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COUNCIL

COUNCIL DECISION

of 30 January 2006

**on the principles, priorities and conditions contained in the European Partnership with Albania
and repealing Decision 2004/519/EC**

(2006/54/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission,

Whereas:

(1) The Thessaloniki European Council of 19 and 20 June 2003 endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the Western Balkan countries within the framework of the stabilisation and association process.

(2) Regulation (EC) No 533/2004 provides that the Council is to decide on the principles, priorities and conditions to be contained in the European Partnerships, as well as any subsequent adjustments.

(3) The Council adopted on 14 June 2004 a first European Partnership with Albania ⁽²⁾. It is appropriate to update this Partnership in order to identify renewed priorities for further work, on the basis of the findings of the 2005 Progress Report on Albania's preparations for further integration with the European Union.

(4) Regulation (EC) No 533/2004 stated that the follow up to the European Partnerships will be ensured within the framework of the mechanisms established under the stabilisation and association process.

(5) In order to prepare for further integration with the European Union, Albania is expected to develop a plan with a timetable and specific measures to address the priorities of this European Partnership.

(6) Decision 2004/519/EC should therefore be repealed,

HAS DECIDED AS FOLLOWS:

Article 1

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

⁽¹⁾ OJ L 86, 24.3.2004, p. 1.

⁽²⁾ Council Decision 2004/519/EC of 14 June 2004 on the principles, priorities and conditions contained in the European Partnership with Albania (OJ L 223, 24.6.2004, p. 20).

Article 2

The implementation of the European Partnership shall be examined through the mechanisms established under the stabilisation and association process, notably the annual Progress Reports presented by the Commission.

Article 3

Decision 2004/519/EC shall be repealed.

Article 4

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

Done at Brussels, 30 January 2006.

For the Council

The President

U. PLASSNIK

ANNEX

ALBANIA 2005 EUROPEAN PARTNERSHIP**1. INTRODUCTION**

The Thessaloniki European Council endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the Western Balkan countries within the framework of the stabilisation and association process.

The first European Partnership with Albania was adopted by the Council on 14 June 2004. It is appropriate to update this first partnership on the basis of the findings of the 2005 Progress Report on Albania. The second European Partnership identifies new priorities for action. The new priorities are adapted to the country's specific needs and stage of preparation and will be updated as necessary. The European Partnership also provides guidance for financial assistance to the country.

Albania is expected to develop a plan with a timetable and specific measures to address the priorities.

2. PRINCIPLES

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

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

3. PRIORITIES

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that Albania can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and the implementation thereof.

Taking into account the substantial costs involved with meeting all the EU requirements as well as the complexity of these requirements in certain areas, this partnership does not include all important tasks at this stage. Future partnerships will include further priorities in line with progress made by the country.

Among the short term priorities, the key priorities have been identified and grouped together at the beginning of section 3.1. The order of these key priorities does not imply a ranking in their importance.

3.1. SHORT-TERM PRIORITIES***Key priorities***

- Achieve improved concrete results in the fight against organised crime, in particular by making full use of the provisions of the new organised-crime laws and accelerating the implementation of the action-oriented measures against organised crime.
- Implement and update the 2004 to 2005 anti-corruption action plan and the recommendations of the Council of Europe's Group of States against corruption (GRECO) evaluation reports.

- Implement existing legislation on the restitution/compensation of real estate. In particular, accelerate both the first registration of properties and the processing of restitution claims and ensure that strategies and mechanisms for compensation are sustainable.
- Foster media freedom, in particular by expediting the adoption of appropriate legislation for the print media and improve legislation on the electronic media, taking into account EU standards.
- Further strengthen public sector governance, in particular public investment management, planning and execution.

Political requirements

Democracy and the rule of law

Governance

- Ensure political focus and institutional commitment and encourage constructive consensus on the implementation of the reforms necessary for progress within the stabilisation and association process.

Elections

- Prepare the 2006 local elections properly and in time, implementing promptly the recommendations issued by OSCE/Office for democratic institutions and human rights following the 2005 parliamentary elections, in particular by improving voters' lists.

Public administration

- Ensure the application of the Law on Public Service in public administration appointments and operation.
- Ensure that recruitment, transfer and dismissal of civil servants are conducted according to the established rules.
- Ensure enforcement of the Civil Service Law and take steps towards its improvement.
- Ensure the availability of appropriate premises, equipment and trained staff to the Ministry of European Integration, and improve coordination between it and the line ministries.
- Make full and effective use of the integrated planning system.

Judicial system

- Increase the transparency of the criminal and civil justice process.
- Guarantee that judges and prosecutors are appointed through competitive examinations.
- Foster the status, independence and constitutional protection of judges.
- Establish objective rules for the transparent assignment of cases to judges.
- Establish a transparent and merit-based system for the evaluation of prosecutors.
- Improve coordination between prosecutors and police.

- Ensure that the relevant international conventions are observed in establishing and running new penitentiary facilities.
- Ensure that the appropriate resources are available for credible witness protection.
- Achieve a continuous increase in the rate of execution of court rulings.

Anti-corruption policy

- Adopt the necessary legislation to harmonise the Albanian legal framework with European Conventions on Corruption (in criminal and civil matters) ratified by Albania as well as the relevant UN Conventions.
- Improve the existing legislation on bribery and implement it with due regard for inter-ministerial coordination.
- Ensure enforcement of the Law on Declaration of Assets.
- Strengthen the institutional capacity to investigate and prosecute corruption.
- Ensure that the Specialised Unit attached to the Tirana Prosecution Office (dealing with financial crimes) also covers corruption cases.
- Reduce the list of officials covered by immunity, and grant immunity only where strictly appropriate.

Human rights and the protection of minorities

Observance of international human rights law

- Ensure that all law enforcement bodies are fully aware of their human rights obligations, and that they implement them in accordance with international conventions ratified by Albania, in particular the European Convention on Human Rights.
- Address cases of ill-treatment by law enforcement bodies through appropriate prosecution of perpetrators.
- Ensure the compliance of the Albanian Criminal Code with the UN Convention against Torture.
- Implement the 2004 master plan to improve conditions for detainees and prisoners on remand.
- Ensure that the code of ethics for the prisons system is rigorously observed.

Civil and political rights

- Bring Albania's legislation on defamation into line with EU standards, and implement it.
- Expedite effective legislation to ensure transparency on media ownership.
- Improve the management of the National Council on Radio and Television and finalise the national plan for radio and television frequencies.
- Promote the independence and professional standards of journalists.
- Ensure that legal measures forbidding the sale of state property before restitution can take place are rigorously enforced.

Minority rights, cultural rights and the protection of minorities

- Improve the legal framework on minorities so that it meets the requirements of the Council of Europe Framework Convention for the Protection of National Minorities, and ensure its implementation throughout Albania in particular as regards increasing the use of minority languages in citizens' dealings with the authorities and the display of traditional local names, improving access to media for persons belonging to minorities and extending minority language education.
- Implement the National Strategy for the Roma, as part of the government's strategy for combating poverty and social exclusion. Provide accurate data on the size of minorities in Albania.

Regional issues and international obligations

- Comply with the stabilisation and association process and Thessaloniki commitments in terms of regional cooperation and good neighbourly relations.
- Ensure implementation of all regional free trade agreements and work towards the future regional Free Trade Agreement in south-east Europe.
- Conclude and implement agreements with neighbouring countries and ensure their effective implementation, notably on trade, cross border cooperation, the fight against organised crime, trafficking and smuggling, judicial cooperation, border management, readmission, environment, transport and energy.

Economic requirements

- Maintain macroeconomic stability by accelerating fiscal reforms, in particular regarding the budget process, expenditure management and public sector pay reform.
- Improve budgeting procedures through strengthened links between policy objectives and budget planning and execution.
- Reduce the grey economy by effective and non-discriminatory enforcement of tax legislation and intensifying the fight against fiscal fraud.
- Take steps to allow for the successful privatisation of Albtelecom.
- Improve macroeconomic statistics and the coverage of the business register.
- Implement the national strategy for social and economic development, ensuring close coordination with the updated Action Plan for the Implementation of European Partnership Priorities.
- Take measures to improve social protection systems and to combat social exclusion.

European standards**Internal market***Free movement of goods*

- Strengthen the administrative capacity of the WTO Secretariat and the Export Promotion Agency.
- Take measures to increase the awareness of economic operators in relation to the concepts of standards and certification and their importance in international trade.

- Design a national market surveillance strategy and strengthen the Consumer Protection Department.
- Ensure that the Accreditation Department has an adequate physical infrastructure and trained staff, and adopt a comprehensive work plan for Albania's future membership of the European Cooperation for Accreditation.

Movement of persons, services and right of establishment

- Modify the present legislation on the right of establishment to fully ensure equal treatment of foreign and domestic firms, a clear distinction between the temporary and permanent provision of services and compatibility with Stabilisation and Association Agreement (SAA) requirements.
- Ensure proportionality in the treatment of cross-border provision of services.
- Strengthen the legal and supervisory framework for the banking and insurance sectors, including the establishment of independent and properly-staffed supervisory authorities.

Free movement of capital

- Improve the prudential monitoring of the financial sector.
- Take further measures to reduce the use of cash in the economy.

Customs and taxation

- Further align customs legislation and procedures with the EU *acquis*, in particular ensure that rules and procedures for transit, customs warehouses, customs valuation, physical controls and risk analysis are aligned with EU standards and, where relevant, international conventions.
- Fully implement the automatic system for custom data, customs declaration and processing system in all customs offices.
- Take all necessary steps to properly implement rules of origin.
- Further approximate tax legislation with the EU *acquis* and commit to the principles of the Code of Conduct for Business Taxation, ensuring that new tax measures also conform to these principles.
- Complete the process of computerising tax offices.

Competition

- Improve existing competition legislation to reinforce competition control.
- Reinforce the budget and staffing of the Competition Authority.
- Adopt implementing legislation on State aid.
- Establish an operationally independent State aid authority.
- Ensure progress towards the completion of a comprehensive State aid inventory.

Public procurement

- Enforce current public procurement legislation and take steps to bring it up to EU standards.

- Ensure strict implementation of tendering procedures.
- Strengthen the Public Procurement Agency as well as public procurement entities in line ministries.
- Ensure the investigation and criminal prosecution of procurement-related offences.

Intellectual property law

- Strengthen the administrative capacity for intellectual property rights (IPR) protection, including the establishment of the Albanian Office for Copyright.
- Adopt new legislation on industrial property.
- Further increase awareness of IPR issues amongst the business community and law enforcement bodies, including the judiciary.
- Intensify enforcement against piracy and counterfeiting.

Sectoral policies

Industry and SME

- Improve the financial sustainability of the SME Agency and implement the national training programme for SMEs.
- Implement the European Charter for Small and Medium-sized Enterprises.
- Implement the Action Plan for the Removal of Administrative Barriers to Investment and ensure proper, non-discretionary, non-discriminatory implementation of business-related legislation, rules and procedures.
- Make company registration cheaper, easier and possible throughout the country.
- Improve procedures for obtaining licenses, permits and certificates.
- Reform the pre-paid tax system to make it less unfavourable for start-up companies.
- Implement the April 2005 action plan to address the informal economy.
- Set up procedures to assess the business impact of planned regulatory measures.
- Adopt improved commercial legislation.
- Ensure effective launch of the loan guarantee fund and ensure professional and independent management of the scheme.
- Adopt the e-signature law.

Agriculture and fisheries

- Strengthen the food safety system and related control systems.
- Clarify competences and reinforce staffing in the veterinary service.

- Upgrade the laboratories of the Veterinary Research Institute.
- Improve phytosanitary and veterinary conditions in compliance with EU requirements, particularly for products with a strong export potential.
- Step up efforts in aligning the legislation with the EU veterinary and phytosanitary *acquis* and align the system of animal identification and registration for bovines with EU requirements.
- Reinforce the collection and processing of agricultural statistics in line with EU standards and methodology.

Environment

- Strengthen administrative capacity and coordination at national and local level.
- Implement legislation on environmental impact assessment.
- Adopt a strategy to further align environmental legislation with the EU *acquis*, and properly implement existing legislation, especially as regards enforcement.
- Take action on the environmental hot-spots at Sharra solid waste landfill and the Patos-Marinez oil extraction area.
- Further develop and implement the national water and sanitation strategy and the rural strategy for water supply and sewerage and develop and start implementing a strategy for progressive alignment to the *acquis* in the area of water supply and sanitation.
- Implement international conventions to which Albania is party in the field of nature protection.

Transport policy

- Implement the national transport plan including the planning and budgeting of transport asset maintenance.
- Implement the road safety programme, and improve road safety conditions by starting to align Albanian legislation with the EU *acquis* on weights and dimensions, roadworthiness tests, technical roadside inspections, driver licences and vehicle registration documents.
- Take measures to prevent illegal construction along new roads and take measures to prevent unsafe access to national roads.
- Begin the necessary reform of the railway sector.
- Apply public procurement procedures systematically to large investments.
- Ensure that the Air Code is amended to be in line with the EU *acquis* in view of the European Common Aviation Area.
- Improve the maritime safety conditions, particularly the detention rate of Albanian ships pursuant to the Paris Memorandum of Understanding.

Energy

- Continue to implement the revised Action Plan for the Implementation of the National Energy Strategy.

- Start implementing the commitments undertaken in the framework of the Energy Community Treaty.

Information society and media

- Ensure that electronic communications legislation takes account of EC directives and is enforced.
- Strengthen the role and capacity of the telecommunications regulatory entity, ensure its independence, and establish an improved appeals system.
- Take measures to achieve a competitive market for electronic communications networks and services.
- Start the process of alignment with the European Convention on Transfrontier Television and the television without frontiers Directive.
- Reinforce the administrative capacity of the National Council on Radio and Television and finalise the national plan for radio and television.

Financial control

- Further develop the Public Internal and Financial Control policy paper and clearly define the inspection function, separate from other control and internal audit functions.
- Strengthen the operational capacity of the Supreme Audit Institution and ensure its functional and financial independence.

Justice, freedom and security

Visa, border control, asylum and migration

- Issue travel documents in accordance with international standards and establish a centralised IT network for the administration of visas.
- Adopt amendments to the Law on Foreigners to bring visa legislation closer to EU standards.
- Implement Albania's Ohrid commitments on border security and management, in particular establishing an integrated border management strategy in accordance with EU guidelines.
- Focus increased financial and human resources on addressing human trafficking and illegal migration.
- Ensure that border management at Tirana International Airport, and at Durres and Vlora ports complies with international standards.
- Foster inter-agency cooperation at the border between customs and the border police.
- Ensure signature of and alignment with the 1977 European Convention on the Legal status of Migrant Workers.
- Implement the EC/Albania readmission agreement and negotiate readmission agreements with the countries of origin of transiting migrants.
- Focus sufficient administrative and financial capacity on implementing legislation on asylum and migration and in particular implementing the related national strategies and action plans.

Money laundering

- Take urgent measures for better enforcement of anti-money laundering legislation in terms of convictions, confiscations, seizures and the freezing of assets.
- Enhance the capacity of the Financial Intelligence Unit, the prosecutor's offices and the police Economic Crimes Unit by ensuring the provision of appropriate financial and IT resources and improving working-level cooperation.
- Ensure the EU compliance of the current Law on the Prevention of Money Laundering.
- Further improve cooperation with the authorities of other countries, in particular by using the Regional Financial Intelligence Network more actively.
- Ensure proper enforcement of reporting obligations and examine transaction reporting thresholds.

