II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 30 March 1998

on the principles, priorities, intermediate objectives and conditions contained in the accession partnership with the Republic of Hungary

(98/259/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission,

Whereas the Luxembourg European Council stated that the accession partnership is a new instrument, the key feature of the enhanced pre-accession strategy;

Whereas Regulation (EC) No 622/98 sets out that the Council shall decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual accession partnerships, as they are submitted to each applicant country, as well as on subsequent significant adjustments applicable to them;

Whereas Community assistance is conditional on the fulfilment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfilment of the Copenhagen criteria; whereas, where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;

Whereas the Luxembourg European Council decided that the implementation of the accession partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;

Whereas the Commission's opinion presented an objective analysis on the Republic of Hungary's preparations for membership and identified a number of priority areas for further work;

Whereas, in order to prepare for membership, the Republic of Hungary should draw up a national programme for the adoption of the *acquis*; whereas this programme should set out a timetable for achieving the priorities and intermediate objectives established in the accession partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives

[1] OJ L 85, 20.3.1998, p. 1.

and conditions contained in the accession partnership for the Republic of Hungary are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the accession partnership will be examined in the Europe Agreement bodies and through the appropriate Council bodies to which the Commission will report regularly.

Article 3

This Decision shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

Done at Brussels, 30 March 1998.

For the Council

The President

M. BECKETT

ANNEX

HUNGARY

1. Objectives

The purpose of the accession partnership is to set out in a single framework the priority areas for further work identified in the Commission's opinion on Hungary's application for membership of the European Union, the financial means available to help Hungary implement these priorities and the conditions which will apply to that assistance. The accession partnership will provide a framework for a number of policy instruments which will be used to help the candidate countries in their preparations for membership. These will include, *inter alia*, the national programme for the adoption of the *acquis* to be adopted by Hungary, the joint assessment of economic policy priorities, the pact against organised crime and the internal market road maps. Each of these instruments is different in nature and will be prepared and implemented according to specific procedures. They will not be an integral part of this partnership but the priorities they contain will be compatible with it.

2. Principles

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

— that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,

— the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,

— the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

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

3. Priorities and intermediate objectives

The Commission's opinions and the Council's examination of these have highlighted the extent of the efforts which still have to be made in certain areas by the candidate countries to prepare for accession and took the view that none of these countries fully satisfies all of the Copenhagen criteria at the present time. This situation will require the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the countries concerned, the achievement of which will condition the degree of assistance granted and the progress of the negotiations under way with some countries and the opening of new negotiations with the others. The priorities and intermediate objectives have been divided into two groups — short and medium term. Those listed under the short term have been selected on the basis that it is realistic to expect that Hungary can complete or take them substantially forward by the end of 1998. In view of the short time span, and taking into account the administrative capacity required to achieve them, the number of priorities selected for the short term has been limited. The priorities listed under the medium term are expected to take more than one year to complete although work may and should also begin on them during 1998.

Hungary will be invited to draw up a national programme for the adoption of the *acquis* (NPAA) by the end of March which should set out a timetable for achieving these priorities and intermediate objectives and, where possible and relevant, indicate the necessary staff and financial resources.

The accession partnership will indicate that Hungary will have to address all issues identified in the opinion. Incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's opinion and the Council's examination of this, the following short- and medium-term priorities and intermediate objectives have been identified for Hungary.

3.1. Short-term (1998)

Economic reform: review and update the country's medium-term economic policy priorities within the framework of the Europe Agreement; advance structural reforms (particularly with regard to the health-care system).

Reinforcement of institutional and administrative capacity: in particular in the areas of veterinary and phytosanitary controls (particularly as regards facilities at the external borders) environment, customs policy, internal financial control and regional development.

Internal market: including certification and standardisation (further alignment of legislative measures and conclusion of a European conformity assessment Agreement), State aid (adoption of legislative framework, definition of role and powers of monitoring authority, enforcement) and increased transparency through improvement of aid inventory. Enforcement of intellectual property rights and further alignment of company law. Complete alignment and increased transparency of public procurement legislation to cover fully utilities sector.

Justice and home affairs: implementation of appropriate refugee legislation consistent with 1951 Geneva Convention, development of effective border management.

Environment: continue transposition of framework legislation, establishment and commencement of implementation of detailed approximation programmes and implementation strategies related to individual acts. Planning and commencement of implementation of these programmes and strategies.

3.2. Medium-term

Political criteria: further efforts to improve the integration of the Roma.

Economic reform: continue to consolidate the conditions for strong investment growth through the sustained implementation of prudent macroeconomic policies and the advancement of structural reforms.

