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Proposal for a

COUNCIL DECISION

On the principles, priorities and conditions contained in the European Partnership with Montenegro

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Thessaloniki European Council of 19 and 20 June 2003 reiterated its determination to fully and effectively support the European perspective of the Western Balkan countries. It endorsed the "Thessaloniki Agenda for the Western Balkans", which introduced the European Partnerships as a means of realising the European perspective of the Western Balkan countries.

On 9 November 2005, the Commission presented an updated European Partnership for Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999. It was adopted by the Council on 30 January 2006. Montenegro proclaimed its independence on 3 June 2006 following a referendum held on 21 May. This was followed by recognition by the EU and its Member States. Therefore the Commission considers it appropriate to present a proposal for an updated European Partnership only for Montenegro. This proposal is based on the parts related to Montenegro of the current European Partnership for Serbia and Montenegro (including Kosovo), which has been updated to add priorities addressing the new competences of Montenegro and the challenges it faces as an independent state.

This renewed European Partnership is based on the provisions of Council Regulation (EC) No 533/2004 of 22 March 2004. It lists short- and medium-term priorities for the country's preparations for further integration with the European Union. In order to respond to the European Partnership, the competent authorities in Montenegro should develop a plan with a timetable and specified measures Montenegro intends to take to this end. The progress in implementing the priorities will be monitored regularly by the Commission.

The European Partnership priorities form the basis for programming the financial assistance of the Community, which will continue to be provided under relevant financial instruments, in particular Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA).

The proposed Council Decision has no financial implications. In view of the above, the Commission invites the Council to adopt the attached proposal for a Council Decision.

Proposal for a

COUNCIL DECISION

On the principles, priorities and conditions contained in the European Partnership with Montenegro

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 533/2004 of 22 March 2004 on the establishment of European Partnerships and in particular to Article 2 thereof[1],

Having regard to the proposal from the Commission,

Whereas:

(1) The Thessaloniki European Council of 19 and 20 June 2003 endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the Western Balkan countries.

(2) Regulation (EC) No 533/2004 provides that the Council is to decide on the principles, priorities and conditions to be contained in the European Partnerships, as well as any subsequent adjustments.

(3) Regulation (EC) No 533/2004 states that the follow-up to the European Partnerships will be ensured through the mechanisms established under the stabilisation and association process, notably by the annual progress reports.

(4) The Council adopted on 14 June 2004 a first European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244[2]. The Council decided on 30 January 2006 to update this European Partnership[3].

(5) Montenegro proclaimed its independence on 3 June following a referendum on independence, which was organised on 21 May 2006.

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1 OJ L 86, 24.3.2004, p. 1.

2 Council Decision 2004/520/EC of 14 June 2004 on the principles, priorities and conditions contained in the European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999 (OJ L 227, 26.6.2004. p. 21).

3 Council Decision 2006/56/EC of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2004/520/EC (OJ L 35, 7.2.2006, p. 32).

(6) At the General Affairs and External Relations Council of 12 June 2006, the European Union and its Member States have decided that they will develop their further relations with the Republic of Montenegro as a sovereign, independent State.

(7) Therefore, it is appropriate to establish a new European Partnership with Montenegro on the basis of the part referring to Montenegro of the European Partnership with Serbia and Montenegro adopted on January 2006, updated in view of the findings of the 2006 Progress Report, and supplemented with priorities addressing the challenges that Montenegro faces as an independent State.

(8) In order to prepare for further integration with the European Union, the competent authorities in Montenegro should develop a plan with a timetable and specific measures to address the priorities of this European Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 1 of Regulation (EC) No 533/2004, the principles, priorities and conditions in the European Partnership with Montenegro are set out in the Annex hereto, which forms an integral part of this Decision, and replaces, for Montenegro, those set out in Decision 2006/56/EC.

Article 2

The implementation of the European Partnership shall be examined through the mechanisms established under the stabilisation and association process, notably the annual progress reports presented by the Commission.

Article 3

This Decision shall take effect on the third day following its publication in the *Official Journal of the European Union.*

Done at Brussels,

For the Council
The President

ANNEX

MONTENEGRO: 2006 EUROPEAN PARTNERSHIP

1. INTRODUCTION

The European Council endorsed the introduction of the European Partnerships as a means to realise the European perspective of the Western Balkan countries.

