



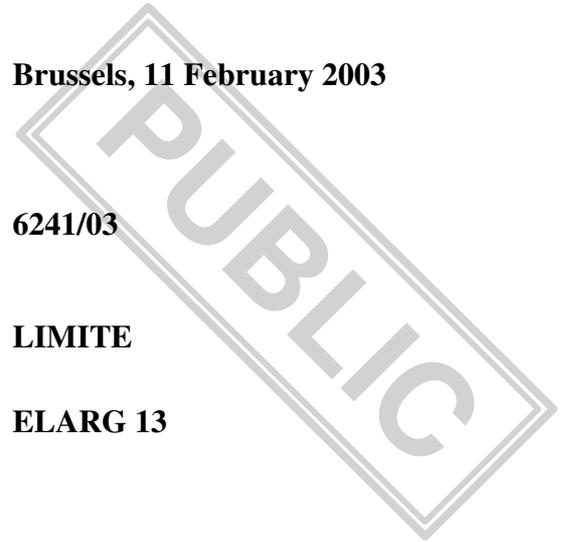
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Delegations will find attached the above-mentioned report, submitted by the Commission Services¹⁾.

¹⁾ This document has been transmitted to the Council in English only

Report on the results of the negotiations
on the accession of
Cyprus, Malta, Hungary, Poland, the Slovak Republic,
Latvia, Estonia, Lithuania, the Czech Republic and Slovenia
to the European Union

prepared by the Commission's departments

This report has been prepared by the Commission's departments. Its purpose is to provide a comprehensive guide to the draft Accession Treaty.

This report covers all negotiating chapters, and provides a summary of the issues covered in the draft Accession Treaty for each of them. It is for information purposes only. The authentic text of the agreement reached in the accession negotiations on the conditions of admission and the adjustments of the treaties on which the Union is founded are laid down in the draft Accession Treaty itself.

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CHAPTER 1: FREE MOVEMENT OF GOODS

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope.

Community codes relating to medicinal products for human and veterinary use (Directives 2001/82/EC and 2001/83/EC)

Cyprus, Lithuania, Malta, Poland and Slovenia have been granted transitional arrangements to allow for the upgrading of marketing authorisations of products whose marketing authorisation, issued under previous legislation and not compliant with the acquis, remains valid after the date of accession. Member States will be entitled to prohibit the putting on the market of such products as long as these products have not been authorised in compliance with the relevant acquis. The duration of the transitional arrangements is as follows:

Cyprus	- until 31 December 2005
Lithuania	- until 1 January 2007
Malta	- until 31 December 2006
Poland	- until 31 December 2008
Slovenia	- until 31 December 2008

Medical devices (Directive 90/385/EEC)

Poland has been granted a transitional arrangement with regard to marketing authorisations for medical devices. Marketing authorisations for medical devices issued under Polish legislation prior to the entry into force of legislation transposing Directive 90/385/EEC, with a validity period extending beyond the date of accession, will be valid until their expiry or 31 December 2005, whichever the earlier. As an exception to Article 5 of Directive 90/385/EEC, Member States are not obliged to recognise a marketing authorisation not yet complying with these provisions. It is to be noted that similar arrangements have been agreed upon with regard to Article 5 of Directive 93/42/EEC, and Article 5 of Directive 98/79/EC.

Cocoa and chocolate products intended for human consumption (Directive 2000/36/EC)

Malta may authorise the use on its territory of the term 'milk chocolate' to designate the product referred to in point 5 of Directive 2000/36/EC, on condition that the term is accompanied in all cases by an indication of the amount of dry milk solids laid down for each of the products in the format described in the Directive.

Maximum levels for certain contaminants in foodstuffs (Regulation 466/2001/EC)

In line with the transitional arrangement granted to a number of present Member States, and in accordance with the procedure laid down in Article 8 of Regulation (EEC) 315/93, the Commission may grant **Estonia** a derogation allowing it to place on its market Baltic fish exceeding the established dioxin limits until the end of 2006, under the following conditions:

- Estonia must demonstrate that the average level of human exposure to dioxins in Estonia is not higher than the average levels in the current EU;
- Estonia must demonstrate that an information system is in place to fully inform consumers, especially certain vulnerable groups of the population, in order to avoid potential health risks;
- Estonia must implement the necessary measures to ensure that such fish or fish products are not marketed in other Member States; and
- Estonia must carry out monitoring of the levels of dioxins in fish from the Baltic and annually report the results to the Commission.

CHAPTER 2: FREE MOVEMENT OF PERSONS

All acceding countries will take over and implement the *acquis* under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope.

The following measures related to the free movement of workers from new into current Member States have been agreed for **all acceding countries, except Malta and Cyprus**:

- a two year period during which national measures will be applied by current Member States to new Member States. Depending on how liberal these national measures are, they may result in full labour market access;
- after this period, reviews will be held: one automatic review before the end of the second year after accession and a further review at the request of the new Member State affected. The procedure includes a report by the Commission, but leaves the decision on whether to apply the *acquis* up to the current Member States;
- the transitional arrangement should in principle come to an end after five years, but may be prolonged for a further two years in those current Member States where there would be serious disturbances of the labour market or a threat of such disruption;
- safeguards may be applied by Member States up to the end of the seventh year.

Furthermore a standstill clause will apply, whereby current Member State labour markets cannot be more restricted than that prevailing at the time of the signature of the Accession Treaty. Current Member States must give preference to candidate country nationals over non-EU labour.

Austria and Germany have the right to apply flanking national measures to address serious disturbances or the threat thereof, in specific sensitive service sectors on their labour markets, which could arise in certain regions from cross-border provision of services.

Under the transitional arrangements the rights of nationals from new Member States who are already legally resident and employed in a current Member State are protected. The rights of family members are also taken into account consistent with the practice in the case of previous accessions.

A declaration to the Accession Treaty for each of the acceding countries concerned states that current Member States shall endeavour to grant increased labour market access under national law, with a view to speeding up the approximation to the *acquis* and even an encouragement to improve access before accession.

A safeguard clause included in the Accession Treaty allows for recourse by **Malta** to Community institutions, should Malta's accession give rise to difficulties in relation to free movement of workers.

CHAPTER 3: FREEDOM TO PROVIDE SERVICES

All acceding countries will take over and implement the *acquis* under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope.

Co-operative Credit Institutions

Cyprus has been granted a transitional arrangement until the end of 2007 for full compliance with the *acquis* relating to the taking up and pursuit of the business of credit institutions.

Hungary and **Poland** have been granted transitional arrangements until the end of 2007 for raising the minimum capital requirements. In this context, Hungary and Poland must ensure that the own funds of these undertakings do not fall below the highest level reached with effect from the date of accession.

Savings and loans undertakings

Slovenia has been granted transitional arrangements until the end of 2004 for savings and loans undertakings established before 20 February 1999, for full compliance with the *acquis* relating to the taking-up and pursuit of the business of credit institutions, the annual accounts and consolidated accounts of banks and other financial institutions, and the deposit guarantee scheme.

Deposit Guarantee Scheme

Estonia, **Latvia** and **Lithuania** have been granted transitional arrangements until the end of 2007 to reach the minimum level of guarantee.

Slovenia has been granted a transitional arrangement until the end of 2005, whereby neither the level nor the scope of the cover provided in Slovenia by a credit institution from another Member State may exceed the level or scope of the guarantee provided by the corresponding guarantee scheme in Slovenia.

Investor Compensation Scheme

Estonia, **Hungary**, **Latvia**, **Lithuania** and **Poland** have been granted transitional arrangements until the end of 2007 to reach the minimum level of compensation.

Slovakia has been granted a transitional arrangement until the end of 2006 to reach the minimum level of compensation.

Slovenia has been granted a transitional arrangement until the end of 2005, whereby neither the level nor the scope of the cover provided in Slovenia by an investment firm from another Member State may exceed the level or scope of the compensation provided by the corresponding compensation scheme in Slovenia.

Hungary has been granted a transitional arrangement until the end of 2007, whereby the level of cover provided in Hungary by an investment firm from another Member State may not exceed the minimum level of compensation referred to in Directive 97/9/EC. During the same period the scope of cover provided in Hungary by an investment firm from another Member State may not exceed the scope provided by the corresponding compensation scheme in Hungary.

CHAPTER 4: FREE MOVEMENT OF CAPITAL

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope.

Real estate

As regards the real estate market, **Slovenia** is granted the possibility to resort to the general economic safeguard clause provided for in the Accession Treaty (*see below Chapter 31*) for a period of up to a maximum of seven years after the date of accession.

Secondary residences

The **Czech Republic, Hungary, Poland, and Cyprus**, are granted a five-year transitional arrangement during which they can maintain their national legislation regarding the acquisition of secondary residences. **Malta** is granted the right to maintain on a permanent basis its national legislation regarding the acquisition of secondary residences. Nationals of the Member States who are resident in the above countries are excluded from the scope of the transitional arrangement, in accordance with provisions specific to each acceding country concerned.

Agricultural land and forests

The **Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia** are granted a seven-year transitional arrangement during which they can maintain their national legislation regarding the purchase of agricultural land and forests. The Commission can decide to extend this transition period by a further three years in case of serious disturbances on the agricultural land market of the above countries. **Poland** is granted a twelve-year transitional arrangement during which it can maintain its national legislation regarding the purchase of agricultural land and forests. Nationals of the Member States, who are self-employed farmers in the above countries, are excluded from the scope of the transitional period, in accordance with provisions specific to each acceding country concerned. A general review of these transitional arrangements shall be held before the end of the third year following the date of accession.

CHAPTER 5: COMPANY LAW

All acceding countries will take over and implement the *acquis* under this chapter as from the date of accession, subject to the specific arrangements set out below.

Industrial property rights: pharmaceutical products

A special mechanism was agreed with **all acceding countries** on industrial property rights concerning pharmaceutical products. This takes into account the fact that pharmaceutical products, which are subject to patents in the EU and which were marketed in the applicant countries before revised patent legislation entered into force, will remain unprotected in acceding countries due to the lack of a general retroactive clause in the revised legislation.

In order to minimise potential problems resulting from this situation, a mechanism was agreed whereby the patent holder may prevent the import into the EU of a product patented in a Member State at the time when a product patent could not be obtained in acceding countries for that product. This mechanism is applicable until the expiry date of the patents concerned.

