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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

2025 Rule of Law Report

The rule of law situation in the European Union

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1. INTRODUCTION

Europe's democracy, security and economy rely on the rule of law. It is the cornerstone for translating EU values into tangible benefits for Europeans, fostering stability, equality, social cohesion, and competitiveness. The rule of law is the foundation on which the EU stands firm in a world where the international rules-based order, the respect for fundamental rights, and democratic systems are increasingly under pressure. It is essential for the EU to reaffirm its commitment to the rule of law and to take concrete steps to promote and defend it, on our continent and across the globe. It is also necessary to place the EU on the sound footing it needs with a view to future enlargement, in which trust in public institutions is ensured, businesses can thrive, and citizens can exercise their rights.

Citizens and businesses expect the EU to play an important role in upholding the rule of law, and in ensuring that they can enjoy fair and sound governance wherever they live. Within the EU, the rule of law is necessary for delivering policies that promote competitiveness through the Single Market and empower citizens to actively participate in both society and the economy. The rule of law is an essential consideration for companies operating across borders. Businesses, and in particular small and medium-sized enterprises, need a stable and predictable economic environment. However, they are often held back by a lack of legal certainty and concerns about equal treatment for their investment. As of this year's Report, and as set out in President von der Leyen's Political Guidelines¹, the Commission is giving a particular emphasis to the Single Market dimension, monitoring developments across Member States.

This sixth annual Rule of Law Report, and the first for this Commission's mandate, consolidates a successful process of partnership between the EU and Member States to further the rule of law, centred on a continued emphasis on a preventive and dialogue-based approach. It is a core part of an evolving rule of law toolbox. The analysis helps to shape national debates and galvanise action. The specific recommendations to Member States allow for an effective focus in the Commission's dialogue with them. They also help national authorities to prioritise the measures they take, with 57% of the recommendations issued in 2024 fully or partially implemented².

The Rule of Law Report also looks ahead to an evolving EU. This is a major theme in President von der Leyen's Political Guidelines. The new generation of EU spending instruments, to be presented as part of the next multiannual financial framework, will ensure that compliance with the principles of the rule of law remains a must for EU funds, so as to ensure the sound financial management of the Union budget and protection of its financial interests. EU financial support for investments and reforms to promote the rule of law can offer real added value. This can feed into a broader effort to track the effective implementation of recommendations, by intensifying contacts with Member States and stakeholders.

In the face of ongoing geopolitical instability, promoting and defending the rule of law both within and beyond the Union has become more urgent than ever. Upholding the rule of law is at the core of the EU's actions on human rights and democracy in its neighbourhood and around the world. This year, the same four enlargement countries as in 2024 are included in the Rule of Law Report alongside the Member States. Another aspect of reflecting an evolving EU is to further extend the inclusion of more enlargement countries in the Rule of Law Report as and

¹ Political Guidelines for the next European Commission 2024-2029.

² There was significant progress or full implementation on 18% of recommendations, and some progress on 39% of the recommendations. Limited progress was found on 14% of recommendations. No progress was noted on the remainder.

when they are ready³. This will support their reform efforts aiming to firmly and irreversibly anchor democracy and the rule of law in enlargement countries ahead of and after their accession.

2. KEY DEVELOPMENTS IN THE 2025 REPORT

2.1 Rule of law as a foundation for the EU Single Market

The rule of law is an essential precondition for a stable and predictable economic environment, giving the EU and its Member States a global competitive edge. The EU's determination to foster a stronger and more competitive Europe relies heavily on ensuring that the rule of law is effectively protected. As also acknowledged under the European Semester, the rule of law plays an important role in the functioning of the EU economy, ensuring that rights are defended, corruption is punished, and contracts are enforced⁴.

The rule of law and good governance are essential to create a stable overall economic environment, and the necessary conditions for economic operators to take full advantage of the opportunities offered by the Single Market. A fair and clear legal framework that is effectively applied and enforced provides certainty to businesses, confidence to investors, and reassurance to consumers⁵. The rule of law ensures the proper functioning and resilience of the Single Market and the effective, uniform and transparent application of EU law. It fosters mutual trust among Member States and enables businesses to operate on an equal footing across borders. This is why adding a Single Market dimension in the Rule of Law Report has been widely welcomed by the European Parliament, Member States, civil society and business stakeholders.⁶ The new dimension will help address rule of law issues affecting companies, especially SMEs, particularly when operating across borders.

