

Official Journal

of the European Communities

ISSN 0378-6978

L 335

Volume 42

28 December 1999

English edition

Legislation

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II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 6 December 1999

on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with the Republic of Hungary

(1999/850/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;

- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Hungary's preparations for membership and identified a number of priority areas for further work;
- (6) in order to prepare for membership, the Republic of Hungary should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of Hungary are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council
The President
T. HALONEN

ANNEX

HUNGARY: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Hungary towards membership of the European Union, the financial means available to help Hungary implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Hungary can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

Hungary submitted a revised version of its National programme for the adoption of the *acquis* (NPAA) on 6 July 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Hungary's membership preparations. Hungary will nevertheless have to address all issues identified in the Regular Report. It is also important that Hungary fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Hungary.

3.1. Short-term (2000)

Political criteria:

- start implementation of the medium-term Roma action programme including provision for the necessary financial support at national and local levels; implement measures aimed at fighting discrimination (including within police services); foster employment opportunities and increase access to education.

Economic criteria:

- speed up restructuring of public finances including reform of the health care system,
- implement a plan for restructuring the steel sector in line with European Union requirements,
- establish a functioning land market; finalise the land and property register.

Internal market:

- free movement of goods: accelerate alignment of European standards, certification and conformity assessment; adopt implementing legislation related to pharmaceuticals, reinforce existing market surveillance and conformity assessment structures with equipment and training,
- free movement of services: amend banking rules to prohibit the opening of new anonymous accounts,
- competition: empower the State aids monitoring authority to control all aid measures; align the State aid inventory,
- telecommunications: ensure full independence of the regulatory authority by June 2000,
- audio-visual: complete alignment of legislation including the introduction of a monitoring system for satellite broadcasting,
- taxation: further align VAT legislation in particular with regard to the cases of reduced rates and exemptions; eliminate discriminatory excise duties on spirits; confirm acceptance of the principles of the code of conduct for business taxation and ensure that new tax measures are in conformity with these principles,
- customs: further align legislation in particular as regards reform of the customs code, the integrated tariff and binding tariff information system.

Economic and monetary union:

- consolidate the independence of the National Bank in particular with regard to government borrowing.

Agriculture:

- veterinary and phytosanitary sector: continue alignment and upgrade inspection arrangements, in particular at the future external borders, at Budapest airport and on international waterways,
- continue the modernisation of meat and dairy plants to meet European Union hygiene and public health standards,
- establish a vineyard register.

Employment and social affairs:

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

Environment:

- align with the integrated pollution prevention control Directive,
- accelerate the transposition and enforcement of framework legislation for waste management; further align safety standards for radiation protection,
- develop and begin to implement a plan for financing investments (directive specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year,
- complete transposition and enforce the environmental impact assessment Directive.

Justice and home affairs:

- border management: up-grade border posts and 'green border control'; improve data and telecommunication infrastructure to enable full participation in the Schengen Information System,
- ensure sufficient appropriately trained staff to deal with asylum requests and coordination between those responsible for asylum matters in its different levels of the procedure,

- ratify the European convention on laundering of proceeds of crime and the European criminal law convention on corruption,
- fight against organised crime; further develop the liaison officer network; establish regional forensic (drug) laboratories; develop special training courses for staff responsible for priority areas in the fight against organised crime.

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

- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, budgetary and administrative framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including a mechanism for environmental impact assessment and European Union compatible public procurement rules for projects co-financed with Community Funds and the establishment of a functioning paying agency for Sapard,
- improve capacity to programme, implement and monitor Phare assistance project,
- strengthen internal and external financial control; set up a comprehensive information technology system; separate clearly between internal audit and technical monitoring functions; further strengthen functional independence for national internal controllers/auditors at both central and decentralised levels and 'ex-ante' financial control,
- strengthen capacities to deal with money laundering.

3.2. Medium-term

Political criteria:

- continue implementation of the medium-term Roma action programme.

Economic criteria:

- complete restructuring of public finances including reform of the health care system,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,
- continue efforts to improve the conditions for the creation and development of private enterprises, with particular attention to small and medium-sized enterprises.

Internal market:

- public procurement: align threshold values by the end of 2001, deadlines for submission of tenders, definition of public works and enforcement and remedies procedures in the utilities sector; abolish by the end of 2002 National Preference Clause for public procurement by introducing access to award procedures in Hungary for all Community companies,
- free movement of goods: complete alignment of standards, certification and conformity assessment,
- free movement of capital: remove remaining restrictions on medium- and short-term capital transactions,
- free movement of persons: complete alignment of mutual recognition of professional qualifications and diplomas,
- free movement of services: eliminate anonymous banking accounts,
- competition: ensure full enforcement of competition and State aid rules, reinforce the anti-trust and State aid authorities, increase training at all levels of administration,
- taxation: complete alignment with VAT common provisions, introducing special schemes (for travel, second-hand goods, and gold) and transitional provisions; increase excise duty rates on alcoholic beverages and cigarettes up to European Union minimum levels; review existing laws and ensure compatibility with the Code of Conduct for business taxation; strengthen administrative cooperation and mutual assistance; increase efficiency of tax audits,
- customs: complete alignment, in particular on free zones, simplified procedures and integrated tariff; reinforce administrative and operational capacity, including computerisation; develop efficient border posts.

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

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

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

Agriculture:

- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- continue restructuring of the agri-food sector; reinforce food control administration,
- veterinary and phytosanitary sector: complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems on future external borders.

Energy:

- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),
- improve energy efficiency,
- continue to ensure high levels of nuclear safety at Paks nuclear power plant,
- strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

- complete alignment in road transport (market access, road safety, rules for dangerous goods and taxation), railways, air transport (particularly air safety and air traffic management) and inland waterways (technical requirements for vessels).

Employment and social affairs:

- transpose and implement European Union legislation in the fields of occupational health and safety, labour law, equal treatment of women and men, and public health including reinforcement of the related administrative structures and those required for the coordination of social security.

Economic and social cohesion:

- develop national policy for economic and social cohesion; prepare for the implementation of regional development programmes as well as Community initiatives; improve administrative structures and procedures, in particular interministerial coordination for structural funds and clarify responsibilities for regional policy issues; improve the budgetary system and procedures to allow for pluriannual commitments and management according to European Union standards, including appraisal and evaluation.

Environment:

- complete transposition and enforce legislation in the areas of nature protection, water quality, industrial pollution control and risk management, noise, chemicals and genetically modified organisms, waste management, radiation protection including specific investment programmes,
- develop the air quality monitoring network and strengthen the authorised laboratories (responsible for implementation of legislation),
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

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

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

- improve the capacity of public administration to implement and manage the acquis, in particular through ensuring adequate staffing levels,
- continue improving the functioning of the judicial system by training of judges in Community law,
- strengthen anti-fraud and public financial control functions through the provision of adequate staff, training and equipment,
- strengthen statistical capacities.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 497 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Hungary can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Hungary will have access to funding from multi-State programmes directly related to the *acquis*. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Hungary of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the *acquis* can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/851/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Poland's prepara-

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

- (6) in order to prepare for membership, the Republic of Poland should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of Poland are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

POLAND: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Poland towards membership of the European Union, the financial means available to help Poland implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Poland can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

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

The Accession Partnership indicates the priority areas for Poland's membership preparations. Poland will nevertheless have to address all issues identified in the Regular Report. It is also important that Poland fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Poland.

3.1. Short-term (2000)

Economic criteria:

- maintain progress achieved in ensuring macroeconomic and budgetary stability,
- make real progress in restructuring the steel sector (e.g. by implementing measures as part of a comprehensive sectoral programme for restoring viability, including control of State aid and appropriate reductions in capacity); continue restructuring of the coal sector,
- continuation of privatisation of state-owned enterprises,
- improve functioning of land market and accelerate development of property register,
- improve bankruptcy procedures and streamline implementation.

Internal market:

- adopt by June 2000 a programme for the elimination of outstanding tariff and non-tariff market access barriers (linked to Europe Agreement obligations),
- intellectual and industrial property rights: adopt Copyright and Neighbouring Rights Law and amendments. upgrade intellectual and industrial property enforcement at administrative and judiciary level,
- free movement of goods: adopt Law on National Conformity assessment system; adopt legislation implementing the general product safety and product liability directives; modify the 1993 Act on standardisation; start with transposition of New Approach directives; establish an independent administrative infrastructure in line with the acquis; adopt chemicals framework legislation; pursue alignment of traditional technical legislation,
- free movement of capital: amend the sectoral legislation restricting foreign direct investments,
- competition: adopt State aid law and provide adequate resources for State aid monitoring authority; complete preparation of State aid inventory; continue annual State aid reports; adopt and implement programme for alignment of special economic zones,
- telecommunications: adopt and implement telecommunications law; establish national regulatory authority by June 2000,
- audiovisual: complete alignment of legislation,
- taxation: implement VAT legislation with particular attention to refund schemes, rates and deductions; align the excise duty legislation as regards alcoholic beverages and the taxation of cigarettes; ensure that new tax measures comply with the principles of the Code of Conduct for business taxation,
- customs: implement modernisation strategy for the customs administration including regional levels; harmonise application of Customs code.

