Basic information

2002/2160(INI) INI - Own-initiative procedure	Procedure completed
2004 enlargement: progress towards accession by the candidate countries. Strategy paper and report **Subject** 8.20.02 Enlargement 2004: new Member States	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AFET Foreign Affairs, Human Rights, Common Security, Defense	SCHRÖDER Jürgen (PPE-DE) GAHLER Michael (PPE-DE) BROK Elmar (PPE-DE) VAN ORDEN Geoffrey (PPE-DE) STENZEL Ursula (PPE-DE) GAWRONSKI Jas (PPE-DE) OOSTLANDER Arie M. (PPE-DE) SOULADAKIS Ioannis (PSE) VOLCIC Demetrio (PSE) POOS Jacques F. (PSE) WIERSMA Jan Marinus (PSE) NICHOLSON OF WINTERBOURNE Baroness null (ELDR) SCHROEDTER Elisabeth (V/ALE) QUEIRÓ Luís (UEN)	30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002 30/09/2002

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	RANDZIO-PLATH Christa (PSE)	08/10/2002

	EMPL Employment and Social Affairs	SMET Miet (PPE-DE) ETTL Harald (PSE)	12/04/2000 12/04/2000

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2449	2002-09-30
General Affairs	2463	2002-11-18
General Affairs	2459	2002-10-22
Economic and Financial Affairs ECOFIN	2460	2002-11-05

European Commission

Commission DG	Commissioner
Neighbourhood and Enlargement Negotiations	

Key events

Date	Event	Reference	Summary
30/09/2002	Debate in Council		
09/10/2002	Non-legislative basic document published	COM(2002)0700	Summary
10/10/2002	Committee referral announced in Parliament		
22/10/2002	Debate in Council		Summary
05/11/2002	Resolution/conclusions adopted by Council		Summary
05/11/2002	Vote in committee		Summary
05/11/2002	Committee report tabled for plenary	A5-0371/2002	
18/11/2002	Debate in Council		Summary
19/11/2002	Debate in Parliament		
20/11/2002	Decision by Parliament	T5-0536/2002	Summary
20/11/2002	End of procedure in Parliament		
29/01/2004	Final act published in Official Journal		

Technical information

Procedure reference	2002/2160(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 089o
Stage reached in procedure	Procedure completed
Committee dossier	AFET/5/16655

Documentation gateway				
European Parliament				
Document type	**Committee**	**Reference**	**Date**	**Summary**
Committee report tabled for plenary, single reading		A5-0371/2002	05/11/2002	
Text adopted by Parliament, single reading		T5-0536/2002 OJ C 025 29.01.2004, p. 0022-0127 E	20/11/2002	Summary
European Commission				
Document type		**Reference**	**Date**	**Summary**
Non-legislative basic document		COM(2002)0700	09/10/2002	Summary
Follow-up document		COM(2002)0634	13/11/2002	Summary
Other institutions and bodies				
Institution/body	**Document type**	**Reference**	**Date**	**Summary**
CofR	Committee of the Regions: opinion	CDR0325/2002 OJ C 128 29.05.2003, p. 0056-0062	12/02/2003	

2004 enlargement: progress towards accession by the candidate countries. Strategy paper and report

2002/2160(INI) - 09/10/2002 - Non-legislative basic document

The European Commission has published its last Strategy Paper which highlights the processes to be accomplished before the integration of 10 new Member States. The Commission considers that Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia fulfil the political criteria and will have fulfilled the economic and acquis criteria within the timeframe foreseen for accession by the European Council. These countries will be ready for membership from the beginning of 2004. The Commission recommends concluding the accession negotiations with these countries by the end of this year with the aim of signing the Accession Treaty in Spring 2003. As for Bulgaria and Romania, the Commission will strongly support these two countries in achieving their objective to join in 2007. In addition to assessing progress made by each candidate, the Regular Reports and the Strategy Paper also evaluate to what extent the candidates will fulfil the Copenhagen criteria by accession, taking into account the envisaged timeframe for enlargement defined by the European Council. - Concerning the accession negotiations : the Commission therefore recommends to conclude the accession negotiations with these countries by the end of this year. 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. For all ten acceding countries, negotiations on both the chapters "agriculture" and "financial and budgetary matters" are not yet provisionally closed, although most issues in these chapters which are not linked to the financial framework to be proposed by the Union have been dealt with. Moreover, even if the chapters "regional policy" and "institutions" have been provisionally closed, specific questions linked respectively to the budgetary allocations and to institutional matters have been reserved for the last stretch of negotiations. In principle and in line with a practice followed in previous enlargements, it will not be possible to go beyond a certain point in time when considering new acquis in the negotiations. The Commission therefore has proposed to limit the scope of the negotiations as such to all acquis adopted and published up until 1 November 2002. - Overcoming difficulties : the 2002 Regular Reports show that, overall, candidate countries have generally reached a high degree of alignment in many areas, as a result of the considerable progress in transposing the acquis over the last years. Moreover, commitments made in the negotiations are generally being fulfilled. However, some difficulties are still apparent in areas such as customs, agriculture (very few candidate countries are at an advanced stage regarding the setting up of the integrated administration and control scheme (IACS)), regional policy (reinforce their administrative capacities) and financial management and control. The Commission's assessment of candidate countries in this year's Regular Reports carries three important messages: the Union's pre-accession strategy has proved a success. The

