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COMMUNICATION FROM THE COMMISSION

on the Action Plans for administrative and judicial capacity, and the monitoring of commitments made by the negotiating countries in the accession negotiations

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FOREWORD

The ongoing enlargement process is entering its decisive stage. At its meeting in Laeken in December 2001, the European Council confirmed its determination to bring the accession negotiations with the candidate countries that are ready to a successful conclusion by the end of 2002, so that these countries can take part in the European Parliament elections in 2004. Bringing this historic process to a successful conclusion is one of the Union's highest priorities for the period ahead.

Since the European Council in Nice, which endorsed the roadmap for the accession negotiations as a central element of the enlargement strategy, very considerable progress has been made in the negotiations. The roadmap, which covered the period of the Swedish, Belgian and Spanish presidencies, has fully served its purpose. It has proven highly useful in moving the negotiations forward by ensuring that all parties stick to a realistic timetable, and has been implemented according to schedule. The European Union has defined Common Positions in accordance with the roadmap, leading to provisional closure for a very considerable number of chapters.

For the period under the Spanish presidency, the roadmap foresaw that the European Union would define Common positions on four negotiating chapters: agriculture, regional policy, financial and budgetary provisions, and institutions, with a view to provisional closure. This objective is being achieved, bearing in mind that the concrete financial aspects related to these chapters will be dealt with at a later stage of the negotiations. Furthermore, in line with the objectives set by the Laeken European Council, under the Spanish presidency, all remaining negotiating chapters have been opened with Bulgaria, and a further seven chapters with Romania. The objectives set for the period under Spanish presidency are therefore in the process of being fulfilled.

The European Council has emphasised that progress in the negotiations must go hand in hand with incorporating the *acquis* into legislation and actually implementing and enforcing it. Provisional closure of a negotiating chapter is in most cases based on commitments by the negotiating country concerned. The Commission considers it essential to ensure that these commitments are actually implemented, and closely monitors progress in this regard. Bearing in mind that negotiating countries have often committed themselves to completing specific measures by the time of accession, the Commission assures monitoring on a continuous basis, in order to assess the relevant preparatory processes and to identify those issues on which remedial action is required. Member States are being regularly informed of developments in this regard, whereby the Commission draws attention to any problems that may have arisen. The Commission will continue the monitoring process up until the actual accession of the new Member States, *inter alia* through the structures established under the Association

¹ This report focuses on the negotiating countries. It does not concern Turkey.

Agreements. This report provides an overview of the main findings of the monitoring exercise to date.

A core element in negotiating countries' preparations for accession, and a central factor for the success of this enlargement process, is the development of adequate administrative and judicial capacity to implement and enforce the *acquis* as of accession. The European Council emphasised the importance of this aspect at its meeting in Madrid in 1995 and on a number of subsequent occasions, most recently at Laeken in December 2001.

The Commission attaches the greatest importance to ensuring that the candidate countries reach an adequate level of administrative and judicial capacity by the time of accession. Starting from its 1997 Opinions and subsequently in the Regular Reports, the Commission has carefully monitored the progress made by each country in this area. In addition, as set out above, the Commission is systematically monitoring the implementation of related commitments that negotiating countries have taken in the framework of the accession negotiations. Finally, to help the candidate countries in their efforts, institution building and related investment have been one of the focal points of Community assistance under the Phare programme since the early 1990s, and constitute to date up to two thirds of national Phare programmes.

In 2001, the Commission decided that at this advanced stage of the enlargement process, more decisive action was needed, building on the various ongoing activities. With this purpose, in its 2001 Enlargement Strategy Paper, *Making a success of enlargement*, the Commission announced that it would launch for each of the negotiating countries an Action Plan to reinforce administrative and judicial capacity. The Commission further indicated that it would mobilise special financial assistance of up to €250 mn in 2002 to accompany these efforts, over and above the yearly budgetary allocation for each of the Phare countries, bringing the Community's total effort to strengthen the administrative and judicial capacity of the negotiating countries in 2002 to around €1 billion. The Commission undertook to report on the Action Plans by the time of the Seville European Council in June 2002.

On the basis of extensive preparatory work in late 2001 and early 2002, the Commission services have completed the individual Action Plans jointly with each negotiating country concerned, and have reached with each of them a common understanding on the Plans. Implementation of the agreed Action Plans is underway. An overview of key actions in this context is included in this report. The Commission is confident that on that basis, and provided each country continues and steps up its efforts, the negotiating countries will be able to make convincing progress in the months to come. The Commission encourages each negotiating country to make full use of the opportunities offered by the Action Plan, and is committed to ensuring that this exercise bears fruit.

As work progresses, an assessment of the way in which each of the individual Action Plans is being implemented will take place in various contexts. In line with the approach taken in the past, progress in implementing relevant Accession Partnership priorities, including through the Action Plans, will continue to be reviewed in the framework of the structures existing under the Europe and Association Agreements. A detailed assessment of the effective progress achieved by each country in strengthening its administrative and judicial capacity, including through the implementation of tasks contained in the Action Plans, will be provided in the 2002 Regular Reports, which are scheduled to be adopted on 16 October 2002, with a view to the Brussels European Council. As set out in the Commission's 2001 Enlargement Strategy paper, the Commission should be able on the basis of the 2002 Regular Reports to make recommendations on those candidate countries ready for accession.

While administrative and judicial capacity is a key factor for accession, building up administrative structures and strengthening administrative capacity, including horizontal administrative capacity, is a long-term effort that will need to be continued also after accession. With this in mind, the Commission has proposed to make available funds for a transition facility for this purpose covering actions not eligible to the Structural Funds, amounting to a total of € 380 million.

Overall, since the Nice European Council, when the roadmap for the negotiations was launched, very considerable progress has been made in the accession process, both in terms of the negotiations and as regards the candidate countries' preparations for accession, which are being accelerated. The Commission is strongly committed to ensuring that this momentum can be maintained, so that the objectives set by the Gothenburg and Laeken European Councils can be achieved.

In the meantime, the Union, as well as the candidate countries, must continue to prepare itself "mentally" for enlargement. As the first accessions draw closer, public dialogue about enlargement must continue and be intensified, so as to make the risks and benefits clear, address misconceptions where they exist, and let the people know that their concerns are being taken seriously. The Commission's Enlargement Communication Strategy, which is the subject of a separate report, is a key instrument in this regard. Enlargement can only succeed if it has democratic support.

INTRODUCTION

As indicated in the Commission's 2001 Enlargement strategy paper, the aim of this note is twofold. Firstly, it aims to report on progress to date in developing Action plans aimed at reinforcing negotiating countries' administrative and judicial capacity. Secondly, it seeks to update on negotiating countries' progress in implementing commitments they have made in the context of the accession negotiations, drawing attention to the main problems that have arisen and on which remedial action is required.

