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REPORT

containing a proposal for a European Parliament recommendation to the Council on the application by Croatia for accession to the European Union 2003/2254(INI))

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

Rapporteur: Alexandros Baltas

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PROCEDURAL PAGE

At the sitting of 17 November 2003 the President of Parliament announced that he had referred the proposal for a recommendation on the application of Croatia for accession to the EU (B5-0476/2003), tabled by Alexandros Baltas on behalf of the PSE Group pursuant to Rule 49(1) of the Rules of Procedure, to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible.

At its meeting of 26 November 2003 the committee decided to draw up a report on the subject under Rule 49(3) and Rule 104 and appointed Alexandros Baltas rapporteur (2003/2254(INI)).

It considered the draft report at its meetings of 19 February and 16 and 17 March 2004.

At the latter meeting it adopted the proposal for a recommendation by 42 votes to 1.

The following were present for the vote: Elmar Brok (chairman), Baroness Nicholson of Winterbourne, Geoffrey Van Orden and Christos Zacharakis (vice-chairmen), Alexandros Baltas (rapporteur), Anne André-Léonard (for Ole Andreasen), Per-Arne Arvidsson, Bastiaan Belder, Philip Claeys, Rosa M. Díez González, Andrew Nicholas Duff (for Bob van den Bos), Glyn Ford, Michael Gahler, Gerardo Galeote Quecedo, Jas Gawronski, Vitaliano Gemelli (for Franco Marini), Anne-Karin Glase (for Hugues Martin pursuant to Rule 153(2)), Alfred Gomolka, Vasco Graça Moura (for Amalia Sartori), Richard Howitt, Giorgos Katiforis (for Jannis Sakellariou), Efstratios Korakas, Joost Lagendijk, Catherine Lalumière, Armin Laschet, Jules Maaten (for Paavo Väyrynen), Nelly Maes (for Elisabeth Schroedter), Cecilia Malmström, Philippe Morillon, Pasqualina Napoletano, Arie M. Oostlander, Reino Paasilinna (for Jan Marinus Wiersma), Lennart Sacrédeus (for David Sumberg), Jürgen Schröder, Ioannis Souladakis, Ursula Stenzel, The Earl of Stockton (for Alain Lamassoure), Ilkka Suominen, Hannes Swoboda, Charles Tannock, Maj Britt Theorin (for Demetrio Volcic), Joan Vallvé, Luigi Vinci, Karl von Wogau and Matti Wuori.

The report was tabled on 22 March 2004.

PROPOSAL FOR A EUROPEAN PARLIAMENT RECOMMENDATION TO THE COUNCIL

on the application by Croatia for accession to the European Union (2003/2254(INI))

The European Parliament,

- having regard to the proposal for a recommendation to the Council by Alexandros Baltas on behalf of the PSE Group on the application of Croatia for accession to the EU (B5-0476/2003),
- having regard to its legislative resolution of 12 December 2001 on the proposal for a Council and Commission decision on the conclusion of the Stabilisation and Association Agreement between the European Communities and their Member States, on the one part, and the Republic of Croatia, on the other part¹,
- having regard to its legislative resolution of 12 December 2001 on the proposal for a Council decision on the conclusion and the provisional application of an Interim Agreement between the European Community, of the one part, and the Republic of Croatia, of the other part²,
- having regard to the conclusions of the Copenhagen European Council in 1993, which set the criteria for countries seeking entry to the European Union,
- having regard to its legislative resolution of 6 October 2002 on the proposal for a Council decision amending Decision 2000/24/EC so as to extend the Community guarantee granted to the European Investment Bank to cover loans for projects in Croatia³,
- having regard to its legislative resolution of 15 November 2000 on the amended proposal for a Council regulation on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia and amending Regulation (EEC) No 3906/89, Decision 97/256/EC and Regulation (EEC) No 1360/90⁴,
- having regard to UN Security Council resolution 827 of 25 May 1993, establishing the International Criminal Court for the former Yugoslavia,
- having regard to United Nations Security Council resolution 1503,
- having regard to its resolution of 20 November 2003 on the stabilisation and association process for south-east Europe – second annual report⁵,
- having regard to the Stabilisation and Association Agreement signed by Croatia on

¹ OJ C 177 E, 25.7.2002, p. 122.

