




Procedure file

| Basic information | | |
|---|--------------------------------|---------------------|
| COS - Procedure on a strategy paper (historic) | 1997/2175(COS) | Procedure completed |
| Hungary: membership application and partnership, 1st April 1994 | | |
| Subject 8.20.02 Enlargement 2004: new Member States | | |
| Geographical area Hungary | | |

| Key players | | | |
|---------------------|---|--|---|
| European Parliament | Committee responsible | | Rapporteur |
| | AFET Foreign Affairs, Human Rights, Common Security, Defense | | Appointed 07/11/2000 |
| | | | UEN QUEIRÓ Luís |
| | Former committee responsible | | |
| | AFET Foreign Affairs, Security and Defense Policy | | 23/09/1999 |
| | | | UEN QUEIRÓ Luís |
| | AFET Foreign Affairs, Security and Defense Policy | | 23/06/1997 |
| | | | PPE VON HABSBURG Otto |
| | Committee for opinion | | Rapporteur for opinion |
| | BUDG Budgets | | Appointed 24/04/2001 |
| | | | PPE-DE BÖGE Reimer |
| | CONT Budgetary Control | | 29/05/2001 |
| | | | PSE BÖSCH Herbert |
| | LIBE Citizens' Freedoms and Rights, Justice and Home Affairs | | 29/05/2001 |
| | | | PPE-DE OOSTLANDER Arie M. |
| | | | PSE BERGER Maria |
| | ECON Economic and Monetary Affairs | | 21/03/2001 |
| | | | PPE-DE KARAS Othmar |
| | JURI Legal Affairs and Internal Market | | 11/04/2001 |
| | | | PSE ROTHLEY Willi |
| | ITRE Industry, External Trade, Research, Energy | | 21/03/2001 |
| | | | PSE GLANTE Norbert |
| | EMPL Employment and Social Affairs | | 12/04/2000 |
| | | | PSE ETTL Harald |
| | AGRI Agriculture and Rural Development | | 27/03/2001 |

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|-------------------------------|--|--|------------|
| | | PSE GÖRLACH Willi | |
| | RETT Regional Policy, Transport and Tourism | | 06/02/2001 |
| | | PPE-DE VATANEN Ari | |
| | RETT Regional Policy, Transport and Tourism | | 06/02/2001 |
| | | V/ALE JONCKHEER Pierre | |
| | CULT Culture, Youth, Education, Media and Sport | | 11/04/2001 |
| | | ELDR ANDREASEN Ole | |
| | AFCO Constitutional Affairs | | 24/01/2001 |
| | | PPE-DE RACK Reinhard | |
| | FEMM Women's Rights and Equal Opportunities | | 20/03/2001 |
| | | PPE-DE SMET Miet | |
| | | | |
| Council of the European Union | Council configuration | Meeting | Date |
| | Culture | 2427 | 23/05/2002 |
| | General Affairs | 2078 | 30/03/1998 |
| European Commission | Commission DG | Commissioner | |
| | Neighbourhood and Enlargement Negotiations | | |

| Key events | | | |
|------------|---|---|---------|
| 17/12/1998 | Non-legislative basic document published | COM(1998)0700 | Summary |
| 08/03/1999 | Committee referral announced in Parliament | | |
| 24/03/1999 | Vote in committee | | Summary |
| 24/03/1999 | Committee interim report tabled for plenary | A4-0154/1999 | |
| 14/04/1999 | Debate in Parliament |  | |
| 15/04/1999 | Decision by Parliament | T4-0331/1999 | Summary |
| 23/05/2000 | Additional information | | Summary |
| 14/09/2000 | Vote in committee | | Summary |
| 14/09/2000 | Committee interim report tabled for plenary | A5-0248/2000 | |
| 03/10/2000 | Debate in Parliament |  | |
| 04/10/2000 | Decision by Parliament | T5-0424/2000 | Summary |
| 09/07/2001 | Vote in committee | | Summary |
| 09/07/2001 | Committee interim report tabled for plenary | A5-0257/2001 | |
| 04/09/2001 | Debate in Parliament |  | |
| 05/09/2001 | Decision by Parliament | T5-0433/2001 | Summary |

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|------------|---|--|--|
| 05/09/2001 | End of procedure in Parliament | | |
| 21/03/2002 | Final act published in Official Journal | | |