As far as the Supplementary Protection Certificate Regulation is concerned (SPC - a prolongation of the patent term up to 5 years), it will be applicable for products for which the first market authorisation was obtained prior to the date of accession.

Industrial property rights: Community Trademark and Community design

In order to protect the unitary character of the Community trademark and Community design, it has been agreed to automatically extend the existing Community trademarks and Community designs to the territory of the acceding countries while taking into account prior rights existing in the acceding countries.

CHAPTER 6: COMPETITION POLICY

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope. They are accompanied by a clear plan for the implementation of the acquis.

Incompatible fiscal State aid

A transitional arrangement is agreed with **Hungary** and **Malta** for the phasing-out of incompatible fiscal State aid for Small and Medium-sized Enterprises by the end of 2011.

A transitional arrangement is agreed with **Poland** for the phasing-out of incompatible fiscal State aid for Small enterprises by the end of 2011 and for Medium-sized enterprises by the end of 2010.

A transitional arrangement is agreed with **Cyprus** and **Hungary** for the phasing-out of incompatible fiscal State aid for offshore companies by the end of 2005.

A transitional arrangement is agreed with **Hungary** for the phasing-out of incompatible fiscal State aid granted by local authorities by the end of 2007.

A transitional arrangement is agreed with **Malta** for the phasing-out of operating aid under the Business Promotion Act by the end of 2008.

A transitional period is agreed with **Hungary**, **Malta** and **Poland** for the conversion of incompatible fiscal state aid for large companies into regional investment aid; aid is limited to a maximum of 75% of the eligible investment costs if a company has started the investment/obtained the entitlement for the tax exemption before 1 January 2000, and to 50% if the company has started the investment/obtained the entitlement for the tax exemption after 1 January 2000. The fiscal aid will be discontinued when the stipulated aid ceiling is reached.

A transitional period is agreed with **Hungary** and **Slovakia** for the conversion of incompatible fiscal state aid to beneficiaries in the motorvehicle manufacturing sector into regional investment aid; aid is limited to a level that corresponds to 40% of the maximum aid ceiling (e.g., where the above-mentioned regional aid ceiling for other types of investment is 75%, the formula gives $40\% \times 75\% = 30\%$). The fiscal aid will be discontinued when the stipulated aid ceiling is reached.

A transitional period is agreed with **Poland** for the conversion of incompatible fiscal state aid to beneficiaries in the motorvehicle manufacturing sector into regional investment aid; aid is limited to 30% of the eligible costs, regardless of the regional aid ceiling for other types of investment. The fiscal aid will be discontinued when the stipulated aid ceiling is reached.

A transitional arrangement is agreed with **Slovakia** whereby incompatible fiscal State aid to one beneficiary in the steel sector is to be discontinued at the end of 2009 or when aid reaches a pre-determined amount, whichever comes first. The objective of the aid is to facilitate the ordered rationalisation of excess staffing levels, the resulting total cost being comparable to the aid.

Environmental protection

Transitional arrangements are agreed with **Poland** with regard to State aid to environmental protection, along the following lines. For investments that relate to standards for which a transitional arrangement has been granted under the Environment Chapter and for the duration of that transitional arrangement, the aid intensity is limited to the regional aid ceiling with a 15% supplement for SMEs. For existing IPPC installations covered by a transitional arrangement under the Environment Chapter, aid intensity of 30% is agreed until end 2010. For the IPPC-related investment not covered by a transitional arrangement under the Environment Chapter, aid intensity of 30% is agreed until 31 October 2007. For large combustion plants, an aid intensity of 50% was agreed for investments that relate to a transitional arrangement granted under the Environment Chapter.

Steel

A transitional arrangement is agreed with the **Czech Republic** and **Poland** whereby restructuring of the steel industry is to be completed by 31 December 2006.

Shipbuilding

A transitional arrangement is agreed with **Malta** permitting State aid for restructuring of the shipbuilding sector during a restructuring period lasting until the end of 2008.

Existing aid measures

The Accession Treaty sets out rules dealing with the so called existing aid measures in **Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia** and **Slovenia**. The following aid schemes and individual aid put into effect in a new Member State before the date of accession and still applicable after that date shall be regarded upon accession as existing aid within the meaning of Article 88(1) of the EC Treaty:

- (a) aid measures put into effect before 10 December 1994; or
- (b) aid measures listed in an Appendix to the Accession Treaty; or
- (c) aid measures which prior to the date of accession were assessed by the State aid monitoring authority of the new Member State and found to be compatible with the *acquis*, and to which the Commission did not raise an objection on the ground of serious doubts as to the compatibility of the measure with the common market.

All measures which constitute State aid and which do not fulfil the conditions set out above shall be considered as new aid upon accession for the purpose of the application of Article 88(3) of the EC Treaty.

The above provisions do not apply to aid to the transport sector, nor to activities linked to the production, processing or marketing of products listed in Annex I to the EC Treaty with the exception of fisheries products and products derived thereof. The above provisions shall also be without prejudice to the transitional measures regarding Competition Policy set out in the Accession Treaty.

State monopolies

A transitional arrangement is agreed with **Malta** permitting the adjustment of the market in the importation, stocking and wholesale marketing of petroleum products under Article 31 of the EC Treaty by the end of 2005.

CHAPTER 7: AGRICULTURE

All acceding countries will take over and implement the *acquis* under this chapter as from the date of accession, subject to specific arrangements set out below. Transitional arrangements agreed are limited in time and scope. They are accompanied by a clear plan for the implementation of the *acquis*. In the veterinary and phytosanitary sector, transitional periods were negotiated on the basis that there should be no increased risk to public, animal or plant health in the EU.

It should be noted that there are no references in this explanatory document to technical issues which the Member States and the acceding country in question have agreed should be resolved through the relevant Comitology procedure or with the Commission, as appropriate, at a later date.

There are a number of negotiated measures relating specifically to the financial part of the agriculture chapter. The agreements reached on the financial aspects respect the ceilings for enlargement related expenditure set out for the years 2004-2006 by the European Council in Berlin as well as the decisions of the Brussels European Council of 24/25 October 2002.

Horizontal aspects

Direct payments (2004 – 2013)

Direct payments will start at 25% in 2004, 30% in 2005 and 35% in 2006 of the present system and increase by percentage steps to reach 100% of the then applicable EU level in 2013.

Top-ups of direct payments (2004 – 2013)

Direct payments may be either

(i) topped up to 55% of EU level in 2004, 60% in 2005 and 65% in 2006; the maximum top-up rate as from 2007 is 30 percentage points above the applicable phasing-in level in the relevant year

or

(ii) topped up to the national direct support level applicable in 2003, on a product by product basis, and increased by 10 percentage points.

However, in no case may this result in a level higher than 100% of EU level of direct payments.

Country-specific situations are as follows:

- **Cyprus** has the possibility of topping up to the 2001 Cypriot support level.
- In the potato starch sector the **Czech Republic** may top up to 100% of the level of direct payments in the existing Member States throughout the entire period of phasing in of direct payments.
- **Lithuania** has the possibility to top up to the total level of direct support the farmer would have been entitled to receive, on a product by product basis, in Lithuania prior to accession (2002).

- **Slovenia** has the possibility to top up to the total level of direct support the farmer would have been entitled to receive, on a product by product basis, in Slovenia prior to accession (2003) under a CAP like national scheme increased by: 10 percentage points in 2004, 15 percentage points in 2005, 20 percentage points in 2006 and 25 percentage points from 2007.

Co-financing of top-ups (2004 – 2006)

In 2004-2006 the topping-up up to 40% of the EU level can be financed partly from EAGGF guarantee rural development allocations. However, a maximum 20% of the commitment appropriations available in the rural development envelope for each year 2004, 2005 and 2006 can be used for topping-up or alternatively, 25% in 2004, 20% in 2005 and 15% in 2006. Any further topping-up can only be financed from national budgets. The maximum EU co-financing rate (80% in Objective 1 regions) may be applied for the co-financing of top-ups.

Single Area Payment Scheme

New Member States have the option, instead of applying the standard direct payments system applicable in the current EU, to grant their farmers the CAP direct payments during a limited period in the form of a decoupled area payment, expressed in € / hectare. The scheme will be available for three years with the possibility to be renewed twice by one year at the request of the new Member State in question.

The Single Area Payment Scheme will be limited by an annual financial envelope that is:

- determined as the sum of the EU funds that would be available in the new Member States for granting direct payments under the standard scheme;
- calculated according to the relevant EU rules and on the basis of the quantitative parameters (e.g. base area, premium ceilings, MGQ) specified in the Accession Treaty;
- adjusted using the relevant percentage specified for the gradual introduction of direct payments.

State aid

In order to classify upon accession certain aids as existing aids new Member States shall hand over, within four months after accession, detailed information concerning all State aid measures that are to be considered existing aid.

Furthermore, certain transitional arrangements have been agreed in order to phase out State aid in certain sectors.

- **Cyprus** and **Latvia** are given the possibility in addition to the complementary national direct payments to grant transitional and degressive national aids in certain sectors until the end of 2010 in the case of Cyprus and until the end of 2008 in the case of Latvia. Cyprus may also grant special support to its deprived areas for a period of 5 years from the date of accession.
- **Estonia** has the possibility to grant a national dairy premium in 2004, on the condition that it is not higher than the pre-accession level.

- **Malta** may make use of special temporary State aids in certain sectors to support agricultural producers and processors and recognised retailers of imported agricultural products. These State aid measures are specifically adapted to the Maltese agricultural situation and are digressive over time and for a period of up to 2014. The general economic safeguard clause (*see below Chapter 31*) shall be applicable for the products covered by these special State aids for up to 5 years after the date of accession. Furthermore, Malta has the possibility to support transport of agricultural goods from Gozo to Malta for a period of 5 years from the date of accession.
- **Slovenia** may grant degressive State aid for the production of oil pumpkins for a period of 5 years from the date of accession.
- **Slovakia** has a 3 year transitional arrangement for State aid for its Warehouse receipt and Goods receipt system.

Stocks

Public stocks held at the date of accession and resulting from a new Member State's market-support policy will be taken over by the Community. Any stocks (private as well as public) in free circulation at the date of accession in a new Member State, and exceeding the level of what can be considered as normal carry-over of stock, should be eliminated at the cost of the new Member State.

