COUNCIL DECISION

of 28 January 2002

on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Latvia

(2002/88/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 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; 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 2001 Commission's regular report presents an objective analysis on Latvia's preparations for membership and identifies a number of priority areas for further work.

(6) In order to prepare for membership, Latvia should continue to 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.

(7) Latvia needs to ensure that the appropriate legal and administrative structures needed for the programming, coordination, management, control and evaluation of Community pre-accession funds are in place,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions in the Accession Partnership for Latvia 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 its publication in the *Official Journal of the European Communities*.

Done at Brussels, 28 January 2002.

For the Council

The President

J. PIQUÉ I CAMPS

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

ANNEX

1. **Introduction**

At its meeting in Luxembourg in December 1997, the European Council decided that the Accession Partnership would be the key feature of the enhanced pre-accession strategy, mobilising all forms of assistance to the candidate countries within a single framework. In this manner, the Community targets its assistance towards the specific needs of each candidate so as to provide support for overcoming particular problems with a view to accession.

The first Accession Partnership for Latvia was decided in March 1998. As provided for in Regulation (EC) No 622/98 (Article 2), the Accession Partnership was updated a first time in December 1999, taking into account further developments in Latvia. The present revision is based on a proposal by the Commission following consultation with Latvia, and draws on the analysis of the Commission's 2001 regular report on progress made by Latvia towards accession.

2. **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 2001 regular reports on the progress made by Latvia towards membership of the Union, the financial means available to help Latvia implement these priorities and the conditions which will apply to that assistance. The 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 updated national programme for the adoption of the *acquis* prepared by Latvia, the pre-accession fiscal surveillance procedure, the pre-accession economic programme, the pre-accession pact on organised crime as well as the national development plans, the rural development plans, a national employment strategy in line with the European employment strategy, and sectoral plans necessary for the participation in the 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 and may be supported by pre-accession aid. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

3. **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 in 1995, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure harmonious operation of Community policies after accession and at Luxembourg, in 1997, 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. The Feira and Gothenburg European Councils in 2000 and 2001 respectively confirmed the vital importance of the applicant countries' capacity to implement and enforce the *acquis*, and added that this required important efforts by the applicants in strengthening and reforming their administrative and judicial structures.

4. **Priorities and intermediate objectives**

The Commission's regular reports have highlighted, besides the progress already made, the extent of the efforts which still have to be made in certain areas by 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 granted

and the progress of the negotiations under way with Latvia. The priorities listed in the revised Accession Partnership have been selected on the basis that it is realistic to expect that Latvia can complete or take them substantially forward over the next two years (2002 to 2003). Within this list, issues that require particularly urgent action have been highlighted as such. The progress made in meeting the priorities of the 1999 Accession Partnership is assessed in the 2001 regular report. This assessment has been used in formulating the priorities for the current Partnership.

Latvia submitted an updated version of its national programme for the adoption of the *acquis* (NPAA) in July 2001. The NPAA sets out a timetable for achieving priorities and intermediate objectives, based on the 1999 Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Latvia's membership preparations. Latvia will nevertheless have to address all issues identified in the 2001 regular report. It is also important that Latvia fulfils the commitments of legislative approximation and the implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, and in the context of 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 priorities and intermediate objectives have been identified for Latvia. These priorities are presented in accordance with the structure of the regular report ([1]).

Political criteria

Democracy and the rule of law

— accelerate efforts to develop a professional and stable civil service at all levels of the public administration, including a sound remuneration system. Ensure minimum staffing levels, training, and adequate financial resources at all levels of the public administration with a view to strengthening the capacity to implement the *acquis*,

— continue to strengthen the judicial system, including completion of legal framework (law on criminal procedure and law on administrative procedure), alleviation of courts' workload, elimination of backlog of pending court cases and ensuring the enforcement of court decisions. Strengthen training and increase remuneration of judges. Improve the infrastructure, including court buildings, to ensure the due functioning of the courts. Promote access to justice,

— complete the legal framework for the fight against all types of corruption and ensure implementation of legislation, as well as the anti-corruption strategy. Improve interagency and international cooperation.

Human rights and the protection of minorities

— address the issue of pre-trial detention,

— ensure implementation of the language law and its implementing regulations in line with the principle of proportionality, international standards, and the Europe Agreement,

— continue to implement further concrete measures for the integration of non-citizens, on the basis of the national programme 'The integration of society in Latvia', including language training and information campaigns, and provide the necessary financial support.

([1]) The order of presentation is that used as from the 2000 regular reports.

Economic criteria

— complete privatisation of the remaining large enterprises,

— continue to strengthen land market and finalise the land and property register,

— further promote competitiveness, notably through measures aimed at stimulating domestic and inward investment in growth-generating activities,

— improve business environment, in particular through the removal of the remaining regulatory and administrative constraints to enterprise developments.

