

**TRANSITIONAL PERIODS AND DEROGATIONS AGREED IN THE NEGOTIATIONS OF THE REPUBLIC OF SLOVENIA FOR
ACCESSION TO THE EUROPEAN UNION**

CHAPTERS	TRANSITIONAL PERIODS, DEROGATIONS
1 - Free Movement of Goods	A transitional period until 31 December 2007 for the revision of documentation required for the renewal of marketing authorisations for those pharmaceuticals for human use listed in CONF-SI 4/01 - deviation from Directive 2001/83 ES.
2 - Freedom of Movement of Persons	<p>Transitional period of the EU in respect to free movement of workers. The EU Member States may maintain national measures (the same regime regarding employment of Slovene nationals as currently in place) for two years after Slovenia's accession. After two years, the Council makes a review on the basis of the Commission's report. Only the Member States which explicitly announce that they would like to maintain the national provisions may do so for another three years.</p> <p>In the event that any Member State continues to apply the national measures, Slovenia may in this period require another review of the Council. After five years, a transitional period may be prolonged for the maximum of two years only by the Member States which explicitly require prolongation in the case of serious disturbances of the labour market or threat thereof.</p> <p>Any current Member State which has decided not to apply the transitional period may invoke a safeguard clause (in case of serious disturbances of the labour market or threat thereof) until the end of the seventh year following Slovenia's accession. Slovenia may apply to nationals from current Member States the national measures equivalent to the measures applied by that Member State with regard to Slovenia. It may also resort to a safeguard clause with regard to new Member States.</p> <p>Present Member States have to ensure Slovenian nationals to be treated in line with the principle of "best" treatment - i.e. as favourable as is the most favourable regime for any third-country nationals.</p> <p>The transitional period has no effect whatsoever on the cross-border movement of nationals and relates exclusively to the restrictions concerning full freedom of employment without work permits otherwise applicable to the EU nationals.</p> <p>Up to 11 December 2002, six Member States (Denmark, Greece, Ireland, the Netherlands, Sweden and United Kingdom) declared to free the access to their labour market for the nationals of new Member States (also Slovenia) as of the day of their accession to the EU.</p>

Transitional period of Austria and Germany in respect to **posted workers** in relation with some services (construction, industrial cleaning, etc.). During the transitional period concerning free movement of workers, Austria and Germany may temporarily restrict the movement of workers in some sectors, required when companies established in Slovenia provide services in these two countries. In the event of such measures, Slovenia may apply equivalent measures to the nationals of Austria and Germany.

Posted workers are the workers employed by a company established in Slovenia. In the event that such a company wants to provide services in Austria and Germany, it may post its workers there. The above restriction does not apply in the event that such a company has a subsidiary in one of these two countries, which legally employs Slovene nationals. Furthermore, this restriction does not apply to the self-employed persons working on the territory of these two countries (for example, Slovene entrepreneurs who are allowed to freely perform their activity in Austria and Germany).

CHAPTER	TRANSITIONAL PERIODS, DEROGATIONS
3 - Freedom to Provide Services	A transitional period until 31 December 2004 for the application of capital adequacy requirements and the requirements concerning prudent management as set out in Second Banking Directive 89/646/EEC, and Directives 86/635/EEC, 89/299/EEC, 89/647/EEC, 92/121/EEC, 94/19/EC for the savings and loan undertakings that were established before 20 February 1999. The institutions in question cannot benefit from the "European passport" for operating in the single market during this period.
	A transitional period until 31 December 2005 for the protection of the level and scope of the domestic deposit-guarantee scheme for deposits with banks, and the protection of the level and scope of the domestic investor-compensation scheme for the funds of investors with an investment firm (export ban).
4 - Free Movement of Capital	Safeguard clause until 1 May 2001 for restricting real estate trade. In the event of serious disturbances in the real estate market in the period from Slovenia's accession to 1 May 2011, Slovenia may require of the European Commission to approve safeguard measures necessary for eliminating such disturbances.
7 – Agriculture	Transitional period for the existing facilities for laying hens in battery cages: <ul style="list-style-type: none"> • until 1 January 2004 concerning the minimum cage floor area for laying hens (Directive 1999/74/EC) • until 31 December 2009 concerning cage construction (Directive 1999/74/EC)
	A 5-year transitional period for payment of state aid in the form of area payments for the production of oil pumpkins.
	<p>A 5-year transitional period upon accession to the EU for marketing on the territory of the Republic of Slovenia the seeds and propagating material of some varieties of agricultural plant species and vegetable plant species which do not meet the requirements of Directives 2002/53/EC and 2002/55/EC or it had not been checked before entry into the national list of varieties whether they meet these requirements.</p> <p>The Republic of Slovenia requests that, within a 5-year transitional period upon accession to the EU, it would be allowed to postpone the application on its territory of Directives 2002/53/EC and 2002/55/EC with regard to the marketing on its territory of seeds and propagating material of those varieties listed in its national list of varieties which have not been accepted in accordance with all the provisions of these Directives.</p>

	<p>1-year transitional period in the following areas:</p> <ul style="list-style-type: none">• "additional levies in the milk sector - milk quotas " (Council Regulation 3950/92/EEC) in the part relating to the distribution of quotas to individual breeders,• "suckler-cow premium rights " " (Council Regulation 1254/99/EC) in the part relating to the distribution of rights to individual breeders,• "sheep and goat premium rights" (Council Regulation 2467/98/EC) in the part relating to the distribution of rights to individual breeders.
	<p>Regarding the provisions prohibiting the blending of white and red grape varieties (Council Regulation 822/87/EEC) and provisions on minimum alcoholic strength by volume in wine (Council Regulation 822/87/EEC, Articles 8 and 70), the blending of white and red grape varieties is allowed for <i>cviček</i> PTP wine – a recognised traditional denomination (permanent derogation for Slovenia). Its minimum alcoholic strength by volume is defined at 8.5%. This enables the production, selling and drinking of the traditional wine <i>cviček</i>, which otherwise does not comply with the <i>acquis</i>.</p>