Safeguards

The general economic safeguard clause provided for in the Accession Treaty (*see below Chapter 31*) also covers agriculture. It may be triggered when in specific agricultural sectors difficulties arise, which are serious and liable to persist, or which could bring about serious deterioration in the economic situation of a given area.

Miscellaneous

Organic farming

Estonia, Latvia and Lithuania have transitional arrangements relating to organic farming. These include:

- use of untreated seeds, planting material and propagating material not produced by the organic production method (until 1 January 2006);
- certified organic apiaries to use non-organic sugar as bee-feeding (until 1 January 2006);
- use in organic farming of potassium permanganate preparation and domestic peat (18 months after the date of accession).

Quality Policy

The **Czech Republic** will have Budějovické pivo, Českobudějovické pivo and Budějovický měšťanský var recognised as geographical indications without prejudice to existing trade marks or other rights in the enlarged EU.

Common market organisations

Reference quantities (base areas, quotas, ceilings etc)

Reference quantities were agreed on the basis of recent production and taking into account acceding country specific situations (e.g. drought). They include all the relevant commodities and comprise:

- arable crops: base areas and reference yields for arable crops and rice, potato starch quotas, national guaranteed quantities for dried fodder and fibres, sugar quotas, isoglucose quotas;
- specialised crops: national thresholds for processing aid (fruit and vegetables), tobacco quota, threshold for the compensation aid for bananas and the national guaranteed quantity for olive oil;
- livestock and animal products: milk quota, special beef premium, suckler cow premium, slaughter premium, ewe premium and additional payments.

Specialised crops

Fruit and vegetables

- **Cyprus** has a 5 year transitional arrangement from the date of accession, during which the quantitative limit for withdrawal with respect to certain fruit has been fixed at a level higher than that of the EU.
- **Malta** has a 5 year degressive transitional arrangement in which to give aid to individual tomato producers.
- **Poland** has a 3 year transitional arrangement to set criteria for the preliminary recognition of producer organisations in the fruit and vegetables sector at 5 producers and a minimum value of marketable production of € 100,000.

Wine and alcohol

- **Cyprus, Malta** and the **Czech Republic** have been granted specific planting rights.
- Wine growing areas have been established for **Hungary, the Czech Republic, Slovakia, Slovenia, Cyprus** and **Malta**, with transition arrangements for **Hungary** and **Slovenia**.
- For **Poland** the decision to classify Poland into a wine growing zone and obligation to register and classify the vine varieties was postponed until accession.
- Enrichment of wine with sucrose is permitted in **Slovenia, Slovakia, Czech Republic** and **Hungary**.
- **Malta** is granted a transition period until 2008 for the enrichment of wine from indigenous variety.
- Designation for wines (indication for quality wines, terms for sparkling wines and for liquor wines) have been agreed including for **Hungarian, Slovakian, Czech, Slovenian** and **Cypriot** wines.

- Designations for alcoholic drinks (e.g. geographic, traditional) have been agreed including Cypriot “Ouzo” and “Zivania”, **Czech** “Karlovarská hořká”, **Hungarian** “Pálinka” (and others), **Slovakian**, **Latvian**, and **Lithuanian** spirit drinks, ”**Polish** vodka”, ”Polish Cherry” and ”Herbal Vodka from the North Podlaskie Lowlands, aromatised with an extract of bison grass”.
- Terms and conditions for use of the name Slivovice have been agreed with the **Czech Republic**.
- **Hungary** has agreed a 5 year phase out of the name Rizlinszilvani. In addition, the terms for the phasing out of the stocks of wine produced and bottled in Hungary before 1 January 1993 and having a volume of 0.70 have been agreed.
- It has been agreed that **Poland** may use the term “Polish fruit wine”(under the conditions laid down in the acquis) and that Poland may use the name “Polish wine” under certain conditions.

Tobacco

Poland has a 5 year transitional arrangement to set the threshold for the recognition of a producer group in the tobacco sector at 1% of the guarantee threshold for all production regions in Poland.

Livestock and animal products

Milk

- **Latvia, Lithuania, Poland, Malta, Cyprus** and **Hungary** have a transitional arrangement of five years for the marketing of drinking milk which does not comply with the EU fat content requirements. Such milk may be marketed only in the Member State in question or exported to a third country.
- Milk quotas for all new Member States have been set. The overall level is distributed between deliveries and direct sales.
- In the case of **Poland**, the distribution of quota between deliveries and direct sales will be reviewed on the basis of actual 2003 figures.
- In general in the new Member States, there is a high level of production of milk that is consumed on the farm. Such production is not limited by the milk quota. However, it may be converted into production for the market by means of a special reserve that has been created. This reserve would be released as from the beginning of the quota year 2006/07 (1 April 2006) to the extent that the on-farm consumption of milk and milk products in the new Member State has decreased. The decision on releasing the reserve and of its distribution to the deliveries and direct sales quota will be taken by the Commission under the management committee procedure and on the basis of an assessment of a report submitted by the new Member State.
- **Malta** will have a transitional arrangement of five years for the determination of the representative fat content of the milk delivered for processing.
- **Poland** and **Slovenia** will have a transitional arrangement of one year for the allocation of milk quota to individual producers and consequently be exempted from the payment of additional levies in the first quota year.

Definition of suckler cows

Poland, Estonia, Latvia and Lithuania have a 3 year transitional arrangement relating to which additional breeds are entitled to receive the suckler cow premium.

Stocking density

Malta and Cyprus have a 5 year transitional arrangement for reducing the stocking density to the levels allowed under the EU beef premium rules.

Rural development

A temporary rural development instrument funded under EAGGF Guarantee has been agreed for use by the new Member States for the programming period 2004 – 2006. It contains the following elements:

- differentiated appropriations to allow more time between rural development commitments and payments on the model of structural funds,
- an increased co-financing rate in Objective 1 areas, up to a maximum of 80% for the eight measures concerned¹,
- a temporary income support for semi-subsistence farms which will serve to alleviate cash flow constraints and household income difficulties whilst further restructuring is undertaken to ensure the commercial future of the holding. The support takes the form of a flat rate annual aid with a maximum annual amount of € 1,000 per farm (for Poland €1,250 per farm). Eligibility will be dependent on submission of a business plan demonstrating the future economic viability of the enterprise, detailing investments required, and including specific milestones and targets. The aid will be payable for up to five years, with a review after three years,
- support to encourage the setting-up, and to facilitate the administrative operation, of producer groups, during the first five years following the date of their recognition,
- a temporary measure, for the period 2004-2006, to help farmers meet costs related to compliance with EU environmental, hygiene, welfare, food safety and occupational safety standards, which may be considerably more demanding than previously existing national standards,
- technical assistance in relation to EAGGF Guarantee funded rural development measures for the period 2004-2006, in order to ensure the smooth transition from SAPARD to the rural development *acquis*,
- certain current rural development measures will be adapted for the new Member States between 2004-06, e.g. with regard to eligibility criteria.

¹ Within Objective 1 areas, the rural development instrument would finance agri-environment measures, Less Favoured Areas, early retirement, afforestation of agricultural land, support for semi-subsistence farms undergoing restructuring, setting-up producer groups, support to meet EU standards and technical assistance.

Rural development allocations have been set on the basis of objective criteria and taking into account the absorption capacity.

Certain candidate country-specific arrangements have been made in the field of rural development.

- With certain conditions, **Estonia** may support afforestation of abandoned land between 2004-06.
- With certain conditions, **Lithuania** may grant for the 2004-2006 period the early retirement scheme to dairy farmers between 55 and 70 years old giving up milk production.
- **Malta**'s whole territory is classified as LFA.
- **Malta** is granted a temporary measure to assist full-time farmers in adapting to the new market environment in replacement of the semi-subsistence measure.
- **Malta** is granted adapted conditions regarding the support measure to set up producer groups.
- **Malta** may also support the maintenance and preservation of rubble walls under the agri-environment measure.

Veterinary aspects

- Agreement has been reached to have a special regime as regards certain aspects of the border controls between **Hungary** and **Romania** for a transitional arrangement.
- Transitional arrangements in the public health sector have been agreed for the following countries:
 - **Poland**: 332 meat establishments (until December 2007), 113 milk establishments (until December 2006), 40 fish establishments (3 years),
 - the **Czech Republic**: 44 meat establishments, 1 egg establishment, 7 fish establishments (until December 2006),
 - **Hungary**: 44 red meat establishments (until December 2006),
 - **Latvia**: 29 fish processing establishments (until January 2005), 77 meat establishments (until January 2006), 11 milk processing establishments (until January 2005),
 - **Lithuania**: 14 meat establishments, 5 fish establishments and 1 milk establishment (until January 2007),
 - **Slovakia**: 1 meat and 1 fish establishment (December 2006).

All establishments are detailed individually along with their shortcomings. None of the transitional arrangements relate to food hygiene acquis. During the transitional period, products from the establishments in transition must be specially marked and may not be marketed in any form in any other EU country.

- Transitional arrangements for the quality of raw milk have been agreed for **Poland, Latvia, Lithuania** and **Malta** .
- For certain EU compliant dairies in **Malta** until 2009 (only one existing) and **Poland** until 2006 (56, using separate production lines) the delivery of EU non -compliant raw milk has been accepted under the condition that the products must be specially marked and may not be marketed in any form in any other EU country.
- A transitional arrangement until December 2004 has been agreed for 2 animal waste establishments in **Latvia**.
- Transitional arrangements until December 2009 relating to the height and/or slope of hen cages have been agreed for the following countries: **Czech Republic, Hungary, Malta, Poland, Slovenia**. A further transitional arrangement until 1 December 2004 at the latest has been agreed for **Slovenia** regarding the floor area of cages.

Phytosanitary aspects

Quality requirements for seeds

Slovenia, Cyprus, Malta and **Latvia** have a 5 year transitional arrangement for the quality requirements for seeds.

Potatoes

Detailed measures for the implementation of article 9 of Council Directive 69/464/EEC in **Poland** have been agreed.

Lithuania has a transitional arrangement until 1 January 2006 regarding legislation on potato ring rot.

Plant variety rights

Lithuania has a transitional arrangement until 31 December 2010 in relation to the payment of remuneration for plant variety rights.

Animal nutrition

The **Czech Republic** may continue to permit the marketing on its territory of feedingstuffs based on the yeast species *Candida utilis* cultivated on vegetable fibres until such time as a decision has been taken in accordance with Article 6 of the Directive or until two years after the date of accession, whichever is the earlier.

