

EUROPEAN UNION NEWSLETTER

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COMMISSION LAUNCHES PREPARATIONS FOR THE PARTICIPATION OF THE WESTERN BALKAN COUNTRIES IN COMMUNITY PROGRAMMES AND AGENCIES

Following the "Thessaloniki Agenda for the Western Balkans: moving towards European integration", approved by the European Council on 20 June 2003, which sent a political signal to the Western Balkan countries by inviting them to participate in Community programmes and agencies in line with the principles laid down for the participation of candidate countries, on 3 December 2003, the European Commission proposed to start preparations for participation by those countries in Community programmes and agencies from as early as 2005. Chris Patten, Commissioner for external relations, stated: "Participation in EU programmes and agencies offers citizens and authorities in the Western Balkan countries the chance to make considerable progress towards European integration."

The aim of the move is to familiarise the countries concerned and their people with the policies and working methods of the EU, thus anchoring them more firmly to the EU and encouraging them on the path to European integration.

The Commission proposes a progressive and selective approach, because in order to get the most out of participation in **Community programmes** the Western Balkan countries must take into account their own needs and priorities. The first step will be to conclude a framework agreement in 2004 between the Commission and each of the five Western Balkan countries participating in the Stabilisation and Association Process.

Participation in the work of **Community agencies** will be preceded by the setting up, from 2005, of cooperation programmes to familiarise the countries involved in the Stabilisation and Association Process and help them to prepare for wider participation in the work of the agencies at a later stage.

Integral text of the Commission's Communication can be downloaded on the EC Delegation's website on:

http://www.delhrv.ec.eu.int/en/whatsnew/0412communication_en.pdf

COUNCIL CONCLUSIONS ON BALKANS

In its conclusions on the Balkans, adopted on 9 December, the External Relations Council welcomed the holding of parliamentary election in Croatia on 23 November, the Council is calling on the new government to make all efforts towards compliance with the Copenhagen criteria and SAP conditionality" in view of the presentation by the Commission of its Opinion on Croatia's application for EU membership. The Council made specific reference to cooperation with the International Criminal Court for the Former Yugoslavia (ICTY) and the return of refugees and minority rights.

EU COMMISSIONER FOR ENLARGEMENT IN AN OFFICIAL VISIT TO CROATIA

The EU Commissioner for Enlargement, H.E. Günter VERHEUGEN paid an official visit to Croatia on 13 November 2003.

The visit was part of the ongoing dialogue between the European Commission and Croatia in view of the preparation of the *Avis* on Croatia's application for membership submitted to the EU in February 2003.

During his official visit to Zagreb, Commissioner Verheugen met President of the Republic of Croatia, Mr Stjepan Mesić, Prime Minister, Mr Ivica Račan, and Croatian Minister of Foreign Affairs, Mr Tonino Picula as well as leaders of main political parties, including the opposition.

The Commissioner attended a session of the Croatian Government and afterwards held with Prime Minister Račan a joint press conference. Commissioner Verheugen stated that the European Commission fully supported Croatia's aspirations to join the European Union. Speaking of the forthcoming parliamentary elections in Croatia, Mr Verheugen said that the European Commission would cooperate with any democratically elected government in Croatia, which will share European values and meet its international commitments, including full cooperation with ICTY.



Commissioner Verheugen also held a public lecture titled 'Croatia in Europe: perspectives and opportunities'. He particularly pointed out that the success of Croatia's efforts to join the EU would encourage other countries in the Western Balkans to meet the criteria for full membership in the EU.