In its first part, this report provides a thematic overview of key actions that have been included in the finalised Action Plans. The second part of this report is devoted to an overview, chapter by chapter, of negotiating countries' fulfilment of commitments made in the accession negotiations, based on the enhanced monitoring process.

1. THE ACTION PLANS FOR REINFORCING NEGOTIATING COUNTRIES' ADMINISTRATIVE AND JUDICIAL CAPACITY: PROGRESS TO DATE

The Commission attaches the greatest importance to ensuring that the negotiating countries reach an adequate level of administrative and judicial capacity by the time of accession. Clearly, the need to have in place an effective administrative and judicial capacity is not a requirement limited to the candidate countries yet is a matter for all Member States, existing or new. This was clearly stated in the Commission's White Paper on European Governance of July 2001.

The main instrument in helping the negotiating countries to achieve this goal are the Action Plans for reinforcing administrative and judicial capacity that the Commission has launched with each of them in the first quarter of 2002.

The purpose of the Action Plans is to identify with each country the next steps that are required to achieve an adequate level of administrative and judicial capacity by the time of accession, and to jointly ensure that all necessary measures in this regard are taken, providing candidate countries with targeted assistance in areas that are essential for the functioning of an enlarged Union. As such, the Action Plans are a key tool towards meeting the common objective of the EU and negotiating countries, i.e. to ensure that each country's preparations for accession take place as effectively as possible within the envisaged timeframe.

Developing adequate administrative and judicial capacity for EU membership is a demanding and wide-ranging task, which requires detailed preparations in each and every domain covered by the Union's policies and legislation. In preparing individual Action Plans, the Commission has taken a comprehensive approach. The revised Accession Partnerships that the Council adopted for each negotiating country on 28 January 2002, based on the Commission's proposals, have served as the point of departure for this exercise. All priorities from the revised Accession Partnerships that are related to the development of administrative and judicial capacity have been included in the Action Plans. On that basis, the Action Plans cover not only the Accession Partnership priorities related to the administrative and judicial capacity to implement and enforce the *acquis*, but also any relevant priorities under the political and economic criteria. Each of these priorities is being given prominence in the Action Plans, through the definition of specific measures, which need to be implemented.

Jointly with each country, the Commission has made a detailed analysis of each country's approach to implement the Accession Partnership priorities concerned, of its intentions to reinforce efforts for institution building, and of the concrete measures that remain to be taken to achieve adequate administrative capacity in each area. Any remaining gaps in terms of assistance and monitoring have also been identified.

This process has resulted in comprehensive Action Plans by country, that bring together for each priority:

- the relevant commitments made in the negotiations;
- implementing measures envisaged by each country as discussed with the Commission;²
- the Community assistance that is already underway or planned to support the country in its efforts, and any supplementary assistance that will be provided for this purpose under the € 250 mn supplementary institution building facility under the Phare programme;³
- the additional monitoring activities, including peer reviews⁴, that are required to assess each country's preparation, over and above the Regular Reports and the usual monitoring of the negotiations.

A summary of the issues dealt with in the Action Plans is provided below. It follows the structure of the Copenhagen accession criteria.

1.1. Political criteria

The political Copenhagen criteria require that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights, and the respect of and protection of minorities.

In order to strengthen the **public administration** and remedy specific weaknesses that have been identified in Bulgaria, the Czech Republic, Latvia, Lithuania, Romania, Slovakia and Slovenia, the Action Plans foresee a range of measures in each individual case. Depending on the situation in the country in question, these concern such issues as the adoption of outstanding basic legislation, the establishment of a civil service office, the development of a civil service code of ethics, the training of staff, the strengthening of human resources management departments, and the development of impact assessment or quality control capacity. Supplementary assistance in this area includes assistance for the implementation of civil service reform, twinning in the area of strategic policy making and co-ordination, and assistance for reinforcing human resources management capacity.

² Depending on the nature of the priority in question, and the specific weaknesses that have been identified for each country, these may include: adopting missing legislation; designating, establishing, or reinforcing relevant management structures and authorities; creating or reinforcing command and co-ordination systems, as well as evaluation, monitoring and arbitration mechanisms; developing and implementing strategic and management plans; training officials, judges, prosecutors, and the business community; setting up public awareness campaigns; and developing or upgrading relevant IT systems and databases and their inter-connection with EC systems.

³ The Phare programme covers the ten candidate countries of Central and Eastern Europe. Cyprus and Malta benefit from pre-accession assistance under Council Regulation (EC) No 555/2000. Supplementary assistance to Romania under the Phare supplementary institution building facility is still in the process of being programmed.

⁴ For a definition of the term "peer review" in this context see below, under point 2.2.

While work has progressed on the reform of the **judicial system** in most negotiating countries, in Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia the strengthening of the independence of the judiciary, the improvement of remuneration and working conditions as well as the training of judges still need to be further pursued. To tackle these weaknesses, the Action Plans include such measures as the implementation of a judicial reform strategy, the adoption of outstanding basic legislation, measures to guarantee the adequate financing of the judicial system, the simplification of court procedures, the development of probation and mediation services, the development of training facilities and the training of judges in good judicial practices and EC law, the creation of judicial information networks, and the reinforcement of systems for legal aid and related public awareness campaigns. Supplementary assistance in this area is foreseen for Bulgaria, Hungary, Poland and Slovakia, focusing on the implementation of judicial reform strategy, strengthening the independence of the judiciary through support to the judicial council, training of judges on good judicial practices and EC legislation, and twinning focusing on professional ethics.

Developing an effective **anti-corruption capacity** is another field that is given close attention in the Action Plans for Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. Specific measures cover such issues as the further development and implementation of national anti-corruption strategies; the reinforcement of corruption fighting bodies, including through training of staff; the improvement of co-operation among them; and the development of measures to prevent corruption within the public administration, including within law enforcement and public safety services. To help implementing these measures, supplementary assistance is envisaged for Bulgaria and Slovakia, covering in particular the implementation of anti-corruption strategies and awareness raising.

Ensuring respect for **human rights** and respect for and the protection of **minorities** is a further area where administrative and judicial capacity needs reinforcement in Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Romania and Slovakia. . Depending on specific weaknesses identified, the Action Plans address such issues as pre-trial detention and the creation of an effective system to redress cases of police misconduct. In countries with sizeable Roma communities, measures to strengthen the bodies involved with implementing existing Roma action programmes and strategies are included in the Action Plans. For Estonia and Latvia, the Action Plans foresee measures to strengthen the capacity of bodies dealing with integration and language policy, in line with relevant international standards. Furthermore, the Action Plans for all countries include measures towards the development of structures for the implementation of the anti-discrimination *acquis*. Supplementary assistance is foreseen to strengthen the bodies involved with minority questions, and for twinning in the anti-discrimination field.

