

Procedure file

Basic information		
INI - Own-initiative procedure	2007/2267(INI)	Procedure completed
Croatia's 2007 progress report		
Subject 8.20.01 Candidate countries		
Geographical area Croatia		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AFET Foreign Affairs		13/09/2004
		PSE SWOBODA Hannes	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2847	12/02/2008
	General Affairs	2839	10/12/2007
European Commission	Commission DG	Commissioner	
	Neighbourhood and Enlargement Negotiations	REHN Olli	

Key events			
10/12/2007	Resolution/conclusions adopted by Council		Summary
13/12/2007	Committee referral announced in Parliament		
27/02/2008	Vote in committee		Summary
28/02/2008	Committee report tabled for plenary	A6-0048/2008	
09/04/2008	Debate in Parliament		
10/04/2008	Results of vote in Parliament		
10/04/2008	Decision by Parliament	T6-0120/2008	Summary
10/04/2008	End of procedure in Parliament		

Technical information	
Procedure reference	2007/2267(INI)

Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 089o; Rules of Procedure EP P.F.
Stage reached in procedure	Procedure completed
Committee dossier	AFET/6/56655

Documentation gateway

Document attached to the procedure	SEC(2007)1431	06/11/2007	EC	Summary
Committee draft report	PE400.319	24/01/2008	EP	
Amendments tabled in committee	PE402.526	18/02/2008	EP	
Committee report tabled for plenary, single reading	A6-0048/2008	28/02/2008	EP	
Text adopted by Parliament, single reading	T6-0120/2008	10/04/2008	EP	Summary
Commission response to text adopted in plenary	SP(2008)3169	28/05/2008	EC	
Commission response to text adopted in plenary	SP(2008)3164	11/06/2008	EC	

Croatia's 2007 progress report

PURPOSE: presentation of the Commission's 2007 follow-up report on the progress made by Croatia towards accession.

CONTENT: this report reviews the progress made by Croatia in its preparations during 2007 for accession. It details, in particular, the efforts achieved by this country to conform to the Copenhagen criteria and supports the general strategy document on the European Union's enlargement policy (see [COM\(2007\)0663](#)) which demonstrates the way in which the renewed consensus on accession, adopted by Community leaders at the December 2006 Summit, will be implemented. The renewed consensus on enlargement is based on the principles of consolidation of commitments, fair and rigorous conditionality and better communication with the public, combined with the EU's capacity to integrate new members.

Although progress has been uneven in certain areas in Croatia, the Commission is satisfied with the progress made by this country. Accession negotiations with Croatia are progressing well and are currently entering a decisive phase, which shows that the European perspective of this country is both concrete and tangible. The Commission therefore expects significant progress in the accession negotiations with Croatia in 2008, provided that the country maintains the pace of necessary reforms and fulfils the desired conditions.

Progress in the accession negotiations with Croatia: 14 of 33 negotiation chapters have been opened so far (right of establishment and freedom to provide services, intellectual property law, financial services, information society and media, economic and monetary policy, statistics, enterprise and industrial policy, consumer and health protection, customs union, financial control and external relations) and two of these chapters have been provisionally closed (science and research, and education and culture). Benchmarks have been defined with a view to opening ten additional chapters (these benchmarks are a new tool, introduced as a result of lessons learnt from the fifth enlargement. Their purpose is to further improve the quality of the negotiations, by providing incentives for the candidate countries to undertake the necessary reforms at an early stage. In general, opening benchmarks concern key preparatory steps for future alignment with the EU's legal order, such as strategies or action plans. As a matter of fact, some benchmarks were adopted by the Council with a view to opening the following chapters in Croatia: public procurement; competition policy; justice, freedom and security; social policy and employment; free movement of capital; free movement of goods; agriculture; environment; food safety; regional policy. At this stage, the Commission considers only the opening benchmarks on justice, freedom and security to have been met).

The Commission hopes that Croatia will be able to meet outstanding benchmarks shortly (closing benchmarks primarily concern legislative measures, administrative or judicial bodies, and a track record of implementation of EU laws and standards).

