY and Ms TIILI as judges at the Court of First Instance are due to end on 31 August 2004.
- (2) The membership of the Court of First Instance should be renewed in part for the period from 1 September 2004 to 31 August 2010,

HAVE DECIDED AS FOLLOWS:

Article 1

The following are hereby appointed judges at the Court of First Instance for the period from 1 September 2004 to 31 August 2010:

Mr Franklin DEHOUSSE

Mr Bo VESTERDORF

Ms Küllike JÜRIMÄE

Mr Mihalis VILARAS

Mr Savvas S. PAPASAVVAS

Mr Marc JAEGER

Mr Ottó CZÚCZ

Mr Arjen Willem Hendrik MEIJ

Mr Josef AZIZI

Ms Irena WISZNIEWSKA-BIAŁECKA

Ms Maria Eugénia MARTINS de NAZARÉ RIBEIRO

Mr Daniel ŠVÁBY

Ms Virpi TIILI

Article 2

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels, 14 July 2004.

For the Council
The President
T. DE BRUIJN

COUNCIL

DECISION No 2/2004 OF THE ACP-EC COUNCIL OF MINISTERS

of 30 June 2004

on the revision of the terms and conditions of financing for short-term fluctuations in export earnings (Annex II to the ACP-EC Partnership Agreement signed in Cotonou)

(2004/647/EC)

THE ACP-EC COUNCIL OF MINISTERS,

Having regard to the ACP EC Partnership Agreement signed in Cotonou on 23 June 2000, and in particular, Article 100 thereof,

Whereas:

- (1) The importance of a system of additional support in order to mitigate the adverse effects of any instability in export earnings has been emphasised in the ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000.
- (2) In accordance with Article 68(3) of the ACP-EC Partnership Agreement, the least-developed, landlocked and island ACP States shall receive more favourable treatment.
- (3) In accordance with Article 11 of Annex II to the Agreement, the provisions of chapter 3 of that Annex on financing for short-term fluctuations in export earnings shall be subject to review at the latest after two years of operation and subsequently at the request of either Party.
- (4) In order to improve the functioning of the system on financing for short-term fluctuations in export earnings and ensure that it responds more adequately to its objectives,

HAS DECIDED AS FOLLOWS:

Article 1

Article 9(1) of Annex II to the ACP-EC Partnership Agreement shall be replaced by the following:

'1. Eligibility for additional resources shall be established by:

- (a) a 10 % (2 % in the case of least-developed, landlocked and island States) loss of export earnings from goods compared with the arithmetical average of the earnings in the first three years of the first four years preceding the application year;

or

a 10 % (2 % in the case of least-developed, landlocked and island States) loss of export earnings from the total of agricultural or mineral products compared with the arithmetical average of the earnings in the first three years of the first four years preceding the application year for countries where the agricultural or mineral export revenues represent more than 40 % of total export revenues from goods; and

- (b) a 2 % worsening in the programmed public deficit programmed for the year in question or forecast for the following year.'

Article 2

This Decision shall enter into force on the day of its adoption.

Done at Brussels, 30 June 2004.

*The Chairman of the ACP-EC Committee
of Ambassadors*

by delegation, for the ACP-EC Council of Ministers

J. OBIA

COUNCIL DECISION
of 13 September 2004
on the principles, priorities and conditions contained in the European Partnership with Croatia
(2004/648/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 533/2004 of 22 March 2004 on the establishment of European Partnerships in the framework of the Stabilisation and Association process⁽¹⁾ and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Thessaloniki European Council of 19 and 20 June 2003 endorsed the 'Thessaloniki Agenda for the western Balkans: moving towards European integration' where the drawing-up of European Partnerships is mentioned as one of the means to intensify the Stabilisation and Association process.
- (2) Regulation (EC) No 533/2004 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities and conditions to be contained in the European Partnerships, as well as any subsequent adjustments. It also states that the follow up of the implementation of the European Partnerships will be ensured through the mechanisms established under the Stabilisation and Association process, notably the Annual Reports.
- (3) The Commission's opinion on Croatia's application for membership presents an analysis of Croatia's prep-

arations for further integration with the European Union and identifies a number of priority areas for further work.

