COUNCIL DECISION

of 6 December 1999

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

(1999/856/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission,

Whereas:

(1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;

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

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

(4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the acquis will be examined in the Europe Agreement bodies;

(5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Lithuania's preparations for membership and identified a number of priority areas for further work;

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

HAS DECIDED AS FOLLOWS:

Article 1

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

Article 2

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

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

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

ANNEX

LITHUANIA: 1999 ACCESSION PARTNERSHIP

1. OBJECTIVES

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

2. PRINCIPLES

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

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

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

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

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

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

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

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

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

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

3.1. **Short-term (2000)**

Economic criteria:

— take action to correct the widening fiscal deficit,

— complete the scheduled large-scale privatisations,

— complete the restructuring of the banking sector,

— promote competitiveness through market-based enterprise restructuring in the industry sector with particular attention to small- and medium-sized enterprises,

— continue land titling and registration to meet target date for completion of land registration by December 2000 and continue support for land market development,

— improve bankruptcy procedures and streamline implementation.

Internal market:

— public procurement: implement the new public procurement law; strengthen the public procurement office,

— intellectual and industrial property rights: implement copyright legislation and strengthen the fight against 'piracy'; reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls,

— free movement of goods: accelerate alignment of the sectoral legislation on industrial products in particular medicines for veterinary use and new approach directives; develop the corresponding conformity assessment system; develop a coherent strategy on market surveillance,

— free movement of capital: abolish limits to the import/export of means of payment as well as restrictions on investment rules for pension funds and insurance companies; adapt legislation concerning direct investment and legislation on the operation of foreign insurance companies,

— competition: implement the competition law; establish the Competition Council and its executive body; align State aid legislation and reinforce the State aid monitoring authority with sufficient and qualified staff; complete the State aid inventory,

— telecommunications: establish an independent regulatory authority,

— audiovisual: complete alignment of legislation,

— taxation: finalise and put into force the legislative reform of the VAT system; abolish fiscal discrimination on excise duties between domestics and imported products; ensure that new tax measures comply with the principles of the code of conduct for business taxation,

— customs: continue the alignment of legislation and reinforce the fight against fraud and corruption.

Agriculture:

— veterinary and phytosanitary sector: continue alignment and upgrade inspection arrangements, in particular at the fixture external borders,

— food processing sector: complete enterprise restructuring in dairy sector and start restructuring in other sectors in particular meat; start reducing State aids by limiting amount of support for ailing enterprises given by Rural Support Fund and Market Regulation Agency.

Transport:

— align legislation on maritime safety.

Energy:

— start implementing a comprehensive energy strategy in line with the NSA agreement, in particular,

— start the legal and technical preparation for the definitive closure and decommissioning unit 1 of the Ignalina nuclear power plant,

— start preparing refurbishment of conventional power plants in line with environmental requirements,

— continue implementing the necessary improvements of nuclear safety resulting from the performance of the comprehensive safety analysis report for the Ignalina nuclear power plant,

— continue strengthening the independence and technical capability of the nuclear safety authority,

— establish a radioactive waste management institution,

— ensure administrative and managerial independence of the energy utilities.

Employment and social affairs:

— prepare a national employment strategy with a view to later participation in the European employment strategy including through the launch of a joint employment review,

— support the partners capacity-building efforts for developing and implementing the acquis, notably through bipartite social dialogue.

Environment:

— complete transposition and enforce the Environmental Impact Assessment Directive,

— continue transposition and enforcement of the framework legislation in water, air, waste, nature protection and radiation protection,

— develop plans for financing investments (directive-specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year,

— ensure institutional strengthening in the area of environment both at central and local level, particularly by establishing structures to ensure implementation of the radiation protection law.

Justice and home affairs:

— adopt new law on national border control and complete border demarcation with Belarus; start border demarcation with Kaliningrad,

— upgrade law enforcement bodies and the judiciary (staff numbers, recruitment, training and equipment) to continue the fight against organised crime, drug trafficking and corruption, ensure better coordination between law enforcement bodies; ratify the European criminal law convention, sign the OECD convention on bribery; adopt and start implement the national anti-corruption strategy,

— strengthen capacities to deal with money laundering,

— implement border and migration legislation to prevent illegal immigration and to enable full participation in the Schengen information system,

— ensure complete alignment of the asylum legislation faster procedure to treat appealed cases, the legal structure of the Appeal Council, Article 4 of the refugee law and legal aid for asylum seekers.