On 9 November 2005, the Commission presented an updated European Partnership for Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999. It was adopted by the Council on 30 January 2006. Montenegro proclaimed its independence on 3 June 2006 following a referendum held on 21 May. This was followed by recognition by the EU and its Member States. Therefore, the Commission considers it appropriate to present a proposal for an updated European Partnership only for Montenegro. This proposal is based on the parts related to Montenegro of the current European Partnership for Serbia and Montenegro (including Kosovo). It adds the new competences of Montenegro and the challenges it faces as an independent State.

The competent authorities in Montenegro should develop a plan including a timetable and specific measures to address the European Partnership priorities.

2. PRINCIPLES

The Stabilisation and Association Process remains the framework for the European course of the Western Balkan countries, all the way to their future accession.

The main priorities identified relate to its capacity to meet the criteria defined by the Copenhagen European Council of 1993 and the conditions set for the Stabilisation and Association Process, notably the conditions defined by the Council in its Conclusions of 29 April 1997 and 21 and 22 June 1999, the content of the final declaration of the Zagreb Summit of 24 November 2000 and the Thessaloniki Agenda.

3. PRIORITIES

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that Montenegro can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and its implementation.

Taking into account the substantial costs involved with meeting all the EU requirements as well as the complexity of these requirements in certain areas, this partnership does not include all important tasks at this stage. Future partnerships will include further priorities in line with progress made by the country.

Among the short term priorities, the key ones have been identified and grouped together at the beginning of the list. The order of these key priorities does not imply a ranking in their importance.

3.1. Short-Term Priorities

Key Priorities

– Adopt a new Constitution, based on broad consensus, in line with European standards, in particular in the areas of human and minority rights, organisation of the judiciary, audit, defence and security structures.

– Complete the establishment of the legal and institutional set-up required for an independent country including the signature and ratification of the international instruments that the State Union of Serbia and Montenegro had adhered to.

– Continue efforts to implement the reform of the public administration, including the civil service pay system, to ensure transparent recruitment, professionalism and accountability; continue, in particular, to strengthen the European integration structures at all levels (including in line ministries and in the Parliament) and mechanisms of coordination on EU matters.

– Finalise plans to reform the judicial system; remove recruitment and career management from the Parliament's powers and establish transparent procedures based on professional and objective criteria for selection and career advancement; rationalise the court system and modernise proceedings and improve administration; provide adequate and sustainable financing for the judicial system.

– Strengthen parliamentary control over defence and security structures.

– Continue ensuring full cooperation with International Criminal Tribunal for the former Yugoslavia (ICTY).

– Strengthen the capacity to adopt and implement measures deriving from commitments negotiated under the Stabilisation and Association Agreement, in particular upgrade the capacity of customs to correctly apply the rules of origin and the methods of administrative cooperation.

Political criteria

Democracy and the rule of law

Elections

– In line with the recommendations of the Office for Democratic Institutions and Human Rights, de-politicise the election administration, improve its functioning, in particular regarding announcement of results, codify election legislation, establish rules for media coverage of campaigns and introduce rules guaranteeing transparency for the allocation of seats in line with European standards; set up a transparent framework for campaign financing.

Parliament

– Strengthen the overall legislative and control capacity of the Parliament in particular through the implementation of the newly adopted Rules of Procedure.

– Strengthen the capacity of the Parliament in new areas of competence.

– Strengthen the functioning of the Committee on European Integration and provide appropriate administrative and expert support.

Public administration

– Strengthen the administrative capacity of the Ombudsman's Office; ensure proper follow-up of the Ombudsman's recommendations.

– Continue the implementation of the decentralisation process and upgrade the capacities of municipalities.

Judicial system

– Ensure implementation of the legislation on mandatory initial and continuous training for judges, prosecutors and court support staff, and continue to strengthen the Judicial Training Centre.

– Finalise plans to reform the judicial system; remove recruitment and career management from the Parliament and establish transparent procedures based on professional and objective criteria for selection and career advancement; rationalise the court system and modernise proceedings and improve administration; provide adequate and sustainable financing for the judicial system.

– Provide guarantees to strengthen the autonomy and efficiency of the prosecution system, including in relation to budget issues. Strengthen the office of the prosecutor for organised crime and upgrade the capacity in the area of anti-corruption policy.

– Upgrade the capacity of the Ministry of Justice for international judicial cooperation.

Anti corruption policy

– Amend the law on conflict of interest and implement it in order to eliminate all possible cases of conflict of interests of officials.