Agriculture:

- further elaborate and implement a rural development plan on a sustainable future for the Polish rural economy including measures dealing with the modernisation of farming and related industries, administration of agricultural lands including the issue of leasing, accompanying social measures, and raising public awareness on the future of farming in rural communities,
- review Polish agricultural trade policy with a view to reducing dependency on import barriers and increasing competitiveness,
- continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements in particular at the future external border,
- start to rationalise and upgrade testing and diagnostic facilities; modernise meat and dairy plants to meet European Union hygiene and public health standards.

Transport:

- align legislation on maritime safety standards.

Fisheries:

- accelerate preparations for the adoption of a fisheries policy and fisheries restructuring programme,
- elaborate an integrated development programme for establishment of adequate institutional structures, resources and equipment relating to inspection and controls at central and regional level and establish fleet register.

Employment and social affairs:

- prepare a national employment strategy with a view to later participation in the European employment strategy including through the launch of a joint employment review,
- support the social partners' capacity-building efforts in developing and implementing the social acquis, notably through bipartite social dialogue.

Environment:

- draft a legal approximation strategy for the environmental sector including directive-specific approximation and implementation programmes,
- accelerate transposition and implementation with special focus on the air and waste framework directives, industrial pollution control and industry-related directives and water directives including the draft water framework directive,
- develop a financial investment plan for the implementation of investment in strong directives in the field of air, water and waste as well as industrial pollution control (directive-specific implementation programmes) and based on estimations of costs of alignment and sources of public/private finance year-by-year,
- complete transposition and enforce the Environmental Impact Assessment directive,
- strengthen the environmental administration and its enforcement capacity both at national and regional level.

Justice and home affairs:

- adopt and implement national integrated inter-agency border management strategy with particular attention to the budgetary requirements of the eastern border,
- strengthen national coordination body for all law enforcement services at central, regional and local level,
- upgrade institutional capacity regarding the fight against organised crime and drug trafficking,
- implement an anti-corruption and anti-fraud programme (particularly customs service, police and judiciary); strengthen capacities to deal with money laundering; ratify the Council of Europe 1990 Convention on laundering search, seizure and confiscation of the proceeds of crime, the European Criminal Convention on corruption and the OECD Convention on bribery.

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

- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further elaborate the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including the introduction of environmental impact assessments and European Union compatible public procurement rules for projects co-financed by Community Funds; establish a functioning paying agency for Sapard,
- complete legislative framework for internal and external financial control: set up a central organisation within government for harmonising internal audit/control functions; set up internal audit/control units in spending centres; introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and *ex-ante* financial control; strengthen external financial control.

3.2. Medium-term*Economic criteria:*

- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,

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

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

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

- review national policy aimed at improving the competitiveness of the Polish economy including market access readiness, SMEs, the existence of a conducive legal and commercial environment and upgrading of skills in particular in rural and eastern border regions,
- complete steel and coal restructuring,
- continue reform of social insurance financing,
- consolidate land market and complete property register.

Internal market:

- public procurement: abolish by the end of 2002, National Preference Clause for public procurement by introducing access to award procedures in Poland for all Community companies,
- free movement of goods: complete alignment including conformity assessment and market surveillance systems; complete adoption of EN standards; complete transposition and implementation of new approach directives and sectoral legislation; ensure implementing structures for all sectors,
- free movement of capital: abolish remaining restrictions at the latest by the end of 2002 and strengthen surveillance and regulatory bodies; liberalise progressively short-term capital movements,
- free movement of services: develop monitoring and regulatory bodies,
- free movement of persons: complete alignment of mutual recognition of diplomas,
- competition: reinforce the anti-trust and State aid authorities and procedures; improve transparency and flow of data, coordination and training at all levels,
- telecommunications: consolidate national regulatory authority; adopt spectrum monitoring system,
- taxation: complete alignment of tax legislation including the transitional VAT regime; review existing laws and ensure compatibility with the code of conduct for business taxation; implement national strategy for the improvement of tax and revenue collection and reinforce tax administration and control procedures,
- consumer Protection: strengthen market surveillance and enforcement,
- customs: reinforce administrative and operational capacity, strengthen integrated border control; develop an integrated tariff.

Agriculture:

- implement rural development plan,
- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- continue restructuring the agri-food sector; reinforce food control administration,
- implement phytosanitary and veterinary administration border inspection posts development programme; complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernise meat and dairy plants residue and zoonosis control programmes; complete inspection systems on future external borders; implement national laboratory plan for testing and diagnostic facilities.

Fisheries:

- further implement Fisheries Policy and related alignment (in particular Common Fisheries Market legislation) and budgetary commitments,
- develop the capacity to implement and enforce the common fisheries policy, including adequate institutional resources and equipment for inspection and controls at central and regional level.

Energy:

- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),
- align oil stock requirements and improve energy efficiency.

Transport:

- complete alignment and reinforce administrative/enforcement capacity in road transport (market access, road safety, rules for dangerous goods and taxation), railways, maritime transport (including ship reporting and classification requirements), inland waterways (technical requirements for vessels) and air transport (in particular air safety and air traffic management).

Employment and social affairs:

- transpose and implement European Union legislation in the field of occupational health and safety including the framework directive), labour law, equal treatment of women and men, and public health; reinforce the related administrative structures and those required for the coordination of social security.

Economic and social cohesion:

- develop national policy for economic and social cohesion and prepare for the implementation of regional development programmes as well as Community initiatives; clarify the organisation of the administrative structures dealing with structural policies; organise efficient interministerial coordination and clarify responsibilities for regional policy issues; improve the budgetary system according to structural funds standards, including appraisal and evaluation.

Environment:

- continue transposition and start implementation, in particular in the field of chemicals, genetically modified organisms, noise and remaining directives in the air and waste sector,
- strengthen the monitoring capacity by streamlining the water monitoring network and further developing the air monitoring infrastructure,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

- further upgrade law enforcement bodies and the judiciary (staff numbers, training and equipment), in particular border control and illegal immigration to enable full participation in the Schengen information system to continue the fight against organised crime, trafficking in women and children, drug trafficking and corruption; ensure better coordination between law enforcement bodies,
- continue progressive alignment of visa legislation and practice with that of the European Union,
- strengthen police cooperation mechanisms with Europol in fight against organised crime (in particular money laundering, drugs and trafficking in human beings),
- align legislation and administrative capacity for implementation of the asylum and migration acquis, for full reciprocal cooperation with the European Union,
- implement integrated border strategy.

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

- consider adopting fast-track procedure for European Union legislation,
- strengthen statistical capacities,
- complete legislative framework and administrative capacity for internal financial control at regional level by the end of 2001. Consolidate anti-fraud unit. Strengthening of public financial control functions through the provisions of adequate staff, training and equipment,
- improve operation of the judicial system; training for the judiciary in Community law and its application; reinforcement of institutions (in particular police, border guards, ministries and courts).

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 1 022 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Poland can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Poland will have access to funding from multi-State programmes directly related to the *acquis*. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Poland of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the *acquis* can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/852/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on Romania's preparations for

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

- (6) in order to prepare for membership, Romania should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for Romania are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

ROMANIA: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Romania towards membership of the European Union, the financial means available to help Romania implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Romania can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

Romania submitted a revised version of its National programme for the adoption of the *acquis* (NPAA) on 14 June 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Romania's membership preparations. Romania will nevertheless have to address all issues identified in the Regular Report. It is also important that Romania fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Romania.

3.1. Short-term (2000)

Political criteria:

- guarantee adequate budgetary provisions for the support of children in care and undertake a full reform of the childcare system as well as of provisions for the treatment of children and adults with chronic diseases and handicaps,
- strengthen dialogue between the Government and the Roma community with a view to elaborating and implementing a strategy to improve economic and social conditions of the Roma and provide adequate financial support to minority programmes.

Economic criteria:

- restore macroeconomic stability, in particular through the implementation of structural reform and establish a medium term strategy; agree on a joint assessment with the European Commission,
- sustain implementation of the agreements concluded with the International Monetary Fund, the World Bank and the European Union,
- continue restructuring of public finances,
- take measures to ensure the functioning of a land market and establishment of a nationwide land and property register,
- promote competitiveness through market-driven enterprise restructuring (including for small- and medium-sized enterprises), take measures to stimulate domestic and foreign investment, in particular through simplification of legal and administrative procedures and stabilisation of the rules governing privatisation and business operation; implement new bankruptcy procedures,
- adopt a plan for restructuring the steel sector in line with European Union requirements.

Internal market:

- public procurement: implement legislation on public procurement,
- intellectual and industrial property rights: align and enforce trademark, copyright and neighbouring rights legislation; reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls,
- data protection: adopt national legislation, including the establishment of an independent supervisory authority,
- free movement of goods: adopt framework legislation transposing: new and global approach principles and create compatible administrative infrastructure; adopt framework laws on chemicals and foodstuffs; continue transposition of technical rules in the car sector,
- free movement of services: adopt legislation transposing: (i) directive on insurance undertakings and insurance supervision, (ii) directives on securities and regulated markets, (iii) directives on undertakings for collective investments in transferable securities; strengthen the capacities of the financial sector supervision agencies,
- competition: adopt secondary legislation to further approximate the basic competition and state aids legislation, strengthen the competition council and competition office, continue to providing complete annual State aid reports; finalise the inventory on State aid,
- audiovisual: complete alignment of legislation,
- taxation: harmonise VAT legislation and excise, with particular attention to eliminating the discrimination between imported and domestic cigarettes; ensure that new tax measures comply with the principles of the code of conduct for business taxation,
- customs: apply measures to combat fraud and corruption.

