

# Accession Partnership 1999

# Romania



## **ROMANIA: 1999 ACCESSION PARTNERSHIP**

### **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 EU targets its assistance towards the specific needs of each candidate so as to provide support for overcoming particular problems in view of accession.

The first Accession Partnerships were decided in March 1998 and this current version represents an up-date, as provided for in the Council Regulation 622/98<sup>1</sup> (article 2) on the establishment of Accession Partnerships, taking into account further developments in Romania. This Accession Partnership has been decided by the Commission, after consulting Romania and on the basis of the principles, priorities, intermediate objectives and conditions which have been decided by the Council. It takes into account the analysis in the 1999 Regular Report on the progress made by Romania towards membership.

An assessment of the progress made in implementing the 1998 Accession Partnership priorities is included in the 1999 Regular Report.

### **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 1999 Regular Report on the progress made by Romania towards membership of the European Union, the financial means available to help Romania implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include inter alia the revised National Programme for the Adoption of the Acquis, the Joint Assessment of Medium-Term Economic Policy Priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and SAPARD before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

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<sup>1</sup> OJ L 85, 20.3.1998, p. 1

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

### **4. Priorities and Intermediate Objectives**

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

Romania submitted a revised version of its National programme for the Adoption of the *Acquis* (NPAA) on 14 June 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Romania's membership preparations. Romania will nevertheless have to address all issues identified in the Regular Report. It is also important that Romania fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the

commitments made under the Europe Agreement and the screening exercise. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

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

#### **4.1. Short-term (2000)**

##### **Political criteria**

- guarantee adequate budgetary provisions for the support of children in care and undertake a full reform of the child care system as well as of provisions for the treatment of children and adults with chronic diseases and handicaps.
- strengthen dialogue between the Government and the Roma community with a view to elaborating and implementing a strategy to improve economic and social conditions of the Roma and provide adequate financial support to minority programmes.

##### **Economic criteria**

- restore macro-economic stability, in particular through the implementation of structural reform and establish a medium term strategy; agree on a joint assessment with the European Commission.
- sustained implementation of the agreements concluded with the International Monetary Fund, the World Bank and the European Union.
- continue restructuring of public finances.
- take measures to ensure the functioning of a land market and establishment of a nationwide land and property register.
- promote competitiveness through market-driven enterprise restructuring (including for small and medium-sized enterprises), take measures to stimulate domestic and foreign investment, in particular through simplification of legal and administrative procedures and stabilisation of the rules governing privatisation and business operation; implement new bankruptcy procedures.
- adopt a plan for restructuring the steel sector in line with EU requirements.

##### **Internal Market**

- *Public procurement*: implement legislation on public procurement.
- *Intellectual and industrial property rights*: align and enforce trademark, copyright and neighbouring rights legislation; reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls.
- *Data protection*: adopt national legislation, including the establishment of an independent supervisory authority.
- *Free movement of goods*: adopt framework legislation transposing New and Global approach principles and create compatible administrative infrastructure; adopt framework laws on chemicals and foodstuffs; continue transposition of technical rules in the car sector.
- *Free movement of services*: adopt legislation transposing (i) directive on insurance undertakings and insurance supervision (ii) directives on securities and regulated markets; (iii) directives on undertakings for collective investments in transferable securities; strengthen the capacities of the financial sector supervision agencies.
- *Competition*: adopt secondary legislation to further approximate the basic competition and state aids legislation, strengthen the competition council and competition office, continue to providing complete annual State aid reports; finalise the inventory on State Aids.
- *Audiovisual*: complete alignment of legislation.
- *Taxation*: harmonise VAT legislation and excise, with particular attention to eliminating the discrimination between imported and domestic cigarettes; ensure that new tax measures comply with the principles of the Code of Conduct for business taxation.
- *Customs*: apply measures to combat fraud and corruption.

## **Agriculture**

- continue alignment of veterinary and phytosanitary legislation and upgrade inspection arrangements, in particular at the future external borders of the EU.
- continue the establishment of nation-wide animal identification system.
- adopt a law on control of pesticides in agriculture and start the establishment of control system for residual pesticides in agricultural products.
- establish a vineyard register and strengthen the management and control systems in the wine sector.

## **Transport**

- align legislation on maritime safety standards.

## **Employment and Social Affairs**

- support social partners' capacity-building efforts, notably in bipartite social dialogue, to develop and implement the acquis.
- prepare a national employment strategy, with the help of the Joint Employment Policy Review, with a view to later participation in the European Employment strategy.

## **Environment**

- draw up detailed directive specific approximation and implementation programmes.
- transpose access to information legislation, nature protection, and radiation protection legislation.
- prepare framework laws for air, waste, water quality industrial pollution (IPPC, large combustion plants, Seveso II).
- strengthen the environmental administration both at national and regional levels.
- develop a plan for financing investments (directive specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year.
- complete transposition and enforce the Environmental Impact Assessment directive.

