Slovakia: membership application and partnership, 27 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. 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 Slovakia has addressed the Accession Partnership priorities. As regards the pre-accession instruments (Phare, SAPARD and ISPA), for the years 2000-2002 total financial assistance amounting annually to around EUR 78 million from Phare, EUR 18 million from SAPARD and between 3.5 and 5.5% of the overall ISPA budget was provided to Slovakia. With regard to the three main Copenhagen criteria for membership: 1) Political Criteria : Slovakia continues to fulfil the Copenhagen political criteria. Significant progress was achieved with regard to the structure and functioning of the administration. The legal framework for the decentralisation of public administration was adopted, and so was the civil service law. Due implementation of the legislation is now required to ensure that the public administration adequately fulfils the key role it has to play in a functioning democracy based on the rule of law and in support of the accession process. Important steps were taken to strengthen the independence of judiciary. In particular, the constitutional amendment abolished the four-year probationary period for judges and provided for by setting up a Judicial Court. This amendment now needs to be implemented by primary legislation and at a practical level to guarantee the judiciary's professional impartiality and political neutrality. Further progress can be noticed in the fight against corruption, notably in translating and implementing the government policy into concrete actions and transporting international obligations. Corruption, however, remains a serious cause for concern. In order to continue improving the fight against corruption Slovakia should rigorously carry on the implementation of the action plans, strictly enforce existing legislation and complete planned legislation as well as strengthen administrative capacities and coordination among the bodies involved. The constitutional reform also created the basis for strengthening of Slovakia's institutional structure in the field of human right. However, there is a need to address police behaviour, notably with regard to reported cases of ill-treatment. The short term priorities of the 1999 Accession Partnership related to the modernisation and decentralisation of the public administration were fulfilled. Important steps were taken in strengthening the independence of the judiciary, which constituted a short term priority, as well. Despite further positive measures, tangible improvement of the situation of the Roma minority, another short term priority, was achieved only to a limited extent. So were the medium term priorities for the political criteria of the 1999 Accession Partnership, calling for continued implementation of minority language legislation and strengthening policies and budgetary means towards the Roma minority. 2) Economic Criteria : Slovakia is a functioning market economy.Provided that it makes further substantial efforts in medium term fiscal consolidation and in developing and fully implementing the announced structural reform programme, it should be able to cope with the competitive pressure and market forces within the Union in the near term. Overall, macroeconomic stability has been maintained. There has been further good progress in bank privatisation, which is nearing completion. Further progress was also made in restructuring and towards privatisation of the remaining state-owned utilities and transport enterprises. Further progress was made in setting the framework for private sector development. However, the substantial widening in the current account deficit will require a more prudent fiscal policy stance. Unemployment is high and rising. Some parts of the legal and institutional framework for enterprise development are in need of further improvements and effective implementation. Financial sector supervision has to be further strengthened. Steps must be taken to ensure the medium-term substainability of public finances. The authorities need to comply with their fiscal targets, by implementing medium-term public expenditure reforms, in particular in the health, pension and subsidy areas. Macroeconomic stabilisation will need to be consolidated by a continued prudent combination of fiscal and monetary policy. Further progress in privatisation, in the administrative and legal framework

and in financial sector reforms will set the stage for future private sector development. Growth in employment will further require fundamental reforms of the labour market. 3) Legislative Alignment with the acquis : Slovakia has continued to make good progress in legislative alignment with the acquis. Significant progress has been achieved in areas such as free movement of goods, company law, social policy and employment as well as customs union. Structural weaknesses have persisted in a number of sectors, namely in agriculture as well as regional policy and co-ordination of structural instruments. While further progress in strengthening administrative capacities was made, reinforced and sustained efforts are needed across all sectors. - concerning internal market legislation : further progress has been achieved, notably in free movement of goods and free movement of services. In the area of free movement of persons, progress continues to the limited. In company law, with exception of trademarks, significant legislative progress has been made, especially through further alignment with the company directive and adoption of a new patent law. Appropriate strengthening of administrative and judicial bodies involved in all areas of intellectual property rights should be continued. In competition policy, the amendment on the Act of State Aid has brought the legislative framework largely in line with the acquis. In contrast to the anti-trust area, however, the enforcement record in line with the field of state aid remains rather sketchy and non-transparent. Administrative capacities in the internal market domain need reinforcing, in particular as regards the supervision of financial services. - as regards agriculture : overall steps both in aligning and implementing the acquis have been limited with the exception of veterinary issues, where significant progress was made. - in the energy sector : further positive steps have been taken in the energy sector with the decision to substantially open the domestic electricity market and the launching of theprivatisation of major energy companies; - in the field of social policy : considerable progress has been made in the field of social policy and employment; - concerning the environment : legislative alignment - with the exception of water quality, nature protection and industrial pollution and risk management has well advanced although substantial alignment is still lying ahead. - in the field of justice and home affairs : further progress in terms of alignment has been achieved notably with regard to the external border control by inter alia, adopting a Schengen Action Plan. 4) Administrative Capacities : while good progress was made in a limited number of domains in strengthening the relevant institutions, overall progress in this area has been limited. The measures to strengthen the administrative capacities should be rigorously pursued. It should be noted that the Government has started to implement the result of the state audit approved last year. Its aim is to enhance the quality, reduce the costs and promote the transparency of the central state administration. In July 2001, the Government approved a plan to increase the number of staff dealing with EU integration by approximately 1200 in 2001 and 2002. 5) Accession Partnership : the short term priorities of the 1999 Accession Partnership have been met to a large extent in the field of internal market and social policy and employment; they have been partially met in the field of energy as well as co-operation in the fields of justice and home affairs and only to a limited extent in agriculture and environment. All medium term priorities have been partially met, with the exception of transport policy, regional policy and co-ordination of structural instruments as well as the environment, where priorities were fulfilled only to a limited extent.