Agriculture:

- continue the alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at the future external borders of the European Union,
- continue the establishment of a nationwide animal identification system,
- adopt a law on control of pesticides in agriculture and start the establishment of a control system for residual pesticides in agricultural products,
- establish a vineyard register and strengthen the management and control systems in the wine sector.

Transport:

- align legislation on maritime safety standards.

Employment and Social Affairs:

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

Environment:

- draw up detailed directive specific approximation and implementation programmes,
- transpose access to information legislation, nature protection, and radiation protection legislation,
- prepare framework laws for air, waste, water quality industrial pollution (IPPC, large combustion plants, Seveso II),
- strengthen the environmental administration both at national and regional levels,
- develop a plan for financing investments (directive specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year,
- complete transposition and enforce the environmental impact assessment directive.

Justice and home affairs:

- implement law on the Romanian state frontiers including the merger of the Border Guard and the Border Police; speed up the demilitarisation of the bodies subordinated to the Ministry of the Interior; strengthen border controls to prevent illegal immigration and to enable full participation in the Schengen Information System,
- upgrade law enforcement bodies and the judiciary to continue the fight against organised crime, drug trafficking and corruption; ensure better coordination between law enforcement bodies,
- adopt a law on prevention of and fight against corruption and establishment of an independent anti-corruption department; strengthen capacities to deal with money laundering; ratify the European convention on laundering of proceeds of crime and the European Criminal Law Convention on Corruption, sign the OECD Convention on Bribery,
- adopt law on aliens and law on refugees; increase the transparency and accelerate the application of asylum procedures.

Reinforcement of administrative and judicial capacity including capacity to manage and control European Union funds:

- adopt and implement a law on the civil service,
- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including the introduction of environmental impact assessments and European Union compatible public procurement rules for projects co-financed by Community Funds; establish a functioning paying agency for Sapard,

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

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

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

- improve the functioning of the judiciary including: (i) adoption of a new penal code; (ii) adoption of the law on penal procedure, (iii) limit the use of pre-trial detention, (iv) facilitate access to legal advice and representation, (v) extend the court information system to all courts, (vi) improve the enforcement of civil judicial decisions,
- start to introduce a programme-oriented budgeting system allowing for multiannual commitments, strengthen the budget execution process, improve revenue collection and fiscal mobilisation; strengthen the Public Procurement Department in the Ministry of Finance,
- complete the legislative framework for internal and external financial control; strengthen the central organisation within the Ministry of Finance for harmonising internal audit/control units in spending centres, and introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and *ex-ante* financial control,
- start preparation for the introduction of the performance audit and audit methodology by the Courts of Auditors,
- train law enforcement agents in issues related to competition, intellectual and industrial property and consumer protection.

3.2. Medium-term

Political criteria:

- consolidate reform and improve the conditions for the children in care,
- continue to implement strategy to improve economic and social conditions of the Roma; implement measures aimed at fighting discrimination (including within the public administration); foster employment opportunities and increase access to education,
- complete the demilitarisation of the police and the bodies subordinated to the Ministry of Interior.

Economic criteria:

- consolidate the legal and policy framework for resumption of sustainable economic growth, and complete privatisation process,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,
- continue efforts to improve the conditions for the creation and development of private enterprises, with particular attention to small- and medium-sized enterprises,
- implement the steel restructuring programme.

Internal market:

- intellectual and industrial property rights: complete alignment and reinforce implementation structures,
- free movement of goods: start implementation of new approach directives, adopt new legislation on pharmaceuticals, start alignment of the remaining traditional technical legislation, establish a market surveillance system,
- free movement of persons: complete alignment of mutual recognition of diplomas,
- competition: ensure that price control practices are in line with competition rules; reinforce the anti-trust and State aid authorities,
- consumer protection: continue alignment and strengthen market surveillance and enforcement authorities,
- telecommunications: guarantee the independence of the regulatory body and strengthen its capacity,
- taxation: complete alignment of VAT and excise duties; review existing laws and ensure compatibility with the code of conduct for business taxation; strengthen administration cooperation and mutual assistance; improve the efficiency of the tax administration (organisation, human resources and computerisation),
- customs: apply of simplified procedures; reinforce administrative and operational capacity, including border control; complete the integrated tariff.

Agriculture:

- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- reinforcement food control administration and continue to modernise the agrifood sector to meet European Union hygiene and public health standards,
- complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernise meat and dairy plants residue and zoonosis control programmes; complete inspection systems on future external borders.

Fisheries:

- develop capacity to implement and enforce the common fisheries policy.

Energy:

- prepare for the internal energy market, notably by adopting legislation to implement the gas and electricity directives,
- align energy pricing, energy efficiency and fuel quality standards; implement the acquis on oil stocks,
- continue to ensure high levels of nuclear safety at Cernovoda nuclear power plant,
- strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

- align on the acquis in particular on maritime transport, aviation (in particular air safety and air traffic management) rail, road freight sectors (rules for dangerous goods, safety rules and taxation) and inland waterways (technical requirements for vessels).

Employment and social affairs:

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

Economic and social cohesion:

- develop national policy for economic and social cohesion; prepare for the implementation of regional development programmes as well as Community initiatives; improve inter-ministerial coordination for structural funds and establish a budgetary system and procedures allowing for pluriannual commitments and manage it according to structural funds standards, including appraisal and evaluation.

Environment:

- continue implementation of approximation programmes notably full transposition in the air, waste and water sectors and complete transposition on noise, chemicals and genetically modified organisms,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies,
- develop the monitoring and enforcement capacity in particular through decentralisation to environmental protection agencies.

Justice and home affairs:

- continue progressive alignment of visa legislation and practice with that of the European Union,
- adopt and apply the international instruments related to the fight against drug trafficking, in particular the Agreement on illicit traffic by sea, implementing Article 17 of the United Nations Convention against illicit trafficking in narcotic drugs and psychotropic substances,
- reinforce the independence of the judiciary, introduce objective criteria for recruitment and career development,
- continue the fight against trafficking in women and children.

Reinforcement of administrative and judicial capacity including the capacity to manage and control European Union Funds:

- implement a comprehensive public administration reform programme with a view to improving the capacity of the public administration to implement and manage the acquis,
- ensure training of prosecutors, judges and lawyers in European Union law,
- strengthen public financial control functions through the provision of adequate staff, training and equipment,
- strengthen the Romanian statistical system with a view to reach compliance with European Community norms and standards.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 649 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Romania can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Romania will have access to funding from multi-State programmes directly related to the acquis. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Romania of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the acquis can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/853/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Slovak Republic's preparations

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

- (6) in order to prepare for membership, the Slovak Republic should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Slovak Republic are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council
The President
T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1999, p. 1.

ANNEX

SLOVAKIA: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Slovakia towards membership of the European Union, the financial means available to help Slovakia implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Slovakia can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

Slovakia submitted a revised version of its National programme for the adoption of the *acquis* (NPAA) on 28 May 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Slovakia's membership preparations. Slovakia will nevertheless have to address all issues identified in the Regular Report. It is also important that Slovakia fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Slovakia.

3.1. Short-term (2000)

Political criteria:

- improve the situation of the Roma through strengthened implementation including provision for the necessary financial support at national and local levels, of measures aimed, notably, at fighting against discrimination (including within the public administration), foster employment opportunities and increase access to education; provide adequate financial support.

Economic criteria:

- restore macroeconomic stability,
- promote competitiveness through market-driven enterprise restructuring, particularly in energy-intensive heavy industries, supported by transparent financial sector reform, including privatisation of three major banks and one insurance company, and bad-debt recovery mechanisms,
- take measures to stimulate domestic and foreign investment, including in small and medium-sized enterprises, in particular through simplification of legal and administrative procedures,
- improve bankruptcy procedures and streamline their implementation.

Internal market:

- public procurement: set up a public procurement office; establish surveillance, oversight and complaint procedures,
- intellectual and industrial property rights: align and enforce trademark, copyright and neighbouring rights legislation; reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls,
- free movement of goods: implement the law on technical requirements of product and conformity assessment; start alignment with new approach directives; continue alignment in the sectors covered by product-specific legislation; adopt basic legislation in the chemical sector; accelerate the adoption of European Union standards; set up independent standardisation and accreditation structures,
- free movement of capital: align laws on direct investment in those areas still restricted and progressively relax restrictions on institutional investors,
- financial services: strengthen and coordinate the supervisory institutions and procedures,
- competition: implement new State aid law; provide adequate resources for State aid monitoring authority; complete preparation of State aid inventory; continue annual State aid reports,
- telecommunications: adopt telecommunications law and establish an independent national regulatory authority; complete separation of regulatory and ownership functions,
- audiovisual: complete alignment of legislation,
- taxation: align the taxable scope and excise duty rate level for mineral oils and the scope of the application of the reduced VAT rate; develop a timetable for further legislative alignment excise duties; ensure that new tax measures comply with the principles of the code of conduct for business taxation,
- Customs: strengthen border control.