Technical information

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| Procedure type | COS - Procedure on a strategy paper (historic) |
| Procedure subtype | Commission strategy paper |
| Legal basis | Rules of Procedure EP 142 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | AFET/4/09135; AFET/5/13760; AFET/4/10903 |

Documentation gateway

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|--|--|---|------------|----|---------|
| Supplementary non-legislative basic document | | COM(1997)2001 | 15/07/1997 | EC | Summary |
| Non-legislative basic document | | COM(1998)0700 | 17/12/1998 | EC | Summary |
| Document attached to the procedure | | COM(1998)0712 | 17/12/1998 | EC | Summary |
| Committee interim report tabled for plenary | | A4-0154/1999 OJ C 219 30.07.1999, p. 0006 | 24/03/1999 | EP | |
| Interim resolution adopted by Parliament | | T4-0331/1999 OJ C 219 30.07.1999, p. 0370-0439 | 15/04/1999 | EP | Summary |
| Non-legislative basic document | | COM(1999)0500 | 13/10/1999 | EC | Summary |
| Supplementary non-legislative basic document | | COM(1999)0505 | 13/10/1999 | EC | Summary |
| Document attached to the procedure | | 31999D0850 OJ L 335 28.12.1999, p. 0001 | 06/12/1999 | EU | Summary |
| Committee interim report tabled for plenary | | A5-0248/2000 OJ C 178 22.06.2001, p. 0007 | 14/09/2000 | EP | |
| Interim resolution adopted by Parliament | | T5-0424/2000 OJ C 178 22.06.2001, p. 0072-0146 | 04/10/2000 | EP | Summary |
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| Document attached to the procedure | | COM(2000)0700 | 08/11/2000 | EC | Summary |
| Committee interim report tabled for plenary | | A5-0257/2001 | 09/07/2001 | EP | |
| Interim resolution adopted by Parliament | | T5-0433/2001 OJ C 072 21.03.2002, p. 0083-0191 E | 05/09/2001 | EP | Summary |
| Non-legislative basic document | | COM(2001)0700 | 13/11/2001 | EC | |
| Supplementary non-legislative basic document | | SEC(2001)1748 | 13/11/2001 | EC | Summary |
| Document attached to the procedure | | COM(2001)0655 | 13/11/2001 | EC | Summary |
| Document attached to the procedure | | 32002D0087 OJ L 044 14.02.2002, p. 0037-0044 | 28/01/2002 | EU | |
| Non-legislative basic document | | COM(2002)0700 | 09/10/2002 | EC | Summary |

Hungary: membership application and partnership, 1st April 1994

OBJECTIVE: AGENDA 2000: presentation of the Commission's opinion on Hungary's request for membership (31 March 1994). CONTENT: all the requests for membership were assessed by the European Commission using a single method based on the criteria established at the Copenhagen European Council (June 1993). These criteria are as follows: - political criteria: the candidate countries must have stable institutions guaranteeing democracy, human rights and respect for minorities, - economic criteria: these countries must have a functioning market economy, as well as the ability to cope with competitive pressures and market forces within the Union, - criteria relating to the ability of the countries to take on the obligations of membership (in particular integration of the acquis, to a greater or lesser extent, and respect for the criteria concerning economic and monetary union). With regard to all these criteria it emerges that: 1) in political terms, Hungary presents the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities; 2) in economic terms, Hungary can be regarded as a functioning market economy and it should be able to cope with competitive pressure and market forces within the Union in the medium-term; 3) with regard to the capacity to take on the obligations of membership, this country should continue its efforts on transposition of the acquis and intensify its work on its implementation. The Commission considers that Hungary would be capable in the medium term of applying the acquis on the single market. Particular efforts are needed on investment and in sectors such as the environment, customs control and energy. With regard to social affairs, reform of pensions and social security must continue. Major efforts must be made to avoid the occurrence of unsustainable budgetary or external deficits. Substantial progress is also required with regard to standardization, consumer protection and customs controls. Generally speaking, administrative reform is indispensable if this country is to have the structures to apply and enforce the acquis effectively. In conclusion: the Commission considers that negotiations for accession can be opened with Hungary. The pre-accession strategy will allow this country to prepare rapidly for the obligations of membership.?