Plant protection products

Poland has a transition arrangement for the market placing of certain plant protection products until 31 December 2006

Marketing of forest reproductive material

Poland may allow marketing until exhaustion of stocks of forest reproductive material accumulated before 1 January 2004 that does not meet all the provisions of the relevant Directive.

Transitional and horizontal measures

In the field of the Common Agriculture Policy and in the field of the veterinary and phytosanitary legislation, transitional measures to facilitate the transition from the existing regime in the new Member States to that resulting from the application of the Community acquis may be adopted by the Commission in accordance with the relevant committee procedure as determined in the applicable legislation. These measures may be taken during a period of 3 years from the date of accession.

The provisions of the Accession Treaty related to the CAP may furthermore be adapted by the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, where necessary as a result of a modification in Community rules.

CHAPTER 8: FISHERIES

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below.

State aid

Candidate countries do not provide, or provide very limited State aid to the fisheries sector. This will have to comply with Community State aid rules in the fisheries sector, and the schemes concerned will have to be notified upon accession.

Access to waters and resources

All acceding countries accept the concept of relative stability in the fixing of access to resources. Access to resources will be determined on the basis of the Common Fisheries Policy, including the principle of relative stability.

The principle of relative stability implies the fixing and maintaining of a fixed percentage by stock and by Member State. This principle applies to all stocks that are subject to limits on the rate of exploitation, in the form of TACs, and allocated in quotas to Member States. To that end, a reference period has been defined, which is recent and representative of the fisheries activities of the acceding countries.

The relative stability will be applied to all countries bordering the Baltic Sea, i.e. **Poland, Latvia, Lithuania** and **Estonia**. This will ensure the continuation of these countries' fishing activities in Community waters, as well as in waters of third countries and in waters covered by regional fisheries organisations.

As regards **Malta's** request for a specific management regime within 25 nautical miles of baselines of Malta, the EU has agreed to adapt Regulation (EC) 1626/94 in conformity with certain guidelines. These include the establishment of a 25-mile fishing management zone limited to small-scale fishing based on the length of the boats and on the power of the engine. Also, trawlers not exceeding an overall length of 24 metres shall be authorised to fish in the 25-mile management zone within certain trawlable areas; their fishing effort will be based on the current level of capacity in the area.

The number of vessels that can participate in the *lampuki* (*Coryphaena hippurus* – dolphin-fish) fishery shall be limited to a maximum of 130, and the allocation and laying down of FADs (fish aggregating device) in the fishing season shall be open for all Community fishermen on a non-discriminatory basis, but only starting from outside 12 miles for non-Maltese fishermen.

All vessels exceeding an overall length of 12 metres which are authorised to fish in the 25-mile management zone will be included on a list

These conservation measures will be non-discriminatory and will be applied in the entire 25-mile management zone.

As regards **Latvia's** request for a specific management regime in the entire Gulf of Riga, the EU has agreed to adapt Regulation (EC) 88/98 in conformity with certain guidelines.

These guidelines include that the engine power of the vessels authorised to fish in the Gulf of Riga must not exceed 221 kW. Also, the vessels authorised to fish in the Gulf of Riga will be included on a list in order to ensure that the overall fishing capacity, measured in engine power (kW), shall not exceed that observed in a period representative of the current level of activity in the Gulf of Riga.

These technical measures for conservation will be non-discriminatory and will be applied in the entire Gulf of Riga.

Other provisions

At the request of **Malta**, the EU has agreed to include dolphin-fish (*Coryphaena hippurus*) in Annex IV of Regulation (EC) 104/2000.

At the request of **Poland** and **Latvia**, the EU has agreed to include sprat (*Sprattus sprattus*) of the Baltic region in Annex IV of Regulation (EC) 104/2000, provided that the conditions laid down in Article 24 of the Regulation are met. This will allow support in the form of flat-rate aid to independent intervention measures by producer organisations and will contribute to meeting the concern expressed by **Latvia** in relation to the share of its sprat production for human consumption. Other producer organisations, particularly those of other Member States, will still have the option of not intervening on the sprat markets in their areas.

These solutions require the definition of the marketing size of *Sprattus Sprattus* and *Coryphoena Hippurus*. The relevant technical modifications to Annex II of Regulation (EC) 2406/96, will be determined in the light of scientific advice.

CHAPTER 9: TRANSPORT POLICY

All acceding countries will take over and implement the *acquis* under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope. They are accompanied by a clear plan for the implementation of the *acquis*.

Road

Cabotage

Following requests by the EU, transitional arrangements have been agreed as regards Regulation (EEC) No 3118/93, which entail that access of non-resident hauliers to the national road transport market (cabotage) of other Member States should, in certain cases, be phased in gradually.

The transitional arrangements foresee to reciprocally restrict the access to the national transport markets for an initial period of two years for the **Czech Republic, Estonia, Latvia, Lithuania** and **Slovakia** and for three years in the cases of **Hungary** and **Poland**.

Any Member State (current and new) can prolong the initial period for a period of up to 5 years. Member States that have not prolonged the transitional arrangement after the first initial period, may apply a safeguard measure and close again their cabotage market in case of a crisis, as long as any other Member States still apply the transitional arrangement. Hauliers from Member States whose cabotage market is still closed are not allowed to perform cabotage in those other Member States that have after the first 2 (respectively 3) years opened their market. As long as the transitional arrangement is applied, current and new Member States may progressively exchange cabotage authorisations on the basis of a quota agreed bilaterally.

Tachograph

Cyprus is granted a transitional arrangement as regards Regulation (EEC) No 3821/85 until the end of 2005 during which vehicles registered before 1 January 2002 and engaged exclusively in domestic transport operations will not have to comply with the requirement of installation and use of recording equipment ('tachograph'). The same transitional arrangement is granted to **Latvia** until the beginning of 2005 for vehicles registered before 1 January 2001 and to **Lithuania** until the end of 2005 for vehicles produced before 1987 and engaged exclusively in domestic transport operations. Drivers of such vehicles in **Cyprus, Latvia** and **Lithuania** shall record their driving times and rest periods using a personal log book.

Admission to the occupation

Latvia and **Lithuania** have been granted transitional arrangements until the end of 2006 in order to reach the full level of the financial standing required for the admission to the occupation of transport undertakings engaged exclusively in domestic road haulage and passenger transport operations. The available capital and the reserves of those undertakings shall gradually reach the minimum rates laid down in Directive 96/26/EC on admission to the occupation of road haulage operator and road passenger transport operator during the transitional period.

Weights and dimensions

Hungary and **Poland** have been granted transitional arrangements during which national axle-load limits may be maintained with regard to certain vehicles in international traffic complying with Directive 96/53/EC laying down for certain road vehicles circulating within the Community the maximum authorized weights in international traffic. **Hungary** may maintain Hungarian axle-weight limits on non-upgraded parts of the Hungarian road network until the end of 2008. **Poland** may maintain Polish axle-weight limits on non-upgraded parts of the Polish road network until the end of 2010.

The transitional arrangements have been made subject to a number of conditions, inter alia that **Poland** and **Hungary** shall adhere to their respective timetables for the upgrading of their main road network, that no restrictions may be imposed on the use, by vehicles complying with the requirements of the said Directive, of the main transit routes and that for the purpose of loading and unloading, where technically possible, the use of non-upgraded parts of the secondary road network shall be allowed during the entire transitional period.

Roadworthiness tests

Malta was granted a transitional arrangement allowing that certain of the items prescribed by Directive 96/96/EC on the roadworthiness tests for motor vehicles and their trailers shall not be tested as regards motor vehicles engaged exclusively in domestic transport operations in Malta until the end of 2004.

Speed limitation devices

According to the transitional arrangement granted to **Malta**, motor vehicles engaged exclusively in domestic transport operations in Malta need not be equipped with speed limitation devices as stipulated in Directive 92/6/EEC until the end of 2005.

Vehicle taxes

Malta was granted a transitional arrangement until the end of 2004 during which the minimum tax rates laid down in Directive 99/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures shall not apply in Malta to vehicles engaged in international transport operations. During this period, the rates to be applied by Malta to these vehicles shall not be less than 80% of the minima laid down in Directive 99/62/EC. Malta was also granted a transitional arrangement for vehicles engaged exclusively in domestic transport operations until the end of 2005. During this period, the minimum tax rates to be applied by Malta to these vehicles shall not be less than 65% of the minimum laid down in Directive 99/62/EC.

Rail

Development of the Community's railways

Both **Poland** and **Hungary** have been granted a transitional arrangement as regards Directive 91/440/EEC permitting the limitation of access to the Trans-European Rail Freight Network under certain conditions until the end of 2006. However at least 20% of the annual total capacity of the Trans-European Rail Freight Network in Poland and Hungary shall be reserved for railway undertakings other than the incumbent operators. The actual capacity of each railway line shall be indicated by the infrastructure manager in the network statement.

Air

Noisy aircraft

Both **Lithuania** and **Hungary** have been granted a transitional arrangement as regards Directive 92/14/EEC for the phasing out of certain noisy aircraft. The transitional arrangement has been granted to Hungary until the end of 2004 with respect to aircraft from certain third countries. The transitional arrangement has been granted to Lithuania until the end of 2004 with respect to third country aircraft at Kaunas International Airport.

CHAPTER 10: TAXATION

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope.

Transitional arrangements and a limited number of derogations are granted to all acceding countries in the field of indirect taxation (VAT and excise duties) and for one country in the field of direct taxation. Most transitional arrangements are aimed at allowing acceding countries to postpone the adjustment of their VAT and excise duty rate level to the requirements of the acquis, especially on socially sensitive goods and services.

VAT

The following countries are allowed to maintain the reduced VAT rate until end 2007: **Cyprus, Hungary, Poland and Slovenia** on restaurant services; the **Czech Republic, Poland, Slovakia and Slovenia** on construction; the **Czech Republic, Estonia, Hungary, Latvia** (end 2004) and **Slovakia** (end 2008) on heating.

Cyprus and **Malta** are granted a transitional arrangement until 31 December 2007 and 31 December 2009 respectively to maintain the VAT zero rate on foodstuffs and pharmaceutical products. **Poland** is allowed to maintain the VAT zero rate on books, and a super-reduced VAT rate on foodstuffs and agricultural inputs, excluding machinery, until 31 December 2007 and until 30 April 2008 respectively.