² OJ C 177 E, 25.7.2002, p. 123.

³ OJ C 178, 22.6.2001, p. 297.

⁴ OJ C 223, 8.8.2001, p. 175.

⁵ P5_TA(2003)0523.

29 October 2001,

- having regard to the Interim Agreement signed by Croatia on 29 October 2001,
 - having regard to Croatia's application for accession to the European Union submitted on 21 February 2003,
 - having regard to the CARDS programme and the annual programme for Croatia adopted by the Commission in June 2003,
 - having regard to the Commission report on the stabilisation and association process for south-east Europe – second annual report (COM(2003) 139),
 - having regard to the declaration of the Ministerial Conference for the Sustainable Development of Fisheries in the Mediterranean held in Venice on 25-26 November 2003,
 - having regard to the conclusions of the European Councils in Thessaloniki (20-22 June 2003) and Brussels (12-13 December 2003) regarding Croatia,
 - having regard to the conclusions of the Council of Foreign Affairs Ministers of 13 October 2003 and 9 December 2003 regarding Croatia,
 - having regard to Rule 49(3) and Rule 104 of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy (A5-0206/2004),
- A. welcoming Croatia's application for accession to the European Union and stressing Croatia's European vocation and the symbolic nature of an application for accession from another country of the former Yugoslavia,
- B. whereas Croatia's desire to join the European Union could serve as an example and incentive for the other countries of the Balkan region,
- C. whereas Croatia's application for accession represents a logical continuation of the steps it has already taken in an effort to bring the country as close as possible to the European Union, such as the signing of the Stabilisation and Association Agreement and the introduction and gradual implementation of the legal reforms needed to enable the *acquis communautaire* to be fully incorporated,
- D. whereas anchoring Croatia within the European Union would breathe new life into the region and contribute to its development,
- E. whereas the process of bringing Croatia closer to the European Union and the impetus this is giving to the Balkan region reflect the key role that the Union can play to promote peace, stability and prosperity in the region; whereas the Union is aware from its own historical and recent experience of the positive impact which a prospective accession can have on all countries aspiring to become candidates,
- F. whereas the legislative elections of 23 November 2003 were conducted in a proper

manner and in accordance with the standards expected of any democratic country,

- G. welcoming the new constitutional law on the rights of national minorities, which provides a necessary and useful framework for regulating their status,
- H. noting that the new government, like its predecessor, supports Croatia's accession to the European Union,
- I. whereas the economic reforms carried out by Croatia in recent years have improved the performance of the Croatian economy (growth in GDP rose from 4.1% in 2001 to 5.2% in 2002, while inflation fell from 7.4% in 2000 to 2.3% in 2002),
- J. whereas Croatia is already benefiting from the EU-Croatia Interim Agreement, which is encouraging the opening-up of the European market and having a favourable impact on the Croatian economy, although it is to be regretted that the Stabilisation and Association Agreement signed on 29 October 2001 has not yet come into force,
- K. aware in any case that the signing of this Agreement has prompted highly significant legislative reforms and directly contributed to strengthening cooperation on economic and social development and establishing frameworks for political dialogue and cooperation on justice and home affairs,
- L. welcoming Croatia's ratification of the statute setting up the International Criminal Court as the first south-eastern European country to do so and, furthermore, Croatia's refusal to conclude a bilateral agreement with the United States concerning the International Criminal Court; noting that Croatia's cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) has not always been satisfactory, tarnishing the country's image within the international community and adversely affecting the process for the ratification of the Stabilisation and Association Agreement by some Member States; welcoming, however, the new government's commitment to cooperate fully with the Tribunal;
- M. supporting the common position adopted by the Council on 16 April 2003 aimed at supporting the effective implementation of the mandate of the ICTY by placing a travel ban on persons involved in the evasion of justice,
- N. whereas Croatia's active participation in the Stability Pact has encouraged regional cooperation, although further efforts are needed by all countries concerned to strengthen the climate of security and mutual trust,
- O. whereas the prospect of accession could provide impetus for continuing the reforms needed for the modernisation of the country, particularly the consolidation of democratic institutions, the rule of law and respect for human and minority rights,
- P. welcoming the Agreement concluded by the new government with the Serb minority; stressing the importance of measures to encourage the return of all refugees and, in this connection, recalling the undertakings given by Croatia under the Dayton, Paris and Erdut agreements,

