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In the following comparison of the Monitoring reports of October 2012 and March 2013 especially important open recommendations and requirements of the Commission to Croatia are highlighted.

All open recommendations and requirements are underscored.

### I. COMPETITION POLICY

Oktober 2012	März 2013
As regards existing aid, Croatia has provided the Commission with a list of 11 aid measures that it wishes to be considered as existing aid at the date of accession. Seven of these measures have been included in the Act of Accession. Croatia needs to provide further information on the remaining ones for the Commission to complete its assessment.	As regards existing aid, the CCA has been submitting new measures and schemes to the Commission services for evaluation, as required by Annex IV to the Act of Accession.
With regard to Croatia's reporting obligations in the steel sector, the first reports were submitted to the Commission on 15 December 2011 and 18 June 2012 in line with the requirements agreed during the negotiations.  <u>BUT: Sisak has yet to reimburse the aid received. In October 2011, the owners decided to close and sell the steel mill, resulting in production being completely halted. The owners of CMC Sisak sold the steel mill to a new investor, the Italian group Danieli.</u>	Concerning the steel sector, the bankruptcy proceedings initiated in March 2011 against Željezara Split continued. The CMC Sisak (now ABS Sisak) steel mill was sold to a new investor, who is consulting with the CCA on the amount to be reimbursed in accordance with the obligations of Annex IX to the Act of Accession.
In March 2012, the bid for the shipyard Brodosplit was accepted. Its restructuring plan had to be revised in light of the changes that occurred after the original acceptance of the plan in February 2011, namely the substantial increase of the aid received by the yard. According to the Act of Accession, the Commission	Following the acceptance, by the Commission decision of 20 February 2013, of the second amendment to the revised plan for the <i>Brodosplit</i> shipyard, the privatisation contract was signed on 28 February 2013.  The amendment envisages a modest increase in

<p>must accept any amendments to the restructuring plans. The Commission accepted the revised plan on 16 August 2012. Croatia has indicated that the privatisation contract will be signed without delay. The bids for the shipyards Kraljevica and Brodotrogir were rejected by the government and the bid for the shipyard 3.Maj was withdrawn by the potential investor. The government has decided to initiate bankruptcy proceedings for Kraljevica and to sell Brodotrogir to a new investor. As regards 3. MAJ, Croatia has decided to seek a new privatisation and restructuring arrangement</p> <p>⇒ Increased efforts must be paid to the signature of the contracts for privatising the shipyards in difficulty.</p>	<p>the total amount of restructuring aid as well as additional compensatory measures.</p> <p>As regards 3. <i>Maj</i>, Croatia informed the Commission of its intention to submit a revised and consolidated restructuring plan which is now based on the purchase of the yard by the <i>Uljanić</i> shipyard.</p> <p>Croatia formally submitted a revised restructuring plan for <i>Brodotrogir</i> on 12 February 2013 and initialled the privatization contract, sending it to them Commission in accordance with Annex VIII of the Act of Accession.</p> <p>On 20 March 2013, the Commission gave its agreement on the revised restructuring plan and on the privatisation contract.</p> <p><u>Croatia has committed to sign the privatization agreement for <i>Brodotrogir</i> at the latest two weeks after a positive decision by the Commission.</u></p> <p>With regard to Croatia's reporting obligations arising from Annex VIII to the Act of Accession, Croatia submitted the third report on the steel industry in Croatia in December 2012 and the six-monthly report on the restructuring of the Croatian shipbuilding industry in January 2013. The reports meet the required conditions for the Commission to carry out its assessment.</p>
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## II. JUDICIARY AND FUNDAMENTAL RIGHTS

Oktober 2012	März 2013
<p><i>a. To continue to ensure effective implementation of its Judicial Reform Strategy and Action Plan</i></p>	
<p><u>Human resources planning, including for the longterm needs of the judiciary, remains to be improved.</u></p>	<p>The long-term employment plans for judges and prosecutors for 2013-2025 were adopted by the Ministry of Justice in October 2012.</p> <p><u>Human resources planning and management remain to be improved further, in particular in the context of rationalisation of the court network.</u></p>

<p><b>b. To continue to strengthen the independence, accountability, impartiality and professionalism of the judiciary</b></p>	
<p>Lessons learned from the implementation of the transitional system should be applied to the implementation of the new system of appointments through the State School for Judicial Officials, which will start in January 2013.</p> <p>⇒ This experience should also be taken into account in upgrading the selection procedure for transferring judges to different positions.</p>	<p>Starting from 1 January 2013, a new system of appointments of judges to first instance courts applies in full, following the expiry of the transitional period.</p> <p>It requires all candidates to have completed the State School for Judicial Officials.</p> <p><u>In the period September 2012 – February 2013, 40 judges were appointed. A number of recruitments foreseen under the 2011 and 2012 recruitment plans still need to be completed.</u></p>
<p>Enrolment of the second annual intake for the State School for Judicial Officials of 55 candidates was substantially delayed, with candidates being selected only in July for the programme to start in September.</p>	<p>The training for the first year of the second intake of candidates for the State School for Judicial Officials started in September 2012 (the State Prosecutorial Council (SPC) selected 35 and the State Judicial Council (SJC) 20 candidates).</p>
<p>The SJC has begun implementation of the new system of asset declarations for judges. Disciplinary measures are being taken in cases of wrongdoing by judicial officials. Both SJC and SPC became more proactive. However, <u>the track record of implementation of the new system of disciplinary proceedings needs to be further developed.</u></p>	<p><u>As to the verification of data, the checks carried out on the basis of the information received from the Tax Administration have not yet been completed.</u></p> <p><u>Disciplinary measures are being taken in cases of wrongdoing by judicial officials. Both SJC and SPC became more proactive and continued developing a track record of decisions rendered and sanctions imposed. The new Courts Act adopted in February 2013 limits the immunity of judges and thus brings secondary legislation in line with the Constitution.</u></p>
<p>The State Judicial Council (SJC) and State Prosecutorial Council (SPC) need to be provided with <u>further administrative resources to function more effectively and need to demonstrate independence and accountability in carrying out their increased tasks including systematic and accurate checking of asset declarations and proactive application of disciplinary procedures.</u></p>	<p>The amendments to the State Judicial Council Act, which were adopted in February 2013, exempt the President and those members of the State Judiciary Council who are judges from their normal duties by 75 % and by 50% respectively.</p> <p>This is a positive step with a view to strengthening the capacity of the SJC.</p> <p><u>Additional administrative resources need to be provided to enhance its efficiency.</u></p> <p><u>It is important that the SJC increases its trans-</u></p>