## **Justice and Home Affairs**

- implement law on the Romanian state frontiers including the merger of the Border Guard and the Border Police; speed up the demilitarisation of the bodies subordinated to the Ministry of the Interior; strengthen border controls to prevent illegal immigration and to enable full participation in the Schengen Information System.
- upgrade law enforcement bodies and the judiciary to continue fight against organised crime, drug trafficking and corruption; ensure better coordination between law enforcement bodies.

- adopt a law on prevention and fight against corruption and establishment of an independent anti-corruption department; strengthen capacities to deal with money laundering; ratify the European convention on laundering of proceeds of crime and the European Criminal Law Convention on Corruption, sign the OECD Convention on Bribery.
- adopt law on aliens and law on refugees; increase the transparency and accelerate the application of asylum procedures.

**Reinforcement of administrative and judicial capacity including capacity to manage and control EU funds**

- adopt and implement a law on the civil service.
- PHARE<sup>2</sup>, ISPA<sup>3</sup> and SAPARD<sup>4</sup>: further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and SAPARD, including the introduction of environmental impact assessments and EU compatible public procurement rules for projects co-financed by Community Funds; establish a functioning paying agency for SAPARD.
- improve the functioning of the judiciary including: (i) adoption of a new penal code; (ii) adoption of the law on penal procedure; (iii) limit the use of pre-trial detention; (iv) facilitate access to legal advice and representation, (v) extend the court information system to all courts (vi) improve the enforcement of civil judicial decisions.
- start to introduce a programme oriented budgeting system allowing for multi-annual commitments, strengthen the budget execution process, improve revenue collection and fiscal mobilisation; strengthening of the Public Procurement Department in the Ministry of Finance.
- complete the legislative framework for internal and external financial control; strengthen the central organisation within the Ministry of Finance for harmonising internal audit/control units in spending centres; and introduce "functional independence" for national internal controllers/auditors at both central and decentralised levels and "ex-ante" financial control.
- start preparation for the introduction of the performance audit and audit methodology by the Courts of Auditors.

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<sup>2</sup> PHARE = Action Plan for coordinated aid to Poland and Hungary

<sup>3</sup> ISPA = Instrument for Structured Policies for Pre-Accession

<sup>4</sup> SAPARD = Special Accession Programme for Agriculture and Rural Development

- train law enforcement agents in issues related to competition, intellectual and industrial property and consumer protection.

## **4.2. Medium-term**

### **Political criteria**

- consolidate reform and improve the conditions for the children in care.
- continue to implement strategy to improve economic and social conditions of the Roma; implement measures aimed at fighting discrimination (including within the public administration); foster employment opportunities and increase access to education.
- complete the demilitarisation of the police and the bodies subordinated to the Ministry of Interior.

### **Economic criteria**

- consolidate the legal and policy framework for resumption of sustainable economic growth, and complete privatisation process.
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with EU procedures.
- continue efforts to improve the conditions for the creation and development of private enterprises, with particular attention to small and medium-sized enterprises.
- implement the steel restructuring programme.

### **Internal Market**

- *Intellectual and industrial property rights*: complete alignment and reinforce implementation structures.
- *Free movement of goods*: start implementation of new approach directives, adopt new legislation on pharmaceuticals, start alignment of the remaining traditional technical legislation, establish a market surveillance system.
- *Free movement of persons*: complete alignment of mutual recognition of diplomas.
- *Competition*: ensure that price control practices are in line with competition rules; reinforce the anti-trust and State aid authorities.

- *Consumer protection*: continue alignment and strengthen market surveillance and enforcement authorities.
- *Telecommunications*: guarantee the independence of the regulatory body and strengthen its capacity.
- *Taxation*: complete alignment of VAT and excise duties; review existing laws and ensure compatibility with the Code of Conduct for business taxation; strengthen administration co-operation and mutual assistance; improve the efficiency of the tax administration (organisation, human resources and computerisation).
- *Customs*: application of simplified procedures; reinforce administrative and operational capacity, including border control; complete the integrated tariff.

### **Agriculture**

- reinforce Common Agricultural Policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms).
- reinforcement food control administration and continue to modernise the agrifood sector to meet EU hygiene and public health standards.
- complete system of animal identification; implement quality control system (Hazard Analysis Critical Control Point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems on future external borders.

### **Fisheries**

- develop capacity to implement and enforce the common fisheries policy.

### **Energy**

- prepare for the internal energy market, notably by adopting legislation to implement the gas and electricity Directives.
- align energy pricing, energy efficiency and fuel quality standards; implement the acquis on oil stocks.
- continue to ensure high levels of nuclear safety at Cernovoda Nuclear Power Plant.

- strengthen regulatory structures for nuclear safety and radiation protection

### **Transport**

- align on the acquis in particular on maritime transport, aviation (in particular air safety and air traffic management) rail, road freight sectors (rules for dangerous goods, safety rules and taxation) and inland waterways (technical requirements for vessels).