FIGHTING ORGANISED CRIME IN THE BALKANS

On 28th November, Justice and Home Affairs Ministers from the EU Member States, Accession countries and the Western Balkan countries (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro) met in Brussels to address the fight against organised crime and illegal cross-border activities, which remain major obstacles to political, social and economic development in the Western Balkans. Some progress has been made since the London Conference on organised crime in November 2002¹ but it is now time for the countries in the region to improve their record on implementing measures to fight these phenomena, fulfilling the commitments made at the Thessaloniki Summit in June 2003. Ministers of the Western Balkan countries will

present priority measures to be implemented in the short and medium term, illustrating their increasing commitment to strengthen the rule of law and fight organised crime in the region. The European Commission will monitor progress and will assist with the implementation process through its Community Assistance for Reconstruction, Development and Stabilisation programme (CARDS), of which one in every six euros spent is focused on the broad area of justice and home affairs.



The smuggling of drugs and cigarettes, the trafficking of people and weapons, illegal migration, money laundering and corruption, still afflicting some levels of the administration, the police and the judiciary, are problems that affect all countries in the Western Balkans. The knock-on effects of these problems permeate the entire society and threaten democratic stability, the rule of law, economic progress and the development of civil society.

In order to tackle these challenges, there is an urgent need for the countries of the region to focus even more on reinforcing the rule of law by strengthening their judicial systems with a robust and independent judiciary, and building effective and reliable law enforcement institutions. Full co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague is also essential. Commitments in the framework of the Areas for Priority Action (APAs) outlined at the London Conference on Organised Crime in November 2002 need to be urgently implemented. Appropriate instruments need to be put in place to tackle crime and corruption at all levels. The EU has identified priorities for reform and assistance, and is implementing projects across the Western Balkans to enhance the capacity - both human and material - of the institutions in each of these countries.



To strengthen legal systems, the EU is providing financial support for the training of judges and prosecutors in areas such as organised crime, money laundering, company law, bankruptcy and IT crime. Free legal aid is also being funded, courts computerised and prisons rebuilt. Experts from EU administrations are assisting the countries in the region through 'twinning' programmes in order to share experiences with their counterparts there and to help strengthen institutions and improve the legislative process.

The EU is also funding projects aimed at **upgrading police capacity**, with improved management, professional recruitment and career development. CARDS is equipping the Interpol offices in all five countries with new technology giving real-time access to databases of photographs or fingerprints of wanted persons, stolen vehicles, stolen works of art, etc. In one particular project the Spanish Guardia Civil is leading a police assistance mission in Albania. The project, known as PAMECA, has assigned fifteen police experts from eight different EU member states to Albania since January 2003, providing local police with advice on modern methods of investigating and countering crime and assuring effective co-operation with the judiciary.

Improving border management is another fundamental part of the fight against organised crime and illegal cross-border activities and, once again, CARDS projects are providing assistance towards enhancing the border control capacity of police and customs services. For example, in Horgoš, an important border crossing between Serbia and Montenegro and Hungary, a 10 million EU project aims at speeding up the passport and inspection control of the traffic of passengers and goods, while at the same time improving the quality of controls. In most of the Western Balkans countries, CARDS has established customs missions, to help strengthen these services in their essential role against fraud and corruption in parallel to increasing public revenue.



The EU also assists in **promoting asylum and migration policies** that meet EU and international standards. EU experts are helping with the implementation of a new asylum law to asylum applicants in Croatia, which reflects the fairer procedures required by the EU. They are also training officials in applying the new rules, with guaranteed procedures for applicants and appropriate reception conditions.

INTERNAL ENERGY MARKET TO EXTEND TO SOUTH-EAST EUROPE BY 2005

The European market for electricity and gas will soon include the Balkans countries. The European Commission decided on 10 November to adopt the 2003 Athens Memorandum on the Regional Electricity and Natural Gas Market in South-East Europe (SEE) and its Integration into the EC Internal Energy Market' by 2005.

There will thus be just one single regulatory framework for trade in electricity and natural gas in the following countries: Slovenia, Croatia, Bosnia and Herzegovina, SCG, Kosovo, Albania, Romania, Romania, Bulgaria, Moldova, Hungary, FYROM, and Turkey.