	<u>parency and demonstrates accountability in carrying out its tasks. Further reforms should include a mechanism for judicial review of decisions, public sessions and an extended obligation to provide reasoned decisions.</u>
Secondary legislation remains to be amended to limit judges' immunity	The new Courts Act adopted in February 2013 limits the immunity of judges and thus brings secondary legislation in line with the Constitution
Budget limitations (a cut of approximately 28% in the 2012 budget compared to 2011) affected the functioning of the Academy. Attention has to be paid to fully preparing judges to apply EU law and jurisprudence as of accession.	The good work done so far by the Judicial Academy should continue <u>and its activities and management need to be supported by all main stakeholders in the judiciary. Professional life-long training of judges and prosecutors is key to improving the quality of the judiciary. Professional training programmes should continue, including increased training on EU law.</u>
<b><i>c. To continue to improve the efficiency of the judiciary</i></b>	
A bigger effort is needed to reduce the number of unresolved civil and commercial cases further.	The new Enforcement Act and amendments to the Act on the Implementation of the enforcement of monetary funds entered into force on 15 October 2012. The new system concentrates enforcement in municipal courts and thus unburdens commercial courts.  <u>The backlog of civil, commercial and enforcement cases continues to be above the EU average.</u>
Further attention needs to be paid to ensuring that higher courts, including the Supreme Court, are adequately equipped to handle the disproportionate increase as cases advance through the system.	The new Framework Criteria for the Performance of Judges adopted in December 2012 increase incentives for solving very old cases <u>but would need to better reflect the types and complexity of cases, the size of the court, the level of specialisation, and the level of jurisdiction concerned</u>
Croatia needs to continue to implement efficiency measures with vigour, in particular to ensure improved rates of case handling and reductions in the number of old cases.	A new Courts Act was adopted by Parliament in February 2013. It strengthens the supervisory authority of court presidents, in particular as regards efficient court performance and introduces a mechanism for protection of the right to trial within reasonable time.  <u>In addition to the reforms introduced by the new Courts Act, Court presidents should develop annual management plans, which need to</u>

	<u>be monitored. The exchange of best practices developed in individual courts should be encouraged.</u>
<p>The roll-out of the integrated case management system should be applied to all courts, including the High Commercial Court and, for case management of misdemeanours, the High Misdemeanour Court.</p> <p>Further improvements are still needed in statistical data collection and analysis and in the monitoring of the overall length of proceedings</p>	<p>In its efforts to improve the efficiency of the judicial system in a sustainable manner, the Ministry of Justice has successfully created an advanced tool for statistical analysis of the performance of the judicial system, <b><i>which is expected</i></b> to enable it to allocate human and financial resources to resolve the incoming workload and the backlog.</p> <p>The new statistical system can become operational nationwide as soon as all courts are equipped with the Integrated Case Management System (ICMS).</p> <p>Good progress has been made in the introduction of the ICMS in the remaining 33 municipal courts, planned to be completed by September 2013. <u>A single comprehensive system for the statistical monitoring of case handling remains essential.</u></p>
<p>In general, misdemeanour courts need better equipment and premises.</p>	<p>Draft Amendments to the Misdemeanour Act and to the Land Registry Act are planned to be adopted <b><i>at the end of March/beginning of April.</i></b> <u>All these legislative measures are expected to contribute to increasing the efficiency of the judicial system and reducing the current backlog, if properly implemented.</u></p>
<p>Further efforts are needed to increase mobility of judges and to develop the framework criteria for assessing their productivity</p>	<p>Amendments to the State Judicial Council Act, adopted in February 2013, provide for increased transparency of the transfer of judges and will facilitate horizontal mobility. In February 2013 Amendments to the Civil Procedure Act were adopted, which limit the possibility of multiple referral of cases from higher to lower instances, introduce electronic summoning in Commercial Courts, as well as stricter rules for presenting new evidence.</p> <p><u>The possibility for the appellate court to refer a case back to the lower instance could be further limited to extraordinary circumstances.</u></p>
<p><b><i>d. To continue to improve the handling of domestic war crimes cases</i></b></p>	
<p>the majority of crimes have not yet been pur-</p>	<p>Regarding the processing of domestic war crimes, one new investigation was launched, six</p>

<p>sued in Court</p> <p><u>Further efforts have to be made to tackle impunity especially as the majority of cases have yet to reach final verdict or are still to be investigated</u></p>	<p>indictments were raised, and eight non-final judgements were rendered. A new list of national and regional priority cases in the framework of the strategy for addressing impunity has been established.</p> <p><u>Further efforts are needed to impartially tackle impunity with a particular focus on initiating and speeding up investigations.</u></p>
<p>The war crimes database should be upgraded to enable more analytical information searches and should be effectively used by county prosecutors</p>	
<p>Courts should further specialise in war crimes trials, through specific training of dedicated judges, and should prepare for an increasing number of cases.</p>	<p>The administrative capacity of the specialised courts has been increased. It is expected that the entry into force of the new Criminal Code on 1 January 2013 will significantly unburden the specialised courts and allow them to focus more on serious forms of crime, including war crimes.</p> <p><u>Still, a more pro-active approach in tackling impunity would require enhanced administrative capacity, in order to cope with an increased number of cases.</u></p> <p>In terms of other measures for improving the handling of war crimes, the Judicial Academy included training on war crimes in its 2013 programme.</p>
<p><u>Croatia needs to give continuous attention to the issue of witness protection and attendance of witnesses in war crimes trials, especially in cases relocated to the specialised chambers</u></p>	<p>The independent sector for victims and witness support at the Ministry of Justice and the departments for victims and witness support at County courts continued to facilitate the attendance of witnesses in war crimes trials.</p> <p><u>Continued attention needs to be given to the protection of witnesses.</u></p>
<p>The review of cases tried in absentia should continue.</p>	<p>On 23 January 2013 the Municipal Court in Knin rendered a judgement that the Croatian State must pay compensation to the children of Serb victims killed in the village of Varivode after the Operation "Storm", regardless of the fact that the perpetrators are unknown.</p> <p>It thus addressed for the first time a long-</p>

	standing grievance relevant for other, similar, cases. The issue of compensation for the civilian victims of war crimes should now be systematically tackled
The <i>Law on invalidation of certain legal acts of the judicial bodies of the Former Yugoslav National Army, the former Socialist Federal Republic of Yugoslavia and of the Republic of Serbia</i> adopted in October 2011 gave rise to concerns about future bilateral cooperation with Serbia in war crimes cases.	<b><u>The Constitutional Court ruling on the Law on invalidation of certain legal acts of the judicial bodies of the former Yugoslav National Army, the former Socialist Federal Republic of Yugoslavia and of the Republic of Serbia is still pending</u></b>  Nevertheless, bilateral cooperation with Serbia has continued. Croatia has also continued to participate in regional cooperation concerning the handling of war crimes cases and has submitted data and documents to the War Crimes' Prosecutor of Serbia and the Supreme State Prosecutor of Montenegro.
<i>e. To continue to ensure a sustained track record of substantial results based on efficient, effective and unbiased investigation, prosecution and court rulings in organised crime and corruption cases at all levels including high level corruption, and in vulnerable sectors such as public procurement</i>	
<u>Local-level corruption needs attention, particularly in public procurement.</u>	<b><u>The fight against local-level corruption needs to be further enhanced, particularly in the vulnerable sector of public procurement.</u></b>
<u>The legal framework for the seizure and confiscation of assets needs to be better implemented across the board.</u>	<b><u>The total amount of assets seized and confiscated remains limited.</u></b>  <u>The legal framework for the seizure and confiscation of assets needs to be implemented more consistently and forcefully. So far, the tool of confiscation of criminal assets is not used for the purpose of disrupting the financial basis of a criminal organisation.</u>
Further attention should be paid to the system for checking on dismissals of criminal cases by the prosecutor.  <u>The current system does not provide for independent checks on decisions by State prosecutors to dismiss reports of crime.</u>	<b><u>Regarding the system for checking on dismissals of criminal cases by the prosecutor, the current system does not provide for independent checks on decisions by State prosecutors to dismiss reports of crime.</u></b>
<u>The implementation of the Law on the Police should be ensured, in particular to depoliticise the police and increase professionalism of the police.</u>	<u>A track record of implementation continues to be developed.</u>  <u>Law enforcement bodies remain proactive, including in higher-level corruption cases (e.g. former mayors, former deputy ministers) and</u>