Ability to assume the obligations of membership

Free movement of goods

— complete alignment of public procurement legislation and ensure implementation at all levels,

— complete the process of transposition and implementation of all 'New approach' and sectoral legislation with the *acquis*; in particular as concerns food legislation, fertilisers, and the renewal of existing marketing authorisations for pharmaceuticals,

— proceed with screening of Latvian legislation in the non-harmonised area to ensure it is in compliance with Articles 28, 29 and 30 of the Treaty and complete administrative arrangements for the future monitoring in this area,

— reinforce national accreditation system; upgrade the national metrology system; complete the reform of the market surveillance system; designate the appropriate bodies regarding notification procedure and ensure their functioning,

— complete adoption of EN standards.

Free movement of persons

— complete alignment of mutual recognition of professional qualifications and diplomas and further develop required administrative structures, education and training programmes,

— with respect to professional qualifications obtained before harmonisation, Latvia should give priority to introducing measures to ensure that all its professionals can, from accession, meet the requirements laid down by the directives,

— reinforce the administrative structures for the coordination of social security.

Freedom to provide services

— continue to reinforce supervision of financial services,

— complete alignment of data protection legislation; ensure independence of supervisory body.

Free movement of capital

— ensure compliance with the recommendations of the financial action task force,

— complete alignment of legislation with second Directive against money laundering.

Company law

— in need of particularly urgent action: strengthen enforcement of intellectual and industrial property rights, in particular in police and customs, and improve cooperation among them. Increase efforts to fight against piracy and counterfeiting; intensify training for enforcement bodies including judges and prosecutors,

— in need of particularly urgent action: implement the commercial code.

Competition

— ensure the enforcement of competition and State aid rules, including the strengthening of the Competition Council and Bureau, as well as the Secretariat of the State Aid Surveillance Commission. Increase awareness of the rules among all market participants and aid granters. Ensure training of the judiciary on competition-related matters.

Agriculture

— 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, as well as for the implementation and enforcement of veterinary and phytosanitary and food safety legislation,

— reinforce the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of Community-funded rural development programmes,

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

— continue restructuring of the agri-food sector, including modernisation of meat, dairy and fish processing plants to meet Community food safety standards,

— complete transposition of legislation on transmissible spongiform encephalopathies, plant passports, maximum residue levels, animal nutrition and ensure implementation and enforcement, including testing of animal diseases, in particular transmissible spongiform encephalopathies, in accordance with the *acquis*.

Fisheries

— complete the establishment of adequate administrative structures and equipment at central and regional level that can ensure the implementation of the common fisheries policy, including management of resources, inspection and control of fishing activities, the market policy, structural programmes co-financed by the Financial Instrument for Fisheries Guidance, a fishing vessel register and a management plan for the fleet capacity in accordance with available resources.

Transport policy

— continue legal alignment and reinforce administrative capacity in road transport (particularly on social legislation including requirements for access to profession, fiscal harmonisation and technical and safety standards), railway transport (with a view to the implementation of the revised railway *acquis*), and air transport (in particular the legal status of the independent aviation accident investigation authority),

— continue to align and implement maritime transport legislation, taking into account its latest developments,

— in need of particularly urgent action: strengthen the administrative capacity in the field of maritime transport safety in order to improve the flag State performance of the Latvian fleet.

Taxation

— complete legislative alignment with particular attention to VAT (including the transitional VAT regime) and excise tax legislation, especially as regards VAT exemptions,

— ensure that existing and future legislation complies with the principles of the code of conduct for business taxation,

— strengthen the administrative capacity and control procedures as well as improve the administrative cooperation and mutual assistance in order to be able to implement the *acquis*,

— in need of particularly urgent action: develop IT systems so as to allow for the exchange of electronic data with the Community and its Member States,

— implement the Holding and Movements Directive.

Statistics

— further improve quality and coverage of statistics; ensure adequate resources are available to further strengthen statistical capacities, including at regional level.

Social policy and employment

— complete transposition and ensure implementation of the social *acquis* in the fields of labour law, health and safety at work and equal treatment for women and men. Strengthen the related administrative and enforcement structures, including the labour inspectorates and establish an independent guarantee fund for employees in the case of employer's insolvency. Adopt legislation against discrimination and develop a timetable for its implementation,

— complete transposition and ensure implementation of the *acquis* in the field of public health, and further develop measures in the area of surveillance and control of communicable diseases and of health monitoring and information,

— continue to support social partners' capacity-building efforts in particular with a view to their future in the development and implementation of Community employment and social policy, including the European Social Fund, notably through autonomous bipartite social dialogue,

— prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion.

Energy

— prepare for the internal energy market, notably the electricity and gas Directives: accelerate the completion of alignment with the *acquis*, in particular as regards the restructuring process of the electricity utility; establish an independent transmission system operator (electricity); eliminate price distortions; strengthen the regulator,

— continue alignment of oil stock requirements; make progress in ensuring the actual constitution of stocks, including the necessary investments, towards the level of 90 days and develop an administrative structure,

— improve energy efficiency, enhance the use of renewable energy and strengthen the relevant institutions in this area,

— implement the recommendations contained in the Council report 'Nuclear safety in the context of enlargement' with due regard to the priorities assigned in the report.