1.2. Economic criteria

The economic Copenhagen criteria require the presence of a functioning market economy with the capacity to withstand competitive pressures and market forces within the Union.

In terms of administrative and judicial capacity, the Action Plans cover weaknesses that have been identified with regard to the development of a functioning **land market** and **land and property registers** in Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovenia, and on the implementation and enforcement of **bankruptcy** legislation in Bulgaria, the Czech Republic and Lithuania. Other issues dealt with for Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia are the development of a favourable **business environment**, the reform and strengthening of the **financial sector**, and the reform of the **public finance**

management system. To tackle these issues, the Action Plans include such measures as the adoption of missing basic legislation; the strengthening of relevant structures, including through the training of staff; and specialised training for judges and bankruptcy trustees. In addition to the assistance that is already ongoing or planned in this area, no supplementary assistance is foreseen.

1.3. Other obligations of membership

The Copenhagen accession criteria further stipulate that membership requires the ability to take on the obligations of membership. This involves the adoption, implementation and enforcement of the *acquis*. The major challenges in terms of administrative capacity have been highlighted in the Commission's 2001 Enlargement Strategy Paper. They concern the administrative capacity to ensure a smooth functioning of the internal market, sustainable living conditions in the European Union, the overall protection of the European Union's citizens, and the proper management of Community funds.⁵

Ensuring a smooth functioning of the internal market

Ensuring a smooth functioning of the internal market requires the presence of appropriate and effective regulatory authorities, horizontal administrative structures in a range of areas, supervisory and enforcement bodies, and in certain cases the implementation of appropriate information technology (IT) systems for the exchange of data.

In the field of the **internal market**, targeted actions are envisaged for all countries to establish or reinforce regulatory authorities, horizontal administrative structures, and supervisory and enforcement bodies. Depending on the specific weaknesses identified for each country, areas concerned include standardisation, accreditation, certification, conformity assessment, market surveillance, mutual recognition of professional qualifications, and the co-ordination of social security systems; monitoring of legislation in the non-harmonised area as far as free movement of goods and the freedom to provide services is concerned; the independent supervision of data protection; the supervision of financial services; the implementation of public procurement rules, and the enforcement of industrial and intellectual property rights and of food legislation. The Action Plans foresee such measures as the adoption of outstanding legislation; the reinforcement of relevant authorities, including through budget and staff increases; specialised training for officials, judges and prosecutors; and the development of awareness campaigns. Supplementary assistance is being provided for Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovenia, including assistance to strengthen the national conformity assessment system and enforce the implementation of public procurement rules and of food legislation, reinforce capacity on the co-ordination of social security systems and on the mutual recognition of professional qualifications, strengthen insurance as well as banking and securities supervision, and ensure the enforcement of intellectual property rights.

In the domain of **competition**, the Action Plans for all countries foresee actions to strengthen the enforcement capacity for state aid rules and anti-trust provisions. Besides measures targeting directly the state aid and anti-trust authorities, this includes measures to increase awareness of EC competition rules among aid grantors, the business community and the public at large, and to increase specialised training for the judiciary. Supplementary

⁵ A number of negotiating chapters combine aspects related to more than one of these thematic areas. These have been dealt with under the heading allowing for the broadest coverage.

assistance is envisaged for Bulgaria, the Czech Republic, Estonia, Hungary, Poland and Slovenia, including twinning on the enforcement of the competition *acquis* and on awareness-raising, and training of judges.

The functioning of the internal market for **transport** and/or **energy** is another area that is covered for all countries. Depending on individual weaknesses identified, the Action Plans include actions aimed at establishing or reinforcing relevant structures in the area of road transport, the regulatory body in the rail transport sector, and the energy sector regulator. Concrete measures include the adoption of outstanding legislation; the designation or reinforcement of regulatory and licensing authorities, including through staff and budget increases; training; the development of quality assurance systems; and information campaigns for industry. For the Czech Republic and Estonia, supplementary assistance is being provided in this area, focusing on the area of rail transport.

In the domains of **telecommunications**, **postal services**, and **audio-visual policy**, the Action Plans for Bulgaria, Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia include actions to develop or strengthen independent regulatory structures. Concrete measures include the adoption of outstanding legislation; the reinforcement of the relevant authorities through budget and staff increases; training; and the development of appropriate administrative procedures, quality measurement systems, and IT systems. Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovakia and Slovenia will benefit from supplementary assistance through twinning, training courses and expert missions on various aspects of the telecommunications *acquis*. Implementing the new regulatory framework for telecommunications adopted recently by the EU represents an exceptionally heavy task.

As regards **customs** and **taxation**, the Action Plans for all countries foresee actions aimed at reinforcing the capacity of tax and customs administrations to control and enforce the implementation of Community legislation, including through external border controls; and at developing or upgrading IT systems for the exchange of electronic data with the Community and its Member States. Depending on specific weaknesses in each country, the Action Plans include such measures as the development of customs and taxation strategies and business management plans; the reorganisation of administrative structures; staff reinforcement and training; the simplification of procedures; the development of ethics codes, control procedures, appeal structures and structures for contact with the public; and the development and adaptation of IT systems. Supplementary assistance is foreseen for the Czech Republic, Latvia and Lithuania, covering such issues as the development of IT strategies and the exchange of electronic data, as well as the modernisation of the taxation system.

Ensuring sustainable living conditions in the European Union

This needs to be ensured, among other things, by guaranteeing the application of environmental and health and safety standards, including at the work place; ensuring a high level of nuclear safety, and improving transport safety. The proper implementation of the common agricultural and fisheries policies and the Communities' regional and structural policies are also of great importance in this context.

In the field of **agriculture**, the Action Plans for all countries foresee actions aimed at strengthening the administrative structures for the management of the common agricultural policy, in particular the Integrated Administration and Control System (IACS) and the Paying Agency, as well market information systems and mechanisms to implement and enforce the veterinary and phyto-sanitary *acquis* (on these latter two aspects see below, under "Ensuring

the overall protection of Europe's citizens”). Specific measures include the adoption of outstanding legislation; the establishment or reinforcement of relevant structures, including through reorganisation and budget and staff increases; training; the acquisition of equipment; and the development of relevant IT systems and databases and their inter-connection with EC systems where appropriate. Insofar as detailed implementation plans for any of these areas have already been submitted by individual negotiating countries and discussed in the context of the accession negotiations, these have served as the point of departure in developing envisaged measures. Supplementary assistance is foreseen in this area for the Czech Republic, Estonia, Hungary, Lithuania, Poland and Slovakia, covering such issues as the application of EC quality standards, the management of rural development programmes and market information systems, and the development or reinforcement of IACS and the Paying Agency.