- Q. whereas the decision by the Croatian Government on the creation of an ecological zone for fisheries protection in the Adriatic has provoked political tension in its relations with Slovenia and Italy,
- R. noting the declaration of the Ministerial Conference for the Sustainable Development of Fisheries in the Mediterranean, which stipulated *inter alia* that the establishment of fisheries zones makes it possible to improve fisheries conservation and control and helps achieve better resources management and a joint commitment to combat IUU fishing; whereas, without prejudice to the sovereign rights of states and in accordance with relevant international law, a more detailed examination should be made of the modalities for the creation of fisheries protection zones, taking into account the precedents that exist, with a view to employing a concerted regional approach based on dialogue and coordination,
- S. reaffirming that enlargement is an evolutionary process open to any European country which complies with the criteria laid down in Article 6 of the Treaty on European Union and fulfils the Copenhagen criteria,
- T. recognising that Croatia's application for accession to the European Union is a challenge which Croatia is ready to meet, and stressing that a favourable response would have a significant impact on the other countries of south-east Europe,
1. Addresses the following recommendations to the Council:
- (a) stresses the need for Croatia to meet the undertakings deriving from the Dayton and Paris agreements, particularly as regards the return of refugees;
 - (b) calls on Croatia to pursue the dialogue with its neighbours in order to reach agreement on the frontiers between Slovenia and Croatia and on outstanding issues with Italy;
 - (c) encourages Croatia to persist in its participation in the Alpe Adria Organisation in order to improve cross-border cooperation with Italy, Slovenia and Hungary and to enhance new cross-border cooperation programmes with Bosnia and Serbia and Montenegro;
 - (d) calls on Croatia to help further strengthen the Stability Pact for the countries of south-east Europe with a view to improving security and mutual trust among all countries of the region;
 - (e) points to the need to comply with international law and to the importance of maintaining good-neighbourly relations, by adopting an approach based on compromise and dialogue in pursuing the project to create an ecological zone to protect fisheries in the Adriatic;
 - (f) calls on Croatia to improve its cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) further, recalling the importance attached to it by the European Union;
 - (g) urges Croatia to adopt the measures necessary to prevent entry into or transit through

its territory by persons sought by the ICTY, in line with the common position adopted on 16 April 2003 by the Council;

(h) welcomes the holding of domestic trials against war crime suspects, underlines that legal proceedings should be instituted against suspects irrespective of their ethnic origin and that there must be one standard of criminal responsibility applied to all those who face war crime charges before Croatian courts;

(i) calls on the Croatian authorities to continue their policy of encouraging the return of refugees by:

- implementing the legal framework effectively (particularly as regards restoration of property), in particular at local level,

- taking economic measures to encourage refugees, such as access to housing, job opportunities and financial support for reconstruction work,

- creating a socio-psychological climate that will inspire confidence and be welcoming for refugees and displaced persons;

(j) stresses the need for an independent judiciary and urges the Croatian authorities to pursue the strategy which was reformed in 2002; Croatia should, in particular in connection with domestic war crime trials, enforce the newly enacted legislation providing for adequate witness protection measures;