Drugs

- Implement the national anti-drug strategy and the related action plan.
- Improve the training, equipment and continuity of management of police officers involved in the fight against drugs.
- Identify and prosecute those responsible for corruption related to the drugs trade at all levels in the public administration.
- Take steps to ensure better coordination both domestically and with partners in other countries in the fight against drugs.
- Ensure greater transparency in seizure figures, and take measures to dispose properly of drugs seized in old cases.

Police

- Ensure the full implementation of the law on ranks.
- Further improve the management of the Albanian State Police and ensure it is able to manage its resources independently.
- Strengthen the police internal affairs unit and ensure proper prosecution of police officers for criminal offences.
- Accelerate efforts to reach an agreement with Europol.
- Establish a consolidated manual of procedures for all criminal police officers.
- Strengthen community policing.

Fighting organised crime and terrorism

- Define more precisely the respective responsibilities of the various state bodies involved in the fight against organised crime and terrorism, and take measures to enhance cooperation, in particular between the judicial authorities and the police.

- Take further measures to establish coherent and coordinated intelligence gathering and processing systems.
- Enhance the use of special investigative means, the interception of telecommunications, and the use of intelligence information.
- Urgently put in place concrete measures to guarantee witness protection.
- Take measures to provide counter-terrorist analysts and investigators with better equipment and training.
- Take further steps to bring security at Tirana airport up to international standards.

3.2. MEDIUM-TERM PRIORITIES

Political requirements

Democracy and the rule of law

Elections

- Take early action in preparation for the next parliamentary elections.

Public administration

- Ensure that the sectors of the administration responsible for the implementation of SAA provisions, as well as those involved in the implementation of EC financial assistance, are adequately trained and equipped to carry out their duties.
- Introduce results-oriented management and training for civil servants.
- Design and implement a civil service salary structure which allows both proper budgetary planning and a motivating career structure.

Judicial system

- Ensure prosecution of serious crimes, especially organised crime, with particular attention to cross-border cooperation mechanisms.
- Ensure continued and appropriate training of judges and prosecutors, including in human rights, ethics and commercial matters and SAA-related issues.
- Review the role and qualifications of judicial administrators, and progressively incorporate them into the civil service, ensuring pay parity with ministry staff.
- Ensure the financial sustainability of the Magistrates' School.
- Enforce legislation on witness protection.

Anti-corruption policy

- Implement European Conventions on Corruption in criminal and civil matters ratified by Albania as well as the relevant UN Conventions.

- Achieve significant results in the fight against corruption, at all levels and in all fields, through enforcement of adequate legislation.

Human rights and the protection of minorities

Observance of international human rights law

- Ensure that detainees and prisoners on remand are treated in accordance with international standards.
- Guarantee that human dignity and personal safety is respected in detention centres, prisons and mental institutions, in accordance with international conventions.

Civil and political rights

- Improve the juvenile justice system.
- Ensure compliance with the Council of Europe Convention for the Prevention of Torture and Inhuman and Degrading Treatment or Punishment.
- Enforce legislation on restitution/compensation of properties confiscated during the communist period.
- Complete the process of land registration.
- Ensure that transfers of property are carried out in accordance with the law, and ensure the proper functioning of all bodies involved in the process (notaries, property register, etc.).

Freedom of expression, association and peaceful assembly

- Enforce new legislation for printed and electronic media taking into account EU standards.
- Ensure that TV frequency allocation is carried out in a fair and non-discriminatory manner, in accordance with the national plan, and that requirements are fully respected by broadcasters.
- Improve the neutrality of the State television company.
- Encourage continued improvement of the quality of journalism.
- Encourage the active participation of NGOs and other civil society organisations in the government decision-making process.

Regional issues and international obligations

- Promote regional dialogue, stability, good neighbourliness and cooperation.

Economic requirements

- Maintain sustainable macroeconomic policies, continuing with fiscal adjustments and consolidation, and, in particular, enhancing the sustainability of the trade/current account deficits by enhancing export competitiveness.
- Continue with a prudent monetary and exchange rate policy stance.
- Further strengthen external audit, financial control management and internal audit.

- Establish effective procedures for the detection, treatment and follow-up of cases of (suspected) fraud and other irregularities affecting national and international funds.
- Continue privatisation, in particular in the financial and energy sectors.
- Ensure that provisions in relation to land classification and the use of land are respected.
- Develop and adopt legislation for the taxation of land and real estate.
- Step up efforts to improve the education system, including primary education, and to create a modern vocational education and training system.

European standards

Internal market

Free movement of goods

- Ensure administrative capacity to implement SAA requirements in this area.
- Make further progress in adopting European standards and speed up efforts to become a full member of the European Committee for Standardisation, of the European Committee for Electrotechnical Standardisation and of the European Telecommunications Standards Institute.
- Progress in transposing new and global approach and old approach directives.
- Fully establish a market surveillance system required by the *acquis* on free movement of goods.
- Ensure improved functioning, taking into account EC best practices, of the bodies responsible for standardisation, accreditation and certification as well as those responsible for metrology and calibration.
- Ensure Albania's membership of the European Cooperation for Accreditation.

Movement of persons, services and right of establishment

- Ensure that the implementation of legislation on the right of establishment is conducted fairly and impartially.

Free movement of capital

- Ensure progress on the full liberalisation of the movement of capital in order to be able to fulfil Albania's 2010 WTO deadline.

Customs and taxation

- Ensure the continued approximation of Albanian customs and taxation legislation to the EU *acquis*, and further increase administrative capacity to implement customs legislation, and to fight corruption, cross-border crime and fiscal evasion.
- Improve transparency and the exchange of information with EU Member States in order to facilitate the enforcement of measures to prevent the avoidance or evasion of taxes.

Competition

- Enforce competition legislation consistently regarding both antitrust and State aid.

Public procurement

- Ensure the alignment of Albania's legal framework with the EU *acquis*.
- Achieve fully operational public procurement structures, ensuring strict operation of public procurement procedures in compliance with the law and with SAA requirements.

Intellectual property law

- Fully implement international conventions ratified in the field of intellectual, commercial and industrial property rights.
- Ensure proper implementation of IPR, and achieve improved results in the fight against piracy and counterfeiting.
- Guarantee sufficient administrative capacity to comply with SAA requirements in this area.
- Establish regional copyright offices.

Statistics

- Develop business and social statistics, including labour market statistics, and make progress towards implementing all European classifications, including the classification of statistical regions.

Sectoral policies*Industry and SME*

- Enforce improved commercial legislation.
- Ensure that judges are well trained in commercial and corporate legislation.
- Ensure that the strategy to combat the informal economy keeps pace with developments in the sector.
- Further develop specialised business support structures (e.g. incubators and clusters) and examine feasibility for a business/technology park.
- Start designing and applying an integrated research policy and further develop measures to boost innovation and competitiveness of small companies.
- Introduce disclosure and financial reporting standards in line with EU standards and ensure their effective enforcement.

Agriculture and fisheries

- Take measures to ensure that Albanian fisheries policy moves closer to EU standards, in particular in the areas of resource management, inspection and control and in market and structural policies.
- Develop strategies for land use, the land market, rural development, diversification of farm activities and enhancing agricultural competitiveness.

- Achieve substantial improvements in terms of food safety and phytosanitary and veterinary conditions, in compliance with EC requirements.
- Prepare a programme for upgrading food processing establishments to meet EU requirements.
- Start action with a view to identifying sheep and goats and registration of their movements.
- Start action with a view to ensuring an efficient control of domestic plant production in particular for products with EU specific requirements and set up analytical capacity in the phytosanitary sector.

Environment

- Continue efforts to address toxic hotspots.
- Reduce pollution produced by the Balsh refinery, including discharges into the Gjanica River, and take measures to tackle water pollution in general.
- Strengthen environmental monitoring and ensure sufficiently dissuasive sanctions against polluters.
- Continue to implement regional and international environmental commitments.

Transport policy

- Continue implementation of the Albania transport master plan, including efforts to complete the east-west corridor and north-south axis.
- Complete the necessary institutional reforms to improve transport asset management, prioritisation of investments, policy making and the involvement of the private sector.
- Make substantial progress on the rehabilitation of the ports of Durres and Vlora and consolidate port operations there.
- Achieve improved results in terms of road safety, and take additional steps for further improvement.
- Implement the Memorandum of Understanding of the south-east Europe core regional transport network including the Transport Observatory.

Energy

- Continue to ensure the proper implementation of action plans in relation to the electricity sector, and further progress with the implementation of the Albanian energy strategy.
- Ensure timely implementation of the various projects aimed at improving the infrastructure for electricity production, transmission and distribution.
- Continue to implement regional and international commitments in the energy field with a view to establishing a competitive regional energy market.

Information society and media

- Further transpose and implement the EU framework for electronic communications.
- Continue the process of alignment with the European Convention on Transfrontier Television and the television without frontiers Directive.

Financial control

- Develop and implement the principles of decentralised managerial accountability and functionally independent internal audit according to international standards and EU best practice.
- Develop procedures and administrative capacities to ensure effective protection of EU financial interests.

Justice, freedom and security*Visa, border control, asylum and migration*

- Ensure full compliance of all Albanian travel documents with international standards.
- Implement the integrated border management strategy and all international commitments undertaken by Albania in the area of border management.
- Ensure that border management at Tirana International Airport, and at Durres and Vlorë ports complies with international standards.
- Enforce asylum-related legislation and establish a fully-fledged asylum system, in compliance with international standards.
- Implement Albania's national strategy on migration and national action plan on asylum.
- Ensure that Albania is in a position to meet SAA requirements regarding EU citizens working and/or residing in Albania.
- Negotiate readmission agreements with all countries of the region and with the countries of origin of migrants transiting through Albania.
- Progressively conclude, ratify and implement all the main international conventions in the field of migration.

Money laundering

- Reinforce the fight against economic and financial crime, including money-laundering and counterfeiting of currencies.
- Establish an inter-ministerial agency for the purpose of seizing proceeds of crime.
- Achieve tangible results in the fight against money laundering, both within and outside the financial sector.

Drugs

- Further implement the national anti-drug strategy and the related action plan.
- Ensure substantially improved results in the fight against drug trafficking, especially as regards synthetic drugs, heroin and cocaine.

Police

- Continue to bring police services up to European standards, most notably through adequate training and equipment.

- Ensure the functioning of a proper case-management system.
- Achieve significant results in the fight against criminality, and in fighting corruption and other criminal behaviour within police ranks.

Fighting organised crime and terrorism

- Further increase international cooperation in the fight against organised crime and terrorism.
- Achieve significant results in the rate, number and quality of prosecutions in relation to offences connected with organised crime and trafficking, as well as in terms of the seizure of the proceeds of crime.
- Fully incorporate the international conventions and protocols on the prevention of terrorism to which Albania is party into domestic legislation, and implement them.

4. PROGRAMMING

Community assistance under the stabilisation and association process to the western Balkan countries will be provided under the existing financial instruments, in particular by Council Regulation (EC) No 2666/2000 of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia ⁽¹⁾. Accordingly, this Decision will have no financial implications. Albania can have access to funding from multi-country and horizontal programmes.

5. CONDITIONALITY

Community assistance under the stabilisation and association process to the western Balkan countries is conditional on further progress in satisfying the Copenhagen criteria as well as progress in meeting the specific priorities of this European Partnership. Failure to respect these conditions could lead the Council to take appropriate measures on the basis of Article 5 of Regulation (EC) No 2666/2000. Community assistance shall also be subject to the conditions defined by the Council in its conclusions of 29 April 1997, and 21 and 22 June 1999 in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms.

6. MONITORING

The implementation of the European Partnership shall be examined through the framework of the mechanisms established under the stabilisation and association process notably the annual progress reports presented by the Commission.

⁽¹⁾ OJ L 306, 7.12.2000, p. 1. Regulation as last amended by Regulation (EC) No 2112/2005 (OJ L 344, 27.12.2005, p. 23).

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(2006/55/EC)

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Having regard to the proposal from the Commission,

Whereas:

(1) The Thessaloniki European Council of 19 and 20 June 2003 endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the western Balkan countries within the framework of the stabilisation and association process.

(2) Regulation (EC) No 533/2004 provides that the Council is to decide on the principles, priorities and conditions to be contained in the European Partnerships, as well as any subsequent adjustments.

(3) The Council adopted on 14 June 2004 a first European Partnership with Bosnia and Herzegovina ⁽²⁾. It is appropriate to update this Partnership in order to identify renewed priorities for further work, on the basis of the findings of the 2005 Progress Report on Bosnia and Herzegovina's preparations for further integration with the European Union.

(4) Regulation (EC) No 533/2004 stated that the follow-up to the European Partnerships will be ensured within the framework of the mechanisms established under the stabilisation and association process.

(5) In order to prepare for further integration with the European Union, Bosnia and Herzegovina is expected to develop a plan with a timetable and specific measures to address the priorities of this European Partnership.

(6) Decision 2004/515/EC should therefore be repealed,

HAS DECIDED AS FOLLOWS:

Article 1

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

Article 2

The implementation of the European Partnership shall be examined through the framework of the mechanisms established under the stabilisation and association process, notably the annual Progress Reports presented by the Commission.

Article 3

Decision 2004/515/EC shall be repealed.

Article 4

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

Done at Brussels, 30 January 2006.

*For the Council**The President*

U. PLASSNIK

⁽¹⁾ OJ L 86, 24.3.2004, p. 1.

⁽²⁾ Council Decision 2004/515/EC of 14 June 2004 on the principles, priorities and conditions contained in the European Partnership with Bosnia and Herzegovina (OJ L 221, 22.6.2004, p. 10).

ANNEX

BOSNIA AND HERZEGOVINA: 2005 EUROPEAN PARTNERSHIP**1. INTRODUCTION**

The Thessaloniki European Council endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the western Balkan countries within the framework of the stabilisation and association process.

The first European Partnership with Bosnia and Herzegovina was adopted by the Council on 14 June 2004. It is appropriate to update this first partnership on the basis of the findings of the 2005 Commission's Progress Report on Bosnia and Herzegovina. The second European Partnership identifies new priorities for action. The new priorities are adapted to the country's specific needs and stage of preparation and will be updated as necessary. The European Partnership also provides guidance for financial assistance to the country.

Bosnia and Herzegovina is expected to develop a plan including a timetable and specific measures to address the European Partnership priorities.

2. PRINCIPLES

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

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

3. PRIORITIES

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that Bosnia and Herzegovina can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and the implementation thereof.

Taking into account the substantial costs involved with meeting all the EU requirements as well as the complexity of these requirements in certain areas, this partnership does not include all important tasks at this stage. Future partnerships will include further priorities in line with progress made by the country.

Among the short-term priorities, the key priorities have been identified and grouped together at the beginning of section 3.1. The order of these key priorities does not imply a ranking in their importance.

