

COUNCIL DECISION
of 6 December 1999
on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with the Republic of Estonia

(1999/855/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships ⁽¹⁾, and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) the Luxembourg European Council stated that the Accession Partnership is a new instrument and the key feature of the enhanced pre-accession strategy;
- (2) Regulation (EC) No 622/98 sets out that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as they are submitted to each applicant State, as well as on subsequent significant adjustments applicable to them;
- (3) Community assistance is conditional on the fulfillment of essential elements, and in particular on the respect of the commitments contained in the Europe Agreements and on progress towards fulfillment of the Copenhagen criteria; where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance;
- (4) the Luxembourg European Council decided that the implementation of the Accession Partnership and progress in adopting the *acquis* will be examined in the Europe Agreement bodies;
- (5) the 1999 Commission's Regular Report presented an objective analysis on the Republic of Estonia's prepara-

tions for membership and identified a number of priority areas for further work;

- (6) in order to prepare for membership, the Republic of Estonia should update its national programme for the adoption of the *acquis*; this programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership for the Republic of Estonia are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined in the Europe Agreement bodies and by the appropriate Council bodies to which the Commission shall report regularly.

Article 3

This Decision shall take effect on the third day following that of its publication in the *Official Journal of the European Communities*.

Done at Brussels, 6 December 1999.

For the Council

The President

T. HALONEN

⁽¹⁾ OJ L 85, 20.3.1998, p. 1.

ANNEX

ESTONIA: 1999 ACCESSION PARTNERSHIP

1. OBJECTIVES

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 1999 Regular Report on the progress made by Estonia towards membership of the European Union, the financial means available to help Estonia implement these priorities and the conditions which will apply to that assistance. This Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. These include, *inter alia*, the revised National Programme for the adoption of the *acquis*, the Joint Assessment of medium-term economic policy priorities, the Pact against organised crime as well as the National Development Plans and other sectoral plans necessary for the participation in Structural Funds after membership and for the implementation of ISPA and Sapard before accession. Each of these instruments is different in nature and is prepared and implemented according to specific procedures. They are not an integral part of this Partnership but the priorities they contain will be compatible with it.

2. PRINCIPLES

The main priority areas identified for each candidate State relate to their ability to take on the obligations of meeting the Copenhagen criteria which state that membership requires:

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union,
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied.

3. PRIORITIES AND INTERMEDIATE OBJECTIVES

The Commission's Regular Reports have highlighted the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance the progress of the negotiations under way with some States and the opening of new negotiations with the others. The priorities and intermediate objectives in the revised Accession Partnerships are again divided into two groups, short- and medium-term. Those listed under the short term have been selected on the basis that it is realistic to expect that Estonia can complete or take them substantially forward by the end of 2000. The priorities listed under the medium term are expected to take more than one year to complete although work should, wherever possible, also begin on them during 2000. The progress made in meeting the priorities of the 1998 Accession Partnership is assessed in the 1999 Regular Report. This assessment has been used in formulating the priorities for the current partnership.

Estonia submitted a revised version of its National programme for the adoption of the *acquis* (NPAA) on 27 May 1999. It sets out a timetable for achieving priorities and intermediate objectives, based on the first Accession Partnership, as well as necessary administrative structures and financial resources.

The Accession Partnership indicates the priority areas for Estonia's membership preparations. Estonia will nevertheless have to address all issues identified in the Regular Report. It is also important that Estonia fulfils the commitments of legislative approximation and implementation of the *acquis* in accordance with the commitments made under the Europe Agreement, the screening exercise and the negotiation process. It should be recalled that incorporation of the *acquis* into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the *acquis*.

Drawing on the analysis of the Commission's Regular Report, the following short and medium term priorities and intermediate objectives have been identified for Estonia.

3.1. Short-term (2000)

Political criteria:

- align the language legislation with international standards and the Europe Agreement,
- implement concrete measures for the integration of non-citizens including language training and provide necessary financial support.

Economic criteria:

- adopt a restructuring plan for the oil-shale sector and ensure transparency in privatisation of the energy sector,
- accelerate land reform, in particular registration of agricultural land,
- establish a medium-term economic strategy and agree on a joint assessment with the European Commission,
- complete the necessary legislation for pension reform.

Internal market:

- public procurement: amend the public procurement law in order to cover the utilities sector and align the remedies system,
- free movement of goods: speed up the transposition and implementation of European standards and in particular new approach directives, in particular a new conformity assessment act, and adoption of corresponding EN standards; introduce an accreditation system; develop the market surveillance system and pursue alignment of technical legislation,
- free movement of capital: align laws on direct investment in those sectors still restricted (security services and broadcasting transmitters),
- free movement of services: reinforce supervision of financial sector, in particular of securities markets,
- competition: align merger control and State-aid legislation; reinforce the competition board; set up a State aids inventory; continue preparation of annual State aid reports,
- telecommunications: adopt a telecommunications law; strengthen the independent regulatory authority,
- taxation: continue efforts to align VAT legislation and excise duties (in particular warehouse and registration system); confirm acceptance of the principles of the code of conduct for business taxation and ensure that new tax measures are in conformity with these principles,
- audiovisual: complete alignment of legislation,
- customs: adopt a timetable for the progressive and effective implementation of tariffs and tariff-related measures; continue the fight against fraud and corruption; accelerate the adoption of the customs code.

