Romania: membership application and partnership, 22 June 1995

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The Commission has prepared this fourth series of Regular Reports with a view to the Laeken European Council in December 2001. The structure followed by this Regular Report is the same as that used for the 2000 Regular Report. It takes into consideration progress since the 2000 Report. It looks at whether intended reforms referred to in the 2000 Regular Report have been carried out, and examines new initiatives. In addition, this Report provides an overall assessment of the global situation for each of the aspects under consideration, setting out for each of them the main steps which remain to be taken by Romania in preparing for accession. In accordance with this approach, the assessment of progress in meeting the political and acquis criteria focuses on what has been accomplished since the last Regular Report. The Report contains a separate section examining the extent to which Romania has addressed the Accession Partnership priorities. Firstly, with regard to the pre-accession instruments, for the years 2000-2002 total indicative financial allocations to Romania amount annually to EUR 260 million from Phare with EUR 150 million added in the course of 2001), EUR 6.5 million from SAPARD and between EUR 208 and EUR 270 million from ISPA. With regard to the Copenhagen criteria for membership: 1) Political Criteria : Romania continues to fulfil the Copenhagen Political criteria. The government has shown a political commitment to addressing the problems of institutionalised children and progress has been made. Responsibility for the institutions has been transfered to local authorities, a national strategy aimed at structural reform has been adopted, and the necessary budgetary transfers have been made. The reform of the judicial procedures has continued. Corruption, on the other hand, remains a serious problem. Significant progress has been made in the field of human rights, homosexuality has been decriminalised and important new legislation has been passed regarding the restitution of property and the treatment of asylum seekers and refugees. New legislation extending the use of minority languages was approved. 2) Economic Criteria : Romania has made progress towards establishing a functioning market economy and although it would not, in the medium term, be able to cope with competitive pressure and market forces within the Union, it has taken measures that would allow to development its future capacity, provided that it keeps to the engaged economic reform path. Progress has been towards macroeconomic stabilisation : growth has resumed and exports have increased. However, there are still serious economic imbalances with the high inflation and a widening current account deficit, in a difficult social environment. The still fragile macroeconomic environment, the uncertain legal framework and the poor administrative capacity hinder the development of the private sector. 3) Legislative alignment of the acquis : Romania has continued to make good progress with the adoption of the acquis. However, advances in legal transposition have not always been matched by improvements in administrative capacity. - internal Market : progress in this area has been mixed. Other than the adoption of new legislation on public procurement, little progress has been made with the free movement of goods andthe framework legislation for the New and Global Approach has still not been adopted. The administrative infrastructure for standardisation, certification and market surveillance should be reinforced. Only limited progress has been made in aligning the acquis on free movement of persons, and while progress has been made with insurance and banking supervision there has been no progress with transposing the acquis on financial securities markets. Further progress was made in aligning with the company law and competition policy acquis - sector where Romania has already achieved a high degree of transposition; - agriculture : while Romania has made progress in aligning with several aspects of the agricultural acquis, restructuring of the sector has barely begun. The overall administrative capacity of the Ministry of Agriculture remains weak and Romania still needs to develop the ability to implement the management mechanisms of the Common Agricultural Policy; - environment : Romania has made advances in aligning itself with the environmental acquis but does not have the administrative capacity to effectively enforce the newly adopted legislation and insufficient financial resources are allocated to the sector; - transport : Romania has continued to make good progress in harmonising its transport legislation; - energy : policy related to the energy sector

has been inconsistent and therefore only limited progress can be noted. - social policy : while progress has been made further alignment with the acquis is necessary, as are improvements in the administrative capacity (in particular in the area of occupational health and safety and in strengthening labour inspectorate); - justice and home affairs : significant progress has been made in the fields of visa policy, border control and migration. However, there is still a need to adopt legislation in some important areas such as data protection and to further upgrade the capacity and infrastructure for border management. 4) Administrative Capacity : the overall capacity of the public administration to implement the acquis remains limited and represents a major constraint on Romania's accession preparations. While certain parts of the administration are able to function effectively there are many important sectors where the weakness of the administration is a serious cause for concern. These concerns extend beyond the adoption of the acquis and also apply to the management of the EC funds. 5) Accession Partnership : with regard to meeting the short-term Accession Partnership priorities. Romania has met the priorities related to transport. While progress has been made in the areas of taxation, customs and justice and home affairs none of the priorities identified for these sectors have been fully met. Some, limited progress ahs been made in addressing the priorities related to the internal market, agriculture, environment, employment and social affairs and the reinforcement of the administrative and judicial capacity. Romania has started to address some medium-term Accession Partnership priorities. In transport and fisheries Romania is close to meeting the medium-term priorities. However, no substantial progress has been made in the case of agriculture, environment and employment.