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## REPORT

on Slovenia's application for membership of the European Union and the state of negotiations  
(COM(1999) 512 - C5-0035/2000 -1997/2181(COS))

Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

Rapporteur: Claudio Martelli



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## PROCEDURAL PAGE

By letter of 20 October 1999 the Commission forwarded to Parliament its Regular Report on Slovenia's progress towards accession (COM(1999) 512 - 1997/2181(COS)).

At the sitting of 21 January 2000 the President of Parliament announced that she had referred this Regular Report to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible (C5-0035/2000).

At its meeting of 23 September 1999 the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy had appointed Mr Claudio Martelli rapporteur.

The committee considered the Commission report and the draft report at its meetings of 22 June and 14 September 2000.

At the last meeting it adopted the motion for a resolution by 48 votes to 1. .

The following were present for the vote: Elmar Brok, chairman; Baroness Nicholson of Winterbourne, William Francis Newton Dunn and Catherine Lalumière, vice-chairmen; Claudio Martelli, rapporteur; Bastiaan Belder, Andre Brie, Gunilla Carlsson, Maria Carrilho, (for Rosa M. Díez González), Michael Cashman (for Linda McAvan), Daniel Marc Cohn-Bendit, Paul Couteaux (for Cristiana Muscardini), John Walls Cushnahan, Andrew Nicholas Duff (for Bertel Haarder), Monica Frassoni (for Per Gahrton), Michael Gahler, Cristina García-Orcoyen Tormo (for Gerardo Galeote Quecedo), Jas Gawronski, Alfred Gomolka, Klaus Hänsch, Magdalene Hoff, Elisabeth Jeggle (for Silvio Berlusconi, pursuant to Rule 153(2)), Giorgos Katiforis (for Ioannis Souladakis), Jan Joost Lagendijk, Alain Lamassoure, Cecilia Malmström (for Francesco Rutelli), Emilio Menéndez del Valle, Philippe Morillon, Pasqualina Napolitano, Raimon Obiols i Germa, Arie M. Oostlander, Jacques F. Poos, Mechtild Rothe (for Mário Soares), Lennart Sacrédeus (for The Lord Bethell), Jannis Sakellariou, José Ignacio Salafranca Sánchez-Neyra, Jürgen Schröder, Elisabeth Schroedter, Ursula Stenzel, Ilkka Suominen (for Jacques Santer), Hannes Swoboda, Freddy Thielemans, Johan Van Hecke, Geoffrey Van Orden, Paavo Väyrynen, Demetrio Volcic (for Gary Titley), Jan Marinus Wiersma, Matti Wuori, Christos Zacharakis

The report was tabled on 19 September 2000.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

## MOTION FOR A RESOLUTION

### **European Parliament resolution on Slovenia's application for membership of the European Union and the state of negotiations (COM(1999) 512 - C5-0035/2000 - 1997/2181(COS))**

*The European Parliament,*

- having regard to Slovenia's application for membership of the European Union, submitted on 10 June 1996 pursuant to Article 49 of the TEU,
- having regard to the opinion of the Commission on this application (COM(1997)2010 - C4-0382/1997),
- having regard to the 1999 Regular Report on Slovenia's progress towards accession (COM(1999) 512 - C5-0035/2000) and to the 1999 Composite Paper of the Commission (COM(1999) 500 - C5-0341/2000),
- having regard to the decisions taken by the European Council, notably in Copenhagen (21-22 June 1993), Luxembourg (12-13 December 1997) and Helsinki (10-11 December 1999),
- having regard to the Europe Agreement between the European Communities and its Member States of the one part and Slovenia of the other part,
- having regard to the Accession Partnership for Slovenia,
- having regard to its resolution of 15 April 1999<sup>1</sup> on the first Regular Report from the Commission on Slovenia's progress towards accession,
- having regard to Rule 47(1) of its Rules of Procedure,
- having regard to the report of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy (A5-0242/2000),

A. whereas Slovenia continues to meet the Copenhagen political criteria,

B. whereas the country has achieved a satisfactory level of macro-economic stability and further progress is needed towards structural reforms, inter alia by quickening the pace of privatisation,

C. whereas since 1998 Slovenia has stepped up its efforts to ensure the transposition of the *acquis communautaire* in particularly important sectors such as the internal market, data protection, liberalisation of capital movements, the banking system, environmental protection and veterinary legislation,

D. stressing, however, that further significant improvements are needed in administration to

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<sup>1</sup> OJ C 219, 30.07.1999, p. 441

ensure effective application of Community legislation and that further progress is needed with regard to the legal system,