– Upgrade efforts to implement the anti-corruption strategy, notably through providing adequate financial and human resources to law enforcement bodies to ensure its implementation.

– Develop and fully implement the laws on political parties and the financing of political parties ensuring transparency and clarity.

Human rights and the protection of minorities

– Ensure effective mechanisms for implementation of the obligations deriving from international instruments, notably with regard to the European Convention on Human Rights and Fundamental Freedoms and the European Convention for the Prevention of Torture.

– Take comprehensive and transparent action in all alleged cases of ill-treatment. Strengthen the internal control services dealing with ill-treatment by law enforcement agents.

– Improve prison conditions, in particular as regards vulnerable groups such as juvenile offenders and those in need of psychiatric care; ensure appropriate monitoring of prison conditions for long-term inmates and for organised crime inmates, ensure further training of penitentiary staff and improvement of special needs facilities.

– Adopt comprehensive anti-discrimination legislation.

– Ensure implementation of the Law on access to public information. Continue the transformation of Radio and Television of Montenegro into a public service broadcaster and provide appropriate means for it.

– Implement the memorandum on cooperation between NGOs and governmental bodies.

– Continue implementing the legislation on the restitution of property.

– Provide an adequate framework, including at Constitutional level, for the protection of the rights of minorities. Implement the Strategy and Action Plan relevant to the integration of Roma people, including refugees.

Regional issues and international obligations

– Continue strengthening regional cooperation and good neighbourly relations. Implement free trade agreements with neighbouring countries, notably in the context of the new CEFTA. Upgrade cross-border co-operation in the areas of the fight against organised crime, trafficking and smuggling, judicial co-operation, border management, environment, transport and energy.

– Ensure protection of the rights of refugees and internally displaced persons. Repeal all discriminatory provisions in the fields of labour, access to property rights, legal redress and access to citizenship; guarantee unhindered access to health services and personal documents. Ensure the right of a real choice between sustainable return and integration and provide conditions for integration for those who choose the latter.

– Align national legislation and practice with the relevant international standards and agreements through the signing and ratification of the relevant international instruments at the level of the Council of Europe and the United Nations on fighting organised crime and financial crime, including corruption.

Economic criteria

– Sustain macroeconomic stability by pursuing the necessary fiscal adjustment and consolidation.

– Develop the institutional and analytical capacity necessary to draft and implement the "Economic and Fiscal Programme" proposed by the Commission services.

– Implement the Public Expenditure Management System, notably programme budgeting, medium-term budgeting and the introduction of elements of accrual accounting.

– Fully integrate capital budget into general government accounts, including local government capital expenditures.

– Continue the restructuring and privatisation process of publicly owned enterprises.

– Adopt and implement the law on insurance supervision.

– Continue efforts to promote adaptability and skills of the labour force, with full engagement of employers and trade unions in that process.

– Continue to make the necessary adjustments to the Montenegrin trade regimes, to render it compatible with the autonomous trade measures and the future SAA.

European Standards

Internal market

Free movement of goods

– Complete the establishment of the legal and institutional set-up on standardisation, certification, metrology, accreditation and conformity assessment in line with the EU acquis to create conditions favourable to trade. Start adopting European standards.

– Establish internal consultation and notification mechanisms for new technical regulations prior to their adoption on measures having an impact on trade.

– Establish a legal framework and administrative capacity for active consumer and health protection in line with EU consumer and health policy.

– Continue the necessary reforms to comply with WTO rules and obligations in order to accelerate the WTO accession process.

Customs and taxation

– Further align customs legislation and procedures with the *acquis*. Continue to modernise the customs administrations in order to ensure a high level of administrative capacity and to fight against corruption, cross-border crime and fiscal evasion.

– Amend and implement legislation in the area of rules of origin in order to introduce a legal basis for the application of the EC rules of origin for the purposes of the Autonomous

Trade Measures, for this purpose ensure the provision information and training to operators and customs officers.

– Further approximate tax legislation with the acquis. Improve implementation of tax laws, focussing on revenue collection and control in order to reduce tax fraud.

– Apply the principles of the Code of Conduct for Business Taxation and ensure that new tax measures are in conformity with these principles.

Competition

– Establish and provide adequate means for the operation of a competition authority with full functional independence.

– Strengthen the state aid framework and increase transparency, as a first step towards state aid control in line with the requirements of the Stabilisation and Association Agreement.