Agriculture:

- veterinary and phytosanitary sector: continue alignment and upgrade inspection arrangements, in particular at the future external borders,
- continue upgrading of food processing industry, in particular in the dairy, meat and fish processing sectors.

Transport:

- strengthen implementation of maritime safety standards.

Employment and social affairs:

- prepare a national employment strategy with a view to later participation in the European Employment Strategy including through the launch of a joint employment review,
- support social partners' capacity-building efforts to develop and implement the acquis, notably through bipartite social dialogue,
- adopt new labour code and the Employment Services Act,
- implement the Occupational Health and Safety Act and develop enforcement structures.

Environment:

- complete transposition and enforce the Environmental Impact Assessment,
- accelerate the transposition and enforcement, in particular in the water and waste management, air pollution, nature protection and industrial related directives,
- further develop the plans for financing investments (directive-specific), based on estimations of costs of alignment and realistic sources of public and private finance year-by-year and continue to invest in the heavy investment directives in air, water and waste.

Justice and home affairs:

- create an advanced integrated criminal investigation data system and improve forensic research capacity-upgrade and ensure better coordination among law enforcement bodies and the judiciary (staff numbers, training and equipment) to continue the fight against organised crime, drug trafficking and corruption; strengthen capacities to deal with money laundering,
- speed up reform of penal law,
- ratify the 1988 United Nations Convention on illicit drug trafficking, the European Convention on money laundering; sign the OECD Convention on bribery and the European Criminal Law Convention on corruption.

Reinforcement of administrative and judicial capacity, including the management and control of European Union funds:

- Phare ⁽¹⁾, ISPA ⁽²⁾, Sapard ⁽³⁾: further develop the National Development Plan and the Rural Development Plan; adopt the legal, budgetary and administrative framework (audit manual and audit trail) to programme and manage ISPA and Sapard, including a mechanism for environmental impact assessment and European Union-compatible public procurement rules for projects co-financed with Community funds and the establishment of a functioning paying agency for Sapard,
- complete the legislative framework for internal and external financial control; set up a central organisation within the government for harmonising internal audit/control functions; set up internal audit/control units in spending centres; introduce 'functional independence' for national internal controllers/auditors at both central and decentralised levels and 'ex-ante' financial control,
- adopt legislation and establish a plan to develop anti-fraud structures,
- fill the existing vacant posts for judges and reinforce their training in Community Law, particularly in the field of competition.

3.2. Medium-term*Political criteria:*

- pursue the integration of non-citizens in particular by extending language training programmes for non-Estonian speakers.

Economic criteria:

- complete pension reform; implement the restructuring plan for the oil-shale sector,
- establish an annual fiscal surveillance procedure aimed at bringing the reporting, monitoring and control of public finances, specifically fiscal positions, in line with European Union procedures,
- continue efforts to improve the conditions for the creation and development of private enterprises, with particular attention to small- and medium-sized enterprises,
- complete land reform.

Internal market:

- intellectual and industrial property rights: complete alignment, in particular of copyright legislation, and strengthen administrative and judicial capacity,
- free movement of goods: complete the alignment of sectoral legislation and the adoption of EN standards; upgrade standardisation and conformity assessment structures and globally ensure proper implementing structures for all sectors; ensure mutual recognition in non-harmonised sectors,

⁽¹⁾ Phare = Action plan for coordinated aid to Poland and Hungary.

⁽²⁾ ISPA = Instrument for Structural Policies for Pre-Accession.

⁽³⁾ Sapard = Special Accession Programme for Agriculture and Rural Development.

- free movement of persons: complete alignment of mutual recognition of diplomas,
- Competition: ensure the full enforcement of competition and State aid rules, ensure compliance of State aid schemes and State aid legislation, increase training at all levels,
- taxation: complete alignment with the fiscal acquis; adopt VAT transitional provisions; review existing laws and ensure compatibility with the code of conduct for business taxation; complete the reform of fiscal administration,
- consumer protection: continue alignment and strengthen market surveillance and enforcement authorities,
- customs: ensure effective implementation of tariffs and tariff related measures; reinforce administrative and operational capacity including border control; apply simplified procedures.