	<p><u>corruption in law-enforcement institutions (several police officers). Developments also include the first-instance judgement in a case against a former prime minister in November 2012</u></p> <p><b><u>Overall the level of sentences in organised crime cases remains low.</u></b></p> <p><b><u>Also in the area of corruption court sentences are low; very often suspended sentences are pronounced.</u></b></p> <p><u>Effective and dissuasive sentences in cases of corruption and serious and organised crime are needed to continue developing a sustained track record and avoid creating a climate of impunity.</u></p>
<p><i>f. To continue to improve its track record of strengthened prevention measures in the fight against corruption and conflict of interest</i></p>	
<p>Croatia has not efficiently implemented all legal measures to prevent conflict of interest.</p>	<p>Croatia continued strengthening its legislative framework of prevention of corruption and conflict of interest, <u>which now needs to be effectively implemented.</u></p> <p><b><u>Croatia needs to increase its efforts to establish a track record of substantial results in strengthening prevention measures.</u></b></p> <p>Moreover, following the Constitutional Court ruling of November 2012, which annulled several provisions of the Conflict of Interest Act regarding core competences of the Conflict of Interest Commission (including its verification and sanctioning powers), <b><u>Croatia needs to ensure that immediate measures are taken to put in place a strong and effective mechanism for preventing, detecting and sanctioning conflict of interest cases, based on thorough checks and deterrent sanctions</u></b></p>
<p>Continuous efforts are needed to effectively control the financing of political parties, including outside the election period.</p>	<p>With regard to other actions in this area, amendments to the Act on the Financing of Political Activities and Electoral Campaign adopted in February 2013 are designed to facilitate effective implementation of the law by reducing regulatory complexity, streamlining financial information, and reinforcing controls.</p>

	<p><u>The upcoming local elections will constitute a test for the implementation of the improved rules</u></p>
<p>General monitoring by the Data Protection Agency, which is in charge of implementing the law, is difficult because in 2011 less than half of the institutions concerned submitted a report to the agency.</p> <p><b><u>The current practice of the Administrative Court is to confirm the existence of such data and deny access to it.</u></b></p> <ul style="list-style-type: none"> <li>- <b><u>The practice of applying the public interest test to classified information needs to be developed, including through legislative changes.</u></b></li> </ul> <p><b><u>In 2011, no public interest test was applied to classified data.</u></b></p>	<p>It establishes also a new institutional arrangement for monitoring the implementation of the law: whereas, until now, the Data Protection Agency was dealing with both data protection and access to information, the new law foresees the establishment of a Commissioner dealing with access to information, appointed by Parliament.</p> <p><u>It is important that in the exercise of their respective mandates the Data Protection Agency and the new Commissioner on Access to Information ensure coherence of decisions taken</u></p>
<p>The effective implementation of new public procurement legislation is key.</p> <p>The system for checking on asset declarations and unjustified wealth needs to be strengthened and effectively implemented.</p>	<p>Concerning public procurement, transparency has increased in accordance with the new legislation in force since January 2012. Information on signed and executed contracts is published by all public bodies.</p> <p><u>Furthermore, Croatia needs to take all necessary measures to prevent the occurrence of irregularities in the procurement of projects to be co-financed under the Cohesion Policy by the setup of a solid management and control system.</u></p>
<p>Croatia needs to ensure that a strong system is in place to prevent corruption in state-owned companies</p>	<p>The Action Plan on anti-corruption is being revised with a view to introducing adequate measures aimed at ensuring the effective monitoring of its implementation and cover also aspects of suppression of corruption.</p> <p><u>The role and capacity of the Ministry of Justice as the institution in charge of defining, coordinating, and implementing the anti-corruption agenda should be strengthened further.</u></p>
<p>The Conflict of Interest Commission needs to be established without delay.</p> <p>The new Conflict of Interest Commission has still not been appointed, and this has delayed</p>	<p>The members of the Conflict of Interest Commission (CIC) have been appointed.</p> <p><u>The CIC now needs to make sure that an effec-</u></p>

<p>the implementation of the conflict of interest legislation</p>	<p><u>tive mechanism for detection, prevention and sanctioning of conflict of interest cases is in place, and to establish a track record of checks and sanctions without delay</u></p>
<p>The concept of political accountability and zero tolerance of corruption needs to continue being developed.</p>	<p><b><u>The necessary mechanisms for the effective protection of whistle-blowers need to be put into effect.</u></b></p>
<p><b><i>g. To continue to strengthen the protection of minorities, including through effective implementation of the Constitutional Act on the Rights of National Minorities (CARNM)</i></b></p>	
<p>The level of employment of minorities in the state administration and judiciary remains below the requirements set by the Constitutional Act on the Rights of National Minorities.</p> <p><u>More efforts should be made to ensure implementation of this plan, including increased monitoring efforts</u></p>	<p>Regarding the employment of minorities in the state administration and judiciary in the context of a low level of overall recruitment, in November 2012, about 3.4% of the members of the state administration belonged to national minorities.</p> <p>Following a more proactive approach by the government, the target of 5% has been reached for the new recruitment of 400 border police</p>
<p>Croatia also needs to continue to foster a spirit of tolerance towards minorities, in particular Serbs, and to take appropriate measures to protect those who may still be subjected to threats or acts of discrimination, hostility or violence.</p>	<p>The legal framework has been further strengthened in this respect: Amendments to the Criminal Code were adopted in December 2012 in order to align the Criminal Code with the acquis on combating certain forms and expressions of racism and xenophobia by means of criminal law. A new Act on Misdemeanours against Public Order and Peace will introduce the misdemeanour of violations against public peace and order based on racial, ethnic, religious and other grounds.</p> <p><u>The law is in parliamentary procedure and planned to be adopted by the end of the second quarter of 2013.</u></p> <p>Specialised training of police officers on the suppression of hate crimes has been stepped up</p>
<p>The Roma minority faces particularly difficult living conditions, and challenges remain in the areas of education, social protection, health care, employment and access to personal documents.</p>	<p><u>Further efforts are needed to ensure that Roma children complete primary and secondary education. The government continued to take measures in order to raise awareness for persons belonging to national minorities and ensure the exercise of their rights.</u></p>
<p><b><i>h. To continue to address outstanding refugee return issues</i></b></p>	
<p><u>Housing Care programmes for returning refu-</u></p>	<p><u>The implementation of the Housing Care pro-</u></p>

