2004 enlargement: state of preparedness for Union membership of the 10 new countries. Comprehensive monitoring report

2003/2201(INI) - 05/11/2003 - Document attached to the procedure

MONITORING REPORT ON LATVIA : Economic activity has remained firm despite a weak external environment. Theeconomic reform path has been sustained.As regards the areas, where last year's report suggested improvements, someprogress has been made, but challenges remain. Positive developments havetaken place as regards active labour market policies, but several structuralrigidities remain. Fiscal policy turned into a more expansionary phase in2002. Overall, appropriate conditions to attract foreign investment have beenestablished, but the environment for the creation of new enterprises remainssomewhat problematic. Some progress has been made in improving administrativeand judicial capacity as regards to the business community.As regards overall administrative and judicial capacity, sufficient conditionsare in place for the implementation of the acquis by the Latvian publicadministration and judiciary,but there is room for further improvements. In the field of publicadministration, it is important to harmonise the civil service managementstructure on the basis of transparent rules and practices in staff matters,and to reinforce accountability of public agencies.Particular attention needs to be paid to the reform of the judiciary, and inparticular the completion of the legislative framework, especially the urgentneed to adopt the new Law on Judicial Power, as well as the Law on CriminalProcedure, and to the implementation of legislation on Court administration.The fight against corruption should continue to receive high priority. Inparticular, further efforts are needed to complete the legislative basis andto consolidate the new Anti-Corruption Bureau.As regards the implementation of the acquis in specific policy areas, itshould be noted that Latvia has reached a high level of alignment with theacquis in most policy areas.The Commission's methodology consists of three categories of areas which areidentified in accordance with their degree of alignment with the acquis:1) areas that cause no or few problems;2) areas in which Latvia partially meets the commitments and requirements andneeds to make enhanced efforts in order to complete its preparations foraccession;3) areas that Latvia must take immediate and decisive action to address. Itmust take immediate and decisive action to address four issues of seriousconcern in four chapters of the acquis if it is to be ready by the date ofaccession.- free movement of persons, relating to Latvia's preparations for the generalsystem of mutual recognition of qualifications and the mutual recognition andtraining for certain professions, including in the healthcare sector;- agriculture, regarding the area of TSE (transmissible spongiformencephalopathies) and animal by-products;- taxation as regards administrative co-operation and mutual assistance in thefield of VAT, in particular the interconnectivity system;- administrative and operational capacity in the customs union area, asregards certain information technology systems.