Romania's progress towards accession. Strategy paper and 2004 report

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PURPOSE : to present the Strategy Paper of the European Commission on progress in the enlargement process - revision of the a pre-accession strategy for Croatia.

CONTENT : the enlargement of the EU to ten new Member States on 1 May 2004 has further strengthened the unity of the European continent. The historical and political arguments in favour of this enlargement are compelling: it enhances peace, prosperity, stability and security and has also produced substantial economic benefits.

The Commission proposes this new strategy paper for the actual candidates as well as Croatia whose candidature was accepted in June 2004. It also presents the content of a pre-accession strategy for Croatia including financial instruments.

Bulgaria and Romania are an integral part of this enlargement process which was launched in 1997. Both countries are close to completing the negotiations. The EU's objective is to welcome both countries in January 2007 as members, if they are ready.

The Regular Reports point to a number of areas where further improvements need to be made in the context of the political and economic criteria and in relationship to the adoption, implementation and enforcement of the acquis. These should be vigorously pursued in order to remedy before accession the shortcomings identified. In order to analyse progress and to facilitate successful membership of the European Union, the Commission will conduct an enhanced monitoring and regularly report to the Council. The Commission will issue as from November 2005 yearly comprehensive monitoring reports for the Council and the Parliament. The Commission considers that a specific safeguard needs to be introduced in the Accession Treaty which would allow the Commission to recommend to the Council to postpone the date of accession of either Bulgaria or Romania by one year to January 2008 if there is clear evidence that there is a serious risk that Bulgaria or Romania will be manifestly unprepared to meet the requirements of membership by 1 January 2007 in a number of important areas. The Commission recommends extending to Croatia the reinforced pre-accession strategy for candidate countries decided by the European Council in Luxembourg in December 1997.

CROATIA : the Brussels European Council in June 2004 concluded that Croatia is a candidate country

with which accession negotiations will start in early 2005 and requested the Commission to prepare a pre-accession strategy for Croatia. The Commission considers that the reinforced pre-accession strategy for candidate countries decided by the European Council in Luxembourg in December 1997 should be extended to Croatia. The elements of this strategy are outlined below.

The review procedure aimed at assessing candidate countries' progress towards membership will start to be applied to Croatia as of 2005. This will mean that the Commission will start issuing Regular Reports on Croatia as from autumn 2005. In the context of the Stabilisation and Association Process, the Commission has already proposed a European Partnership, based on the findings of its Opinion on Croatia's application for membership. This document will guide Croatia's accession preparations.

Croatia as a candidate country should benefit from all three pre-accession financial instruments: Phare for institution-building and economic and social cohesion, ISPA for environment and transport, and SAPARD

for rural development. The Commission will propose amendments to the regulations for these three pre-accession instruments in order to extend their scope to Croatia as of 1 January 2005. Taking into account the needs for an adequate preparation of Croatia for accession, the Commission recommends that EUR 105 million (EUR 80 million for Phare and EUR 25 million for ISPA) are allocated to Croatia in 2005 and EUR 140 million in 2006 (EUR 80 million for Phare, EUR 35 million for ISPA, and EUR 25 million for SAPARD). These amounts will be financed out of the pre-accession funds available under heading 7 of the current financial perspectives. The Commission has proposed to Council to create a new pre-accession instrument (IPA), from which Croatia would benefit from 2007 onwards, building on the present pre-accession instruments Phare, ISPA and SAPARD. The amounts to

be allocated to Croatia from 2007 onwards will be decided in the context of the next financial perspective.

The Stabilisation and Association Agreement (SAA) signed with Croatia in October 2001 has now been ratified. In order to implement the trade-related aspects of the SAA, an Interim Agreement entered into force in March 2002. A Stabilisation and Association Council, Committee and Sub-Committees will be set up. The Commission proposes that the structures of the SAA be used not only to cover issues related to the implementation of the agreement, but also to serve as forums for the explanation of the acquis and review progress made by Croatia in the alignment of the acquis in line with commitments taken in the negotiations. The framework agreement allowing Croatia's participation in Community programmes and agencies should come into force in the first half of 2005, after ratification by the EU

institutions and Croatia. Croatia's financial contribution to each programme can be partly funded by Phare. In addition to the above mentioned elements for a reinforced pre-accession strategy, the

Commission considers that an enhanced political dialogue with Croatia should continue in order to tackle the issues highlighted in the Opinion. Such issues include the relations with the International Criminal Tribunal for the former Yugoslavia, minority rights, return of refugees, judiciary reform, regional co-operation and the fight against corruption. In particular, Croatia needs to remain committed to regional cooperation within the framework of the Stabilisation and Association Process for the Western Balkans. The Commission will closely monitor these issues in regular meetings with the Croatian authorities and will keep the Council informed.

The Brussels European Council in June 2004 decided that in advance of negotiations with Croatia, the Council will agree a general negotiating framework, taking full account of the experience of the fifth enlargement process. The Commission suggests that the framework should build on certain principles: - - the negotiations with Croatia should be guided by the conditions for accession as defined at the Copenhagen European Council in 1993. These conditions are adequate tools for measuring a candidate country's preparedness for meeting the obligations of membership, and provide for clear guidance in the reform process;

- progress in the negotiations will be fully dependent on the sustainability of political reforms and Croatia's fulfillment of its obligations in respect of regional cooperation with the other countries of former Yugoslavia and other related international obligations such as cooperation with ICTY;

- lastly, in line with the Treaty on European Union and the Constitution for Europe, the Commission will recommend the suspension of negotiations in the case of a serious and persistent breach of the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law on which the Union is founded. The Council should be able to decide on such recommendation by a qualified majority of Member States.