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Accession Conference at Ministerial level closes negotiations with Croatia

The thirteenth meeting of the Accession Conference with Croatia at Ministerial level was held today in Brussels to allow EU and Croatia to close accession negotiations. In light of the positions of the Parties, and of the considerable progress made with preparations in all areas under negotiation, the Accession Conference closed the last four negotiating chapters, namely Chapter 8 - Competition Policy, Chapter 23 - Judicial and Fundamental Rights, Chapter 33 - Financial and Budgetary Provisions and Chapter 35 - Other Issues. In addition, the Conference confirmed at Ministerial level the closure of Chapter 13 - Fisheries.

Today's meeting marked the successful completion of a negotiating process that has lasted more than five years since accession negotiations were opened in October 2005.

The European Union delegation was headed by János Martonyi, Hungary's Minister for Foreign Affairs. Commissioner Štefan Füle represented the European Commission.

The Croatian delegation was led by Gordan Jandroković, Deputy Prime Minister and Minister of Foreign Affairs and European Integration.

Details on the chapters closed are provided below:

Chapter 8 - Competition Policy

The negotiations on Chapter 8 - Competition Policy were opened on 30 June 2010. At that time, the EU noted that, in order for the chapter to be provisionally closed, Croatia would have, *inter alia*, to continue to build its administrative capacity and to demonstrate a satisfactory enforcement record; to complete the legislative alignment with the EU *acquis*; to adopt an updated national restructuring programme for the steel sector and to ensure full respect of the EU state aid rules in the shipbuilding sector.

P R E S S

At today's meeting, the EU commended Croatia for decisive progress allowing for the closure of this chapter. In this regard, the EU noted that Croatia has taken important measures to increase its administrative capacity, which can now be considered as sufficient. The EU also noted the positive trend in the antitrust and mergers enforcement record, which is considered as satisfactory, and encouraged Croatia to continue its efforts. Concerning state aid, the EU considered that Croatia's administrative capacity to ensure the implementation of the State aid acquis is satisfactory, noted that Croatia has reached a satisfactory enforcement record and encouraged Croatia to continue its efforts in this area.

Moreover, the Conference agreed that the Accession Treaty will include two protocols regarding the restructuring of the Croatian shipbuilding industry and steel sector respectively, whose implementation will be monitored closely.

Chapter 23 - Judiciary and Fundamental Rights

The negotiations on Chapter 23 - Judiciary and Fundamental Rights were also opened on 30 June 2010. At that time, the EU noted that, in order for the chapter to be provisionally closed, Croatia would have, *inter alia*: to update its Judicial Reform Strategy and Action Plan and ensure effective implementation; to strengthen the independence, accountability, impartiality and professionalism of the judiciary; to improve the efficiency of the judiciary; to improve the handling of domestic war crimes cases; to establish a track record of substantial results in the fight against organised crime and corruption at all levels including high level corruption, and in vulnerable sectors such as public procurement; to establish a track record of strengthened prevention measures in the fight against corruption and conflict of interest; to strengthen the protection of minorities, and to settle outstanding refugee return issues and to improve the protection of human rights. The European Union also underlined that full cooperation with the International Criminal Tribunal for the former Yugoslavia remained a requirement for Croatia's progress throughout the accession process.

The EU welcomed the various measures taken and plans to be fulfilled by Croatia pertaining to all aspects of this chapter and the efforts undertaken aimed at completing the legislative framework. The EU underlined the importance of Croatia continuing to develop its track record of implementation across the board, thereby further demonstrating that the reforms introduced continue delivering concrete results. The EU will monitor Croatia's preparations for membership very closely, including the full implementation of commitments and all other expected necessary measures until accession.

Chapter 33 - Financial and Budgetary Provisions

The negotiations on Chapter 33 - Financial and Budgetary Provisions were opened on 19 December 2007. At that time, the EU noted that, in order for the chapter to be provisionally closed, Croatia would have, *inter alia*, to increase its administrative capacity and prepare procedural rules to ensure it will be able, from accession, to correctly calculate, forecast, account for, collect, pay, control and report to the EU on own resources in line with the *acquis*.