(k) stresses the need to make every effort to assist the Croatian authorities to introduce efficient administrative structures to ensure that reforms are implemented;

(l) stresses the need for freedom and independence of the media and urges the Croatian authorities to hone the legal provisions governing Croatian Radio-Television (HRT) so as to remove the possibility of political interference and bring it fully into line with European standards;

(m) encourages the active participation of all citizens and non-governmental organisations in consolidating democracy, taking care to guarantee the rights of ethnic minorities and the Roma;

(n) welcomes the appointment of the Serb minority representatives to the Croatian Government and the election of eight ethnic minority representatives to the Croatian Parliament, which was made possible by the new amended electoral law that has thus increased their numbers by comparison with the previous parliament;

(o) urges Croatia to pursue the economic and structural reforms needed to develop and safeguard a viable market economy, while drawing attention to the need to ensure transparency and speed up the privatisation process;

(p) calls on the new Member States to play an active role in Croatia's move towards accession, using their knowledge of the region and allowing Croatia to benefit from their experience during this period of reform;

(q) urges Member States which have not yet done so to ratify the Stabilisation and Association Agreement signed by Croatia and the European Union on 29 October 2001;

(r) calls on Croatia to continue its efforts to combat corruption, which must be supported through the effective implementation of the relevant legislation;

(s) calls on the Council to consider providing greater Union assistance in support of the CARDS, SAPARD and ISPA programmes and instruments such as Twinning and TAIEX by mobilising additional financial resources from the EIB, the EBRD and international financial institutions, as well as from private investment sources, so as to support the reform process as effectively as possible and ensure funding of networks and infrastructures in key sectors of the country's economy;

(t) calls for the promotion of information about the European Union and its values, as well as the benefits and obligations entailed by accession;

(u) approves Croatia's determination to tie its future to that of the European Union, its democratic standards and duties, and its values shared by all the peoples of Europe;

2. Instructs its President to forward this recommendation to the Council and, for information, to the Commission and the Government and Parliament of Croatia.

EXPLANATORY STATEMENT

Croatia's application for accession to the European Union, which was tabled on 21 February 2003, has symbolic value, the country being the first from the western Balkans region, ravaged by the recent war, to opt firmly for European integration. This prospect opens up fresh opportunities in all areas, but first and foremost will enable Croatia to be firmly anchored within Europe, to which it has always belonged.

In recent years Croatia has embarked on economic and political reforms aimed at democratising the country and modernising its economy. The transition to a market economy is a sizeable challenge in itself, made still more difficult by the aftermath of the war. At present, the performance of Croatia's economy offers grounds for optimism, with growth of around 5% in GDP and an inflation rate that fell from 7.4% in 2000 to 2.3% in 2002, although much remains to be done and reforms must be pursued with a firm resolve (including privatisation, educational reform and health care).

Croatia has also made substantial progress in bringing its legislation into line with that of the European Union in several areas, in accordance with the guidelines laid down for the association and stabilisation process. Work on legislation must continue and be accompanied by effective implementation of laws. This will be an arduous task with a good many pitfalls, as administrative structures and capacity remain limited and know-how cannot be acquired overnight. Croatia will need much perseverance and time before it can acquire the means necessary to consolidate the rule of law and democracy. Nevertheless, the country has made a start and the signs are good.

Croatia could become an engine for progress in the Balkan region. Its economic successes and the progress it has made in establishing democracy have been noted by neighbouring countries wishing to join the Union in future. Croatia's success could serve as a model and an incentive for these countries as they move towards accession to the Union. This would offer the best-case scenario for ensuring stability and prosperity in the region.