Agriculture:

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

Energy:

- prepare a decommissioning plan to implement the government decision to close the Bohunice V1 nuclear reactors,
- implement an energy strategy with particular attention to energy efficiency, revise energy demand forecasts on the basis of more realistic growth and energy intensity scenarios,
- continue to ensure high levels of nuclear safety at the Bohunice V2 and Mochovce nuclear power plants.

Employment and social affairs:

- enforce occupational safety and health legislation,
- support social partners' capacity-building efforts to develop and implement the *acquis*, notably through bipartite social dialogue,
- prepare a national employment strategy with a view to later participation in the European Employment Strategy, including through the launch of a joint employment review.

Environment:

- develop a comprehensive and realistic approximation strategy,
- accelerate the transposition and enforcement of framework legislation in the areas of water quality, waste management, integrated pollution prevention control, nature protection and air quality,
- develop a plan for financing investments based on directive specific implementation programmes, estimations of costs of alignment and realistic sources of public and private finance year-by-year in particular for the water sector, air sector, waste management and industrial pollution control,
- complete transposition and enforce the environmental impact assessment directive.

Justice and home affairs:

- improve the fight against organised crime and illegal migration (in particular through introduction of visa stickers), to enable full participation in the Schengen Information System,
- ratify the European Convention on money laundering, the European criminal law convention on corruption and the OECD Convention on bribery,
- align the Penal Code to the *acquis* in the area of fight against organised crime and fraud,
- improve asylum legislation (in particular abolition of the 24 hour deadline) and establish an independent body as the second instance in an asylum procedure,
- ratify the European convention on money laundering and strengthen capacity to deal with money laundering.

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

- adopt civil service law and start implementation of the public administration reform strategy,
- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including the introduction of environmental impact assessments and European Union-compatible public procurement rules for projects co-financed by Community Funds and the establishment of a functioning paying agency for Sapard,
- complete the legislative framework for internal and external financial control; set up a central organisation within the government for harmonising internal audit/control functions; set up internal audit/control units in spending centres,
- introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and 'ex ante' financial control,
- strengthen the independence of the judiciary, in particular amend the constitution with regard to the appointment of and a probationary system for judges.

3.2. Medium-term*Political criteria:*

- continue implementation of the minority language legislation and protect the use of minority languages in the fields of education, culture and the media including the adoption of any necessary legislation,
- strengthen policies and budgetary means, at national and local level, to continue improving the situation of the Roma (notably through the fight against discrimination and increased access to education and employment).

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

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

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

Economic criteria:

- promote competitiveness of the private sector, including small- and medium-sized enterprises,
- complete the privatisation process,
- deregulate remaining administered prices and rents,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,
- continue reform of social security financing.

Internal market:

- data protection: complete alignment,
- free movement of goods: complete the adoption of EN standards; complete the alignment of sectoral legislation; upgrade to European Union level all surveillance and conformity assessment structures as well as other implementing structures in sectors covered by product specific legislation,
- free movement of capital: align laws on the acquisition by European Union nationals of real estate,
- free movement of services: complete alignment of and implement directives on banking, insurance, investment services and securities markets,
- free movement of persons: complete alignment of mutual recognition of diplomas,
- competition: complete legislative alignment; reinforce the anti-trust and State aid authorities and procedures; improve transparency, flow of data, and coordination and training between all levels of administration,
- Telecommunications: strengthen independent national regulatory authority,
- Taxation: full alignment of the tax acquis including the Community's transitional VAT regime review existing laws and ensure compatibility with the code of conduct for business taxation; strengthen administrative capacity and control procedures including administrative cooperation and mutual assistance,
- Consumer protection: continue alignment; strengthen market surveillance and enforcement authorities,
- Customs: reinforce the customs administration, in particular by increasing the handling capacity of customs border posts and with respect to applying excise duties.

Agriculture:

- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- continue restructuring of the agrifood sector; reinforce the food control administration,
- complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems on future external borders.

Energy:

- further improve energy efficiency,
- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),
- align oil stock requirements,
- complete safety upgrading programmes at the Bohunice V2 and Mochovce nuclear power plants,
- prepare and implement overall planning and licensing work for the decommissioning of the Bohunice V1 nuclear power plant,
- strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

- align road transport (market access, safety rules, rules for dangerous goods and taxation), aviation (particularly air safety and air traffic management) rail and inland waterways (technical requirements for vessels).

Employment and social affairs:

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

Economic and social cohesion:

- develop national policy for economic and social cohesion; prepare for the implementation of regional development programmes and Community initiatives; improve administrative structures and clarify responsibilities for regional policy issues; organise the budgetary system and procedures according to Structural Funds standards, including appraisal and evaluation.

Environment:

- continue and finalise transposition and implementation of framework legislation, as well as other remaining sectoral legislation,
- reinforce monitoring and implementation control capacities at the Ministry, regional and district levels, reinforce the environmental inspectorate,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

- upgrade law enforcement bodies and the judiciary (staff numbers, training and equipment), in particular in border control and illegal immigration to enable full participation in the Schengen Information System; continue the fight against organised crime, trafficking in women and children, drug trafficking and corruption; ensure better coordination between law enforcement bodies,
- continue progressive alignment of visa legislation and practice with that of the European Union.

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

- strengthen the Supreme Audit Office, financial control and internal audit functions through the provision of adequate staff, training and equipment,
- strengthen statistical capacities.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 251 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Slovakia can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Slovakia will have access to funding from multi-State programmes directly related to the acquis. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Slovakia of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the *acquis* can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/854/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Latvia's prepara-

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

- (6) in order to prepare for membership, the Republic of Latvia should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of Latvia are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

LATVIA: 1999 ACCESSION PARTNERSHIP

1. OBJECTIVES

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Latvia towards membership of the European Union, the financial means available to help Latvia implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Latvia can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

Latvia submitted a revised version of its National programme for the adoption of the *acquis* (NPAA) on 16 June 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Latvia's membership preparations. Latvia will nevertheless have to address all issues identified in the Regular Report. It is also important that Latvia fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Latvia.

3.1. Short-term (2000)

Political criteria:

- align the Language Law with international standards and the Europe Agreement,
- implement further concrete measures for the integration of non-citizens including language training and provide necessary financial support.

Economic criteria:

- promote competitiveness through market-based enterprise restructuring; take measures to stimulate domestic and inward investment, in particular through simplification of legal and administrative procedures,
- complete privatisation of remaining large companies,
- strengthen land market and finalise the land and property register,
- develop a strong and effective framework for the regulation of utilities.

Internal market:

- public procurement: continue alignment of, in particular, legislation on utilities and remedies,
- intellectual and industrial property rights: enforce copyright, neighbouring rights and trade mark legislation; strengthen implementation of related border and judicial capacities (in particular trademarks and counterfeited or pirated goods),
- data protection: adopt data protection law,
- company Law: adopt the commercial code and transpose third, fourth, eleventh and twelfth company law Directives,
- free movement of goods: align law on conformity assessment; continue alignment of sectoral legislation (in particular medical devices and pharmaceuticals for veterinary use); accelerate adoption of EN standards; further develop the market surveillance system,
- free movement of capital: align laws on direct investment in sectors still restricted,
- free movement of services: continue transposition of European Community rules, especially in view of elimination of the prohibition of establishment of branches by foreign insurance companies,
- taxation: continue alignment of VAT legislation and harmonise excise duties on alcoholic beverages and cigarettes; ensure that new tax measures comply with the principles of the code of conduct for business taxation; continue modernisation of tax administration,
- customs: continue alignment including implementing of legislation; continue the fight against fraud and corruption; continue modernisation of customs administration.

Agriculture:

- continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at the future external borders,
- modernise meat and dairy processing plants to meet European Union hygiene and public health standards.

Transport:

- align legislation on maritime safety.

Employment and social affairs:

- complete the national employment strategy with a view to later participation in the European employment strategy including through the launch of a joint employment review,
- support the social partners' capacity-building efforts in developing and implementing the social acquis, notably through bipartite social dialogue,
- adopt new Labour Code (i.e. collective redundancies, equal treatment, working conditions).

Environment:

- complete transposition of and enforce the environmental impact assessment directive,
- accelerate the transposition and enforcement of framework legislation (in particular in the fields of waste, air, water and nature) as well as industrial related sectoral legislation concerning integrated pollution prevention and major industrial hazards,

- strengthen the environmental administration both at national and regional level,
- implement the plan for financing investments (directive-specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year.

Justice and home affairs:

- upgrade border posts and 'green border control'; improve data and telecommunication infrastructure,
- upgrade law enforcement bodies and the judiciary (staff numbers, training and equipment) to continue the fight against organised crime, drug trafficking and corruption; ensure better coordination between law enforcement bodies,
- implement migration and asylum legislation and procedures to prevent illegal immigration and to enable full participation in the Schengen information system; complete the alignment to international conventions,
- implement concrete measures to fight corruption and improve inter-agency cooperation in the area of anti-corruption; ratify the European criminal law convention, sign the OECD convention on bribery.

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

- accelerate reform of the public administration including strengthening of the relevant administrative institutions; adopt a new civil service law,
- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including the introduction of environmental impact assessments and European Union-compatible public procurement rules for projects co-financed by Community Funds; establish a functioning paying agency for Sapard,
- complete the legislative framework for internal and external financial control; introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and *ex-ante* financial control; enhance coordinating role of Ministry of Finance for harmonising internal audit/control functions; strengthen internal audit/control units in spending centres.