Finally, **all acceding countries** can maintain a higher turnover threshold than the level provided for in the acquis to exempt SMEs from VAT, and can exempt international passenger transport from VAT.

Excise duties

All acceding countries with the exception of Malta and Cyprus are granted a transitional arrangement to postpone compliance with the EC legislation on the level of cigarette excise duty rates until after accession. The duration of the transitional arrangements ranges from end-2007 for the **Czech Republic and Slovenia**; and end-2008 for **Slovakia, Hungary and Poland**; to end-2009 for **Estonia, Latvia and Lithuania**. In the case of the **Czech Republic and Estonia** the transitional arrangements also cover other tobacco products and smoking tobacco respectively.

During the duration of the above mentioned transitional arrangements, current Member States may maintain restrictions on the quantity of cigarettes that private individuals are allowed to bring into their territories (“travelers’ allowances”) from new Member States.

Poland is granted a one-year transitional arrangement, during which it can maintain its existing reduced excise duty rate on certain ecological fuels. **Cyprus** is granted a one-year transitional arrangement during which it may apply an exemption from excise duties on mineral oils used for the production of cement, and a one-year transitional arrangement during which it may apply an exemption from additional excise duties on all types of fuel used for local passenger transport.

The **Czech Republic**, **Hungary** and **Slovakia** are granted a derogation to apply the reduced excise duty rate to the production of fruit spirit for personal consumption (for a maximum production of 30 litres of fruit spirit per producing fruit grower's household per year in the case of the Czech Republic, and for a maximum production of 50 litres in the case of Hungary and Slovakia).

Direct taxation

Estonia is granted a transitional arrangement until 31 December 2008 to ensure full compliance with Directive 90/435/EEC ("Parent-Subsidiary directive").

CHAPTER 11: ECONOMIC AND MONETARY UNION

All acceding countries will take over and implement the acquis under this chapter as from the date of accession. They will participate in EMU upon accession with the status of a country with a derogation under Article 122 of the EC Treaty.

CHAPTER 12: STATISTICS

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 13: SOCIAL POLICY AND EMPLOYMENT

All acceding countries will take over and implement the *acquis* under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope.

Labour law

Malta is granted a transitional arrangement until 31 July 2004 in the manufacturing sub-sectors of food and beverages, textiles, clothing and footwear, transport equipment, electrical machinery, appliances and supplies, and furniture with respect to the working time limits provided by the working time Directive; and until 31 December 2004 with respect to collective agreements existing on 12 December 2001 in the above mentioned manufacturing sub-sectors where these agreements contain clauses relevant for Article 6(2) of the working time Directive with validity beyond July 2004.

This transitional arrangement is justified by the need for additional time for the sub-sectors concerned to adapt to the requirements of EU legislation.

Health and safety

In the health and safety field the EU granted a number of transitional arrangements recognising the need to provide businesses with sufficient time to adapt to the requirements of EU legislation.

Latvia is granted the following transitional arrangements: until 1 July 2004 for the Directive on the minimum safety and health requirements for the use of work equipment by workers at work in respect of work equipment already in use on 13 December 2002; until 31 December 2004 for the Directive on minimum safety and health requirements for the workplace with respect to installations already in use on 27 March 2002; and until 31 December 2004 for the Directive on the minimum safety and health requirements for work with display screen equipment with respect to equipment already in use on 1 June 2001.

Malta is granted a transitional arrangement until 1 January 2006 for the Directive on work equipment with respect to equipment already in use on the date of accession.

Poland is granted a transitional arrangement until 31 December 2005 for the Directive on work equipment with respect to equipment installed before 31 December 2002.

Slovenia is granted transitional arrangements until 31 December 2005 for Directives related to exposure to noise, chemical, physical and biological agents at work.

As from the date of accession and until the end of the above mentioned period, Latvia, Malta, Poland and Slovenia will continue to provide the Commission with regularly updated information on the timetable and the measures taken to ensure compliance with the above mentioned Directives.

CHAPTER 14: ENERGY

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope. They are accompanied by a clear plan for the implementation of the acquis.

Minimum stocks of crude oil and/or petroleum products

Transitional arrangements for the implementation of the obligation to maintain 90 days of oil stocks are granted as follows: **Czech Republic** and **Slovenia** until 31 December 2005; **Malta** until 31 December 2006; **Cyprus** until 31 December 2007; **Poland** and **Slovakia** until 31 December 2008; and **Estonia**, **Latvia** and **Lithuania** until 31 December 2009.

Internal Energy Market (Electricity Directive 96/92/EC)

Estonia is granted a transitional arrangement until 31 December 2008 to implement the market opening provisions of Article 19(2) of the Electricity Directive 96/92/EC.

Furthermore a Declaration on oil shale and the Electricity Directive is agreed in which the Union, while noting Estonia's reservations regarding future acquis, recognises in this respect the specific situation related to the restructuring of the oil shale sector which will require particular efforts until the end of 2012, and the need for gradual opening of the Estonian electricity market for non-household customers by that date.

Internal Energy Market (Gas Directive 98/30/EC)

The **Czech Republic** is granted a transitional arrangement until 31 December 2004 to implement the market opening provisions of Article 18 of the Gas Directive 98/30/EC.

Research Fund for Coal and Steel (Decision 2002/234/ECSC)

It is agreed with **Estonia** that the eligibility of the Research Fund for Coal and Steel is extended to oil shale (*see also below Chapter 31*).

Nuclear energy

The Protocol on Ignalina Nuclear Power Plant (**Lithuania**), the Protocol on Bohunice V1 Nuclear Power Plant (**Slovakia**) and the Declaration of the **Czech Republic** and Austria on Temelin Nuclear Power Plant are covered below under *Chapter 31*.

CHAPTER 15: INDUSTRIAL POLICY

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 16: SMALL AND MEDIUM-SIZED ENTERPRISES

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 17: SCIENCE AND RESEARCH

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 18: EDUCATION AND TRAINING

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 19: TELECOMMUNICATIONS AND INFORMATION TECHNOLOGIES

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangement set out below. The transitional arrangement agreed is limited in time and scope.

Postal services

A transitional arrangement until the end of 2005 has been agreed with **Poland** on the further opening to competition of postal services.

CHAPTER 20: CULTURE AND AUDIO-VISUAL POLICY

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 21: REGIONAL POLICY AND CO-ORDINATION OF STRUCTURAL INSTRUMENTS

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below.

No transitional periods were requested under this chapter. Negotiations focused on administrative capacity, eligibility as well as financial allocations.

Administrative capacity

In the context of the accession negotiations under this chapter, the Commission has identified the detailed organisational and institutional requirements, including a timetable, which the acceding countries will have to comply with upon accession. The Commission is closely monitoring the implementation of the commitments taken by the acceding countries in this respect. In the event that commitments undertaken are not met, the Commission will not be able to approve Community funding until the conditions set out in the Structural and Cohesion Funds Regulations are fulfilled.

Eligibility

Structural Funds

The Commission has determined the eligibility of the ten acceding countries under the Structural Funds from the date of accession until 31 December 2006 as follows:

Objective 1

The eligibility for Objective 1 support was determined on the basis of the regional GDP/capita (in PPP) at NUTS level 2 taking 1997-1998-1999 as reference years. The following regions of the new Member States will be eligible for Objective 1 support:

Czech Republic - Střední Čechy
(all regions - Jihozápad
except Prague) - Severozápad
- Severovýchod
- Jihovýchod
- Střední Morava
- Moravskoslezsko

Estonia - Eesti

Latvia - Latvija

Lithuania - Lietuva

Hungary (all regions)	- Közép-Magyarország - Közép-Dunántúl - Nyugat-Dunántúl - Dél-Dunántúl - Észak-Magyarország - Észak-Alföld - Dél-Alföld
Malta	- Malta
Poland (all regions)	- Dolnośląskie - Kujawsko-pomorskie - Lubelskie - Lubuskie - Łódzkie - Małopolskie - Mazowieckie - Opolskie - Podkarpackie - Podlaskie - Pomorskie - Śląskie - Świętokrzyskie - Warmińsko-mazurskie - Wielkopolskie - Zachodniopomorskie
Slovenia	- Slovenija
Slovakia (all regions except Bratislava)	- Západné Slovensko - Stredné Slovensko - Východné Slovensko

Objective 2

31% of the population of the regions not eligible under Objective 1 (Prague, Bratislava and Cyprus) are eligible for Objective 2. The Commission has determined the population ceiling as follows:

Czech Republic	370,000
Cyprus	213,000
Slovakia	192,000

Objective 3

In accordance with the acquis, all the regions not covered by Objective 1 (Prague, Bratislava, Cyprus) shall be eligible for Objective 3 support.

Community initiatives

The ten acceding countries will also be eligible for support under the Community initiatives programmes INTERREG and EQUAL. For simplification purposes, the Community initiatives programmes LEADER+ and URBAN will not be implemented in the new Member States during the period 2004-2006. Actions and projects eligible to these initiatives will be integrated in the relevant programming documents.

Cohesion Fund

Eligibility for Cohesion Fund assistance of the acceding countries from the date of accession until 31 December 2006 was determined on the basis of the latest available GNI/capita figures (in PPP), taking 1998-1999-2000 as reference years.

On the basis of these figures, all ten acceding countries will be eligible for Cohesion Fund assistance.

Financial allocations

The overall allocation for structural actions for the new Member States from the date of accession until the end of 2006 has been set at € 21.75 billion.

The commitment appropriations for structural actions for the ten acceding countries from the date of accession until the end of 2006 were determined as follows:

Structural Funds

€ mio., 1999 prices

Total	2004	2005	2006
14,155.9	3,453.5	4,754.7	5,947.6

Of the total Structural Funds allocations

- 93.49 % will be allocated to Objective 1 (i.e. a total of EUR 13.2343 billion)
- 0.86 % will be allocated to Objective 2 (i.e. a total of EUR 0.1212 billion)
- 0.79 % will be allocated to Objective 3 (i.e. a total of EUR 0.1116 billion)
- 4.58 % will be allocated to the Community initiatives INTERREG and EQUAL
- 0.27 % will be allocated to technical assistance

For simplification purposes, innovative actions shall not be implemented in the ten acceding countries in the current programming period up to the end of 2006.