As regards **fisheries**, the Action Plans for maritime countries include actions to establish or reinforce administrative structures in one or more of the following areas: resource management, inspection and control of fishing activities, the implementation of the market policy, and the management of structural actions, including fleet registration. Concrete measures include the adoption of outstanding legislation; the establishment or reinforcement of relevant structures, including through budget and staff increases; training; the acquisition of equipment; the development and upgrading of databases and IT systems; and improving the collection of statistics. Estonia and Poland will benefit from supplementary assistance, including twinning on the implementation of market and structural policies, and assistance for establishing a management authority in the field of structural actions.

The implementation of the Communities' **regional and structural policy** is another issue that figures in the Action Plans for all countries. The Plans foresee *inter alia* actions to define and to develop appropriate bodies in charge of the implementation of the Structural Funds and the Cohesion Fund, in particular managing and paying authorities, and to ensure a clear division of responsibilities and effective co-ordination between them; to develop the technical preparation of projects eligible for future co-financing under the Funds; to establish adequate systems for the collection and processing of statistical data, and to comply with the relevant financial management and control provisions. Specific measures include the adoption of outstanding legislation; the designation or reinforcement of relevant structures, including through reorganisation and budget and staff increases; the creation of co-ordination, arbitration and monitoring mechanisms; the preparation and implementation of human resources development plans; training; and the development of databases of projects eligible for future co-financing. The implementation of all the above measures is a precondition for the Commission to approve Community funding under structural programmes, as stated in the relevant regulations. Supplementary assistance is foreseen for the Czech Republic, Estonia, Poland, Slovakia and Slovenia in this domain, including for the establishment of managing and paying authorities in all areas, the development of a comprehensive monitoring system, and the technical preparation of a pipeline of projects for future co-financing.

With regard to the **environment**, the Action Plans foresee for all countries actions to further strengthen administrative, monitoring and enforcement capacity, in particular in the fields of waste, water, air, chemicals and nature protection. Depending on individual weaknesses, specific measures include the creation or reinforcement of administrative and supervisory bodies and monitoring systems, including through budget and staff increases; the training of inspectors and other staff, including at regional and local level, as well as training for the private sector. Supplementary assistance is provided for the Czech Republic, Estonia, Latvia, Lithuania, and Poland, including for the development of monitoring systems, designated and

management of protected areas, and training for environmental administrations at regional and local level.

The area of **social policy and employment** is also given close attention in the Action Plans for all countries. These include actions aimed at ensuring the enforcement of occupational health and safety rules and strengthening labour inspectorates, enforcing the *acquis* on equal opportunities and anti-discrimination (*for this latter aspect see above under the political criteria*), setting up or reinforcing monitoring and information capacity for epidemiological surveillance and control of communicable diseases, developing and implementing a national employment strategy, and preparing for future participation in the European strategy on social inclusion. Actions are also foreseen to support social partners' capacity-building efforts in most countries, and to develop or reinforce the necessary structures for the implementation of the European Social Fund. Depending on the specific needs of each country, concrete measures include the adoption of outstanding legislation; the establishment or reinforcement of institutions, including through budget and staff increases; the creation of inter-ministerial working groups; the upgrading of data-collection and IT systems; the training of officials, experts and social partners; and the establishment of information centres and other awareness-raising activities. The Czech Republic, Estonia, Hungary, Poland and Slovakia will benefit from supplementary assistance in this area, including assistance to enhance inter-ministerial and inter-agency co-ordination in the employment field, to strengthen the capacity of the public health administration, and to implement the equal treatment and anti-discrimination *acquis*.

The Action Plans further include for all countries actions to establish or strengthen appropriate regulatory structures and inspection arrangements to secure **transport safety** (in particular road and maritime safety), ensure a high level of **nuclear safety** (in accordance with the recommendations contained in the Council "Report on Nuclear Safety in the Context of Enlargement"), and optimise **energy efficiency** and the use of renewable energy. Concrete measures include the adoption of outstanding legislation; the establishment or reinforcement of relevant authorities, including through restructuring, budget and staff increases, and the strengthening of their independence where appropriate; training; the introduction or upgrading of IT systems; and the purchase of equipment and the development of quality assurance systems. Bearing in mind the extensive assistance already ongoing or planned in this area, the Action Plans do not foresee any supplementary assistance.

Ensuring the overall protection of the European Union's citizens

This needs to be ensured, among other things, by securing borders for a variety of purposes, guaranteeing sufficient levels of food safety, ensuring adequate market surveillance for consumer protection, and through co-operation in the field of justice and home affairs. These measures require various inspection and law enforcement arrangements.

In the field of **justice and home affairs**, as indicated, the Action Plans include a range of actions aimed at strengthening the judicial system and developing adequate anti-corruption capacity (*see above under the political criteria*). Further, the Plans foresee for all countries also actions aimed at strengthening border management, in particular at future EU borders, including through the implementation of a Schengen Action Plan; developing the relevant capacity to implement the *acquis* and European practice on visas, migration and asylum; preparing for the participation in the Schengen information system; ensuring due co-operation between all actors in the fight against organised crime; guaranteeing proper data protection; and preparing for the implementation of community instruments on judicial co-operation.

Concrete measures include the adoption of outstanding legislation; the establishment or reinforcement of relevant structures, including through reorganisation, budget and staff increases, and investment for equipment; the training of officials, police officers, judges and public prosecutors; the development of procedures, operational guidelines and manuals, as well as of databases and IT systems; and the establishment and reinforcement of command, control and co-ordination centres in the fight against organised crime. The Action Plans foresee supplementary assistance for the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia in this area, focusing on such issues as border protection, the management of migration and asylum issues, the implementation of visa policy and the development and strengthening of consular facilities, reinforcing data protection authorities, and the development of information systems and databases.

With a view to guaranteeing **food safety** throughout the food chain, the Action Plans for all countries foresee actions to upgrade food processing establishments and inspection arrangements to enforce the veterinary and phyto-sanitary *acquis*, as well as the food safety *acquis* covering the free movement of goods. Specific measures include the adoption of outstanding legislation; the strengthening of relevant structures, including through budget and staff increases; the establishment of inter-ministerial co-ordination groups and scientific committees; the establishment or upgrading of laboratories, border inspection posts (BIPs), and a Rapid Alert System for Foods (RASFF); the development of Hazard Analysis and Critical Control Point (HACCP) auditing; the development or upgrading of databases and computerised networks; and the creation of training structures for inspectors, for laboratory staff as well as for food operators, including the training of veterinarians and slaughterhouse personnel on TSE. Supplementary assistance is foreseen for the Czech Republic, Hungary, Latvia, Poland, Slovakia and Slovenia, including twinning on TSE control and on market surveillance in the food chain, and assistance for the creation and upgrading of BIPs.

As regards **consumer protection**, the Action Plans foresee for Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia actions to ensure the effectiveness of administrative structures, in particular those involved in market surveillance. Concrete measures include the strengthening of relevant structures, including through budget and staff increases; the creation of regional networks of market surveillance offices and conciliation courts; training for staff and judges; the development of periodical surveillance programmes and monitoring and audit procedures; and public awareness campaigns. Supplementary assistance through twinning is foreseen in this area.

