# Czech Republic: membership application and partnership, 17 January 1996

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AIM: To present the regular report for 2001 from the Commission on the Czech Republic's progress towards accession. CONTENT: For the fourth consecutive year, the Commission will be presenting its annual report on the progress made by the Czech Republic towards accession to the European Union. Like the previous reports, the latest document provides a clear and structured appraisal of the degree to which the Czech Republic has brought its policies into line with the so-called 'Copenhagen criteria', in other words the extent to which it now fulfils the political and economic criteria for accession and the steps it has taken to adapt to the established laws and practice of the European Community (the acquis communautaire). The part of the report dealing with the latter requirement devotes special attention to the creation of the judicial and administrative capacities that are necessary for the introduction and application of the acquis communautaire, which is the real keystone of the Czech Republic's case for accession to the Union. The present report also examines whether the reforms specified in the report for the year 2000 have been effectively implemented. As in previous reports, progress is measured by the yardstick of the Czech Republic's 'own merits', in other words by the decisions it has actually taken and the measures it has implemented. TOWARDS ACCESSION: Since June 2001, negotiations have been launched on all the chapters of the acquis except the chapter on the EU institutions and miscellaneous other points. Additional discussions are also expected in 2002 in three fundamental policy areas, namely agriculture, regional policy and budgetary and financial provisions. - As far as pre-accession aid is concerned, the three financial instruments of the Community - PHARE, ISPA and Sapard - are now up to speed and have been focusing their support on the priorities established by the Accession Partnership. In the course of the period from 2000 to 2002, the total amount of annual financial assistance granted to the Czech Republic will be EUR 79 million under PHARE, EUR 22 m under Sapard and between EUR 55 m and 80 m for ISPA, which finances infrastructure projects in the realms of the environment and transport. - As far as the three main Copenhagen criteria are concerned, the report provides a comprehensive assessment of progress made by the Czech Republic towards accession in each domain: 1. Political criteria. Since 1997, the country has made considerable progress, further consolidating the stability of the institutions that are guarantors of democracy, the rule of law, human rights and respect for, and protection of, minorities. In the course of the year 2000, fresh efforts have been made in this direction, and the Czech Republic continues to fulfil the political criteria established in Copenhagen. One remaining defect, however, is that the country is still without a Civil Service Act to regulate its public administration. Reform of the judicial system has made good progress, as has the reform of civil law. Efforts are continuing in the field of criminal law and with regard to the reorganisation of the courts and of the judicial structure in general. It is worth highlighting the special attention that has been devoted to the fight against corruption and economic crime as well as the high priority attaching to the eradication of trafficking in women and children. Considerable efforts have been made by the government with regard to the Roma, but a package of new measures is still required to combat discrimination. 2. Economic criteria. The Czech Republic has a functioning market economy. Provided that it steps up its efforts to achieve medium-term consolidation of the budget and that it completes the implementation of its structural reforms, it should have the capacity to cope with competitive pressure and market forces within the Union in the near future. The performance of the Czech economy has improved, as have its growth and inflation rates. The Czech Government is currently trying to achieve greater fiscal transparency and to complete the radical restructuring of its corporate sector. Nevertheless, the current-account deficit has widened considerably. The medium-term sustainability of public finances is not yet assured, and the process of disposing of the banks' bad loans has still to be undertaken. There is also a need to restructure the remaining major state enterprises. 3. Alignment of Czech legislation with Community law and practice. The Czech Republic has made significant progress in a wide range of chapters of the acquis communautaire. Nevertheless, further efforts are still required in a number of areas: - In the domain of the single market, numerous remaining gaps

need to be filled. As far as free movement of persons is concerned, transposition needs to be accelerated, in particular as regards mutual recognition of professional qualifications. More rapid transposition is also required in the area of free movement of services. With regard to free movement of capital, existing anonymous accounts remain to be abolished. Progress has generally been good in the domain of competition. The law on industrial and intellectual property rights, on the other hand, is not yet being adequately enforced. - In the realm of agriculture, there has been good legislative progress in the phytosanitary field. However, further work on alignment is required in the veterinary area. Good progress has been made in setting up the State Agricultural Intervention Fund, but further efforts are needed to reorganise the Ministry of Agriculture. - On regional policy, the legal framework for the future implementation of the structural funds is closer to completion. However, additional efforts are needed to ensure that the bodies responsible for administering the funds are fully functional and that their staff are trained. - As regards social policy and employment, alignment has progressed on equal treatment, labour law and health and safety at work. - In the environmental domain, transposition has progressed well. Coordination amongst the relevant government bodies needs to be improved, with particular attention to the implications of the ongoing process of decentralisation. - In the field of justice and home affairs, particularly good progress has been made in the alignment of visa and migration policies and in strengthening the legal framework for police and judicial cooperation. However, significant further efforts are needed to implement government policies for combating organised crime and 'white collar' crime. As regards border control, while the overall situation has improved, there are still significant difficulties in intercepting illegal immigrants from Slovakia. - Concerning financial and budgetary provisions, the internal scrutiny of public finances has improved, but further efforts are needed to develop a comprehensive system of control. 4. Administrative capacity. Overall, the administrative capacity of the Czech Republic is being strengthened, and efforts in this direction need to be pursued, in particular as regards agriculture, the environment, regional policy and border controls. The same applies with regard to the control and administration of Community funds. 5. The Accession partnership. The Czech Republic has been tackling the vast majority of the Accession Partnership priorities established in 1999. It has virtually achieved its short-term priority objectives relating to the single market, although further efforts are needed in some areas. Progress on the medium-term priorities has been more limited.