3.1. SHORT-TERM PRIORITIES***Key priorities***

- Fully cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY) in apprehending all ICTY indictees at large.
- Fully implement the Agreement on Police Restructuring of October 2005. In this framework, establish the Directorate for the Implementation of Police Restructuring by December 2005 and adopt an action plan for the reform implementation in compliance with the principles outlined by the Commission within the timelines set by the agreement.

- Adopt all the necessary public broadcasting legislation at State and entity level and start its implementation.
- Ensure that all State-level ministries and institutions are adequately financed, operational and properly equipped, namely in terms of premises and staff.
- Adopt and start implementing a comprehensive action plan for public administration reform, taking into account the results of the public administration functional and sectoral reviews.
- Ensure the existence of a real internal market in Bosnia and Herzegovina.

Political requirements

Democracy and the rule of law

Governance

- Take steps to provide Bosnia and Herzegovina's Parliamentary Assembly with sufficient technical resources and personnel.
- Further improve and strengthen State-entity coordination by establishing regular and institutionalised mechanisms for coordination between the State and the Entities.
- Ensure proper follow-up to the reports issued by Bosnia and Herzegovina's Supreme Audit Institutions and take appropriate measures against those responsible for irregularities.

Elections

- Assume full organisational and financial responsibility for the 2006 Parliamentary and Presidential elections.
- Amend electoral legislation regarding the Bosnia and Herzegovina Presidency members and the House of Peoples delegates, to ensure full compliance with the European Convention on Human Rights and the Council of Europe post-accession commitments.
- Provide the necessary staff for the Audit Department of the Electoral Commission.

Public administration

- Provide the Public Administration Coordinator's Office with the necessary human and material resources to carry out its work.
- Take measures to ensure the proper functioning of the Civil Service agencies and develop and implement efficient recruitment procedures; ensure prompt appointment of civil servants, in particular at State level, following successful civil service procedure.
- Implement the training programme for public administration adopted in May 2005.
- Adopt the new legislation on the State ombudsman and ensure the merger of the State and entity ombudsmen.

Judicial system

- Ensure full responsibility for the State Court, the Prosecutor's Office and the High Judicial and Prosecutorial Council in terms of finance, administration and personnel; ensure their proper functioning.

- Make progress in dealing with the backlog of cases before the courts.
- Develop an efficient system for addressing juvenile delinquency.

Anti-corruption policy

- Prepare a detailed action plan against corruption on the basis of the national anti-corruption strategy.
- Harmonise anti-corruption legislation within Bosnia and Herzegovina.
- Ensure effective implementation of the law on conflicts of interest.

Human rights and the protection of minorities

- Abolish references to the death penalty in the Republika Srpska Constitution.
- Implement the international conventions ratified by Bosnia and Herzegovina, including reporting requirements.
- Ensure that the Human Rights Commission within the Constitutional Court addresses all unresolved human rights cases.
- Further improve the legal framework on minorities so that it fully meets the requirements of the Council of Europe Framework Convention on National Minorities, and ensure its implementation throughout Bosnia and Herzegovina.
- Establish the Council of National Minorities and the corresponding bodies at entity level.
- Develop and start implementing the sectoral Action Plans of the national strategy for Roma as part of a comprehensive strategy of poverty alleviation.

Regional issues and international obligations

- Continue to improve regional cooperation and ensure good-neighbourly relations, with a view, *inter alia*, to promoting reconciliation.
- Contribute to ensuring a solution of the outstanding border issues with Croatia and Serbia and Montenegro.
- Improve significantly the implementation of bilateral Free Trade Agreements and work towards the future regional Free Trade Agreement in south-east Europe.
- Conclude and implement agreements with neighbouring countries, notably on cross border cooperation, the fight against organised crime, trafficking and smuggling, judicial cooperation, border management, readmission, environment, transport and energy.
- Ensure that the Refugee Return fund is properly funded and fully operational. Contribute to ensuring the implementation of the Sarajevo Declaration. Complete the process of returnee/refugee return and achieve significant progress towards their economic and social integration.
- Address all outstanding Council of Europe post-accession requirements, in particular in the areas of education and elections.

Economic Requirements

- Pursue policies conducive to a stable macro-economic environment and pay particular attention to credit growth in the context of the currency board arrangement.
- Implement the State framework law and entities laws on business registration.
- Support the work of the Fiscal Sustainability Working Group with the overall aim to reduce real public expenditure.
- Finalise the reconciliation of domestic claims and adopt the State level law on internal debt to guide payments on all domestic claims.
- Adopt the law on the National Fiscal Council and establish procedures for its efficient functioning.
- Reform and reduce the rigidity of the wage setting system, in particular in the public sector.
- Design and implement a blueprint for institutionalisation of the Economic Policy Planning Unit.
- Make substantive progress on corporate governance, *inter alia* by accelerating the process of privatisation and restructuring of Private Investment Funds.
- Enact and start to implement the law for financial restructuring.
- Ensure proper functioning of the commercial courts and develop the functioning of courts in handling and processing bankruptcy procedures.

European standards**Internal market***Free movement of goods*

- Implement current legislation in the areas of standards, certification, metrology, accreditation and conformity assessment; establish the institutions provided for by this legislation and equip/staff them so that they can implement their tasks. Continue efforts to align rules and regulations in these areas with the *acquis*, in particular to create conditions favourable to trade.
- Establish an internal consultation and notification mechanism of new technical regulations prior to their adoption on measures having an impact on trade.
- Ensure continued progress in adopting European standards.
- Establish the Market Surveillance Agency and ensure its capacity to fulfil its tasks. Continue taking steps towards the establishment of a market surveillance structure responding to the requirements of the *acquis* on free movement of goods.

Movement of persons, services and right of establishment

- Set up the Insurance Agency of Bosnia and Herzegovina and ensure that it becomes fully operational.
- Bring banking supervision to the State level and ensure effective functioning of the supervisory authority.

- Ensure the adoption of a State-level law on higher education paving the way to the implementation of the main elements of the Bologna process and the Lisbon Recognition Convention.

Customs and taxation

- Further align customs legislation and procedures to the *acquis*.
- Ensure that the legal framework for free zones is compatible with EU standards and guarantee the adequate supervision of free zones.
- Take all necessary steps to properly implement rules of origin.
- Implement customs valuation rules in accordance with international standards and practices.
- Increase the administrative capacity to implement customs legislation, and to fight against corruption, cross-border crime and fiscal evasion.
- Ensure the adequate functioning of the Indirect Taxation Authority.
- Fully implement and enforce the VAT law, and further approximate tax legislation with the *acquis*.
- Commit to the principles of the Code of Conduct for Business Taxation and ensure that new tax measures are in conformity with these principles.

Competition

- Enhance the capacity of the Competition Council in order that it is able to fully implement its tasks as regards the enforcement of the relevant rules and the advocacy of competition policy.
- Adopt the necessary legislation on competition and State aid, and align the already existing legislation with EU competition and State aid rules.

Public procurement

- Ensure proper implementation of public procurement legislation, including establishment, staffing and budgetary allocation of the Public Procurement Agency and Public Procurement Review Body.

Intellectual property law

- Implement and enforce the current legal framework, most notably by ensuring the proper functioning of the Institute for Intellectual Property.

Statistics

- Adopt and start implementation of the Agreement between the entities in the statistical system on the improvement of the work of a central statistical agency in Bosnia and Herzegovina.

Sectoral policies

Industry and SME

- Adopt without further delay the currently proposed State-level SME strategy and start implementation of the prioritised actions.

- Develop a sound and comprehensive industrial policy.

Agriculture and fisheries

- Develop a comprehensive agricultural strategy at State level based on the Functional Review Recommendations of November 2004 and provide a legal framework for its implementation.
- Continue with the alignment of legislation on the EU veterinary and phytosanitary *acquis*.
- Establish and make operational the State Food Safety Agency. Make operational the Phytosanitary Agency.
- Enhance laboratories and inspection capacity in the veterinary and phytosanitary sectors, establish a reference laboratory and develop sampling procedures in conformity to EU requirements.
- Complete the EU-conform animal identification and registration of bovines.
- Reinforce the collection and processing of agriculture statistics in line with EU standards and methodology.

Environment

- Adopt a State environmental law to create the framework for nationwide harmonised environmental protection.
- Establish and ensure the proper functioning of the State Environment Agency.

Energy

- Start implementing the commitments undertaken in the framework of the Energy Community Treaty.
- Develop and adopt a comprehensive Energy Strategy; pursue reforms and liberalisation of the energy sector.
- Ensure that the Independent System Operator and the Transmission Company become rapidly fully operational, each as a single State-level company.

Transport policy

- Implement the State law on railways.
- Continue to align aviation legislation with the *acquis* in view of the European Common Aviation Area.

Information society and media

- Adopt the Law on the Information Society Agency and establish this Agency.
- Further liberalise the telecommunication markets and ensure the effective implementation of the existing legislation by the regulatory authority to encourage competition.
- Further strengthen the role and administrative capacity of the regulatory authority.

Financial control

- Develop a public internal financial control strategy.

Justice, freedom and security*Visa, border control, asylum and migration*

- Provide adequate staffing to the asylum and migration sectors within the Ministry of Security.
- Implement the 2003 law on movement and stay of aliens. Ensure that any amendments to this law are in line with the *acquis* and international standards, and that they represent an added value to the existing regulations.
- Further reduce the number of visas issued at the border.
- Implement all international and regional obligations in the field of border management.

Money laundering

- Fully staff the Financial Intelligence Unit (FIU).
- Further enhance co-operation between the FIU and the Criminal Investigation Department of the State Investigation and Protection Agency.
- Ensure adequate implementation and enforcement of legislation against money laundering and further improve this legislation.
- Adhere to relevant international conventions.

Drugs

- Develop a State-level drug policy in conformity with EU standards.
- Adopt the law on the prevention of narcotics abuse and their precursors.

Police

- Further strengthen the State Investigation and Protection Agency, notably by completing the recruitment of the totality of its staff.

Fighting organised crime and terrorism

- Ensure the proper implementation of the national action plan for combating trafficking of human beings.
- Take additional measures for the protection of victims of trafficking and for the adequate implementation of the witness protection legislation.
- Enhance the State Investigation and Protection Agency capacity in the area of fight against terrorism; reinforce international cooperation in this area, including by the proper implementation of international conventions.
- Adopt the law on the personal data protection and establish the Data Protection Agency.

3.2. MEDIUM-TERM PRIORITIES

Political requirements

Governance

- Ensure continued progress in taking full national responsibility for policy formulation and decision-making.

Public administration

- Implement the comprehensive Action Plan for public administration reform.
- Build training capacity for civil servants within Bosnia and Herzegovina and continue improving policy-making and coordination capacities.
- Increase the capacity for progressive legal harmonisation with the *acquis* and further expand Bosnia and Herzegovina's role in assistance programming and implementation, with the aim of preparing for the decentralisation of Community assistance.

Police reform

- Implement the action plan for the police restructuring.

Judicial system

- Ensure adequate training of the judiciary, in particular as regards human rights legislation and issues related to the implementation of a future Stabilisation and Association Agreement.
- Guarantee that all courts have the necessary technical equipment and financial means to impart justice efficiently and properly.

Anti-corruption policy

- Implement the action plan against corruption and the Council of Europe's Group of States against Corruption (GRECO) recommendations.
- Ensure that international conventions on corruption are properly implemented and that corruption is actually reduced.

Human rights and the protection of minorities

- Ensure full compatibility of national legislation with the European Convention on Human Rights.
- Ensure the protection of minorities in accordance with EU and international standards.
- Implement the national strategy for Roma and its sectoral action plans.

Economic Requirements

- Ensure the continuation of macro-economic stability and work towards enhancing the sustainability of external accounts.

- Further work towards reducing public expenditure as a percentage of GDP.
- Continue to improve the business climate and corporate governance and pursue the restructuring of the corporate sector, including public utilities.
- Continue to strengthen the coordination of fiscal and economic policies.
- Ensure the adequate functioning of the Economic Policy Planning Unit of the Indirect Taxation Agency.
- Produce comprehensive consolidated government accounts.
- Strengthen the procedures for budget preparations, execution and accountability.
- Implement policies aiming at reducing unemployment, in particular long-term unemployment.
- Improve the coordination of employment agencies across the country and make efforts to reduce labour market fragmentation.
- Step up efforts to improve the education system, including primary education, and to create a modern vocational education and training system. Address the problem of fragmentation of the educational system and the overlap of functions between different levels of organisation. Strengthen policy development and strategic planning to improve quality of education.
- Continue the necessary reforms to comply with WTO rules and obligations, in order to accelerate the WTO accession process.

European standards

Internal market and trade

Free movement of goods

- Continue the alignment of legislation in the areas of standards, certification, metrology, accreditation and conformity assessment with the *acquis*, and the transposition of new and global approach and old approach directives.

Customs and taxation

- Ensure continued approximation of customs and taxation legislation to the *acquis*, and further increase the administrative capacity to implement this legislation, and to fight against corruption, cross-border crime and fiscal evasion.
- Improve transparency and exchange of information with the EU in order to facilitate the enforcement of measures preventing the avoidance or evasion of taxes.

Competition

- Implement state aid legislation.
- Present a comprehensive State aid inventory.

Public procurement

- Ensure that Bosnia and Herzegovina's public procurement legal framework is compatible with the *acquis* and that public procurement procedures are properly implemented.

Statistics

- Develop reliable economic statistics and build up institutional capacity to produce and publish basic statistical data harmonised with European standards, in particular in the areas of national accounts, labour statistics and business statistics.

Sectoral policies*Industry and SME*

- Implement the SME strategy.
- Ensure the implementation of the industrial policy.
- Start designing and applying an integrated research policy.

Agriculture and fisheries

- Implement the comprehensive agricultural strategy at State level.
- Start action in view of identification of sheep and goats and registration of their movements.
- Prepare a programme for upgrading food processing establishments to meet EU requirements.
- Start actions in view to ensure an efficient control of domestic plant production in particular for products with EU specific requirements.

Environment

- Continue strengthening administrative capacity of the institutions involved in environmental protection, in particular at State-level, and ensuring the implementation of the already transposed legislation.
- Ensure that a functioning environmental monitoring system is in place.

Transport policy

- Continue the restructuring and liberalisation of the railway sector.
- Ensure progressive approximation of legislation to the transport *acquis*, notably as regards technical and safety standards, social standards and market liberalisation.
- Implement the Memorandum of Understanding of the south-east Europe Core Regional Transport Network including the Transport Observatory.

Energy

- Implement the entities' action plans for the restructuring of the energy sector.

- Consolidate the State and Entity Energy Regulators.
- Take steps to achieve concrete progress in relation to the gas sector, *inter alia* by developing a gas strategy, establishing a system operator and regulator and developing the internal gas market.

Information society and media

- Implement public broadcasting legislation and complete the structural reform of the public broadcasting sector.
- Align legislation to the EU regulatory framework for electronic communications and services and ensure its implementation.
- Align with the European Convention on Trans-frontier Television and the Television without Frontiers Directive.

Financial control

- Develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with the internationally accepted standards and EU best practice.
- Strengthen the operational capacity and functional as well as financial independence of the Supreme Audit Institution.
- Develop procedures and administrative capacities to ensure effective protection of EU financial interests.

Justice, freedom and security

Visa, border control, asylum and migration

- Fully implement the Integrated Border Management strategy and achieve effective border management.
- Assume full ownership regarding the functioning of the reception centres.