Hungary: membership application and partnership, 1st April 1994

OBJECTIVE: to present the 1998 regular report from the Commission on Hungary's progress towards accession. CONTENT: in line with the timetable of Agenda 2000 and the direction given by the European Council in Cardiff, the Commission presents a report in the form of an appraisal of the progress made by this country with regard to accession. The report examines: - the relations between Hungary and the EU, particularly in the framework of the Europe Agreement; - the situation in respect of the political conditions set by the European Council (democracy, rule of law, human rights, protection of minorities); - Hungary's situation and prospects in respect of the economic conditions mentioned by the European Council (functioning market economy, capacity to cope with competitive pressures and market forces within the Union); - Hungary's capacity to assume the obligations of membership, (in particular, the Community acquis). In concluding its report, the Commission considers Hungary's results to be positive both in economic and political terms. Particular attention should be paid, nonetheless, to fighting corruption and improving the situation of the Roma people. Furthermore, Hungary can be considered to be a viable market economy, capable of coping with market pressures in the Union. However, the country needs to respect the conditions for the integration of trade and restructuring of companies. Priority needs to be given to improving the legal framework for business and the financial sector, as well as ensuring economic growth that does not threaten the stability of the external accounts and give rise to renewed inflation. With regard to adoption of the acquis, Hungary continues to approach the approximation process in a balanced manner. The rhythm of transposition has remained steady and has generally been accompanied by the introduction of adequate institutional and financial structures. A slowdown in the pace of transposition in certain sectors such as the environment has been noted. With respect to the Accession Partnership short term priorities, the Commission notes that important progress has been made in the economic area, in the veterinary and phytosanitary sector, in strengthening regional development structures, public procurement and state aid. In terms of its administrative capacity to apply the acquis, Hungary has continued to make progress. In particular, initiatives have been taken with a view to providing training in European affairs throughout the civil service and judiciary. The National Programme for the Adoption of the Acquis should soon be revised. During the second half of 1999, the Commission will present its position on the revised version of this programme to the Council at the time when the Accession Partnership is being re-examined. ?

Hungary: membership application and partnership, 1st April 1994

The Committee has adopted the report on the progress made towards accession by Hungary. Overall, while the report draws attention to the remaining problems, it welcomes the progress achieved. However, it also stresses that the reforms being made by these countries must be accompanied by measures to alleviate their social consequences. The report, drafted by Mr. Otto Von HABSURG (EPP, D), considers that the Hungarian government has made great efforts to improve the quality of life of the gypsy minority but that it does not have sufficient financial resources. The government should conduct a dialogue with the opposition and the social partners to create a political climate favourable to Hungarian membership of the EU. The fact that Hungary is now participating in the implementation of the CFSP is welcomed and the report backs Hungary's stated intention of applying for membership of the WEU.?

Hungary: membership application and partnership, 1st April 1994

The Parliament adopted its resolution, drafted by Mr. Otto VON HABSURG (EEP, D) concerning Hungary's progress towards EU accession. The resolution commends the swift progress made by Hungary on the acquis communautaire and welcomes Budapest's participation in the implementation of the CFSP. Amendments stress the importance of anti-corruption measures and the need to extend the scope of the Phare programme to the social field. Approval was expressed regarding the progress made in areas such as the environment, administration and economic reform. Some environment-related areas still require considerable work, as will rural development and the control of state aids.?