transformation process in the candidate countries has been considerably accelerated by the prospect of enlargement; the accession negotiations, which have been based on the principles of own merits, differentiation and catching up, canbe concluded with most candidates by the end of 2002. Preparations for enlargement will continue; and enlargement is an inclusive process which is not yet completed with the first accessions. The European Union continues to give its full support to current candidates that will not be in a position to participate in the next wave of enlargement. - With regard to the process of reinforcing administrative and judicial capacity : the Commission attaches the greatest importance to ensuring that the candidates further reinforce their administrative and judicial capacity. It is an essential requirement for creating mutual trust among Member States, indispensable for membership. The Commission has prepared in the first quarter of 2002 jointly with each negotiating country an Action Plan to reinforce their administrative and judicial capacity. Based on the 2002 Accession Partnership priorities, the Action Plans identify the concrete measures that remain to be taken for each country to achieve an adequate level of administrative capacity by the time of accession. The Action Plans identify targeted assistance required to support the countries in their efforts. For that purpose, the Commission has mobilised additional financial assistance of up to EUR 250 million in 2002 to accompany these efforts, bringing the Community's total support to strengthen the administrative and judicial capacity of the negotiating countries in 2002 to around EUR 1 billion. - Regarding transitional arrangements : the process of building up administrative and judicial capacity will need to continue after enlargement. A number of transitional arrangements agreed in the negotiations also demonstrate that in certain areas candidate countries need to continue efforts until they are in a position to apply fully the Community acquis. While accession negotiations are based on the principle that candidate countries effectively apply the acquis upon accession, a number of well-justified transitional measures have been agreed in the negotiations, in line with the principles laid down for transitional measures. These principles state that any transitional measure has to be limited in time and scope and be accompanied by a plan clearly defining stages for the application of the acquis. In addition, transitional measures must not involve amendments to the rules and policies of the Union, disrupt their proper functioning, or lead to significant distortions of competition. Transitional measures have been agreed, upon request of both the candidate countries (some 190 requests accepted so far) and the Union (some 28 requests accepted so far). - As regards the safeguard clauses : the general economic safeguard clause applies to situations where "difficulties arise which are serious and liable to persist in any sector of the economy or which could bring about serious deterioration in the economic situation of a given area". The safeguard clause would allow the Commission to determine the necessary protective measures. Both, new and current Member States would be able to make use of this safeguard clause. In order to ensure a smooth phasing in of an unprecedented number of new Member States in EU policies, the Commission considers, that for a limited time, the Accession Treaty should envisage the introduction of a specific safeguard clause for the internal market (including food safety)and also in the area of justice and home affairs, allowing to react more flexibly to possible problems associated with the initial period of membership. Moreover, the particular situation in the area of Justice and Home Affairs deserves a special mention. There is now a considerable acquis in this area. It covers difficult and politically sensitive subjects, in particular where the freedom of movement of people and the consequences of the suppression of internal frontiers are concerned. The implementation of these Schengen-based objectives is subject to a two-stage process, which eliminates the need for any separate safeguard mechanism. There are, however, other non-Schengen components in the area of freedom, security and justice (for instance regarding the implementation of judicial cooperation, in particular mutual recognition) which are still causing problems. - Concerning the abolition of border controls and free movement : the EU has made clear that full application of the Schengen acquis necessitates a process in two stages. In the first stage (2004) the countries will need to have achieved a high level of border control, even though certain special arrangements such as shared infrastructure and equipment or joint patrols could be envisaged with other Member States. The lifting of internal border controls will only occur some time after accession and will be subject to a