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

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PURPOSE : to present the 2004 Regular Report on Romania's progress towards accession.

CONTENT : this Report provides an overall assessment of the situation for each of the aspects under consideration, setting out for each of them the main steps still to be taken by Romania in preparing for accession.

- Political criteria : since the Commission concluded in its 1997 Opinion that Romania fulfilled the political criteria, the country has further consolidated and deepened the stability of its institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. This trend has accelerated over the past year. Romania continues to fulfil the political criteria.

Progress was made to address the need for administrative and judicial reforms. A public administration reform strategy was launched in May 2004, covering the area of civil service reform, decentralisation and deconcentration, and policy co-ordination. A positive start was made to the reform of the civil service. Further efforts are also needed to strengthen local and regional governance with a view to ensuring proper implementation of the acquis at those levels. Moreover, the management of court cases and the quality of judgments needs to improve. Corruption in Romania continues to be serious and widespread. Romania's anti-corruption legislation is generally well developed, but its ability to curb corruption will depend on the effective implementation of the law. In particular, additional efforts are required to ensure the independence, effectiveness and accountability of the National Anti-Corruption Prosecution Office. It should concentrate its resources on investigating high-level corruption.

Romania continues to respect human rights and fundamental freedoms and has made further progress in several areas. The introduction of national standards for child protection services and of strict rules on inter-country adoption, which appear to be in line with the UN Convention on the rights of the child, should further improve the protection of children's rights. As regards freedom of expression, the legal situation of journalists has improved but the economic situation of many mass media organisations remains precarious and further efforts are necessary to guarantee media independence.

The Roma Strategy, which is explicitly aimed at addressing discrimination, is being implemented but de facto discrimination against the Roma minority remains widespread. The support for an inclusive approach to education is a positive development. The same encouraging trend has been noted in health care and employment.

- Economic criteria : the 1997 Opinion already acknowledged the substantial reform efforts undertaken by the Romanian authorities to transform their economy. Since the Opinion economic structure and performance have significantly improved. Macroeconomic stability has been achieved, profound economic reforms have been carried out while the Romanian authorities' commitment to the economic requirements of EU accession has been sustained. Hence, it is concluded that Romania complies with the criterion of being a functioning market economy. Vigorous implementation of its structural reform programme should enable Romania to cope with competitive pressure and market forces within the Union.

Improvements can be made in sustaining macroeconomic stability and in deepening structural reforms. Priority should be given to preserve the momentum in disinflation and safeguard the sustainability of the external position by maintaining a prudent policy mix and by further reducing the deficit of the broader

public sector. Fiscal sustainability needs to be strengthened by advancing expenditure reform and further improving tax compliance. The privatisation process should be accomplished, post-privatisation disputes be settled and non-viable enterprises more actively dismantled.

In key sectors, such as energy, mining and transport, perseverance in restructuring and a more manifest strive for privatisation should go hand in hand.

- Implementation of the acquis : Romania has made good progress in adopting the acquis and more recently, has also made progress in gradually building up the administrative capacity to implement and effectively enforce the acquis. Over the past year, Romania has made further progress in the vast majority of the chapters 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. Overall, alignment with the acquis has reached a fair level in the large majority of areas. The administrative capacity has been strengthened in the majority of areas but there is still room for improvement since not all the necessary institutions are yet in place. In order to cover the remaining gaps, due attention should be given to the full and timely implementation of the strategies and action plans for the reinforcement of administrative capacity already approved in these areas:

- internal market, (transposition of the public procurement legislation must be completed. In addition, practices which put Romania's commitment to open and transparent procurement procedures into question should be discontinued);

- free movement of capital(outstanding restrictions to capital movements and payments should be removed and the enforcement record of the National Office for the Prevention and Control of Money Laundering needs to be improved);

- agricultural, veterinary and phytosanitary acquis (particular attention should be paid to reinforcing the SAPARD Agency and to establishing the necessary elements of a functioning IACS) ;

social policy and employment (efforts should now focus on completing legislative alignment in the area of labour law and on strengthening the Labour Inspectorate to ensure proper implementation in the area of health and safety at work);

- industrial policy (the key challenge here is its implementation as structural weaknesses limit the capacity for enforcement. Transparency of the privatisation process should be fully ensured);

- regional policy and co-ordination of structural instruments (efforts need to be continued to bring the administrative capacity up to the level required in order for Romania to reap full benefits of the structural instruments);

- consumer and health protection is well on track and Romania has made good progress as regards improvement of administrative capacity and the general co-ordination of market surveillance activities. These efforts should be maintained and consumer movement should be strengthened.

- justice and home affairs (implementation capacity should be significantly strengthened in almost all areas, as should inter-agency co-operation). As regards the fight against corruption, implementation capacity should also be significantly strengthened and the existing legislation should be rigorously enforced:

- customs.

In a number of important sectors, the overall capacity of the public administration to implement and enforce the newly adopted legislation should be enhanced. Furthermore, there are a number of areas where

further efforts will be needed to complete the work, in particular as regards company law, competition policy, environment and justice and home affairs, customs and financial control.

In the accession negotiations, 27 chapters have been provisionally closed. Romania is generally meeting the commitments that it has made during the negotiations, although delays have been noted in specific areas.

In conclusion, the Commission expects Romania to assume the obligations of membership in accordance with the envisaged timeframe. In the period leading up to accession, Romania needs to continue its preparations, in line with the commitments it has made in the accession negotiations.