1. Points out that relations between the European Union and Slovenia are based on the 1996 Europe Agreement, full compliance with which is an important factor in bringing the accession negotiations to a successful conclusion;
2. Notes that the country now has a fully functioning economic system, capable in the long term of withstanding competitive pressures arising from full participation in the internal market, and that macroeconomic stability has been maintained;
3. Considers EU membership for Slovenia to be an important stabilising factor in the region and believes that it could pave the way for a perspective for potential EU membership for the other countries of south-east Europe;
4. Underlines the constructive role that Slovenia has played in the recent conflicts in the region and its decisive contribution to the stabilisation process; stresses in this respect that the strengthening of border controls in the framework of preparation for accession must take due account of regional trade relations and the need to develop regional cooperation and cross-border projects in the framework of the stability pact;
5. Stresses the need to develop the privatisation process in the insurance sector and adopt legislation to reform the pensions system;
6. Welcomes the fact that the *acquis communautaire* is being transposed more quickly, leading to the adoption of essential chapters of legislation on the internal market (in the field of VAT and excise duties, for example);
7. Welcomes the decision by the Slovenian Government to convert the duty-free outlets at its land borders by the end of the year 2000 and its intention to pursue its property restitution policy;
8. Points out that further progress must be made as regards reform of the legal system and the public administration, which are vital instruments for the effective application of Community law, and that bodies must be created with adequate financial and human resources in key sectors such as agriculture and customs administration, etc.;
9. Expresses its satisfaction at the excellent take-up rate for Phare funds by Slovenia and the role that this programme is playing as part of the pre-accession strategy;
10. Hopes that the management and impact of the funds Slovenia is receiving under the SAPARD and ISPA programmes will be equally effective, as these should make it possible to undertake projects in the environment and transport sectors;
11. Welcomes the gradual integration of Slovenia into the Union's foreign policy activities, as evidenced during the Kosovo war, together with the enhanced cooperation in the justice and home affairs sector;
12. Wishes to see a rapid settlement of the frontier dispute with Croatia, as regards both the question of access to the Bay of Piran and the land border, in order to increase stability in

the region while also promoting the opportunities for the economic, social and cultural development of the populations concerned;

13. Instructs its President to forward this resolution to the Commission, the Council, the governments and parliaments of the Member States and the government and parliament of Slovenia.

## EXPLANATORY STATEMENT

### 1. Slovenia and the European Union: *the current state of play*

Bilateral relations between the European Union and Slovenia are governed by the Europe Association Agreement, which came into force on 1 February 1999 following a rather drawn-out ratification process.

Despite this delay, Slovenia submitted its application for membership of the European Union on 10 June 1996. The satisfactory economic conditions in Slovenia, together with the fact that the political criteria necessary for accession had been fully met, prompted the Luxembourg European Council (December 1997) to include the country in the so-called 'first group' (5 + 1). Accession negotiations began on 30 March 1998, together with the screening process, in other words checking the compatibility of Slovenian legislation with the Union's primary and secondary law (a process which was completed during 1999).

As in the case of the other applicant countries (with the exception for the time being of Turkey), Slovenia has concluded a pre-accession partnership with the Union stipulating a list of measures to be adopted in the short and medium-term to smooth the path of the negotiations. The text of this agreement, which was adopted in March 1998, was subsequently amended in December 1999 in order to take into account the progress made and new developments which had occurred during the negotiations.

Slovenia is participating fully in the pre-accession strategy and is thus one of the countries benefiting from the PHARE, ISPA and SAPARD programmes. In May 1999 the government adopted a new national programme for the transposition of the *acquis communautaire*.

So far the negotiations have enabled nine of the chapters making up the overall negotiating package to be provisionally concluded (fisheries, small and medium-sized undertakings, science and technology, education and professional training, industrial policy, statistics, telecommunications and information technology, public health and consumer protection, economic and monetary union). In all other sectors negotiations are under way. These are more delicate issues where more intense and more difficult negotiations are to be expected. These areas include highly sensitive matters such as the environment, taxation, agricultural policy and of course institutional questions, which will become clearer once the current intergovernmental conference completes its work.

In some specific sectors a number of difficulties remain, although they are relatively unimportant. This has prompted the Union to request further information on the legislation in force in sectors such as social policy (protection of workers, safety at the workplace) and company law (protection of industrial and intellectual property).

However, Slovenia has made a limited number of requests for transitional periods, for example in the field of external relations in connection with the free trade agreement with Bosnia, Croatia and Macedonia; in the competition sector, where it is almost certain that the measures for restructuring the steel industry and textile industry will be completed in time for accession; in the energy sector, with reference to the building up of crude reserves; and in the environment sector, where, in addition to major legislative adjustments, considerable financial



investment is needed. With regard to capital movements, the question of a possible request for reciprocal treatment as regards the purchase of property, should the other applicant countries be granted a transitional period, is still pending.