separate decision making process for each new Member State separately. - With regard to the EMU and the Euro : the new Member States cannot immediately adopt the Euro upon accession. However, as for all Member States, economic policies become a matter of common concern and hence are subject to policy co-ordination and multilateral surveillance procedures. Until that time, the Treaty obliges Member States to pursue the high degree of sustainable convergence required for the adoption of the euro, but does not specify the timetable to attain this. - Concerning the timetable : six months before the envisaged date of accession the Commission will produce a comprehensive monitoring report for the Council and the European Parliament which will look at the advancement of the implementation of necessary reforms and all commitments in the field of the Community acquis by each of the acceding countries. The Commission should adopt its Opinion on the applications for accession of the concerned countries. The European Parliament should then be asked to give its assent, followed by a decision of the Council on the admission of new Member States. Provided that the Commission can issue its Opinion in February 2003, and allowing sufficient time for the decision making process in Parliament and Council, the Accession Treaty can be expected to be signed in spring 2003. Thereafter, the Treaty, drawn up in all present and future Community languages, will be signed by the parties. - With regard to the financial framework : the Commission has proposed a common financial framework for the accession negotiations. This framework was based on the overall Berlin financial framework and on the assumption that ten new Member States would join the European Union (refer to INI /2002/2045). The Commission's proposals remain valid. In particular, the Commission considers that in the field of agriculture, the objective of gradually introducing direct payments for farmers in the new Member States from the year 2004 should be maintained.Structural actions should be based on a share of one third for the cohesion fund and be based on the overall volume proposed in January 2002. Also a temporary budgetary compensation, through a lump sum payment, should be envisaged for each new Member State which would find itself in a net budgetary position which is worse in comparison with its situation in the year before accession as beneficiary of pre-accession funds. Lastly, the Commission reiterates the need to earmark additional funds for the northern part of Cyprus in order to back a political settlement. As regards the situation in Bulgaria and Romania have set 2007 as their indicative date for accession. The Commission will strongly support the two countries in achieving this objective, which will continue to be guided by the principles of differentiation and own merits. The Commission will propose, on the basis of the analysis in the 2002 Regular Reports, detailed roadmaps for Bulgaria and Romania before the Copenhagen European Council. In order to prepare Bulgaria and Romania for membership in the European Union, an increased focus will be put on judicial and administrative reform. Furthermore, pre-accession assistance provided to Bulgaria and Romania should be increased considerably from the date of the first round of accessions, linked to progress in implementing the roadmaps. Concerning Turkey, it has made noticeable progress towards meeting the Copenhagen political criteria. Through constitutional reform, and a series of legislative packages, Turkey has addressed several of the key priorities specified in the Accession Partnership. The legal changes adopted by Parliament in August 2002 are particularly welcome as they show a willingness to introduce far-reaching reforms. The death penalty has been lifted except in case of war and important steps have been taken to permit broadcasting and education in languages other than Turkish. The lifting of the state of emergency in two of the four provinces where it had applied, and the undertaking to lift it, this year, in the two provinces where it still applies should open the way to greater protection of human rights. The Commission welcomes these developments and recognises the break-through they represent in the Turkish political context. In addition, the reforms were adopted in particularly difficult circumstances. These reforms are promising for the future as they demonstrate the will and the capacity of the Turkish political system to make progress even in areas hitherto regarded as highly sensitive. Nonetheless, Turkey does not fully meet the political criteria. The reforms contain a number of significant limitations, which are set out in the Regular Report, on the full enjoyment of fundamental rights and freedoms. Many of the reforms require the adoption of regulations or other administrative measures and, to be effective, will need to be implemented in practice by executive and judicial bodies at different levels throughout the