<p><u>gees continue to be implemented at slower pace.</u></p> <p>106 appeals for housing reconstruction are still pending.</p>	<p><u>grammes for returning refugees continues at a slow pace.</u></p> <p>Under the March 2011 plan for dealing with the approximately 2,350 remaining applications by February 2013 366 (August 2012: 259) were settled, out of which 213 (August 2012: 139) families took over the keys. By February 2013 1,497 (August 2012: 1,305) positive approvals for housing care have been given.</p>
<p><u>There has been limited implementation of the new purchase options under favourable conditions for housing care beneficiaries and no significant progress with regard to the 15 unsolicited investment cases.</u></p>	<p><u>There has been limited implementation of the new purchase options under favourable conditions for housing care beneficiaries. Twelve out of the remaining 15 unsolicited investment cases are expected to be solved following a government decision to be adopted at the end of March 2013; the other three cases are planned to be solved by a special decision of the government in the third quarter of 2013.</u></p>
<p><u>Conditions for sustainable refugee return need to be further developed.</u></p>	
<p><b><i>i. To continue to improve the protection of human rights</i></b></p>	
<p>Human rights continued to be generally well respected</p> <p><u>BUT: existing legal provisions need to be applied with more vigour.</u></p>	<p>Human rights continue to be generally well-respected.</p> <p>The Ombudsman and specialised ombudspersons play an important role in human rights protection.</p>
<p>The follow-up of the Ombudsman's recommendations needs to be ensured.</p>	<p><u>Continued attention needs to be paid to ensure that the Ombudsman's recommendations are followed up.</u> A new Ombudsman was elected on 15 February 2013.</p>
<p>The Ombudsman offices need to be strengthened to further improve the human rights protection system. This includes providing adequate financing and office premises, and setting up a joint database</p>	<p><u>There continues to be a need for further strengthening the Ombudsman offices. This includes providing adequate financing and office premises.</u></p>
<p>Implementation of the Anti-discrimination Act and legislation on hate crimes needs to continue to develop, with attention paid to ensuring that dissuasive sanctions are applied.</p> <p><u>Lesbians, gays, bisexual and trans-gender (LGBT) people still face threats and attacks.</u></p>	<p>Croatia has further developed its track record of implementation of the Anti-discrimination Act and legislation on hate crimes.</p> <p>Specialised training of police officers on the suppression of hate crimes has been stepped up.</p> <p>The investigation and prosecution of cases of intimidation and violence against journalists</p>

<p><u>The legal framework for free legal aid has to be improved to enable better access to legal aid and to foster the role of NGOs as legal aid providers.</u></p>	<p>continued.</p> <p>The Ministry of Justice prepared draft amendments to the Free Legal Aid Act and consulted on them with relevant stakeholders.</p> <p>The amendments aim at facilitating access to legal aid and fostering the role of NGOs as legal aid providers and are planned to be adopted by the end of the second quarter of 2013.</p>
<p><i>j. To continue to cooperate fully with the International Criminal Tribunal for the former Yugoslavia</i></p>	
<p>There have been no particular developments with respect to Croatia's investigations aimed at locating or determining the fate of missing military documents requested by the Office of the ICTY Prosecutor.</p>	<p>Croatia's cooperation with the ICTY has continued.</p>

### III. JUSTICE, FREEDOM AND SECURITY

Oktober 2012	März 2013
<p>Further efforts are needed to start building two additional transit reception centres for irregular migrants.</p> <p>Alternative temporary solutions, taking into account the growing number of migrants entering the country, especially in the border areas, need to be considered.</p> <p>Croatia will need to implement the legal framework on unaccompanied minors, by developing for them appropriate assistance and start building the new reception centres for irregular migrants before accession.</p>	<p><u>The reception centres for irregular immigrants and asylum seekers are reaching their maximum capacity.</u></p> <p>In order to increase the capacity and mitigate the situation, the Ministry of Interior has taken over a former hotel where 400 asylum seekers can be accommodated and up to 600 people after minor refurbishing. Additional temporary solutions have been found in the northern and southern border areas, <u>while waiting for the construction of two new permanent aliens' centres to be financed under the Schengen Facility Fund</u></p> <p><u>Croatia has yet to start the construction of a separate facility for minors and other vulnerable groups of migrants within the perimeter of the existing centre for irregular migrants; for this, IPA funds have been already secured.</u></p>
<p>The preparation of a new migration strategy needs to continue without delays.</p>	<p><b><u>In the field of migration, alignment with the acquis is almost complete.</u></b></p>
<p>Preparations need to ensure sufficient institutional capacity in this field, in terms of sufficient and trained personnel, taking due account of the steady increase in the number of asylum</p>	<p><b><u>Preparations for the implementation of the asylum acquis are almost complete</u></b></p> <p>The administrative courts continued to operate</p>

<p>seekers in the country</p>	<p>as a second-instance body for asylum applications; <u>a selection procedure is currently ongoing to recruit additional judges.</u></p> <p>There are currently two EURODAC stations for the entire country, with additional 30 foreseen.</p>
<p>The recruitment and training of the administrative courts' judges and employees need to continue.</p>	<p>Training for border police continued and asylum-related training for 66 border police officers started in January 2013. The Asylum unit was strengthened by additional staff. From 1 September 2012 to 9 January 2013, protection was granted to 16 applicants. Furthermore, in that period, 63 applications were rejected and 300 proceedings suspended. Additional accommodation of up to 600 places will be ensured in the hotel taken over by the Ministry of Interior (<i>see above</i>), taking into account the increased number of asylum seekers reaching Croatia (1,193 in 2012 compared to 807 in 2011).</p>
<p>The Ministry of the Interior has stepped up its efforts to offer certain services to asylum seekers, with the support of local NGOs</p> <p><u>BUT: the involvement of all the other ministries needs to be ensured.</u></p>	
<p><u>Refugees still face difficulties in securing access in practice to the rights granted to them by national law.</u></p> <p><u>Croatia will need to ensure that refugees enjoy full access to their rights before accession.</u></p>	<p><u>In the meantime, Croatia needs to ensure the registration of asylum seekers when entering the country by using the existing scanners at the main border crossing points.</u></p>
<p>Legislative alignment is moderately advanced as regards visa policy and needs to progress, to reach full alignment with the <i>acquis</i> on visa issuance and travel documents!</p>	<p><b><u>Legislative alignment regarding visa policy is almost complete.</u></b></p>
<p>The new Aliens Act entered into force in January 2012;</p> <p><u>BUT: the related implementing legislation has not yet been adopted.</u></p>	<p>Training for consular officers continued, aiming at posting them in the new consulates which will become operational by April 2013.</p>
<p><u>Further alignment is required with the uniform procedure for issuing visas and the EU visa code.</u></p>	