Public procurement

– Implement an effective public procurement regime in line with EU principles, including in relation to remedies. Ensure full transparency of procedures, regardless of the value of the contract concerned, and non-discrimination between Montenegrin and EU suppliers.

– Ensure the establishment and functioning of the Public Procurement Agency and Review Body and upgrade their administrative capacity; provide appropriate training of responsible staff in contracting entities to implement procurement rules.

Intellectual property law

– Significantly strengthen the level of protection of intellectual property rights, in particular by adopting a comprehensive legal framework on intellectual property rights, including effective enforcement provisions, and by establishing an Intellectual Property Rights Office.

– Strengthen implementation and enforcement capacity in this field, including in border services, law enforcement agencies and the judiciary.

– Formally confirm participation in the main international agreements in the field of intellectual property law.

Financial services

– Strengthen the regulatory and supervisory framework for financial institutions and markets, consistent with current EU practices, in particular concerning the banking sector.

– Reinforce co-operation with the home supervisors of foreign banks with significant subsidiaries in Montenegro, including by concluding co-operation agreements.

Company law

– Strengthen enforcement of financial reporting requirements, in particular for financial institutions and listed companies.

Employment and social Policies

– Upgrade the capacity of the Ministry of Labour and Social Welfare on policy formulation and monitoring, with emphasis on labour market integration of youth, women and vulnerable groups; upgrade performance management of active employment measures implemented by the Montenegrin Employment Service.

– Enhance the work of labour inspectorates to ensure health and safety at work.

– Step up efforts to promote quality in the education system and life-long learning.

– Continue improving the quality, efficiency and relevance of the higher education system and support its integration into the European Higher Education Area.

Sectoral policies

Industry and SME

– Continue implementing the European Charter for Small Enterprises.

– Strengthen the investment promotion agency. Improve business advocacy/consultation.

– Adopt the law on harmonisation and acceleration of licensing and systems for issuing permits implement legislation in close co-operation with local government authorities and adopt and implement the action plan on the reduction of business barriers.

– Accelerate the setting up and implementation of a national guarantee fund for SMEs.

Agriculture and fisheries

– Continue strengthening administrative capacity for agricultural and rural development policy formulation and implementation.

– Adopt the food safety law, a law on animal welfare and a new veterinary law and strengthen the veterinary and phytosanitary services, including control and laboratory capacities.

– Continue efforts to align legislation with the EU veterinary and phytosanitary acquis including the setting up of an integrated food safety system aiming at avoiding overlapping and increasing food safety. Prepare a system of animal identification and registration for bovines in line with EU requirements.

– Finalise the fisheries strategy and upgrade the capacity of Montenegro to conduct a fisheries policy in line with the EU standards including in international cooperation.

Environment

– Continue approximating legislation to EU legislation and standards, notably environmental protection framework legislation. Develop the administrative capacity to implement and enforce adopted legislation.

– Develop an overall environment protection strategy (water, waste, air). Adopt the Land Use Plan. Adopt the Sustainable Development Strategy and sectoral strategies (integrated coastal zone management, biodiversity, climate change). Strengthen environmental management administrative capacity.

Transport policy

– Continue to align the aviation legislation including air traffic control with the acquis, in line with the commitments undertaken by signing the European Common Aviation Area Agreement.

– Strengthen the Civil Aviation Authority, and appoint an operationally independent aviation accident investigation body, a national supervisory body for the air navigation service provider, and a body responsible for the enforcement of air passenger rights.

– Continue implementing the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network including the cooperation in the South East Europe Transport Observatory.

– Implement the road transport law (including establishment of the relevant implementation structures). Ensure sufficient resources for the maintenance of transport infrastructures and institutions.

Energy

– Ratify and continue implementing the commitments undertaken in the framework of the signed Energy Community Treaty.

– Complete and implement the Energy Development Strategy, and the Energy Efficiency Strategy; strengthen the administrative capacity of the Ministry of Economy in the field of energy.

– Put in place a regulatory body and adopt appropriate legislation in the field of nuclear safety and radiation protection

Information society and media

– Strengthen the Agency for Telecommunications to foster competition in the market by applying the relevant legislation, in particular in relation to the introduction of the necessary competitive safeguards in the market.

– Improve the administrative capacity of the Ministry of Economy in the area of electronic communications Take further steps in tariff balancing, as well as further addressing the terms and conditions of interconnection tariffs, as well as addressing the issue of licence fees.

