Latvia: membership application and partnership, 13 October 1995

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PURPOSE : to present the 1999 Regular Report on Latvia's progress towards accession. CONTENT : The Report describes Latvia's relations with the Union and analyses the situation in terms of the Copenhagen criteria. It also covers its judicial and administrative capacity to implement the acquis. Relations with the Union: the report looks at developments under the Europe Agreement, and the implementation of the Accession Partnership. The allocation of Phare funding is also examined. Eight projects have been selected for twinning, focused mainly in the priority sectors of agriculture, environment, public finance and preparatory measures for the Structural Funds. Copenhagen political criteria: In general terms, Latvia fulfils the Copenhagen political criteria. There were concerns about the proposed Language Law, which had yet to be adopted at the time of writing the report. Since about 43% of the population has a language other than Latvian as a first language, language training will remain one of the key instruments for the integration of the ethnic minorities in the years to come. This area still needs much effort as does the strengthening of the judiciary and the fight against corruption. Copenhagen economic criteria: Latvia can be regarded as a functioning market economy, capable of coping with competitive pressures. Macroeconomic stability has been preserved despite the external shock of the Russian crisis, due to an appropriate mix of policies. Nevertheless, the fiscal deficit will need careful handling. Price stability has been achieved as inflation and wage developments have been relatively subdued. Latvia has been successful in attracting large inflows of foreign direct investment and investment in infrastructure, and developing labour force skills should continue so as to sustain this and encourage the long-term growth of productivity. Ability to assume the obligations of membership: Progress has been made on the internal market, although further work needs to be done on intellectual and industrial property protection and on data protection and company law. Progress on financial control is also needed as are substantial efforts in telecommunications, agriculture, fisheries and regional policy, where structures need to be adapted to the requirements of the acquis. Administrative capacity to apply the acquis: Attention needs to be paid to developing the capacity to implement the social and environmental acquis and to ensuring a well-functioning customs administration. Police capacity and the co-ordination in the fight against organised crime have to be strengthened. Delays in implementing general public administration reform have weakened Latvia's capacity to implement the legislation it has passed in order to align with the acquis. Implementation and enforcement needs to be addressed in a more systematic manner, especially in the fields of telecommunications, agriculture, customs, tax, and financial control.