Telecommunications and information technologies

— ensure alignment with the telecommunications acquis and its enforcement, including liberalisation of the telecommunication market; ensure the independence of the regulator,

— continue alignment and ensure implementation of postal legislation.

Culture and audiovisual policy

— continue to strengthen the capabilities of the independent television/radio regulatory authority.

Regional policy and coordination of structural instruments

— complete legal and administrative framework which allows for the implementation of the *acquis* in this area, in particular with regard to financial management and control,

— define the bodies in charge of the implementation of Structural Funds and the Cohesion Fund, in particular the managing and paying authorities; define the tasks to be performed by line ministries and other bodies on behalf and under the responsibility of the managing authority,

— prepare a Single Programming Document in line with the Structural Funds Regulations, including *ex ante* evaluation,

— ensure that the designated managing and paying authorities will progressively build up their capacity in order to be able, on accession, to fulfil their responsibilities and deliver the tasks assigned to each of them according to the Structural Funds Regulations,

— ensure effective interministerial coordination and appropriate partnership with a view to both programming and implementation,

— set up evaluation and monitoring systems,

— develop the technical preparation of projects eligible for Structural and Cohesion Funds assistance (project pipeline).

Environment

— complete transposition of the *acquis*, with special emphasis on access to environmental information, waste management and chemicals,

— continue implementation of the *acquis*, in particular as regards waste management (in particular packaging and packaging waste and hazardous waste, including PCBs/PCTs, waste oils, accumulators and batteries), water quality (in particular urban waste water, microbiological parameters of drinking water, establishment of pollution reduction programmes for List II substances, designation of vulnerable zones under the nitrates Directive) and chemicals,

— continue strengthening the administrative capacity at all levels, in particular regional and local levels. Special emphasis should be put on nature protection,

— continue integration of environmental protection requirements into the definition and implementation of all other sectoral policies with a view to promoting sustainable development.

Consumers and health protection

— ensure the effectiveness of administrative structures involved in market surveillance.

Cooperation in the field of Justice and Home Affairs

— ensure implementation of the Schengen action plan,

— strengthen law enforcement bodies and cooperation among them, including the judiciary, in the fight against organised crime, in particular concerning money laundering, cyber crimes, trafficking in human beings and drugs. Ensure that the prerequirements for the conclusion of a cooperation agreement with Europol are met,

— update and implement the National Drugs Strategy and prepare for participation in the activities of the European Monitoring Centre for Drugs and Drug Addiction,

— continue alignment to the *acquis* and European practice on visas, migration, and asylum and strengthen the administrative capacity of the institutions responsible in these areas,

— continue preparation for future participation in the Schengen information system by developing national databases and registers,

— continue to strengthen controls at the future external border, including the establishment of an integrated sea surveillance system,

— take the necessary steps to ensure implementation of Community instruments in the area of judicial cooperation in civil matters,

— take the necessary steps to align legislation with the Convention on the Protection of the Communities' Financial Interests and its Protocols.

Customs union

— complete alignment of customs legislation and ensure implementation; reinforce administrative and operational capacity. Continue efforts to implement the customs ethics policy,

— in need of particularly urgent action: accelerate the implementation of the IT strategy of the Latvian customs administration. Develop IT systems so as to allow for the exchange of electronic data between the Community and Latvia.

External relations

— take the necessary measures to ensure that any international treaties or agreements including bilateral investment treaties incompatible with the acquis are renegotiated or terminated by accession.

Financial control

— complete the legislative framework for public internal financial control,

— develop and implement the concept of managerial accountability,

— develop the concept of audit trails and prepare audit trails for Community funds,

— accelerate alignment in the area of external audit, in particular enhance the operational capacity and the independence of the State Audit Office,

— designate a contact point for the protection of the Communities' financial interests, and effectively start cooperating with OLAF through this contact point,

— strengthen the fight against fraud,

— continue efforts to ensure the correct use, control, monitoring and evaluation of Community pre-accession funding as a key indicator of Latvia's ability to implement the financial control *acquis*.

5. **Programming**

For the period 2000 to 2006, in addition to PHARE, financial assistance to Latvia comprises 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 support for infrastructure projects in the fields of environment and transport through the structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73), which gives priority to measures similar to the Cohesion Fund in the pre-accession period. Under these national allocations, Latvia can also fund part of its participation in Community programmes including the research and technological development framework programmes and programmes in the areas of education and enterprise. In addition Latvia will have access to funding from multicountry and horizontal 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 the 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.

6. **Conditionality**

Community assistance for financing projects through the three pre-accession instruments PHARE, ISPA and Sapard is conditional on respect by Latvia 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 revised 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.

7. **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 and implementation of the *acquis* can be examined. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting the Partnership's priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

The PHARE Management Committee ensures that actions financed under all three pre-accession 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.