Money laundering

- Ensure continued improvement of the enforcement record regarding money laundering.

Drugs

- Ensure that law enforcement bodies are properly equipped to fight against drugs trafficking and further improve inter-agency and international cooperation; achieve tangible results in this area.
- Establish a State-level office for narcotics.

Fighting organised crime and terrorism

- Ensure full implementation of all measures included in the action plan against organised crime.

4. PROGRAMMING

Community assistance under the stabilisation and association process to the western Balkan countries will be provided under the existing financial instruments, in particular by Council Regulation (EC) No 2666/2000 of

5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia ⁽¹⁾. Accordingly, this Decision will have no financial implications. Bosnia-Herzegovina can have access to funding from multi-country and horizontal programmes.

5. **CONDITIONALITY**

Community assistance under the stabilisation and association process to the western Balkan countries is conditional on further progress in satisfying the Copenhagen criteria as well as progress in meeting the specific priorities of this European Partnership. Failure to respect these conditions could lead the Council to take appropriate measures on the basis of Article 5 of Regulation (EC) No 2666/2000. Community assistance shall also be subject to the conditions defined by the Council in its conclusions of 29 April 1997, and 21 to 22 June 1999 in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms.

6. **MONITORING**

The implementation of the European Partnership shall be examined through the framework of the mechanisms established under the stabilisation and association process, notably the annual reports of the Commission.

⁽¹⁾ OJ L 306, 7.12.2000, p. 1. Regulation as last amended by Regulation (EC) No 2112/2005 (OJ L 344, 27.12.2005, p. 23).

COUNCIL DECISION**of 30 January 2006****on the principles, priorities and conditions contained in the European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2004/520/EC**

(2006/56/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission,

Whereas:

(1) The Thessaloniki European Council of 19 and 20 June 2003 endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the Western Balkan countries within the framework of the stabilisation and association process.

(2) Regulation (EC) No 533/2004 provides that the Council is to decide on the principles, priorities and conditions to be contained in the European Partnerships, as well as any subsequent adjustments.

(3) The Council adopted on 14 June 2004 a first European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security

Council Resolution 1244 of 10 June 1999 ⁽²⁾ (referred to as 'Kosovo (UNSCR 1244)'). It is appropriate to update the European Partnership in order to identify renewed priorities for further work on the basis of the findings of 2005 Progress Reports on preparations made by Serbia and Montenegro and Kosovo (UNSCR 1244) for further integration with the European Union.

(4) Regulation (EC) No 533/2004 stated that the follow-up to the European Partnerships will be ensured within the framework of the mechanisms established under the stabilisation and association process.

(5) In order to prepare for further integration with the European Union, the competent authorities in Serbia and Montenegro should develop a plan with a timetable and specific measures to address the priorities of this European Partnership. As Kosovo is at present under international interim administration pursuant to (UNSCR 1244), a separate plan addressing the priorities concerning Kosovo should be developed under the authority of the United Nations Interim Administration in Kosovo.

(6) Decision 2004/520/EC should therefore be repealed,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 1 of Regulation (EC) No 533/2004, the principles, priorities and conditions in the European Partnership with Serbia and Montenegro including Kosovo (UNSCR 1244) are set out in the Annex hereto, which forms an integral part of this Decision.

⁽¹⁾ OJ L 86, 24.3.2004, p. 1.

⁽²⁾ Council Decision 2004/520/EC of 14 June 2004 on the principles, priorities and conditions contained in the European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999 (OJ L 227, 26.6.2004, p. 21).

Article 2

The implementation of the European Partnership shall be examined through the framework of the mechanisms established under the stabilisation and association process, notably the annual progress reports presented by the Commission.

Article 3

Decision 2004/520/EC shall be repealed.

Article 4

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

Done at Brussels, 30 January 2006.

For the Council

The President

U. PLASSNIK

ANNEX

SERBIA AND MONTENEGRO, INCLUDING KOSOVO: 2005 EUROPEAN PARTNERSHIP**1. INTRODUCTION**

The Thessaloniki European Council endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the western Balkan countries within the framework of the stabilisation and association process.

The first Partnership with Serbia and Montenegro including Kosovo (UNSCR 1244) was adopted by the Council on 14 June 2004. It is appropriate to update this first partnership on the basis the findings of the 2005 Commission's Progress Reports on Serbia and Montenegro and Kosovo (UNSCR 1244). The second European Partnership identifies new priorities for action. The new priorities are adapted to the specific needs and stage of preparation and will be updated as necessary. The European Partnership also provides guidance for financial assistance to Serbia and Montenegro including Kosovo (UNSCR 1244).

It is expected that the competent authorities in Serbia and Montenegro develop a plan including a timetable and specific measures to address the European Partnership priorities. As Kosovo is at present under international interim administration pursuant to United Nations Security Council Resolution 1244, a separate plan addressing the priorities concerning Kosovo should be developed under the authority of the United Nations Interim Administration in Kosovo.

2. PRINCIPLES

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

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

3. PRIORITIES

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that Serbia and Montenegro including Kosovo (UNSCR 1244) can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and the implementation thereof.

Taking into account the substantial costs involved with meeting all the EU requirements as well as the complexity of these requirements in certain areas, this partnership does not include all important tasks at this stage. Future partnerships will include further priorities in line with progress made by the country.

Among the short term priorities, the key priorities have been identified and grouped together at the beginning of the lists of priorities. The order of these key priorities does not imply a ranking in their importance.

The priorities concerning Serbia and Montenegro, and the priorities concerning specifically Kosovo, are presented in the lists attached.

4. PROGRAMMING

Community assistance under the stabilisation and association process to the western Balkan countries will be provided under the existing financial instruments, in particular by Council Regulation (EC) No 2666/2000 on 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia ⁽¹⁾. Accordingly, this Decision will have no financial implications. Serbia and Montenegro including Kosovo (UNSCR 1244) can have access to funding from multi-country and horizontal programmes.

5. CONDITIONALITY

Community assistance under the stabilisation and association process to the western Balkan countries is conditional on further progress in satisfying the Copenhagen criteria as well as progress in meeting the specific priorities of this European Partnership. Failure to respect these conditions could lead the Council to take appropriate measures on the basis of Article 5 of Regulation (EC) No 2666/2000. Community assistance shall also be subject to the conditions defined by the Council in its conclusions of 29 April 1997, and 21-22 June 1999 in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms.

6. MONITORING

The implementation of the European Partnership shall be examined through the framework of the mechanisms established under the stabilisation and association process, notably the annual reports presented by the Commission.

SERBIA AND MONTENEGRO ⁽²⁾

SHORT-TERM PRIORITIES

Key priorities

- Fully respect the Constitutional Charter and ensure the effective functioning of the State Union (in particular with regard to the competences of the Court of Serbia and Montenegro, the functioning of the State Union Parliament and the adoption of legislation on the sustainable financing of the State Union); take a constructive approach in implementing the distribution of powers between the State Union and the Republics.
- Make further sustained efforts to implement the reform of the public administration, including the civil service pay system, to ensure transparent recruitment, professionalism and accountability; in particular strengthen the European integration structures at all levels (including with regard to line ministries and the parliaments) and improve cooperation among them.
- Pursue with determination the reform of the judiciary to guarantee its independence, professionalism and efficiency, in particular review the system of recruitment and career to be based on technical and professional criteria, avoiding political influence, and secure permanent tenure of judicial posts.
- Ensure effective democratic control over the military by strengthening parliamentary control and establishing a transparent financial management.
- Ensure full cooperation with International Criminal Tribunal for the former Yugoslavia (ICTY).

⁽¹⁾ OJ L 306, 7.12.2000, p. 1. Regulation as last amended by Regulation (EC) No 2112/2005 (OJ L 344, 27.12.2005, p. 23).

⁽²⁾ Not including Kosovo as defined by UNSCR 1244.

- Fully respect the UNSCR 1244 and intensify dialogue with Pristina. Encourage the participation of Kosovo Serbs in the provisional institutions of self-government. Show constructive approach with regard to Kosovo.

Political requirements

Democracy and the rule of law

Constitutional issues

- Revise the Constitutions of the Republics in line with European standards.

Elections

- In Serbia: Complete the reform of the electoral law reform (including electoral register), in line with the recommendations of the Office for Democratic Institutions and Human Rights; fully implement legislation on financing of political parties.
- In Montenegro: De-politicise election administration in line with the recommendations of Office for Democratic Institutions and Human Rights and set up a transparent framework for campaign financing.

Public administration

- In Serbia: Implement the legislation to set up an ombudsman's office.
- In Montenegro: Strengthen the administrative capacity of the ombudsman's office; ensure proper follow-up to the ombudsman recommendations.

Judicial system

- In both Republics: Adopt and implement legislation on mandatory initial and continuous training for judges, prosecutors and court support staff, and strengthen the training centres; start rationalising the court system and modernise proceedings, in particular in the field of commercial law. Strengthen the autonomy of the prosecution system, particularly the offices of the prosecutors for organised crime.
- In Serbia: Strengthen the office of the prosecutor for war crimes; establish administrative and appellate courts.

Anti-corruption policy

- In both Republics: Fully implement the laws on conflict of interests.
- In Serbia: Adopt and implement a comprehensive anti-corruption strategy and subsequently detailed Action Plans, notably through establishing a competent body for implementation.
- In Montenegro: Implement the anti-corruption strategy, notably through establishing a competent body for implementation.

Human rights and the protection of minorities

- Fulfil all remaining obligations arising out of membership of the Council of Europe. Ensure uniform effective implementation of these obligations, throughout the State Union, notably with regard to the European Convention on Human Rights and Fundamental Freedoms and the European Convention for the Prevention of Torture.

- In both Republics: Take comprehensive and transparent action in all alleged cases of ill-treatment. Strengthen the internal control services dealing with ill-treatment by law enforcement agents.
- In both Republics: Improve prison conditions, in particular as regards vulnerable groups such as juvenile offenders; ensure appropriate monitoring of prison conditions for long-term inmates and for organised crime inmates, ensure further training of penitentiary staff and improvement of special needs facilities.
- In Serbia: Implement legislation on the execution of penal sentences.
- Adopt comprehensive anti-discrimination legislation.
- In Serbia: Enforce media legislation. Ensure effective independence of the Broadcasting Council, as well as fair and transparent allocation of broadcasting frequencies for media operators. Ensure the full and timely transformation of the state-owned broadcasting media into public service broadcasters; complete the transformation of Radio Television of Serbia into a public service broadcaster in line with European standards. Fully implement the law on free access to information.
- In Montenegro: Implement the law to ensure access to public information. Continue the transformation of Radio Television of Montenegro into a public service broadcaster.
- In Serbia: Encourage the development of civil society organisations financially and otherwise, notably by adopting the law on associations, and legislation on the legal status of foreign NGOs.
- In Montenegro: Adopt strategy on cooperation between NGOs and governmental bodies.
- In Serbia: Adopt adequate legislation on the restitution of property and ensure its full implementation, notably by addressing the issue of (State-owned) urban property.
- In Montenegro: Fully implement legislation on the restitution of property.
- Ensure adequate cooperation between the State Union and Republics and where appropriate the provincial and local level as regards the legislative basis for and practical protection of the rights of minorities. Implement the Strategies and Action Plans relevant to the integration of Roma people, including returnees.
- In Serbia: Strengthen the functioning of minority national councils. Promote good inter-ethnic relations, in particular by taking adequate measures in the field of education. Promote participation of minorities in the judiciary and law enforcement bodies.
- In Montenegro: Adopt the law on protection of minority rights.

Regional issues and international obligations

- Fully respect the Dayton Agreement.
- Strengthen regional cooperation and good neighbourhood relations, with a view, *inter alia*, to promoting reconciliation. Conclude and implement agreements with neighbouring countries, notably on free trade, cross-border cooperation, the fight against organised crime, trafficking and smuggling, judicial cooperation, border management, environment, transport and energy. Work towards the future regional Free Trade Agreement in South-East Europe.
- Contribute to ensuring a solution of outstanding border issues with Croatia and Bosnia-Herzegovina.
- Ensure adequate cooperation between the State Union and Republics as regards the legislative basis for and practical protection of the rights of refugees and internally displaced persons. Repeal all discriminatory provisions, in particular in Montenegro in the field of the labour market, access to property rights, legal redress and access to citizenship; guarantee unhindered access to health services and personal documents.

Ensure right of a real choice between sustainable return and integration. Contribute to ensuring the implementation of the Sarajevo Declaration.

Economic requirements

In Serbia:

- Sustain macroeconomic stability. Continue with the necessary fiscal adjustment and consolidation to help reduce external imbalances and contain inflationary pressures. Maintain a prudent monetary policy stance, backed by an appropriate exchange rate policy. Pursue a moderate wage policy and avoid public sector wage increases above productivity gains. Monitor rapid credit expansion and adjust prudential rules. Further develop and implement the reform of the pension system and continue the reform of the health insurance system.
- Continue to formalise the grey economy and broaden the tax base through implementation of a public expenditure management system (treasury, public internal financial control) and comprehensive tax reforms, with fewer exemptions and lower rates, in particular on labour.
- Speed up the restructuring and privatisation of large socially-owned and state-owned enterprises to strengthen financial and corporate discipline. Continue with bankruptcy procedures against heavily indebted loss making socially-owned companies to reduce quasi-fiscal losses. Accelerate the restructuring of large publicly-owned utilities. Ensure the allocation of sufficient budgetary resources for redundancy and restructuring costs.
- Complete the banking sector reform, in particular the privatisation of State-owned banks. Continue with the restructuring and privatisation of the insurance sector.
- Reform the system of regulated and administered prices. In particular, further adjust energy prices towards cost recovery levels, also gradually replacing all existing price subsidies to the poor consumers with direct transfers.
- Develop a stable and functioning land/real estate market. Prepare cadastre legislation.
- Continue to promote employment and combat unemployment, in particular through vocational training and labour market reforms, involving all relevant actors; improve public employment services and allocate sufficient staff and financial resources to policy implementation.
- Continue to make the necessary adjustments to the Serbian trade regime, to render it compatible with the autonomous trade measures, the WTO rules and the future SAA.

In Montenegro:

- Sustain macroeconomic stability. Maintain necessary fiscal adjustment and consolidation to reduce external imbalances.
- Implement the public expenditure management system.
- Ensure flexible labour market price-setting mechanisms. Implement the law on employment, improve public employment services and allocate sufficient staff and financial resources to policy implementation.
- Complete remaining price liberalisation. Further adjust energy prices towards cost recovery levels, by implementing the new system for determining electricity tariffs. Gradually replace all existing price subsidies to poor consumers with direct transfers.
- Speed up the restructuring of State-owned enterprises. Complete the privatisation of socially-owned enterprises. Adopt and implement the law on insurance supervision.

- Develop a stable and functioning land/real estate market. Adopt the law on the spatial planning and the law on construction land, and ensure their effective implementation.
- Continue to make the necessary adjustments to the Montenegrin trade regimes, to render it compatible with the autonomous trade measures, the WTO rules and the future SAA.