Commitment appropriations under the Structural Funds 2004-2006

€ mio., 1999 prices

	Objective 1	Objective 2	Objective 3	Fisheries Instrument (FIFG)	Interreg	Equal
Czech Republic	1,286.4	63.3	52.2	0.0	60.9	28.4
Estonia	328.6	0.0	0.0	0.0	9.4	3.6
Cyprus	0.0	24.9	19.5	3.0	3.8	1.6
Latvia	554.2	0.0	0.0	0.0	13.5	7.1
Lithuania	792.1	0.0	0.0	0.0	19.9	10.5
Hungary	1,765.4	0.0	0.0	0.0	60.9	26.8
Malta	55.9	0.0	0.0	0.0	2.1	1.1
Poland	7,320.7	0.0	0.0	0.0	196.1	118.5
Slovenia	210.1	0.0	0.0	0.0	21.0	5.7
Slovakia	920.9	33.0	39.9	0.0	36.8	19.7

A payment on account of 16 % of the contribution from the Funds to the assistance in question shall be paid to the ten acceding countries. It will be subdivided over two budget years: 10 % in the first year and 6 % in the following year.

Cohesion Fund

€ mio., 1999 prices

Total	2004	2005	2006
7,590.5	2,616.8	2,151.7	2,822.0

Indicative allocation among the beneficiary Member States of the total Cohesion Fund resources:

- Czech Republic: 9.76 % to 12.28 % of the total
- Estonia: 2.88 % to 4.39 % of the total
- Cyprus: 0.43 % to 0.84 % of the total
- Latvia: 5.07 % to 7.08 % of the total
- Lithuania: 6.15 % to 8.17 % of the total
- Hungary: 11.58 % to 14.61 % of the total
- Malta: 0.16 % to 0.36 % of the total
- Poland: 45.65 % to 52.72 % of the total
- Slovenia: 1.72 % to 2.73 % of the total
- Slovakia: 5.71 % to 7.72 % of the total.

CHAPTER 22: ENVIRONMENT

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope. They are accompanied by a clear plan for the implementation of the acquis.

Preparations for membership in this chapter presented three particular challenges:

- legal: most of the environment acquis is in the form of directives requiring transposition into the national legal order;
- administrative: planning, permitting and monitoring requires sufficiently staffed and well equipped environment administration at various levels;
- financial: substantial investment in infrastructure and technology in order to make up for lacking or insufficient investments.

The transitional arrangements agreed in the negotiations are due to the third aspect of these challenges.

Given the volume of the environment acquis, the agreed transitional arrangements are exceptional. Their potential transboundary impact is limited. They do not lead to significant distortions of competition. The transitional arrangements include detailed legally binding intermediate targets. This ensures a controlled implementation during the entire transition period. The targets are recorded in the Accession Treaty. The scope of transitional arrangements is, wherever possible, specified through lists of individual installations. The transitional arrangements are backed up by detailed financing strategies.

Air quality

The requirements for the storage of petrol and its distribution from terminals to service stations (Directive 94/63/EC) will be gradually achieved in **Estonia** (end 2006), **Latvia** (end 2008), **Lithuania** (end 2007), **Malta** (end 2004), **Poland** (end 2005) and **Slovakia** (end 2007). Priority has been given to implementation in terminals and stations with the larger throughput in order to reduce the environmental impact in the most efficient manner.

As regards heavy fuel oils (Directive 1999/32/EC), **Poland** is allowed until end 2006 to use fuel oils with a sulphur content higher than required under the acquis. This fuel is mainly used for heating in small and medium-sized installations. **Cyprus** disposes of a 1 year transitional arrangement so that it can seek a derogation allowed under the acquis; the decision will be taken according to the existing acquis procedures.

Waste management

All acceding countries except Estonia dispose of additional time to achieve the recovery and recycling targets for packaging waste (Directive 94/62/EC). The transition periods range from end 2005 to end 2009. They are justified by the time needed to establish the necessary infrastructure for collection, recovery and recycling of waste. Moreover, generation of waste by private households is relatively low compared to EU 15. Intermediate targets have been set. **Malta** is allowed to maintain until end 2007 its current legislation which obliges certain beverages to be distributed only in glass or from metal kegs. This transitional arrangement allows a step-by-step introduction of appropriate instruments and infrastructure for environmentally sound collection, recycling and recovery systems for packaging waste from these beverages.

As regards landfill of waste (Directive 1999/31/EC), transitional arrangements reflect the specific situation of 3 countries:

- In order to build sufficient capacity for landfill of hazardous waste, **Latvia** is exempted from the requirements until end 2004 (this also covers the requirements regarding disposal of asbestos, Directive 87/217/EEC). Latvia is required to establish a licensing system for temporary storage of hazardous waste during the transitional arrangement.
- The large amounts of hazardous waste generated by the oil shale industry in **Estonia** require a gradual introduction of the requirements until end 2009.
- Since practically all municipal waste in **Poland** at present goes to landfills, which in many cases do not comply with the EU standards, full implementation will be achieved by end 2012 (2009 for current Member States).

In all three cases, the general requirements under the waste framework directives (75/442/EEC and 91/689/EEC) will apply as from accession.

Specific measures, including the notification of ‘Green-list’ waste shipments, have been defined for the shipments of waste (Regulation (EEC) 259/93) in order to avoid “dumping” of waste where transitional arrangements relevant for the treatment of waste have been agreed: competent authorities can object to waste shipments under the procedures for shipments for disposal of waste. This applies to all countries with transitional arrangements related to waste treatment as long as the EU standards are not met. In addition, specific wastes for recovery shall not be imported to **Poland** in order to allow time for the country to build up the necessary recovery and recycling capacities for the packaging waste generated.

Water quality

All acceding countries dispose of additional time to build canalisation and treatment facilities for urban waste waters (Directive 91/271/EEC). The intermediate targets agreed ensure that priority is given to the treatment in sensitive areas (tertiary treatment) and bigger agglomerations. The time spans agreed (until end 2015 in some cases) reflect the implementation schedule for current Member States, counted from the adoption of the Directive.

As regards the quality of water intended for human consumption (Directive 98/83/EC), transitional arrangements have been agreed for a strictly limited number of parameters for **Estonia** (end 2013), **Latvia** (end 2015) and **Malta** (end 2005). In cases of potential dangers to human health, the procedures under the directive apply (e.g. information to population, interruption of supply).

Certain discharges of dangerous substances into the aquatic environment (Directive 76/464/EEC and others) are allowed in **Slovakia** until end 2006, in **Malta** until end of March 2007 and **Poland** until end 2007. Permits will be issued for these discharges prior to accession to reduce the environmental impact.

Nature protection

Malta is allowed to continue trapping of seven finch species until end 2008 under Directive 79/409/EEC on wild birds. These birds can be captured only by traditional nets known as clap-nets and exclusively for the purpose of keeping them in captivity. During the transition period, a captive breeding system will be established. This will ensure that these birds can further on be kept in aviaries and cages in line with the acquis. All other aspects of the birds directive will apply as of accession.

A geographical exception for the strict protection of lynxes under the Habitats Directive (92/43/EC) has been granted to **Estonia**. By May 2009, the Commission shall report on the further application of this exception. The Council shall on this basis review the exception and may decide to terminate its further application on a proposal from the Commission.

By way of technical adaptations, the lists of habitats and wild fauna and flora have been amended to take into account the biodiversity of the acceding countries. These modifications depend upon the conservation status in the European context and relate to the different levels of protection. The same principles have guided the adaptation of the annexes to the Directive on wild birds. In addition, species are now listed by their Latin name only.

Industrial pollution and risk management

As regards large combustion plants (Directive 2001/80/EC), emissions from a limited number of specifically listed “new” plants (put into operation after 1987) will be fully in line with the acquis requirements by end 2004 in **Hungary**, by end 2005 in **Malta** and by end 2007 in the **Czech Republic** and in **Slovakia**. A limited number of pre-1987 plants will similarly dispose of additional time until end **2015** in Poland (end 2017 for dust), **Estonia** and **Lithuania**. For these installations, the requirements under the Directive apply to Member States as from beginning 2008 (2016 for dust). Intermediate targets for 2008 – 2015 have been set. For **Cyprus**, specific emission limit values have been agreed. Technical adaptations of the overall emission reduction targets set in the Directive for each Member State have been based on the latest emission data.

As regards integrated pollution prevention and control (Directive 96/61/EC), specifically listed installations will not yet comply with “Best Available Techniques” in **Latvia** (end 2010), **Poland** (end 2010), **Slovenia** (end 2011), and **Slovakia** (end 2011) (current Member States: October 2007). Fully integrated permits will however need to be issued for these installations by October 2007. These transitional arrangements apply to pre-1997 installations (“existing” installations). All newer installations have to comply by accession.

Specifically listed waste incinerators in **Slovakia** will comply with Directive 2000/76/EC by end 2006. **Hungary** will comply with this Directive. However, a transitional arrangement under the preceding directive (94/67/EC) has been agreed until June 2005. This is the date by which existing incinerators have to comply with Directive 2000/76/EC.

National emission ceilings (Directive 2001/81/EC) have been set for acceding countries. These ceilings are without prejudice to the 2004 review foreseen under the Directive.

Chemicals and genetically modified organisms

As regards substances that deplete the ozone layer (Regulation (EC) 2037/2000), the total quantitative limits on producers and importers placing controlled substances on the market were adjusted, taking into account the margins left from quota not used by current Member States.

Nuclear safety and radiation protection

Specific requirements concerning radiological equipment (Directive 97/43/Euratom on health protection of individuals against ionising radiation in relation to medical exposure) will not apply in **Latvia** until end 2005 and in **Poland** until end 2006 – in order to avoid an unnecessary interruption of medical diagnoses.

CHAPTER 23: CONSUMERS AND HEALTH PROTECTION

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 24: CO-OPERATION IN THE FIELD OF JUSTICE AND HOME AFFAIRS

All acceding countries will take over and implement the acquis under this chapter as from the date of accession, subject to the specific arrangements set out below.

No transitional periods were requested under this chapter. The acquis in the field of Justice and Home Affairs will be implemented as of accession, with the exception of some parts of the Schengen acquis. This is due to the fact that the lifting of internal border controls will not happen upon accession, but afterwards, following a separate decision by the Council. This procedure has been followed also for past accessions to Schengen.