At today's meeting, the EU noted that its position was based on the Commission Communication of 29 October 2009 and in accordance with the Council conclusions of 7 December 2009 on a financial package for the accession negotiations with Croatia. Moreover the EU stressed that its position was based on the same principles and methodology underlying the financial packages agreed with the twelve Member States of the fifth enlargement, and recalled its positions on financial issues regarding Chapter 11 Agriculture and Rural Development and Chapter 22 Regional Policy and Coordination of Structural Instruments.

The EU also underlined that its approach aimed to balance the specific needs of Croatia on the one hand, with an appropriate phasing in of certain expenditure items on the other.

Based on an accession date for Croatia of 1 July 2013, the financial package outlined in the EU common position foresees total commitment appropriations of €687.5 million in current prices for Croatia in the second half of 2013. Following this period, expenditure for Croatia will be governed by the then applicable *acquis*, including the next financial framework, taking into account the continued phasing-in of certain expenditure items as well as ring-fenced expenditure in 2014 covering a "cash-flow facility" and a "Schengen facility".

The EU carefully considered Croatia's request for the application of transitional corrective measures with regard to the payments of Croatia into the EU budget. The EU recalled that the own resources *acquis* will fully apply to Croatia as from accession and stressed that payments due to the EU budget by Croatia shall be made in accordance with the relevant *acquis*. In this light, the EU considered that, in order to mitigate the impact of full application from accession of the own resources rules to Croatia and the time lag between commitment appropriations and actual payments being made, particularly in the first year of accession, a special temporary "cash-flow facility" should be made available to Croatia to improve its net budgetary position, namely: € 75 million in 2013 and € 28.6 million in 2014.

The EU also stressed that the protection of the EU's financial interests is of the utmost importance, and therefore underlined the importance of Croatia ensuring, in a timely manner, that the required capacities and structures for the sound management and effective control of EU financial instruments are in place in accordance with the *acquis*.

Chapter 35 - Other Issues

This chapter consists of 8 items which have come to the negotiations at the very end of the process, namely: European Development Fund; Research Fund for Coal and Steel; Arrangements for the interim period; Implementation and management of pre-accession funds in Croatia; Amendments to the statute of the European Investment Bank; Arrangement for a partial waiving of entry/exit summary declarations for goods crossing the Neum Corridor; Monitoring and safeguards; and a Protocol on certain arrangements concerning a possible one-off transfer of Assigned Amount Units issued under the Kyoto Protocol to Croatia, as well as the related compensation.

Regarding the important issue of Monitoring and Safeguards, the EU recalled the importance it attaches to closely monitoring Croatia's fulfilment of all the commitments undertaken in the accession negotiations and its continued preparations to assume the responsibilities of membership upon accession. The EU noted that the Commission will be responsible for the monitoring and invited Croatia to cooperate with the Commission in this regard.

The Commission's monitoring shall focus in particular on commitments undertaken by Croatia in the area of Judiciary and Fundamental Rights, including the continued development of track records on judicial reform and efficiency, impartial handling of war crimes cases, and the fight against corruption. In addition, the Commission's monitoring will focus on the area of justice, freedom and security, including the implementation and enforcement of EU requirements with respect to external border management, police cooperation, the fight against organised crime, and judicial cooperation in civil and criminal matters, as well as on commitments in the area of competition policy including the restructuring of the shipbuilding industry and the restructuring of the steel sector.

The Commission shall issue six-monthly assessments up to Croatia's accession on the commitments taken by Croatia in these chapters as an integral part of its regular monitoring tables and reports.

The Council, acting by qualified majority on a proposal from the Commission, may take all appropriate measures if issues of concern are identified during the monitoring process. The measures shall be maintained no longer than strictly necessary and, in any case, shall be lifted by the Council, acting in accordance with the same procedure, when the relevant issues of concern have been effectively addressed.

The provisions for monitoring set out in the EU common position will be inserted in the Accession Treaty. The Treaty provisions will specify that such measures may, if necessary, enter into force before the date of the entry into force of the Treaty itself.

Given that all negotiating chapters have now been closed and that there are no other issues open, the Accession Conference confirmed the successful conclusion of the accession negotiations with Croatia, thus fully implementing the conclusions of the June European Council and marking a historic day for Croatia and for the EU as a whole.

Efforts will now be directed to completing the drafting of the Accession Treaty so that it can be signed by the end of the year, as agreed at the June European Council.