3.2. Medium-term

Political criteria:

- pursue integration of non-citizens in particular by extending Latvian language training programmes for non-Latvian speakers.

Economic criteria:

- continue promotion of market-driven restructuring in the enterprise sector and improve conditions for the creation and development of private enterprises, with particular attention to small- and medium-sized enterprises,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,
- continue social security financing reform.

Internal market:

- intellectual and industrial property rights: complete alignment,
- data protection: implement data protection legislation, including the establishment of an independent supervisory authority,
- free movement of goods: complete alignment of sectoral legislation and EN standards; upgrade standardisation, conformity assessment and market surveillance structures; globally ensure proper implementing structures for all sectors,
- free movement of capital: align laws on outward portfolio investments by private pension funds and insurance companies,
- free movement of persons: complete alignment of mutual recognition of diplomas,
- competition: ensure full enforcement of competition and State aid rules,

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

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

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

- telecommunications: complete transposition of Community legislation; establish regulatory authority,
- audiovisual: complete alignment of the audiovisual legislation; strengthen the capabilities of the independent television/radio regulatory authority,
- taxation: implement VAT legislation and complete alignment of excise duties systems review existing laws and ensure compatibility with the code of conduct for business taxation; complete reform of tax administration (including management of tax audit system); strengthen administrative cooperation and mutual assistance and increase the efficiency of tax audits,
- consumer Protection: continue alignment and strengthen market surveillance and enforcement authorities,
- customs: develop an integrated tariff and apply simplified procedures; reinforce administrative and operational capacity; develop efficient border posts.

Agriculture:

- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- continue restructuring the agri-food sector; reinforce food control administration,
- veterinary and phytosanitary sector: complete system of animal identification; implement, quality control system (hazard analysis critical control point), animal waste treatment, residue and zoonosis control programmes; complete inspection systems on future external borders.

Fisheries:

- develop the capacity to implement and enforce the common fisheries policy.

Energy:

- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),
- align oil stock requirements and improve energy efficiency.

Transport:

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

Employment and social affairs:

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

Economic and social cohesion:

- develop national policy for economic and social cohesion in preparing for the implementation of a regional development programme and Community initiatives; improving the administrative structures, in particular clarifying allocation of responsibilities on regional policy issues; organising the budgetary system and its procedures according to structural funds standards, including appraisal and evaluation.

Environment:

- complete transposition of the environmental acquis; implement legislation according to directive-specific pre-defined timetable in air, waste, noise, water, chemicals, nature protection, radiation protection and integrated pollution control and major industrial hazards,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

- continue progressive alignment of visa legislation and practice with that of the European Union,
- strengthen police cooperation mechanisms with Europol in the fight against organised crime, in particular money laundering, drugs and trafficking in women and children,
- implement legislation on corruption and the anti-corruption strategy.

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

- develop a professional and stable civil service including strengthening of policy analysis and impact assessment capacity of Ministries, as well as human resource management at all levels of government,
- improve the capacity of the public administration to implement and manage the *acquis*, in particular through ensuring minimum staffing levels and training,
- strengthen public financial control functions through the provision of adequate staff, training and equipment,
- complete territorial reform and develop concept of regional and municipal management,
- strengthen statistical capacities,

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 186 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Latvia can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Latvia will have access to funding from multi-State programmes directly related to the *acquis*. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Latvia of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the *acquis* can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/855/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Estonia's prepara-

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

- (6) in order to prepare for membership, the Republic of Estonia should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of Estonia are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

ESTONIA: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Estonia towards membership of the European Union, the financial means available to help Estonia implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Estonia can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

Estonia submitted a revised version of its National programme for the adoption of the *acquis* (NPAA) on 27 May 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Estonia's membership preparations. Estonia will nevertheless have to address all issues identified in the Regular Report. It is also important that Estonia fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Estonia.

3.1. Short-term (2000)

Political criteria:

- align the language legislation with international standards and the Europe Agreement,
- implement concrete measures for the integration of non-citizens including language training and provide necessary financial support.

Economic criteria:

- adopt a restructuring plan for the oil-shale sector and ensure transparency in privatisation of the energy sector,
- accelerate land reform, in particular registration of agricultural land,
- establish a medium-term economic strategy and agree on a joint assessment with the European Commission,
- complete the necessary legislation for pension reform.

Internal market:

- public procurement: amend the public procurement law in order to cover the utilities sector and align the remedies system,
- free movement of goods: speed up the transposition and implementation of European standards and in particular new approach directives, in particular a new conformity assessment act, and adoption of corresponding EN standards; introduce an accreditation system; develop the market surveillance system and pursue alignment of technical legislation,
- free movement of capital: align laws on direct investment in those sectors still restricted (security services and broadcasting transmitters),
- free movement of services: reinforce supervision of financial sector, in particular of securities markets,
- competition: align merger control and State-aid legislation; reinforce the competition board; set up a State aids inventory; continue preparation of annual State aid reports,
- telecommunications: adopt a telecommunications law; strengthen the independent regulatory authority,
- taxation: continue efforts to align VAT legislation and excise duties (in particular warehouse and registration system); confirm acceptance of the principles of the code of conduct for business taxation and ensure that new tax measures are in conformity with these principles,
- audiovisual: complete alignment of legislation,
- customs: adopt a timetable for the progressive and effective implementation of tariffs and tariff-related measures; continue the fight against fraud and corruption; accelerate the adoption of the customs code.

Agriculture:

- veterinary and phytosanitary sector: continue alignment and upgrade inspection arrangements, in particular at the future external borders,
- continue upgrading of food processing industry, in particular in the dairy, meat and fish processing sectors.

Transport:

- strengthen implementation of maritime safety standards.

Employment and social affairs:

- prepare a national employment strategy with a view to later participation in the European Employment Strategy including through the launch of a joint employment review,
- support social partners' capacity-building efforts to develop and implement the acquis, notably through bipartite social dialogue,
- adopt new labour code and the Employment Services Act,
- implement the Occupational Health and Safety Act and develop enforcement structures.

Environment:

- complete transposition and enforce the Environmental Impact Assessment,
- accelerate the transposition and enforcement, in particular in the water and waste management, air pollution, nature protection and industrial related directives,
- further develop the plans for financing investments (directive-specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year and continue to invest in the heavy investment directives in air, water and waste.

Justice and home affairs:

- create an advanced integrated criminal investigation data system and improve forensic research capacity-upgrade and ensure better coordination among law enforcement bodies and the judiciary (staff numbers, training and equipment) to continue the fight against organised crime, drug trafficking and corruption; strengthen capacities to deal with money laundering,
- speed up reform of penal law,
- ratify the 1988 United Nations Convention on illicit drug trafficking, the European Convention on money laundering; sign the OECD Convention on bribery and the European Criminal Law Convention on corruption.

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

- Phare ⁽¹⁾, ISPA ⁽²⁾, Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, budgetary and administrative framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including a mechanism for environmental impact assessment and European Union-compatible public procurement rules for projects co-financed with Community funds and the establishment of a functioning paying agency for Sapard,
- complete the legislative framework for internal and external financial control; set up a central organisation within the government for harmonising internal audit/control functions; set up internal audit/control units in spending centres; introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and 'ex-ante' financial control,
- adopt legislation and establish a plan to develop anti-fraud structures,
- fill the existing vacant posts for judges and reinforce their training in Community Law, particularly in the field of competition.

3.2. Medium-term*Political criteria:*

- pursue the integration of non-citizens in particular by extending language training programmes for non-Estonian speakers.

Economic criteria:

- complete pension reform; implement the restructuring plan for the oil-shale sector,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,
- continue efforts to improve the conditions for the creation and development of private enterprises, with particular attention to small- and medium-sized enterprises,
- complete land reform.

Internal market:

- intellectual and industrial property rights: complete alignment, in particular of copyright legislation, and strengthen administrative and judicial capacity,
- free movement of goods: complete the alignment of sectoral legislation and the adoption of EN standards; upgrade standardisation and conformity assessment structures and globally ensure proper implementing structures for all sectors; ensure mutual recognition in non-harmonised sectors,

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

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

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

- free movement of persons: complete alignment of mutual recognition of diplomas,
- Competition: ensure the full enforcement of competition and State aid rules, ensure compliance of State aid schemes and State aid legislation, increase training at all levels,
- taxation: complete alignment with the fiscal acquis; adopt VAT transitional provisions; review existing laws and ensure compatibility with the code of conduct for business taxation; complete the reform of fiscal administration,
- consumer protection: continue alignment and strengthen market surveillance and enforcement authorities,
- customs: ensure effective implementation of tariffs and tariff related measures; reinforce administrative and operational capacity including border control; apply simplified procedures.

Agriculture:

- complete upgrading of food processing industry, in particular in the dairy, meat and fish processing sectors; reinforce food control administration,
- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems at future external borders.

Fisheries:

- develop the capacity to implement and enforce the common fisheries policy, including the establishment of the adequate institutional resources and equipment relating to inspection and controls at central and regional level,
- develop a plan to restructure the Estonian fishing fleet and establish a fleet register in compliance with the European Union requirements.

