

Procedure file

Basic information	
COS - Procedure on a strategy paper (historic)	1999/2029(COS)
Procedure completed	
Malta: accession to the European Union and progress in negotiations	
Subject 8.20.02 Enlargement 2004: new Member States	
Geographical area Malta	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AFET Foreign Affairs, Human Rights, Common Security, Defense		07/11/2000
		PPE-DE STENZEL Ursula	
	Former committee responsible		
	AFET Foreign Affairs, Security and Defense Policy		16/03/1999
		PSE MALONE Bernie	
	AFET Foreign Affairs, Security and Defense Policy		23/09/1999
		PPE-DE STENZEL Ursula	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets		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.	29/05/2001
		PSE BERGER Maria	
	ITRE Industry, External Trade, Research, Energy		21/03/2001
	PSE GLANTE Norbert		
EMPL Employment and Social Affairs		12/04/2000	
	PPE-DE SMET Miet		
AGRI Agriculture and Rural Development		27/03/2001	
	PSE GÖRLACH Willi		
RETT Regional Policy, Transport and Tourism		06/02/2001	
	PSE WATTS Mark Francis		
CULT Culture, Youth, Education, Media and Sport		11/04/2001	

AFCO Constitutional Affairs

24/01/2001

PPE-DE [RACK Reinhard](#)

FEMM Women's Rights and Equal Opportunities

20/03/2001

PPE-DE
[KRATSA-TSAGAROPOULOU](#)
[Rodi](#)

Council of the European Union

Council configuration

Meeting

Date

Culture

[2427](#)

23/05/2002

[General Affairs](#)[2168](#)

21/03/1999

European Commission

Commission DG

Commissioner

[Neighbourhood and Enlargement Negotiations](#)

Key events

17/02/1999	Non-legislative basic document published	COM(1999)0069	Summary
21/03/1999	Debate in Council	2168	
24/03/1999	Vote in committee		Summary
24/03/1999	Committee interim report tabled for plenary	A4-0165/1999	
12/04/1999	Committee referral announced in Parliament		
14/04/1999	Debate in Parliament		
15/04/1999	Decision by Parliament	T4-0336/1999	Summary
23/05/2000	Additional information		Summary
14/09/2000	Vote in committee		Summary
14/09/2000	Committee interim report tabled for plenary	A5-0243/2000	
03/10/2000	Debate in Parliament		
04/10/2000	Decision by Parliament	T5-0429/2000	Summary
09/07/2001	Vote in committee		Summary
09/07/2001	Committee interim report tabled for plenary	A5-0262/2001	
04/09/2001	Debate in Parliament		
05/09/2001	Decision by Parliament	T5-0438/2001	Summary
05/09/2001	End of procedure in Parliament		
21/03/2002	Final act published in Official Journal		

Technical information	
Procedure reference	1999/2029(COS)
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/4/10901; AFET/5/13761; AFET/4/10861

Documentation gateway					
Non-legislative basic document		COM(1999)0069	17/02/1999	EC	Summary
Committee interim report tabled for plenary		A4-0165/1999 OJ C 219 30.07.1999, p. 0007	24/03/1999	EP	
Interim resolution adopted by Parliament		T4-0336/1999 OJ C 219 30.07.1999, p. 0370-0451	15/04/1999	EP	Summary
Non-legislative basic document		COM(1999)0500	13/10/1999	EC	Summary
Supplementary non-legislative basic document		COM(1999)0508	13/10/1999	EC	Summary
Legislative proposal		COM(1999)0535 OJ C 056 29.02.2000, p. 0056 E	09/11/1999	EC	
Committee interim report tabled for plenary		A5-0243/2000 OJ C 178 22.06.2001, p. 0007	14/09/2000	EP	
Interim resolution adopted by Parliament		T5-0429/2000 OJ C 178 22.06.2001, p. 0074-0158	04/10/2000	EP	Summary
Supplementary non-legislative basic document		COM(2000)0708	08/11/2000	EC	Summary
Document attached to the procedure		COM(2000)0700	08/11/2000	EC	Summary
Committee interim report tabled for plenary		A5-0262/2001	09/07/2001	EP	
Economic and Social Committee: opinion, report		CES0936/2001 OJ C 260 17.09.2001, p. 0093	11/07/2001	ESC	
Interim resolution adopted by Parliament		T5-0438/2001 OJ C 072 21.03.2002, p. 0085-0214 E	05/09/2001	EP	Summary
Non-legislative basic document		COM(2001)0700	13/11/2001	EC	
Supplementary non-legislative basic document		SEC(2001)1751	13/11/2001	EC	Summary
Document attached to the procedure		COM(2001)0658	13/11/2001	EC	Summary
Document attached to the procedure		32002D0090 OJ L 044 14.02.2002, p. 0064-0071	28/01/2002	EU	
Non-legislative basic document		COM(2002)0700	09/10/2002	EC	Summary
Document attached to the procedure		SEC(2002)1407	09/10/2002	EC	