In adopting the above document, the European Commission is seeking to stabilise the regulatory framework for the electricity and natural gas markets in SEE. It is hoped that the agreement will help attract investment in the production and transport of energy by supplying a stable and well-organised market to the above-mentioned countries. At the same time, the Commission wants to step up security of supply in the EU by establishing a link between Western consumers and extra-EU energy resources. The Memorandum will also help develop competition of the energy market on a wider scale and, according to the Commission, help reap substantial economies.

START OF IMPLEMENTATION OF THE CARDS PROJECT

Support to public finance development

Sound financial management of public funds requires accountability of budget spending units - ministries, state administrative bodies - and clearly defined internal control responsibilities. Chapter 28 of the *acquis communautaire* (Financial Control) sets the requirements for a properly functioning Public Internal Financial Control (PIFC) system. Together with internal control, internal audit is an integral element of such a system. Internal audit within each Ministry and state administrative body should make a regular independent appraisal of financial activities and operations and provide guidance to the top management on required corrective actions.

In October 2003, the European Commission started the implementation of a CARDS project "Development of Public Internal Financial Control and Internal Audit" in order to support development of an appropriate PIFC system, including an independent internal audit, in Croatia in line with international standards and practice in the EU Member States. The French company Sofreco implements the project worth 1.38 million EUR, which will last 24 months. The project involves a team of both international and local experts.

The primary project partner is the Ministry of Finance, responsible for central coordination, but the project will involve other state administrative bodies. It will set up a continuous training programme on PIFC across the central administration. It will also provide a training programme and certification scheme to internal auditors, who should be nominated in ministries and state administrative bodies in line with the new Budget Law.

External audit is also a key component contributing to a PIFC system functioning properly. Further CARDS assistance in this field has been allocated under the CARDS 2003 programme. A project worth 1.6 million EUR with the State Audit Office is expected to start in the course of 2004.

EC SUPPORT TO REGIONAL DEVELOPMENT IN CROATIA

Two major EC financed projects in support of regional development were kicked-off in autumn 2003. The projects combined value amounts to over €15 million.

Effective management of regional policy requires good inter-ministerial co-ordination as well as appropriate administrative systems and structures. The first project focuses on such institution building issues and will produce a "national strategy for regional development" by 2005.

The second project will encourage socio-economic development of the two war-affected counties, Zadar and Šibenik-Knin. On the basis of the development programmes for these counties, the EC will invest in priority projects, which have been identified and prepared with relevant local stakeholders. Projects will focus on providing essential infrastructure, human resources development and support to small and medium sized enterprises. In addition, technical assistance is provided to build up capacity for project preparation and management and to encourage the development of partnerships at local level.

INTELLECTUAL PROPERTY RIGHTS - WORKSHOP AND PRESENTATION OF REGIONAL AND NATIONAL CARDS PROJECTS

On 4th November 2003, the EC Delegation and the State Office for Intellectual Property (SIPO) organised a presentation of two CARDS



projects in the field of Intellectual Property Rights (IPR). The participants of this event particularly underlined a functional market economy and the implementation of the EU legislation, as requirements for Croatia's joining the European Union. In order to ensure that, a country also needs to guarantee the protection of intellectual, industrial and commercial property rights. Those are Croatia's commitments under the SAA and the Interim Agreement.

CARDS 2001 National Programme - Intellectual Property Rights in Croatia - IPR project for Croatia started in June 2003 and is aimed at improving legal and institutional framework for the implementation of IPRs in Croatia through three components:

- Support to legal drafting process
- Institutional assessment of the SIPO and provision of targeted training activities
- Assistance in drafting a Strategy and Action Plan for further improvement of IPRs

The main partner of the project is the State Intellectual Property Office while the key implementation partner is GTZ, which will be providing expert advice and technical assistance. Its finalisation is envisaged for the end of November 2004. The overall value of the project amounts to 1.5 million Euro.