Agriculture:

- complete upgrading of food processing industry, in particular in the dairy, meat and fish processing sectors; reinforce food control administration,
- reinforce common agricultural policy management mechanisms and administrative structures (monitor agricultural markets and implement structural and rural development measures, set up bodies and control mechanisms),
- complete system of animal identification; implement quality control system (hazard analysis critical control point), animal waste treatment, modernisation of meat and dairy plants residue and zoonosis control programmes; complete inspection systems at future external borders.

Fisheries:

- develop the capacity to implement and enforce the common fisheries policy, including the establishment of the adequate institutional resources and equipment relating to inspection and controls at central and regional level,
- develop a plan to restructure the Estonian fishing fleet and establish a fleet register in compliance with the European Union requirements.

Energy:

- prepare for the internal energy market, notably the electricity and gas directives (including adaptation of energy prices to cost levels; and the establishment of a regulator),
- align oil stock requirements and energy efficiency.

Transport:

- complete alignment in road transport (market access, road safety, rules on dangerous goods and taxation), railways maritime transport (in particular safety requirements) and aviation (particularly air safety and air traffic management).

Employment and social affairs:

- transpose and implement European Union legislation in the field of labour law, equal treatment of women and men, public health and complete alignment for occupational health and safety; reinforce the related administrative structures and those required for the coordination of social security.

Economic and social cohesion:

- develop national policy for economic and social cohesion in preparing for the implementation of a regional development programme and Community initiatives; improving the administrative structures, in particular interministerial coordination for structural funds on a regular basis; organising the budgetary system and its procedures according to structural funds standards, including appraisal and evaluation.

Environment:

- complete transposition of the acquis,
- continue to the implement legislation according predefined timetable, in particular in air, waste management, chemicals and radiation protection, nature protection, water sector and industrial related legislation,

- ensure institutional strengthening in the area of environment, in particular at the local level,
- integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Justice and home affairs:

- continue progressive alignment of visa legislation and practice with that of the European Union,
- implement border and migration legislation to prevent illegal immigration and to enable full participation in the Schengen information system,
- continue to strengthen police cooperation mechanisms with Europol in the fight against organised crime (in particular money laundering, drugs and trafficking in women and children).

Reinforcement of administrative and judicial capacity, including the management and control of European Union funds:

- improve the capacity of the public administration to implement and manage the acquis, in particular through ensuring minimum staffing levels and appropriate coordination between ministries,
- continue improving the functioning of the judicial system, including increasing the number of judges and their training in Community law,
- strengthen public financial control functions and the fiscal administration through the provision of adequate staff, training and equipment,
- strengthen statistical capacities.

4. PROGRAMMING

The Phare allocation for the period 1995 to 1999 has totalled EUR 143 million. Following the agreement of the European Council in Berlin on 24 and 25 March 1999, financial assistance to the applicant States during the period 2000 to 2006 will also comprise support for pre-accession measures for agriculture and rural development through the pre-accession instrument Sapard (Council Regulation (EC) No 1268/1999, OJ L 161, 26.6.1999, p. 87) and a structural instrument ISPA (Council Regulation (EC) No 1267/1999, OJ L 161, 26.6.1999, p. 73) which will give priority to measures similar to the cohesion fund in the pre-accession period. Under these national allocations, Estonia can also fund part of its participation in Community programmes including in the Fifth Research and Technological Development Framework Programme (OJ L 26, 1.2.1999, p. 1). In addition Estonia will have access to funding from multi-State programmes directly related to the acquis. Joint financing by the applicant States is systematically required for all investment projects. Since 1998 the Commission has worked with the European Investment Bank and international financial institutions, in particular the European Bank for Reconstruction and Development and the World Bank, with a view to facilitating the co-financing of projects relating to pre-accession priorities.

5. CONDITIONALITY

Community assistance for financing projects through the three pre-accession instruments Phare, ISPA and Sapard is conditional on respect by Estonia of its commitments under the Europe Agreement, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this Accession Partnership in 2000. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 4 of Regulation (EC) No 622/98.

6. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Europe Agreement. As underlined by the European Council in Luxembourg it is important that the institutions of the Europe Agreement continue to be the framework within which the adoption of the acquis can be examined, in accordance with the same procedures, irrespective of whether or not negotiations have been opened. The relevant sections of the Accession Partnership are discussed in the appropriate subcommittee. The Association Committee discusses overall developments, progress and problems in meeting its priorities and intermediate objectives as well as more specific issues referred to it from the subcommittees.

The Phare Management Committee ensures that financing decisions under all three pre-accessions instruments, Phare, ISPA and Sapard, are compatible with each other as well as with the Accession Partnerships as laid down in the Coordinating Regulation (Council Regulation (EC) No 1266/1999, (OJ L 161, 26.6.1999, p. 68)).

The Accession Partnership will continue to be amended as necessary in accordance with Article 2 of Regulation (EC) No 622/98.