<p><u>As regards requirements to be met as of accession to the Schengen area, further alignment is necessary on the procedure for issuing visas in line with the EU visa code.</u></p>	
<p>The list of countries whose nationals require a visa to enter Croatian territory is not yet fully aligned with that of the EU.</p>	<p>On visa requirements, Croatia has further aligned its legislation regarding the list of countries whose nationals require a visa to enter Croatian territory with Regulation 539/2001.</p>
<p>The government adopted a decision temporarily liberalising the visa regime for citizens of the Russian Federation, Ukraine and Kazakhstan for transit through or staying up to 90 days from 1 April to 31 October 2012, which is not in line with the <i>acquis</i></p> <p>⇒ the decision will cease to apply as of November</p>	<p>As of 1 November 2012, the Decision on temporary suspension of visa regime for nationals of Azerbaijan, Kazakhstan, the Russian Federation and Ukraine ceased to apply.</p> <p>As regards the Russian Federation, the agreement on mutual travelling of nationals will enter into force by the end of March 2013.</p>
<p>With regard to <b>external borders and Schengen</b>, legislative alignment with the <i>acquis</i> has progressed moderately and needs to continue for Croatia to be prepared to take over control of the EU external borders</p>	<p><b><u>As regards external borders and Schengen, legislative alignment is almost complete</u></b></p>
<p>The National Maritime Centre in Zadar has started to be operational;</p> <p><u>BUT: yet its interconnectivity with relevant Ministries has to be ensured</u></p>	<p>The first phase of the establishment of the Zadar Maritime Surveillance Centre, including the purchasing of equipment, has been completed and its staff reinforced.</p> <p><b><u>The second phase is underway and is to be completed by April 2013 to ensure the link between systems of different ministries.</u></b></p>
<p>Regular coordination meetings take place with neighbouring countries</p> <p><u>BUT: those with Serbia and with Montenegro need to be enhanced.</u></p>	
<p>Discussions with Bosnia and Herzegovina, Serbia as well as with <b>Montenegro</b>, to bring bilateral agreements on local border traffic in line with the <i>acquis</i> are advancing and need to be finalised before accession.</p> <p>The Free Transit Agreement with Bosnia and Herzegovina ('Neum agreement') needs to be</p>	<p>The new <i>acquis</i>-compatible Local Border Traffic Agreement with Bosnia and Herzegovina has been prepared and is expected to be signed, together with the agreements on BCPs, by the end of May.</p>

<p>brought in line with the acquis before accession.</p>	
<p>The recruitment needs to continue to reach the Schengen standards to meet the targets for the border police.</p>	<p>The recruitment of 467 border police officers has been achieved, thus reaching Croatia's target for 2012. In January 2013, the total number of border police officers was 6,338, out of which 4,971 police officers were allocated to the future external border. Recruitment will continue with 100 new police offers during 2013, including specialised maritime personnel for the blue border.</p>
<p>Full alignment with the programme of the Common Core Curriculum needs to be ensured, with the specialised training systematically included in the curricula of the border police.</p>	<p>Specialised training for the police has continued and the updated version of Common Core Curriculum (CCC) was sent to the Police academy in order to draft the corresponding specialized border police course programme.</p> <p><u>Training for maritime police needs continued attention.</u></p>
<p>The IBM Action Plan was partly implemented;</p> <p><u>BUT:</u> certain activities planned in 2011, relating to the procurement of technical equipment and to infrastructures, have been postponed to 2012</p> <p>⇒ Delays in these areas need to be properly monitored and addressed, particularly with regard to the Neum corridor</p> <p>⇒ The construction of the BCPs at the Neum corridor needs to be finalised such that they are operational upon accession.</p> <p>⇒ The installation of the National Border Management Information System (NBMIS) has continued</p> <p><u>BUT:</u> the new system is not yet installed at all BCPs.</p> <p>⇒ The preparation and the relevant training need to continue.</p> <p>⇒ Efforts need to be made to conclude the interministerial agreement and to continue recruitment, purchase of equipments and trainings, with a view to making the National Maritime Centre in Zadar fully operational</p>	<p><u>The 2013 revision of the Integrated Border Management Action Plan (IBM AP), in view of aligning the national concept with the EU one, is in preparation.</u></p> <p>The National Border Management Information System (NBMIS) at the border crossing points located at the future external border is, as of January 2013, operational at 76 BCPs.</p> <p><u>Croatia shall ensure that these are increased to 93 BCPs in June 2013, as planned.</u></p> <p>Additional technical equipment was procured.</p> <p><u>Activities have started to set up the EUROSUR centre; premises have been found.</u></p> <p>The works for the construction of the border crossing points (BCPs) of the Neum corridor (Klek and Zaton Doli) have accelerated substantially.</p>

<p>Croatia will need to address the delays in implementing the IBM Action Plan, especially those related to infrastructures.</p>	
<p>Inter-agency cooperation on IBM issues has continued, <b>BUT: a joint risk analysis is missing.</b></p>	
<p>All bilateral agreements need to be brought in line with the <i>acquis</i> before accession.</p>	<p>As regards cooperation with the other countries of the region, Croatia prepared and submitted to Serbia and to Montenegro two protocols on joint patrols and on exchange of information on border control.</p> <p>Talks with the two countries to bring bilateral agreements on local border traffic in line with the <i>acquis</i> continued.</p> <p><u>The agreements need to be in compliance with the <i>acquis</i> by accession. Joint patrols are on-going.</u></p>
<p>Croatia will need to continue strengthening interinstitutional coordination on judicial cooperation.</p>	<p><u>Concerning inter-agency cooperation on IBM issues, coordination meetings continued.</u></p>
	<p>The implementation of the working arrangements with Frontex, including participation in joint operations, continued. Croatia's contact point with Frontex was established in Bajakovo BCP.</p>
	<p><b><u>It is important that Croatia is duly prepared for the implementation of the Schengen Facility and Solidarity and the Management of Migration Flows (SOLID) Funds</u></b></p>
	<p><b><u>Croatia's preparations for the alignment of its legislation in the field of judicial cooperation in civil and criminal matters are almost completed.</u></b></p>
	<p><u>A new Act on International Private Law is expected to be adopted in the first half of 2013.</u></p>
	<p><u>The Act on Judicial Cooperation in Criminal Matters with EU Member States remains to be adopted.</u></p>
<p>In the area of <b>police cooperation and the fight against organised crime</b>, the country is advanced, but needs to remain vigilant given the</p>	<p><b><u>Croatia's preparations in the alignment with the <i>acquis</i> in the area of police cooperation and the fight against organised crime are</u></b></p>

