

EU - CROATIA JOINT PARLIAMENTARY COMMITTEE

5th Meeting

20 - 21 March 2007

Zagreb

**DECLARATION and RECOMMENDATIONS
(adopted on 21 March 2007)**

**21 March 2007
SMZ/GG/pel**

The Joint Parliamentary Committee EU-Croatia held its 5th meeting on 20-21 March 2007 in Zagreb, under the co-chairmanship of Mr. Gordan JANDROKOVIĆ (HDZ -Croatian Democratic Union), for the Croatian Parliament, and of Mr. Pal SCHMITT (HU, EPP-ED), for the European Parliament .

It exchanged views with:

- H.E. Ambassador Hans-Jochen PETERS, on behalf of the Presidency-in-Office of the Council of the European Union;
- H.E. Ambassador Vladimir DROBNJAK, Chief Negotiator for Accession of Croatia to the EU, Ministry of Foreign Affairs and European Integration;
- Ms Ljiljana VODOPIJA ČENGIĆ, Assistant Minister of Justice, Head of the working group for the chapter “Judiciary and Fundamental Rights”;
- Mrs Marija PEJČINOVIĆ BURIC, State Secretary of European Integration at the MFAEI, Member of the Croatian Negotiating Team responsible for the Chapters: External Relations, Foreign, Security and Defence Policy, Institutions and Other Issues, Co-chairperson of the Stabilisation and Association Committee;
- Mr. Neven PELICARIĆ, Assistant Minister for the EU and European Cooperation at the MFAEI, Head of working group for the chapter “Foreign, Security and Defence Policy, on behalf of the Government of the Republic of Croatia;
- H.E. Vincent DEGERT, Head of the European Commission Delegation to Croatia, on behalf of the European Commission.

The members of the Joint Parliamentary Committee addressed the following subjects:

State of play of the accession negotiations and overall preparations for the accession of Croatia to the EU

State of implementation of the reforms in the sectors of the judiciary, of public administration and the fight against corruption;
information on domestic prosecution of war crimes

Evaluation of the debate on the Constitution for Europe and its effects on EU enlargement

Achievements and problems in the areas of the return policy and for protection of the minorities in Croatia

Croatia and its neighbours: review of the outstanding issues and neighbourly relations

Progress of Croatia towards alignment with the EU acquis in the field of competition policy and state aid

The Joint Parliamentary Committee, in accordance with Rule 3 of its Rules of Procedure and Article 116 of the EU-Croatia Stabilisation and Association Agreement, addressed the following Declaration and Recommendations to the Stabilisation and Association Council, the institutions of Croatia and of the European Union:

On EU-Croatia negotiations for accession to the EU and the implementation of the Stabilisation and Association Agreement

1. welcomed the overall efforts and achievements of Croatia to move the country towards full membership to the European Union;
2. confirmed that the negotiations process should continue to proceed smoothly, with the objective of full membership of Croatia in the European Union, keeping in mind that progress will also depend on the fulfilment of Croatia's obligations under the Stabilisation and Association Agreement;
3. supported the efforts of Croatia to enable its citizens to participate in the next European elections in 2009;
4. congratulated Croatia for the successful conclusion of the screening process, as originally scheduled, and for the remarkably good preparation of Croatian negotiators and officials involved in the accession negotiations;
5. welcomed the opening and provisional closure of Chapters 25 on Science and Research, and 26 on Education and Culture, as well as the opening of three additional negotiation chapters in December 2006 (Economic and Monetary Policy; Enterprise and Industrial Policy; Customs Union); expected the opening of a substantial number of negotiation chapters in the course of 2007, and noted the progress in the fulfilment of benchmarks with a view to the opening of negotiations in seven chapters (Public Procurement; Competition Policy; Employment and Social Policy; Free Movement of Capital; Free Movement of Goods; Agriculture; Justice, Freedom and Security);
6. expressed the view that in the course of 2007 some chapters in which Croatia has reached a high level of alignment and implementation of the *acquis* should be closed;
7. was pleased to note that the 2006 Progress Report on Croatia from the European Commission states that progress has been made in the capacity to take up the Community *acquis*, although short-term priorities under the Accession Partnership remain to be fulfilled in some areas and further sustained efforts are needed in terms of legislative alignment and administrative capacity building; in this context, the JPC welcomed the National programme for the Accession of Croatia to the EU, which was adopted in January 2007, and looked forward to its implementation;
8. was pleased to note that Croatia has contributed to the smooth functioning of the various joint bodies connected to the Stabilisation and Association Agreement and that the implementation of the latter has continued without major difficulties; as regards financial cooperation linked to Community programmes, the JPC, while welcoming the measures taken by Croatia which enable decentralised management of funds, underlined that, as a consequence, the institutions involved need to have sufficient human resources;