Economic policy: regular review of the joint assessment of economic policy priorities, within the Europe Agreement framework, focusing on satisfying the Copenhagen criteria for membership of the Union and the *acquis* in the area of economic and monetary policy (coordination of economic policies, submission of convergence programmes, avoidance of excessive deficits); while Hungary is not expected to adopt the euro immediately on accession, it is expected to pursue policies which aim to achieve real convergence in accordance with the Union's objectives of economic and social cohesion, and nominal convergence compatible with the ultimate goal of adoption of the euro.

Reinforcement of institutional and administrative capacity: development of anti-fraud unit and state audit office, improved operation of the judicial system, training for the judiciary in Community law and its application; reinforcement of justice and home affairs institutions (ensuring sufficient and properly trained personnel, in particular police, border guards, ministries and courts), reform of customs and tax administrations to ensure readiness to apply the *acquis*, the reinforcement of food control administration and strengthening of the nuclear safety authority.

Internal market: including further development of standardisation and conformity assessment bodies and establishment and operation of a market surveillance system, alignment of technical legislation on industrial products, further alignment of competition law, in particular for State aid, reinforcement of monitoring authorities both for competition and State aid, alignment of capital liberalisation, financial services, audiovisual policies and consumer protection, promotion of enterprise development, including small and medium-sized enterprises (SMEs) alignment with the *acquis* in the fields of telecommunications, consumer protection and the internal energy market.

Justice and home affairs: including implementation of migration policy and asylum procedures as well as the fight against organised crime (in particular money laundering, drugs and trafficking in human beings) and corruption, alignment of visa policy with that of the Union and completion of alignment on international conventions and clarification of admission provisions for immigrants, notably in view of the Schengen *acquis*.

Agriculture: including alignment with the agricultural *acquis* (including veterinary and phytosanitary matters, in particular external border controls), attention to environmental aspects of agriculture and biodiversity. Development of the capacity to implement and enforce the common agricultural policy (CAP), in particular the fundamental management mechanisms and administrative structures to monitor the agricultural markets and implement structural and rural development measures, adoption and implementation of the veterinary and phytosanitary requirements, upgrading of certain food-processing establishments and testing and diagnostic facilities, restructuring of the agri-food sector.

Transport: further efforts on alignment with the *acquis* in particular on rail and road transport (technical controls), and to provide necessary investment for transport infrastructure, notably extension of trans-European networks.

Employment and social affairs: development of appropriate labour-market structures and joint review of employment policies as preparation for participation in Union coordination; alignment of labour and occupational health and safety legislation and development of enforcement structures, in particular early adoption of the framework directive on health and safety at work; enforcement of equal opportunities between women and men; further development of active, autonomous social dialogue; further development of social protection, undertake steps to bring public health standards into line with Union norms.

Environment: including the development of monitoring and implementation control structures and capacities, continuous planning and implementation of approximation programmes related to individual legal acts. A particular emphasis should be given to waste water, waste management, air pollution, integrated industrial pollution control and risk management. Environmental protection requirements and the need for sustainable development must be integrated into the definition and implementation of national, sectoral policies.

Regional policy and cohesion: further strengthen budgetary procedures, financial instruments, monitoring and control mechanisms in order to participate in Union structural programmes after membership.

4. **Programming**

The PHARE allocation for the period 1995 to 1997 has totalled ECU 282 million. Subject to the approval of the PHARE budget for the remaining period, the Commission will confirm the allocations for 1998 and 1999. Financial proposals will be submitted to the PHARE Management Committee as provided for in Regulation (EEC) No 3906/89. Joint financing by the applicant countries will be systematically required for all investment projects. Financial assistance from the year 2000 onwards will comprise aid for agriculture and a structural instrument which will give priority to measures similar to the Cohesion Fund.

5. **Conditionality**

Community assistance will be conditional on respect by Hungary of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and progress in implementing this accession partnership. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. **Monitoring**

The implementation of the accession partnership will be monitored in the framework of the Europe Agreement. This will begin in 1998 before the Commission presents its first regular report to the Council reviewing the progress made by Hungary including implementation of the accession partnership.

The relevant sections of the accession partnership will be discussed in the appropriate sub-committee. The Association Committee will discuss overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the sub-committees. The Association Committee will report to the Association Council on the implementation of the accession partnership.

The PHARE Management Committee will ensure that financing decisions are compatible with the accession partnerships.

The accession partnership will be amended as necessary in accordance with Article 2 of Regulation (EC) No 622/98. The Commission will propose, before the end of 1999 and at regular intervals thereafter, a review of this partnership on which the Council will take a formal decision. These reviews will include consideration of the need to further specify intermediate objectives in the light of the progress made by Hungary in meeting the objectives set out in this partnership.