PURPOSE: to present the regular report for 1998 on progress with respect to Malta's accession application. **CONTENT:** in line with the request of the Maltese authorities, who decided in September 1998 to relaunch their EU accession application, the Commission presents a report which updates the opinion which it gave in June 1993 on Malta's application. The criteria for assessing the prospects for accession by this country are the same as all of the other countries, namely : - relations between this country and the EU (particularly within the framework of the Association Agreement linking the EU to Malta since 1971); - political criteria (general political development since 1993, respect for democracy, protection of minorities); - economic criteria (functioning market economy, capacity to cope with competitive pressures and market forces within the EU); - Malta's capacity to adopt the obligations of membership (particularly the Community acquis). In its conclusions, the Commission's report considers the results to be satisfactory in economic and political terms with respect to Malta : the Maltese institutions are functioning normally and Malta displays all the characteristics of a market economy. Nevertheless, the Maltese authorities still face a certain number of structural problems which require sustained attention. In order to strengthen Malta's capacity to cope with competitive pressures within the EU, a customs union should be set up in the first instance, accompanied by a comprehensive reform programme. As regards the adoption of the acquis, limited and uneven efforts have been made since 1993 to align Maltese legislation with the acquis, particularly in the field of the internal market. In conclusion, Malta's preparations with a view to accession differ from those of the other countries, due to its decision to freeze its application for 2 years. This interruption has given rise to significant delays which will require particular effort by Malta so as to give these preparations fresh momentum. The development of a broad-ranging national plan outlining both economic and legislative measures with a view to accession will help this process. The Commission intends to propose a detailed account of the state of progress of the preparations of Malta's candidacy, within the framework of its regular report on Malta, to be published at the end of 1999.?

Malta: accession to the European Union and progress in negotiations

The Committee adopted report on the progress made towards accession application by Malta. 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 consequence. The Rapporteur, Bernie MALONE (PES, Irl), welcomed the Commission's recommendation that a review of Malta's legislation should start as soon as possible so that negotiations can begin swiftly, at the latest by the end of the year. Progress is needed in the area of justice and home affairs but there are no major political problems and Malta has a market economy which is capable of standing up to accession. Malta has also expressed its wish to work towards the main objectives of the CFSP. Lastly, the report calls for pre-accession aid to be granted to Malta on the same basis as to the other candidates.?

Malta: accession to the European Union and progress in negotiations

The Parliament adopted its resolution, drafted by Ms. Bernie MALONE (PES, Irl.) concerning Malta's progress towards EU accession. The resolution notes that Malta is an integral part of the community of European nations and cultures and that its entry to the Union will strengthen this both in political and security terms. Progress is required in the field of justice and home affairs, but, otherwise, Malta meets all the political requirements of membership and has a robust market economy. Malta has also expressed a wish to work towards the main objectives of the CFSP. Lastly, the Parliament called for pre-accession aid to be made available to Malta on the same basis as other candidate countries and that it should participate in the European Conference.?