Ensuring the proper management of Community funds.

This requires the presence of appropriate structures at central, regional and local level to fulfil such tasks as the application of **public procurement rules, financial control, audit**, and the **fight against fraud and corruption**. Furthermore, as set out above, there is also a need for adequate administrative capacity for the programming, management and control of **structural instruments**.

In the area of **financial control**, which is of central importance in this regard, the Action Plans for all countries include actions aimed at strengthening the relevant structures for public internal financial control (PIFC), external audit, and the fight against fraud, including an anti-fraud structure that is in charge of co-ordinating all legislative, administrative and operational aspects related to the protection of the EC financial interests, and can serve as a contact point for OLAF; and at ensuring the correct use, control, monitoring and evaluation of EC pre-accession funds, as a key indicator of each country's capacity in this area. Specific measures

include the adoption of outstanding legislation; the establishment or reinforcement of relevant structures, including through budget and staff increases, covering also regional and local levels; the training of staff and the creation of sustainable institutional training facilities; the development of procedures and techniques; the establishment or upgrading of an IT strategy and IT systems; and the setting up of inter-ministerial financial control committees. Supplementary assistance is being provided for the Czech Republic, Estonia, Lithuania, Poland and Slovenia, including assistance for the development of PIFC mechanisms, strengthening the operational capacity and the independence of the Court of Audit, and the development of sustainable training facilities for financial controllers and internal auditors.

The availability of reliable **statistics** is another key element for the implementation of Community policies in many areas. The Action Plans for Bulgaria, Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Malta, Poland, Romania and Slovakia include actions aimed at further strengthening statistical capacities, including at regional level. Concrete measures include the strengthening of relevant structures, including through budget and staff increases; training; the upgrading of infrastructure, including the development and upgrading of IT systems; and the upgrading of survey methodology. Supplementary assistance for this purpose is foreseen for the Czech Republic, Lithuania and Slovakia, in particular to strengthen statistical capacities at regional level.

2. ENHANCED MONITORING PROCESS

The Commission monitors systematically and on a continuous basis the implementation of commitments negotiating countries have made in the negotiations, drawing attention to any problems that may have arisen, so that appropriate remedial action may be taken.

The enhanced monitoring process is based on country monitoring reports, which are now being complemented by the monitoring actions identified through the Action Plans for reinforcing administrative and judicial capacity.

The country monitoring reports give an overview both globally and chapter by chapter of where each negotiating country stands in implementing commitments made in the accession negotiations. These commitments reflect the results of the accession negotiations, and, in accordance with the principle of differentiation underlying the negotiation process, may differ between countries. Where negotiating countries have committed themselves to completing specific measures by the time of accession, the Commission assesses the relevant preparatory processes. Each country report includes an assessment of progress in adopting and implementing the *acquis* in accordance with the commitments made by each country, and highlights issues that require close attention. These reports also provide an overview of positions taken by the negotiating countries during the negotiations, such as requests for transitional measures or reservations, and where appropriate, of positions taken by the EU.

The Action Plans for reinforcing administrative and judicial capacity constitute an additional instrument to monitor the implementation of commitments related to the development of each country's administrative and judicial capacity. Furthermore, as set out below, in a number of areas the process of developing the Action Plans has revealed a need for additional monitoring to accurately assess each country's preparations. In these areas, peer reviews and other additional monitoring actions are being organised, to further enhance the monitoring process.

The enhanced monitoring process shows that most of the commitments made by the candidate countries are up till now being met in accordance with the agreed timetables, although further efforts are needed in a number of areas. An overview of the findings for each chapter, drawing attention to specific areas where further efforts are required, is provided below.

2.1. Chapter-by-chapter overview

Free movement of goods (Chapter 1)

The Chapter has been provisionally closed with all countries, except Bulgaria and Romania.

The EU has only accepted a very small number of transitional periods in this chapter. These transitional periods concern the renewal of marketing authorisations for pharmaceuticals in five negotiating countries (Cyprus, Lithuania, Malta, Poland and Slovenia) and the expiration of the validity of certificates for medical devices in Poland and Cyprus.

Overall, the implementation of commitments made by negotiating countries during the negotiations is proceeding without major delays in most cases, yet needs to be further accelerated. Particular attention should be paid to the areas of public procurement, where legislative transposition (especially the questions relating to the scope, procedures and remedies) needs to be completed and enforcement structures reinforced, food safety, where additional efforts as regards the administrative capacity are necessary, and the non-harmonised area, where the process of legislative screening needs to be completed and its results implemented. Concerning harmonised product legislation, particular attention should be focussed on the reinforcement of administrative capacity, especially in areas such as market surveillance, and standards.

Free movement of persons (Chapter 2)

The Chapter has been provisionally closed with all countries, except Bulgaria and Romania with whom negotiations are ongoing.

The key issue in this chapter is that of free movement of workers. The EU has proposed a transitional arrangement of up to seven years for access to labour markets, except in the case of Malta and Cyprus. Eight countries have been able to accept this arrangement, subject to reciprocity. A specific arrangement has been granted to Malta.

Overall action is being undertaken by the countries to respect the deadlines necessary for implementation of the *acquis*. However, attention should be paid to the area of mutual recognition of professional qualifications, where all necessary administrative bodies should be operational well before accession, and where, for the professions subject to minimal education and training requirements, particularly in the health sector, legislative alignment should be ensured and training adapted, so as to ensure the application of the relevant *acquis* as of accession. Moreover, in the area of co-ordination of social security, reinforcement of administrative capacity needs to continue.

Free movement of services (Chapter 3)

The Chapter has been provisionally closed with all countries except Romania, with whom negotiations are not yet open.

For Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia, transitional periods up to five years have been agreed for reaching minimum levels of guarantees for banking

deposits or investor protection. Cyprus, Hungary, Latvia, Lithuania, Poland and Slovenia have been accorded, in line with existing Member States, exemption or transitional periods from the banking acquis for very small or specific credit institutions.

Overall, a substantial amount of alignment has been achieved in most countries, and the schedules of commitments have largely been respected. Nevertheless, important work remains to be done which will require further close monitoring. Particular attention should be paid in certain countries to completing harmonisation in banking, investment services and the securities market, and the protection of personal data, as well as to the removal of discrimination in the provision of services.

Free movement of capital (Chapter 4)

The Chapter has been provisionally closed with all countries except Hungary and Romania, with whom negotiations are ongoing.

The key issue in the negotiations in this chapter is the investment in real estate (agricultural land and forests, as well as secondary residences). A 7-year transitional period for agricultural land and forests has been agreed with Bulgaria, the Czech Republic, Hungary, Slovakia and Poland (12 year in the case of Poland), and a 5-year transitional period for secondary residences has been agreed with Bulgaria, Cyprus, the Czech Republic, Hungary and Poland. A specific arrangement has been found for Malta.