For its part, Croatia still faces many challenges, of which the three most important in the eyes of your rapporteur are as follows:

1. The return of refugees: this is a problem with a political, social and psychological dimension. If tangible results are to be obtained, all these aspects must be addressed. Providing housing is a sine qua non for encouraging the return of refugees. However, it is difficult to guarantee this minimum requirement when there is such a shortage of housing. Reconstruction work is far from complete (27 000 homes awaiting reconstruction) and the process of restoring property is still under way. The Croatian Government has established a legal framework to deal with tenancy/occupation rights which were lost when the holders of these rights left their homes during the conflict, but this only covers zones of special national interest. A solution is needed urgently to the question of occupation rights outside these areas. The Croatian Government should also be encouraged to review the validity of decisions on the loss of occupation rights, in line with the recommendations of the European Court of Human Rights.

A further factor discouraging refugees from returning is the lack of job prospects. Despite the

continuous reconstruction work and the need for labour, the opportunities offered to refugees are unable to meet the demand, while the necessary psychological support and reception facilities are lacking. Any civilian initiatives that might help should be encouraged. Greater efforts in the field of education would also be welcome.

A separate development to be applauded was the symbolic gesture made by President Mesic, who, on his first official visit to Belgrade apologised to all on whom citizens of Croatia had, at any time, inflicted pain or damage, acting in violation of laws and abusing their position. For his part President Marovic apologised for all evil deeds committed by any citizen of Serbia or Montenegro against anyone in Croatia. This was a political act of particular significance for reconciliation between the two countries.

It is also worth mentioning that Prime Minister Dr Ivo Sanader visited the Serbian minority at the Serbian-Orthodox Christmas feast. He also met the Italian minority and made a speech in Italian, which is another gesture symbolic of the positive minority policy of the new government.

An agreement has been reached with three deputies of the SDSS (Serbian National Minority Party) and with the other minority parties, which are supported by the government of Prime Minister Sanader.

2. The second matter of concern is Croatia's cooperation with the International Criminal Tribunal for the former Yugoslavia.

Croatia has not yet acted on the warrants for the arrest of General Ante Gotovina, who are accused of war crimes. However, the new Croatian Government has given a firm undertaking to cooperate fully with the Tribunal, and the first encouraging signs are already apparent. On 11 March two retired generals, Ivan Cermak and Mladen Markac, indicted by the ICTY presented themselves voluntarily to the Tribunal. The Office of the Prosecutor welcomed their voluntary surrender, assessing positively the manner in which the Croatian Government had conducted this issue.

Another point to note is the determination of the Croatian authorities to speed up proceedings against war criminals before national courts, together with their efforts to ensure that the judicial apparatus acts impartially in judging those concerned.

3. The third problem concerns the extension of Croatian jurisdiction in the Adriatic. Croatia's plan to establish an exclusive economic zone in the Adriatic has aroused sharp tensions with its neighbours (Slovenia and Italy), which have not been consulted on the matter. The plan for an '*Ecological fisheries protection zone*' was announced by the Croatian Parliament on 3 October 2003. Although there are justifications for a measure of this kind (environmental and biological vulnerability of the area and the need to protect it), Croatia's unilateral decision runs counter to the practice of dialogue and consultation which is at the heart of efforts to manage problems which have a regional impact and are, by their very nature, sensitive issues for all countries concerned.

This is a particularly important question, since if Croatia is to successfully join the European Union it will have to show an aptitude for dialogue with others. Croatia must be encouraged

to do its utmost to maintain good-neighbourly relations. It should be borne in mind that the delimitation of Slovenia's maritime frontier has not yet been settled and that a satisfactory solution has still to be found to the problems regarding relations with Italy, including the question of the restoration of the property of Italian exiles and the treatment of Italian minorities. Relations with Serbia and Montenegro are improving, although the issues of minorities and the return of refugees are still a source of tension. Serbia and Montenegro have made the conclusion of the interstate agreement on minority rights conditional on the solution of the problem of Serb refugees in Croatia.

The Croatian Government has continued to maintain open and transparent relations with Bosnia-Herzegovina, with full respect for the latter's sovereignty and territorial integrity. When several hundred Croats left Drvar for Croatia, having been expelled from the homes they had occupied at the beginning of the year 2002, the Croatian Government carefully coordinated its position with that of the authorities of Bosnia-Herzegovina. In addition, two important agreements were signed in June 2002 on combating terrorism and organised crime.