Malta: accession to the European Union and progress in negotiations

PURPOSE : To present the 1999 Regular Report on Malta's progress towards accession. **CONTENT :** In accordance with the conclusions of AGENDA 2000 and the Vienna European Council, the Commission presents this report on Malta's progress towards accession. This report focuses on whether Malta meets the criteria set by the Copenhagen Council (political and economic criteria and ability to assume the obligations of membership) and assesses the reforms that have taken place since the publication of the regular report in February 1999 and the introduction of the pre-accession strategy. The report suggests that membership negotiations can be started with Malta from the year 2000, because the country satisfies the Copenhagen political criteria and has proven that it is ready to take the necessary measures to satisfy economic criteria. On a more practical level : - on the bilateral front, there has not been a radical change in developments in EU-Maltese relations, although the introduction of a customs union in two stages of five years has not yet come into effect ; - with respect to the implementation of aid, the Commission's services are currently preparing a regulation identifying the activities to be financed in the framework of the pre-accession strategy for the next five years (see procedure CNS/1999/0199). The activities will centre on the process of harmonisation (as a function of the priority fields agreed in the future accession partnership for Malta). For the 2000-2004 period, pre-accession aid will amount to EUR 95 million to be shared with Cyprus and will fund technical assistance and training actions that are, for the most part, similar to Phare funding granted to Central and Eastern European countries ; - with regard to the Copenhagen political criteria, Malta fulfils them ; - in respect of the economic criteria, Malta is a functioning market economy and should be able to cope with competitive pressures and market forces within the European Union, as long as it takes appropriate measures, particularly in the area of industrial restructuring. The main challenge of economic policy is to reduce the government deficit to a level which is sustainable in the long term and which would allow Malta to maintain a balanced budget in the medium term after EU accession. It should continue to open up its economy by further trade and capital account liberalisation ; - there has not been any substantial change to report since the February 1999 report in respect of Malta's ability to assume the obligations of the acquis, especially with regard to the Internal Market area. Alignment in this area should be given priority, especially with regard to standardisation, intellectual property and data protection. The reintroduction in 1999 of VAT is a positive measure, although further efforts to harmonise will also be necessary. The levy of taxes on imports from the Union is an anomaly that should be eliminated immediately. In the area of competition policy, Maltese legislation is broadly aligned with Community law, although certain companies still benefit from special or exclusiverights. There is little systematic control of state aids and no legal framework (especially in the ship-building sector). The state continues to play an important role in the agricultural sector and little progress has been observed in this sector. Greater harmonisation in the transport and environment fields is necessary in which a global strategy will be necessary. In the area of justice and home affairs, Malta should adopt a law on asylum and lift its geographic reservation. Its capacities in the area of immigration control, data protection and combating organised crime need to be strengthened. Malta still needs to establish institutions to deal with the areas of environment, customs, consumer policy, fisheries, maritime transport and regional policy. Administrative capacity to apply the acquis needs to be strengthened across the board. A first accession partnership should shortly be adopted setting Malta's short-term and medium-term priorities and objectives in each of the above-mentioned areas.?

Malta: accession to the European Union and progress in negotiations

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.?

Malta: accession to the European Union and progress in negotiations

The committee adopted the report by Ursula STENZEL (EPP-ED, A) on Malta's application for membership of the EU and the state of the negotiations. The report noted that Malta was well on the way to meeting most of the political and economic criteria for membership. However the committee was concerned that there remained much scepticism about early EU membership in significant quarters in the country, particularly the main opposition party. There was also some catching up to do in the implementation of the "acquis communautaire", for example, in the field of the environment and agriculture. ?

Malta: accession to the European Union and progress in negotiations

The European Parliament adopted the text drafted by Mrs Ursula STENZEL (EPP/ED, A) on Malta's application for membership of the European Union. Malta meets the Copenhagen political criteria and, as a functioning market economy, therefore it should be able to cope with competitive pressure and market forces within the Union. The Parliament considers that Malta needs to intensify its efforts to transpose, apply and enforce the Community acquis in the environmental field and considers it particularly essential to draw up a directive-specific financing plan for solving the problems which exist with regard to land use, effluent, air pollution, waste management and nature conservation. Furthermore, the Parliament welcomes, in view of the predominance of SMEs in the Maltese economy and the problems in this field, and in light of the inadequate openness of the economy to date and the lack of competition in some sections of industry, that the setting-up of an Institute for the Promotion of Small Enterprises (IPSE) as a step in the right direction in the process of restructuring Maltese economy.?

