



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.11.2001
COM(2001) 662 final

Proposal for a

COUNCIL DECISION

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

EXPLANATORY MEMORANDUM

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. In line with the provisions laid down in Regulation (EC) No. 622/98¹ (article 2), the Partnership was updated a first time in December 1999, taking into account further developments in Slovenia. Based on the analysis of the Commission's 2001 Regular Report on progress made by Slovenia towards accession, the Commission considers that the time has come for a further revision of the priorities and intermediate objectives identified in the Accession Partnership. The present proposal for such a revision draws on the findings of the Commission's 2001 Regular Report on progress made by Slovenia towards accession.

The attached decision does not have financial implications.

In view of the above, the Commission invites the Council to adopt the attached decision.

¹ OJ L 85, 20.3.1998, p. 1

Proposal for a

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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,² 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;

² OJ L 85, 20.3.1998, p. 1

- (7) Slovenia needs to ensure that the appropriate legal and administrative structures needed for the programming, co-ordination, 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 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 that of its publication in the Official Journal of the European Communities.

Done at Brussels,

For the Council

The President

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 Developments 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 – 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 May 31, 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.³

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.

³ The order of presentation is that used as from the 2000 Regular Reports.

- 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 co-ordination and effectiveness of national market surveillance bodies and prepare the relevant administration and food operators to the implementation of EC principles of food safety.
- Proceed with the screening of Slovenian legislation in the non-harmonised area to ensure that it is in compliance with Articles 28-30 of the EC 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, 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 co-ordination 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.

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 co-ordination 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 grantors; 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 EC-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.
- 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.
- Continue the overall upgrading of food processing establishments with a view to meeting EC 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 co-operation 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.

Social policy and employment

- Continue to support social partners' capacity building efforts with a view to their future role in the elaboration and implementation of EU employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue.
- Complete alignment and ensure proper implementation of EC 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 audio-visual policy

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

Regional policy and co-ordination 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 inter-ministerial co-ordination.
- 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 EC 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.

Co-operation 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 EU 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 co-operation 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 co-operation 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 EC 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 co-operating with OLAF through this contact point.
- Develop co-ordination 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 EC pre-accession funding as a key indicator of Slovenia's ability to implement the financial control *acquis*.

5. PROGRAMMING

For the period 2000-2006, 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 1268/99, 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 1267/99, 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 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 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 sub-committee. 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 sub-committees.

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 Co-ordinating Regulation (Council Regulation (EC) No 1266/99, 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.