COUNCIL DECISION

of 6 December 1999

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

(1999/859/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission,

Whereas:

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

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

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

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

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

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

HAS DECIDED AS FOLLOWS:

Article 1

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

Article 2

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

Article 3

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

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

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

ANNEX

SLOVENIA: 1999 ACCESSION PARTNERSHIP

1. OBJECTIVES

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

2. PRINCIPLES

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

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

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

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

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

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

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

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

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

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

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

Economic criteria:

— promote competitiveness through market-based enterprise restructuring; take measures to stimulate domestic and inward investment; simplify legal and administrative procedures and promote development of small- and medium-sized enterprises,

— begin implementation of the privatisation programme in the banking and insurance sectors and complete privatisation process,

— implement a restructuring programme in the steel sector in line with European Union requirements,

— continue restructuring of public finances including reform of the pension system,

— improve bankruptcy procedures and streamline implementation.

Internal market:

— public procurement: continue alignment,

— intellectual and industrial property rights: adopt new law on industrial property and introduce supplementary protection certificate (SPC); strengthen the office for intellectual property; reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls,

— company law: complete alignment including removal of the discriminatory requirements on the use of language,

— data protection: establish an independent supervisory authority,

— free movement of goods: enforce framework legislation; start transposition of new approach directives and proceed with alignment of technical legislation; restructure the Standards and Metrology Institute to achieve separate regulatory, standardisation, accreditation and certification functions,

— free movement of capital: speed up the alignment of the legislation on foreign direct investments in sectors still restricted, in particular the financial sector, transport, telecommunications, and media,

— competition: enforce anti-trust laws and adopt relevant implementing legislation; strengthen the competition office; adopt and start implementing State aid legislation and strengthen State aid monitoring authority; draw up State aid inventory, continue annual State aid reports,

— telecommunications: adopt new telecommunications law and establish an independent telecommunications regulatory authority,

— audio-visual: complete alignment of legislation,

— taxation: close the duty free shops at the land borders; confirm acceptance of the principles of the code of conduct for business taxation and ensure that new tax measures are in conformity with these principles.

Agriculture:

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

Transport:

— align legislation on maritime safety.

Environment:

— adopt new water law together with implementing decrees,

— finalise detailed directive-specific approximation programmes and implementation strategies (in particular for waste management, air pollution control, integrated industrial pollution control risk management, chemicals, genetically modified organisms and radiation protection),

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

— complete transposition and enforce the environmental impact assessment directive.

Employment and social affairs:

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

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

Justice and home affairs:

— implement the new law on foreigners and on asylum and bring about full participation in the Schengen information system.

— ratify the European convention on money laundering of proceeds of crime, the European criminal law convention on corruption, the OECD convention on bribery,

— strengthen capacities to deal with money laundering.

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

— accelerate reform of the public administration including introduction of a civil service law,

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

— complete the legislative framework for internal and external financial control and set up internal audit/control units in spending centres,

— implement an efficient land registration system including reform of the spatial planning framework and computerisation of land registration.

3.2. **Medium-term**

Political criteria:

— continue efforts to resolve outstanding border issues with Croatia.

Economic criteria:

— complete restructuring, commercialisation and liberalisation of State-owned utilities, while ensuring competition and price liberalisation,

— continue capital market reform, including greater protection of minority shareholders,

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

Internal market:

— public procurement: eliminate the 10 % price preference for domestic bidders,

— intellectual and industrial property rights: complete alignment,

— free movement of goods: complete adoption of sectoral legislation and alignment on EN standards; ensure proper implementing structures for all sectors establish a market surveillance system,

— free movement of capital: abolish remaining restrictions on short-term transactions and acquisitions of real estate by foreign entities; complete liberalisation of capital flows,

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

— free movement of services: ensure efficient supervision of financial services,

— competition: reinforce the anti-trust and State aid authorities and procedures; improve transparency and flow of data, coordination and training at all levels of administration,

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

— taxation: remove discrepancies still existing between VAT and excise duty regimes and European Union acquis, in particular by implementing the VAT transitional regime and increase the excise rates on tobacco and alcoholic beverages review existing laws and ensure compatibility with the code of conduct for business taxation,

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

— customs: complete alignment including provisions on free zones; strengthen border control; develop the operational capacities of the customs administration; continue computerisation; continue the fight against fraud and corruption.

Agriculture:

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

— complete alignment and enforcement of legislation in the veterinary and phytosanitary sector, in particular: complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems at future external borders,

— upgrade food processing plants and complete restructuring of the agrifood sector.

Fisheries:

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

Energy:

— continue to ensure high levels of nuclear safety (taking account of seismic risk assessment) at the Krsko nuclear power plant,

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

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

— strengthen regulatory structures for nuclear safety and radiation protection.

Transport:

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

Employment and social affairs:

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

Economic and social cohesion:

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

Environment:

— implement legislation on waste management, air pollution control, industrial pollution control, risk management, chemicals, genetically modified organisms and radiation protection,

— strengthen administrative capacity at all levels,

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

Justice and home affairs:

— further upgrade law enforcement bodies (staff numbers, training and equipment); continue the fight against organised crime, trafficking in women and children, drug trafficking and corruption; ensure better coordination between law enforcement bodies,

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

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

— improve the operation of the judicial system, including filling of vacancies, training of the judiciary in Community law and adoption of legislation to create alternative instruments for the settlement of civil disputes; transfer of certain tasks from the courts to notaries,

— adopt legislation on public agencies,

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

— strengthen statistical capacities.

4. PROGRAMMING

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

5. CONDITIONALITY

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

6. MONITORING

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

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

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