<p>important challenges as regards organised crime activities in the region.</p>	<p><b>almost complete.</b></p>
<p><b>Yet, the regulatory framework for the Schengen Information System (SIS) office is still missing.</b></p>	<p>Five persons are working on the Schengen Information System in the IT department of the Ministry of Interior.</p> <p>Close cooperation with EUROPOL continued.</p>
<p>A decision on the premises, staff and the budgetary allocation destined to the Supplementary Information Request at the National Entry (SI-ReNE) office needs to be taken.</p>	<p>The Supplementary Information Request and National Entry (SIRENE) Bureau is now legally established; its Head was appointed in December 2012 and five police officers are currently working there.</p> <p><u>The recruitment process for the rest of the staff is on-going.</u></p>
<p>Part of the legislation implementing the Police Act is still missing and needs to be prepared without delay</p>	<p>All 36 by-laws were adopted in 2012 and are applicable as of 1 January 2013. The legal framework for the full implementation of the police law is, therefore, in place</p>
<p><u>Implementation of the legal framework on the seizure and confiscation of assets needs to be consolidated, as does the coordination between criminal and financial investigations</u></p> <p><u>The total level of assets seized and confiscated is relatively low and further efforts are necessary in this regard.</u></p>	<p><b>Training has continued on anti-money laundering and cooperation amongst authorities on this specific form of crime was fostered. The number of cases recorded in 2012 remains low.</b></p> <p><u>Criminal assets continued to be seized, however, frequently in small amounts which as such do not disrupt criminal financial flows.</u></p> <p><b>Hence, legal provisions on seizure and confiscation of assets need to be implemented more consistently and forcefully</b></p>
<p><u>The equipment and the premises of PNUS-KOK's regional office in Split would still need to be upgraded operational; guidelines and specialised training for the newly employed staff of the office need to be introduced.</u></p>	
<p><b>The second-instance body which reviews cases of offences against the public administration remains to be strengthened.</b></p>	
<p>Administrative capacities in the anti-money laundering field need to be improved (<i>see also Chapter 4 — Free movement of capital</i>), as well as the capacities of the law enforcement</p>	<p>Inter-agency cooperation has significantly improved and good results were achieved by the Financial Intelligence Unit (FIU); in the period July-December 2012 the FIU received a total of 288 suspicious transactions (STRs) out of</p>

<p>authorities to conduct financial investigations.</p>	<p>which three related to terrorism financing and 285 to money laundering</p>
<p>Implementation of the legislative framework on trafficking needs to be strengthened, as does public awareness, to ensure better identification and protection of the victims.</p> <ul style="list-style-type: none"> <li>⇒ The new national committee for action against trafficking has not yet met, since the beginning of 2012.</li> <li>⇒ In 2011, only 14 victims were identified (7 in 2010).</li> <li>⇒ Further measures need to be put in place to ensure their rehabilitation and compensation</li> <li>⇒ The training for judges, prosecutors and other civil servants dealing with trafficking needs to be improved, as the level of sentencing in cases of human trafficking is very low compared to other types of organised crime.</li> </ul>	
<p>Croatia will need to complete a number of steps in the fight against trafficking in human beings before accession.</p> <ol style="list-style-type: none"> <li>1. putting in place the regulatory framework for the SIS office and making the SIRENE's one fully operational</li> <li>2. upgrading police equipment and the facilities of PNUŠKOK</li> <li>3. increasing the level of seized and confiscated assets</li> <li>4. better coordinating criminal and financial investigations.</li> </ol> <p>In the fight against trafficking in human beings, attention needs to be paid to implementation of the relevant legal framework and to the overall definition of policies in this area</p>	<p><b><u>It urgently needs to take pro-active and concrete measures to address trafficking in human beings and raise awareness amongst the national authorities on this form of crime, including by launching an independent evaluation of the policy and to intensify outreach actions in places where victims or potential victims of trafficking are likely to be abused.</u></b></p> <p><b><u>Training for judicial and lawenforcement personnel on trafficking in human beings needs to continue, especially to detect victims of trafficking at the main BCPs and to better distinguish trafficking and smuggling of migrants.</u></b></p> <p><b><u>The low number of identified victims of human trafficking is a point of concern. Croatia needs to step up efforts to proactively identify trafficked victims, in particular among vulnerable sectors of the population. It should investigate, prosecute and convict trafficking offenders and ensure sentences are commensurate with the seriousness of the offence committed. To this end,</u></b></p>

	<b><u>administrative and law enforcement capacities need to be strengthened</u></b>
<u>Alignment is moderately advanced in the <b>fight against terrorism</b> and will require further attention, especially to implement the Action Plan for the prevention and suppression of terrorism and the Maritime anti-terrorism plan</u>	
<p><u>The Ministry of the Interior completed the examination of the Murat storage facility for explosives and ammunition, in line with the acquis;</u></p> <p><u>BUT: additional efforts need to be made to complete the work at a similar location near Djakovo.</u></p> <p>⇒ <u>Safety studies for the areas where ammunition is to be destroyed have yet to be prepared</u></p>	
<u>The protocol on cooperation between the Interior and Defence Ministries for the destruction of explosives and ammunition needs to be adopted</u>	
<u>Croatia needs to step up its efforts in implementing the action plans relating to anti-terrorism and in completing the examination of ammunition and explosive storage sites, to bring them into line with the acquis.</u>	
<u>Croatia needs to keep up its efforts to implement the acquis in <b>cooperation in the field of drugs</b> by accession.</u>	

#### IV. AGRUCULTURE AND RURAL DEVELOPMENT

<b>Oktober 2012</b>	<b>März 2013</b>
<p>Croatia amended the Act on State Aid to Agriculture and Rural Development, and published the Ordinance on Direct Payments and Rural Development for 2012, although it is only partially aligned with the aquis.</p> <p>⇒ <b><u>Croatia still needs to fully align its legislation on direct payments with the aquis and to implement it to prepare for the 2013 applications for direct payments</u></b></p>	<p>In the field of <i>agriculture and rural development</i>, Croatia has finalised the legal framework for direct payments for 2013.</p>
<b><u>Croatia needs to ensure that accreditation of the paying agency is completed by the end of</u></b>	<b><u>The Paying Agency received the provisional accreditation for direct payments and for</u></b>

