

Brussels, 26 September 2006

## Key findings of the monitoring report on Romania's preparedness for EU accession

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 annually in regular reports. After the accession negotiations are concluded, the Commission continues to monitor the preparations for membership up to accession.

The Commission reported on the progress in all these areas in its 16 May monitoring report. On this basis, it concluded that Romania should be prepared for EU membership on 1 January 2007, provided that it addresses a number of outstanding issues. The present report reviews the progress in these outstanding areas. It highlights the main achievements and pinpoints the remaining shortcomings and the accompanying measures necessary for the country's smooth integration into the EU.

### Political criteria

In the May monitoring report the Commission concluded: "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."<sup>2</sup>

In the **fight against high-level corruption**, Romania has made significant progress since May both in completing its legislative framework to fight corruption and in establishing a solid track record of serious non-partisan investigations of high-level cases that have led to indictments and judicial proceedings. The National Anti-Corruption Directorate (DNA) now regularly launches investigations on the basis of information from public control bodies, which shows that the institutional framework has become more effective. Furthermore, two national campaigns have been started to raise awareness among the public, and civil servants in particular, of the negative consequences of corruption.

The main challenges as regards fighting corruption are firstly in ensuring the sustainability and irreversibility of the recent progress in serious non-partisan investigations into high-level corruption. Secondly, all political actors need to demonstrate their commitment to fight corruption, ensuring that no one is perceived to be above the law.

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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 MEMO/06/201

Results in the ongoing **reform of the justice system** are tangible: the interpretation and application of the law is being further harmonised and staffing levels are increasing. The legislative framework underpinning the ongoing reform was consolidated in May through the adoption of the Law on Mediation. A Fundamental review of Civil Code, Criminal Code, Civil Procedure Code and Criminal Procedure Code has been started. Overall working conditions have improved and a study has been launched to manage staff resources more efficiently. In addition, the number of cases pending before the civil section of High Court has decreased by approximately 15%. All courts and prosecutor's offices have been given online access to legislation and case law.

Romania now needs to ensure a more consistent interpretation and application of the law.

*To address the outstanding issues the Commission identified, specific benchmarks that have to be fulfilled. Romania will have to report regularly to the Commission on the progress. The first such report is due by 31 March 2007. Should Romania fail to address the benchmarks adequately, the Commission will apply the safeguard measures of the Accession Treaty.<sup>3</sup>*

#### Economic criteria

Romania continues to be a functioning market economy though fiscal policy should be reinforced to increase the tax collection rate. Romania is now on track to meet the criterion on the ability to cope with market pressures within the Union.

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

In its May report, the Commission identified a number of areas where progress was needed in Romania's preparation for EU membership.

Since May, progress has been achieved in most of these areas. However, a limited number of areas remain where the Commission needs to see further progress in the months leading up to accession and beyond.

#### **Agriculture - Fully operational paying agencies, accredited for managing direct payments to farmers and operators under the common agricultural policy and the establishment of functioning integrated administration and control systems (IACS) for the use of EU agricultural funds.**

Despite the progress achieved, the Commission does not yet consider Romania fully prepared to ensure the management and distribution of the majority of EU agricultural funds. While the institutional structure of the two paying agencies is in place, they are not yet operational. To be fully operational, the paying agencies still need to hire and train additional staff, acquire the relevant IT equipment and establish internal control and inspection structures. There remains a real risk that the IACS will not be functioning properly in Romania by the time of accession. Sustained and, in certain areas, reinforced efforts will need to be deployed in order to ensure the quality of the IACS.

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<sup>3</sup> For more details see MEMO/06/347 on accompanying measures

*Any member state must guarantee the correct allocation of agricultural funds. Any shortcoming in this respect may delay the disbursement of funds or give rise to correction or recovery of the EU taxpayers' money. In addition, a special mechanism is adopted to address the remaining systemic deficiencies in the management of EU agricultural funds covered under IACS. This allows the Commission to provisionally reduce by 25% the agriculture payments covered by IACS.<sup>4</sup>*

### **Food safety - Building-up of rendering collection and treatment facilities in line with the EU laws and standards on TSE and animal by-products**

Since May, Romania has signed tendering contracts for the collection and treatment of dead animals and animal products. This is a clear step forward. However, the planned deadlines of late November 2006 for the modernisation and construction of the required rendering plants are very tight, as this requires the approval by the Romanian veterinary authorities and notification to the Commission. Restrictions on the use of certain animal by-products will be imposed, if, prior to accession, Romania fails to set up an adequate collection system and treatment of dead animals and animal by-products throughout the country and to complete the upgrading of the rendering establishments,

*Food safety is a main concern for all EU citizens. Food products must fully respect all EU requirements. If Romania is not ready before accession, the Commission will apply measures to ensure that no risk materials enter the internal market.*

*Classical swine fever, an infectious disease is present in Romania. The country is currently not allowed to export pigs, pig meat and certain pig meat products to the EU. This ban will be continued until the disease has been eradicated.*

*In addition, the list of agri-food establishments which are currently not allowed to sell their products in EU member states because they do not yet meet all the EU requirements will be updated by the date of accession.*

### **Tax administration - IT systems must be ready for inter-operability with those of the rest of the Union, to enable a correct collection of VAT throughout the EU internal market**

Since May, Romania has successfully passed the required conformance tests to operate intra-community exchanges of VAT and information on excise duties. This means that Romania's IT systems are now reliable and can interoperate with those of the current Member States. Consequently, there will not be fiscal frontiers with Romania.

### **Motor vehicle insurance**

Progress has been made in this area. The institutions required by EU laws and standards for Motor Insurance are in place but not yet operational. The financial independence of Romania's Green Card Bureau has to be ensured. This situation leads to persistent concerns for the signing by Romania of the Multilateral Agreement of the UN Council of Bureaux prior to accession.

*In case the agreement is not signed<sup>5</sup> Border checks of insurance certificates would automatically be maintained for Romanian vehicles leaving Romania and entering into the EU. Practical arrangements would have to be found with the neighbouring countries (Hungary) concerning the organisation of these border checks.*

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<sup>4</sup> For more details see MEMO/06/347 on accompanying measures

<sup>5</sup> In accordance with Art.2 of the 1<sup>st</sup> Motor Insurance Directive