In most cases commitments have been met, with many countries having progressed well with the liberalisation of capital movements. However, in the area of direct investments, and in particular the investment in agricultural land, several countries have to ensure that their legislation is in line with the acquis. Special attention must be given to the proper implementation of the money laundering directives.

Company law (Chapter 5)

The Chapter has been provisionally closed with all countries. The Union has proposed a specific mechanism in the field of pharmaceutical products and Community trademark, which has been accepted by all negotiating countries.

Overall, negotiating countries are fulfilling the commitments made in the negotiations. A key area within this chapter relates to the enforcement of intellectual and industrial property rights, and in particular the fight against piracy and counterfeiting. While the transposition of the Intellectual and industrial property rights advances at a satisfactory pace, the level of enforcement of the legislation in the negotiating countries needs to be closely monitored. Efforts to improve enforcement in this field will have to address a number of issues, in particular concerning border controls, regular increase of the level of fines, training enforcement officials (customs, police, judiciary) and further co-ordination among enforcement bodies, mainly police, judiciary and customs.

Competition (Chapter 6)

The Chapter has been opened with all countries, and provisionally closed with Estonia, Slovenia, Latvia and Lithuania.

Cyprus, Malta, Slovakia and Poland have requested a number of different transitional periods in relation to state aids for foreign and individual investment as well as for key or restructuring industries. In addition, Hungary has requested a six-month adaptation period with regard to the application of a number of Community anti-trust regulations. The EU considers this a technical adaptation, which will be taken up in the Accession Treaty, subject to the legal framework in force at the time. All of these requests are under negotiation. The remaining countries have not requested any transitional periods.

A key problem of this chapter continues to be the granting of State aid which is not compatible with the *acquis*, mainly in the form of fiscal incentives typically granted to foreign investors, which needs to be converted into compatible (regional investment) aid, and aid to support ailing industries. In addition, a number of countries still need to take important steps, including the implementation of restructuring plans, in order to resolve all issues related to the granting of aid to certain sectors (steel, shipbuilding). By contrast, compliance with the *acquis* on anti-trust legislation is generally well advanced, but continuous attention has to be devoted to the enforcement of the rules.

Agriculture (Chapter 7)

The Chapter has been opened with all countries except Romania. It has not been provisionally closed with any country.

For Estonia, Hungary and Slovenia, all veterinary and phytosanitary issues have been clarified. In this context, transitional periods have been agreed with Hungary and Slovenia for animal welfare (laying hens in battery cages) and with Hungary for public health in establishments. Most veterinary issues have been clarified with Cyprus. The overall principle for the negotiations in this field is that the high level of food safety in the existing Union will be maintained by ensuring that internal market control systems are effectively implemented. A number of requests, including on market-related issues, are still under negotiation. Malta is reluctant to accept the principles of internal market rules in the veterinary field.

In the veterinary and phytosanitary fields, transposition of the *acquis* into national legislation is ongoing, and will need to be in place well in advance of accession. For many candidate countries a reinforced effort will be needed to meet the ambitious programme they have set out for themselves in this domain, in particular regarding upgrading Establishments, TSE measures and adequate Border Inspection Posts capacity.

Important progress has also been made in setting up the administrative structures for the Common Agricultural Policy. Further efforts are however necessary, in particular as regards the establishment of the Paying Agency and Integrated Administrative Control System (IACS) and the setting up of structures for rural development.

Fisheries (Chapter 8)

The Chapter has been opened and provisionally closed with all countries except Poland and Malta.

The EU has agreed a transitional arrangement with Latvia concerning a specific management regime for the entire Gulf of Riga. Malta has requested specific arrangements, which are still under discussion.

Progress in the fulfilment of commitments is generally satisfactory. However, particular attention should be paid to the areas of market policy, including marketing standards, legislative alignment in resources management; and implementation of Community structural actions legislation, in particular the fishing vessel register.

Transport (Chapter 9)

The Chapter has been opened with all countries. It had been provisionally closed with all countries except the Czech Republic, Poland, Bulgaria, and Romania.

A significant number of transitional periods have been requested by the negotiating countries. In the road, rail and aviation transport sectors, a number of requests for limited transitional periods have been accepted in the case of Cyprus, Hungary, Latvia, Lithuania, and Malta.

The EU has proposed a transitional arrangement requiring that access of non-resident hauliers to the national road transport market of other Member States should, in certain cases, be phased in gradually. The proposal is to reciprocally restrict the access to the national transport markets between current and certain new Member States up to a maximum period of five years in progressive stages. All negotiating countries concerned except the Czech Republic have agreed to this proposal.

Fulfilment of commitments undertaken in the negotiations is generally satisfactory. However, particular attention should be paid to the areas of road transport, where most negotiating countries need to complete harmonisation of vehicle tax rates, and maritime transport, where a number of countries need to reinforce their maritime safety authorities.

Taxation (Chapter 10)

The Chapter has been opened with all countries and provisionally closed with Cyprus, the Czech Republic, Lithuania, Poland, Slovenia and Slovakia.

All negotiating countries have requested transitional periods and, in the case of Malta, specific arrangements in the field of indirect taxation, i.e. VAT and excise duties. In most cases, requests aim at maintaining the levels of VAT and excise duties on specific goods or services at a lower level than required by the acquis. Some transitional periods were accepted by the EU for Cyprus, the Czech Republic, Hungary, Lithuania, Poland, Slovakia and Slovenia.

Countries are generally meeting their commitments. Overall, legislative alignment on indirect taxation is progressing smoothly and in line with agreed timetables. Negotiating countries have declared that they accept and will apply the principles of the Code of Conduct for business taxation. The Commission is in the process of analysing the relevant legislation in negotiating countries, with a view to identifying potentially harmful practices not in line with the Code of Conduct.

Economic and monetary union (Chapter 11)

The Chapter has been provisionally closed with all countries except Romania, with whom it is not yet open. No transitional periods have been requested.

Countries are generally meeting their commitments, although there are delays in the detailed schedule of implementation. However, legislation regarding the independence of the central banks and legislation prohibiting privileged access of the public authorities to financial institutions and prohibiting direct financing of the public sector should be further aligned.

Statistics (Chapter 12)

The Chapter has been provisionally closed with all countries. No transitional periods have been requested.

For all countries commitments are largely being implemented as foreseen and there are no major problems. However, attention should be paid to sustaining and reinforcing administrative structures and to improving the availability of regional statistics.

Social Policy (Chapter 13)

The Chapter has been provisionally closed with all countries.

