COUNCIL DECISION

of 6 December 1999

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

(1999/857/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission,

Whereas:

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

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

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

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

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

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

HAS DECIDED AS FOLLOWS:

Article 1

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

Article 2

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

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

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

ANNEX

BULGARIA: 1999 ACCESSION PARTNERSHIP

1. OBJECTIVES

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

2. PRINCIPLES

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

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

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

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

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

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

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

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

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

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

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

Political criteria:

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

Economic criteria:

— promote competitiveness through market-based enterprise restructuring; take measures to improve the business environment and stimulate domestic and inward investments, in particular through simplification of legal and administrative procedures,

— ensure transparent privatisation of State-owned enterprises and banks,

— improve bankruptcy and liquidation procedures and streamline implementation,

— adopt a restructuring plan for the steel sector.

Internal market:

— public procurement: align public procurement procedures,

— intellectual and industrial property rights: align and enforce industrial property rights and trade mark legislation, including the fight against piracy,

— data protection: adopt national legislation and establish a monitoring body,

— free movement of goods: adopt a framework law on technical requirements implementing all new and global approach principles; enforce the new law on standardisation and reinforce newly established infrastructure; adopt framework laws on chemicals, foodstuffs and pharmaceuticals,

— free movement of capital: liberalise direct investment abroad and investment in foreign securities by residents; establish a timetable for the liberalisation of the remaining restrictions on capital movements including acquisition of real estate sector,

— free movement of services: strengthen supervisory bodies,

— competition: adopt legislation on State aid; improve State aid report; establish a State aid inventory; adopt secondary legislation on antitrust,

— taxation: align VAT legislation and develop a timetable for alignment of excise duties; ensure that new tax measures comply with the principles of the code of conduct for business taxation; improve tax collection system at national and regional level, in particular through strengthened VAT information processing,

— customs: ensure enforcement of the new customs code and its implementing provisions.

Agriculture:

— continue alignment of the veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at future external borders,

— modernise meat and dairy plants to meet European Union hygiene and public health standards,

— establish a vineyard register.

Energy:

— implement the energy law and adopt related secondary legislation; prepare legislation by sector and related reform plans (electricity and gas) and strengthen the regulatory bodies,

— establish a price and tariff structure leading to cost-based and transparent energy prices,

— start to implement an energy strategy with particular attention to energy efficiency; revise energy demand forecasts on the basis of more realistic growth and energy intensity scenarios,

— adopt and implement a realistic timetable for closure and decommissioning of units 1, 2, 3 and 4 of the Kozloduy nuclear power plant; monitor management of spent fuel and radioactive waste;

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

Transport:

— align legislation on maritime safety.

Employment and social affairs:

— support social partners' capacity-building efforts, notably in bipartite social dialogue, to develop and implement the acquis,

— prepare a national strategy, with the help of the Joint Employment Policy Review, with a view to later participation in the European employment strategy.

Environment:

— continue transposition of framework legislation in the water, air and waste sectors; prepare and implement detailed directive-specific approximation programmes; strengthen implementation structures, particularly at the regional level,

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

— complete transposition and enforce the environmental impact assessment directive.

Justice and home affairs:

— implement effective border management control systems and coordination of services to prevent illegal immigration and to enable full participation in Schengen information system,

— implement and enforce new legislative framework relating to migration and asylum procedures,

— upgrade law enforcement bodies and the judiciary (staff numbers, recruitment, training and equipment) to continue the fight against organised crime, drug trafficking and corruption; reinforce police and customs authorities and ensure better coordination between law enforcement bodies,

— develop a national strategy to combat corruption and strengthen capacity to deal with money laundering; ratify the European Convention on laundering of proceeds of crime and the European Criminal Law Convention on corruption; sign the OECD convention on bribery.

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

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

— complete legislative framework and strengthen internal and external financial control bodies including regional control units, in particular through use of a comprehensive information technology system and clear separation of *ex-ante* control and approval and internal financial control; establish 'functional independence' for national internal controllers/auditors at central and local level including '*ex-ante*' financial control,

— implement civil service law,

— strengthen the independence of magistrates, judges and the efficiency of the court system, including case treatment and alternative dispute resolution mechanism; strengthen enforcement of civil and penal judgments,

— strengthen the capacity to assess the financial and institutional impact of new legislation.

3.2. **Medium-term**

Political criteria:

— continue to implement Roma framework programme.

Economic criteria:

— maintain overall macrofinancial stability; improve competitiveness through market-based restructuring, including small- and medium-sized enterprises; complete the privatisation process; strengthen market economy institutions; improve the legal and regulatory framework for enterprises,

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

— implement the steel restructuring programme,

— establish a functioning land market and finalise the land and property register.

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

Internal market:

— public procurement: ensure transparent public procurement procedures at central and regional level,

— intellectual and industrial property rights: complete alignment and implement industrial property rights (trade marks, geographical destinations and industrial designs), including effective border control measures,

— data protection: implement legislation,

— free movement of goods: start implementation of new approach directives; pursue alignment of traditional technical legislation; implement market surveillance system,

— free movement of persons: complete alignment of mutual recognition of diplomas,

— free movement of services: complete alignment and implement banking law, pledges law, law on securities; guarantees and facilitation of lending and title procedures,

— competition: reinforce antitrust and State aid authorities and procedures,

— telecommunication: strengthen the capacity of the national regulatory authorities,

— taxation: full alignment of the tax acquis including the Community's transitional VAT regime; review existing laws and ensure compatibility with the code of conduct for business taxation; strengthen administrative capacity and control procedures including administrative cooperation and mutual assistance,

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

— customs: strengthen border control; develop an integrated tariff; develop operational capacities and computerisation of the customs administration; reinforce the fight against fraud and corruption.

Agriculture:

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

— continue restructure the agrifood sector; reinforcement food control administration,

— complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, residue and zoonosis control programmes, complete inspection systems on future external borders.

Fisheries:

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

Energy:

— align oil stock requirements and continue to improve energy efficiency,

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

— adopt and implement secondary legislation for the internal gas and electricity market,

— implement commitments on the phased closure and decommission of units 1, 2, 3 and 4 of the Kozloduy nuclear power plant; maintain a high level of nuclear safety for Kozloduy units 5-6,

— strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

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

Employment and social affairs:

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

— establish an independent guarantee fund for employees in the case of employer's insolvency.

Economic and social cohesion:

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

Environment:

— complete transposition and implementation of framework and sectoral legislation according to pre-defined timetable,

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

Justice and home affairs:

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

— adopt and apply the international instruments related to the fight against drug trafficking, in particular the Agreement on illicit traffic by sea, implementing Article 17 of the United Nations Convention against illicit trafficking in narcotic drugs and psychotropic substances,

— upgrade facilities for asylum seekers and refugees,

— further intensify international coordination and cooperation in the field of combating transborder crime, especially in the field of transiting, producing and selling drugs as well as money laundering, implement anti-corruption strategy, continue fight against trafficking in women and children,

— reinforce the independence of judiciary.

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

— complete the establishment of a professional and impartial civil service on the basis of the civil service law; establish a civil service management structure and ensure simplification of procedures,

— upgrade teaching of European matters, including training of judges with regard to European Community law,

— strengthen public financial control functions through the provision of adequate staff, training and equipment,

— strengthen statistical capacities.

4. PROGRAMMING

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

5. CONDITIONALITY

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

6. MONITORING

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

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

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