European standards

Internal market

- Dismantle existing obstacles and avoid new obstacles to the State Union's common market. Ensure State Union-wide market access for domestic and foreign operators regarding goods, services, capital and persons. Ensure legislative consultation and apply the principle of mutual recognition of all decisions by the Republics on market access.

Free movement of goods

- Continue efforts to align rules and regulations on standardisation, certification, metrology, accreditation and conformity assessment with the EU acquis to create conditions favourable to trade. Start adopting European standards.
- Establish an internal consultation and notification mechanisms for new technical regulations prior to their adoption on measures having an impact on trade.
- In both Republics: Establish a legal framework and administrative capacity for active consumer protection in line with EU consumer policy.

Free movement of capital

- In both Republics: Implement a system of corresponding accounts in commercial banks to ensure the free movement of capital between the Republics.

Customs and taxation

- In both Republics: Further align customs legislation and procedures with the EU acquis. Continue to modernise the customs administrations in order to ensure a high level of administrative capacity and to fight against corruption, cross-border crime and fiscal evasion. Strengthen administrative cooperation and ensure continuous observance of obligations related to the implementation of preferential trade measures (origin).
- In both Republics: Further approximate tax legislation with the EU *acquis*. Improve implementation of tax laws, focussing on revenue collection and control in order to reduce tax fraud.
- In both Republics: Commit to the principles of the Code of Conduct for Business Taxation and ensure that new tax measures are in conformity with these principles.

Competition

- In both Republics: Put in place anti-trust regimes, applicable to all anti-competitive effects. Ensure administrative capacity for the efficient and independent enforcement of these rules.
- In both Republics: Strengthen State aid coordination points and create full state aid transparency, as a first step towards state aid control.

Public procurement

- Implement consistent and effective public procurement regimes in both Republics. Ensure transparent procedures, regardless of the value of the contract concerned, and non-discrimination between Serbian, Montenegrin and EU suppliers.

Intellectual property law

- Further strengthen the protection of intellectual property rights by adopting the remaining laws and by-laws. Ensure penal provisions and strengthen implementation and enforcement capacity in this field, notably in border services.

Statistics

- In both Republics: Develop reliable economic statistics. Revise and adopt the master plan on statistics with a view to enhancing the quality and broadening the scope of statistics. Coordinate its implementation between the Republics and with the State Union. Reinforce the collection and processing of agriculture statistics in line with EU standards and methodology; finalise process of harmonisation with HS nomenclature 2000/2002. In Serbia: Adopt legislation on statistics.

Sectoral policies*Industry and SME*

- In both Republics: Continue implementing the European Charter for Small Enterprises.
- In Serbia: continue implementation of the new accelerated company registration system and, introduce quicker procedures for licensing. Continue the introduction of regulatory impact assessments. Improve possibilities for business advocacy and representation. Further develop local/regional business support structures (clusters, incubators, business/technology parks).
- In Montenegro: Strengthen the newly established autonomous investment promotion agency. Continue implementation of the national guarantee fund. Improve business advocacy/consultation. Step up efforts to streamline and accelerate licensing systems. Introduce 'silent approval' in licensing and registration. Start introduction of regulatory impact assessments. Improve access to finance and develop business support structures (clusters, incubators, business/technology parks).

Agriculture and fisheries

- In Serbia: Continue strengthening administrative capacity for policy formulation and implementation. Adopt and begin implementing food safety, veterinary and phytosanitary framework legislation; upgrade veterinary, phytosanitary and sanitary laboratories, inspectorates and controls at external borders; complete the establishment of a bovine animal identification and registration system.
- In Montenegro: Continue strengthening administrative capacity for policy formulation and implementation. Implement the law on veterinary matters (including fishery products) and strengthen the veterinary and phytosanitary laboratories; strengthen controls. Step up efforts to align legislation with the EU veterinary and phytosanitary *acquis*. Align the system of animal identification and registration for bovines with EU requirements.

Environment

- In Serbia: Continue approximating legislation to EU legislation and standards (air pollution, waste management and nature protection); adopt and begin implementing the national environment protection strategy. Adopt and start implementing the planned strategy for sustainable development. Strengthen administrative capacity notably of institutions and bodies in charge of planning, permitting, inspecting and monitoring, as well as project management. Develop a multiannual plan for financing investment. Implement adopted legislation, notably on environmental assessments and industrial pollution. Start

construction of a facility for the treatment and safe disposal of hazardous waste.

- In Montenegro: Continue approximating legislation to EU legislation and standards, notably environmental protection framework legislation. Implement and enforce adopted legislation. Develop an overall environment protection strategy (water, waste, air). Adopt the land use plan; Adopt the sustainable development strategy and sectoral strategies (integrated coastal zone management, biodiversity, climate change). Strengthen administrative capacity.

Transport policy

- Complete the programme and continue to align the aviation legislation with the EU acquis in view of the European Common Aviation Area (ECAA).
- Implement the Memorandum of Understanding on the development of the south-east Europe core regional transport network including the transport observatory.
- In Serbia: Adopt and implement a national transport strategy (road, rail, aviation and waterways), with attention to the economic viability of the sector. Implement the law on rail. Complete the master plan for inland navigation.
- In Montenegro: Implement the road transport law (including establishment of the relevant implementation structures). Start earmarking sufficient resources for the maintenance of transport infrastructures and institutions.

Energy

- Start implementing the commitments undertaken in the framework of the Energy Community Treaty.
- In Serbia: Fully implement the Energy Law also ensuring a smooth functioning of the independent Energy Regulatory Agency; continue environmental audits on energy plants and address the worst polluters. Ensure unbundling with a view to restructuring and privatisation. Strengthen the necessary administrative structures. Make further progress towards a regional energy market (including through improved interconnectivity).
- In Montenegro: Complete and implement the energy development strategy, including the energy efficiency strategy; strengthen the administrative capacity of the Ministry of Economy in the field of energy; unbundle and restructure the electric power utility. Strengthen the Energy Regulator. Complete the restructuring and liberalisation of the internal energy market; privatise and/or allow development of public/private partnerships in the sector.

Information society and media

- In Serbia: Ensure that the electronic communications sector is liberalised, that the regulatory bodies are independent and effectively functioning and that the necessary laws and policies for the sectors are adopted and applied.
- In Montenegro: Foster competition in the market through strengthening of the Agency for Telecommunications, in particular by introducing the necessary competitive safeguards and setting terms and conditions for interconnection charges.

Financial control

- Develop a public internal financial control strategy.

Justice, freedom and security*Visa, border control, asylum and migration*

- Develop a State Union-level approach on integrated border management and ensure consistent implementation at the level of the Republics in line with the relevant Memorandum of Understanding. As a follow-up to the Ohrid Regional Conference on border security and management in May 2003, implement the short-term measures that were adopted by the Government.
- In Serbia: Take concrete steps to implement best practices concerning border police; proceed without delay with the demilitarisation of border control in coordination with the State Union authorities.
- In Montenegro: Further strengthen civilian control of borders (including training and equipment compatible with EU standards).
- Develop a State Union-level approach to issues related to visas, asylum and migration in line with the Constitutional Charter, notably through the complete harmonisation of the visa regimes applied in the Republics. Put in place mechanisms to monitor the consistent implementation of these policies at the level of the Republics.
- Adopt the Asylum Laws in both Republics and proceed with the conclusion and implementation of readmission agreements. In Serbia: enhance the capacity and infrastructure of the reception centre for asylum seekers and refugees. In Montenegro: Carry out the construction of the planned reception centres for asylum seekers and refugees.

Money laundering

- In both Republics: Ensure efficient implementation of the anti-money laundering legislation and strengthen the financial intelligence units.

Drugs

- In both Republics: Increase the capacity to fight against drug trafficking and develop and start implementing a national drugs strategy in line with the EU drugs strategy.

Police

- Implement the agreed institutional frameworks for judicial and law-enforcement cooperation between the Republics, notably through full implementation of the Memoranda of Understanding signed by the respective Ministries of Justice and Interior.
- In Serbia: Implement the law on Police in order to establish professionalism and accountability.
- In Montenegro: Implement the Laws on Police and national security agency and ensure professionalism and accountability.

Fight against organised crime and terrorism

- Establish efficient institutional mechanisms for inter-agency cooperation within the Republics and formalise cooperation between them.
- In both Republics: Adopt the legislation and develop the capacity to seize assets. Strengthen criminal intelligence. Adopt legislation on the protection of personal data and take the necessary steps to prepare for the conclusion of a cooperation agreement with Europol. Strengthen the fight against the trafficking of human beings, including the provision of adequate assistance and protection to the victims.

- Increase the efficiency of international cooperation and implementation of the relevant international conventions on terrorism; improve cooperation and the exchange of information between all branches of the security services and with other States; prevent the financing and preparation of acts of terrorism.

MEDIUM-TERM PRIORITIES

Political requirements

Democracy and the rule of law

Public administration

- Further strengthen European integration units in the line ministries and cooperation mechanisms with European integration offices.
- In Serbia: Continue full implementation of civil service and public administration laws. Implement civil service human resources development measures. Strengthen capacity (policy-making and inter-ministerial coordination) of the public administration at government and local levels; establish a centralised payroll system. Strengthen the economic policy-making process. Adopt and implement decentralisation reform ensuring viability of local governments.
- In Montenegro: Ensure sustainability of the Authority for human resources management. Strengthen policy-making process. Implement decentralisation reform.

Defence reform

- Continue process of restructuring and reform of the armed forces, including, as appropriate, downsizing (taking into account the social impact) conversion and privatisation of military assets and defence industry as well as increased transparency and civilian control.

Judicial system

- In Serbia: Adapt national strategy for judicial reform and subsequent action plan, particularly in the field of appointment and trial period for judges, and autonomy of prosecutors. Create and implement an IT network for prosecutors at all levels; ensure enforcement of court decisions. Further strengthen the capacity to try war crimes domestically in full compliance with international obligations as to cooperation with ICTY.
- In Montenegro: Ensure adequate functioning of the Judicial Training Centre. Implement the IT strategy for the judiciary.

Anti-corruption policy

- Ensure full compliance with the UN Convention on the fight against corruption.

Human rights and the protection of minorities

- Implement the anti-discrimination legislation.
- Ensure the inclusion of disabled children and children from minorities in mainstream education; reform the childcare system.
- Continue to promote integration of minorities and good inter-ethnic relations.

Regional issues and international obligations

- Facilitate integration for refugees who choose not to return. In Serbia: Adopt new legislation on refugees; continue to implement the national strategy. In Montenegro: Implement the National strategy on refugees as part of a comprehensive strategy on social inclusion and social integration.

Economic requirements**In Serbia:**

- Continue sustainable macroeconomic policies; continue fiscal adjustment and consolidation to further reduce external imbalances and contain inflationary pressures. Prioritise public spending in annual and medium-term budgeting; in particular reduce quasi-fiscal losses of the part of State-owned or socially-owned companies. Continue implementing a moderate wage policy. Further pursue the reform of the pension and health insurance systems.
- Improve the budget process and financial management; strengthen capacity building for budget preparation and execution to enable prioritisation. Improve financial management at central and local government level.
- Establish effective procedures for the detection, treatment and follow-up of cases of suspected fraud and other irregularities affecting national and international funds.
- Continue the process of privatising large socially-owned and State-owned enterprises and, where appropriate, publicly-owned utilities to help increase the share of the private sector in the economy.
- Strengthen the business environment to promote the development of the private sector and employment with competitive markets, level playing fields and access to finance through development of the financial sector.
- Strengthen the functioning of the land/real estate market. Adopt and implement legislation on cadastre and legislation allowing private ownership of urban land. Start land reform, restructuring and privatisation of large farms.
- Continue the necessary reforms to comply with WTO rules and obligations in order to accelerate the WTO accession process.
- Step up efforts to improve the education system, including primary education, and to create a modern vocational education and training system.
- Start designing and applying an integrated research policy.

In Montenegro:

- Continue sustainable macroeconomic policies; continue fiscal adjustment and consolidation to further reduce external imbalances. Prioritise public spending in short and medium term budgeting; in particular, reduce subsidies, transfers and the civil service wage bill. Continuously reduce overall public spending as a share of GDP.
- Improve the budget process and financial management; strengthen capacity building for budget preparation and execution to enable prioritisation. Improve financial management at central and local government level.
- Establish effective procedures for the detection, treatment and follow-up of cases of suspected fraud and other irregularities affecting national and international funds.

- Strengthen the business environment to promote the development of the private sector and employment with competitive markets, level playing fields and access to finance through the development of the financial sector. Streamline commercial judiciary procedures.
- Continue the necessary reforms to comply with WTO rules and obligations in order to accelerate the WTO accession process.
- Step up efforts to improve the education system, including primary education, and to create a modern vocational education and training system.
- Start designing and applying an integrated research policy.

European standards

Internal market

Free movement of capital

- Further liberalise short- and medium-term capital movements, in both Republics.

Free movement of goods

- Further develop standardisation, in particular through the adoption of European standards. Continue transposing the new and global approach and old approach directives. Establish a market surveillance structure required by the *acquis*.

Customs and taxation

- Ensure continued approximation of Serbian and Montenegrin customs and taxation legislation to the *acquis*, and further increase the administrative capacity to implement customs legislation, and to fight against corruption, cross-border crime and fiscal evasion.
- Improve transparency and the exchange of information with EU Member States in order to facilitate the enforcement of measures preventing the avoidance or evasion of taxes.

Statistics

- In both Republics: Develop reliable economic statistics. Build up institutional capacity to produce and publish basic statistical data harmonised with European standards in the area of business statistics, labour market statistics and national accounts.

Sectoral policies

Industry and SME

- In both Republics: Implement the European Charter for SMEs

Agriculture and fisheries

- In Serbia: Further build administrative capacity for policy formulation and implementation. Design and start implementing a rural development policy. Continue strengthening veterinary, sanitary, phytosanitary and food-safety legislation and controls, including wine laboratories. Improve waste management and reduce agricultural pollution. Strengthen agricultural and food market systems, including quality controls and hazard analysis critical control point (HACCP); reduce policy distortions of agricultural markets and reform the Directorate for Commodity Reserves. Extend animal identification and registration to other species. Prepare a programme for upgrading food processing establishments to meet EU requirements.

- In Montenegro: Further build administrative capacity for policy formulation and implementation. Design and start implementing a rural development policy. Strengthen institutional capacity for food safety. Prepare a programme for upgrading food processing establishments to meet EU requirements. Start action in view of identification of sheep and goats and registration of their movements. Start action in view to ensure an efficient control of domestic plant production in particular for products with EU specific requirements. Take measures to ensure that the fisheries policy moves closer to EU standards, in particular in the areas of resource management, inspection and control and in market and structural policies.

Environment

- In both Republics: Continue implementing and enforcing legislation approximated to EU legislation. Continue to implement legislation on environmental impact assessment. Ratify and start implementation of the Kyoto protocol. Ensure a viable financial framework for the implementation of a mid to long-term environmental protection policy.
- In Serbia: Adopt and start implementing strategies on air pollution, waste management and nature protection. Continue implementing the national environment protection strategy, and the water strategy. Continue strengthening administrative capacity of environmental institutions and bodies. Begin implementing the multiannual plan for financing investment. Finalise construction of a facility for the treatment and safe disposal of hazardous waste.
- In Montenegro: Continue approximating legislation to EU legislation and standards, notably legislation on air pollution, water and waste. Begin implementing the land use plan and the overall environment protection strategy. Develop an overall environment protection strategy (water, waste, air). Begin implementing the sustainable development strategy and sectoral strategies (integrated coastal zone management, biodiversity, climate change). Continue strengthening the administrative capacity of line ministries and bodies in charge of environmental planning, permitting, inspecting and monitoring, as well as project management.