There are various aspects under all four pillars of the Rule of Law Report that have a direct impact on the proper functioning of the Single Market:

- The efficiency, quality and independence of justice systems are crucial for a stable and predictable business and investment environment, which also benefits consumers.
- Anti-corruption measures, both preventive and repressive, help to foster a level-playing field for businesses, reduce the risk of infiltration of the economy by organised crime, and ensure that key decisions are taken fairly, for example awarding of public procurement contracts to the best offer on an objective basis, protecting the public budget.
- A **media environment** governed by clear and transparent rules not only protects the integrity of the democratic space but also supports the functioning of the EU Single Market by ensuring a level playing field for media service providers.
- Effective **checks and balances** are critical to ensure equal treatment under the law and for the impartial application of the rules by state regulators and other authorities.

³ Albania, Montenegro, North Macedonia and Serbia were included in 2024. The selection reflects the progress made in their respective accession process or advancement as regards their level of preparedness on rule of law.

⁴ Communication "2025 European Semester - Spring Package", COM (2025) 200 final

⁵ Communication "The Single Market: our European home market in an uncertain world. A Strategy for making the Single Market simple, seamless and strong", COM (2025) 500 final. Moreover, the SOLVIT network helps citizens and businesses that move cross EU borders to informally solve problems caused by misapplications of EU law by public authorities.

⁶ For example, in the Informal General Affairs Council of 3 September 2024.

To further develop this dimension, the Commission has adapted its methodology to involve Member States and business associations more closely on these issues, with a dedicated outreach, consultation process and a questionnaire to provide written feedback⁷.

This process, carried out in complementarity with other work strands such as the European Semester⁸ and the Single Market Scoreboard, identified a number of new areas of reporting to be included in the Rule of Law Report, as they are relevant for the rule of law and the Single Market. These include the handling of commercial cases by the judiciary, the stability of the regulatory environment, the effective functioning and independence of regulatory authorities, and the judicial review of administrative decisions⁹. The report also factors in data on perceptions by businesses, regarding the effectiveness of investment protection by law and the courts and the independence of public procurement review bodies and of national competition authorities¹⁰.

As the **EU prepares for future accessions**, a larger Single Market grounded in shared legal standards and mutual trust will not only be more integrated, but also more competitive and resilient, creating the rules-based environment that is essential to unlock its full potential and to boost Europe's long-term competitiveness. As enlargement partners advance towards membership, companies both from the enlargement region and from Member States have an interest in the effective delivery of a level playing field and reinforcing the rule of law to allow them to fully and fairly participate in the Single Market. Hence, even though the enlargement partners are not within the Single Market, these aspects are still covered in their respective country chapters.

The key findings on the Single Market dimension across the four pillars of the Report are presented in Section 4.5.

2.2 Supporting the rule of law through the EU budget

As set out in President von der Leyen's Political Guidelines, respect for the rule of law is a must for EU funds. It is essential that EU spending has strong safeguards on the rule of law so as to guarantee the protection of the EU's financial interests¹¹.

Recent years have seen new tools develop to make this connection more secure and to strengthen the link between the rule of law and support from the EU budget. The Recovery and Resilience Facility has demonstrated how the EU budget can promote reforms that strengthen the rule of law in the Member States, such as reforming and strengthening the judicial systems and increasing their efficiency through digitalisation, strengthening the institutions fighting corruption, or improving the quality of the legislative process. The horizontal enabling condition under the Common Provisions Regulation is another important tool to ensure Member States respect the EU Charter of Fundamental Rights when implementing EU funds.

A top-up questionnaire to the regular questionnaire was prepared. In addition to the "baseline questions", reflecting the most relevant aspects of the Single Market dimension, some additional options were also included for Member States and stakeholders to share, if relevant.