Hungary: membership application and partnership, 1st April 1994

PURPOSE : to present the 1999 Regular Report on Hungary's progress towards accession. CONTENT : In line with the conclusions of AGENDA 2000 and the Vienna European Council, the Commission presents the 1999 regular report on Hungary's progress towards accession. The Report describes relations with the Union. It analyses the situation in terms of the Copenhagen criteria, and covers judicial and administrative capacity. Relations with the Union: Hungary's trade with the EU has continued to increase. In March 1999, the EU imposed a definitive anti-dumping duty in respect of some Hungarian imports. The report examines developments in the Europe Agreement and Accession Partnership. With regard to pre-accession aid, total financial aid in the years 2000-2002 will be 96M EUR for Phare, 38.1M EUR for Sapard and between 70M and 1000M EUR for Ispa, per year. Copenhagen political criteria: Hungary fulfils the Copenhagen political criteria, but two areas still need attention. The first is the situation of the Roma. Roma people continue to face widespread discrimination in access to education, employment, health services, housing and public institutions. The government has adopted a medium-term action plan aimed at improving the living conditions of Roma. It needs to make available adequate budgetary resources. The other area is widespread corruption, and recent efforts to combat this need to be further enforced. Copenhagen economic criteria: Hungary is a functioning market economy and the structures which underpin a market economy have been further strengthened. It should be able to cope with competitive pressures in the medium term, provided it continues to make further progress. A key area needing attention is pension reform. The deterioration of the fiscal deficit needs to be dealt with, and, in this respect, priority should be given to health sector reform. Hungary has acquired good credentials for macroeconomic management, which has allowed high inflows of foreign direct investment. Urgent measures are needed to put public finance on a sounder footing. Ability to assume the obligations of membership: Hungary continues to make progress aligning and implementing the acquis in most areas. Notable progress has been made in adopting legislation on self-employment which removes restrictions on EU-individuals wishing to establish in Hungary. Aside from the fight against organised crime, the pace of alignment has been slow in the area of justice and home affairs, particularly with respect to border management and asylum. There has been no progress on customs and a slow down in the adoption of environmental legislation. In regional development, the legislative framework is in place but implementation has been limited due to a lack of financial and human resources. Administrative capacity to apply the acquis: Steady progress has been made, yet administration still needs to be strengthened in specific areas. These include state aid control, and market surveillance. Hungary needs to allocate enough resources to regional development and environment and improve capacities to use and monitor funds from the EU. Both short term and medium term priorities under the Accession Partnership have been satisfactorily addressed.?

Hungary: membership application and partnership, 1st April 1994

PURPOSE: presentation of the second accession partnership for Hungary. CONTENT : Like its previous version, this partnership for the accession of Hungary resembles a work programme proposing priorities and objectives to be attained by the country in the short and the medium-term in order to become a member of the Union. These objectives take into account the regular report on Hungary (1999). The short-term priorities (end of 2000) concern political criteria (introduction of a framework programme for the Roma people with appropriate financial resources); economic criteria (restructuring of public finances and reform of the healthcare system, restructuring of the steel sector); the internal market (basically continuing the harmonisation process and the modification of the banking rules to prevent the opening of anonymous accounts) ; agriculture, transport, environment (integrated pollution prevention and control), social affairs and employment, justice and home affairs (implementation of the Schengen acquis and improved frontier management, combat of corruption) and the strengthening of administrative and judiciary capacity (in particular the management and control of EU funds). In the medium term, the measures will concern the follow-up of efforts seeking to resolve the Roma question. In the area of the internal market, the complete liberalisation of public procurement by 2001 and the abolition by the end of 2002 of the national preference clause for public contracts; progress in alignment in the area of free movement of goods, taxation and customs. With regard to the programming of financial resources, the partnership confirms aid granted in line with AGENDA 2000 and the various instruments provided therein (Phare, SAPARD and ISPA) in accordance with the rules already foreseen. It should be noted that assistance is only granted if the country respects the provisions of the EC-Hungary Association Agreement, makes progress towards satisfying the Copenhagen criteria and assures in the year 2000 the achievement of the specific priorities of this accession partnership.?

Hungary: membership application and partnership, 1st April 1994

On the proposal of the Chairman of the Committee for External Relations, Mr. Elmar BROK (EPP, D) and of Mr. Patrick COX (President of the ELDR group), the conference of the presidents of the political groups in the European Parliament decided to have annual debates on enlargement as of the first plenary session of October 2000. This decision was adopted against the view of the Socialist Group, which opposed the setting of a specific calendar laying down from the present the work allocation of the various parliament committees. The decision of the Conference of presidents grants an exclusive competence to the External Relations Committee to take responsibility for the preparation of the 13 reports that will be discussed in October 2000: one report for each of the 12 candidate countries and a general report that cover all the horizontal questions. This composite report will be prepared on the basis of contributions from the other parliamentary committees on: - convergence and stability in the candidate countries; - the rule of law in the candidate countries and their adaptation to the single market; - employment and social aspects; - the environmental aspects of enlargement; - health and consumer protection; - agricultural aspects; - regional policy; - transport and tourism policy; - equal opportunities and enlargement. The other annual debates would also involve 12 reports drawn up on the basis of the regular reports of the European Commission on the progress of the candidate countries towards enlargement. As the next set of regular reports will be published by the Commission in November 2000, the second annual debate may take place before the end of the first semester of 2001.?