Transport policy

- In both Republics: Strengthen capacity building, including project preparation for large investments. Continue to earmark sufficient resources for the maintenance of transport infrastructures and institutions.
- Implement international commitments under International Maritime Organisation conventions and improve maritime safety conditions of the fleet in the light of the Paris Memorandum of Understanding.

Energy

- In both Republics: Adopt and implement a long-term strategy for an environmentally sustainable energy policy.
- Continue to implement regional and international commitments in this area in view of establishing a competitive regional energy market

Information society and media

- In both Republics: Transpose and implement the new EU framework for electronic communications. Ensure the independence, sufficient resources and expertise of the regulatory authorities. Start the alignment with the EU audiovisual acquis.

Financial control

- Develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with the internationally accepted standards and EU best practice.

- Strengthen the operational capacity and functional as well as financial independence of the Supreme Audit Institution,
- Develop procedures and administrative capacities to ensure effective protection of the EU financial interests.

Justice, freedom and security

Visa, border control, asylum and migration

- In both Republics: Develop the technical infrastructure and human resource capacities to implement the integrated border management policy including strengthening the border police and the customs services. Improve cross-border facilitations through new border posts. Enhance the cooperation between the Republics' agencies responsible for fighting human trafficking.

Police

- In both Republics: Continue restructuring; ensure accountability; reform police education; ensure cooperation among law enforcement agencies.

Fight against organised crime and terrorism

- In both Republics: Develop an effective system of witness protection which also incorporates regional elements. Reinforce the fight against economic and financial crime (including money-laundering and counterfeiting of currencies), fraud and corruption as well as improve the related legislation. Facilitate the placement of liaison officers, seconded by EU Member States in the relevant State bodies involved in the fight against organised crime. Implement the Palermo Convention on trans-national organised crime.
- In Serbia: Strengthen capacity at the Ministry of Interior (notably the directorate for organised crime). Develop procedures and the capacity to share intelligence between agencies.
- In Montenegro: Increase administrative and judicial capacity to implement the criminal code as regards organised crime. Strengthen the Unit for the fight against organised crime at the Ministry of Interior and ensure coordination of all the enforcement bodies.

KOSOVO

AS DEFINED BY THE UNITED NATIONS SECURITY COUNCIL RESOLUTION 1244 OF 10 JUNE 1999

SHORT-TERM PRIORITIES

- In order to ensure a secure, democratic and multi-ethnic Kosovo, implementation of the Kosovo Standards endorsed by the UN Security Council needs to be pursued.
- The following priorities are to be addressed in this context:

Key priorities

- Ensure full respect for the rule of law and pursue a policy of zero tolerance against corruption, organised crime and financial crime.
- Ensure democratic governance of, and delivery of public services to, all people of Kosovo establishing a professional, accountable, accessible, representative and transparent public administration free from political interference.
- Advance the reform of local self-government taking into account the views and interests of all communities in Kosovo including the allocation of appropriate budgetary resources and increase administrative capacity to facilitate the decentralisation process.

- Create a climate for inter-ethnic tolerance, sustainable multi-ethnicity and which is conducive to returns. Ensure the respect, security, freedom of movement and participation of all communities. Explicitly condemn all manifestations of anti minority-communities sentiment. Vigorously prosecute all inter-ethnic crime.
- Create the conditions for investment, trade, employment and economic growth for the benefit of all communities.
- Ensure full cooperation with UN International Criminal Tribunal for the former Yugoslavia (ICTY).
- Fully respect UNSCR 1244 and intensify well prepared dialogue with Belgrade. Show a constructive attitude. Create the necessary conditions to facilitate the participation of Kosovo Serbs in the political process.

Political requirements

Democracy and the rule of law

Provisional institutions of self-government

- Ensure fully effective functioning of the Assembly and its committees, the government and municipalities, including full respect of the respective rules of procedure, and the rights and interests of all communities.
- Increase executive oversight by, and accountability and transparency, within the Assembly.
- Increase minority representation in all institutions and the civil service at municipal and central level.
- Prepare and carry out a population and housing census in full respect of international standards.

Elections

- Hold free, fair and transparent elections. Strengthen the independent and multi-ethnic Central Election Commission to administer the 2006 elections in a timely manner.
- Make sure that adequate voting sites, security and other measures are provided to all communities to exercise their voting rights. Enable internally displaced people and refugees to participate in the elections even if their ability to return to Kosovo is curtailed.

Public administration

- Reinforce capacity for government coordination and define more precisely the responsibilities of the central and local authorities for ensuring consistency of policy implementation.
- Enforce transparent procedures on recruitment, transfer, appraisal, promotion, conduct and dismissal of civil servants including Kosovo Protection Corps (KPC), police and justice system employees and on financial management.
- Improve quality and availability of basic public services to all communities, including as a contribution to reduce the demand for services provided by parallel structures.
- Develop and maintain effective public service training institutions free from political influence. Improve higher management training. Develop the Kosovo institute of public administration into a body capable of delivering professional training to all civil servants.
- Adopt the Law on emergency management and further improve the performance, professionalism and coordination of relevant Kosovo institutions, including the KPC, on civil protection matters.

Judicial system

- Ensure effective and impartial courts free from political influence.

Protect witnesses.

- Implement the automated case management system to reduce the backlog of court proceedings in particular in civil law. Ensure enforcement of civil court decisions.
- Further develop legal education and training, particularly for judges, prosecutors and administrative personnel. Adopt and implement the law on the Kosovo Judicial Institute and transform it into a viable institution responsible for judicial training.
- Strengthen municipal courts and police action to prevent, sanction and address illegal occupation, use and construction of property.
- Strengthen the Prosecutor's Office to ensure that is able to comply with the principles of autonomy and impartiality.
- Develop capacity free from political influence to take on competences in the areas of justice and interior.

Anti-corruption policy

- Implement the law on the suppression of corruption. Establish the anti-corruption agency. Adopt and implement the anti corruption plan.

Human rights and the protection of minorities

- Ensure the continued independent functioning and the financial viability of an impartial ombudsman institution, and due consideration of ombudsman recommendations.
- Facilitate and encourage the return of refugees and displaced persons from all communities and finalise the rehabilitation of damaged and destroyed properties caused by the March 2004 events, including historic and religious sites.
- Strengthen administrative structures and accountability mechanisms in the Ministry of Communities and Returns. Further develop and implement the joint strategic framework on communities and returns and develop mechanisms at municipal level for facilitating the sustainable integration of returnees and existing minority communities.
- Adopt and enforce an effective law on official languages and set up effective mechanism to monitor its implementation.
- Regularise informal settlements. Find sustainable repatriation solutions for the integration of Roma minority communities that are living in hazardous living conditions in camps and for internally displaced persons groups living in informal centres.
- Adopt the law on the preservation of cultural heritage and establish administrative mechanisms to ensure its implementation.
- Adopt laws on public broadcasting and against on civil defamation. Consolidate the media self-regulatory system with the establishment of the Independent Media Commission, the effective functioning of the Press Council and the implementation of the Press Code.
- Establish an adequate legal framework for non-government organisations and ensure that they can operate freely within it.

- Complete legislation and actions to safeguard property rights notably on ownership possession; occupancy and rights to residential and non-residential property including the legislative framework to regulate construction. Harmonise municipal regulations and establish a mechanism for the effective resolution of commercial and agriculture property disputes. Increase public awareness on consequences of illegal construction.
- Develop and implement a strategy including sustainable successor arrangements to the Housing and Property Directorate in order to implement all outstanding residential property claims.
- Ensure effective implementation of the anti-discrimination law.
- Take concrete measures to prevent and sanction all forms of violence against women.

Regional issues and international obligations

- Strengthen regional cooperation and good neighbourhood relations.
- Conclude and implement free trade agreements within the region and participate in all relevant regional initiatives notably under the auspices of the Stability Pact.

Economic requirements

- Finalise the privatisation process in accordance with the Kosovo Trust Agency schedule.
- Complete the incorporation of publicly-owned enterprises, namely the electricity utility, railways, district heating and water and waste services. Implement further restructuring steps to improve their governance, efficiency and financial sustainability. Further strengthen the regulatory framework for public utilities and enhance the administrative capacity of the independent regulators.
- Strengthen the transparency and sustainability of public finances. Ensure consistency of the 2006 budget with the consolidated medium-term expenditure framework.
- Define and apply the macroeconomic and budget priorities in close cooperation with the IMF.
- Enhance fiscal discipline and better control of public expenditure. Establish effective procedures for the detection, treatment and follow-up of cases of suspected fraud and other irregularities affecting national and international funds.
- Continue the development of a legislative and policy framework for trade and trade-related policies, ensuring EU- and WTO-compatibility. Promulgate and implement the law on external trade activity.
- Improve the quality of primary and secondary education, higher education and vocational and educational training.

European standards

- Strengthen the administrative capacity of all institutions for effective verification on consistency of policies and legislation with EU requirements, in particular by reinforcing the structures dealing with European approximation.

Internal market*Free movement of goods*

- Prepare the necessary legislation and establish the infrastructure as regards standardisation certification, metrology, accreditation and conformity assessment, taking into account complementarities with the region.
- Implement the law on domestic trade.

Free movement of capital

- Adopt appropriate prudential requirements and strengthen the supervisory process in the financial sector.

Customs and taxation

- Enhance the capacity of the customs administration to fight against corruption and cross-border crime. Enhance the capacity of the criminal investigation unit
- Ensure observance of obligations related to the implementation of preferential trade measures (origin).
- Improve the taxation system and enhance the control and collection capacity of the tax administration.
- Commit to the principles of the Code of Conduct for Business Taxation and ensure that new tax measures are in conformity with these principles.

Public procurement

- Adopt and implement effectively the revised public procurement law, including related implementing legislation. Establish effective review procedures.

Intellectual property law

- Design and implement legislation on the protection of intellectual, industrial and commercial property rights. Define a medium-term strategy to improve the enforcement of these rights.

Statistics

- Establish a first set of reliable (national type) accounts statistics.

Sectoral policies*Industry and SME*

- Adopt a medium-term strategy on SME policy, including the establishment of the SME support agency and the investment promotion agency. Continue implementation of the European Charter for Small Enterprises.
- Adopt a general-purpose financial reporting framework appropriate for Kosovo's circumstances, limiting the use of International Financial Reporting Standards/International Accounting Standards to public interest entities and making full use of the exemptions foreseen in the fourth and seventh company law directives.

Agriculture and fisheries

- Design and start implementing a rural development policy.
- Continue the alignment of legislation on the EU veterinary and phytosanitary acquis.
- Align the system of animal identification and registration for bovines with EU requirements.

Environment

- Prepare the adoption and the implementation of legislation on environmental impact assessment in line with the EU *acquis*.
- Prepare a comprehensive environmental action plan, particularly relating to public health issues, with a view to approximating with the EU *acquis*.
- Prepare activities to increase public awareness and civil society participation in environmental matters.

Transport policy

- Implement the Memorandum of Understanding on the development of the south-east Europe core regional transport network including the transport observatory.
- Implement the law on road transport. Adopt a law on road safety and start to implement measures in this field.
- Enhance transport-planning capacity to adopt and start implementing a transport policy framework, including the development of a multi-modal transport strategy on central and local level.
- Continue improving data led asset management for maintenance and rehabilitation.
- Continue to align the aviation legislation with EU *acquis* in view of the European Common Aviation Area.
- Develop the civil operator of Pristina airport, its staff and facilities, to ensure an adequate level of security and sound and accountable management.

Energy

- Start implementing the commitments undertaken in the framework of the Energy Community Treaty. Ensure the viability and sustainability of the electricity company, notably by substantially increasing revenue collection and improving governance structures.

Information society and media

- Adopt and start implementing policy concerning electronic communication networks and services aimed at creating a stable competitive environment in order to attract foreign investment.

Financial control

- Develop a public internal financial control strategy as a basis for fulfilling the medium-term recommendations in this area.

Justice, freedom and security*Visas, border control, asylum and migration*

- Strengthen cooperation between border/boundary management agencies.

Money laundering

- Ensure that the Financial Information Centre effectively fulfils its role in collecting and analysing data in relation to money laundering.

Drugs

- Further strengthen local capacity in the narcotics investigation section.

Police

- Improve the effectiveness of investigations of crime. Adopt and implement legislation to establish the Kosovo Police Service (KPS) and strengthen its investigative and internal control capacities. Strengthen its leadership.
- Ensure that the future academy for public safety education and training will be an independent and professional training body.

Fighting against organised crime and terrorism

- Further strengthen local capacity in the organised crime directorate within the KPS. Implement the action plan against trafficking in human beings.

MEDIUM-TERM PRIORITIES***Political requirements*****Democracy and the rule of law***Public administration*

- Proceed with a sustainable public administration reform while respecting budgetary constraints. Improve the capacity of local administration to provide services to their constituencies in an equitable and effective manner.

Judicial system

- Define and consolidate a complete body of law that respect rights and interests of all communities, drawing from all legal sources currently applicable in Kosovo.
- Design and implement a comprehensive strategy to enhance independence of judiciary, as well as the autonomy of the prosecution system.
- Strengthen the administrative capacity and effectiveness of the judiciary and all law enforcement agencies. Ensure the viability of a comprehensive legal aid system. Develop an alternative dispute resolution mechanism.

- Improve the penitentiary system with particular attention to security, control, management, vocational training and reintegration schemes, as well as the conditions of facilities.

Human rights and the protection of minorities

- Adopt legislation and establish and respect mechanisms for the protection of human and minority rights in line with Council of Europe recommendations.
- Ensure the viable existence of minority communities and their non-discriminatory participation in society, taking concrete measures to ensure their safety, freedom of movement as well as the equitable provision of and access to public and universal services.
- Implement the law on gender equality. Ensure mainstreaming of women's rights in all existing policies and legislation.
- Develop an integrated conservation policy for cultural heritage. Actively engage in increasing the general awareness of and respect for cultural heritage.
- Ensure that the public broadcaster performs its role as a public service to all communities and in their languages. Promote minority broadcasting and facilitate the sustainability of minority media. Ensure a level playing field for both private and public media.
- Ensure that the Kosovo Cadastral Agency and the municipal cadastral offices offer transparent and non-discriminatory access to full property records and have functioning accountability mechanisms.

Regional issues and international obligations

- Further strengthen mechanisms of regional and international cooperation in the field of law enforcement, including transfer of suspects and sentenced persons and mutual legal assistance to jurisdictions.
- Work towards the future regional free trade agreement in south-east Europe.

Economic requirements

- Prepare the ground for the development of a borrowing and debt management capacity.
- Examine possible guarantee mechanisms to attract foreign investment, in particular in cooperation with the Multilateral Investment Guarantee Agency.
- Develop flexible social policies to promote employment and social cohesion and address poverty and social exclusion with particular attention to youth employment.
- Develop the capacity of the banking sector to provide competitive banking services and long-term competitive financing. Ensure reliable and effective supervision of banking, insurance and pension institutions.
- Advance the formulation of a medium term development strategy and plan that is linked to sector strategies, takes into account poverty alleviation and is aligned with the medium-term expenditure framework and the public investment programme.