⁸ Where relevant, and where not covered by the RRPs and in complementarity with the Rule of Law Report, the 2025 Country Specific Recommendations in the European Semester call on Member States to increase the effectiveness of judicial systems and strengthen anti-corruption.

⁹ These topics were raised by Member States and/or business associations in the consultation process.

¹⁰ Based on the 2025 Justice Scoreboard (<u>https://commission.europa.eu/document/51b21eff-a4b0-4e73-b461-06bd23b43d4e_en</u>).

¹¹ Communication "The road to the next multiannual financial framework", COM (2025) 46 final

Finally, the general regime of conditionality protects EU funds in case of breaches of the principles of the rule of law in the Member States¹².

In the next long-term budget, respect for the rule of law will have to be ensured throughout the implementation of EU funds. In addition to the Conditionality Regulation, which will continue to apply to the entire EU budget and building on lessons from experience with various instruments, it will be important to embed strong safeguards into the design of future EU instruments to ensure effective compliance and build a closer link between the recommendations in the Rule of Law Report and financial support under the EU budget¹³. In particular, the future national and regional partnership plans will be expected to effectively contribute to supporting reforms, including by addressing country-specific challenges identified in the Rule of Law Report.

The need to stimulate rule of law reforms in connection with the budget also has implications for the follow-up to the recommendations in the reports. The EU budget can be used to help Member States take forward and invest in their own national or regional reforms. Digitalisation of judicial systems, anti-corruption structures, technical assistance in identifying and implementing safeguards or effective regulation are examples of areas that can benefit from EU funding, drawing on investment to help the reform process. Cross-border initiatives can also help to ensure high standards across Member States.

As part of its efforts to ensure the most efficient protection of its financial interests, the EU has also started preparatory work to review its anti-fraud architecture. This comprehensive review, involving all the relevant actors within the EU anti-fraud architecture, will focus on deterrence ,and create more synergies and efficiencies among relevant actors, avoiding duplication at every stage of the anti-fraud cycle. These stages include prevention, detection, investigation, correction of fraud, and the recovery of the amounts concerned, including those for the EU budget.

3. UPHOLDING THE RULE OF LAW – DEVELOPMENTS AT EU LEVEL

Since 2019, the EU has progressively deepened the rule of law architecture to address risks related to the rule of law both in individual Member States, and for the EU as a whole. The goal has been to promote a culture of rule of law, prevent emerging issues, and respond effectively to persistent challenges. This has required a diverse range of rule of law tools at the EU level to tailor actions for maximum impact.

3.1 Dialogue and follow-up to the Rule of Law Report

The **Rule of Law Report** provides an overview of where each EU Member State stands on the rule of law and through the annual cycle, the Report acts as a focus for action throughout the year. It helps Member States identify issues or reflect on their reforms and find solutions by collaborating with the European Commission, other Member States, and international bodies and actors, such as the Council of Europe's Venice Commission. Over the years, the report has strengthened mutual trust and fostered a shared understanding of how to create an environment where the rule of law can thrive.

Since 2022, the Report includes recommendations to Member States, supporting their reform efforts. These have allowed an effective focus on key reforms at national level, with Member

¹² Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget, p. 1–10 (hereafter 'Conditionality Regulation').

¹³ Communication "The road to the next multiannual financial framework", COM (2025) 46 final.

States following up – to varying extents – on more than two-thirds of recommendations made in 2022, 2023 and 2024. This sustained trend reflects a positive reform dynamic in the EU. There are some recommendations that take longer to be addressed due to ongoing political or stakeholder consultations, or electoral cycles which can sometimes interrupt the progress of legislation. However, there are also instances where there may be unwillingness to follow-up on the recommendations, or where there is backtracking.

The report and its recommendations are the keystone for continued dialogue with and among Member States. This dialogue allows for sustained and focused problem-solving both after the reports are published and in preparation of its next edition. For instance, regular meetings of the **Network of Rule of Law contact points** serve as a forum for sharing experience on issues of common interest highlighted by the Rule of Law Reports¹⁴.

Under its new mandate, the Commission has committed to improve monitoring and reporting, and to strengthen checks and balances, notably by tracking the implementation of recommendations. The Commission has therefore intensified its engagement throughout the year with Member States, at both political and technical level, to support the implementation of the recommendations.

