Bulgaria's progress towards accession. Strategy paper and 2003 report

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PURPOSE : to present the Commission's Regular Report on the progress towards accession made by Bulgaria in 2003. CONTENT : this report on the progress made by Bulgaria in 2003 in meeting the membership criteria can be summarised as follows: 1) Political Criteria : Bulgaria continues to fulfil the Copenhagen political criteria. Progress was made in the area of the modernisation of the State Administration but sustained efforts will be necessary to further implement the public administration reform and to fulfil Bulgaria's aim to have a qualified and efficient civil service in place in the medium term, to ensure the effective application and enforcement of the acquis when Bulgaria joins the Union. The overall reform process for the judiciary regarding in particular the status of magistrates represent an important step forward. Other legislative measures aim at reducing the duration of court proceedings and strengthening judicial control of decisions of the executive. However, further efforts are necessary to re-organise the investigation service as part of the executive in line with best practice in Member States. Bulgaria also needs to ensure that the judicial budget is adequate for the smooth functioning of the judicial system. Corruption remains a problem, and Bulgaria should maintain concerted efforts to implement measures in this respect. Bulgaria continues to respect human rights and fundamental freedoms. The legal framework for asylum and child protection improved considerably. However, the living conditions of children placed in institutions changed little during the past year. As regards the mentally disabled, the required legal framework is still missing, notably to ban arbitrary detention. Despite some efforts to address the situation, the living conditions in institutions for mentally disabled are difficult and opportunities for rehabilitation and therapy are scarce. Further efforts are necessary to address the situation as regards degrading treatment by the police and trafficking in human beings. In the area of social and economic rights, progress can be reported notably as regards equal opportunities and anti-discrimination. The new Action Plan for the implementation of the "Framework Programme for Equal Integration of Roma into Bulgarian Society" represents a positive step, as specific budgetary support is provided for measures in the areas of anti-discrimination, education, culture, housing, employment and social protection. Determined and sustained efforts are needed to fight discriminatory attitudes and behaviour and to address the widespread social disadvantage affecting the Roma community. 2) Economic Criteria : Bulgaria is a functioning market economy. It should be able to cope with competitive pressure and market forces within the Union in the near term, provided that it continues implementing its reform programme to remove remaining difficulties. The Bulgarian economy has achieved a high degree of macroeconomic stability due to a good policy-mix brought about by the currency board arrangement, a tight fiscal stance and wage moderation. Economic stability and good progress in structural reforms allow market mechanisms to provide a more efficient allocation of resources which, in the absence of the nominal exchange rate as an instrument for adjustment, is setting the basis for a process of sustained growth. However, the flexibility of product and labour markets needs to be further enhanced. In particular, the efficiency of the administrative and judicial system has to be improved, providing economic agents a more stable and predictable framework and better allow to enforce their property rights. The privatisation programme needs to be completed. Regulations and administrative procedures affecting enterprises must be further streamlined, also to provide more viable conditions for small and medium-sized enterprises. The restructuring and liberalisation of the network industries needs to further advance in order to reduce subsidies, to enhance quality and allow for a reduction of the prices of their services. The ongoing reduction in unemployment should be further supported by addressing rigidities in the labour market and improving the education system. Implementing these reform measures should contribute to higher levels of private and public investment, thereby contributing to sustained growth and competitiveness within the Union. 3) Transposition of the acquis : over the past year, Bulgaria has continued to make good progress in most areas of the acquis and is on track to complete the required legislative transposition before the planned date of accession if the current pace of progress is maintained. However, as regards free

movement of persons, progress was limited and considerable further work is needed concerning mutual recognition of qualifications (especially as regards curricula and training requirements) and the establishment of the necessary administrative bodies for the future co-ordination of social security systems. Concerning the right of establishment and freedom to provide services, Bulgaria made further progress as regards the non-discriminatory regime of national treatment for foreigners performing economic activities in Bulgaria. The establishment of the Financial Supervision Commission is an important step towards strengthening supervision. Further efforts are required as regards data protection and information-society services. In the area of free movement of capital, Bulgaria has made good progress in adopting new legislation on capital movements and payments, and anti-money laundering. Regarding agriculture, Bulgaria has made considerable progress in adopting legislation in particular in the veterinary and phytosanitary sector. Reforms in the energy sector progressed. It must continue to respect its commitments on nuclear safety, notably as regards closure commitments for Kozloduy nuclear power plant and to ensure a high level of nuclear safety in its installations. Bulgaria has reached a good level of alignment of the environmental acquis and has developed directive-specific implementation plans and financing strategies. The continuous efforts to develop administrative capacities, notably at local level, and further elaborate mechanisms to monitor effective implementation should be maintained. Further good progress could be noted in the area of justice and home affairs. Substantial further efforts are needed to further strengthen the judicial system, through a continuation of the reforms. Particular attention should be given to combating drugs and illegal migration. In conclusion, Bulgaria needs to continue to make sustained efforts to develop sufficient administrative and judicialcapacity to implement and enforce the acquis. As well as continuing horizontal reform of the public administration, it needs to focus in particular on developing the capacity to be part of the internal market and to apply the acquis in areas such as agriculture, environment and regional policy. Continued efforts are required to establish the necessary administrative capacity to ensure the sound and efficient management of EU funds.