- (4) In order to prepare for further integration with the European Union, Croatia should develop a plan with a timetable and details to address the priorities of the European Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 1 of Regulation (EC) No 533/2004, the principles, priorities and conditions in the European Partnership with Croatia are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the European Partnership shall be examined through the framework of the mechanisms established under the Stabilisation and Association process.

Article 3

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

Done at Brussels, 13 September 2004.

For the Council
The President
B. R. BOT

⁽¹⁾ OJ L 86, 24.3.2004, p. 1.

ANNEX

1. INTRODUCTION

The Thessaloniki Agenda for the western Balkans identifies ways and means of intensifying the Stabilisation and Association process, *inter alia*, through the introduction of European Partnerships.

Based on the Commission's Opinion on Croatia's application for membership, the purpose of the European Partnership with Croatia is to identify priorities for action in order to support efforts to move closer to the European Union within a coherent framework. The priorities are adapted to Croatia's specific needs and stage of preparation and will be updated as necessary. The European Partnership also provides guidance for financial assistance to Croatia.

It is expected that Croatia will adopt a plan including a timetable and details in terms of how it intends to address the European Partnership priorities. The plan should also indicate ways to pursue the Thessaloniki agenda, the priorities on fighting organised crime and corruption and the measures on integrated border management presented at the JHA ministerial meeting held in Brussels on 28 November 2003 in the framework of the EU-western Balkans Forum.

2. PRINCIPLES

The Stabilisation and Association process remains the framework for the European course of the western Balkan countries, all the way to their future accession.

The main priorities identified for Croatia relate to its capacity to meet the criteria set by the Copenhagen European Council of 1993 and the conditions set for the Stabilisation and Association process, notably the conditions defined by the Council in its conclusions of 29 April 1997 and 21 and 22 June 1999, the content of the final declaration of the Zagreb Summit of 24 November 2000 and the Thessaloniki agenda.

3. PRIORITIES

The European Partnership indicates the main priority areas for Croatia's preparations for further integration with the European Union, based on the analysis in the Commission's Opinion on Croatia's application for membership. The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that Croatia can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years.

It should be recalled that where legislative approximation is concerned, incorporation of the EU *acquis* into legislation is not in itself sufficient; it will also be necessary to prepare for its full implementation.

3.1. SHORT-TERM PRIORITIES**Political criteria****Democracy and rule of law***Strengthen the judicial system*

Develop and implement a comprehensive strategy for judicial reform in consultation with interested bodies, including the adoption of necessary new legislation and the establishment of a career management system which also includes an open, fair and transparent system for recruitment, evaluation and mobility. Enhance professionalism in the judiciary by ensuring adequate State funding for the training institutions for judges and other judicial officials, allowing it to develop high-quality training for judges, prosecutors and administrative staff. Provide for adequate initial and vocational training schemes. Address the problem of backlog in courts. Take measures to ensure proper and full execution of court rulings.

Improve the fight against corruption

Take steps to ensure that the legal framework for tackling corruption is implemented and enforced. In particular strengthen the administrative and operational capacity of the Office for the Suppression of Corruption and Organised Crime (USKOK). Further develop a national strategy for preventing and combating corruption, and provide for the required coordination among the relevant government departments and bodies as regards the implementation of action. Introduce codes of conduct/ethics for officials and elected representatives. Take concrete actions to raise awareness of corruption as a serious criminal offence.

Improve the functioning of the public administration

Take initial steps to ensure the use of transparent procedures for recruitment and promotion and to improve human resource management in all bodies of the public administration in order to ensure accountability, openness and transparency of the public service.

Human rights and protection of minorities*Improve respect for minority rights*

Ensure implementation of the Constitutional Law on National Minorities. In particular ensure proportional representation of minorities in local and regional self government units, in the State administration and judicial bodies, and in bodies of the public administration as regulated by the Law. Provide the necessary means, including adequate funding, to ensure proper functioning of elected Minority Councils. Implement the new strategy for the protection and integration of Roma.