– Guarantee the operational independence of the Broadcasting authority.

– Ensure smooth transition of Montenegrin Radio and Television to a public service provider and ensure means for its efficient functioning.

Financial control

– Upgrade the Public Internal Financial Control strategy with references to short-and medium-term objectives and with corresponding IT system support; enhance internal audit capacity.

– Further strengthen the State Audit office and provide for the appropriate constitutional guarantees.

Statistics

– Collect and transmit statistical information in compliance with statistical requirements related to the economic, trade, monetary and financial areas, consistent with current EU practices.

– Revise and adopt the master plan on statistics with a view to enhancing the quality and broadening the scope of statistics. Reinforce the collection and processing of agriculture statistics in line with EU standards and methodology; implement HS nomenclature 2007.

Justice, freedom and security

Visa, border control, asylum and migration

– Develop institutional capacity in relation to visa policy and align visa policies with those of the EU.

– Strengthen integrated border management and ensure consistent implementation by all responsible bodies including civilian control.

– Adopt the Asylum Law and carry out the construction of the planned reception centres for asylum seekers and refugees.

Money laundering

– Ensure efficient implementation and coordination of the anti-money laundering legislation and strengthen the financial intelligence unit.

Drugs

– Further develop the international cooperation capacity of the Centre for Fighting Drugs and Smuggling and improve operational analysis capabilities, including the establishment of relevant databases.

– Develop a national strategy for combating drug abuse and trafficking, in line with the EU Drugs Strategy 2005-2012 and EU Action Plan on Drugs 2005-2008, and develop a public awareness campaign on drugs.

– Establish standards relating to the prevention of the diversion of precursors and other essential substances to the production of illicit drugs.

– Develop the capacity of relevant law enforcement authorities to combat drug abuse and trafficking.

Police

– Further strengthen the professional capacity of the police, by specialised training, development of intelligence and risk analysis tools.

– Ensure the functioning of the Police Academy.

Fight against organised crime and terrorism

– Establish efficient institutional mechanisms for inter-agency cooperation in the area of the fight against organised crime and upgrade the capacity of the police department on the fight against organised crime.

– Upgrade capacity to use special investigative means in line with appropriate guarantees and strengthen criminal intelligence.

– Adopt the legislation and develop the capacity to seize assets and proceeds of crime.

– Increase the efficiency of international cooperation and implementation of the relevant international conventions on terrorism and preventing and fighting organised crime; improve cooperation and the exchange of information between all branches of the security services and with other states; prevent the financing and preparation of acts of terrorism.

Trafficking in human beings

– Continue strengthening the fight against the trafficking of human beings, including the provision of adequate assistance and protection to the victims.

Protection of personal data

– Adopt legislation on the protection of personal data and set up an independent Data Protection Supervisory Authority.

– Take the necessary steps to prepare for the conclusion of a cooperation agreement with Europol.

3.2. Medium-Term Priorities

Political Criteria

Democracy and the rule of law

Constitutional issues

– Fully implement the new Constitution adopted in line with European standards.

Elections

– Continue providing for high standards regarding the organisation of elections; enforce a transparent framework for campaign financing.

Parliament

– Continue strengthening the capacity of the Parliament in all areas, in particular in relation to the adoption of the EU *acquis*.

Public administration

– Further strengthen European integration units in the line ministries and coordination mechanisms on EU matters including on SAA and IPA.

– Develop principles, procedures and relevant administrative capacity in view of establishing a decentralised implementation system for management of EU assistance in line with EU requirements.

– Further strengthen the Authority for Human Resources Management. Strengthen policy-making process. Continue implementing decentralisation reform.

– Further strengthen transparent recruitment, professionalism and accountability, among other with the instrument of Code of Ethics and guidelines.

– Continue the process of restructuring and reform of the armed forces, including, as appropriate, downsizing.

Judicial system

– Ensure adequate functioning of the Judicial Training Centre. Implement the IT strategy for the judiciary.

– Complete the strategic framework for judicial reform; implement the reform plans; implement transparent recruitment and career management procedures; continue upgrading the resources of the judicial system.

– Continue upgrading the efficiency of the prosecution system.

– Continue upgrading the capacity of the Ministry of Justice for international judicial cooperation.