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<p>10 - Taxation</p>	<p>Derogations from Sixth Council Directive 77/388/EEC concerning the application of a reduced value-added tax rate for goods and services concerning consumer goods in a broader sense, or being significant for the maintenance of national identity:</p> <p><i>a) preparation of meals</i> A transitional period concerning the application of a reduced value-added tax rate for the preparation of meals in the period until 31 December 2007 or until the end of the transitional period referred to in Article 28 (1) of the Sixth VAT Directive, whichever date comes first. A declaration will be added to the Accession Treaty stating that if the transitional period referred to in Article 28(1) of the Sixth VAT Directive does not end by mid 2007 and the relevant legislative proposal for its termination is not at such stage to allow the termination of the said transitional period by the end of 2007, it will request a report from the Commission to the Council on the functioning of the transitional period granted to Slovenia. This report will have to take into account the impact on proper functioning of the Internal market and possible adverse consequences for Slovenian restaurant sector, in particular job losses, an increase in undeclared employment, and the impact of price increases of restaurant services on the final consumer.</p> <p>Upon the expiration of transitional period, Slovenia will introduce the standard rate in one step.</p> <p><i>b) construction, renovation and maintenance of all housing facilities and special buildings for the accommodation for the disabled</i> A transitional period concerning the application of a reduced value-added tax rate until 31 December 2007</p> <p><i>c) A transitional period for the preservation of derogation, in accordance with which Slovenia does not apply VAT to the services of international and intra-community transport of passengers in maritime, air and railroad transport</i> This transitional period is a derogation and applies until the Council abolishes the derogation set out in Article 28 (3) (b) of the Sixth VAT Directive in accordance with the procedure in Article 28(4) of that Directive, or so long as the same derogation is applied to any of the current Member States, whichever date comes first.</p> <p>A derogation from the provisions of Sixth Council Directive 77/388/EEC concerning the ceiling below which taxable persons are allowed to apply simplified procedures (special scheme) for charging value-added tax. Slovenia retains the existing legislation which sets this ceiling at SIT 5 million (the equivalent of around EUR 25,000 at the time of negotiations) for the annual turnover of goods and services and a ceiling of SIT 1.5 million (the equivalent of around EUR 7,500 at the time of negotiations) in agriculture and forestry. The principle applies that exemptions do not dispense from the general obligations, in particular in the case of SME's involved in intra-Community trade (including Article 9(2) transactions). Slovenia must take the necessary step to ensure that any exemption has no adverse effects on the European Communities' own resources accruing from VAT, the basis of assessment for which must be reconstituted in accordance with Regulation (EEC, Euratom) No 1553/98.</p> <p>A transitional period for gradual alignment of the level of excise duty on cigarettes stipulated under the new Directive on the structure and rates of excise duty applied to manufactures tobacco within the maximum deadline applying to current Member States (until 31.12. 2007).</p>

CHAPTER	TRANSITIONAL PERIODS AND DEROGATIONS
13 - Social policy and employment	<p>A three year transitional period in the area of health and safety at work with biological, physical and chemical agents (Directives 86/188/EEC, 91/322/EEC, 98/24/EC, 2000/93/EC and 2000/54/EC) On the understanding that all the undertakings that would not fully comply with the <i>acquis</i> by that date will abandon manufacturing operations, and under the following conditions:</p> <ul style="list-style-type: none"> • Slovenia will adhere to its transposition and implementation timetable; • all Directives in respect of which the transitional periods are requested were transposed by 31 December 2001; • between now and the end of the transitional period, Slovenia will continue to provide regularly updated information on the timetable and the measures taken to ensure compliance with each Directive.
14 – Energy	<p>A transitional period in the area of oil and security of supply until 31 December 2005 concerning the 90-day stocks of oil (Council Directive 68/414/EEC and 98/93/EC). Slovenia will gradually increase its stocks of oil from 66-day stocks as of the day of accession, to 75-day stocks as of 31 December 2004 and to 90-day stocks as of 31 December 2005.</p>
22 – Environment	<p>A five-year transitional period in area of <i>Waste management - Packaging and packaging waste</i> until 31 December 2007 and the overall recovery rate until 31 December 2007 in accordance with the progression of recovery and recycling targets.</p> <p>A transitional measure in the area <i>Urban waste waters</i> with the following intermediate targets:</p> <ul style="list-style-type: none"> • as from 31 December 2008, collecting systems and treatment has to be provided in sensitive areas in line with Articles 3 and 5 of Directive 91/271/EEC; • as from 31 December 2010, collecting systems and treatment in line with Articles 3 and 5 of Directive 91/271/EEC has to be provided in agglomerations with a population equivalent of more than 15 000; • as from 31 December 2015, collecting systems and treatment in line with Articles 3 and 5 of Directive 91/271/EEC has to be provided in agglomerations with a population equivalent between 2 000 and 15 000. <p>A transitional period in the area of <i>Integral pollution prevention and control - IPPC</i> in the part relating to <i>existing installations</i> until 30 October 2011 to the installations listed by Slovenia under the following conditions:</p> <ul style="list-style-type: none"> • fully co-ordinated permits will be issued for these installations before 30 October 2007, containing individually binding timetables for the achievement of full compliance; • the general principles governing the basic obligations of the operators as set out in Article 3 of Directive 96/61/EC will be complied with by October 2007, due account will be given to the environmentally sound treatment and disposal of waste in these installations. (a four-year transitional period as of the date which applies for the existing installations in the EU Member States - 30 September 2007).