## **2. Slovenia's progress towards accession**

In December 1998 the Commission published its first regular report on the progress of negotiations, highlighting a certain slowness in the transposal of the *acquis* and the need for appropriate administrative reform to allow legislation not only to be transposed but also to be effectively applied. Scant progress had been made in the fields of justice and home affairs and the internal market. The failure to introduce value added tax (VAT) and the failure to close duty-free shops were two of the main areas where the efforts of the Ljubljana authorities had been disappointing.

This critical assessment, endorsed moreover by most Slovenian political forces, provided a considerable impetus, which resulted in a major turn-around.

The government and parliament of Slovenia took heed of the dangers of further stagnation and adopted a more vigorous and dynamic approach to activities in this field. The Commission's second regular report published in October 1999 notes this climate of renewed commitment and gives a positive assessment of Slovenia's progress towards accession. Many encouraging developments were noted:

- the country fully meets the Copenhagen political criteria; the functioning of parliamentary institutions is excellent; respect for human and minority rights and economic, social and cultural rights is fully guaranteed; nevertheless, Slovenia must make greater efforts to streamline and speed up judicial and parliamentary procedures;
- Slovenia is applying the provisions of the Association Agreement properly and contributing to the smooth functioning of the joint institutions;
- the economic system is functioning exceptionally and seems capable of coping with competitive pressures in the internal market, although structural reforms must continue; macroeconomic stability has been achieved, the agreement on pension reform has been concluded, and restrictions on the free movement of capital have been abolished;
- encouraging progress has been made as regards the four freedoms, as well as in the research and technological development sector, although telecommunications liberalisation needs to be completed by 1 January 2000. The introduction of VAT is another major step forward;
- considerable improvements have also been made in the agricultural sector, although greater administrative capacity is needed in the veterinary and phytosanitary sectors; in the transport sector harmonisation of laws has been satisfactory, while the same is true of regional policy and social policy;
- with regard to the protection of the environment, measures have been taken for the protection of water resources and waste management, although further efforts and investment are required to bring Slovenian legislation into line with that of the Union;

- with regard to asylum and immigration, legislative changes have been accompanied by the provision of funds to improve border controls. Nevertheless, further important adjustments are needed in other sectors of justice and home affairs (for example border controls, measures to combat organised crime and, more generally, the functioning of the judicial system).

It therefore seems clear, as the Commission has concluded, that Slovenia has succeeded in achieving most of the priority short-term objectives under the accession partnership; this positive assessment, which is backed up by incontrovertible evidence, is helping to give fresh impetus to the accession negotiations. In addition, the recent announcement by the Slovenian Government that it will be closing the duty-free shops by the end of the present year will end an anomaly which is totally incompatible with Community law.

The prospect of fresh elections will probably put a brake on parliamentary activity as regards the adaptation of existing laws to Union standards. Nevertheless, in view of the broad consensus among the main political, social and economic forces in the country on the objectives of European integration, activity in this area is likely to resume quickly once the new coalition has been formed.

### **3. Position of the European Parliament**

Your rapporteur endorses the assessment made by the Commission. As has been remarked before, the criticisms made in the first 1998 report have acted as a salutary shock to the Slovenian authorities, which responded by speeding up the adoption of the measures needed to make accession possible. This acceleration has once again made Slovenia one of the best prepared countries for accession to the Union and it is therefore highly likely that it will be among the first to join.

The undertaking given by the Slovenian Government regarding the duty-free shops is a positive sign. By the end of the year, results must be achieved in other sensitive areas such as the restructuring of public companies, the adjustment of banking law and the insurance sector. Modernising the administration of justice must also be one of the priorities for the government and parliament of Slovenia.

Emphasis must be placed on one particular issue, namely the fact that both European and Slovenian institutions need to step up their commitment to carrying out an adequate information campaign to make all Slovenian citizens aware of the benefits of Union membership. The European Parliament can and must make an active contribution to this effort by opening documentation units which can contribute to the democratic development of the Union's activities by providing information to the general public, schools and social, cultural and professional circles.

In its April 1999 resolution, Parliament also stressed the convergence between the positions adopted by the two parties in the field of economic policy and security. In the last year, Slovenia has made an important contribution to the Stability Pact for south-east Europe. The country supported the action by NATO and the Member States during the war in Kosovo, a positive sign offering evidence both of the important role Slovenia has to play in the region and the interests it shares with the Union.

Stability in the region also depends on resolving the disputes over borders between the various countries. It is therefore important for the Slovenian and Croatian authorities quickly to reach agreement on ending all bilateral disputes, particularly those relating to borders. This will ensure greater stability, an improved climate for bilateral relations and enhanced opportunities for economic development for all the populations concerned.