Anti-corruption policy

– Continue with determination the prevention and fight against corruption at all levels and provide increased means for prevention and suppression of corruption. Ensure full compliance with the UN Convention on the fight against corruption and with the relevant Council of Europe Conventions.

– Establish effective procedures for the detection, treatment and follow-up of cases of suspected fraud and other irregularities affecting national and international, including EU, funds.

Human rights and the protection of minorities

– Implement the anti-discrimination legislation and legislation on minority rights.

– Continue improving prison conditions.

– Prevent and address ill-treatment by enforcement agencies.

– Ensure the inclusion of disabled or minority children in mainstream education; reform the childcare system.

– Continue to promote integration of minorities and good inter-ethnic relations.

– Continue cooperation with NGOs at government and municipal level.

Regional issues and international obligations

– Facilitate integration for refugees who choose not to return. Implement the National strategy on refugees as part of a comprehensive strategy on social inclusion and social integration.

– Continue implementing regional cooperation arrangements.

Economic criteria

– Strengthen macroeconomic stability by continuing fiscal adjustment and consolidation to further reduce external imbalances.

– Increase efficiency of government expenditure, notably by improving the budgetary process and financial management at central and local government level. Increase capacity for budget preparation and execution to enable prioritisation.

– Ensure a more flexible labour market through a gradual liberalisation.

– Strengthen the business environment to promote the development of the private sector and employment. In particular streamline commercial judiciary procedures, especially for bankruptcy cases.

– Design and start applying an integrated research policy to support research and development activities.

European Standards

Internal market

Free movement of capital

– Fully liberalise capital movements and payments in line EU principles.

Free movement of goods

– Further develop standardisation, in particular through the adoption of European standards. Continue transposing the New and Global Approach and Old Approach directives. Establish a market surveillance structure as required by the *acquis*.

Customs and taxation

– Ensure continued approximation of Montenegrin customs and taxation legislation to the *acquis*, and further increase the administrative capacity to implement customs legislation, and to fight against corruption, cross-border crime and fiscal evasion.

– Improve transparency and the exchange of information with EU Member States in order to facilitate the enforcement of measures preventing the avoidance or evasion of taxes.

– Establish a transparent exchange of information with the Commission and its Member States in order to strengthen the enforcement measures preventing tax fraud, evasion and avoidance.

Competition

– Continue strengthening the competition authority including its functional independence.

– Continue strengthening the state aid framework and establish state aid control in line with the requirements of the Stabilisation and Association Agreement.

Public procurement

– Continue strengthening the public procurement regime, including in the utilities sector and in relation to concessions, by further aligning domestic legislation with the acquis and by upgrading the administrative capacity of the Public Procurement Agency, the review body and of contracting entities.

– Continue ensuring full transparency of procedures, regardless of the value of the contract concerned, and non-discrimination between Montenegrin and EU suppliers.

Intellectual property law

– Ensure a similar level of protection as that provided by the EU by fully aligning domestic legislation with the acquis on intellectual property rights and by continuously strengthen administrative capacity and enforcement by all relevant public authorities, including in border services, law enforcement agencies and the judiciary.

Financial services

– Establish a comprehensive regulatory and supervisory framework for financial institutions and markets in line with EU principles.

Company law

– Start aligning financial reporting requirements with the acquis and ensure their effective enforcement.

Employment and social Policies

– Further upgrade the capacity of the Ministry of Labour and Social Welfare on policy formulation and monitoring, with emphasis on labour market integration of youth, women and vulnerable groups and on modernising social policies; further upgrade performance management of active employment measures implemented by the Montenegrin Employment Service.

Sectoral policies

Industry and SME

– Ensure the European Charter for Small Enterprises is fully implemented.

– Start introducing of regulatory impact assessments. Further improve access to finance and develop business support structures (clusters, incubators, business/technology parks).

Agriculture and fisheries

– Further build administrative capacities in the agricultural and rural development sector for policy formulation and implementation. Design and start implementing a rural development policy.

– Strengthen institutional capacity for food safety. Prepare a programme for up-grading food processing establishments to meet EU requirements. Start action in view of identification of sheep and goats and registration of their movements. Start action to ensure an efficient control of domestic plant production in particular for products with EU specific requirements.

– Take measures to ensure that the fisheries policy moves closer to EU standards, in particular in the areas of resource management, inspection and control and in market and structural policies.

Environment

– Continue the approximation of legislation to EU legislation and standards, notably legislation on air pollution, water, chemicals.