Malta: accession to the European Union and progress in negotiations

The Commission has presented for the first time a 'strategy document for enlargement' which seeks to be more analytical and forward-looking than its previous versions issued in 1998 and 1999. In the first part, the Commission recalls the challenges of the future enlargement, in particular in geopolitical and strategic terms, which go far beyond those faced in previous enlargements: Europe's improved security, stability and prosperity will be top priority in the complex negotiations which will result in the membership of between 10 and 13 new member states. The Commission also discusses the new potential candidates for membership from the Balkans area which will be declared in the relatively near future. A process in parallel to that started in 1989 for the current candidates from Central and Eastern Europe is under way in this region so as to prepare the countries of the former Yugoslavia and Albania for future membership: this involves a stabilisation and association process coupling financial and technical support, as well as strengthening the political dialogue between the parties. In recalling the various elements that comprise the pre-accession strategy (accession partnerships; national programmes for the adoption of the acquis communautaire; more than 3 billion euros per year of financial assistance with PHARE, ISPA and SAPARD; association agreements that set the institutional framework and the structural objectives of pre-accession; involvement of the candidate countries in the various Community programmes and agencies), the Commission presents a state of play sector-by-sector of the progress made by the candidates on the path to accession. The Copenhagen criteria (political, economic, adoption of the acquis) are reviewed in the second part of the document in order to determine for each country concerned the work that remains to be done before becoming a member of the Union. The Commission describes, in a third and important part of the section, the negotiation strategy that it intends to implement in the course of the next two years (2001-2002). In this regard, the Commission stresses the need to respect the timetable for the negotiations, considering that it is not in the interests of either the Union or the candidate countries to see the enlargement process get bogged down indefinitely. This is why a strategy in stages is proposed in order both to encourage the candidate countries to intensify their preparation efforts and to give them greater confidence in the process under way. This strategy involves the following stages: 1) the drawing up of a lists of candidate countries' requests for transitional measures and negotiation of these measures by making, on the EU side, a clear distinction between measures considered acceptable (basically transitional measures in the short term of a technical nature that do not pose a particular problem), negotiable (measures having an effect on competition or the internal market and a longer duration), and unacceptable (posing very fundamental problems in the context of membership); 2) the drawing up of a detailed 'road map' for each country laying down clearly the order in which pending questions should be dealt with in 2001-2002. The road map is, without doubt, the most innovative aspect of the planned negotiation method since it involves for all the parties an undertaking to finish negotiations within a realistic timescale. The approach favoured by the Commission is one in two phases: 2001 will see the majority of the pending questions raised (mainly, the internal market, social questions, environment) with the exception of those which have the most important financial implications; these latter will be dealt with in the course of the first six months of 2002, with the 'institutional questions' chapter and the other unresolved matters (agriculture, in particular). A clear list of chapters for negotiation that must be tackled is presented in the Commission's document, breaking down the most important questions to be resolved into

3 semesters (up to June 2002); 3) the opening of negotiating chapters: it is up to the candidate countries to open negotiating chapters as a function of the timing proposed by the Commission in its road map. Certain countries that are already well advanced would be able, by virtue of the principle of differentiation, to pursue their negotiations at a more sustained rhythm and hope to be part of the first cluster of new member states. However, where the number of remaining problems is very limited, these can be put aside provisionally to be revisited in order to find a solution to the few remaining issues at the appropriate moment. In conclusion, and in virtue of the method proposed in this working document, the Commission considers that Union should be in a position to welcome new Member States from the end of 2002.?