Energy:

- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels; and the establishment of a regulator),
- align oil stock requirements and energy efficiency.

Transport:

- complete alignment in road transport (market access, road safety, rules on dangerous goods and taxation), railways maritime transport (in particular safety requirements) and aviation (particularly air safety and air traffic management).

Employment and social affairs:

- transpose and implement European Union legislation in the field of labour law, equal treatment of women and men, public health and complete alignment for occupational health and safety; reinforce the related administrative structures and those required for the coordination of social security.

Economic and social cohesion:

- develop national policy for economic and social cohesion in preparing for the implementation of a regional development programme and Community initiatives; improving the administrative structures, in particular interministerial coordination for structural funds on a regular basis; organising the budgetary system and its procedures according to structural funds standards, including appraisal and evaluation.

Environment:

- complete transposition of the acquis,
- continue to implement legislation according predefined timetable, in particular in air, waste management, chemicals and radiation protection, nature protection, water sector and industrial related legislation,

- ensure institutional strengthening in the area of environment, in particular at the local level,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

- continue progressive alignment of visa legislation and practice with that of the European Union,
- implement border and migration legislation to prevent illegal immigration and to enable full participation in the Schengen information system,
- continue to strengthen police cooperation mechanisms with Europol in the fight against organised crime (in particular money laundering, drugs and trafficking in women and children).

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

- improve the capacity of the public administration to implement and manage the acquis, in particular through ensuring minimum staffing levels and appropriate coordination between ministries,
- continue improving the functioning of the judicial system, including increasing the number of judges and their training in Community law,
- strengthen public financial control functions and the fiscal administration through the provision of adequate staff, training and equipment,
- strengthen statistical capacities.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 143 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Estonia can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Estonia will have access to funding from multi-State programmes directly related to the acquis. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Estonia of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the acquis can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/856/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Lithuania's prepara-

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

- (6) in order to prepare for membership, the Republic of Lithuania should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of Lithuania are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

LITHUANIA: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Lithuania towards membership of the European Union, the financial means available to help Lithuania implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Lithuania can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

Lithuania submitted a revised version of its National programme for the adoption of the *acquis* (NPAA) on 25 May 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Lithuania's membership preparations. Lithuania will nevertheless have to address all issues identified in the Regular Report. It is also important that Lithuania fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Lithuania.

3.1. Short-term (2000)

Economic criteria:

- take action to correct the widening fiscal deficit,
- complete the scheduled large-scale privatisations,
- complete the restructuring of the banking sector,
- promote competitiveness through market-based enterprise restructuring in the industry sector with particular attention to small- and medium-sized enterprises,
- continue land titling and registration to meet target date for completion of land registration by December 2000 and continue support for land market development,
- improve bankruptcy procedures and streamline implementation.

Internal market:

- public procurement: implement the new public procurement law; strengthen the public procurement office,
- intellectual and industrial property rights: implement copyright legislation and strengthen the fight against 'piracy'; reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls,
- free movement of goods: accelerate alignment of the sectoral legislation on industrial products in particular medicines for veterinary use and new approach directives; develop the corresponding conformity assessment system; develop a coherent strategy on market surveillance,
- free movement of capital: abolish limits to the import/export of means of payment as well as restrictions on investment rules for pension funds and insurance companies; adapt legislation concerning direct investment and legislation on the operation of foreign insurance companies,
- competition: implement the competition law; establish the Competition Council and its executive body; align State aid legislation and reinforce the State aid monitoring authority with sufficient and qualified staff; complete the State aid inventory,
- telecommunications: establish an independent regulatory authority,
- audiovisual: complete alignment of legislation,
- taxation: finalise and put into force the legislative reform of the VAT system; abolish fiscal discrimination on excise duties between domestics and imported products; ensure that new tax measures comply with the principles of the code of conduct for business taxation,
- customs: continue the alignment of legislation and reinforce the fight against fraud and corruption.

Agriculture:

- veterinary and phytosanitary sector: continue alignment and upgrade inspection arrangements, in particular at the fixture external borders,
- food processing sector: complete enterprise restructuring in dairy sector and start restructuring in other sectors in particular meat; start reducing State aids by limiting amount of support for ailing enterprises given by Rural Support Fund and Market Regulation Agency.

Transport:

- align legislation on maritime safety.

Energy:

- start implementing a comprehensive energy strategy in line with the NSA agreement, in particular,
- start the legal and technical preparation for the definitive closure and decommissioning unit 1 of the Ignalina nuclear power plant,
- start preparing refurbishment of conventional power plants in line with environmental requirements,
- continue implementing the necessary improvements of nuclear safety resulting from the performance of the comprehensive safety analysis report for the Ignalina nuclear power plant,

- continue strengthening the independence and technical capability of the nuclear safety authority,
- establish a radioactive waste management institution,
- ensure administrative and managerial independence of the energy utilities.

Employment and social affairs:

- prepare a national employment strategy with a view to later participation in the European employment strategy including through the launch of a joint employment review,
- support the partners capacity-building efforts for developing and implementing the acquis, notably through bipartite social dialogue.

Environment:

- complete transposition and enforce the Environmental Impact Assessment Directive,
- continue transposition and enforcement of the framework legislation in water, air, waste, nature protection and radiation protection,
- develop plans for financing investments (directive-specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year,
- ensure institutional strengthening in the area of environment both at central and local level, particularly by establishing structures to ensure implementation of the radiation protection law.

Justice and home affairs:

- adopt new law on national border control and complete border demarcation with Belarus; start border demarcation with Kaliningrad,
- upgrade law enforcement bodies and the judiciary (staff numbers, recruitment, training and equipment) to continue the fight against organised crime, drug trafficking and corruption, ensure better coordination between law enforcement bodies; ratify the European criminal law convention, sign the OECD convention on bribery; adopt and start implement the national anti-corruption strategy,
- strengthen capacities to deal with money laundering,
- implement border and migration legislation to prevent illegal immigration and to enable full participation in the Schengen information system,
- ensure complete alignment of the asylum legislation faster procedure to treat appealed cases, the legal structure of the Appeal Council, Article 4 of the refugee law and legal aid for asylum seekers.

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

- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including the introduction of environmental impact assessments and European Union compatible public procurement rules for projects co-financed by Community Funds; establish a functioning paying agency for Sapard,
- financial control: complete the legislative framework for internal and external financial control; establish a central organisation within the government for harmonising internal audit/control functions; establish internal audit/control units in spending centres and improve internal control procedures; introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and 'ex-ante' financial control,
- continue implementation of the national training strategy; ensure sufficient training in European Union Law for police, border guards and customs.

3.2. Medium-term

Economic criteria:

- continue promotion of market-driven restructuring in the enterprise, finance and banking sectors,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,
- continue social security financing reform.

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

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

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

Internal market:

- public procurement: ensure compliance of public procurement legislation with the acquis and its effective implementation,
- intellectual and industrial property rights: enforce copyright law by strengthening intellectual property institutions,
- data protection: complete alignment,
- free movement of goods: complete alignment of sectoral legislation and remove all remaining mandatory certification procedures; complete the adoption of EN standards; ensure implementing structures for all sectors,
- free movement of persons: complete alignment of mutual recognition of diplomas; lift nationality and residence requirements.
- competition: reinforce the antitrust and State aid authorities; ensure the full enforcement of competition and State aid rules; ensure compliance of aid schemes and State aid legislation with the acquis; increase training at all levels,
- taxation: adopt the VAT transitional provisions and complete the harmonisation of the excise duties structures and rates; review existing laws and ensure compatibility with the code of conduct for business taxation; strengthen administrative cooperation and mutual assistance and increase the efficiency of tax audits,
- consumer Protection: continue alignment and strengthen market surveillance and enforcement authorities,
- customs: develop an integrated tariff; develop efficient border posts; apply simplified procedures; reinforce administrative and operational capacity, including computerisation.

Agriculture:

- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- veterinary and phytosanitary sector: complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems on future external borders; align with phytosanitary surveillance systems,
- complete the agricultural census in line with Eurostat methodology,
- continue enterprise restructuring in food processing sector in sectors other than dairy (mainly meat, canned fruit and vegetables) and allow effective bankruptcy of inefficient enterprises.

Fisheries:

- develop the capacity to implement and enforce the common fisheries policy, including the establishment of the adequate institutional resources and equipment relating to inspection and controls at central and regional level; align ship register requirements.

Energy:

- continue implementation of a comprehensive energy strategy in line with the NSA agreement, in particular starting the definitive closure and decommissioning of unit 1 of the Ignalina nuclear power plant and completing the installation of a diverse second shut-down system on unit 2,
- start a new comprehensive safety analysis report for unit 2,
- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),
- align oil stock requirements and continue improvement of energy efficiency,
- strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

- complete alignment in road transport (market access, road safety, rules for dangerous goods and taxation), railways, maritime transport (in particular safety standards) and aviation (in particular air safety and air traffic management).

Employment and social affairs:

- transpose and implement European Union legislation on occupational health and safety, labour law, equal treatment of women and men, and public health including reinforcement of the related administrative structures and those required for the coordination of social security.

Economic and social cohesion:

- develop national policy for economic and social cohesion in preparing for the implementation of a regional development programme and Community initiatives; improving the administrative structures, in particular clarifying allocation of responsibilities on regional policy issues; organising the budgetary system and its procedures according to structural funds standards, including appraisal and evaluation.

