

Brussels, 16 May 2006

## Key findings of the May 2006 monitoring reports on Bulgaria and Romania

Any candidate country wishing to join the EU must meet the political and economic criteria and has to fully transpose and implement EU laws and standards<sup>1</sup>.

During the accession negotiations the progress achieved by the candidate country is reviewed in regular reports on a yearly basis. Once the accession negotiations are concluded the Commission continues to monitor the follow-up of the preparation up to accession.

The monitoring reports assess the progress made in all these areas by the acceding countries since the last monitoring reports of the Commission on 25 October 2005<sup>2</sup>. The reports highlight the main achievements and pinpoint the remaining shortcomings.

Regarding transposition and implementation of EU laws and standards the reports identify three stages of preparedness, beside the **non-problematic areas** (where either the country is ready or the ongoing preparations should allow it to be ready upon accession, provided the current pace is maintained) there are

- **areas where increased efforts are needed** – the authorities should accelerate the pace of reforms in the run up to accession,
- **areas of serious concern** – require decisive action by the authorities of the acceding country to be ready for accession. Persistent shortcomings in these problematic areas need to be urgently addressed as they could put at risk the proper functioning of EU policies and prevent the candidate country from fully benefiting from EU membership.

### Bulgaria

#### Political criteria

Since October 2005 Bulgaria made further progress in the reform of the judiciary. It also has undertaken measures to fight corruption, which have allowed investigations into high-level corruption cases to be launched. The immunity of six members of parliament has been lifted and other requests of the Prosecutor are being examined.

However, Bulgaria needs to demonstrate clear evidence of results in the fight against corruption, in terms of investigations and judicial proceedings. It also needs to further reform the judiciary, in particular to reinforce its transparency, efficiency and impartiality.

Fight against trafficking of human beings, child welfare, the situation of people with mental disabilities and the social inclusion of the Roma minority need to be improved.

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<sup>1</sup> The agreed transitional arrangements for the full implementation of EU law are laid down in the Treaty of Accession.

<sup>2</sup> See [IP/05/1344](#) and [MEMO/05/395](#)

### **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 broadly maintained macroeconomic stability and advanced structural reforms. However, the widening current account deficit continues to raise concerns and labour market rigidities need to be addressed.

### **Transposition and implementation of EU laws and standards**

Bulgaria has overall reached a considerable level of alignment and further progress has been achieved since October 2005. Bulgaria should be able to meet the obligations of membership at the envisaged date of accession, provided that it steps up its efforts to that end in a number of areas, and that it focuses on strengthening its overall administrative capacity.

Since October 2005 the number of areas which raise **serious concern** in the preparation of Bulgaria for EU accession has significantly decreased from 16 to six areas:

- setting up a proper integrated administration and control system in agriculture – agricultural payments represent a significant part of the EU budget. Any member state must guarantee the proper spending of such funds. Any shortcoming in this respect may delay the disbursement of funds or give rise to correction or recovery of the EU taxpayers money;
- building-up of rendering collection and treatment facilities in line with EU acquis on TSE and animal by-products – food safety is a main concern for all EU citizens, food products must fully respect all EU requirements;
- tangible results in investigating and prosecuting organised crime networks - the existence of organised crime puts into question the rule of law in Bulgaria, it affects directly all citizens and their basic rights;
- more efficient and systematic implementation of laws for the fight against fraud and corruption – corruption undermines public and business confidence in Bulgaria. It represents ongoing risks of fraud against the EU budget and funds, indirectly it has consequences on current EU taxpayers, it also hampers the economic development of Bulgaria by deteriorating the business climate;
- intensified enforcement of anti-money laundering provisions – money laundering is a financial crime, linked to terrorist activities, tax evasion or false accounting. The fight of such a criminal activity is key for the security and financial interest of all Bulgarian and EU citizens;
- strengthened financial control over structural and cohesion funds - it is in the direct interest of all Bulgarian citizens to fully benefit from EU funds, in particular for important infrastructural projects, so as to allow Bulgaria to catch up with other Member States and to become fully integrated in the EU;

Besides the areas that are raising serious concern, there are a number of other areas where increased efforts are necessary in Bulgaria's preparation for EU membership.

As a way of example Bulgaria still needs to take decisive action in the area of nuclear energy, decommissioning and nuclear safety. This relates in particular the commitments to early closure and subsequent decommissioning of the reactors of the Kozloduy nuclear plant.

## Romania

### Political criteria

Since last October Romania has taken significant steps in the reform of the judiciary. It has established solid structures for the fight against corruption. The quantity and quality of non-partisan investigations into allegations of high-level corruption have substantially increased. 14 cases from the opposition and the ruling coalition parties have been investigated by the National Anti-Corruption Directorate, concerning persons of Cabinet rank or members of parliament. These investigations led to two criminal indictments so far. The same department has indicted 89 other persons, including judges, lawyers, police officers, a number of public officials with executive positions in national and regional administrations as well as directors in private enterprises.

However, Romania needs to continue its efforts and demonstrate further results in the fight against corruption. It also needs to consolidate the implementation of the ongoing justice reform and further enhance the transparency, efficiency and impartiality of the judiciary.

Fight against trafficking of human beings, the situation of the disabled, living conditions in psychiatric institutions and the social inclusion of the Roma minority need to be improved.

### Economic criteria

Romania continues to be a functioning market economy.

Vigorous implementation of its structural reform programme should enable it to fully meet the economic criteria in the near term. Romania has broadly maintained macroeconomic stability and advanced structural reforms. However, public expenditure reform must be advanced and tax revenue should be strengthened.

### Transposition and implementation of EU laws and standards

Romania has overall reached a considerable level of alignment and further progress has been achieved since October 2005. Romania should be able to meet the obligations of membership at the envisaged date of accession, provided that it steps up its efforts to that end in a number of areas, and that it focuses on strengthening its overall administrative capacity.

Since October 2005 the number of areas which raise **serious concern** in the preparation of Romania for EU accession has significantly decreased from 14 to four areas:

- fully operational paying agencies accredited for handling direct payments to farmers and operators under the common agricultural policy and
- setting up proper integrated administration and control systems in agriculture – agricultural payments represent a significant part of the EU budget. Any member state must guarantee the proper spending of such funds. Any shortcoming in this respect may delay the disbursement of funds or give rise to correction or recovery of the EU taxpayers money;
- building-up of rendering collection and treatment facilities in line with the EU acquis on TSE and animal by-products – food safety is a main concern for all EU citizens, food products must fully respect all EU requirements;

- tax administration IT systems ready for inter-operability with those of the rest of the Union, to enable a correct collection of VAT throughout the EU internal market – the resource based on VAT is part of the revenue of the EU budget, therefore the proper collection of VAT is key for the financial interest of the Union;

Besides the areas that are raising serious concern, there are a number of other areas where increased efforts are necessary in Romania's preparation for EU membership.

As a way of example Romania still needs to take decisive action in the area of the traceability and control of genetically modified organisms (GMOs) and in the area of motor vehicle insurance.

The European Commission will continue to provide substantial financial support to Bulgaria's and Romania's preparations for accession focussing on the remaining gaps. The total volume of pre-accession assistance available for 2006:

Bulgaria: € 523 million

Romania: €1023 million.