For this purpose, the Schengen acquis has been divided into two parts. The majority of provisions must be applied upon accession (Category I), leaving only those provisions closely linked to the lifting of the internal border controls (Category II) to be implemented simultaneously with the lifting of internal border controls. Before this final stage is reached, a detailed evaluation process will be conducted for each new Member State to establish whether all legal, organisational, operational, practical and technical pre-conditions are fulfilled, in particular the requirements concerning access to the Schengen Information System and an effective external border control.

All acceding countries have drawn up a Schengen Action Plan demonstrating full awareness of the ramifications of the Schengen acquis, and presenting a credible schedule for the introduction of its provisions. The Commission regularly monitors the implementation of these plans.

The Accession Treaty contains a safeguard clause as regards judicial co-operation in civil and criminal matters (*see below under Chapter 31*).

CHAPTER 25: CUSTOMS UNION

All acceding countries will take over and implement the Common Customs Tariff (CCT) and the entire *acquis* under this chapter as from the date of accession, subject to the specific arrangements set out below. Transitional arrangements agreed are limited in time and scope.

All new Member States will be able to benefit from horizontal measures providing technical solutions for situations that result from the transition between 11 separate customs territories (EC15 + 10) and one enlarged customs territory (EC25). Such measures are necessary to provide a technical solution for the treatment applicable to goods which enter a procedure in one customs territory and leave it in another, as a result of the enlargement of the EC customs territory at the moment of accession. These arrangements apply in particular with regard to:

- the circumstances in which goods are treated as having a status, in the enlarged Community, equivalent to “free circulation” (non-application of customs duties);
- the application of preferential tariff treatment under provisions resulting from previously existing arrangements (acceptance of proofs of origin, simplified procedures, post-clearance verification);
- the provisions applicable upon discharge of certain economic regimes (customs warehousing, inward processing, processing under customs control, temporary importation and outward processing);
- the continued validity for a maximum period of 12 months after accession of authorisations issued for inward processing, processing under customs control, and outward processing, where it is technically impossible for the new Member States to apply, prior to accession, identical conditions to those applicable in the enlarged Community ;
- entry in the accounts and post-clearance recovery;
- repayment and remission of duty.

As regards the import of certain textile products into **Malta**, the EU has granted a transitional arrangement until 31 August 2008, enabling Malta to import at a lower rate than the CCT, with a schedule of implementation involving the progressive increase of tariff duties within an annual maximum quota. All the materials will be used on the territory of Malta, on the basis of the existing *acquis* provisions on end-use.

As regards the import of aluminium not alloyed into **Hungary**, the EU has granted a transitional arrangement until 30 April 2007, enabling Hungary to import at a lower rate than the CCT, with a schedule of implementation involving the progressive increase of tariff duties and the progressive decrease of the import volumes. The final consumption, or the processing of the product in question, will take place on the territory of Hungary on the basis of the existing *acquis* provisions on end-use.

CHAPTER 26: EXTERNAL RELATIONS

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

It should be recalled that the acceding countries are obliged to withdraw from any free trade agreements with third countries, including the Central European Free Trade Agreement, with effect from the date of accession. To the extent that agreements between one or more of the new Member States on the one hand, and one or more third countries on the other, are not compatible with the obligations arising from EU membership, the new Member States are required to take all appropriate steps to eliminate the incompatibilities established, either through adaptation or termination.

CHAPTER 27: COMMON FOREIGN AND SECURITY POLICY

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 28: FINANCIAL CONTROL

All acceding countries will take over and implement the acquis under this chapter as from the date of accession.

CHAPTER 29: FINANCIAL AND BUDGETARY PROVISIONS

Basic principles

Agreements reached with the acceding countries are based on the principle of acceptance by them of the *acquis communautaire* in the field of financial and budgetary provisions. This implies full participation in the financing of the EC budget from accession. The following arrangements have been agreed in favour of the new Member States.

Own Resources payments 2004

On account of the expected accession date of 1 May 2004, special technical provisions are included in the Accession Treaty to ensure that the basis on which the new Member States' contributions to the EU budget are calculated is adjusted accordingly.

Temporary budgetary compensation

The Union grants temporary budgetary compensation to the **Czech Republic, Cyprus, Malta and Slovenia** in the period 2004-2006 with the aim of ensuring these countries do not experience a deterioration in their net budgetary balance vis-à-vis the EU budget compared to the positive position they were in 2003 as recipients of pre-accession aid. The amounts concerned for the period 2004-2006 are € 389 million for the Czech Republic, € 300 million for Cyprus, € 166 million for Malta and € 131 million for Slovenia (expressed in 1999 prices).

Special temporary cash-flow facility

The Union will provide **all ten acceding countries** with funds from a special temporary cash-flow facility (in total €2.4 billion) in the period 2004-2006 to improve their budgetary positions. The amounts concerned for the period 2004-2006 are as follows:

Special temporary cash-flow facility 2004-2006, € million, 1999 prices.

Cyprus	Czech Republic	Estonia	Hungary	Poland	Slovenia	Lithuania	Latvia	Slovakia	Malta
38	358	22	211	1443	101	47	26	86	66

These amounts include €1 billion for Poland and €100 million for the Czech Republic resulting from corresponding reductions in the level of structural funds normally available to these two countries

Other facilities with financial implications

A number of other facilities with financial implications (Schengen facility, Transition facility for institution building, ...) have been agreed. These are covered below under *Chapter 31*.

CHAPTER 30 – INSTITUTIONS

One of the keys to successful enlargement will be the effective and fair representation and integration of the new Member States in the institutional architecture of the Union as from 1 May 2004. Chapter 30 on institutions covers the composition and functioning of institutions and bodies established under the Treaties or secondary legislation.

The fundamental question of how to prepare the institutions for enlargement so that the Union can continue to operate effectively and maintain its decision-making capacity is addressed by the *Treaty of Nice* as well as in the *protocols and declarations* attached thereto, which form the basis for the relevant provisions in the Accession Treaty.

In some areas, short-term arrangements will ensure a smooth transition to the new regime, which for the Council voting system and the new Commission has been advanced from January 2005 to November 2004.

Parliament

During the few months between accession in May 2004 and the constitution of the new Parliament following the June 2004 European Parliament elections, the new Member States will be represented by an adequate number of deputies nominated by their national Parliaments.

The new Parliament in the 2004-2009 term will count 732 seats, representing the number of seats allocated in accordance with the Nice Treaty declaration and the pro rata re-allocation of the 50 seats not taken up by Bulgaria and Romania. Both the **Czech Republic** and **Hungary** have been offered 3 additional seats each under this ceiling, in order to ensure an allocation of seats equal to that of current Member States with a similar size of population (*see table below*).

Council

For the period between 1 May 2004 and 31 October 2004, the current voting system has been extrapolated to include the new member States. The qualified majority threshold will be fixed at 88 votes out of 126 (*see table below*).

After 1 November 2004, a reviewed voting system based on the principles defined by the Nice Treaty will apply. Acts of the Council will require for their adoption by qualified majority at least 232 votes out of 321 votes. Furthermore, a Member State may request the verification whether these 232 votes represent at least 62% of the total population of the Union (*see table below*).

Commission

As from 1 May 2004, ten new Commissioners appointed by the Council, one from each new Member State, shall join the current Commission. Following the European Parliament elections in June 2004, the new Parliament shall approve the nomination of the new President of the Commission as well as of the other Members of the new Commission which will take up its duties with effect from 1 November 2004.

Other issues

The number of judges of the European Court of Justice and the Court of First Instance will be increased by 10 to 25. The number of advocates-generals is subject to an increase only upon request by the Court.

As far as other institutions, organs, bodies, committees and agencies established by the Treaties or secondary law are concerned, the acceding States will be adequately represented in accordance with the existing applicable rules.

The official languages of the EU will be supplemented by nine additional official languages – **Czech, Estonian, Latvian, Lithuanian, Hungarian, Maltese, Polish, Slovenian, and Slovak.**

MEMBER STATES	EP seats 2004-2009 term	Council votes 1.5.-31.10.04	Council votes as of 1.11.04
Germany	99	10	29
United Kingdom	78	10	29
France	78	10	29
Italy	78	10	29
Spain	54	8	27
Poland	54	8	27
Netherlands	27	5	13
Greece	24	5	12
Czech Republic	24	5	12
Belgium	24	5	12
Hungary	24	5	12
Portugal	24	5	12
Sweden	19	4	10
Austria	18	4	10
Slovakia	14	3	7
Denmark	14	3	7
Finland	14	3	7
Ireland	13	3	7
Lithuania	13	3	7
Latvia	9	3	4
Slovenia	7	3	4
Estonia	6	3	4
Cyprus	6	2	4
Luxembourg	6	2	4
Malta	5	2	3
TOTAL EU	732	124	321

CHAPTER 31: OTHER

European Development Fund (EDF)

Acceding countries will accede to the EDF as of the new Financial Protocol to be negotiated in 2004 and will contribute to it from the outset as from 2005.

Research Fund for Coal and Steel (RFSC)

The new Member States will participate in the RFCS. Their contributions have been estimated proportionally to the importance of the coal and steel sectors in each of them on the basis of the same methodology applied for existing Member States. Thus, **Poland**, the **Czech Republic**, **Slovakia**, **Slovenia**, **Hungary**, **Latvia** and **Estonia** will contribute starting from 2006. For **Estonia** the contribution is estimated on the basis of its production of oil shale.

European Central Bank (ECB)

The ECB's subscribed capital (€ 5 billion) and the ceiling on the ECB's foreign exchange reserves (€ 50 billion) shall be increased in the context of enlargement. Accordingly, a new Article on the principles of calculating the increase shall be introduced into the EC Treaty Protocol (N°18) on the Statute of the European System of Central Banks and of the European Central Bank. Upon joining the Union, the new Member States will pay only part, presently fixed at 5%, of their total capital share of about € 560 million. Upon joining the Eurosystem at a later stage, they would have to pay the remainder. Contributions to the foreign exchange reserves are also transferred upon joining the Euro area, but in this case the countries have a claim in € for the corresponding value.

European Investment Bank (EIB)

Each new Member State will be represented in the Board of Governors. A protocol on amendments to the Statute of the European Investment Bank was agreed, as in previous enlargements. The modifications to the Statute concern the subscribed capital to be paid by each of the new Member States and the composition and functioning of the Board of Directors. As a transitional measure, contributions shall be made in 8 instalments between September 2004 and March 2009.