Speed up refugee return

Complete the processing of requests for *housing reconstruction* already submitted, by April 2004; reconstruct all houses for which there is a positive decision by April 2005; ensure an adequate public awareness campaign for potential beneficiaries, following the re-opening of the deadline for submission of requests for reconstruction from 1 April to 30 September 2004. Complete the *repossession of houses* by June 2004. Implement legislation for compensation of lost *tenancy/occupancy rights* inside and outside the areas of special State concern. Secure adequate coordination and cooperation between all relevant authorities on central and local level. Create social and economic conditions to improve the climate for returnees and the acceptance of returnees by receiving communities. Enhance regional cooperation for accelerating the process of refugee return.

Enhance the freedom of expression and ensure democratic functioning of the media

Review the media legislation in line with the recommendations formulated in February 2004 by the joint expertise mission of the Council of Europe, the Commission and the OSCE. In particular, review the Electronic Media Act in order to establish a transparent, predictable and effective regulatory framework (including progressive alignment with the EU *acquis* through the full implementation of the already ratified Convention of the Council of Europe on Transfrontier Television); ensure political and financial independence of the Council for Electronic Media; ensure that Croatian Radio and Television and its Programme Council work independently and remain stable while the Croatian Radio and Television Act is reviewed; ensure that the review of the Media Act and legislation concerning defamation reflects European standards as defined in Article 10 of the European Convention on Human Rights and the jurisprudence of the European Court of Human Rights.

Improve cooperation with the Ombudsman taking fully into consideration the findings expressed in his recommendations and annual report.

Regional cooperation*Ensure full cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY)**Enhance regional cooperation*

Work to find definitive solutions to pending bilateral issues, in particular border issues with Slovenia, Serbia and Montenegro and Bosnia and Herzegovina without taking unilateral initiatives. Resolve all issues arising from the unilateral declaration of the protected 'Ecological and fishing zone' in the Adriatic. Ensure implementation of all regional free trade agreements. Conclude and implement a set of agreements with neighbouring countries in the fields of fight against organised crime, border management and readmission. Start implementing the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network and in particular take measures to set up the cooperation mechanisms, i.e. the Steering Committee and the South East Europe Transport Observatory (SEETO). Make progress in meeting commitments under the 2002 and 2003 Memoranda of the Athens process on the Regional Energy Market in South East Europe.

Ensure proper implementation of the Stabilisation and Association Agreement in the field of regional cooperation

Conclude negotiations with the Former Yugoslav Republic of Macedonia on the bilateral convention on regional cooperation

Economic criteria

Sustain prudent, stability-oriented macro-economic policies, including the development of market-based monetary instruments to enhance the effectiveness of monetary policy.

Accelerate enterprise restructuring and privatisation

Remove uncertainties through the swift adoption of pending legislation. Accelerate enterprise restructuring and privatisation of socially owned enterprises. Develop and adopt strategies for the restructuring and privatisation or liquidation of large public enterprises, particularly in manufacturing, agriculture, transport, tourism and public utilities. Adopt and start implementing a restructuring programme in the steel sector in line with EU requirements.

Reduce barriers to market entry and exit

Simplify the rules for market entry and market exit of enterprises. In particular, speed up registration procedures and improve the implementation of bankruptcy rules.

Accelerate land reform, and in particular registration and privatisation of agricultural land, through the establishment of a modern and efficient cadastre and land registry to eliminate the current obstacles to the development of land and housing markets.

Adopt a medium-term fiscal framework reflecting continued fiscal adjustment and consolidation.

Continue structural reforms in public finance, particularly in the area of expenditure management. Establish a transparent and efficient debt management capacity.

Ability to assume the obligations of membership

Internal market and trade

Free movement of goods

Restructure the existing institutional framework in order to complete the necessary separation between the regulatory, accreditation, standardisation and product certification functions. Continue work on the transposition of old approach and new approach directives.