9. invited the European Commission and the Member States to continue providing active support and efficient technical assistance in the process of accession negotiations;

10. expressed the wish, being 2007 a key year, that the Croatian Parliament will focus on the core of preparations for accession to the EU and that all Croatian institutions contribute to its work, which should not be affected by the domestic pre-electoral campaign;

On the political criteria:

11. stressed that all matters related to the rule of law, and in particular the reforms of the judiciary and of public administration, the fight against corruption and organised crime are priorities of high importance,

12. recalled the importance of the political principles enshrined in the Stabilisation and Association Process, which confirms the European perspective, but also encompasses regional co-operation, good neighbourly relations, and refugee return;

- situation of the judiciary, implementation of reforms and perspectives for further improvements

13. took note with satisfaction that the implementation of the reform strategy has begun, stressed that further improving of the functioning of the judiciary remains a challenge for Croatia and encouraged the Government to further strengthen its tackling of shortcomings in the framework of the Judicial Reform Strategy implementation;

14. drew attention in particular to the need to

- further improve impartiality of the judiciary;
- further improve professionalism and competence through a systematic and well planned training;
- further strengthen judges' support to the overall reform of the judiciary;
- further continue promoting alternative means of resolution of disputes;
- further create the legal conditions for easier access to the courts for all citizens, regardless of their social status.

15. welcomed the continuation of full cooperation of Croatia with the ICTY and while noting that the war crime cases and criminal proceedings have been carried out against perpetrators of war crimes without any discrimination, called for a continuous objectivity in conducting war crime cases by all juridical stakeholders, because this could be a good example for the whole region;

16. welcomed the adoption of strategic action plans for border management and asked Croatia to further continue with implementation of the practical measures that are planned in order to comply with the EU border management standards;

on the reform of public administration

17. took note that the Strategy for the Reform of Public Administration will enter into force during the first half of 2007 and recalled that the European Commission and International Financial Institutions find that further progress requires:

- professionalisation of the State administration;
- finalisation of the Civil Servants Act implementing legislation;
- much better records in decentralisation and improving of ethical standards in local politics, while noting the activities of the Academy of Local Democracy and the Unit for Ethics, recently established within the Central State Office for Administration, whose objective is, inter alia, the constant improvement of ethical standards at central and local administrative levels;
- welcomed the improvement made in the management and administrative capacity of the Central State Office for Administration;

18. took note of the Act on amendments to the Act on Transfer of Power, according to which civil servants, as well as Municipality, City and County employees appointed through administrative competition, will not have to offer their mandates at the disposal of the winners after elections and would not be recalled by a political decision, but noted that it only partially entered into force;

19. welcomed the Government's initiative for informatisation of various activities of the public administration in Croatia, such as in the education, health, economic businesses and others;

20. whilst emphasizing that the fight against corruption remains a challenge for the Government and that additional progress is needed, welcomed the convincing and far-reaching anti-corruption programme developed by the Government and backed by the activities of the Office for the Suppression of Corruption and Organised Crime (USKOK), and looked forward to its implementation; welcomed the anti-corruption training activities organised for civil servants;

on the situation of minorities and refugee return

21. took note of Croatia's increased attention to minority issues and encouraged Croatia to continue with the implementation of the Constitutional Law on National Minorities, particularly of its provisions related to the employment of members of national minorities;