Hungary: membership application and partnership, 1st April 1994

The committee adopted the report by Luís QUEIRÓ (UEN, P) on Hungary's application for membership of the EU and the state of negotiations. It applauded Hungary's progress towards adoption of the "acquis communautaire", and its steady economic growth. The report stressed the need for firm, foreseeable dates for accession to be established as soon as possible in order to prevent discontent about membership growing within certain sectors of Hungarian society. The most worrying internal issues, the committee believed, were the problems of organised crime and corruption. The report also called for efforts to tackle the increasing problem of trafficking in women, given that Hungary was a transit and

destination country for such trafficking. Lastly, the Hungarian Government was urged to renew its efforts to bring the relevant environmental legislation into line, to monitor air and water quality and to tackle the problem of industrial pollution.?

Hungary: membership application and partnership, 1st April 1994

The European Parliament adopted the report drafted by Mr Luís QUEIRO (UEN, P) on Hungary's application for membership of the European Union. The Parliament applauds Hungary's progress towards the adoption of the *acquis*, and its steady economic growth. However, organised crime is highlighted as being probably the most worrying internal problem. The Parliament stresses the need for firm, foreseeable dates for the conclusion of the negotiations and for accession to be established as soon as possible in order to help prevent disappointment or even discontent within certain sectors of Hungarian society. Furthermore, the Parliament hopes that the medium-term measures intended to prevent discrimination against the Roma community and welcomes steps taken to improve their situation. As regards agriculture, the European Parliament emphasises the need for the modernisation of Hungarian agriculture. Moreover, the restructuring of the health sector must be speeded up. With regard to the environment, the Parliament welcomes the "Joint Declaration" on environmental protection concluded between Hungary and its neighbours to prevent cross-border environmental pollution, although cross-border pollution remains a problem, notably in the Danube and Tisza rivers. ?

Hungary: membership application and partnership, 1st April 1994

This Regular Report for 2000 on Hungary largely follows the same structure as the Commission's 1997 Opinion and of the subsequent reports; however, it differs from that used in previous years on three minor points. Firstly, the part of the present report assessing Hungary's ability to assume the obligations of membership has been structured to follow the list of 29 negotiating chapters covering the *acquis*. Secondly, this part has been broadened to cover Hungary's administrative capacity to apply the *acquis* under each of the negotiating chapters (previously discussed in a separate section of the report). Thirdly, the report includes, for the first time, a section assessing the progress made by Hungary in translating the *acquis* into its official language. This report takes into consideration progress since the 1999 regular report and it looks at whether intended reforms referred to in the 1999 regular report have been carried out and it also examines new initiatives. As regards the relations between the EU and Hungary, Hungary has continued to implement the Europe Agreement correctly and contributed actively to the smooth functioning of the various joint institutions. Trade with the EC has also continued to increase. In February 2000, Hungary transmitted its programme for restructuring aid to the Hungarian steel industry. As the plan did not fully meet the Commission's criteria for granting aid, the Commission requested the Hungarian authorities to amend the plan accordingly. In April 2000, a second Joint Assessment of the Hungarian authorities and the Commission services on medium term economic policy priorities was signed. Hungary was the first of the associated countries to pass to the second stage under the Europe Agreement in June 2000. This led to further liberalisation as regards the provision on establishment. The negotiations which were opened in March 1999 were concluded in May 2000 and as a consequence of the new agreement approximately two thirds of bilateral trade in agricultural products will benefit from preferences. With regard to Community aid, in the years 2000-2002 total financial assistance to Hungary will amount annually to EUR 96 million from Phare, EUR 38.7 million from SAPARD, and EUR 87.7 million from ISPA. It should be noted that Hungary continues to fulfil the Copenhagen political criteria. Although the judiciary functions satisfactorily and the training of judges in the EC *acquis* has progressed, the large backlog of cases before the Supreme Court hampers the unification of Court practice and the development of a consistent jurisprudence. Efforts should be made to remedy this. Although Hungary is a functioning market and considerable progress has been made towards consolidating macroeconomic stability, it will have to make further efforts towards the supervision of the financial sector. Administrative and judicial capacity still needs to be strengthened in specific areas such as state aid control, market surveillance, transport, the environment, veterinary and plant health. Hungary has satisfactorily addressed most of its short-term Accession Partnership priorities with the exception of agriculture, environment, certain elements related to the internal market, industry policy and economic and monetary union.?

