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Annex to the 2005 Enlargement Strategy Paper
Impact Assessment

Delegations will find attached Commission document SEC(2005) 1433.

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COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING DOCUMENT

Annex to the:

2005 Enlargement Strategy Paper

IMPACT ASSESSMENT

{COM(2005)561 final}

2005 ENLARGEMENT STRATEGY PAPER

(COVERING BOSNIA AND HERZEGOVINA, CROATIA, THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA, ALBANIA, SERBIA AND MONTENEGRO, KOSOVO¹ AND TURKEY)

I. The enlargement and stabilisation and association processes and impact assessments

Enlargement policy is outside the realm of the Commission's right of initiative and therefore not a policy which the Commission can, strictly speaking, propose on the basis of policy options and impact assessments. The Treaty on European Union and the Copenhagen criteria set the framework for the entire enlargement process and narrow down the assessment criteria that can be used to assess the present or future impacts of implementation of this policy.

On the other hand, important impact assessment elements have been built into the enlargement process since its inception. In particular, the Commission Opinion on a country's application explores, within the framework of the applicable criteria, the likely and foreseeable impacts for the country and the Union. The Opinion is then followed up by progress reports which are normally published by the Commission on an annual basis.

Therefore, the accession process is underpinned by a permanent impact assessment loop, whereby the Commission identifies gaps, and evaluates commitments made and measures taken by the country to fill them. This starts very early on in the process, including for countries with which accession negotiations have not been opened but which have been given the perspective of membership (potential candidate countries) and with which the EU develops an association. Towards the end, in the run-up to the signing of an Accession Treaty, this process culminates in the final Commission opinion, European Parliament assent and Council decision on the country's readiness for accession, including a date for accession and any transitional measures and safeguard clauses.

II. Problem definition

Accession negotiations were opened with Croatia and Turkey on 3 October 2005. The negotiating framework adopted by the EU for these negotiations stipulates that the pace of negotiations will be based on the candidate countries' own merits and progress on meeting the requirements for membership. The shared objective of the negotiations is accession, although the outcome cannot be guaranteed beforehand.

In order to determine the pace of negotiations the Council will rely on the Commission's monitoring of a number of general and country-specific or region-specific conditions and requirements set by the European Council. The general conditions include the Copenhagen political, economic and legal criteria, which apply to each of the countries:

- the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;

¹ Kosovo as understood under UN Security Council Resolution 1244.

- the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union and the administrative capacity to apply and implement the acquis effectively.

The country-specific or region-specific conditions for Croatia and Turkey, which are monitored by the Commission alongside the Copenhagen criteria, are described in the negotiating frameworks for these countries (as published on the Commission website). The Union will decide in due course whether the conditions for the conclusion of negotiations have been met; this will be done on the basis of a report from the Commission confirming that the candidate countries fulfil the requirements for membership and taking into consideration the Union's capacity to absorb new members.

The potential candidate countries of the Western Balkans - Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Serbia and Montenegro, including Kosovo as defined by UN Security Council Resolution 1244 - also need to fulfil the specific criteria under the Stabilisation and Association Process (SAP), notably those relating to regional cooperation and cooperation with the International Criminal Tribunal for the former Yugoslavia. The level of compliance with these criteria affects the EU's policy in relation to the countries' eligibility for financial assistance, preferential trade measures, the opening and conclusion of Stabilisation and Association Agreements and progress towards EU membership. The level of compliance with the criteria is assessed in the Commission's annual progress reports.

III. Policy objectives

The Commission's overall policy objective is to develop close relations with the countries concerned in line with the EU's commitment that each of them has the perspective of membership.

These relations must be developed gradually and carefully towards full respect of the conditions and requirements for membership, within a framework of economic and social convergence. Relations need to be sufficiently dynamic to sustain the momentum of reforms in the countries but should not develop faster than the EU and the country can absorb. The advancement of relations will be guided largely by the countries' own capacity to accept, adopt and implement the general and country-specific or region-specific conditions and requirements set by the European Council and referred to in point II. The Union's ability to advance relations, including its capacity to absorb new Member States, is an important consideration in the general interest of both the Union and the countries concerned.

The Commission's operational objectives are to keep the countries' progress under review and to advise on the development of EU policy accordingly.

IV. Policy options

The Commission's policy options are circumscribed by the detailed guidance on EU policy towards the candidate countries and potential candidate countries which is regularly issued by the European Council. One established aspect of EU policy is that the Commission needs to continue to monitor progress by those countries in order to provide the Commission and the

Union as a whole with the necessary knowledge of the current situation and outlook. The Commission publishes its findings and recommendations in a communication to the European Parliament and the Council .

Based on its findings, the Commission can recommend the European Parliament and to the Council how the Union's established policy objectives can best be achieved. This could include, for example, indications on the appropriate pace of ongoing accession negotiations; proposals for a roadmap for developing relations with certain countries; the adaptation of existing policy instruments or the creation of new ones.

V. Assessment of the impact

The conclusions and recommendations set out in the communication will have a considerable political impact.

They will determine the content and focus of the Commission's and the EU's dialogue with the countries concerned over the coming year and can be expected to have a considerable mobilising effect on political, legislative and administrative activity in those countries in areas relevant to the EU. The communication will also determine the focus of the Commission's further monitoring of progress in those countries and guide the advice and assistance programmes.

The communication could have an indirect economic impact to the extent that the advancement of relations and/or accession negotiations might encourage or discourage economic activity, trade and investment. However, this impact should be small considering that the EU's commitment to the ultimate perspective of membership is known and remains firm. If the Commission concludes that a country should increase its efforts, that country can be expected to speed up its legislative work and to strengthen its administrative capacity, which in turn should have a positive impact on the economic environment.

From a legal and operational perspective, the communication is a policy document and has no direct effects. In most cases, the Commission's ideas would need to be followed up by the Council and/or separate legal instruments would need to be worked out. The conclusions and recommendations set out in the communication could have an impact on the Commission's Work and Legislative Programme as it could lead to or announce other measures. In order to achieve its policy objectives, the Commission needs to target its advice and assistance to the countries concerned on addressing the gaps and shortcomings identified by the monitoring. This could affect, for example, the programming of relevant EU assistance programmes managed by the Commission.

VI. Consultation

The Comprehensive Monitoring Report draws on expertise available within the Commission departments as a whole but also on information and opinions gathered from a range of external official and unofficial sources.

The Commission has contacted and received contributions from the governments of the countries concerned, from the major international organisations and a number of NGOs which are active in the countries concerned and in the fields monitored (such as rule of law and public administration; fundamental rights; economic policy). The sources used also include Council deliberations and European Parliament reports and resolutions.

VII. Monitoring and evaluation

The precise follow-up depends on the conclusions and recommendations set out in the communication.

However, the Commission is in any case committed to continuing close monitoring of the situation and outlook in the countries concerned and of the possible impact on the Union of the further development of relations, including progress towards accession. The Commission will regularly publish reports on its monitoring findings.

The further monitoring will also evaluate the impact of the communication of 9 November 2005 as part of the permanent impact assessment loop referred to in point I.