European standards**Internal market***Free movement of goods*

- Start transposing the new and global approach and old approach directives.
- Continue transposing European standards.
- Establish on market surveillance structure.

Customs and taxation

- Continued approximation of tax and customs legislation to the EU *acquis* and further increase the administrative capacity to enforce legislation and to fight against corruption, cross-border crime and fiscal evasion.

Public procurement

- Ensure that public procurement rules are effectively implemented by contracting authorities and entities at all levels, including through developing operational tools, providing training and strengthening the administrative capacity.

Intellectual property law

- Continue strengthening the enforcement of intellectual, industrial and commercial property rights, in line with the medium-term strategy.

Statistics

- Increase efforts to establish a reliable statistical system.

*Sectoral policies**Industry and SME*

- Continue implementing the European Charter for SMEs and the medium-term SME strategy.
- Continue gradual alignment of company law, including financial reporting standards.

Agriculture and fisheries

- Develop a policy and a regulatory framework to support viable land reform. Support the protection of agricultural land against unplanned urban development.
- Start action for identification of sheep and goats and registration of their movements.
- Prepare a programme for upgrading food processing establishments.
- Start action for efficient control of domestic plant production in particular for products with EU specific requirements.

Environment

- Adopt and implement the environmental action plan with a view to approximating with the EU acquis.
- Implement and support activities to increase public awareness and civil society participation in environmental matters.

Transport policy

- Continue the implementation of the Memorandum of Understanding on the development of the south-east Europe core regional transport network.

Energy

- Develop legislative and regulatory frameworks to encourage public-private partnerships and mixed investments in the power sector in line with the conclusions of the investment generation study.

Information society and media

- Implement the legislation on electronic communication networks and services and strengthen the position of the independent regulator.

Financial control

- Under the coordination of the Ministry of Finance, develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with international standards and EU best practise through coherent legislation and adequate administrative capacity.
- Strengthen the operational capacity and functional as well as financial independence of the Supreme Audit Institution.

Justice, freedom and security*Drugs*

- Design and implement effective legislation and strategies against drugs trafficking and drug abuse.

Fighting against organised crime and terrorism

- Design and implement a comprehensive strategy to fight organised crime, financial crime and terrorism. Strengthen local capacities to investigate organised criminal activities. Strengthen judicial capacities to prosecute and try organised and financial crime cases.
 - Develop a weapon collection strategy, complete and enforce small arms related legislation.
-

COUNCIL DECISION

of 30 January 2006

on the principles, priorities and conditions contained in the European Partnership with the former Yugoslav Republic of Macedonia and repealing Decision 2004/518/EC

(2006/57/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission,

Whereas:

- (1) The Thessaloniki European Council of 19-20 June 2003 endorsed the introduction of the European Partnerships as a means of realising the European perspective of the western Balkan countries within the framework of the stabilisation and association process.
- (2) Regulation (EC) No 533/2004 provides in its Article 2 that the Council is to decide on the principles, priorities and conditions to be contained in the European Partnerships, as well as any subsequent adjustments.
- (3) The Council adopted on 14 June 2004 a first European Partnership with the former Yugoslav Republic of Macedonia ⁽²⁾. It is appropriate to update this Partnership in order to identify new priorities for further work on the basis of the findings of the opinion on the application from the former Yugoslav Republic of Macedonia for membership of the European Union.
- (4) Regulation (EC) No 533/2004 stated that the follow-up to the European Partnerships will be ensured within the framework of the mechanisms established under the stabilisation and association process.
- (5) In order to prepare for further integration with the European Union, the former Yugoslav Republic of

Macedonia should develop a plan with a timetable and specific measures to address the priorities of this European Partnership.

(6) Decision 2004/518/EC should therefore be repealed,

HAS DECIDED AS FOLLOWS:

Article 1

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

Article 2

The implementation of the European Partnership shall be monitored through the mechanisms established under the stabilisation and association process, notably the annual progress reports presented by the Commission.

Article 3

Decision 2004/518/EC shall be repealed.

Article 4

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

Done at Brussels, 30 January 2006.

For the Council

The President

U. PLASSNIK

⁽¹⁾ OJ L 86, 24.3.2004, p. 1.

⁽²⁾ Council Decision 2004/518/EC of 14 June 2004 on the principles, priorities and conditions contained in the European Partnership with the former Yugoslav Republic of Macedonia (OJ L 222, 23.6.2004, p. 20).

ANNEX

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA: 2005 EUROPEAN PARTNERSHIP**1. INTRODUCTION**

The Thessaloniki European Council endorsed the introduction of the European Partnerships as a means of realising the European perspective of the western Balkan countries within the framework of the stabilisation and association process.

The first Partnership with the former Yugoslav Republic of Macedonia was adopted by the Council on 14 June 2004. It is appropriate to update this first Partnership on the basis of the Commission's opinion on the application from the former Yugoslav Republic of Macedonia for membership of the European Union. The second European Partnership identifies new priorities for action.

The new priorities are adapted to the country's specific needs and stage of preparation and will be updated as necessary. The European Partnership also provides guidance for financial assistance to the country.

The former Yugoslav Republic of Macedonia is expected to adopt a plan including a timetable and specific measures to address the European Partnership priorities.

2. PRINCIPLES

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

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

3. PRIORITIES

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that the former Yugoslav Republic of Macedonia can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and the implementation thereof.

Taking into account the substantial costs required for implementation and enforcement of the *acquis* as well as the complexity of the EU requirements in certain areas, this Partnership does not include all important tasks at this stage. Future Partnerships will include further priorities in line with the progress made by the country.

Among the short-term priorities, the key priorities have been identified and grouped together at the beginning of section 3.1. The order of these key priorities does not imply any ranking in their importance.

3.1. SHORT-TERM PRIORITIES***Key priorities***

- Implement the recommendations regarding the electoral process made by the OSCE-Office for democratic institutions and human rights in time for the next elections.

- Adopt the law on police.
- Adopt the constitutional amendments needed to implement the reform of the judicial system, in line with the recommendations of the Venice Commission. Subsequently adopt and implement the measures needed to strengthen the independence of judges (notably by reforming the judicial council and their system of selection), strengthen the training system for judges and prosecutors, improve the case load management, and reduce the backlog.
- Simplify company registration and licensing procedures, *inter alia* by implementing the 'one-stop-shop' system for company registration.
- Ensure proper implementation of the commitments undertaken in the Stabilisation and Association Agreement, in particular in the areas of electronic communications and customs.

Political criteria

Democracy and the rule of law

- Consolidate the rule of law all over the territory, in particular through the timely implementation of the reforms in the law enforcement agencies.

Elections

- Address the shortcomings identified in the electoral process and ensure a free and fair process in the next parliamentary elections.
- Prosecute frauds and irregularities.

Public administration

- Implement fully the law on civil servants. Depoliticise the recruitment and career advancement of civil servants and other public agents and introduce a merit-based career system.
- Improve administrative transparency.
- Adopt and implement a law on public access to information.
- Ensure the effective implementation of the Code of Ethics for Civil Servants.
- Ensure proper cooperation of all State bodies with the ombudsman and improve the follow up given to his recommendations.
- Establish transparent and accountable local administrations and develop internal controls and audits in the management of decentralised funds.

Judicial system

- Ensure a timely implementation of the strategy and action plan on judicial reform with a view to strengthening its independence, improving the efficiency of the courts, and strengthening the overall capacity of the judicial system.
- Improve the execution of civil cases, and put in place an effective delivery and summons system.

Anti-corruption policy

- Fully implement the recommendations of the Group of States against Corruption (GRECO).
- Improve transparency in public decisions and in the management of state assets (including state owned land, concessions and public procurement).
- Implement the recommendations made by the State Commission for the Prevention of Corruption and further improve coordination and cooperation between the law enforcement agencies.
- Review the discretionary rights of certain public officials and adopt clear rules relating to conflict of interest.
- Ensure the implementation of the legislation adopted on the financing of political parties and on control over the assets of officials and impose effective sanctions in case of infringements.
- Identify the extent of the corruption phenomenon in key areas of public life in order that effective preventive and detection measures can be put in place.
- Enhance the capacity of police investigators and prosecutors to deal with corruption cases. Ensure adequate coordination between the State Commission for the Prevention of Corruption and the State Prosecutor.

Ohrid Framework Agreement

- Ensure the effective implementation of the legislative framework adopted in accordance with the Ohrid Framework Agreement, with a view, *inter alia*, to promoting inter-ethnic confidence-building.
- Complete the necessary legislative framework to implement the decentralisation process and ensuring that municipalities have the necessary means to implement their new competences.
- Adopt and begin to implement a medium-term strategic plan for equitable representation of minorities in the public administration (including in the judiciary) and public enterprises.

Human rights and the protection of minorities

- Fully comply with the European Convention on Human Rights, the Convention for the Prevention of Torture and Inhuman and Degrading Treatment or Punishment and other relevant international conventions.
- Strengthen the cooperation between the Ministry of Interior and the ombudsman.
- Adopt the law on interception of communications.
- Implement fully the rules applying to ethics, internal control and professional standards in all law enforcement agencies, the judiciary and prison administrations.
- Promote awareness among the police, judges, prosecutors and other law enforcement bodies of their obligations in terms of human rights and ensure that they carry them out in accordance with international requirements.
- Ensure the full implementation of the constitutional principle of the separation of religious communities and groups from the State and review the legal framework for religious communities and groups.
- Implement the new law on broadcasting to guarantee the independence of broadcasters and the quality of the service they provide.

- Promote respect for and protection of minorities in accordance with the European Convention on Human Rights and the principles laid out in the Council of Europe's Framework Convention for the Protection of National Minorities, in line with best practice in EU Member States.
- Further promote access to education for all ethnic communities.

Regional issues and international obligations

- Ensure regional cooperation and good neighbourly relations, in particular through intensified efforts to find a negotiated and mutually acceptable solution on the name issue with Greece, in the framework of UN Security Council Resolutions 817/93 and 845/93.
- Conclude and implement agreements with neighbouring countries, notably on free trade, cross-border cooperation, fight against organised crime, trafficking and smuggling, judicial cooperation, border management, environment, transport and energy.

Economic criteria

- Strengthen legal certainty for economic operators. Speed up legal procedures and clarify property rights. Take decisive steps towards completion of registration of land and real estate.
- Strengthen the capacity of the State to resolve commercial disputes.
- Ensure that administrative decisions are based on transparent rules and that decisions based on discretionary powers are subject to effective administrative and judicial review.
- Improve the general business climate, *inter alia* by strengthening implementation and enforcement of legislation in areas such as auditing and corporate accounting. Improve the country's attractiveness for domestic and foreign direct investors.
- Shorten the duration of bankruptcy procedures, clear the backlog of accumulated bankruptcy procedures and reduce the backlog of companies which are bankrupt but not dissolved.
- Guarantee equal treatment of all tax payers. Address the phenomenon that non-payment of taxes and social security contributions is tolerated for certain tax payers. Eliminate the backlog of payment arrears of taxes and social security contributions. Ensure effective prosecution of individuals and companies who participated in the 'pyramid' tax evasion schemes.
- Complete market liberalisation. In particular, continue the privatisation process and the liberalisation of network industries.
- Address unemployment and support job creation. Ensure swift implementation of the new law on labour relations and of the reform of the employment agency. Initiate further efforts to promote job creation, in particular for women and young people.
- Strengthen prudential and supervisory standards in the banking and insurance sectors.
- Continue with the alignment of the legal framework for the financial sector and ensure swift implementation in order to ensure, in particular, a rapid catch-up with international standards and practices.
- Further improve public finance management. In particular, implement fiscal decentralisation and continue the wage decompression of the civil service salary structure.

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

- Complete the restructuring of the existing institutional framework to ensure separation of the regulatory, accreditation, standardisation and product certification functions.
- Speed up the rate of adoption of European standards.
- Adopt legislation concerning the designation and notification of conformity assessment bodies and establish functioning conformity assessment infrastructure.
- Adopt a new law on product safety.
- Develop a market surveillance structure required by the *acquis* on free movement of goods.
- Continue work on the transposition of old approach and new and global approach directives.

Free movement of capital

- Further strengthen the anti-money laundering framework, in particular by raising awareness among reporting institutions and by establishing a credible enforcement record on the part of the relevant institutions. Implement the National Strategy against Money Laundering and Funding Terrorism.

Public procurement

- Align the legislation on public procurement with the *acquis*, in particular in the utilities sector.
- Ensure an effective remedies system, especially as regards the parties that may have recourse to remedies and by extending deadlines for the submission of complaints.
- Increase the public sector's awareness of and compliance with public procurement rules.
- Set up the public procurement bureau and provide it with sufficient staff and equipment, also in view of its role in detecting corrupt activities.

Company law

- Pursue reforms of the company registration process in order to reduce the complex and lengthy procedures.
- Ensure proper enforcement of accounting and financial reporting requirements. Ensure implementation of international accounting standards.
- Make the accounting standards committee operational.

Intellectual property law

- Establish a credible enforcement record in the area of protection of intellectual and industrial property rights. Ensure that fines and other sanctions are effectively applied and have a dissuasive effect. For this purpose, allocate adequate resources at the level of law enforcement, prosecution and the courts.

Competition

- Establish a credible enforcement record in the anti-trust area and in the field of State aid control. Entrust the Commission for Protection of Competition with efficient means to enforce the law and ensure the independence of the State Aid Commission, providing it with adequate staff and premises.
- Establish a comprehensive inventory and reporting of all aid measures in force.
- Further align the legislation with the EU competition legislation and the EU State aid rules.
- Raise awareness among government institutions and the business sector.

Financial services

- Reinforce the legislation and the supervisory framework, including enforcement, for the financial sector, in particular regarding the insurance sector and securities markets.
- Establish an independent and properly staffed supervisory authority for the insurance sector.

Information society and media

- Terminate the breach of the Stabilisation and Association Agreement by taking all necessary measures to fulfil the obligation to liberalise the electronic communications sector, including the adoption of all required secondary legislation and further strengthening of the regulatory bodies.
- Secure competitive safeguards for significant market power operators.
- Ensure that media legislation is in line with the recommendations formulated in May 2005 by the joint expertise of the Council of Europe and the Commission.
- Ensure that the legislation on defamation reflects European standards
- Reinforce the independence and administrative capacity of the Council for Electronic Media.

Agriculture and rural development

- Speed up the registration of agricultural land in the real estate cadastre.
- Adopt the necessary legislation and set up suitable administrative structures to operate EU instruments related to rural development, including preparation for setting up a rural development paying agency.

Food safety, veterinary and phytosanitary policy

- Continue the alignment of legislation with the veterinary and phytosanitary *acquis*.
- Reinforce the capacity of the veterinary service at both central and local levels in order to put in place an EU-compatible control system, particularly for import controls. Strengthen the management and training of inspectors.
- Set up a system for identification and registration of bovines and other relevant species.
- Further align animal disease and animal health control systems with the EU legislative and institutional requirements as well as the contingency plans for List-A diseases.