Abolish remaining measures having equivalent effect to quantitative restrictions on imports from the EU.

Establish the necessary administrative structures to ensure a comprehensive approach to enhance food safety throughout the entire food chain.

Ensure that an effective and transparent public procurement regime becomes fully operational and adopt the necessary implementing regulations.

Freedom to provide services

Strengthen the regulatory and administrative framework for the supervision of financial services and in particular of the insurance market, investment services and securities markets.

Establish an independent supervisory authority in the area of personal data protection.

Free movement of capital

Improve anti-money laundering legislation and complete the establishment of an effective anti-money laundering system.

Company law

Continue legislative alignment in order to guarantee a level of protection of intellectual, industrial and commercial property rights similar to that existing in the EU and strengthen administrative capacity in order to provide effective means of enforcing such rights.

Competition

Continue alignment with the EU *acquis*, enforce anti-trust and State aid legislation and adopt relevant implementing regulations. Strengthen the administrative capacity and the independence of the Agency for the Protection of Market Competition, both in the fields of State aid and anti-trust. Improve transparency in the field of State aid, *inter alia*, by providing to the EU a regular annual report, and establish a comprehensive inventory of State aid schemes.

Taxation

Start reviewing the present tax legislation and the administrative procedures in order to ensure effective enforcement of tax legislation.

Strengthen the capacity of the tax and customs administrations, particularly regarding collection and control functions; create a functioning and adequately staffed excise duty service; simplify procedures to effectively prosecute tax fraud.

Start developing the necessary IT systems so as to allow for the exchange of electronic data with the EU and its Member States.

Customs union

Strengthen the administrative and operational capacity of customs services, in particular with regard to the control of preferential rules of origin, and continue alignment with the EU Customs Code.

Further enhance administrative cooperation in the customs sector in accordance with the Interim Agreement.

External relations

Implement properly the protocol on the adaptation of the Stabilisation and Association Agreement/Interim Agreement to take account of EU enlargement.

Sectoral policies*Agriculture*

Start setting up a proper land parcel identification system and animal identification system in line with the *acquis*. Reinforce the collection and processing of agricultural statistics in line with EU standards and methodology.

Develop a strategy to establish effective and financially sound paying bodies for the management and control of agricultural funds, in line with EU requirements and international auditing standards.

Reinforce the administrative structures needed to establish a rural development strategy and policy instruments for the design, implementation, management, monitoring, control and evaluation of rural development programmes.

Continue alignment with the EU *acquis* in the veterinary and phytosanitary sector, upgrade inspection arrangements, modernise meat and dairy plants in order to meet EU hygiene and public health standards. Align the import regime for live animals and animal products with international sanitary and phytosanitary obligations and the EU *acquis*.

Fisheries

Start establishing adequate administrative and inspection structures for the fisheries policy. Following Croatia's unilateral decision of October 2003 to expand its jurisdiction in the Adriatic, evaluate with the Commission and interested neighbouring countries, in particular Slovenia and Italy, the consequences for fishing activities in the area, with a view to elaborating appropriate solutions, within the framework of the conclusions of the Venice Conference on the Sustainable development of fisheries in the Mediterranean, to ensure the continuity of Community fishing activities.

Transport

Continue legislative alignment and strengthen administrative capacity in the aviation sector.

Statistics

Strengthen the administrative capacity of the Croatian Bureau of Statistics and improve coordination with other producers of official statistics in Croatia. Submit to the Commission a new proposal for statistical regions, in line with EU requirements.

Telecommunications and information technologies

Strengthen the capacity of the national regulatory authorities in the fields of telecommunications and postal services and ensure their independence.

Environment

Develop horizontal legislation, including on environmental impact assessment and public participation.

Strengthen the administrative capacity at national and regional level to ensure planning, including preparation of financial strategies.

Strengthen the capacity of national and regional inspection services and enable them to effectively enforce environmental legislation.

Adopt and start implementing a waste management plan.