<p><b><u>2012 and that the paying agency is fully functioning in line with the acquis as of January 2013 in order to benefit from reimbursement of direct payments in 2013 from EU budget.</u></b></p>	<p><b><u>horizontal matters in December 2012.</u></b></p> <p><b><u>The Croatian authorities now need to follow the recommendations delivered to the Paying Agency. By the end of 2013,</u></b></p> <p><b><u>Croatia needs to accredit the paying agency for the management of the rural development funds and advance in the preparation of the rural development programme 2014-2020.</u></b></p>
<p><u>The capacity of the Competent Authority needs to be further strengthened. In accordance with transitional arrangements granted</u></p>	
<p><u>Croatia will need to avoid any delay in restructuring of the regional offices and the recruitment of additional staff.</u></p>	
<p><u>Human and financial resources in the sector of farm accountancy data network (FADN) need further strengthening. Croatia needs to prepare for due reporting of 2013 accounting year data in FADN.</u></p>	
<p><u>Croatia will need to further strengthen human resources in order to meet the EU reporting requirements concerning the legislation in the area of common market organisation.</u></p>	
<p><u>In the area of <b>rural development</b>, preparations are moderately advanced.</u></p> <ul style="list-style-type: none"> <li>⇒ <u>Despite improvements, the absorption capacity needs to be stepped up.</u></li> <li>⇒ <u>Croatia will need to speed up the preparation of the future rural development programme and partnership contract for the funds covered by the Common Strategic Framework</u></li> <li>⇒ <u>The development of measures on agri-environment and organic farming as well as the payment scheme for areas facing natural constraints will need special attention.</u></li> <li>⇒ <u>Croatia will need to ensure the continuity of the staff as well as their training.</u></li> </ul>	
<p><u>In the area of organic farming, Croatia will</u></p>	

<u>need to ensure that an efficient control system including supervision by a competent authority is in place as of accession.</u>	
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**V. FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICY**

<b>Oktober 2012</b>	<b>März 2013</b>
Continued efforts will be needed to ensure even implementation over the entire Croatian territory of the aligned general food safety legislation.	In the field of <i>food safety, veterinary and phytosanitary policy</i> , Croatia has accelerated the construction and equipment of the seven Border Inspection Posts (BIPs).
<p><u>In the field of phytosanitary policy, Croatia needs to keep up its efforts, in particular with regard to setting up border inspection posts and further strengthening administrative capacities.</u></p> <p>Transitional arrangement granted: Croatia can exceptionally maintain and not more than 12 months after accession non-EU compliant cages for laying hens already in lay at the date of accession. Croatia will need to ensure that eggs from such cages are identified with a special mark and are only placed on the Croatian market.</p> <p>⇒ <u>Croatia needs to speed up work on building and fitting out the agreed border inspection posts (BIP).</u></p> <p><u>Croatia will need to have fully equipped and staffed points of entry to the north and south of the Neum corridor in place as well as effective technical surveillance systems to ensure efficient controls for the transiting of products of animal origin through the territory of Bosnia and Herzegovina at Neum.</u></p>	<p><b><u>Croatia needs to ensure that the BIPs are finalised in time so that they can be accredited by the Commission and operate in full compliance with the <i>acquis</i> by the date of Croatia's accession.</u></b></p>
<u>In the field of placing on the market of food, feed and animal by-products, a close monitoring of the national upgrading plan for establishments for food and feed remains necessary.</u>	
<u>Croatia will need to step up its efforts with a view to setting up intermediate plants for the handling of high-risk animal by-products.</u>	
<u>Croatia needs to ensure that sufficient administrative and control capacity is in place, regarding food safety rules and specific rules for feed.</u>	
<u>Croatia will need to ensure alignment of its bi-</u>	

<u>lateral veterinary and phytosanitary agreements with the aquis by accession</u>	
<u>Continuous efforts are still required in the field of genetically modified organisms (GMOs).</u>	

## VI. FISHERIES

<b>Oktober 2012</b>	<b>März 2013</b>
	In the field of <i>fisheries</i> , legislative alignment and implementation of the <i>aquis</i> in the areas of fleet and resources management is nearing completion, as well as structural measures and the preparation of the national management plans.
Croatia will need to ensure that commitments are met according to plan in order to enable the necessary fleet data to be transmitted by accession.	<u>Croatia now needs to step up its efforts to finalise its work in the areas of inspection and control, finalising the phasing-out of the category of subsistence fisheries and completing the satellite-based vessel monitoring system in accordance with the agreed timelines.</u>
<u>Croatia will need to speed up the process of phasing out the category of subsistence fisheries in order to complete it by the end of 2014 as agreed under the transitional arrangement.</u>	
<u>Further strengthening is needed, in particular concerning the recruitment of fisheries inspectors at sea and on land.</u>	
<u>Croatia will need to complete the satellite-based vessel monitoring system.</u>	
<p><u>In the field of <b>structural actions</b>, alignment is moderately advanced.</u></p> <ul style="list-style-type: none"> <li>⇒ <u>Croatia will need to agree the national strategic plan and prepare the operational programmes without delay.</u></li> <li>⇒ <u>A reliable management and control system ensuring sound and efficient implementation of the operational programmes needs to be set up.</u></li> <li>⇒ <u>Croatia will need to accelerate the preparation for the partnership contract for the funds covered by the Common Strategic Framework and for the implementation of the future European Maritime and Fisheries Fund</u></li> </ul>	

<p>— <u>In the area of <b>international agreements</b>, alignment is moderately advanced.</u></p> <p>⇒ <u>Concerning the General Fisheries Commission for the Mediterranean (GFCM), Croatia will need to ensure timely alignment with the acquis in this area by the date of accession.</u></p>	
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## VII. REGIONAL POLICY AND THE COORDINATION OF STRUCTURAL INSTRUMENTS

Oktober 2012	März 2013
<p>Croatia's preparations in the field of <b>financial management, control and audit</b> are moderately advanced (<i>See also Chapter 32 — Financial control</i>).</p> <p>⇒ Waiver of ex ante controls for IPA components preparing for structural and cohesion funds should facilitate compliance assessment, which is a precondition for payments of structural and cohesion funds.</p> <p>⇒ <b><u>Croatia needs to further strengthen its capacity in these fields so as to comply, upon accession, with the specific financial control provisions applicable to the Structural Fund and the Cohesion Fund.</u></b></p>	<p>Concerning <i>regional policy and the coordination of structural instruments</i>, Croatia was able to demonstrate that it fulfils the conditions for the waiver for ex-ante controls for all IPA components.</p>
<p><u>Preparations are moderately advanced in the field of <b>administrative capacity</b>. Some delays have occurred in building up staffing levels as shown by delays in the implementation of IPA.</u></p> <p><u>Increased efforts are needed to enhance capacity in line with the Institutional Development and Capacity Building Strategy and the Action Plan for Implementation for the period 2010-2013</u></p> <p><u>Croatia needs to accelerate measures in building up the required administrative capacity for managing the Structural Funds and the Cohesion Fund.</u></p> <p><u>Sustained and increased efforts are required to build up a high quality and mature project pipeline with a view to swift absorption of regional policy funds.</u></p>	<p><b><u>Croatia needs to step up building the administrative capacity in the relevant structures, finalise investment strategies and intensify the preparation of a pipeline of high quality and mature projects as the numbers of co-funded projects, of sectors touched and of interlocutors will substantially increase over the time.</u></b></p>

<u>Continuous efforts are needed to complete the establishment of the required system and ensure that it is fully functioning</u>	<u>A fully functioning management, monitoring and evaluation system needs to be established for the future European Structural and Investment Funds.</u>
As regards the legislative framework necessary to ensure that operations financed by the Structural and Cohesion Funds, implementing legislation in the area of public procurement needs to be completed.	<b><u>Croatia needs to ensure that all relevant and necessary procedures are put in place to ensure an effective, regular and transparent use of the European Structural and Investment Funds, especially as far as public procurement is concerned.</u></b>

