Slovenia: membership application and partnership, 10 June 1996

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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 Slovenia 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 Slovenia has addressed the Accession Partnership priorities. Firstly, with regard to the pre-accession instruments, for the years 2000-2002 total indicative financial allocations to Slovenia amount annually to EUR 25 million from Phare with EUR 3.3 million added in the course of 2001), EUR 6.5 million from SAPARD and between EUR 10.8 and EUR 21.7 million from ISPA. With regard to the Copenhagen criteria for membership: 1) Political Criteria : Slovenia continues to fulfil the Copenhagen political criteria. Progress has been made in judicial reform, which is a medium term priority in Accession Partnership. However, it is still too early to assess the effectiveness of the new measures aimed at reducing the backlog of pending court cases. Concerns have been expressed over an increase in police brutality. These relate to cases of excessive use of force against people in custody. There are also indications that Slovenia has increasingly become a transit country for trafficking in human beings. Public administrations reform is another area requiring attention. Little progress has been achieved in this respect since the last Regular Report. 2) Economic Criteria : Slovenia is a market economy. Provided that it implements the remaining reforms to increase competition in domestic markets, it should be able to cope with the competitive pressure and market forces within the Union in the near term. Macroeconomic developments have continued to be generally favourable with a steady GDP growth, low unemployment and a reduction in the current account deficit. Remaining restrictions to capital movements are progressively being removed, in the context of a policy of managed exchange rates. Labour markets are not sufficiently flexible. The functioning of the markets could be improved by decreasing the state's influence in certain areas of the economy. The authorities should now progress with the implementation of the announced structural reforms and privatisation in a number of essential sectors such as banking and insurance. This should help to attract more foreign investors and provide a better macroeconomic basis for sustained growth performance in the medium term. 3) Legislative alignment of the acquis : Slovenia has made good overall progress in adopting and implementing legislation in key areas of the internal market acquis. - internal Market : Slovenia has made good progress in adoption and implementing legislation in the key areas of the internalmarket acquis. Substantial legislative progress has been made in company law and the legislative framework is now nearly complete. Slovenia should now focus on implementing the new provisions on intellectual and industrial property rights adequately. Good progress has also been made in completing the legislative framework for the free movement of goods, and attention should now be given to strengthen the institutional set-up. It also made good progress in removing restrictions to free movement of capital, but this process remains to be completed according to the timetable set by the government; - agriculture : very good progress has been made in this area, notably by the adoption of the new veterinary, plant health and plant protection acts. Priorities should now include strengthening of the administrative capacity, completion of CAP management mechanisms and setting up of adequate phyto-sanitary and veterinary inspections; - energy : Slovenia has continued to make progress for preparing for accession in the energy market, especially by opening up the domestic energy market; - transport : Slovenia has made significant progress in legislative alignment in transport through adoption of the key aviation, maritime and road transport laws; - employment and social affairs : progress has been limited in the reporting period in this

area where adoption of the Employment Relations act has been delayed further; - environment : there is a high level of alignment here and efforts should now be focussed on adoption of the remaining key legislation in the areas of water quality, Genetically Modified Organisms (GMOs) and radiation protection. - justice and home affairs : some progress has been made in this area, notably through the adoption of the Schengen Action Plan and reinforcement of staff for processing asylum applications. Slovenia should continue its efforts to improve its capacity and infrastructure for border control. 4) Administrative Capacity : Slovenia's capacity for the implementation of the acquis has been enhanced. Significant progress has been made with the establishment of the implementing, supervisory, regulatory institutions in the areas of free movement of goods, telecommunications, culture and audiovisual. Most of the institutions necessary for the implementation are now in place and attention should now be focussed on providing them sufficient resources to carry out their work. Administrative capacity needs to be developed in the area of management of the structural funds. An independent supervisory agency still remains to be effectively established for data protection. Further efforts are also required in establishing the necessary administrative capacity to ensure sound, efficient and controllable management of EC funds. 5) Accession Partnership : Slovenia has met a large part of the short-term priorities in the areas of economic criteria, internal market, agriculture, transport, environment, employment and social affairs, and justice and home affairs. In the area of reinforcement of the administrative capacity (including the management and control of the EC funds) the priorities have been met partially. It should now focus especially on the remaining short term priorities, especially related to control of EC funds. Slovenia has also made good progress in implementing a number of the medium term priorities. It should speed up its preparationsin the area of economic and social cohesion and ensure fulfilment of priorities especially in the areas of the economic criteria, internal market, agriculture and employment and social affairs.