Hungary: membership application and partnership, 1st April 1994

The committee adopted the report by Luís QUEIRÓ (UEN, P) which said that firm dates should be set for the conclusion of negotiations with Hungary and its accession to the EU, as this would help forestall any disappointment or even discontent on the part of the Hungarian public. The committee criticised in particular the "unjustifiably different treatment in terms of the number of MEPs who will represent Hungary in the European Parliament" and suggested therefore that the number be increased to 22. The report highlighted discrimination against the Roma minority, while noting that the government had begun to implement its medium-term action programme to address the issue. It also took note of the adoption of a law on Hungarians living in neighbouring countries and recognised the concerns of those governments. The Commission was urged to undertake an evaluation of this law with regard to its compatibility with the "*acquis*" and the spirit of good neighbourhood and cooperation. There was a call for action to be taken against trafficking of women and children and for the elimination of discrimination in law against homosexuals. Finally the committee welcomed continued progress on the economic front, while stressing the importance of tackling inflation and regional disparities. ?

Hungary: membership application and partnership, 1st April 1994

The European Parliament adopted the report by Mr Luis QUEIRÓ (UEN, P) on Hungary's application for membership of the European Union. (Please refer to the previous text). In addition, the House adopted one amendment which calls for the opposition parties to be adequately represented on the boards of the public media. ?

Hungary: membership application and partnership, 1st April 1994

The Commission has prepared this fourth series of Regular Reports with a view to the Laeken European Council in December 2001. The

structure followed for this Report is the same as that used for the 2000 Regular Report. This report takes into consideration progress since the 2000 Regular Report. It looks at whether intended reforms referred to in the 2000 Regular Report have been carried out and examines new initiatives. The Report contains a separate section examining the extent to which Hungary has addressed the Accession Partnership priorities. With regard to the pre-accession instruments, for the years 2000-2002, total financial assistance to Hungary amounts annually to around EUR 96 million from Phare, EUR 38.7 million from SAPARD and between EUR 72.8 and EUR 104 million from ISPA. With regard to the main Copenhagen criteria for membership, an overall evaluation presents sector by sector Hungary's progress in the accession negotiations :