Overall, the 3 main criteria established in Copenhagen to enable a country to accede to the Union have evolved as follows in Croatia, during 2007:

1. Political criteria: Croatia continues to meet the Copenhagen political criteria. The implementation of strategies for reforming the judiciary and fighting corruption has continued. The case backlog before the courts has been reduced. Some of the first results are appearing in the fight against corruption. Croatia has taken further steps to address the problems of minorities and, to a lesser extent, refugee return. Croatia continues to fully cooperate with the ICTY. Croatia ratified the new Central European Free Trade Agreement (CEFTA), and continues to participate actively in regional cooperation, notably in the establishment of the new Regional Cooperation Council. However, considerable challenges remain in key areas, such as reform of the inefficient judicial system, public administration reform and fighting corruption, which remains a widespread problem. Increased attention needs to be paid to minority rights, especially refugee return. More attention must be given to the prosecution of war crimes. Further regional cooperation is vital, as are efforts to solve outstanding bilateral problems with neighbours, especially on border delimitation;
2. Economic criteria: as regards economic criteria, Croatia is a functioning market economy. It should be able to cope with the competitive pressures and market forces within the Union in the medium term, provided that it implements its comprehensive reform programme with determination in order to reduce structural weaknesses. Economic growth has increased in Croatia and macroeconomic stability has been maintained. The public administration deficit has been significantly reduced. Inflation remained low and private investment

continued to rise. Employment rose and the business environment improved. The stability of the financial sector increased. The government's economic policy capacity was further strengthened. However, rising external imbalances could present risks in the future. Structural reforms, notably in the restructuring of the shipbuilding and steel sectors, only progressed slowly. State intervention in the economy remained significant. Inefficiencies in public administration and the judiciary continued to hamper private sector development. The external debt has not been reduced, highlighting the need for tighter fiscal policies;

3. EU legal order: Croatia has improved its ability to take on the obligations of EU membership. Preparations for meeting EU requirements are moving forward at a steady pace and alignment with EU rules has been considerable in some sectors. However, significant efforts will be required in order to reach full alignment. In most areas there has been some progress made, principally in terms of legislative alignment but also as regards administrative capacity building. In some chapters, such as transport and the environment, satisfactory progress made in previous years has been sustained. In other chapters, such as public procurement and taxation, progress has remained limited. As regards the overall level of alignment and administrative capacity, there still remains much to be done.

EU financial assistance via the Instrument for Pre-Accession Assistance (IPA): Croatia should benefit from the following amounts during the 2007-2011 period, in accordance with the financial envelope planned by the IPA:

- 2007: EUR 141.2 million
- 2008: EUR 146 million
- 2009: EUR 151.2 million
- 2010: EUR 154.2 million
- 2011: EUR 157.2 million
- Total: EUR 749.8 million.

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The Council held an exchange of views on the enlargement strategy and adopted the following conclusions:

- In line with the enlargement strategy agreed by the December 2006 European Council and the Council conclusions of 11 December 2006, the Council welcomes the Commission's communication on the enlargement strategy and main challenges 2007-2008, of 6 November, and takes good note of the analysis and recommendations contained therein. The renewed consensus on enlargement, which is based on consolidation of commitments, fair and rigorous conditionality and better communication, together with the capacity to integrate new members, continues to form the basis of the EU's enlargement strategy. An improved quality of the enlargement process will ensure that enlargement continues to foster peace, democracy and stability throughout the continent and to bring concrete benefits in terms of increased trade, investment and economic growth. 2008 will be a particularly crucial year for supporting the transition process in the Western Balkans. The Council recalls that the future of the Western Balkans lies in the European Union.

The Council reaffirms that the pace of the negotiations depends notably on the negotiating countries' progress in addressing opening and closing benchmarks as well as the requirements of the Negotiating Frameworks, including the implementation of the Accession Partnerships, currently in course of revision, with each country being judged on its own merits. The Council recalls that chapters for which technical preparations have been completed will be opened in accordance with established procedures, in line with the Negotiating Frameworks. In this context, the Council looks forward to the Intergovernmental Conferences with Turkey and Croatia later this month. It is also essential that the enlargement policy maintains fair and rigorous conditionality at all stages of the negotiations.

In this regard, the Council welcomes the Commission's intention to continue enhancing the quality of the enlargement process by tackling key priorities in areas of public administration and judicial reform and the fight against corruption at an early stage.

- The Council then returned to the situation in Croatia:

The Council commends Croatia for the overall progress it continued to make in the past year, which allowed the country to enter an increasingly important and demanding stage. Negotiations are on the right track. This also demonstrates to the Western Balkan region as a whole that the perspective of EU membership is tangible. Increased attention must be given to further transpose and implement effectively the acquis, in order to be able to meet the obligations of membership in good time.

Further sustained efforts are required in a number of areas. Croatia needs to build on its achievements and implementing record and to make further progress, particularly in:

- judicial and administrative reforms;
- the fight against corruption;
- economic reforms;
- minority rights;
- refugee return.