Financial control

Develop a policy for the establishment of a Public Internal Financial Control system. Establish or reinforce public internal control functions through provision of adequate staff, training and equipment, including functionally independent internal audit units.

Establish effective procedures for the detection, treatment and financial, administrative and judicial follow-up of irregularities affecting the Communities' financial interests.

Cooperation in justice and home affairs*Border management*

Strengthen border management reinforcing in particular the surveillance of the sea borders; adopt and implement an integrated border management strategy; increase investments in technical equipment and infrastructure; strengthen specialised training for border officers.

In coordination with all relevant agencies, implement the measures which were adopted by the Government and presented at the meeting of JHA ministers in the framework of the EU-western Balkans Forum on 28 November 2003.

Organised crime, drugs, corruption and terrorism

Implement the action-oriented measures which were adopted by the Government and presented at the meeting of JHA ministers in the framework of the EU-western Balkans Forum on 28 November 2003.

Improve coordination between law enforcement bodies and the judiciary, particularly in connection with economic crime, organised crime, fraud, money laundering and corruption; reinforce the fight against drug trafficking and strengthen drug prevention and drug demand reduction; strengthen the administrative capacity of USKOK.

Continue to prepare for the conclusion of a cooperation agreement with Europol.

Increase international cooperation and full implementation of the relevant international conventions relating to terrorism; improve cooperation and exchange of information between police and intelligence services within the State and with other States; reinforce the prevention of financing of and preparation of acts of terrorism.

Migration and asylum

Implement the new asylum legislation, including the establishment of a temporary reception centre.

3.2. MEDIUM-TERM PRIORITIES**Political criteria****Democracy and rule of law**

Further strengthen the judicial system.

Continue implementation of judiciary reform and take measures further to reduce the backlog of cases in all courts; rationalise the organisation of courts including the development of modern information technology systems and an adequate level of administrative staff; ensure the regular and effective enforcement of court decisions; ensure access to justice and legal aid and make available the corresponding budgetary resources; enhance training in EU legislation.

Further enhance the fight against corruption and organised crime

Foster further progress in the field of the fight against corruption and implement related legislation. In particular, establish specialist units for combating corruption within the appropriate services and provide them with adequate training and resources. Ensure that the standards set by international instruments will be met, by putting in place the appropriate legislative and administrative measures. Facilitate the placement of liaison officers, seconded by EU member States in the relevant state bodies involved in the fight against organised crime. Provide six-monthly reports to the EU on tangible results achieved in the judicial pursuit of organised crime related activities under the terms of the United Nations Convention on trans-national organised crime, known as the Palermo Convention.

Further improve the functioning of the public administration

Continue the process of institution building directly relevant to the *acquis* and introduce reforms to improve the effectiveness of the public administration generally. Complete the denationalisation process.

Human rights and the protection of minorities*Ensure continued respect for minority rights*

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, anti-discrimination measures aimed at fostering employment opportunities, increasing access to education and improving housing conditions.

Complete the process of refugee return through proper and timely implementation of the relevant legislation. Ensure economic and social reintegration of returnees through regional development programmes in affected areas.

Regional cooperation*Further enhance regional cooperation*

With regard to the Athens process on the Regional Energy Market in south-east Europe, prepare for the establishment of an integrated regional energy market.

Economic Criteria*Further improve conditions for private enterprises*

Make substantial progress in the privatisation process and continue efforts to improve the conditions for the creation and development of private enterprises. Make substantial progress in the area of large enterprise restructuring.

Complete land reform with particular emphasis on the registration and privatisation of agricultural land.

Continue labour market reform

Continue efforts to improve labour market responsiveness and increase labour force participation.

Continue implementation of a sustainable medium-term fiscal framework through a continuous reduction of overall public spending as a share of GDP. Prioritise public spending to free resources for EU *acquis*-related expenditure, including reform of the health care and pension system. Continue to reduce subsidies to large loss-making enterprises. On this basis, further reduce the general government deficit and the public sector debt burden.