In recognition of the objective difficulties encountered in implementing certain elements of the health and safety acquis, as well as that on public health and labour law, a number of transitional arrangements have been granted up until the end of 2005 for Latvia, Malta, Poland, Slovenia and Hungary, and until 2010 for Bulgaria, on issues including public health (tobacco legislation) and workplace-related issues

In general, negotiating countries have provided detailed timetables for adoption and implementation of all measures, and are thus meeting their commitments. However, some legislative work remains for all countries, particularly in health and safety and equal treatment, and social dialogue needs to be reinforced.

Energy (Chapter 14)

The Chapter has been provisionally closed with all countries, except Bulgaria, Estonia, Lithuania and Romania with whom negotiations are ongoing.

Transitional periods on oil stocks have been agreed up until the end of 2009 for Cyprus, Czech Republic, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. One transitional period on the Gas Directive until the end of 2004 has been agreed for the Czech Republic. Estonia has requested a special arrangement as regards oil shale.

Most countries are meeting their commitments. Attention should be paid to the areas of oil stocks, where some countries need to continue efforts on building up emergency stocks, and the internal energy market, where negotiating countries need to open up their electricity and gas markets. Concerning nuclear safety and closure commitments for non-upgradable units of certain nuclear plant must be provided and respected, and therefore duly included in the Accession Treaty. In Slovakia, this concerns the closure of Bohunice V-1 NPP unit 1 in 2006 and unit 2 in 2008. In Bulgaria it concerns the closure of units 1-4 of Kozloduy NPP. Commitments have been undertaken for the closure of units 1 and 2 before 2003. In Lithuania it concerns the closure of units 1 and 2 of Ignalina NPP. Commitments have been undertaken for the closure of units 1 before 2005.

It is recalled that the EU requests the closure of unit 2 of Ignalina NPP in Lithuania by 2009. With regard to units 3 and 4 of Kozloduy NPP, the EU expects closure not later than 2006.

Industry (Chapter 15)

The Chapter has been provisionally closed with all countries except Romania, with whom negotiations are not yet open. No transitional periods have been requested.

In all countries that have opened the chapter, industrial policy is in line with the concepts and principles of EU Industrial policy. However, further progress needs to be made in the area of restructuring, in particular in the steel sector for some countries.

Small and medium enterprises (Chapter 16)

The Chapter has been provisionally closed with all countries. No transitional periods have been requested.

Negotiating countries' policy on SMEs is broadly in line with the principles and objectives of EU enterprise policy. Further efforts for promoting competitiveness are required.

Science and research (Chapter 17)

The Chapter has been provisionally closed with all countries. No transitional periods have been requested.

No problems are expected in this chapter. All negotiating countries participate in the Research Framework Programme.

Education and training (Chapter 18)

The Chapter has been provisionally closed with all countries. No transitional periods have been requested.

No particular problems are expected in this chapter. However, some countries should make further efforts to align their legislation with the acquis on the education of children of migrant workers.

Telecommunication (Chapter 19)

The Chapter has been provisionally closed with all countries except Romania, with whom negotiations are ongoing. A two-year transitional period has been agreed for Bulgaria for the implementation of legislation on operator number portability.

Countries have generally met their commitments. However, in the coming 18 months most countries will face market opening at the same time as implementing the present acquis, while ensuring the transposition and implementation of the new regulatory framework for telecommunications that has just been adopted by the EU. For the postal sector, considerable efforts are needed in most countries to adopt the acquis and lay the basis for the liberalisation of the market through the separation of former state postal monopolies and new national regulatory authorities.

Culture and audiovisual (Chapter 20)

The Chapter has been provisionally closed with all countries except Hungary and Romania, with whom negotiations are ongoing. No transitional periods have been agreed and there are no requests outstanding.

Negotiations in this chapter have focused upon alignment with and implementation of the Television Without Frontiers Directive. The countries with which the chapter has been closed to date have introduced legislation providing for a high degree of alignment, even if in some cases further adjustments or secondary legislation are still needed to achieve full alignment.

Regional policy and co-ordination of structural instruments (Chapter 21)

The Chapter has been opened with all countries and has been provisionally closed with Cyprus and the Czech Republic. No transitional periods have been requested.

The acquis under Chapter 21 does not require transposition into national legislation, however all countries do need to have the appropriate legal framework for the implementation of the specific provisions in this area in place.

Overall, with some exceptions, good progress has been made. Specific areas that require attention include the final implementation structures, the division of responsibilities between the different bodies involved, the development of their human resources and, for some countries, the designation of managing and paying authorities for Structural and Cohesion Funds and the adoption of legislation allowing for multiannual budgeting. Specific attention is also required for the establishment of reliable financial management and control procedures and development of monitoring systems.

Environment (Chapter 22)

The Chapter has been provisionally closed with all countries except Bulgaria, Malta and Romania, with whom negotiations are still ongoing.

Limited transitional periods have been granted in various specific areas, for Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. Transitional measures have only been agreed on the basis of detailed implementation plans, including financing strategies and intermediate targets. These intermediate targets will need to be inserted in the Acts of Accession.

Most of the commitments made within the negotiations have been met without major delays especially as regards framework and horizontal legislation. In most cases implementation of sectoral legislation is progressing well in accordance with the timetables established. However, particular attention should be paid to the areas of water quality, where pollution reduction programmes need to be established, nature protection, where designation of protection areas needs to be completed, waste management, where plans need to be finalised and collection systems upgraded, and chemicals and GMOs where the necessary administrative structures will need to be in place by accession.

Consumers and health protection (Chapter 23)

The Chapter has been provisionally closed with all countries. No transitional periods have been agreed in this chapter.

In all negotiating countries, preparations have progressed and key framework legislation as well as implementing measures have been adopted. Nevertheless, further efforts are needed in all countries to complete alignment and to develop an adequate administrative capacity for enforcing the consumers and health protection *acquis* by accession.

Justice and home affairs (Chapter 24)

The Chapter has been provisionally closed with Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Malta and Slovenia while negotiations are ongoing with all other countries.

This is not a chapter where the negotiations focus on transition periods, and neither the negotiating countries nor the EU have any requests for these on the table. In essence, it will rather be necessary to find ways to build confidence, among Member States, in the negotiating countries' capacity to implement the *acquis* in this area.

So far, few delays have been observed in meeting commitments undertaken in the negotiations. Monitoring focuses on the need to ensure that the negotiating countries are equipped to meet adequate and acceptable standards of implementation on issues such as border control, illegal migration, asylum, money-laundering, organised crime, and police and judicial co-operation. A key issue to verify is the implementation of the Schengen Action Plans submitted by each country; these plans cover not only the period until EU accession, but up to the moment - some years after accession - when internal border controls can be lifted. The establishment of an independent, reliable and efficient judiciary and police organisation are also of paramount importance.

Customs union (Chapter 25)

The Chapter has been provisionally closed with all countries except Bulgaria, Malta and Romania, with whom negotiations are ongoing.

