Hungary: membership application and partnership, 1st April 1994

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This Regular Report for 2000 on Hungary largely follows the same structure as the Commission's 1997 Opinion and of the subsequent reports; however, it differs from that used in previous years on three minor points. Firstly, the part of the present report assessing Hungary's ability to assume the obligations of membership has been structured to follow the list of 29 negotiating chapters covering the acquis. Secondly, this part has been broadened to cover Hungary's adminstrative capacity to apply the acquis under each of the negotiating chapters (previously discussed in a separate section of the report). Thirdly, the report includes, for the first time, a section assessing the progress made by Hungary in translating the acquis into its official language. This report takes into consideration progress since the 1999 regualr report and it looks at whether intended reforms referred to in the 1999 regular report have been carried out and it also examines new initiatives. As regards the relations between the EU and Hungary, Hungary has continued to implement the Europe Agreement correctly and contributed actively to the smooth functioning of the various joint institutions. Trade with the EC has also continued to increase. In February 2000, Hungary transmitted its programme for restructuring aid to the Hungarian steel industry. As the plan did not fully meet the Commission's criteria for granting aid, the Commission requested the Hungarian authorities to amend the plan accordingly. In April 2000, a second Joint Assessment of the Hungarian authorities and the Commission services on medium term economic policy priorities was signed. Hungary was the first of the associated countries to pass to the second stage under the Europe Agreement in June 2000. This led to further liberalisation as regards the provision on establishment. The negotiations which were opended in March 1999 were concluded in May 2000 and as a consequence of the new agreement approximately two thirds of bilateral trade in agricultural products will benefit from preferences. With regard to Community aid, in the years 2000-2002 total financial assistance to Hungary will amount annually to EUR 96 million from Phare, EUR 38.7 million from SAPARD, and EUR 87.7 million from ISPA. It should be noted that Hungary continues to fulfil the Copenhagen political criteria. Although the judiciary functions satisfactorily and the training of judges in the EC acquis has progressed, the large backlog of cases before the Supreme Court hampers the unification of Court practice and the development of a consistent jurisprudence. Efforts should be made to remedy this. Although Hungary is a functioning market and considerable progress has been made towards consolidating macroeconimic stability, it will have to make further efforts towards the supervision of the financial sector. Administrative and judicial capacity still needs to be strengthened in specific areas such as state aid control, market surveillance, transport, the environment, veterinary and plant health. Hungary has satisfactorily addressed most of its short-term Accession Partnership priorities with the exception of agriculture, environment, certain elements related to the internal market, industry policy and economic and monetaryunion.