Safeguard clauses

The Accession Treaty features three safeguard clauses: a general economic clause modelled on that contained in the last Accession Treaty; a specific internal market safeguard clause; and a specific JHA safeguard clause. The general economic safeguard clause covers any sector of the economy or economic situation of a given area, both in current and new Member States. The internal market safeguard clause covers all sectoral policies which cover economic activities with cross-border effects. The JHA safeguard clause covers the mutual recognition in the area of criminal law and in civil matters. Both the internal market and the JHA safeguard clause may be applied only vis-à-vis new Member States. Safeguard measures may be taken under the above clauses until the end of a period of three years after accession, but may remain in force beyond this period. However, any safeguard measure shall be maintained no longer than is strictly necessary and must be proportional in scope and duration.

Implementation and management of pre-accession funds in the new Member States

An article in the Accession Treaty establishes the rules for the implementation, after accession, of the three pre-accession funds PHARE (and related), ISPA and SAPARD.

Creation of a Transition facility for institution building for the benefit of new Member States after accession

An article in the Accession Treaty establishes the legal basis for a Transition facility to assist the new Member States to further develop and strengthen administrative capacity and foster exchange of best practice among peers. The amount foreseen totals € 380 million: € 200 million for 2004, € 120 million for 2005 and € 60 million for 2006.

Arrangements for the interim period

The interim period is the period between the so-called “cut-off date” (1 November 2002) and the date of accession. New *acquis* adopted during this period is not covered by the accession negotiations nor in the Accession Treaty; at the same time, however, the acceding countries are not yet Member States during this period. A special arrangement is therefore needed to involve the acceding countries.

The main elements of this arrangement (in the form of an exchange of letters between the European Union and each of the future new Member States) are an “information and consultation procedure” and “active observer status”.

Schengen facility

A temporary fund is to help beneficiary new Member States to finance actions for the implementation of Schengen *acquis* and external border control in the period 2004-2006. The total amount agreed is € 858.3 million shared out as follows: **Poland** € 280.0 million; **Hungary** € 147.8 million; **Lithuania** € 135.7 million; **Slovenia** € 106.9 million; **Latvia** € 71.1 million; **Estonia** € 68.7 million; **Slovakia** € 47.8 million.

Eligibility of the new Member States for expenditure starting on 1 January 2004

The principle that the new Member States will be eligible as of 1 January 2004 for expenditure under the budgetary headings for Structural Funds, certain EAGGF funds and Internal Policies is enshrined in the Accession Treaty. This means that the cut-off date for the transition between pre-accession funds and the EC budget headings mentioned above will be the end of 2003. The new Member States will be afforded the same treatment as the present ones for the entire budgetary exercise 2004. However, no financial commitment from the 2004 budget to this effect may be made before the accession of the relevant new Member State has taken place.

Kaliningrad protocol and declaration (Lithuania)

The legal and financial guarantees to **Lithuania** in order to make it possible for this new Member State to accept and implement the Union's arrangement with Russia on the Kaliningrad transit regime are recorded in a Protocol and Declaration to the Accession Treaty. In order to specify these guarantees, the Protocol refers to new regulations on transit to be adopted before the signature of the Accession Treaty.

Provisions on Cyprus

Provisions on Cyprus, which reflect the outcome of the good offices mission of the Secretary General of the United Nations, with a view to reaching a comprehensive settlement of the Cyprus problem by 28 February 2003, as noted in the conclusions of the Copenhagen European Council or which reflect the absence of such a settlement, will need to be included in a protocol to the Accession Treaty. An appropriate text based on either paragraph 11 or paragraph 12 of the Copenhagen European Council conclusions, which are quoted below, will be transmitted immediately after 28 February.

11. *The Union recalls its willingness to accommodate the terms of a settlement in the Treaty of Accession in line with the principles on which the Union is founded. In case of a settlement, the Council, acting by unanimity on the basis of proposals by the Commission, shall decide upon adaptations of the terms concerning the accession of Cyprus to the EU with regard to the Turkish Cypriot community.*
12. *The European Council has decided that, in the absence of a settlement, the application of the acquis to the northern part of the island shall be suspended, until the Council decides unanimously otherwise, on the basis of a proposal by the Commission.*

Protocol on the British Sovereign Base Areas

A protocol to the Accession Treaty deals with the British Sovereign Base Areas in **Cyprus** (SBAs). The SBAs cover 3% of the island and have open borders with Cyprus. The protocol aims at protecting the interests of those Cypriots resident or working in the SBAs. Hence the open boundaries between the SBAs and the rest of the island will be maintained.

Ignalina nuclear power plant (Lithuania)

The Ignalina Protocol, comprises the following key elements:

- consolidation of **Lithuania's** commitment to close Unit 1 of the Ignalina nuclear power plant before 2005 and Unit 2 by 31 December 2009 at the latest;
- for the period 2004-2006, financial assistance of € 285 million and the Union's commitment to provide adequate additional Community assistance beyond 2006;

- the establishment of an Ignalina Programme upon accession and its seamless continuation beyond 2006. The scope of this programme allows to address decommissioning and the consequences of the closure and decommissioning;
- a safeguard clause, which refers to the general economic safeguard clause (*see above*), with a duration until the end of 2012 in case of energy supply disruptions.

Bohunice V1 nuclear power plant (Slovakia)

The Bohunice Protocol consolidates **Slovakia's** commitment to close Unit 1 of the Bohunice V1 Nuclear Power Plant by 31 December 2006 and Unit 2 of this plant by 31 December 2008 at the latest.

For the period 2004-2006, the Union shall provide Slovakia with financial assistance of € 90 million. The Union acknowledges that the decommissioning process will have to continue beyond 2006 and that this effort represents for Slovakia a significant financial burden. Decisions on the continuation of EC assistance in this field after 2006 will take this situation into account.

Bilateral agreement between the Czech Republic and the Republic of Austria regarding the Temelin nuclear power plant

In a joint declaration of the **Czech Republic** and **Austria**, it is recorded that “The Czech Republic and the Republic of Austria shall fulfil their bilateral obligations under their mutually adopted *Conclusions of the Melk Process and Follow-up* of 29 November 2001.”

Protocol on abortion (Malta)

A protocol to the Accession Treaty states that nothing in the Treaties shall affect the application on the territory of **Malta** of national legislation relating to abortion.

Declaration by Malta on Gozo

In a declaration to the Accession Treaty, **Malta** requests that, in the event that Malta as a whole would no longer be eligible to certain measures of the regional policy, a Commission report to the Council would assess whether the specific economic situation of Gozo justifies a continued eligibility of Gozo to those measures.

Declaration by Malta on neutrality

In a declaration to the Accession Treaty, **Malta** states that its participation to the EU common foreign and security policy does not prejudice its neutrality.

DECLARATIONS TO THE ACCESSION TREATY

A list of declarations to the Accession Treaty is below.

1. Joint Declaration: One Europe (European Council in Copenhagen, 12 and 13 December 2002).
2. Joint Declaration on the Court of Justice of the European Communities.
3. Joint Declaration on the hunting of brown bears in Estonia.
4. Declaration by the Czech Republic and the Republic of Austria concerning their bilateral agreement regarding the Temelin nuclear power plant.
5. Declaration on Rural Development.
6. Declaration on the free movement of workers: Czech Republic.
7. Declaration on the free movement of workers: Estonia.
8. Declaration on oil shale, Internal Electricity Market and Directive 96/92/EC of the European Parliament and of the Council of 19 December 1996 concerning common rules for the internal market in electricity (Electricity Directive): Estonia.
9. Declaration with respect to Estonian and Lithuanian fishing activities in the Svalbard zone.
10. Declaration on the free movement of workers: Latvia.
11. Declaration on the free movement of workers: Lithuania.
12. Declaration on the transit of persons by land between the region of Kaliningrad and other parts of the Russian Federation.
13. Declaration on the free movement of workers: Hungary.
14. Declaration on the free movement of workers: Malta.
15. Declaration on the free movement of workers: Poland.
16. Declaration on the free movement of workers: Slovenia.
17. Declaration on the development of the Trans European Network in Slovenia.
18. Declaration on the free movement of workers: Slovakia.
19. Declaration by the Federal Republic of Germany and the Republic of Austria on the free movement of workers: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, Slovakia.
20. Declaration by the Federal Republic of Germany and the Republic of Austria on the Monitoring of Nuclear Safety.
21. General Joint Declaration.
22. Joint Declarations: The Czech Republic, the Republic of Estonia, the Republic of Lithuania, the Republic of Poland, the Republic of Slovenia and the Slovak Republic.

23. Declaration by the the Republic of Hungary and the Republic of Slovenia on Article [24] of the Act of Accession.
24. Declaration by the Czech Republic on Transport Policy.
25. Declaration by the Czech Republic on workers.
26. Declaration by the Czech Republic on Article 35 of the EU Treaty.
27. Declaration by the Republic of Estonia on Steel.
28. Declaration by the Republic of Estonia on Fisheries.
29. Declaration by the Republic of Estonia on the North East Atlantic Fisheries Commission (NEAFC).
30. Declaration by the Republic of Estonia on Food Safety.
31. Declaration by the Republic of Latvia on the weighting of votes in the Council.
32. Declaration by the Republic of Latvia on Fisheries.
33. Declaration by the Republic of Latvia on Article 142a of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark.
34. Declaration by the Republic of Lithuania with respect to Lithuanian fishery activities in the Regulatory Area of the North-East Atlantic Fisheries Commission.
35. Declaration by the Republic of Malta on Neutrality.
36. Declaration by the Republic of Malta on the island region of Gozo.
37. Declaration by the Republic of Malta on the maintenance of VAT zero-rating.
38. Declaration by the Republic of Poland concerning competitiveness of the Polish production of some fruit.
39. Declaration of the Government of the Republic of Poland concerning public morality.
40. Declaration of the Government of Poland on interpretation of derogation from the requirements laid down in Directive 2001/81/EC and in Directive 2001/83/EC.
41. Declaration on the future regional division of the Republic of Slovenia.
42. Declaration on Slovenian indigenous bee *Apis mellifera Carnica* (kranjska čebela).
43. Declaration by the European Commission on the general economic safeguard clause, the internal market safeguard clause and the justice and home affairs safeguard clause.
44. Declaration by the European Commission to the conclusions of the Accession Conference with Latvia.