Malta: accession to the European Union and progress in negotiations

This Regular Report for 2000 on Malta largely follows the structure of the Commission's 1999 Opinion and of the subsequent Regular Reports; however, it differs from that used in the previous years on three minor points. Firstly, the part of the present report which assesses Malta's ability to assume the obligations of membership, has been structured to follow the list of 29 negotiating chapters. Secondly, this part has been broadened to cover also Malta'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 Malta in translating the acquis into its national language. This report takes into consideration progress since the 1999 Regular Report and looks at whether intended reforms referred to in the 1999 report have been carried out and it also examines new initiatives. With regard to the relations between the European Union and Malta, no particular developments can be reported as far as the implementation of the Association Agreement is concerned. The establishment of a customs union in two five-year-stages is a long-standing objective that up to now has not been achieved. The EC remains Malta's major trading partner (65.4% of Maltese imports come from the EC). Furthermore, Malta has started to implement a plan aiming at dismantling all levies on EC imported products by 2003, except for agricultural products. Following a request from Malta, the Commission is proposing a mandate to negotiate with Malta further trade liberalisation on fish products. The Council adopted a first Accession Partnership (AP) for Malta on 20 March 2000. Malta finalised its first National Programme for the Adoption of the Acquis (NPAA) and it was published on 18 September 2000. This document, which includes an evaluation of the costs of the different measures, sets out Malta's plan for the adoption and implementation of the acquis. As far as Community assistance is concerned, the Commission proposed in October 1999 a pre-accession regulation for Malta. The Council approved the regulation on the implementation of operations in the framework of the pre-accession strategy for Malta on 13 March 2000. It provided a total pre-accession aid to Malta of EUR 38 million for the period 2000-2004, to be used mainly for institutional capacity building, as well as for participation in Community programmes. With regard to twinning, there are as yet no ongoing twinning operations with Malta as the regulation on pre-accession assistance was only adopted in March 2000. It should be noted that Malta continues to fulfil the Copenhagen political criteria. Its institutions are democratic and function smoothly and there are no particular problems with regard to human rights. Basic civil and political rights continue to be respected. The overall situation with regard to economic, social and cultural rights is satisfactory. However, special attention should be devoted to the issue of the backlog of civil judiciary cases. Malta should also pursue and reinforce the implementation of its policies with respect to the treatment of refugees and gender equality, as well as the reform of its public administration. Moreover, the government deficit remains very high and needs to be further reduced in order to improve the macroeconomic environment. The influence of the state in the economy is still too high in some areas. The authorities need to complete the consolidation of public finances, including the reform of the social security system. In addition, in the areas of agriculture, the environment and regional policy, progress has been very limited as well as in the areas of administrative capacity, and maritime transport safety. The areas in which Malta has made significant progress include telecommunications and, culture and audio-visual policy, justice and home affairs. Lastly, all administrative capacity should be strengthened in order to facilitate the implementation of the acquis. ?

Malta: accession to the European Union and progress in negotiations

The committee adopted the report by Ursula STENZEL (EPP-ED, A). While it took the view that Malta was well on the way to joining the EU as there was constitutional stability and a functioning market economy, the committee regretted the fact that government and parliamentary opposition held divergent views on Malta's accession to the EU. It expressed support for all efforts to safeguard the continuity of the accession process. Other items taken up in the report were the need for Malta to maintain its progress in introducing environmental legislation, and there was particular support for its efforts to ban the use of plastic bottles. Malta should also press on with agricultural reforms. Finally there was recognition of Malta's concerns over the potential disruption of the labour market in the event of a high inflow of workers following accession. ?

Malta: accession to the European Union and progress in negotiations

The European Parliament adopted the report by Mrs Ursula STENZEL (EPP-ED, A) on Malta's application for membership of the European Union. (Please refer to the previous text). In addition, amendments adopted note the establishment of a Financial Intelligence Unit to combat money laundering and other measures to bring its criminal code into line with European legislation. ?

Malta: accession to the European Union and progress in negotiations

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 bear 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.?