country. A number of important issues arising under the political criteria have yet to be adequately addressed. These include the fight against torture and ill-treatment, certain questions concerning civilian control of the military, and the situation of persons imprisoned for expressing non-violent opinions and in compliance with the decision of the European Council of Human Rights. In order to help accelerate the implementation of Turkey'spre-accession strategy, increased financial assistance will be provided from 2004. This increase is intended to enable Turkey to strengthen its public administration, support the adoption of the acquis, and to facilitate Turkey's integration into the European economy.

2004 enlargement: progress towards accession by the candidate countries. Strategy paper and report

2002/2160(INI) - 13/11/2002 - Follow-up document

PURPOSE : to present the roadmaps for Romania and Bulgaria. CONTENT : as it had proposed on 9 October in its Strategy Paper and as requested by the European Council in Brussels on 24-25 October, the European Commission today presented roadmaps for Bulgaria and Romania to support the efforts of these two candidate countries to achieve their objective of joining the European Union in 2007. 1) A useful guide on the way to accession : the roadmaps for Bulgaria and Romania cover the period up to accession. Their purpose is to indicate in detail the main steps that they need to take to be ready for membership. They are based on the commitments made in the negotiations and on what needs to be done to fulfil the criteria for membership. They also follow the of principles that have guided the accession process from the outset, namely equality of treatment, own merits and differentiation, without introducing any new criteria or conditions. The roadmaps put a particular emphasis on administrative and judicial capacity necessary to implement the acquis and on economic reform. Short and medium term issues are identified in the roadmaps and will be further developed next year. The roadmaps will be updated periodically in view of developments in the countries and progress in negotiations. 2) Financial assistance : the Commission proposes a considerable and progressive increase in financial assistance for Bulgaria and Romania from the date of the first round of accessions. This increase will amount to an additional 20% in 2004, 30% in 2005 and 40% in 2006 compared to the average assistance received by the two countries in the period 2001-2003. Additional assistance will be conditional on making progress in line with the roadmaps and on improving significantly capacity to manage and use funds effectively. Bulgaria and Romania have begun to develop capacities to make improved use of existing funds. If preparations are continued and intensified they should be ready to receive and use additional funds effectively from 2004 onwards. 3) Observer status : Bulgaria and Romania already participate in a number of Community committees and agencies. As regards the situation after the signature of the Accession Treaty, the Commission proposes the same treatment for Bulgaria and Romania as for the other negotiating states. After the signature of the Accession Treaty, Bulgaria and Romania should therefore be given the possibility to further participate, wherever legally possible, as observers in all committees set up by the comitology procedure and all other committees. They should also be able to participate at least as observers in the relevant structures of all Community agencies. The general principles and details of this participation will be defined at a later stage. 4) Monitoring : Bulgaria and Romania have provisionally closed a considerable number of chapters on the basis of their own indicative date for membership of 1 January 2007. It is particularly important for the candidate countries and the EU to monitor closely the implementation of these commitments. The Europe Agreement structures, which are used to review progress on all priorities and on the Action Plans on administrative and judicial capacity, should be used systematically for this purpose. Peer reviews have proved a useful mechanism in someareas and could be further developed. The Commission will continue to issue Regular Reports, until Bulgaria and Romania have fulfilled the criteria for accession. Future Regular Reports will include an assessment of the implementation of the roadmaps.

2004 enlargement: progress towards accession by the candidate countries. Strategy paper and report

2002/2160(INI) - 22/10/2002

The Council reviewed the annotated draft agenda prepared by the Presidency for the Brussels European Council in accordance with the new procedures decided in Seville. Delegations expressed broad support for the annotated draft agenda. In introductory presentations, President Prodi and Commissioner Verheugen recalled the Commission's proposals on the different issues in discussion. Firstly, there was broad agreement with the Commission's findings that ten countries would be able to assume the obligations of membership from the beginning of 2004, and the recommendation to conclude accession negotiations with these countries at the Copenhagen European Council and sign the accession Treaty in Athens in April 2003. There was also broad agreement on the Commission's evaluation of the progress achieved by Bulgaria and Romania. It was noted that the Commission would come up with updated road maps and proposals for upgraded pre-accession strategies for these two countries at Copenhagen. The importance of adequate support for Bulgaria and Romania in their efforts towards accession was underlined. Likewise, delegations took note of the Commission's assessment on Turkey with a view to preparing decisions for Copenhagen on the next steps of Turkey's candidature, notably taking into account the substantial progress made by that country over the last months. Monitoring and safeguards : Delegations supported the Commission proposals on continued monitoring up to accession and the inclusion in the Accession Treaty of a general economic safeguard clause as well as specific safeguard clauses concerning the internal market and justice and home affairs. They underlined the importance of these elements. As regards budgetary and financial issues, the Council pursued work in preparation of the European Council on the different budgetary and financial issues, notably direct income support (agriculture), the overall allocation of commitment appropriations for structural operations and the question of budget compensation. Consensus was found in the Council on the principle of budget compensation and on the methodology for calculating the financial position of candidate countries. Concerning institutional questions, agreement was found on the institutional issues, on the basis of the Presidency's proposals encompassing the different institutional aspects: weighting of votes in the Council / threshold for qualified majority; overall size of the European Parliament to be elected in 2004 and allocation of seats between the Member States; transitional arrangements for dealing with these two questions in 2004 and, finally, the rotation of Presidencies after enlargement. Lastly, as regards competition/Czech Republic and Slovakia, in line with the objective of closing as many non-financial negotiation chapters as possible by the Brussels European Council, the Council agreed the EU Common Position on the Competition Policy Chapter for the negotiation with the Czech Republic. As far as the Common Position on the Competition Chapter with Slovakia is concerned, consultations are to continue with a view to an agreement being found before the European Council in Brussels.