### **Employment and social affairs**

- transpose and implement EU legislation in the field of occupational health and safety (including the framework directive), labour law, equal treatment of women and men, and public health; reinforce the related administrative structures and those required for the coordination of social security.
- establish an independent guarantee fund for employees in case of employer's insolvency.

### **Economic and social cohesion**

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

### **Environment**

- continue implementation of approximation programmes notably full transposition in the air, waste and water sectors and complete transposition on noise, chemicals and genetically modified organisms.
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.
- develop the monitoring and enforcement capacity in particular through decentralisation to environmental protection agencies.

### **Justice and Home Affairs**

- continue progressive alignment of visa legislation and practice with that of the EU.

- adopt and apply the international instruments related to the fight against drug trafficking, in particular the Agreement Illicit Traffic by Sea, implementing Article 17 of the UN Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances.
- reinforce the independence of judiciary, introduce objective criteria for recruitment and career development.
- continue the fight against trafficking in women and children.

### **Reinforcement of administrative and judicial capacity including the capacity to manage and control EU Funds**

- implement a comprehensive public administration reform programme with a view to improving the capacity of the public administration to implement and manage the acquis.
- ensure training of prosecutors, judges and lawyers in EU law.
- strengthen public financial control functions through the provision of adequate staff, training and equipment.
- strengthen the Romanian statistical system with a view to reach compliance with EC norms and standards.

## **5. Programming**

The PHARE allocation for the period 1995-1999 has totalled EUR 649 million. Following the agreement of the European Council in Berlin on 24-25 March 1999, financial assistance to the candidate countries during the period 2000-2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument SAPARD (Council Regulation (EC) No 1268/99, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/99, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Romania can also fund part of its participation in community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Romania will have access to funding from multi-country programmes directly related to the acquis. Joint financing by the candidate countries is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and International Financial Institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

### **5.1. Phare**

The Phare programme is the main financial instrument of the reinforced pre-accession strategy. The overall objective of Phare is to help the candidate countries to prepare for accession by focusing the assistance it provides on the priorities identified in this revised Accession Partnership and in particular on the adoption of Community *acquis*.

During the period 2000-2006, Phare support will focus on two main areas, institution building and investment.

- **Institution building** (around 30% of Phare resources) is defined as helping the candidate countries to develop the structures, strategies, human resources and management skills needed to strengthen their economic, social, regulatory and administrative capacity. Institution building support will be given in particular through twinning arrangements between ministries, institutions, professional organisations, agencies, European and regional bodies, in particular through the secondment of officials in Member States. Phare will contribute to the financing of institution building in all sectors to help the candidate countries to
  - a) implement the *acquis* and to prepare for participation in EU policies such as economic and social cohesion
  - b) fulfil the requirements of the first Copenhagen criterion. In this area support may be made available to public authorities or to non-governmental organisations.
- **Investment support** (around 70% of Phare resources) will take two forms :
  - a) investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis* and direct, *acquis*-related investments
  - b) investment in economic and social cohesion through measures similar to those supported in Member States through the European Regional Development Fund and the European Social Fund.

Phare will not support investment projects in the areas of transport, environment or agriculture eligible for ISPA or SAPARD respectively. Exceptions may be made where investments in these sectors form an indispensable part of integrated industrial reconstruction or regional development programmes.

## 5.2. ISPA

The new pre-accession instrument for structural policies, ISPA, will provide assistance to Romania during the period 2000-2006 to contribute to the preparation for accession in the area of economic and social cohesion for :

- (a) **environmental measures** enabling the beneficiary countries to comply with the requirements of Community environmental law and with the objectives of the Accession Partnerships;

- (b) **transport infrastructure measures** which promote sustainable mobility, and in particular those that constitute projects of common interest based on the criteria of Decision No 1692/96/EC and those which enable the beneficiary countries to comply with the objectives of the Accession Partnerships; this includes inter-connection and interoperability of national networks as well as with the trans-European networks together with access to such networks.

Measures shall be of a sufficient scale to have a significant impact in the field of environmental protection or in the improvement of transport infrastructure networks. The total cost of each measure shall in principle not be less than € 5 million. In duly justified cases, taking into account the specific circumstances concerned, the total cost of a measure may be less than € 5 million.

### **5.3 SAPARD**

The new pre-accession instrument for sustainable agriculture and rural development, SAPARD, will provide assistance to Romania during the period 2000-2006 in particular in the following two areas:

- (a) contributing to the implementation of the *acquis communautaire* concerning the common agricultural policy and related policies;
- (b) solving priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in Romania.

### **5.4. Role of International Financial Institutions**

Cooperation between Romania and the International Financial Institutions is receiving an impetus and a new focus through the Accession Partnership. The grant resources made available under the Accession Partnership serve as seed money and a catalyst for larger amounts of development finance from the IFIs. This process is developed by the Commission in liaison with the candidate countries, the EIB and the IFIs, in particular the EBRD 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 Romania of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation 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 of the *acquis*, can be examined, in accordance with the same arrangements, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate sub-committee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the sub-committees.

The PHARE Management Committee ensures that financing decisions 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 1266/99, 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.