- 1) Political Criteria : Hungary has continued to make good progress in aligning and implementing the *acquis* in many areas. Further progress in the modernisation of the public administration is apparent from the continued implementation of the 1999 programme. In the area of public administration reform, positive steps were taken with the introduction of a new legal framework increasing accountability and efficiency of the administration. In addition, better salaries and career possibilities have made the civil service more attractive. Within the judiciary, the overall efficiency of Courts further improved after the introduction of additional measures in the area of institution. The scarce budgetary resources make it difficult to implement the remaining elements of the judicial reform. The fight against corruption remained high on the political agenda and new legislation on asset declaration and more severe punishment was adopted to address the issue. Corruption remains a problem. New policy instruments and measures were adopted for the Roma minority which was accompanied by increased budgetary means for further implementation of this medium term action programme, already adopted by the Government in 1999.
- 2) Economic Criteria : Hungary is a functioning market economy. Provided it fully maintains and implements its reform programme in a consistent manner, it should be able to cope with the competitive pressure and market forces within the Union in the near future. The macroeconomic situation continues to be sound. Based on past structural reforms and careful macroeconomic management, economic growth has reached its highest level since the beginning of transition. Although privatisation is nearly completed, foreign direct investment remains the motor of growth and productivity gains.
- 3) Legislative Alignment with the *acquis* : Hungary continued to make progress in aligning and implementing the *acquis* in many areas. In the reporting period, the country has moved steadily towards achieving a degree of administrative capacity needed to satisfactorily implement the *acquis*.
 - in the internal market : continued good progress could be noted concerning the internal market. In this area, the major part of the *acquis* has been gradually adopted, and basic administrative structures are in place. As regards the free movement of goods, the alignment process has continued in respect of harmonised and "new approach" product legislation and Hungary has been able to apply for full membership in the European standard bodies CEN and CENELEC. With regard to public procurement, efforts will be needed to achieve full alignment and to ensure a transparency and enforcement of the current rules at all levels of government and in all sectors, in particular in motorway construction. In the field of services, banking and insurance legislation has largely been aligned, and the supervisory authority appears to be working satisfactorily. Capital movements were almost fully liberalised. The adoption of an important new law on the fight against money laundering, which aims at, *inter alia*, phasing out anonymous savings books in order to meet the recommendations of the Financial Task Force (FATF), is pending at Parliament. In the field of company law, the Hungarian legislation with regard to the industrial and intellectual property rights is already largely in line with the *acquis*; Hungary has a relatively good enforcement record. In competition policy, substantial and procedural rules for state aid control were further aligned with the *acquis*. Further efforts are needed to align state aid schemes, in particular the fiscal aid schemes. Both anti-trust and state aid enforcement bodies are working satisfactorily.
 - environment : significant progress was also made in the area of the environment, notably through the adoption of legislation on Environmental Impact Assessment, on water, waste, industrial pollution control and risk management, on chemicals and on radiation protection;
 - as to agriculture : progress in the reporting period was limited to the food safety and veterinary and phyto-sanitary areas still need to be updated. Further efforts are needed to establish in time the necessary procedures and structures for Hungary's participation in the CAP;
 - transport sector : legal alignment needs to be sustained in the area of transport, and efforts are needed to carry out the restructuring of the rail sector that is indispensable to prepare for the implementation of the market access *acquis*. In addition, appropriate institutions will have to be set up in order to enforce the *acquis* adequately;
 - in the energy sector : only limited progress was made. The necessary legal framework for the participation of Hungary in the internal market still needs to be created. No progress could be noted with regard to the audio-visual sector;
 - social policy and employment : considerable progress was made in the area of social policy and employment, notably through the adoption of the revised Labour Law.
 - in the area of Justice and Home Affairs, significant progress was achieved through further alignment with the *acquis* in the fields of visa policy, migration and asylum. The fight against fraud, corruption, money laundering and organised crime was made more efficient through the adoption of additional legislation and reinforced institutional structures. As regards external borders, a strategy on the integrated development of border crossing points was adopted. The Schengen Action Plan addresses the main issues of the *acquis*.
- 4) Administrative Capacity : Hungary made further progress in building up its administrative capacity to apply the *acquis* in most areas. However, with regard to the administrative and judicial capacity, further efforts will have to be made in particular in areas such as state aid control, audiovisual, market surveillance, transport and agriculture. Further efforts are also required in establishing the necessary administrative capacity to ensure the sound, efficient and controllable management of EC funds.
- 5) Accession Partnership : Hungary has continued to address its short-term Accession Partnership priorities with the exception of certain items in the field of agriculture, audio-visual policy, free movement of goods and competition policy. In addition, Hungary has implemented a number of medium-term priorities in the areas of social policy and employment, environment and Justice and Home Affairs (on asylum matters and visa policy).?

Hungary: membership application and partnership, 1st April 1994

In line with the previous strategy papers from the Commission which aim to set out the steps to be followed for the next enlargement, the Commission has published a new general document which sets out the progress made by all of the candidate countries with regard to accession to the European Union. If, on the one hand, certain countries have made substantial progress, considerable efforts still have to be made in order to ensure the effective application of EU legislation and standards ("*acquis communautaire*") before their accession. This is why the Commission announces that it shall present an important action plan in order to help the candidate countries strengthen their institution building capacities. The negotiations are conducted on the basis of the existing *acquis*, applying the principles of own merits and catching-up. It shall continue to follow the road map (please refer to the previous Commission working document for the year 2000) and the calendar approved by the European Council, which foresees the conclusion of the negotiations with the better prepared candidate countries before the end of 2002. In this context, the Union does not create new conditions for accession, which signifies that for all the subjects to come (in particular those which have important financial implications such as agriculture, regional policy and the budget, shall be dealt with throughout the first semester of 2002), the Commission shall present negotiation proposals based on the *acquis* and the existing budgetary framework. The Commission considers that this framework provides a sufficient basis for the accession of up to 10 new Member States in 2004. The accession negotiations can be concluded independently of decisions for financing the EU after 2006. Given the present pace of negotiations and the progress made so far, the Commission should be able to make recommendations on those candidate countries ready for accession on the basis of its 2002 Regular Reports. It should also be noted that the countries which should be ready for accession on this date may be able to participate as Members of the Union in the 2004 European Parliament elections. In addition, it should be noted that the Commission's important action plan aiming to reinforce institution building should mobilise EUR 1 billion for the year 2002 alone (drawn mostly from the

PHARE programme). In conclusion, the Commission announced that from November 2002, the Regular Reports that it presents shall identify which candidate countries are ready to become full Members of the European Union. The countries which do not conclude the negotiations in 2002 shall become subject to a new updated road map and eventually, a revised pre-accession strategy.?