The EU has agreed to a three-year transitional arrangement for Hungary on the import of aluminium.

Overall, commitments are being met. Specific areas that require close attention are ensuring connectivity with EC customs computerised systems and, for some countries, ensuring full compliance of their customs code with the *acquis* and its proper implementation.

External relations (Chapter 26)

The Chapter has been provisionally closed with all countries. No transitional periods have been agreed (several requests were made, but none were accepted).

No particular difficulties are expected with the negotiating countries' adherence to Community legislation in this field, or with its practical implementation. However, negotiating countries need to ensure that international agreements incompatible with membership are renegotiated or renounced by the date of accession, in order to ensure full compatibility with the EC's international obligations by accession.

Common foreign and security policy (Chapter 27)

The Chapter has been provisionally closed with all countries. No transitional periods have been requested.

The foreign and security policy pursued by all the negotiating countries is generally in conformity with the CFSP. Hungary will however need to amend its law on Hungarians living in neighbouring countries, as foreseen by the law in question, to align with the *acquis* at the latest upon accession.

Financial control (Chapter 28)

The Chapter has been provisionally closed with all countries except Bulgaria and Romania. Negotiations are ongoing with Bulgaria whilst the Chapter is yet to be opened with Romania. No transitional periods have been requested.

The main issues at stake in the negotiations on this chapter include the adoption and implementation of the necessary legislation in the area of Public Internal Financial Control. In addition, the negotiating countries should confirm the independence of their external control bodies. Furthermore, it is important that negotiating countries closely co-operate with OLAF and ensure proper use of and control over EC pre-accession and future funding.

All countries with whom the chapter has been provisionally closed have reached a high degree of legislative alignment. However, all countries still need to continue efforts to properly implement the legislation in order to fully meet their commitments in the negotiations.

Financial and budgetary provisions (Chapter 29)

The Chapter has been opened with all countries except Romania. No country has yet provisionally closed the Chapter. All negotiating countries that have opened the chapter have requested transitional arrangements concerning their contribution to the EC budget (Own Resources).

The *acquis* consists mainly of Community legislation which is directly binding on the Member States and does not require transposition into national law. The key requirement under this chapter is the creation of appropriate administrative capacity to adequately co-ordinate the calculation, collection, payment and control of own resources. All countries have made progress in this regard as they prepare for full application of the Own Resources rules by putting in place measures to co-ordinate the various actors involved such as customs and taxation authorities, national statistical offices and financial control bodies.

2.2. Peer reviews and other additional monitoring actions

The process of developing the Action Plans has revealed a number of areas where there is a need for additional monitoring to properly assess each country's preparations. This includes areas where the Commission does not have all relevant expertise to judge the readiness of the candidate countries' administration, since implementation is largely up to Member States, and where the necessary information cannot be obtained through existing channels such as technical meetings. In such areas, the Commission draws on the expertise from Member States by organising peer reviews. Peer reviews are evaluation exercises in which experts from Member States and the Commission in charge of implementing and enforcing the *acquis*

in a certain domain, evaluate the level of preparation of, and formulate advice for, their counterparts in the negotiating countries. Similar peer review mechanisms also exist among EU Member States. The Commission's 2001 Enlargement Strategy paper indicated that peer reviews could very usefully complement other monitoring tools to deepen the assessment of the implementation of commitments made by the negotiating countries in the accession negotiations, and to identify weaknesses in administrative systems and capacity as well as potential solutions.

In addition to the ongoing peer reviews in the areas of financial services, mutual recognition of qualifications, nuclear safety (under the auspices of the Council), Justice and Home Affairs, payment systems (under the auspices of the European Central Bank) and customs, on the basis of the analysis in the context of the Action Plans, peer reviews are now being organised in a range of further areas. These concern in particular the following issues: Rapid Alert Systems for Foods (RAFSS); NFoods (including GMOs); data protection; food processing establishments, border inspection posts and bovine databases; various issues related to the implementation of the common agricultural policy, including IACS; the functioning of labour inspectorates (through the Senior Labour Inspectors Committee); epidemiological surveillance and the control of communicable diseases; postal services; a range of subjects in the environmental domain; general product safety; and the implementation of the dual use goods regulation.

Besides these various peer reviews, the analysis of the Action Plans has led to, or confirmed a number of other, monitoring actions. Thus, the Commission services are undertaking assessments of negotiating countries' implementation and enforcement capacity in the non-harmonised area related to the free movement of goods and the freedom to provide services; on intellectual property rights; anti-trust and state aid; maritime safety, road and railway transport; taxation; statistics; the internal energy market; and public internal financial control. The Commission services are also organising the monitoring of the telecommunications services market in the negotiating countries, as well as IT assessments for taxation and customs, and are ensuring follow-up to the Joint Assessment of Employment Policy Priorities. Further, the Commission's Food and Veterinary Office is undertaking a range of assessment missions, including on TSE and establishments, and bilateral contacts are taking place between the Commission services and each negotiating country on the elaboration of the development plan for the implementation of the Structural Funds. Monitoring of the implementation of pre-accession instruments, including the Extended Decentralised Implementation System (EDIS), continues.

The results of these additional monitoring actions will be an important source, not only in the monitoring of the negotiations, but also for the preparation of the Commission's 2002 Regular Reports.

3. CONCLUSIONS

As shown above, negotiations are progressing satisfactorily and negotiating countries are generally meeting their commitments in the negotiations up till now, in accordance with the agreed timetables. Some areas requiring particular attention, such as, *inter alia*, food safety and the management of Community funds have been identified under the various chapters. These are related both to the adoption and implementation of the *acquis*. It is important that negotiating countries take all necessary corrective measures to remedy these problems, and ensure that they meet all the commitments in due time. The Commission will continue to closely examine these issues.

The Commission will provide a detailed assessment of each country's effective progress towards meeting all accession criteria in its 2002 Regular Reports. Furthermore, the Commission will continue the monitoring process up until the actual accession of the new Member States.

After accession, as indicated in the Commission's 2001 Enlargement strategy paper, "the Commission will check, in its role as guardian of the Treaties, how the *acquis* is implemented by the new Member States, using the same mechanisms applied to existing Member States."

Meanwhile, the process of developing comprehensive Action Plans with each of the negotiating countries has allowed to identify jointly with each country concerned the next steps to be taken for achieving the necessary administrative and judicial capacity by the time of accession, and to set out detailed work programmes. It is important that candidate countries make full use of the opportunities offered by the Action Plans, and speed up their efforts along these lines.

All Member States are expected to adjust regularly their administrative capacity to the evolving needs of the *acquis*. Building up an adequate administrative capacity is a process that will not end with accession, but will need to continue beyond. This demonstrates the importance of the Commission's proposal to give further support for this purpose to the new Member States after accession, through a special transition facility.