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

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

— financial control: complete the legislative framework for internal and external financial control; establish a central organisation within the government for harmonising internal audit/control functions; establish internal audit/control units in spending centres and improve internal control procedures; introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and '*ex-ante*' financial control,

— continue implementation of the national training strategy; ensure sufficient training in European Union Law for police, border guards and customs.

3.2. **Medium-term**

Economic criteria:

— continue promotion of market-driven restructuring in the enterprise, finance and banking sectors,

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

— continue social security financing reform.

([1]) Phare = Action plan for coordinated aid to Poland and Hungary.
([2]) ISPA = Instrument for Structural Policies for Pre-Accession.
([3]) Sapard = Special Accession Programme for Agriculture and Rural Development.

Internal market:

— public procurement: ensure compliance of public procurement legislation with the acquis and its effective implementation,

— intellectual and industrial property rights: enforce copyright law by strengthening intellectual property institutions,

— data protection: complete alignment,

— free movement of goods: complete alignment of sectoral legislation and remove all remaining mandatory certification procedures; complete the adoption of EN standards; ensure implementing structures for all sectors,

— free movement of persons: complete alignment of mutual recognition of diplomas; lift nationality and residence requirements.

— competition: reinforce the antitrust and State aid authorities; ensure the full enforcement of competition and State aid rules; ensure compliance of aid schemes and State aid legislation with the acquis; increase training at all levels,

— taxation: adopt the VAT transitional provisions and complete the harmonisation of the excise duties structures and rates; review existing laws and ensure compatibility with the code of conduct for business taxation; strengthen administrative cooperation and mutual assistance and increase the efficiency of tax audits,

— consumer Protection: continue alignment and strengthen market surveillance and enforcement authorities,

— customs: develop an integrated tariff; develop efficient border posts; apply simplified procedures; reinforce administrative and operational capacity, including computerisation.

Agriculture:

— reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),

— veterinary and phytosanitary sector: complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems on future external borders; align with phytosanitary surveillance systems,

— complete the agricultural census in line with Eurostat methodology,

— continue enterprise restructuring in food processing sector in sectors other than dairy (mainly meat, canned fruit and vegetables) and allow effective bankruptcy of inefficient enterprises.

Fisheries:

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

Energy:

— continue implementation of a comprehensive energy strategy in line with the NSA agreement, in particular starting the definitive closure and decommissioning of unit 1 of the Ignalina nuclear power plant and completing the installation of a diverse second shut-down system on unit 2,

— start a new comprehensive safety analysis report for unit 2,

— prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels and the establishment of a regulator),

— align oil stock requirements and continue improvement of energy efficiency,

— strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

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

Employment and social affairs:

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

Economic and social cohesion:

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

Environment:

— complete transposition and continue implementation of the environmental acquis according to a directive-specific pre-defined timetable in nature protection, air, water and industrial related directives, waste, chemicals and genetically modified organisms, ozone depleting substances and radiation protection,

— develop monitoring and implementation control structures and capacities in the air and water sector,

— ensure institutional strengthening in the area of environment both at central and local level, i.e. establishing a supervisory institution for chemicals and an environmental protection agency,

— integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

— continue progressive alignment of visa legislation and practice with that of the European Union,

— continue to strengthen police cooperation mechanisms with Europol in the fight against organised crime (in particular money laundering, drugs and trafficking in women and children),

— implement migration policy and new asylum procedures; complete alignment notably in view of the related European Union acquis and relevant international conventions,

— implement streamlined inter-agency structure for fighting corruption.

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

— implement public administration law and the civil service law,

— strengthen public financial control functions through the provision of adequate staff, training and equipment. and make a clear separation of *ex ante* internal control and monitoring,

— ensure improved application of transposed European Union Law in the judicial system and regular training for the judiciary in Community law and its application,

— strengthen statistical capacities.

4. PROGRAMMING

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

5. CONDITIONALITY

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

6. MONITORING

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

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

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