Malta: accession to the European Union and progress in negotiations

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PURPOSE : To present the 1999 Regular Report on Malta's progress towards accession. CONTENT : In accordance with the conclusions of AGENDA 2000 and the Vienna European Council, the Commission presents this report on Malta's progress towards accession. This report focuses on whether Malta meets the criteria set by the Copenhagen Council (political and economic criteria and ability to assume the obligations of membership) and assesses the reforms that have taken place since the publication of the regular report in February 1999 and the introduction of the pre-accession strategy. The report suggests that membership negotiations can be started with Malta from the year 2000, because the country satisfies the Copenhagen political criteria and has proven that it is ready to take the necessary measures to satisfy economic criteria. On a more practical level : - on the bilateral front, there has not been a radical change in developments in EU-Maltese relations, although the introduction of a customs union in two stages of five years has not yet come into effect ; - with respect to the implementation of aid, the Commission's services are currently preparing a regulation identifying the activities to be financed in the framework of the pre-accession strategy for the next five years (see procedure CNS/1999/0199). The activities will centre on the process of harmonisation (as a function of the priority fields agreed in the future accession partnership for Malta). For the 2000-2004 period, pre-accession aid will amount to EUR 95 million to be shared with Cyprus and will fund technical assistance and training actions that are, for the most part, similar to Phare funding granted to Central and Eastern European countries ; - with regard to the Copenhagen political criteria, Malta fulfils them ; - in respect of the economic criteria, Malta is a functioning market economy and should be able to cope with competitive pressures and market forces within the European Union, as long as it takes appropriate measures, particularly in the area of industrial restructuring. The main challenge of economic policy is to reduce the government deficit to a level which is sustainable in the long term and which would allow Malta to maintain a balanced budget in the medium term after EU accession. It should continue to open up its economy by further trade and capital account liberalisation ; - there has not been any substantial change to report since the February 1999 report in respect of Malta's ability to assume the obligations of the acquis, especially with regard to the Internal Market area. Alignment in this area should be given priority, especially with regard to standardisation, intellectual property and data protection. The reintroduction in 1999 of VAT is a positive measure, although further efforts to harmonise will also be necessary. The levy of taxes on imports from the Union is an anomaly that should be eliminated immediately. In the area of competition policy, Maltese legislation is broadly aligned with Community law, although certain companies still benefit from special or exclusiverights. There is little systematic control of state aids and no legal framework (especially in the ship-building sector). The state continues to play an important role in the agricultural sector and little progress has been observed in this sector. Greater harmonisation in the transport and environment fields is necessary in which a global strategy will be necessary. In the area of justice and home affairs, Malta should adopt a law on asylum and lift its geographic reservation. Its capacities in the area of immigration control, data protection and combating organised crime need to be strengthened. Malta still needs to establish institutions to deal with the areas of environment, customs, consumer policy, fisheries, maritime transport and regional policy. Administrative capacity to apply the acquis needs to be strengthened across the board. A first accession partnership should shortly be adopted setting Malta's short-term and medium-term priorities and objectives in each of the above-mentioned areas.