22. welcomed the overall progress achieved as regards refugee return, reconstruction and repossession of housing, while underlining that the implementation of housing programmes for former tenancy rights holders should continue to be efficiently implemented; encouraged the Croatian authorities to pursue with their efforts to create the economic and social conditions necessary for the sustainability of refugee return and to continue engaging themselves in regional discussions on this issue;

On regional co-operation and relations with neighbours

23. emphasising the importance of regional co-operation and good neighbourly relations, supported the positive efforts of Croatia for the further strengthening of relations with its neighbours and for actively pursuing initiatives in all matters of common interest, thus acting as a factor of stability for the region; the JPC also encouraged Croatia and its neighbours to continue enhancing work for finding definitive solutions to all pending bilateral issues, in particular those on border demarcation;

24. welcomed the inclusive new CEFTA, signed in Bucharest in December 2006, which will further facilitate trade within the region of South East Europe and stimulate foreign investment;

25. welcomed the current Croatian chairmanship of the South East Europe Co-operation Process (SEEC) and the active role of the country in promoting several initiatives; reminded that SEEC members have agreed to establish the Regional Co-operation Council as the successor of the Stability Pact guaranteeing local ownership, whose mandate and technical aspects need to be defined now; took note with satisfaction that the European Commission, with the countries of the region and the international donors, are willing to co-finance the Council;

On Croatian economy

26. recalled that Croatia can be regarded as a functioning market economy and was pleased to note that the year 2006 saw a further acceleration of economic activity, which was reflected in a real year-on-year growth of 4.7% in the first three quarters, while the unemployment rate hit a seven-year record low; the JPC further acknowledged that the economy grew in a stable environment, with a stable exchange rate of the kuna against the euro and with inflation slowing down compared to 2005; during 2006, fiscal consolidation continued, resulting in a further reduction of the fiscal deficit, while a decline of general government debt is also expected; the JPC was particularly pleased to note Croatia's good integration in the EU and regional trade systems;

27. called on Croatia to accelerate the pace of structural reforms, including enterprise restructuring and expedite completion of privatisation; the JPC reiterated that the reform programme needs to be implemented vigorously to remove the remaining weaknesses, in particular significant imbalances in trade and current accounts, high external debt, as well as a high level of current spending, which includes subsidies to loss-making enterprises; in order to further consolidate these features and to prepare for EU accession, the JPC recommended further improvements of legal certainty and administrative transparency for businesses and encouraged fair competition, with a goal of attracting foreign investment; in this context, projects such as HITROREZ, e-CROATIA and the ongoing reform of the land registry system were warmly welcomed;

On alignment with the acquis, in particular in the areas of competition and state aid

28. welcomed the fact that Croatia has improved its ability to take on the obligations of membership and noted progress in a lot of areas, while stressing that as regards the overall level of legislative alignment and administrative capacity, further sustained efforts are needed;

29. on competition and state aid in particular, the JPC noted that some progress has been made and emphasized the need to intensify the efforts for further legislative alignment and strengthening of administrative capacity, particularly as regards allocating additional resources to the Croatian Competition Agency and providing training for the judiciary in competition and state aid matters; in the area of state aid, the JPC was pleased to note the considerable progress in legislative alignment, in the enlargement of the competencies of the

Competition Agency to issue binding decisions and in the enforcement record, but asked for further strengthening of the administrative capacities for state aid control;

30. reiterated that special efforts are needed in order to accomplish the SAA obligations, in particular as regards state aid to the steel and shipbuilding industries, as well as fiscal aid; in this context, the JPC welcomed the recent adoption of the National Restructuring Programme for the Steel Industry, and called for intensified efforts to finalize the restructuring programme for the ship-building industry;

On the future of Europe

31. encouraged Croatia, as a candidate country negotiating the accession to the EU, to take an active part in the debates on the future of Europe contributing to the development of the best possible institutional framework for the enlarged Union;

32. to improve perception and understanding, by the Croatian citizens, of the Croatian process of accession to the EU and the consequences of the future membership, and to suppress scepticism or mistrust towards the EU, considered it extremely important that the EU carries out a consistent and long-term information policy, to support and complement an efficient communication policy of the Croatian Government and Parliament.

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