Lithuania: membership application and partnership, 8 December 1995

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PURPOSE : To present the 1999 Regular Report on Lithuania's progress towards accession. CONTENT : The Report describes relations between Lithuania and the Union and analyses the situation in respect of the Copenhagen criteria. It assesses the country's ability to take on the acquis and looks at judicial and administrative capacity. Relations between the EU and Lithuania - The Report looks at developments under the Europe Agreement, the Accession Partnership and the revised National Programme for the Adoption of the Acquis. It outlines the allocation of Phare funds, which consisted of 328M EUR during the period 1992-1999. Twinning is foreseen for 14 projects under the 1999 programme. Copenhagen political criteria: Lithuania fulfils the political criteria. The fight against corruption, however, needs to be further strengthened. In particular, the definition of active and passive corruption should be reviewed in order to clarify that both material and immaterial advantages are covered by the legislation. Indirect payment in favour of a third party must be incorporated, as must promises accepted by public officials. Continued reform of the judiciary is also required. Copenhagen economic criteria: Lithuania has continued to make progress in establishing a functioning market economy and is on the way to being able to cope with competitive pressures and market forces within the Union in the medium term, provided it completes the remaining reform agenda. Macroeconomic stability was weakened due to the Russian crisis, when the government increased public expenditure to cushion the social and economic impact. The fiscal deficit must be reduced. Inflation is low and the role played by private ownership is increasing. Financial sector privatisation should be completed and the energy sector should be restructured. Ability to assume the obligations of membership: Whilst the country has taken steps to address some of the Accession Partnership short-term priorities, significant efforts are still needed to address priorities in the areas of energy and economic reform. With regard to nuclear energy, Lithuania has taken a welcome decision on the closure of the Ignalina plant. The Commission proposes its Euratom Loan financing facility and additional major Phare funding. Lithuania has made progress in most areas of the internal market, but more work must be done on free movement of goods in the field of standardisation and market surveillance. Enforcement capacity needs to be strengthened, in particular in the fight against piracy. State aid controls continue to be a matter of concern. Major efforts are required to bring taxation into line with the acquis. Customs administration is also a matter of concern. Significant progress has been made in the environment field, although the level of compliance is uneven. Administrative capacity to apply the acquis: Lithuania needs to strengthen implementation and administration capacity, particularly in the fields of state aid controls, environment, customs, regional policy, financial controls and social policy. There is a new public administation law, which is a welcomedevelopment, as is the continuing reform of the judiciary.