CARDS 2002 (Regional) Intellectual Property Rights for the Western Balkans is assigned to Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro and FRY Macedonia. The project holds an overall value of 2.25 million Euro and is set out to run for 3 years (2003 - 2006). The European Patent Office (EPO) and the Office for the Harmonization in the Internal Market (OHIM), are implementing the project. The project will focus on regional aspects of legal harmonisation, internal capacity, enforcement and public awareness through a number of workshops and seminars. Mr. Cedric Mabilotte, Team Leader of the Regional CARDS 2002 project gave a general overview. More detailed presentations by the representatives of Regional Patent Offices followed.

Mr Junašević, Director General of SIPO also gave a short introduction to the upcoming **CARDS 2003 (national)** - strengthening of Intellectual Property implementation system in Croatia. The Project (total value EUR 1 million) is planned for January 2004 and will run for 2 years. The project is set out to complement the CARDS 2001 national project with further IT investments and solutions and an in-depth training programme in the field of patent and trademark.

Expected results should be the harmonisation of Croatian IPR laws with the *acquis communautaire*, the strengthening of the SIPO in order to implement the laws, and the readiness of the Croatian Government to start implementing the Strategy through the Action Plan.

EUROPEAN UNION & EBRD KICKS OFF PROGRAMME TO FINANCE SMALL CROATIAN MUNICIPALITIES -

The European Bank for Reconstruction and Development is opening a €20 million credit line to Zagrebacka Banka (ZABA) that will enable the bank to on-lend long-term funds to small and middle-sized Croatian municipalities needing to improve district heating, urban transport, solid waste, sewage systems and the quality of drinking water.

The loan to ZABA is the first one out of the €65 million framework approved by the EBRD to stimulate municipal financing in Croatia by assisting local banks in expanding the range of small local government borrowers to whom they can lend and extending the maturities of such loans.

In conjunction with the EBRD program for financing of small municipalities and in the framework of CARDS Regional Programme, the European Union together with the Government of the Netherlands, provide a total of €3.5 million in grants within the framework to fund technical assistance programmes for local banks and municipal borrowers. The funds will help local banks improve their risk assessment and lending practises. For municipalities, this could take the form of funding financial management programmes, preparation of financing projects and feasibility studies.

In the period 2002-2004, the CARDS Regional Programme, supporting the participation of Albania, Bosnia and Herzegovina, FYROM, SCG and Croatia, allocates 10% of the available CARDS budget, or a total of €197 million, to supporting regional cooperation programmes.

INTERNATIONAL DAY OF VOLUNTEERS

On 6 December 2003, International Day of the Volunteers, the Croatian Humanitarian Network, an umbrella organization comprising more than 80 local civil society organizations devoted to humanitarian work and social services for the needy, held its yearly assembly as usual. Under the Presidency of Mrs. Jelena Brajša, representing both the Network and the most important organisation under its umbrella, Caritas-Zagreb, several persons were awarded. Mr Enrique Aguado Asenjo, EC Delegation Sector Manager for civil society and social cohesion, appraised for his technical assistance to the work of humanitarian organisations and his contribution to the development of civil society, was one of the award winners.



CROATIAN EDITION OF 'GLOSSARY- INSTITUTIONS, POLICIES AND ENLARGEMENT OF THE EU'

On 5 November, Head of the Delegation of the European Commission to the Republic of Croatia, Mr. Jacques Wunenburger and Croatian Minister of European Integration, Neven Mimica, presented the Croatian edition of "Glossary - Institutions, Policies and Enlargement of the European Union".

This is the first translation of the Glossary into the Croatian language, whose purpose is to acquaint the Croatian public with EU institutions and policies and European integration processes. The glossary contains about 220 terms. The European Commission published its first edition in 2000.

The Glossary can be downloaded in both languages - Croatian and English - from the EC Delegation website at: http://www.delhrv.cec.eu.int/en/item2/topic_7.htm

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The web site pages of the EC Delegation in Croatia give an overview of EU policy towards the wider region, EU funded activities in Croatia, information about current events and press releases. They also provide a simple introduction to the European institutions and how they work, as well as useful references to where more detailed information about the EU and its policies may be found.

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