Environment:

- complete transposition and continue implementation of the environmental acquis according to a directive-specific pre-defined timetable in nature protection, air, water and industrial related directives, waste, chemicals and genetically modified organisms, ozone depleting substances and radiation protection,
- develop monitoring and implementation control structures and capacities in the air and water sector,
- ensure institutional strengthening in the area of environment both at central and local level, i.e. establishing a supervisory institution for chemicals and an environmental protection agency,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

- continue progressive alignment of visa legislation and practice with that of the European Union,
- continue to strengthen police cooperation mechanisms with Europol in the fight against organised crime (in particular money laundering, drugs and trafficking in women and children),
- implement migration policy and new asylum procedures; complete alignment notably in view of the related European Union acquis and relevant international conventions,
- implement streamlined inter-agency structure for fighting corruption.

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

- implement public administration law and the civil service law,
- strengthen public financial control functions through the provision of adequate staff, training and equipment. and make a clear separation of *ex ante* internal control and monitoring,
- ensure improved application of transposed European Union Law in the judicial system and regular training for the judiciary in Community law and its application,
- strengthen statistical capacities.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 232 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Lithuania can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Lithuania will have access to funding from multi-State programmes directly related to the acquis. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Lithuania of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the *acquis* can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/857/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Bulgaria's prepara-

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

- (6) in order to prepare for membership, the Republic of Bulgaria should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of Bulgaria are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

BULGARIA: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Bulgaria towards membership of the European Union, the financial means available to help Bulgaria implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Bulgaria can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

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

The Accession Partnership indicates the priority areas for Bulgaria's membership preparations. Bulgaria will nevertheless have to address all issues identified in the Regular Report. It is also important that Bulgaria fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Bulgaria.

3.1. Short-term (2000)

Political criteria:

- start implementation of the Roma framework programme and strengthen the National Council on ethnic and demographic issues including provision of necessary financial support; implement measures aimed at fighting discrimination (including within the public administration); foster employment opportunities and increase access to education.

Economic criteria:

- promote competitiveness through market-based enterprise restructuring; take measures to improve the business environment and stimulate domestic and inward investments, in particular through simplification of legal and administrative procedures,
- ensure transparent privatisation of State-owned enterprises and banks,
- improve bankruptcy and liquidation procedures and streamline implementation,
- adopt a restructuring plan for the steel sector.

Internal market:

- public procurement: align public procurement procedures,
- intellectual and industrial property rights: align and enforce industrial property rights and trade mark legislation, including the fight against piracy,
- data protection: adopt national legislation and establish a monitoring body,
- free movement of goods: adopt a framework law on technical requirements implementing all new and global approach principles; enforce the new law on standardisation and reinforce newly established infrastructure; adopt framework laws on chemicals, foodstuffs and pharmaceuticals,
- free movement of capital: liberalise direct investment abroad and investment in foreign securities by residents; establish a timetable for the liberalisation of the remaining restrictions on capital movements including acquisition of real estate sector,
- free movement of services: strengthen supervisory bodies,
- competition: adopt legislation on State aid; improve State aid report; establish a State aid inventory; adopt secondary legislation on antitrust,
- taxation: align VAT legislation and develop a timetable for alignment of excise duties; ensure that new tax measures comply with the principles of the code of conduct for business taxation; improve tax collection system at national and regional level, in particular through strengthened VAT information processing,
- customs: ensure enforcement of the new customs code and its implementing provisions.

Agriculture:

- continue alignment of the veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at future external borders,
- modernise meat and dairy plants to meet European Union hygiene and public health standards,
- establish a vineyard register.

Energy:

- implement the energy law and adopt related secondary legislation; prepare legislation by sector and related reform plans (electricity and gas) and strengthen the regulatory bodies,
- establish a price and tariff structure leading to cost-based and transparent energy prices,
- start to implement an energy strategy with particular attention to energy efficiency; revise energy demand forecasts on the basis of more realistic growth and energy intensity scenarios,
- adopt and implement a realistic timetable for closure and decommissioning of units 1, 2, 3 and 4 of the Kozloduy nuclear power plant; monitor management of spent fuel and radioactive waste;
- continue strengthening the independence and technical capability of the nuclear safety authority.

Transport:

- align legislation on maritime safety.

Employment and social affairs:

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

Environment:

- continue transposition of framework legislation in the water, air and waste sectors; prepare and implement detailed directive-specific approximation programmes; strengthen implementation structures, particularly at the regional level,
- develop a plan for financing investments (directive-specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year,
- complete transposition and enforce the environmental impact assessment directive.

Justice and home affairs:

- implement effective border management control systems and coordination of services to prevent illegal immigration and to enable full participation in Schengen information system,
- implement and enforce new legislative framework relating to migration and asylum procedures,
- upgrade law enforcement bodies and the judiciary (staff numbers, recruitment, training and equipment) to continue the fight against organised crime, drug trafficking and corruption; reinforce police and customs authorities and ensure better coordination between law enforcement bodies,
- develop a national strategy to combat corruption and strengthen capacity to deal with money laundering; ratify the European Convention on laundering of proceeds of crime and the European Criminal Law Convention on corruption; sign the OECD convention on bribery.

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

- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including a mechanism for systematic environmental impact assessment and European Union-compatible public procurement rules for projects co-financed by Community Funds; and the establishment of a functioning paying agency for Sapard,
- complete legislative framework and strengthen internal and external financial control bodies including regional control units, in particular through use of a comprehensive information technology system and clear separation of *ex-ante* control and approval and internal financial control; establish 'functional independence' for national internal controllers/auditors at central and local level including '*ex-ante*' financial control,
- implement civil service law,
- strengthen the independence of magistrates, judges and the efficiency of the court system, including case treatment and alternative dispute resolution mechanism; strengthen enforcement of civil and penal judgments,
- strengthen the capacity to assess the financial and institutional impact of new legislation.

3.2. Medium-term*Political criteria:*

- continue to implement Roma framework programme.

Economic criteria:

- maintain overall macrofinancial stability; improve competitiveness through market-based restructuring, including small- and medium-sized enterprises; complete the privatisation process; strengthen market economy institutions; improve the legal and regulatory framework for enterprises,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,
- implement the steel restructuring programme,
- establish a functioning land market and finalise the land and property register.

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

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

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

Internal market:

- public procurement: ensure transparent public procurement procedures at central and regional level,
- intellectual and industrial property rights: complete alignment and implement industrial property rights (trade marks, geographical destinations and industrial designs), including effective border control measures,
- data protection: implement legislation,
- free movement of goods: start implementation of new approach directives; pursue alignment of traditional technical legislation; implement market surveillance system,
- free movement of persons: complete alignment of mutual recognition of diplomas,
- free movement of services: complete alignment and implement banking law, pledges law, law on securities; guarantees and facilitation of lending and title procedures,
- competition: reinforce antitrust and State aid authorities and procedures,
- telecommunication: strengthen the capacity of the national regulatory authorities,
- taxation: full alignment of the tax acquis including the Community's transitional VAT regime; review existing laws and ensure compatibility with the code of conduct for business taxation; strengthen administrative capacity and control procedures including administrative cooperation and mutual assistance,
- consumer protection: continue alignment and strengthen market surveillance and enforcement authorities,
- customs: strengthen border control; develop an integrated tariff; develop operational capacities and computerisation of the customs administration; reinforce the fight against fraud and corruption.

Agriculture:

- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- continue restructure the agrifood sector; reinforcement food control administration,
- complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, residue and zoonosis control programmes, complete inspection systems on future external borders.

Fisheries:

- develop the capacity to implement and enforce the common fisheries policy, particularly by providing the adequate institutional resources and equipment relating to inspection and controls; set up an adequate fleet registration system; promote quality standards.

Energy:

- align oil stock requirements and continue to improve energy efficiency,
- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels),
- adopt and implement secondary legislation for the internal gas and electricity market,
- implement commitments on the phased closure and decommission of units 1, 2, 3 and 4 of the Kozloduy nuclear power plant; maintain a high level of nuclear safety for Kozloduy units 5-6,
- strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

- align road transport (market access, road safety and taxation), railways, maritime transport, inland waterways (technical requirements for vessels) and air transport (in particular air safety and air traffic management).

Employment and social affairs:

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

Economic and social cohesion:

- develop national policy for economic and social cohesion; prepare for the implementation of regional development programmes as well as Community initiatives, improve administrative procedures and establish a budgetary system allowing for multiannual commitments and manage it according to structural funds standards, including appraisal and evaluation.

Environment:

- complete transposition and implementation of framework and sectoral legislation according to pre-defined timetable,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

- continue progressive alignment of visa legislation and practice with that of the European Union,
- adopt and apply the international instruments related to the fight against drug trafficking, in particular the Agreement on illicit traffic by sea, implementing Article 17 of the United Nations Convention against illicit trafficking in narcotic drugs and psychotropic substances,
- upgrade facilities for asylum seekers and refugees,
- further intensify international coordination and cooperation in the field of combating transborder crime, especially in the field of transiting, producing and selling drugs as well as money laundering, implement anti-corruption strategy, continue fight against trafficking in women and children,
- reinforce the independence of judiciary.

