



MEMO/06/345

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Key findings of the monitoring report on Bulgaria'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 standards¹.

During the accession negotiations the progress achieved by the candidate country is reviewed annually in regular reports. After the conclusion of accession negotiations, the Commission continues to monitor the follow-up of the preparation 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 Bulgaria 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: "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."²

In the field of **fight against corruption**, as part of the programme for the implementation of the strategy for transparent governance and for preventing and counteracting corruption, the legal framework was further strengthened. Several new laws were adopted which widen the range of high-level officials and politicians obliged to declare their assets; foresee inspections to confirm the accuracy of declarations submitted; and oblige certain members of political parties to declare all their assets, income and expenditure; and tighten the rules on political party financing.

The main remaining challenges are: the measures taken need to be followed up with further indictments, criminal trials, convictions of the guilty and dissuasive sentences, to ensure the irreversibility of the fight against corruption. Reforms need consolidation through sustained efforts from all agencies, the legislature and the judiciary.

The reform of Bulgaria's **judicial system** continued, including the enforcement of the new Penal Procedure Code and preparations for the implementation of the new Administrative Procedure Code. Training for judges on the new Procedure Codes is carried out widely. A new system of legal aid has been adopted and initial experience is positive in providing wider access to the judicial system for Bulgarian citizens. A new system for enforcement of judgements has been put into place. The independence of the judiciary has been strengthened by establishing a recruitment and promotion system for magistrates based on competitive examination and evaluation. The new leading role of prosecutors in the pre-trial phase has made investigations less cumbersome and more efficient.

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

² See MEMO/06/201

The main remaining challenges for Bulgaria are: removing ambiguities concerning the independence of the judiciary and the accountability of the judicial system by amending the Constitution; certain elements of the functioning of the Supreme Judicial Council (SJC); the efficiency of the monitoring mechanism of the new Penal Procedure Code; the adoption and implementation of a new Judicial System Act and a new Civil Procedure Code; the limited capacity of the administrative anti-corruption departments in the SJC and in the Prosecution services.

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

Economic criteria

Bulgaria continues to be a functioning market economy though tight macroeconomic policies need to be maintained to contain the high external deficit. Bulgaria continues to be 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 Bulgaria's preparation for EU membership.

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

Agriculture - The establishment of a functioning integrated administration and control system in agriculture

Good progress has been made lately with regard to the setting-up of the Integrated Administration and Control System (IACS). Particularly, orthophotos have been taken. They constitute an important tool for ensuring the appropriate use of agricultural funds.

A tight timetable is foreseen for completing the Land Parcel Identification System/Geographical Information System (LPIS/GIS) and, as a result, the necessary quality of the work might not be attained. Moreover, there are delays in the establishment of the link between the Farmers' Register and the LPIS/GIS. There remains a real risk that the IACS will not be functioning properly in Bulgaria 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.

Any Member State must guarantee the correct allocation of agricultural funds. Shortcomings 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.⁴

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

Bulgaria also made substantial progress with regard to the collection and treatment of dead animals and animal by-products in the context of, in particular, transmissible spongiform encephalopathies (TSE). The necessary measures to ensure the protection of public health have been adopted. However, Bulgaria needs to guarantee the effective implementation of the necessary measures in the context of TSE.

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

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

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

Classical swine fever, an infectious animal disease, is present in parts of Bulgaria. The country is currently not allowed to export pigs, pig meat or related products to the EU. These problems are likely to persist beyond accession. Therefore the current measures will be maintained after accession to protect the pig production in the EU until the disease has been eradicated.

Organised crime - Tangible results in investigating and prosecuting organised crime networks

Bulgaria has made progress in combating organised crime and police co-operation. The implementation of the new Penal Procedure Code includes new investigation procedures for combating organised crime and the recruitment and training of police officers with investigative powers. The Chief Directorate for Combating Organised Crime (CDCOC) is well-managed and its personnel is highly qualified. The law on enactment, adoption and execution of decisions for freezing property or evidence was adopted. Some successful actions have been registered against criminal networks, in some cases in co-operation with EU Member States. The fight against organised crime has gained more political attention and some law enforcement agencies have been more active in this field.

The number of cases prosecuted successfully is still low. Law enforcement capacities increased but cooperation between the bodies involved in the fight against organised crime is still insufficient. The organised crime strategy needs to be revised, focussing on serious crime as well as on the systematic confiscation of assets of suspected criminals.

Intensified enforcement of anti-money laundering provisions

In the area of money laundering, Bulgarian legislation is now largely in line with EU laws and standards. Positive developments can also be reported concerning responses to international requests for co-operation and operations against money laundering activities by foreign nationals. The Financial Intelligence Agency continues to be an adequate administrative body analysing suspicious transaction reports. However, implementation of legislation is limited to date and so far no successful prosecutions for money laundering can be reported.

Money laundering is a financial crime, linked to terrorist activities, tax evasion or false accounting. The fight of such a criminal activity is paramount for the security and financial interest of all Bulgarian and EU citizens. The Commission will closely follow this issue and if necessary, take appropriate measures.

Strengthened financial control over structural and cohesion funds

Progress has been made with regard to the Extended Decentralised Implementation System (EDIS) accreditation process for ISPA pre-accession funds. This means that the Bulgarian financial control is strong enough to transfer the responsibility for managing EU funds to national authorities. Further checks are under way to decentralise the management of PHARE pre-accession funds in the same manner.

Decisive action in the area of nuclear energy, early closure and subsequent decommissioning of the reactors of the Kozloduy nuclear plant

Administrative measures to initiate the decommissioning of units 1 and 2 of the Kozloduy nuclear power plant and to prepare for the closure of units 3 and 4 by the end of 2006 have been undertaken. Both operational and administrative actions have to be finalised to guarantee the irreversible closure of units 1 to 4.

Aviation safety

Serious deficiencies were identified by the European Aviation Safety Agency (EASA) and the Joint Aviation Authorities (JAA) within the JAA system in the relevant safety areas, namely airworthiness, maintenance, operations and flight crew licensing. Corrective steps must be immediately taken.

Unless Bulgaria takes the necessary corrective actions, it risks that the Commission, at its own initiative or at the request of a Member States, may restrict access to the internal aviation market.