Ability to assume the obligations of membership**Internal market and trade***Free movement of goods*

Make substantial progress in the transposition of old and new approach directives and in the adoption of EU standards.

Continue alignment of Croatian foodstuff legislation and strengthen the necessary implementing structures.

Implement a public procurement regime disposing of all relevant administrative structures and make substantial progress in the work towards complete alignment with the EU *acquis*.

Free movement of persons

Continue alignment with the EU *acquis* on mutual recognition of professional qualifications and diplomas, including education and training provisions, further develop the required administrative structures.

Abolish any discriminatory measures towards EU migrant workers and EU citizens; reinforce administrative structures for coordination of social security schemes.

Freedom to provide services

Abolish the remaining barriers to establishment and provision of cross-border services by natural or legal persons from the EU.

Continue alignment of data protection legislation; strengthen and ensure the independence of the supervisory authority.

Free movement of capital

Work towards removing remaining restrictions on capital movements; continue alignment of legislation on payment systems and ensure effective implementation.

Strengthen the administrative capacity of the financial intelligence unit and improve its cooperation with other institutions involved in the fight against money laundering.

Company law

Complete alignment in the field of intellectual and industrial property rights and strengthen enforcement in the fight against piracy and counterfeiting.

Competition

Reinforce the anti-trust and State aid authority and build up a credible enforcement record. Substantially improve transparency in the field of State aid. Develop training on competition law and policy at all levels of the administration and the judiciary.

Taxation

Continue work towards completing alignment with the tax *acquis* as regards VAT and excise duties, with particular attention to including the free zones in the territorial application of VAT and to abolishing the existing VAT zero rates and the sales tax.

Commit to the principles of the Code of Conduct for business taxation and ensure that new tax measures are in conformity with these principles.

Continue strengthening the tax administration, including the IT sector, and ensure its proper functioning in order to reach EU standards and IT systems interconnectivity. Develop and implement a Code of Ethics.

Customs union

Strengthen and consolidate the administrative and operational capacity of customs services. Expand training of all staff and increase the use of information technologies, the design and use of which should be compatible with EU systems in order to secure interconnectivity. Develop and implement a Code of Ethics for the customs service. Strengthen auditing and the use of risk assessment and selectivity.

Pursue alignment in the areas of free zones, transit, fees, tariff ceilings and the Generalised System of Preferences.

Sectoral policies*Agriculture*

Strengthen the administrative structures needed to implement market and rural development policies; establish a vineyard register in line with EU standards. Continue preparations for the establishment of a fully-functioning administration and control system and a paying agency in line with EU requirements.

Continue and substantially improve alignment with the EU *acquis* in the veterinary and phytosanitary sectors, including a system for animal identification, animal waste treatment, modernisation of meat and dairy plants, animal disease control programmes and plant protection; significantly upgrade inspection structures.

Fisheries

Continue the establishment of adequate administrative structures and equipment to ensure effective implementation of the fisheries policy, including management of resources, inspection and control of fishing activities, market policy, structural programmes, a fishing vessel register and a management plan for the fleet capacity in accordance with available fish resources.

Transport

Continue alignment with the EU *acquis* and develop adequate administrative capacity in the areas of road transport (social, technical and fiscal provisions), rail transport (in particular interoperability provisions and the independent allocation of capacity) and maritime transport (in particular in the area of maritime safety). Reach full alignment with the EU *acquis* in the field of aviation, in the framework of an agreement on Croatian participation in the European common aviation market.

Economic and monetary union

Continue alignment of the legislation governing the central bank. Improve monetary policies to expand the use and effectiveness of market-oriented monetary instruments.

Social policy and employment

Continue alignment with EU legislation in the fields of occupational health and safety, labour law, equal treatment for women and men and anti-discrimination; strengthen related administrative structures and those required for the coordination of social security.

Develop and implement a comprehensive employment strategy involving all relevant actors with a view to later participation in the European Employment Strategy, matched by appropriate capacity building for analysis, implementation and assessment.

