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Tenth meeting of the Accession Conference at Ministerial level with Croatia

The tenth meeting of the Intergovernmental Conference with Croatia at Ministerial level was held today in Brussels, following the start of the negotiations on 3 October 2005. The European Union delegation was headed by Miguel Angel Moratinos, Spain's Minister of Foreign Affairs and Cooperation. The Croatian delegation was led by Gordan Jandroković, Minister of Foreign Affairs and European Integration.

The Conference, which is the fruit of extensive work over several months, dealt in total with eight chapters and represented a significant milestone in Croatia's accession process with the opening of the last three screened negotiating chapters: Chapter 8 - Competition Policy; Chapter 23 - Judiciary and Fundamental Rights and Chapter 31 - Foreign, Security and Defence Policy.

In addition, the Conference provisionally closed negotiations on two further chapters: Chapter 5 - Public Procurement and Chapter 16 - Taxation, and confirmed at Ministerial level the provisional closure of Chapter 1 - Free Movement of Goods and the opening of Chapter 13 - Fisheries and Chapter 27 - Environment — which were previously dealt by Accession Conferences at Deputy level.

On all these chapters the EU underlined that it would devote particular attention to monitoring all specific issues mentioned in its common positions with a view to ensuring Croatia's administrative capacity and its capacity to ensure proper implementation and enforcement of the relevant *acquis*. The EU will, if necessary, return to these chapters at an appropriate moment.

Details on the specific chapters are provided below:

P R E S S

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Chapters opened

On the basis of the negotiating positions of Croatia, the Union closely examined Croatia's general state of preparations for Chapter 8 - Competition Policy, Chapter 23 - Judiciary and Fundamental Rights and Chapter 31 - Foreign, Security and Defence Policy. On the understanding that Croatia will continue to make progress in the alignment with and implementation of the *acquis*, the EU underlined the main issues regarding the closing benchmarks to be met by Croatia, namely:

Chapter 8 - Competition Policy

- Croatia continues to build its administrative capacity and to demonstrate a satisfactory enforcement record in the area of competition;
- Croatia completes the legislative alignment with the EU *acquis*;
- Croatia adopts an updated national restructuring programme for the steel sector and individual business plans, accepted by the Commission, in line with the requirements of Protocol 2 on steel products to the Stabilisation and Association Agreement; and;
- Croatia ensures full respect of the EU state aid rules in the shipbuilding sector.

Chapter 23 - Judiciary and Fundamental Rights

- Croatia updates its Judicial Reform Strategy and Action Plan and ensures effective implementation;
- Croatia strengthens the independence, accountability, impartiality and professionalism of the judiciary;
- Croatia improves the efficiency of the judiciary;
- Croatia improves the handling of domestic war crimes cases;
- Croatia establishes a track record of substantial results in the fight against organised crime and corruption at all levels including high level corruption, and in vulnerable sector such as public procurement;
- Croatia establishes a track record of strengthened prevention measures in the fight against corruption and conflict of interest;
- Croatia strengthens the protection of minorities, including through effective implementation of the Constitutional Act on the Rights of National Minorities;
- Croatia settles outstanding refugee return issues, and;
- Croatia improves the protection of human rights.

The European Union also underlined that full cooperation with ICTY remains a requirement for Croatia's progress throughout the accession process, including for the provisional closure of this chapter, in line with the negotiating framework adopted by the Council on 3 October 2005.

Chapter 31 - Foreign, Security and Defence Policy

- Croatia continues to further strengthen implementation and enforcement capacities as well as transparency of arms-related information and ensures that the National Strategy is in line with the EU strategy to combat the illicit accumulation and trafficking of small arms and light weapons and their ammunition.

The EU also reiterated the importance of regional cooperation and good neighbourly relations in the process of moving towards the European Union and of pursuing efforts aimed at reconciliation among citizens in the region.

Chapters provisionally closed

On the basis of the information provided by Croatia and the considerable progress made with preparations in all areas under Chapter 5 - Public Procurement and Chapter 16 - Taxation, the EU noted that, at this stage, these chapters do not require further negotiations.

Furthermore, the EU and Croatia also considered proposals for transitional arrangements concerning tax deductions for transactions involving building land, the exemption of international transport of passengers from VAT, with right to input tax deduction, and the overall excise duties on cigarettes. In addition, the EU and Croatia considered a proposal for a derogation to apply a lower VAT exemption and registration threshold for taxpayers.

Chapter 5 - Public Procurement

The negotiations on Chapter 5 - Public Procurement were opened on 19 December 2008 at the Accession Conference at Ministerial level. At this meeting of the Conference the EU noted that, in order for the chapter to be provisionally closed, Croatia would have, *inter alia*, to adapt its national legislative framework covering all areas of public procurement, to demonstrate that the national institutions responsible for policy making, enforcement and implementation can properly fulfil their tasks; and to demonstrate, through the presentation of a convincing track record, that it has taken appropriate measures to ensure the proper enforcement and implementation of national legislation at all levels in good time before accession.

Chapter 16 - Taxation

The negotiations on Chapter 16 - Taxation were opened on 2 October 2009 at the Accession Conference at Ministerial level. At this meeting of the Conference the EU noted that, in order for the chapter to be provisionally closed, Croatia would have, *inter alia*, to make significant progress towards alignment in the fields of VAT and excise duties, to demonstrate adequate administrative capacity to implement and enforce its tax legislation, and to reach sufficient progress in developing all related IT interconnectivity systems.

With today's Conference, of the 35¹ negotiation chapters, all the 33 screened chapters have been opened for negotiations and 20 chapters have been provisionally closed. Further Accession Conferences will be planned, as appropriate, in order to take the process forward.

¹ Including Chapters 34 (Institutions) and 35 (Others) which are not screened.