– Begin implementing the Land Use Plan and the overall environment protection strategy. Begin implementing the Sustainable Development Strategy and other sectoral strategies (integrated coastal zone management, biodiversity, climate change). Ensure a viable financial framework for the implementation of a mid to long-term environmental protection policy.

– Ratify and start implementing the Kyoto protocol.

– Continue strengthening the administrative capacity of line ministries and bodies in charge of environmental planning, permitting, inspecting, enforcement and monitoring, as well as project management.

Transport policy

– Strengthen capacity building, including project preparation for large investments. Continue to earmark sufficient resources for the maintenance of transport infrastructures and institutions.

– Implement international commitments under International Maritime Organisation Conventions and improve maritime safety conditions of the fleet in the light of the Paris Memorandum of Understanding.

Energy

– Adopt and implement a long term strategy for an environmentally sustainable energy policy.

– Continue to implement regional and international commitments in this area in view of establishing a competitive regional energy market.

– Become party to international nuclear safety conventions to which Euratom is already a Contracting Party.

Information society and media

– Finalise transposition of the EU 2002 framework for electronic communications.

– Establish a competitive electronic communications market through progressive implementation of legislation, and by applying competitive safeguards and addressing any existing market entry barriers.

– Maintain the independence of the regulatory authorities and ensure there are sufficient resources and expertise to execute their tasks.

– Fully align legislation to the audiovisual *acquis*.

Financial control

– Develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with the internationally accepted standards and EU best practice.

– Strengthen the operational capacity and functional as well as financial independence of the State Audit Office.

– Develop procedures and administrative capacities to ensure effective protection of the EU financial interests.

Statistics

– Continue developing reliable economic statistics. Build up institutional capacity to produce and publish basic statistical data harmonised with European standards in the area of business statistics, labour market statistics and national accounts.

– Fully include local government into general government accounts.

Justice, freedom and security

Visa, border control, asylum and migration

– Develop the technical infrastructure and human resource capacities to implement the Integrated Border Management policy including strengthening the border police and the customs services. Improve cross-border facilitations through new border posts.

– Further align visa policy with the EU legislation and practice.

Drugs

– Strengthen inter-agency and international cooperation and further develop the capacity of relevant law enforcement authorities to combat drug trafficking.

Police

– Continue restructuring; ensure accountability; reform police education; ensure cooperation among law enforcement agencies.

Fight against organised crime and terrorism

– Develop an effective system of witness protection which also incorporates regional elements.

– Reinforce the fight against economic and financial crime (including money-laundering and counterfeiting of currencies), fraud and corruption and improve the related legislation.

– Facilitate the placement of liaison officers, seconded by EU member states in the relevant state bodies involved in the fight against organised crime. Implement the Palermo Convention and its Protocols on trans-national organised crime and the applicable international standards on financial and economic crime.

– Increase administrative and judicial capacity to implement the criminal code as regards organised crime. Further strengthen the Unit for the fight against organised crime in the Ministry of Interior and ensure coordination of all the enforcement bodies including the further development of appropriate criminal intelligence capacity.

– Reinforce the fight against economic and financial crime (including the fight against counterfeiting of both cash and non-cash means of payment) and upgrade institutional and administrative capacity to deal with related challenges.

Protection of personal data

– Ensure the smooth functioning of the Data Protection Supervisory Authority.

– Ensure the capacity of state authorities, in particular law enforcement bodies, to implement the legislation on protection of personal data.

4. PROGRAMMING

Community assistance under the Stabilisation and Association Process to the Western Balkan countries will be provided under the existing financial instruments, in particular by Council Regulation (EC) No 1085/2006[4]. Accordingly, this Decision will have no financial implications. Montenegro can have access to funding from multi-country and horizontal programmes.

5. CONDITIONALITY

Community assistance to the Western Balkan countries is conditional on progress in satisfying the Copenhagen criteria as well as progress in meeting the specific priorities of this European Partnership. Failure to respect these conditions could lead the Council to take appropriate measures on the basis of Article 21 of Council Regulation (EC) No 1085/2006. Community assistance shall also be subject to the conditions defined by the Council in its Conclusions of 29 April 1997, in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms.

6. MONITORING

The implementation of the European Partnership shall be examined through the mechanisms established under the Stabilisation and Association Process, notably the annual Reports presented by the Commission.

[4] OJ L 210, 31.7.2006, p. 82.