Further develop the capacity of the social partners, notably in bipartite social dialogue, to develop and implement the EU *acquis*.

Continue alignment of public health legislation and increase investment in health care.

Energy

Continue alignment with the EU *acquis* on the internal energy market (electricity and gas), improve energy efficiency, promote renewable energy sources, build up oil stocks to ensure adequate security of supply, ensure nuclear safety and radiation protection; strengthen administrative capacity in all these areas.

Small and medium-sized enterprises

Continue implementation of the European Charter for Small Enterprises. Further simplify company registration procedures.

Science and research

Strengthen research and technological development capacity in order to ensure successful participation in the Community Framework Programmes.

Education and training

Step up efforts to create a modern vocational education and training system.

Telecommunications and information technologies

Adopt the necessary primary and secondary legislation to complete the regulatory framework and introduce competition in all fields. Adopt a coherent strategy for the promotion of a knowledge-based economy.

Regional policy and coordination of structural instruments

Ensure a clear distribution of responsibilities and effective inter-ministerial coordination in order to develop a comprehensive and coherent strategy in the field of regional development. Set up partnership structures ensuring close cooperation between relevant stakeholders at national and regional level.

Ensure that the designated managing and paying authorities will progressively build up their capacity; design and implement regional development plans; enhance financial management and control procedures; set up proper monitoring and evaluation systems.

Environment

Ensure the integration of environmental protection requirements into the definition and implementation of other sectoral policies with a view to promoting sustainable development; implement horizontal legislation.

Continue work on the transposition of the EU *acquis*, with particular emphasis on waste management, water quality, air quality, nature protection and integrated pollution prevention and control. Develop an environmental investment strategy based on estimations of the costs of alignment. Increase investments in environmental infrastructure, with particular emphasis on waste water collection and treatment, drinking water supply and waste management.

Consumer and Health Protection

Continue alignment with the EU *acquis* on safety-related measures and strengthen the administrative capacity needed for effective market surveillance.

Financial control

Develop a coherent legislative framework and efficient mechanisms for monitoring, controlling and auditing public income and expenditure.

Develop effective mechanisms for the communication of irregularities affecting the Communities' financial interests to the Commission and establish the necessary coordination methods.

Cooperation in justice and home affairs*Border management*

Strengthen border control, develop national databases and registers and ensure coordination between the relevant services.

Organised crime and corruption

Improve the equipment and infrastructure of the police, including the establishment of a computer-based investigation system; strengthen cooperation between the police and other law enforcement agencies; reinforce the fight against drug trafficking, organised crime, economic crime (including money-laundering and counterfeiting of currencies), fraud and corruption; improve alignment of the related national legislation with the *acquis* in these sectors.

4. PROGRAMMING

Community assistance under the Stabilisation and Association process to the western Balkan countries will be provided by the relevant financial instruments, and in particular by Council Regulation (EC) No 2666/2000 ⁽¹⁾ of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia; accordingly, this Decision will have no financial implications. In addition Croatia will have access to funding from multi-country and horizontal programmes. The Commission is working 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 facilitate the co-financing of projects relating to the Stabilisation and Association process.

5. CONDITIONALITY

Community assistance under the Stabilisation and Association process to the western Balkan countries is conditional on further progress in satisfying the Copenhagen political criteria. Failure to respect these general conditions could lead the Council to take appropriate measures on the basis of Article 5 of Regulation (EC) No 2666/2000.

Community assistance shall also be subject to the conditions defined by the Council in its conclusions of 29 April 1997, in particular as regards the recipient's undertaking to carry out democratic, economic and institutional reforms, taking into account the priorities set out in this European Partnership.

6. MONITORING

The follow up of the European Partnership is ensured through the mechanisms established under the Stabilisation and Association process and notably the Annual Reports on the Stabilisation and Association process.

⁽¹⁾ OJ L 306, 7.12.2000, p. 1. Regulation as amended by Regulation (EC) No 2415/2001 (OJ L 327, 12.12.2001, p. 3).