

Key findings of the 2005 Progress Reports on Croatia and Turkey

Relations between the EU and Croatia and Turkey entered a new and historic phase with the opening of accession negotiations on 3 October 2005. The negotiations will offer both countries the opportunity to demonstrate their determination and ability to complete the necessary transformation and meet all requirements for membership.

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.

The Progress Reports describe political and economic developments in Croatia and in Turkey as well as the country's ability to transpose and implement EU legislation. They highlight the main achievements and pinpoint the shortcomings.

Croatia

Political criteria

Croatia meets the political criteria. On 3 October 2005 the Chief Prosecutor of the International Criminal Tribunal for the former Yugoslavia (ICTY) stated that Croatia was fully cooperating with the Tribunal. This full cooperation with ICTY needs to be maintained and the last remaining indictee must be located, arrested and transferred to The Hague.

There has been progress in the field of the judiciary, for example with adoption of a judicial reform strategy. At the same time Croatia is facing important challenges which need serious attention, such as to reduce the large case backlog and ensure proper enforcement of judgements. Despite improvements in the prosecution of war crimes, an ethnic bias against Serb defendants persists. Efforts aimed at tackling corruption, which remains a serious problem, need to be further stepped up.

The position of minorities has continued to improve, in general, but implementation of the Constitutional Law on National Minorities has been slow. Serbs and Roma continue to face discrimination and the need to improve their situation especially with respect to job opportunities as well as creating a more receptive climate in the country is an urgent priority. There have been positive developments on refugee return but progress has been particularly weak in implementing housing care programmes for former tenancy rights holders. Particular attention should be paid to ensuring all ethnically motivated incidents are properly investigated and those responsible are prosecuted.

¹ The accession criteria are defined in the conclusions of the European Councils in Copenhagen in 1993 and in Madrid in 1995.

There has been good progress in the area of regional cooperation from Croatia but more efforts are needed to find definitive solutions to all pending bilateral issues, particularly as regards borders.

Economic criteria

Croatia can be regarded as a functioning market economy. It should be able to cope with competitive pressure and market forces within the Union in the medium term, provided that it continues implementing its reform programme to remove remaining weaknesses.

Stability-oriented macroeconomic policies have contributed to a relatively low inflation and stable exchange rate and significant budget and current account deficits have been reduced. However, there are still significant external and fiscal imbalances. State interventions in the economy remain significant and little progress has been made with respect to the restructuring of large state-owned enterprises. The privatisation process has regained some momentum in 2005. Business and land registration procedures have been simplified but private sector and FDI development has been hampered by complex rules and deficiencies in public administration and courts.

Transposition and implementation of EU laws and standards

Croatia has made progress, particularly in areas such as the free movement of goods, public procurement, information society, education and culture and in foreign, security and defence policy.

Croatia needs to continue legislative alignment across the board. At the same time the strengthening of administrative and judicial structures is necessary for the effective enforcement of EU laws and standards. In particular, increased efforts will be needed in the field of free movement of capital, company law, information society, fisheries, transport, energy, consumer and health protection, customs union and financial control. Considerable and sustained efforts will be needed in the areas of competition policy, agriculture, food safety, taxation, social policy and employment, regional policy, justice, freedom and security and on the free movement of goods, workers and services and public procurement. Very significant efforts will be required in the area of environment.

The European Commission will continue to provide substantial financial assistance to support Croatia in the accession process. In 2005 EUR 105 million is available for Croatia, rising to EUR 140 million in 2006.

Turkey

Political criteria

Turkey's political transition process is ongoing and the country continues to meet sufficiently the political criteria. Important legislative reforms have now entered into force and should lead to structural changes of the legal system, particularly in the judiciary. However, the pace of the reforms has slowed in 2005.

Although human rights violations are diminishing, they continue to occur and there is an urgent need to both implement legislation and take further legislative initiatives in certain areas. Substantial further efforts are needed in view of integrating the reform process into the work of all state bodies.

As regards democracy and the rule of law, important structural reforms have been put in place, mainly in the area of the judiciary. The six pieces of legislation mentioned in the Commission's recommendation of last year entered into force.² However, implementation on the ground remains uneven. Reforms concerning civil-military relations have continued but the armed forces still exert influence.

Concerning human rights and the protection of minorities, the legal framework to fight against torture and ill-treatment is established, but such cases are still reported and more vigorous efforts are required to fight against impunity for those perpetrating such crimes. Although legislative progress has been achieved, prosecutors continue to open court cases against individuals for expression of non-violent opinion on the basis of the new Penal Code. If this trend continues, the relevant provisions of the Penal Code will need to be amended. Despite some ad hoc measures, the problems encountered by non Muslim religious minorities persist and there is an urgent need to adopt legislation in line with the EU.

Greater attention is being paid to women's rights, but violence against women remains a matter of serious concern.

Despite greater tolerance for cultural events using languages other than Turkish, there are still important limitations on the exercise of cultural rights. The economic and social situation in the South East has hardly improved and needs to be addressed. The situation of internally displaced persons is largely unchanged.

Economic Criteria

Turkey can be regarded as a functioning market economy, as long as it firmly maintains its recent stabilisation and reform achievements. Turkey should be able to cope with competitive pressure and market forces within the Union in the medium term, provided that it firmly maintains its stabilisation policy and takes further decisive steps towards structural reforms.

Significant gains on macroeconomic stabilisation have been achieved over the last year. Considerable progress has been made on improving public financial management and control. Improvements in the supervisory and regulatory framework of the banking sector and the advances in privatisation are progressively tightening economic agents' financial discipline and improving Turkey's business and investment climate. Foreign direct investment has also picked up. Certain concerns remain regarding the recent sharp increase in the current account deficit, and possible or actual deviations from the reforms programme. Resources should be more efficiently allocated, in particular by a reform of key factor markets.

² Law on Associations, new Penal Code, Law on Intermediate Courts of Appeal, Code on Criminal Procedure, legislation establishing the judicial police, Law on execution of punishments and measures.

Transposition and implementation of EU laws and standards

Turkey has aligned EU legislation to a large extent with a number of provisions relevant for the functioning of the internal market, including free movement of goods, and competition policy provisions concerning undertakings. However, Turkey should make considerable further efforts to adopt the relevant EU laws and standards in many other areas.

The financial sector remains relatively weak and EU standards are not entirely adopted, but there is progress towards a more transparent and efficient legal framework. In most sectoral policies, alignment is limited or very limited. There is insufficient alignment of the regulations in the agricultural sector. The gap concerning regional development policies should be addressed and there is a need for increased efforts in the environmental field. In the area of the European Security and Defence Policy, there are still outstanding difficulties.

The European Commission will continue to provide substantial financial assistance to support Turkey in the accession process. In 2005, around EUR 300 million is available for Turkey, rising to EUR 500 million in 2006.