The Council also notes that full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) must be continued and further improvements are needed, to ensure that the prosecution and trial of war crimes in Croatia itself is carried out, without ethnic bias.

The fulfilment of the obligations under the Stabilisation and Association Agreement remains crucial. It is also essential that Croatia continues its efforts towards good neighbourly relations, including work to find satisfactory solutions to pending bilateral issues with neighbouring countries, especially as regards border issues.

The Council also calls on Croatia to fully respect the 4 June 2004 agreement concerning the Ecological and Fisheries Protection Zone, referred to in the June 2004 European Council conclusions and the Negotiating Framework, and not to apply any aspect of the Zone to the EU Member States until a common agreement in the EU spirit is found.

Croatia's 2007 progress report

The Committee on Foreign Affairs adopted the own-initiative report by Hannes SWOBODA (PSE, AT) on Croatia's 2007 progress report, commending the Croatian authorities on the positive results achieved so far, particularly with regard to the number of negotiation chapters which have been opened. However, MEPs urge the newly formed Croatian government to step up its efforts to meet the benchmarks for the remaining chapter. Noting that much of Croatia's body of law has been aligned with EU standards, MEPs call this country to develop the administrative capacity required in order to implement the new legislation. MEPs also await new reforms, notably in the area of judicial reform in order to:

- further reduce the backlog of pending cases;
- enhance the independence, impartiality and professionalism of the judiciary;
- give renewed impetus to the process of rationalising judicial courts and ensuring that infrastructural investments are in keeping with the newly developed "judicial map".

MEPs commend the Croatian authorities on their continued efforts to prosecute those guilty of war crimes and urge them to take additional measures to ensure the protection of witnesses in the framework of the judicial process. While congratulating the full cooperation of the Croatian authorities with the International Criminal Tribunal for the former Yugoslavia (ICTY), MEPs are concerned about the negative impact which the judgments of the ICTY on the Vukovar war crimes cases have had on Croatia's public perception of the work of the ICTY. Therefore, it is necessary to restore popular support of the ICTY within Croatia. The Croatian authorities are also called to strictly comply with the conditions necessary for the provisional release of defendants arraigned before the ICTY.

MEPs also call for further efforts to be made to fight against discrimination, of which the Roma community was subject. Measures are also expected to support the rights of national minorities (notably, via the school system, bilingualism in public administration or the fair representation of minorities within the judiciary and public administration system).

On the economic front, MEPs hope that Croatian growth, which is sustained, will result in increased employment opportunities. Although they commend the reforms led in the environmental protection sector, measures are also needed to encourage ecologically sustainable development. For this reason the Croatian authorities are called to reassess the efficiency of the current system of environmental protection measures (coastal water-treatment plants, differentiated waste collection, heat recovery plants, and the elimination of illegal rubbish dumps) and to raise public awareness of environmental issues. In this context, MEPs regret the decision of the Croatian Parliament to introduce unilaterally the Ecological and Fishing Protection Zone in the Adriatic, despite the agreement reached in 2004 with the Italian and Slovenian authorities and the European Commission, which could have serious repercussions on the pace of the accession negotiations.

Regarding the technical implementation of the legislation, MEPs await tangible signs of its implementation, especially as far as judicial reform, the fight against corruption and economic reforms are concerned.

Concerning the recent criticism voiced by the Commission with regard to the way in which EU funds are being managed by Croatian authorities, MEPs urge the Croatian authorities to address the administrative weaknesses identified as a matter of urgency. This would enable the lifting of the temporary suspension of contracting under the PHARE 2006 programme (with a total financial envelope of EUR 68.5 million) as well as the reinstatement of the initial allocation for the financial year 2008 under the IAP Component 1, following a reduction of EUR 5 million.

Recalling that a real climate of international confidence can be crucial to ensuring stability in the Balkans, MEPs call on Croatia to do everything in its power to resolve all outstanding border issues. They recall that addressing border-related issues is defined as a priority of the Accession Partnership of Croatia and, in this respect, express their concerns regarding the commencement of the Pelje?ac bridge construction works despite opposition voiced by Bosnia and Herzegovina. For MEPs, every effort must be made for a negotiated resolution of this issue between the two states. Therefore, efforts are anticipated in the field of regional cooperation and good neighbourly relations, notably towards Bosnia and Herzegovina.

MEPs also call for the sustainable reintegration of wartime refugees.

Finally, MEPs hope that increased efforts, by both Croatia and the European Union, can lead to the finalisation of the accession treaty in time for the European Parliament to make its final decision before the next European elections in June 2009. Therefore, they call on the Commission to step up its efforts to finalise the negotiation material so as to enable the EU to respond rapidly and efficiently to progress made by Croatia, in meeting the opening and closing benchmarks in terms of accession.