### VIII. ENVIRONMENT AND CLIMATE CHANGE

<b>Oktober 2012</b>	<b>März 2013</b>
	With regard to the <i>environment and climate change</i> , administrative capacity has been strengthened.
	<u>Concerning the environment, legislative alignment and implementation are nearing completion.</u>
Further efforts are needed to implement the Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA).  ⇒ the quality of environmental impact studies as well as the quality check mechanisms need to be significantly improved	
<b><u>Investments for implementation of the <i>acquis</i> in the field of <i>air quality</i> are insufficient and need to increase to reach EU targets.</u></b>	
Pending problems linked to insufficient quality of environmental impact studies for water projects need to be solved. Efforts to develop and adopt river basin management plans (RBMPs) need to be stepped up.  ⇒ <u>Croatia needs to speed up investments in infrastructure to comply with the <i>acquis</i>.</u>	
<u>Reforms in the water sector are proceeding slowly.</u>	
<u>The new draft Water Act due to ensure further compliance with the <i>acquis</i> was not adopted yet.</u>	

<p><u>Considerable efforts are needed to meet the deadlines for full implementation of the acquis in this area. In particular as concerns the timely development of a pipeline of mature projects.</u></p>	
<p>Legislative alignment in the field of waste management has further advanced but <u>needs further attention, in particular as regards the Waste Framework Directive and the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive (RoHS Directive).</u></p> <p><u>The new waste management strategy has not yet been adopted.</u></p>	
<p><u>The Department for Chemicals and Biocidal Products needs further reinforcement of its administrative capacity</u></p>	
<p>Specific attention needs to be paid to the quality of Appropriate Assessments as per Art.6(3) of the Habitats directive.</p> <p>⇒ <u>Administrative capacity for enforcement of the acquis nature protection inspection and technical support by the State Institute for Nature Protection needs to be strengthened, in particular for the management plans for Natura 2000 sites at the local level.</u></p>	
<p>Administrative capacity in the area of integrated pollution prevention and control (IPPC) needs strengthening, especially at the local level.</p> <p>The permitting process for existing IPPC installations needs to be significantly sped up and appropriate funding for upgrading such installations needs to be secured.</p>	<p><u>Particular attention needs to be paid to ensure proper environmental impact assessments for all investment projects, the timely issuing of permits and the upgrading of the Industrial Pollution Control and Risk Management (IPPC) installations.</u></p>
	<p><u>With regard to climate change, the transposition of the geological storage of CO2 Directive needs to be completed.</u></p>
<p>The legislative alignment is moderately advanced in the field of <b>climate change</b>.</p> <p>⇒ <u>Legislative acts still need to be adopted to align with the EU <i>acquis</i> on the Monitoring Mechanism Decision, the EU Emissions Trading System (aviation,</u></p>	<p><b><u>Croatia needs to ensure the implementation of the EU Emissions Trading System, in particular the full monitoring of and reporting on installations, and prepare for the inclusion of aviation, in accordance with agreed timelines.</u></b></p>

<p><u>monitoring, auctioning and registries, geological storage of carbon dioxide, and light commercial vehicles. Croatia has submitted preliminary information on national implementing measures, on free allocation of allowances, on exclusion of small emitters, and on new gases and new sectors, which is being assessed by the Commission.</u></p> <p>Significant further efforts are needed to catch up delays which have occurred in transposition and implementation so far, in particular with respect to the EU Emissions Trading System (monitoring and reporting as well as aviation) and geological storage of carbon dioxide.</p> <p>⇒ <b><u>This is particularly important since Croatia will join the third phase of the EU Emissions Trading System as of 1st of January 2013 in so far as stationary installations are concerned.</u></b></p> <p><u>Transitional arrangement:</u> Croatia will take part in the EU ETS for aviation as of 1 January 2014.</p>	
<p>Efforts to strengthen Croatia's <b>administrative capacity</b> have further slowed down.</p> <p>⇒ <u>Due to the generalised shortage of human resources within the Ministry and the Agency, and also partly related to high staff turnover.</u></p> <p>⇒ <u>The administrative capacity is clearly not sufficient to properly transpose and implement the EU climate acquis.</u></p> <p>⇒ <u>Further, strengthening of administrative capacity is also needed within the Ministry of Health in the field of chemicals</u></p> <p>⇒ <u>Coordination mechanisms between ministries and administrative bodies need to be further strengthened.</u></p>	

## IX. TRANSLATION

Oktober 2012	März 2013
79.1% (114.000 of 144.000 pages) of the Aquis	The number of translated and revised pages increased to more than <b>118,000 pages (13</b>

<p>have been translated into Croatian</p> <p>50% of the already translated pages (57.000 pages) still need to be revised by national authorities, before submission to the COM</p> <p>⇒ <u>Croatia should enhance capacity to ensure completion of the translation and revision in time for accession.</u></p>	<p><b>March).</b></p> <p><b><u>Provided Croatia maintains this speed over the coming weeks the translation and revision work will be finalised in time before accession.</u></b></p> <p><b>???????????</b></p>
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**X. TAXATION**

<p>Legal alignment in the area of excise duties and VAT needs to be completed, with special reference to the scope of the reduced rates, tobacco products, exemptions and special schemes.</p>	<p><b><u>In the field of taxation, Croatia introduced in November 2012 a new reduced VAT rate on yachts (sport and pleasure boats), which is contrary to the EU <i>acquis</i> but which will be aligned by accession. This may encourage releasing boats for free circulation in Croatia before accession. Croatia should without delay reverse this situation.</u></b></p>
<p>Similarly, in accordance with the transitional arrangement, Croatia is committed to remove by the end of 2017 the excise duties on cigarettes that are lower than the minimum level set in the <i>acquis</i>.</p>	
<p>Further efforts to prepare staff of the Central Liaison Office and the Excise Liaison Office for administrative cooperation and mutual assistance tasks are required.</p>	
<p>An IT application for the exchange of information as regards the <i>acquis</i> on taxation of savings needs to be developed</p>	
<p>Further efforts are needed to reduce the backlog of appeals suspending the payment of taxes, as this has a significant impact on the collection of national revenues (and likewise of EU own resources after accession). (<i>See also Chapter 33 — Financial and budgetary provisions</i>)</p>	
<p>Further efforts are required to implement the strategies of the Tax Administration and the Customs Directorate (in charge of collection of excise duties) in practice, especially through developing concrete action plans and further sector strategies for particular core areas (including controls and risk management)</p>	
<p>Further efforts are required to implement these</p>	

strategies in practice, especially through developing concrete action plans and further sector strategies for particular core areas (including controls and risk management).	
Further attention must be given to the need for Croatia to ensure that all relevant IT systems are in place and to be able to exchange information with the EU institutions and other Member States from the day of accession	
Efforts need to continue to launch the Excise Movement and Control System (EMCS) at national level in March 2013.	