Croatia is playing an active role in several regional and subregional initiatives, such as the Stability Pact, the Adriatic and Ionian initiative, and the 'Quadrilateral' initiative (bringing together Italy, Hungary, Slovenia and Croatia), and has observer status in the south-eastern Europe cooperation process. Croatia is also a member of the OSCE and the Council of Europe. As a member for the NATO Partnership for Peace, it is cooperating actively with NATO with a view to preparing future accession.

Croatia is undoubtedly on the right road, but the effort required to meet the Copenhagen criteria, prepare for accession and ultimately benefit fully from it should not be underestimated. In the final analysis, it is the Croatian people themselves and the support they give that will determine the pace of change. The new government produced by the legislative elections on 23 November 2003 has stated its intention of pursuing the reforms already under way with resolve and determination. There is no doubt that the prospect of accession is providing impetus for these reforms. Economic assistance from the Union will also help support this process. The Union can also draw on the experience gained in supporting reforms in the countries of Central and Eastern Europe to improve the efficiency of its efforts. In addition to the CARDS, SAPARD, and ISPA programmes and the assistance provided for under the Stabilisation and Association Agreement, the inclusion of Croatia in instruments such as Twinning and TAIEX is firm evidence of the Union's desire to encourage the reform process in Croatia. Croatia's European vocation is recognised and welcomed. The importance of anchoring the country within the European Union in the interests of the stability of the Balkan region is not in doubt.

In conclusion, Croatia itself ultimately holds the key to its future in the Community, knowing that it will be assessed objectively on what it does and judged on its merits.

PROPOSAL FOR A RECOMMENDATION B5-0476/2003

pursuant to Rule 49(1) of the Rules of Procedure

by Alexandros Baltas on behalf of the PSE Group

on the application of Croatia for accession to the EU

The European Parliament,

- having regard to its legislative resolution on the proposal for a Council and Commission decision on the conclusion of the Stabilisation and Association Agreement between the European Communities and their Member States, on the one part, and the Republic of Croatia, on the other part (11172/2001 – COM (2001) 371 – C5-0565/2001 – 2001/0149 (AVC))
- having regard to the Stabilisation and Association Agreement (SAA) signed by Croatia in October 2001,
- having regard to the application of Croatia for EU membership delivered on 21 February 2003,
- having regard to the conclusions of the European Council in Thessaloniki,
- having regard to the European Commission's Annual Programme for Croatia adopted in June 2003,
- having regard to the fact that the Commission will deliver its opinion on the starting of accession negotiations on the basis of the answers provided by the Croatian authorities to the 'questionnaire' on the political, economical and administrative situation,
- having regard to Rule 49(1) of the Rules of Procedure,
 - A. whereas by submitting its application for EU membership, Croatia has reaffirmed its European vocation,
 - B. whereas that application set a very important example for all the other countries in the region,
 - C. whereas the country's political economic, legal and administrative transition represents an enormous challenge for Croatia and will have an important impact on the development and stability of the whole region,
 - D. whereas further efforts and strong determination are necessary in such crucial areas as the reform of judicial system, freedom of the media, respect for minority rights and the return

of refugees,

1. Recommends that the Commission encourage the Croatian authorities to make all efforts in order to resolve all pending territorial disputes with Croatia's neighbours and to find a mutually satisfactory solution with Slovenia over the controversial project concerning the creation of an exclusive economic zone in the Adriatic Sea;
2. Recommends that the Commission remind Croatia of the need to make major efforts in cooperation with the International Criminal Tribunal for former Yugoslavia;
3. Insists that the same conditions apply for Croatia as for the other candidate countries to ensure that the political and economic criteria required for the opening of negotiations are fulfilled;
4. Instructs its President to forward this recommendation to the Council and, for information, to the Commission.