Lithuania: membership application and partnership, 8 December 1995

1997/2178(COS) - 13/11/2001 - Supplementary non-legislative basic document

The Commission has prepared this fourth series of Regular Reports with a view to the Laeken European Council in December 2001. This Report takes into consideration progress since the 2000 Regular Report. It looks at whether intended reforms referred to in the 2000 Regular Report have been carried out, and examines new initiatives. The Report contains a separate section examining the extent to which Lithuania has addressed the Accession Partnership priorities. With regard to the pre-accession instruments (Phare, SAPARD, ISPA), these programmes concentrate their support on the Accession Partnership priorities that help the candidate countries to fulfil the criteria for membership. For the years 2000-2002, total financial assistance to Lithuania amounts to around EUR 126 million from Phare, EUR 90 million from SAPARD and around EUR 155 million from ISPA. As regards the three main Copenhagen criteria : 1) Political Criteria : Lithuania continues to fulfil the political criteria. Lithuania has made some progress in reforming the public administration and the judiciary, where the administrative court system has been re-organised. The legal system has improved with the entry into force of the new Civil Code. The capacity to fight corruption has been strengthened. The active role of the ombudsman in the field of equal opportunities and, more recently, children's right is noteworthy. 2) Economic criteria : Lithuania is a functioning market economy. Provided that it makes further substantial efforts to continue with the vigorous implementation of its structural reform programme, it should be able to cope with the competitive pressure and market forces within the Union in the near term. Lithuania has preserved macroeconomic stability, improved the fiscal and external imbalances and reduced state interference. The privatisation of banking, other sectors and land is nearing completion. New bankruptcy and enterprise restructuring laws finally came into force. However, unemployment remains high and the structural problems on the labour markets will have to be addressed. While important laws to restructure and liberalise the energy market were adopted, further acts need to be adopted and effective implementation needs to be ensured. 3) Legislative alignment of the acquis : this has been accompanied by concerted efforts to strengthen administrative capacity, particularly in the financial services sector. - internal market : further progress has taken place in the area of free movement of capital, where Lithuania had already achieved a high degree of liberalisation. In the area of competition policy, the quality of the alignment achieved is reflected in an enforcement record of the Lithuanian Competition Council which has so far been reasonably successful. As regards company law, whereas good progress has been made notably in terms of legislative alignment on the protection of intellectual and industrial property rights, the effective enforcement of this legislation needs to be considerably improved. As regards taxation, Lithuania has made progress in the alignment with the acquis on indirect taxation and has improved the administrative capacity; - as regards agriculture : Lithuania has continued to make progress in reforming its structures in the agricultural field. However important measures remain to be taken in particularregarding the further strengthening of the land parcel identification system, the enforcement and practical application of the management mechanisms of the Common Agricultural Policy and the further preparations for the paying agency. Lithuania has continued to make progress as regards food safety and the veterinary and phyto-sanitary sectors but still needs to strengthen further the implementation structures. Limited progress has taken place as regards upgrading inspection arrangements at the external border. As regards fisheries, progress has been made, in particular in terms of administrative capacity, but significant further work is needed in terms of preparation for the structural actions and market policy; - in the area of transport : Lithuania has made good progress notably as regards road transport safety, railways restructuring and civil aviation, including strengthening of the relevant administrative capacity; - as regards the energy sector : Lithuania has achieved a reasonable level of alignment, but needs to sustain its efforts, notably in the area of the Internal Energy Market. Further work is required also in the field of nuclear energy. Lithuania must confirm and implement its closure commitments and ensure a high level of nuclear safety; - in the field of social policy : Lithuania has made steady progress in transposition and implementation of the acquis. However, the new Labour Code and

Law on Public Health still need to be adopted. Implementation and enforcement need to be given further attention. The social dialogue needs to be reinforced. Lithuania has made further progress in the field of environment, where most of the framework legislation is in place. Implementation remains a major challenge, in particular in areas which require heavy investments or investments by private enterprises; - in the field of Justice and Home Affairs : improvements have been made in strengthening the external border and addressing shortcomings in inter-agency co-ordination. These efforts need to be sustained. Lithuania has adopted a Schengen Action Plan. 4) Administrative Capacities : in the field of regional policy and co-ordination of structural instruments, important decisions concerning the institutional structure for the management of Structural Funds have been recently taken. While continuing to pursue a prudent budgetary policy, Lithuania has made progress as regards the building of the administrative capacity which is necessary to implement and enforce the acquis. However, this capacity is still fragile and can easily be reduced if organisational structures are modified without careful attention. Sustained efforts are required to keep the administrative capacity acquired and to further develop it. 5) Accession Partnership : overall, Lithuania has made satisfactory progress in meeting the short-term and, to a lesser extent, the medium term priorities of the Accession Partnership. In particular Lithuania has largely met several short-term priorities concerning economic criteria, internal market, energy and environment. Some short-term priorities, notably in the field of agriculture, remain to be addressed in full. Lithuania has partially met most of the medium-term priorities, but further efforts remain to be made in particular as regards the management and control of EC funds.