- Prepare a programme for upgrading food processing establishments to meet EU requirements.

Transport policy

- Pursue alignment with the road transport *acquis*, notably as concerns market access, transport of dangerous goods, social *acquis* and fiscal *acquis*.
- In the rail sector, establish a regulatory body that is independent from the infrastructure manager and railway undertakings. Establish a safety authority responsible for issuing safety certificates. Align legislation with EU rules on transport of dangerous goods by rail.
- In the field of aviation, pursue further alignment with safety rules and rules on the functioning of the market. Strengthen the administrative capacity of the Civil Aviation Authority.
- Conclude a European Common Aviation Area Agreement with a Protocol on transitional measures for implementation of EU aviation legislation.
- Continue implementation of the Memorandum of Understanding on the Development of the South-east Europe Core Regional Transport Network.

Energy

- Begin to align the legislation on the internal electricity and gas markets, energy efficiency and renewable energy sources with the *acquis* in order to gradually open the energy market to competition.
- Strengthen the independence of the Energy Regulatory Commission.
- Start implementing the Energy Community Treaty.
- Enhance administrative capacity in all energy sectors.

Taxation

- Increase the administrative capacity to implement tax legislation, and to fight against fiscal evasion.
- Take structural measures to urgently reform control policy and improve control capacity.
- Develop an audit strategy and adequate IT systems.
- Amend the taxation regime for tobacco products in order to put an end to the existing discrimination between domestic and imported products.
- Commit to the principles of the Code of Conduct for Business Taxation and ensure that new tax measures are in conformity with these principles.

Statistics

- Strengthen the capacity of the state statistical office to allow for the timely implementation of the agricultural census and the business census and for the continuous development of national accounts and their underlying statistics. Reinforce the collection and processing of agricultural statistics in line with EU standards and methodology.
- Amend the law on state statistics to harmonise it fully with EU standards and create proper conditions for the implementation of the statistical *acquis*.

Enterprise and industrial policy

- Continue implementation of the European Charter for Small Enterprises. Introduce a voucher scheme for training and advisory services. Explore options for tax incentives for small company start-ups. Improve SME advocacy and representation channels.
- Introduce systematic assessment of the impact of new regulation on enterprise.
- Ensure the launch and professional, independent management of the loan guarantee fund.
- Ensure effective implementation of e-signature legislation.

Regional policy and coordination of structural instruments

- Develop a comprehensive and coherent strategy and a draft law on regional development.
- Identify partnership structures ensuring close cooperation between relevant stakeholders at national and regional levels.

Justice, freedom and security

- Adopt and implement the law on surveillance of the border, including the provisions on the integrated border management strategy, and the law on aliens. Implement the integrated border management action plan. Prepare written manuals in line with the Schengen manual to be used at all border control points.
- Develop the main databases for border management and ensure that they are connected. Upgrade equipment for document analysis and border surveillance. Introduce high quality travel and identity documents. Provide additional training for staff transferred from the Ministry of Defence on the basis of a multi-annual training programme.
- Continue to implement the action plan for the reform of the police. Provide adequate funding and training. Strengthen coordination and cooperation both among police bodies and between the police and other law enforcement agencies.
- Develop and implement a comprehensive human resources and training strategy for the police. Upgrade the equipment, particularly in specialised fields of investigation.
- Pursue the implementation of the set of action-oriented measures for the fight against organised crime. Create an integrated intelligence system for inter-agency use in the fight against organised crime, including trafficking in human beings, arms and drugs.
- Develop a national strategy on drugs in line with the EU Drugs Strategy for 2005 to 2012 and well-structured unit specialised in undercover policing and ensure training on intelligence-led policing. Ensure adequate resources for witness protection. Strengthen the capacity to investigate computer crimes.

Environment

- Improve the implementation of legislation and environmental monitoring.
- Strengthen the Environmental Inspectorate and other enforcement bodies. Establish a credible enforcement record. Ensure that fines and other sanctions are effectively applied and have a dissuasive effect.
- Strengthen administrative capacity at national and local levels and start the preparation of strategic plans, including financial strategies.

- Develop an environmental investment strategy based on estimates of the cost of alignment.

Customs union

- Align the level of general customs clearance fees with the *acquis*. Abolish the special fee of EUR 100 for every request submitted for allocating tariff quotas, as these are contrary to the *acquis* and infringe the provisions of the Stabilisation and Association Agreement.
- Increase administrative capacity to implement customs legislation and to fight against cross-border crime.
- Take all necessary steps to properly implement rules of origin.
- Further approximate legislation and procedures with the *acquis*, in particular in the area of transit, simplified procedures and tariff quotas.

External relations

- Work towards the future regional Free Trade Agreement in South-east Europe.

Financial control

- Adopt and implement consistent legislation for the entire field of internal control, covering all relevant aspects of managerial accountability, independent internal audit, central harmonisation as well as fraud prevention.
- Develop a public internal financial control strategy or policy paper as a basis for implementation of the medium-term priorities related to public internal control.
- Complete the establishment of functionally independent internal audit units in central State institutions and create such units at municipal level. Strengthen the coordinating role of the Ministry of Finance. Ensure adequate staff, training and equipment.
- Establish a harmonisation unit for financial management and control at the Ministry of Finance.
- Develop efficient management, monitoring, control and audit systems necessary for the implementation of programmes under the EU pre-accession instruments under decentralised implementation conditions.
- Enhance the operational and financial independence of the State Audit Office and ensure follow-up to the findings in its reports.

3.2. MEDIUM-TERM PRIORITIES

Political criteria

Democracy and the rule of law

Public administration

- Further develop the capacity of the administration to implement the Stabilisation and Association Agreement.
- Further promote the active participation of civil society, including the social partners, in decision-making processes.

Judicial system

- Complete the implementation of the strategy and action plan on judicial reform. Ensure the independence and efficiency of the judiciary.
- Reach tangible results in improving the functioning of the judiciary, increasing the rate of execution of civil cases.
- Further develop the training academy for judges and prosecutors.
- Further develop the capacity of the judicial system to deal with organised and economic crime.
- Provide adequate equipment and IT support to courts.

Anti-corruption policy

- Further implement the strategy for the fight against corruption and enhance awareness-raising initiatives in the administration and among the public at large. Ensure the effective implementation of measures and legislation adopted to fight corruption.
- Develop a methodology and operate a system for collecting and sharing intelligence and for mutual access to databases.

Ohrid Framework Agreement

- Complete the decentralisation process and further implement the strategy on equitable representation of minorities in the public administration and public enterprises.

Human rights and the protection of minorities

- Further promote respect for human rights by law enforcement bodies and in detention centres and prisons.

Economic criteria

- Further improve the business environment. In particular, complete the registration of all land and real estate as well as the related strengthening of the cadastre. Ensure the enforcement of creditors' rights within a transparent legal framework. Further improve conditions for investors.
- Improve the quality of governance while maintaining sound public finances.
- Take steps to integrate the informal sector into the formal economy, particularly in order to fully include employed persons into the social security system and to eliminate unfair competition from unregistered companies.
- Promote structural change and the diversification of economic activities, with a view to better realising the country's comparative advantages.
- Pursue regional economic integration. Modernise transport and communication infrastructure. Extend the country's trade integration with the region.
- Decrease the relatively high share of unproductive expenditure while increasing funding for education, infrastructure and research and development.

- Modernise the educational system. Align the quality of the educational system with European standards. Modernise the curricula of secondary and university education. Step up efforts to create a modern vocational education and training system.
- Increase administrative capacity with respect to tax collection and expenditure control. Increase internal control and audit standards.

Ability to assume the obligations of membership

Free movement of goods

- Speed up efforts to become a full member of the European Committee for Standardisation and of the European Committee for Electrotechnical Standardisation and of the European Telecommunications Standards Institute. Guarantee an appropriate staffing level at the Institute for Standardisation.
- Strengthen the administrative capacity needed for effective market surveillance.
- Introduce mutual recognition clauses into the legislation.

Freedom of movement for workers

- Develop sufficient administrative capacity to implement the Community rules on the coordination of social security schemes.

Right of establishment and freedom to provide services

- Adopt legislation for the recognition of foreign professional qualifications and create administrative structures and procedures for this purpose.
- Adopt a postal policy based on the postal directives, including the establishment of an independent national regulatory authority in the field of postal services.

Company law

- Ensure high standards in the audit profession.

Competition

- Further improve the enforcement record in the areas of anti-trust and State aid control.

Information society and media

- Transpose and implement the EU framework for the information society and media.
- Adopt legislation on electronic commerce and conditional access services.
- Continue the process of alignment with the European Convention on Transfrontier Television and the Television without Frontiers Directive.
- Further strengthen the administrative capacity of the regulatory authorities.

Agriculture and rural development

- Develop an overall strategy on rural development.

- Upgrade the capacity of the agricultural administration and complete preparations for the enforcement and practical application of the management mechanisms of the common agricultural policy, in particular the integrated administration and control system and the paying agency. Ensure a functioning land parcel identification System.
- Set up the vineyard register and make it operational.

Food safety, veterinary and phytosanitary policy

- Further align the legislation with the *acquis* regarding transmissible spongiform encephalopathies and animal by-products, implement and control its enforcement and set up the necessary collection and treatment system.
- Establish a properly staffed plant health authority and provide appropriate laboratory capacity to the phytosanitary services. Further align the phytosanitary legislation with the *acquis*.

Transport policy

- Continue work towards complete alignment with the *acquis* in the area of road transport. Continue alignment with the railway *acquis* (first and second railway packages and interoperability). Achieve full alignment with aviation legislation. Ensure vigorous enforcement of the corresponding legislation.
- Further implement the Memorandum of Understanding on the South-east Europe Core Regional Transport Network.

Energy

- Continue the implementation of the requirements of the Energy Community Treaty.
- Work towards alignment with the *acquis* concerning nuclear energy and strengthen administrative capacity in the sector.

Taxation

- Fully align tax legislation with the *acquis*, including new legislation (for example the Energy Directive).
- Continue the reform of the tax administration and ensure its proper functioning.
- Continue preparations to ensure interconnectivity with EU computerised systems.
- Improve transparency and the exchange of information with EU Member States in order to facilitate the enforcement of measures preventing the avoidance or evasion of taxes. In this context, the exchange of information with EU Member States could be based on the OECD model agreement to exchange information.

Statistics

- Define statistical regions that are compatible with the NUTS and launch the production of regional statistics.
- Create a farm register on the basis of the agricultural census and address remaining gaps in agricultural statistics.
- Further develop macroeconomic statistics and social statistics.

- Develop reliable business statistics based on the statistical business register and the business census.

Social policy and employment

- Continue alignment with EU legislation in the fields of occupational health and safety, labour law and anti-discrimination, and strengthen the corresponding administrative structures.
- Reinforce the labour inspectorate in terms of staff and equipment and enable it to apply effective and dissuasive sanctions.
- Develop and implement a comprehensive employment strategy involving all relevant stakeholders with a view to subsequent participation in the European Employment Strategy, matched by appropriate capacity-building for analysis, implementation and assessment.

Enterprise and industrial policy

- Define and implement an industrial strategy conducive to growth and innovation.
- Further develop support mechanisms for SMEs and improve access of SMEs to financial services.

Regional policy and coordination of structural instruments

- Ensure a clear distribution of responsibilities and effective interministerial coordination in order to develop a comprehensive and coherent regional development strategy.
- Set up partnership structures ensuring close cooperation between relevant stakeholders at national and regional levels. Involve socioeconomic and other partners.
- Ensure that the designated managing and paying authorities will progressively build up their capacity.
- Design and implement national and regional development plans.
- Enhance financial management and control procedures and set up proper monitoring and evaluation systems.
- Set up a national agency for regional development.
- Develop capacity for project preparation and management in accordance with the Structural and Cohesion Funds, both at central level and at NUTS III level.

Justice, freedom and security

- Complete the implementation of the Integrated Border Management Strategy.
- Complete the implementation of the action plan for the reform of the police. Continue to upgrade equipment and enhance training. Further develop the human resources management system.
- Further develop the integrated system for intelligence-led policing. Strengthen the special investigation capabilities to fight organised crime, including trafficking in human beings, arms and drugs.
- Operate asylum procedures which are fully in line with international and European standards, including a reformed appeals system. Strengthen administrative capacity by adopting a strategic plan for the administrative structures as well as guidelines for processing asylum cases. Strengthen procedural management and support. Strengthen reception capacity and develop a central database for all aliens covering asylum, migration and visas.

- Develop and implement a migration policy, including an active return policy, which is in line with EU standards and effective in the fight against illegal migration and secondary migration movements.

Science and research

- Start designing and applying an integrated research policy.
- Strengthen research and technological development capacity in order to ensure successful participation in the Community framework programmes.

Environment

- Integrate environmental protection requirements into other sectoral policies, in particular through the development of environmental impact assessments.
- Increase investments in environmental infrastructure, with particular emphasis on waste water collection and treatment, drinking water supply, tackling air pollution and waste management.

Consumer and health protection

- Continue alignment with the *acquis* on safety-related measures.

Customs union

- Fully align customs legislation and procedures with EU legislation and standards and fully implement these procedures on the whole territory.
- Continue to strengthen the Customs administration and ensure its proper functioning in order to reach EU standards. Complete the implementation of the 2004 to 2008 strategic plan.
- Continue preparations to ensure interconnectivity with the computerised systems of the EU.

Foreign, security and defence policy

- Ensure that the 'EU Guiding Principles concerning Arrangements between a State Party to the Rome Statute of the International Criminal Court and the United States regarding the conditions to surrender of persons to the Court', adopted on 30 September 2002, are fully taken into account.

Financial control

- Develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with the internationally accepted standards and EU best practice, following the EU's Public Internal Financial Control model, through coherent legislation and adequate institutional capacity. Ensure that the process towards achieving this is led by the Ministry of Finance in a coordinating and harmonising role.
- Further strengthen the operational capacity and functional as well as financial independence of the State Audit Office.
- Develop procedures and administrative capacity to ensure effective protection of the EC's financial interests.

4. **PROGRAMMING**

Community assistance under the stabilisation and association process to the western Balkan countries will be provided under the existing financial instruments, in particular Council Regulation (EC) No 2666/2000 of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia ⁽¹⁾. Accordingly, this Decision will have no financial implications. The former Yugoslav Republic of Macedonia can have access to funding from multi-country and horizontal programmes.

5. **CONDITIONALITY**

Community assistance under the stabilisation and association process to the western Balkan countries is conditional on further progress in satisfying the Copenhagen criteria as well as progress in meeting the specific priorities of this European Partnership. Failure to respect these conditions could lead the Council to take appropriate measures on the basis of Article 5 of Regulation (EC) No 2666/2000. Community assistance will also be subject to the conditions defined by the Council in its Conclusions of 29 April 1997 and of 21 to 22 June 1999, in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms.

6. **MONITORING**

The implementation of the European Partnership will be monitored through the mechanisms established under the stabilisation and association process, notably the annual reports presented by the Commission.

⁽¹⁾ OJ L 306, 7.12.2000, p. 1. Regulation as last amended by Regulation (EC) No 2112/2005 (OJ L 344, 27.12.2005, p. 23).