Malta: accession to the European Union and progress in negotiations

The Commission has prepared this third Regular Report on Malta's progress towards accession with a view to the Laeken European Council in December 2001. The structure followed by this Regular Report is the same as that used for the 2000 Regular Report. It takes into consideration progress since the 2000 Report. It looks at whether intended reforms referred to in the 2000 Regular Report have been carried out, and examines new initiatives. In addition, this Report provides an overall assessment of the global situation for each of the aspects under consideration, setting out for each of them the main steps which remain to be taken by Malta in preparing for accession. In accordance with this approach, the assessment of progress in meeting the political and *acquis* criteria focuses on what has been accomplished since the last Regular Report. The Report contains a separate section examining the extent to which Malta has addressed the Accession Partnership priorities. Firstly, with regard to the pre-accession budget, the Council approved a pre-accession regulation for Malta. It provided for a total of pre-accession aid of EUR 38 million for the period 2000-2004 to be used mainly for institutional capacity building as well as for the participation in Community programmes. The Regulation also provided for Malta's participation in MEDA regional programmes. In addition, Malta is eligible for the EIB pre-accession facility and for the EUR 6 425 billion EIB facility for Mediterranean countries. With regard to the Copenhagen criteria for membership: 1) Political Criteria : further efforts have been made to prepare the administration for operation within the EU, and the authorities' record on democratic and human rights remains generally good. There has been further progress as regards the functioning of the justice system with the reduction of the backlog of judiciary cases and preliminary steps have been taken to implement the Refugees Act. 2) Economic Criteria : Malta is a functioning market economy. It should be able to cope with the competitive pressure and market forces within the Union. Macroeconomic developments have been favourable in terms of the GDP growth, unemployment, inflation and a significant reduction of the government deficit. The government's medium-term fiscal programmes generated a further decrease of the public deficit. Progress has been made in developing restructuring and privatisation programmes and of public utilities and loss-making public enterprises remains slow. Further efforts to limit the influences of the state in the economy are needed. A faster implementation of structural reforms and further liberalisation is crucial to support the sustainability of external balances and external competitiveness in a more open environment. 3) Legislative alignment of the *acquis* : Malta has continued to progress well in aligning its legislation with the *acquis* and strengthening its administrative capacity. However, progress has been uneven across the different fields. - internal market : considerable further progress has been made in aligning with the *acquis* on free movement of goods, especially as regards the framework for the New and Global Approach. Malta must pursue its efforts in the fields of standardisation, certification and market surveillance and also align its public procurement legislation as regards the remedies system and bodies governed by public laws. As regards the free movement of persons, efforts should be pursued to further align Maltese legislation. Malta has continued to progress on free movement of services and capital, however further legislative alignment is needed in particular in the fields of banking and investment services, data protection as well as money laundering. In the area of company law, Malta is close to full alignment; - agriculture : progress has been limited in this area. Malta still has to adopt most of the extensive agriculture *acquis* and to prepare it agriculture for the Common Agriculture Policy; - environment : the adoption of the Environmental Act together with subsidiary legislation represents a significant progress but Malta is still far from full alignment and the capacity to enforce the legislation remains very weak. An overall strategy for the adoption and implementation of the environmental *acquis* must also be developed; - transport : Malta's legislation in the transport sector is in line with the EC *acquis* to a certain extent, but important parts of road transport law remains to be transposed, and sustained efforts are needed as regards maritime safety; - energy : Malta has made significant progress during the period covered by this Regular Report. An important development in the field of energy has been the entry into force, in January 2001, of the Malta Resources Authority Act which provides a basis for alignment with the *acquis*; - employment and social affairs : Malta is generally well advanced in terms of legal transposition of the *acquis* in this area, but especially as regards labour law and Health and Safety, but it is still far from alignment as regards equal treatment. With regard to employment policy, important steps have been taken by Malta to adapt its employment systems so as to implement the European Employment Strategy, including the agreement of the Joint Assessment Paper (JAP). Malta still has to comply with the *acquis* on anti-discrimination; - justice and home affairs : in the field of justice and home affairs, little further legislative progress has been achieved. Progress has been made in preparing the Maltese administration to the implementation of the Asylum legislation and the control of border in accordance with the Schengen requirements, in particular with the preparation of a Schengen Action Plan. Efforts are still needed with respect to data protection, immigration and visa policy and judiciary co-operation. 4) Administrative Capacity : the capacity to enforce the *acquis* remains a source of particular concern in the area of the environment and it should be strengthened as a matter of priority. Malta should also significantly strengthen its administrative capacity in the agriculture field, in particular it has to upgrade inspection arrangements in the veterinary and phytosanitary fields. 5) Accession Partnership : most of the Accession Partnership short-term and medium-term priorities have been partially fulfilled. Progress has been particularly significant in the areas of free movement of goods and social policy and also in the areas of taxation and telecommunications, and in the area of free movement of services.?