2004 enlargement: progress towards accession by the candidate countries. Strategy paper and report

2002/2160(INI) - 18/11/2002

The Council discussed the way ahead with a view to concluding accession negotiations with Cyprus, Malta, Hungary, Poland, Slovakia, Latvia, Estonia, Lithuania, the Czech Republic and Slovenia in time for the European Council in Copenhagen on 12 and 13 December 2002. Taking into consideration the discussion at the Ministerial meeting with these countries in the margins of the Council, the Council decided that the accession of these countries to the Union would take place on 1 May 2004. Accordingly, it was confirmed that these countries will participate as Member States in the 2004 elections for the European Parliament. The Commissioners from the new Member States will join the Commission upon accession. It was also confirmed that, in line with Article 8 of Declaration attached to the Treaty of Nice, the acceding States will fully participate in the forthcoming Intergovernmental Conference, while candidates which are still negotiating will participate as observers. With a view to concluding negotiations with these ten candidate countries, the presidency with the help of the Commission will elaborate an offer to each candidate on all outstanding issues, including those with a financial impact. This offer, while providing for the necessary flexibility towards the needs of the candidates, will respect the acquis, the ceilings set at Berlin for financing enlargement and the decision taken by the European Council in Brussels. Lastly, the Council took note of a presentation by the Commission of its proposal for roadmaps and increased financial assistance for Bulgaria and Romania in line with the decisions of the European Council in Brussels, with a view to preparing the relevant decisions to be taken by the European Council at Copenhagen.

2004 enlargement: progress towards accession by the candidate countries. Strategy paper and report