Croatia's 2007 progress report

The European Parliament adopted, by 588 votes to 39 with 22 abstentions, a resolution on Croatia's 2007 progress report, in response to the Commission's report on this subject. The own-initiative report had been tabled for consideration in plenary by Hannes SWOBODA (PSE, AT) on behalf of the Committee on Committee on Foreign Affairs. Parliament commends the Croatian authorities on the positive results achieved so far, particularly with regard to the number of negotiation chapters which have been opened. However, MEPs urge the newly formed Croatian government to step up its efforts to meet the benchmarks for the remaining chapter. Noting that much of Croatia's body of law has been aligned with EU standards, MEPs call on this country to develop the administrative capacity required in order to implement the new legislation. MEPs also await new reforms, notably in the area of judicial reform in order to:

- further reduce the backlog of pending cases;
- enhance the independence, impartiality and professionalism of the judiciary;
- give renewed impetus to the process of rationalising judicial courts and ensuring that infrastructural investments are in keeping with the newly developed "judicial map".

MEPs commend the Croatian authorities on their continued efforts to prosecute those guilty of war crimes and and urges them to exercise continuous vigilance in order to avert the risk of ethnically biased rulings and to ensure that all measures are in place to protect the integrity of the judicial process. They call for urgent additional measures for the protection of witnesses. While welcoming the fact that Croatia is continuing to cooperate fully with the International Criminal Tribunal for the former Yugoslavia (ICTY), MEPs are concerned about the negative

impact which the judgments of the ICTY on the Vukovar war crimes cases have had on Croatia's public perception of the work of the ICTY. The Croatian authorities are also called to ensure strict compliance with the conditions necessary for the provisional release of defendants arraigned before the ICTY.

MEPs also encourage the government and the parliament to pursue efforts to ensure the elimination of all forms of discrimination and prejudice, including vis-à-vis the Roma community. They call for the adoption by the government of a global anti-discrimination strategy and its effective implementation at state and local level. Measures are also expected to support the rights of national minorities (notably, via the school system, bilingualism in public administration or the adequate representation of minorities within the judiciary and public administration system).

On the economic front, MEPs hope that Croatian growth, which is sustained, will result in increased employment opportunities. Although they commend the reforms led in the environmental protection sector, the Croatian authorities are called to reassess the efficiency of the current system of environmental protection measures (coastal water-treatment plants, differentiated waste collection, heat recovery plants, and the elimination of illegal rubbish dumps) and to raise public awareness of environmental issues. In this context, MEPs welcome the recent decision by the Croatian Parliament not to apply the Ecological and Fishing Protection Zone to EU Member States until a common agreement in the EU spirit is reached.

Parliament insists that new legislation should be rapidly implemented, since this provides a reliable yardstick against which to assess the country's preparedness for membership, a preparedness based on facts and not merely on the adopted legislation, especially as far as judicial reform, the fight against corruption and economic reforms are concerned. It calls on the Croatian government to ensure that public invitations to tender are issued as required by Community law. Parliament has learned with concern about recent criticism voiced by the Commission with regard to the way in which EU funds are being managed by Croatian authorities and urges the latter to address the administrative weaknesses identified so as to allow the lifting of the temporary suspension of contracting under the PHARE 2006 programme (with a total financial envelope of EUR 68.5 million) and the reinstatement of the initial allocation for the financial year 2008 under IPA Component 1, following a reduction of EUR 5 million.

Recalling that a real climate of international confidence can be crucial to ensuring stability in the Balkans, MEPs call on Croatia to do everything in its power to resolve all outstanding border issues. They recall that addressing border-related issues is defined as a priority of the Accession Partnership of Croatia and, in this respect, express their concerns regarding the commencement of the Pelje?ac bridge construction works despite opposition voiced by Bosnia and Herzegovina over uncertain sea borders. Parliament notes that construction work on this project is currently halted, and calls for a negotiated resolution of this issue between the two states. It calls on Croatia to maintain its constructive attitude and continue to play a positive role in the region in order to support and strengthen the consolidation of Bosnia and Herzegovina.

Members share the Commission's view that, with increased efforts on the part of Croatia and continuous support by the EU institutions, accession negotiations should, in any event, be concluded in 2009. They call on the Commission to step up its efforts and increase the resources allocated for the preparation, processing and finalisation of negotiating material so that the EU can respond rapidly and efficiently to progress made by Croatia in meeting the relevant opening and closing benchmarks.