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

- complete the establishment of a professional and impartial civil service on the basis of the civil service law; establish a civil service management structure and ensure simplification of procedures,
- upgrade teaching of European matters, including training of judges with regard to European Community law,
- strengthen public financial control functions through the provision of adequate staff, training and equipment,
- strengthen statistical capacities.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 415 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Bulgaria can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Bulgaria will have access to funding from multi-State programmes directly related to the acquis. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Bulgaria of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the *acquis* can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/858/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Czech Republic's preparations

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

- (6) in order to prepare for membership, the Czech Republic should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Czech Republic are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

CZECH REPUBLIC: 1999 ACCESSION PARTNERSHIP

1. OBJECTIVES

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by the Czech Republic towards membership of the European Union, the financial means available to help the Czech Republic implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that the Czech Republic can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

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

The Accession Partnership indicates the priority areas for the Czech Republic's membership preparations. The Czech Republic will nevertheless have to address all issues identified in the Regular Report. It is also important that the Czech Republic fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for the Czech Republic.

3.1. Short-term (2000)

Political criteria:

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

Economic criteria:

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

Internal market:

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

Agriculture:

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

Employment and social affairs:

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

Environment:

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

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

Justice and home affairs:

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

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

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

3.2. Medium-term

Political criteria:

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

Economic criteria:

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

Internal market:

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

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

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

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

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

Economic and Monetary Union:

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

Agriculture:

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

Energy:

- continue to ensure high levels of nuclear safety at the Dukovany and Temelin (upon completion) nuclear power plants,
- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),
- align oil stock requirements and improve energy efficiency,
- strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

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

Employment and social affairs:

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

Economic and social cohesion:

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

Environment:

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

Justice and home affairs:

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

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

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

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 358 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, the Czech Republic can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition the Czech Republic will have access to funding from multi-State programmes directly related to the *acquis*. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by the Czech Republic of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the *acquis* can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

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

(1999/859/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Slovenia's prepara-

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

- (6) in order to prepare for membership, the Republic of Slovenia should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of 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, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

SLOVENIA: 1999 ACCESSION PARTNERSHIP**1. OBJECTIVES**

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Slovenia towards membership of the European Union, the financial means available to help Slovenia implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

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

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Slovenia can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

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

The Accession Partnership indicates the priority areas for Slovenia's membership preparations. Slovenia will nevertheless have to address all issues identified in the Regular Report. It is also important that Slovenia fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Slovenia.

3.1. Short-term (2000)

Economic criteria:

- promote competitiveness through market-based enterprise restructuring; take measures to stimulate domestic and inward investment; simplify legal and administrative procedures and promote development of small- and medium-sized enterprises,
- begin implementation of the privatisation programme in the banking and insurance sectors and complete privatisation process,
- implement a restructuring programme in the steel sector in line with European Union requirements,
- continue restructuring of public finances including reform of the pension system,
- improve bankruptcy procedures and streamline implementation.

Internal market:

- public procurement: continue alignment,
- intellectual and industrial property rights: adopt new law on industrial property and introduce supplementary protection certificate (SPC); strengthen the office for intellectual property; reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls,
- company law: complete alignment including removal of the discriminatory requirements on the use of language,
- data protection: establish an independent supervisory authority,
- free movement of goods: enforce framework legislation; start transposition of new approach directives and proceed with alignment of technical legislation; restructure the Standards and Metrology Institute to achieve separate regulatory, standardisation, accreditation and certification functions,
- free movement of capital: speed up the alignment of the legislation on foreign direct investments in sectors still restricted, in particular the financial sector, transport, telecommunications, and media,
- competition: enforce anti-trust laws and adopt relevant implementing legislation; strengthen the competition office; adopt and start implementing State aid legislation and strengthen State aid monitoring authority; draw up State aid inventory, continue annual State aid reports,
- telecommunications: adopt new telecommunications law and establish an independent telecommunications regulatory authority,
- audio-visual: complete alignment of legislation,
- taxation: close the duty free shops at the land borders; confirm acceptance of the principles of the code of conduct for business taxation and ensure that new tax measures are in conformity with these principles.

Agriculture:

- continue alignment of veterinary and phytosanitary legislation and the establishment and equipment of border inspection posts, in particular at the land border with Croatia, the port of Koper and the airport at Ljubljana.

Transport:

- align legislation on maritime safety.

Environment:

- adopt new water law together with implementing decrees,
- finalise detailed directive-specific approximation programmes and implementation strategies (in particular for waste management, air pollution control, integrated industrial pollution control risk management, chemicals, genetically modified organisms and radiation protection),
- develop a (directive-specific) plan for financing investments, based on estimations of costs of alignment and realistic sources of public and private finance year-by-year,
- complete transposition and enforce the environmental impact assessment directive.

Employment and social affairs:

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

Justice and home affairs:

- implement the new law on foreigners and on asylum and bring about full participation in the Schengen information system.
- ratify the European convention on money laundering of proceeds of crime, the European criminal law convention on corruption, the OECD convention on bribery,
- strengthen capacities to deal with money laundering.

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

- accelerate reform of the public administration including introduction of a civil service law,
- Phare ⁽¹⁾, ISPA ⁽²⁾ and Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, budgetary and administrative framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including a mechanism for environmental impact assessment and European Union compatible public procurement rules for projects co-financed with community funds and the establishment of a functioning paying agency for Sapard,
- complete the legislative framework for internal and external financial control and set up internal audit/control units in spending centres,
- implement an efficient land registration system including reform of the spatial planning framework and computerisation of land registration.

3.2. Medium-term*Political criteria:*

- continue efforts to resolve outstanding border issues with Croatia.

Economic criteria:

- complete restructuring, commercialisation and liberalisation of State-owned utilities, while ensuring competition and price liberalisation,
- continue capital market reform, including greater protection of minority shareholders,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Market procedures.

Internal market:

- public procurement: eliminate the 10 % price preference for domestic bidders,
- intellectual and industrial property rights: complete alignment,
- free movement of goods: complete adoption of sectoral legislation and alignment on EN standards; ensure proper implementing structures for all sectors establish a market surveillance system,
- free movement of capital: abolish remaining restrictions on short-term transactions and acquisitions of real estate by foreign entities; complete liberalisation of capital flows,
- free movement of persons: complete alignment of mutual recognition of diplomas,
- free movement of services: ensure efficient supervision of financial services,
- competition: reinforce the anti-trust and State aid authorities and procedures; improve transparency and flow of data, coordination and training at all levels of administration,

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

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

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

- taxation: remove discrepancies still existing between VAT and excise duty regimes and European Union acquis, in particular by implementing the VAT transitional regime and increase the excise rates on tobacco and alcoholic beverages review existing laws and ensure compatibility with the code of conduct for business taxation,
- consumer protection: continue alignment and strengthen market surveillance and enforcement authorities,
- customs: complete alignment including provisions on free zones; strengthen border control; develop the operational capacities of the customs administration; continue computerisation; continue the fight against fraud and corruption.

Agriculture:

- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms).
- complete alignment and enforcement of legislation in the veterinary and phytosanitary sector, in particular: complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems at future external borders,
- upgrade food processing plants and complete restructuring of the agrifood sector.

Fisheries:

- develop the capacity to implement and enforce the common fisheries policy, including establishment of adequate institutional resources and equipment relating to inspection and controls at central and regional level.

Energy:

- continue to ensure high levels of nuclear safety (taking account of seismic risk assessment) at the Krsko nuclear power plant,
- continue improvement of energy efficiency and implement oil stock requirements,
- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),
- strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

- alignment in air transport (particularly air safety and air traffic management), road transport (market access, road safety, transport of dangerous goods and taxation), and maritime transport.

Employment and social affairs:

- transpose and implement European Union legislation in the field of occupational health and safety, labour law, equal treatment of women and men, and public health; reinforce related administrative structures (in particular strengthen the labour inspectorate and the office for occupational safety and health) and those required for the coordination of social security.

Economic and social cohesion:

- develop national policy for economic and social cohesion; prepare for the implementation of a regional development programme and Community initiatives; improve administrative structures; organise the budgetary system and procedures according to structural funds standards, including appraisal and evaluation.

Environment:

- implement legislation on waste management, air pollution control, industrial pollution control, risk management, chemicals, genetically modified organisms and radiation protection,
- strengthen administrative capacity at all levels,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

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

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

- improve the operation of the judicial system, including filling of vacancies, training of the judiciary in Community law and adoption of legislation to create alternative instruments for the settlement of civil disputes; transfer of certain tasks from the courts to notaries,
- adopt legislation on public agencies,
- strengthen public financial control functions through the provision of adequate staff, training and equipment,
- strengthen statistical capacities.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 126 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Slovenia can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Slovenia will have access to funding from multi-State programmes directly related to the acquis. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by 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 Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the acquis can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

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

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

NOTICE TO READERS

Subject: Monthly Indexes

The April 1999 editions of the OJ 'L' and 'C' monthly alphabetical index and the methodological table are now available.

EUR-OP aims to produce all subsequent editions rapidly, at two-week intervals, and to be up to date early in the year 2000.

We regret the long delays which were caused by internal changes in production methods, and are confident that these problems will not re-appear with the year 2000 subscriptions.

We apologise for any inconvenience caused.