

Comprehensive monitoring report on the state of preparedness for Union membership of Bulgaria

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PURPOSE: presentation of the Commission's 2005 Regular Report on Bulgaria's progress towards EU accession.

CONTENT : This report assesses the progress made by Bulgaria in the course of 2005 to prepare itself for EU accession. It outlines, in particular, the achievements of this country in meeting the Copenhagen criteria:

1) political criteria : as in previous years, Bulgaria continues to meet the political criteria for EU accession. Overall, its performance has been satisfactory. Nevertheless, despite this progress, a number of shortcomings still remain which were already identified in the 2004 report. These areas are the following::

- public administration reform (all aspects, but especially local and regional administration): Bulgaria needs to give priority to closing gaps in existing legislation and to ensure the establishment of a legislative framework guaranteeing the principles of legality, accountability, reliability and predictability in the workings of the public administration. Further efforts are required in terms of making the public service more resistant towards corruption, including preventive measures;
- justice reform: the impact of the reform on the efficiency of the justice system remains limited, in particular as far as the problem of case backlogs is concerned. Despite some ongoing progress, very considerable efforts are still needed, in particular to improve the pre-trial phase and to improve the transparency of the legal system. In addition, progress in the combating of organised crime remained very limited.
- anti-corruption measures (particularly in public administration);
- human rights and the protection of minorities and integration of the Roma minority: more effort needs to be made to combat efficiently the trafficking of human beings and to improve conditions in a number of state institutions for children and people with disabilities. Further progress is needed in the process of de-institutionalisation and in improving the management of the mental health care system. Sustained efforts are required to realise the effective integration of the Roma minority.

2) economic criteria : Bulgaria continues to be a functioning market economy. The continuation of the current pace of its reform path should enable Bulgaria to cope with competitive pressure and market forces within the EU. Bulgaria has maintained a high degree of macro-economic stability with strong economic growth, relatively low inflation and falling unemployment. However, the widening current account deficit raises some concerns. Progress has been made in most areas where improvements were suggested in the 2004 report, but a number of challenges remain: the widening trade and current account deficit, the need to curb bank credit growth, improvement of the business environment (in particular the functioning of the administrative and judicial system), maintaining the momentum in completing the privatisation programme, improving labour market flexibility, which, together with a comprehensive reform of the education system, would be crucial for dealing with skills mismatches and improving the adaptability of the Bulgarian economy.

3)transposition and implementation of EU laws and standards: Bulgaria has reached a considerable level of alignment with the *acquis* in most policy areas. Efforts to strengthen overall administrative capacity should continue with a view to properly implementing the adopted legislation.

The areas requiring attention with implementation fall into 3 main categories:

- those areas in which Bulgaria is almost ready or in which any remaining problems should be resolved between now and accession, if the current momentum of preparation is maintained. These include, for example, competition policy, free movement of capital and payments and cultural and audiovisual policy;
- those sectors where increased effort is necessary to harmonise Bulgarian policy with European standards : in particular, this relates to social inclusion or environmental standards (water quality, industrial pollution), maritime transport and industrial policy (steel);
- sectors where Bulgaria must take immediate and decisive action to address issues of **serious concern** if it is to be ready by the envisaged date of accession. This covers the protection of intellectual and industrial property rights in the *company law* field and motor vehicle insurance in the *services* chapter. It concerns the paying agency and the integrated administration and control system as well as the common market organization on milk, transmissible spongiforme encephalopathies (TSEs) and animal by-products (in particular the construction of a second rendering plant and the introduction of a feed ban), the veterinary control system (identification and registration of animals, the establishment of border inspection posts) and animal diseases control, the trade in live animals and animal products, veterinary public health and animal welfare in the chapter on *agriculture*; institutional structures and financial management and control in the area of *regional policy*, including in relation to the above-mentioned operational programme under the European Social Fund. Finally, urgent action is required in the field of *justice and home affairs*, in particular as regards preparations for applying the Schengen *acquis* and for the management of the future EU external border as well as police cooperation and the fight against organized crime and fraud and corruption, if Bulgaria is to be ready for membership by the envisaged date.