2002/2160(INI) - 20/11/2002 - Text adopted by Parliament, single reading

Following the extraordinary session on enlargement open to 200 Members of Parliament from the candidate countries, Parliament adopted by a large majority a resolution on the progress towards enlargement. Following the agreement by the Council of Ministers on 18 November that 1st May 2004 as the date for accession, Parliament agreed that the Commission should conclude its negotiations with the candidate countries by December 2003 with actual accession taking place on 1st May 2004. However, MEPs were critical of efforts made by the candidate countries in updating their legislation on the judiciary and administrative capacity Parliament notes that the adoption, implementation and transposition of EC anti-discrimination acquis, based on Article 13 of the EC Treaty, remains a problem in all candidate countries; urges the candidate countries to solve this problem as soon as possible by adopting general anti-discrimination legislation transposing the EC acquis. As regards agriculture, Parliament recommends that the promotion of rural development and agri-environment measures under SAPARD be given priority in the last stages of the accession negotiations. The Parliament welcomes the Commission's proposals regarding the special safeguard clauses within the accession treaty; regards such clauses as essential, in view of the specific nature of this enlargement, and calls on the Commission to lay down the arrangements for the application and the scope of these clauses as quickly as possible; expects that such clauses will be worded with the utmost circumspection on the political issues which they might involve, will be used after prior consultation with the country concerned only as an ultima ratio if all other avenues to find solutions for transitional problems have been exhausted, and will be applied following a qualified majority decision in the Council and the assent of the European Parliament. Concerning budgetary issues, Parliament considers that no new Member State should become a net contributor to the Community budget during the first few years after accession; notes the Commission proposals on a temporary budgetary compensation. It reiterates its previous positions on the financial impact and budgetary implications of the enlargement of the European Union, especially as put forward in its resolution of 13 June 2002 on the financial impact of the enlargement of the European Union and stresses that as a result of the accession of the new Member States, the financial perspective needs to be adjusted to cater for enlargement in agreement between the two arms of the budgetary authority, Parliament and the Council, according to the procedure laid down in paragraph 25 of the Interinstitutional Agreement of 6 May 1999; recalls that at that time, the financial perspective was agreed under the assumption that six new Member States would join the Union in 2002. Lastly, Parliament notes that public approval for the enlargement of the EU must not be taken for granted in the applicant countries and the current Member States. As regards the particular situation in each country, plenary followed the decision of the committee responsible (please refer to the summary dated 5 November 2002). Amongst the crucial elements discussed at plenary, the following points can be added: CYPRUS : plenary notes with satisfaction the detailed plan fora political settlement presented to the parties by the Secretary-General of the United Nations on 11 November 2002 and calls on both parties to use the plan as a basis for negotiations and to arrive at a framework agreement to be signed before the Copenhagen European Council. Turkey is urged in particular, to lend its full support to efforts to reach a comprehensive settlement this year, in accordance with the relevant UN Security Council resolutions. CZECH REPUBLIC : concerning the Czech Republic and the question of Presidential Decrees, (Benes decrees), Parliament considers that these do not constitute an insurmountable obstacle to accession but MEPs consider the law no. 115 of 8 May 1946, seen in the light of a modern state based on the rule of law, has no place. ESTONIA : Parliament congratulates Estonia on the success of its strongly market-oriented economic and commercial policies. It welcomes the fact that specificities in Estonia's policy as regards ethnic minorities, which to a large extent were motivated by the Estonian nation's difficult historical experiences, have gradually been replaced with provisions and practices which are fully in line with international standards. HUNGARY : Parliament welcomes the greater attention being paid to the situation of the Roma minority. Improvement are also noted in the legal framework intended to fight organised and economic crime and the progress in combating money laundering. MALTA : Parliament recommends that an appropriate financial package should be agreed upon to ensure that Malta will have a net beneficiary status during the first years of membership. It hopes that the result of a referendum concerning EU accession will be accepted as a democratic decision of the population. POLAND : it was pointed out that that Poland has helped to bring the European area of security and justice into being and, in addition, strengthened its measures to combat organised crime and improved border management and checks. Parliament considers that, as well as the increased effort that it will be called upon to make to secure the future external borders of the enlarged Union in order to meet the requirements of the Schengen Agreement. SLOVAKIA, SLOVENIA : Parliament emphasises the importance of a higher level of protection of the Roma community and it looks to Slovakia to fulfil its undertaking, set out in the last progress report, to close blocks 1 and 2 of the power station at Bohunice. BULGARIA AND ROMANIA : the House recognises that Bulgaria continues to fulfil the Copenhagen political criteria and has made progress in many areas where concerns had been raised in previous reports. It also welcomes Bulgaria's target date of 1 January 2007 for its accession to the European Union and hopes that it will carry out the

necessary reforms as quickly as possible with a view to bringing its political, economic and social standards within EU norms. Recent amendments to the Penal Code which remove certain discriminatory Provisions has been welcomed, but Parliament continues to be concerned about conditions in homes for children, the elderly and the mentally handicapped, where appalling conditions have been documented. Bulgaria has been commended for the role that it has been playing in the fight against terrorism, for example through its contribution to the ISAF mission in Afghanistan and its offer to take part in other military actions. LITHUANIA, LITHUANIA, TURKEY : as far as these countries are concerned, plenary agreed with the decision of the committee responsible (refer to summary 5 November). Lastly, plenary takes note of the agreement reached at the EU - Russia Summit of 11 November 2002 regarding Kaliningrad but draws attention to the fact that a number of questions remain unanswered and that it will be difficult to eliminate the risk of significant problems occurring during its implementation.

2004 enlargement: progress towards accession by the candidate countries. Strategy paper and report

2002/2160(INI) - 05/11/2002

The Economic and Finance Ministers of the EU and the candidate countries, along with representatives of the Commission and the ECB, met for their fourth economic policy dialogue meeting. On the whole, the 2002 programmes describe a credible medium-term macroeconomic and fiscal framework conducive to strong and sustainable economic growth. The candidate countries made further progress in 2001 in macroeconomic stabilisation and structural reforms. The gap, in terms of average GDP per capita, between most accession countries and the current Member States, although narrowing, remains significant. While average growth in recent years has been consistently higher than in the EU, many accession countries have made only modest progress in terms of real convergence. In 2001, GDP per capita measured in Purchasing Power Standards reached, on average for the ten acceding countries, 39.3% of the EU average, up from 38.5% in 2000. The 2002 PEPs envisage a medium-term growth rate of the order of 4-6%. A number of countries still continue to grow below potential. In some of the candidate countries, the authorities have made considerable progress in consolidating public finances and plan to carry on with prudent fiscal policies in the medium term. However, in several countries the current level of fiscal deficits is still very high, which underlines the need for a high level of ambition for fiscal consolidation and the sustainability of the fiscal stance over the medium term. Substantial efforts in this regard are required notably in the Czech Republic, Hungary, Malta and Poland. Continued fiscal consolidation will provide the conditions for economic growth. Price and enhanced exchange-rate stability has become a positive feature in the accession countries, but further progress is required in some countries. In the pre-accession phase, exchange-rate strategies must remain consistent with other macroeconomic policies and convergence. An increasing degree of exchange-rate orientation towards the euro as the main reference currency is in line with further economic integration, but the speed depends on the particular circumstances of individual countries. The report by the Ecofin ministers of 8 November 2000 to the European Council in Nice on the exchange rate aspects of enlargement will be the basis for discussing the further path towards euro adoption. In many candidate countries the prospect of accession has acted as a catalyst for comprehensive structural and institutional reforms. Progress has, however, been uneven and is notably lagging in a number of priority areas, for example labour, product and financial markets and the agricultural sector. In particular, in several countries the relatively high rate of unemployment and the low rate of participation indicate a need for urgent further structural adjustment. The Ministers of the EU Member States and the candidate countries concluded that: - the second PEPs in general demonstrate further progress in capacity building towards participation in the EU's multilateral surveillance and economic policy co-ordination. Overall, they reflect the main economic policy challenges that lie ahead for these countries on their road to accession and which need to be addressed together. - achieving a high and sustainable level of real growth isimportant in order to ensure a rapid economic convergence with the EU. Closing the real income gap over the longer term will require substantial further progress with respect to the outstanding structural reform agenda, backed by forceful implementation. Efforts to create a more favourable environment for investment and entrepreneurship and to simplify and improve the regulatory environment should be vigorously pursued. - continued vigilance against potential external risks is paramount given the accession countries' high openness, import dependence and export sensitivity to EU and international growth. Institutions for financial regulation, supervision and risk management need to be further strengthened as highlighted in the updated Commission report on macroeconomic and financial stability. - sound and credible fiscal policy is crucial not only for coping with difficult economic policy choices but also for enhancing confidence in the stability of the macroeconomic policy framework. The weak fiscal positions of several accession countries argue strongly for taking decisive steps towards sustainable fiscal consolidation in line with the EU's fiscal surveillance procedures, inter alia so as to create room for private investment. Effective public expenditure management and efficient tax collection should be central elements of any consolidation programme. Long-term challenges due to ageing populations have also to be factored in. The Ministers underline their commitment towards continuing, with the support of the Economic and Financial Committee (EFC), the Economic Policy Committee (EPC) and the Commission, the surveillance of progress with economic, budgetary and structural policies in the accession countries, including for those countries which will not be in the first wave of EU accession, within the existing economic and fiscal policy co-ordination processes. This should help the accession countries to define strategies for progressive economic integration. In the 2003 PEPs, recommendations need to be followed through as a matter of high priority so to contribute to growth and employment in an enlarged EU. The EFC, the EPC and the Commission are invited to propose to the high-level meeting in spring 2003, taking into account the results of the current efforts to streamline the processes, on how the accession countries could be integrated as early as possible in the Community' s economic policy co-ordination and fiscal surveillance procedures. The Commission is also invited to present, for approval by this meeting, an action plan on the most urgent statistical requirements and a report on deficit and debt reporting. The Ministers of the candidate countries agree to putting forward in the 2003 updates of their PEPs' adjustment paths based on realistic assumptions regarding the economic outlook and detailed underlying reform measures. Ministers will meet again in the second half of 2003 to continue their dialogue. The dialogue at the level of the Economic and Financial Committee and their counterparts will continue in May 2003.