The **Rule of Law dialogue** in the General Affairs Council¹⁵, which uses the Rule of Law Report as its basis for discussion, is a well-established forum for political exchanges among Member States. It is an opportunity for a constructive dialogue, discussing shortcomings and how best to address them, as well as exchanging on best practices. In 2024, the dialogue in the General Affairs Council was extended to the enlargement countries that were included in the 2024 Rule of Law Report¹⁶. The Justice Council also continued to discuss topical rule of law questions during each six-month Council Presidency¹⁷.

The **European Parliament** continued its practice of annual debates on the Rule of Law Report, country-specific debates and public hearings on democracy, the rule of law and fundamental rights¹⁸. The mandate of the Democracy, Rule of Law and Fundamental Rights Monitoring Group (DRFMG), which was renewed in 2024, brings an additional focus to the European Parliament's monitoring¹⁹.

The consultative committees have also continued to debate the rule of law at EU level. The **European Economic and Social Committee** held its fifth Annual Conference on Fundamental

¹⁴ Over the last year, exchanges on good practices included topics such as initiatives for the promotion of a rule of law culture, the single market dimension of the rule of law and measures to strengthen the resilience of national justice systems (<u>https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamentalrights/upholding-rule-law/rule-law/annual-rule-law-cycle/network-national-contact-points-rule-law en).</u>

¹⁵ In this context, the General Affairs Council held a horizontal discussion on general rule of law developments in September 2024, and country-specific discussions in November 2024 and January and May 2025.

¹⁶ Ministers from Albania, Montenegro, North Macedonia, and Serbia attended an exchange of views on the overall trend of the rule of law situation in their countries, held at the General Affairs Council on 24 September 2024.

¹⁷ In March 2025, the Justice Council discussed judicial independence and how the EU toolbox could promote it most effectively. In October 2024, the Justice Council discussed how to foster access to justice in the context of rule of law and competitiveness.

¹⁸ European Parliament resolution of 18 June 2025 report on the Commission's 2024 Rule of Law report (2024/2078(INI)), as well as dedicated plenary debates on the 2024 Rule of Law report (9 October 2024), Malta (23 October 2024), Slovakia (12 February 2025), Hungary (2 April, 21 May and 18 June 2025) and Spain (18 June 2025).

¹⁹ For further information see the website of the Democracy, Rule of Law and Fundamental Rights Monitoring Group: (<u>https://www.europarl.europa.eu/committees/en/libe/working-groups/drfmg</u>).

Rights and the Rule of Law and adopted two new opinions on the rule of law²⁰. The **Committee** of the **Regions** started a reflection on the local and regional perspective in the implementation of the rule of law²¹.

The Commission organises **national rule of law dialogues**²², in close collaboration with the Fundamental Rights Agency, as an important part of a follow-up process. They bring together different national stakeholders, with the objective to include them more closely in the follow-up to the Rule of Law Report and to set up collaborative approaches for implementing the recommendations.

The Report also serves as a stimulus for deeper **civil society and stakeholder engagement**. Civil society organisations and other stakeholders – in particular professional associations representing judges, prosecutors and journalists – play an important role in fostering the rule of law on the ground. These actors contribute valuable input to the report. The inclusion of the Single Market dimension has also brought a renewed focus on business stakeholders. The Council Presidency has recognised the key role played by civil society by organising a conference on the role of civil society in the protection of the rule of law in April 2025 as part of its presidency programme.

3.2 EU action to promote the rule of law

The EU has developed a variety of instruments and processes to promote the rule of law and its consistent application across Member States. At the same time, the report has served as a catalyst for new EU policies and legal instruments in areas such as media pluralism and the fight against corruption, that strengthen the rule of law across the EU.

Promoting a strong rule of law culture

Raising awareness of the rule of law culture and promoting it among European citizens, authorities, and stakeholders is a key objective. Several Member States have put in place important initiatives to foster such a culture²³. The Commission launched a communication campaign, available in all official EU languages, which uses a series of animated videos to explain, in simple and accessible terms, why the rule of law is essential in everyday life²⁴. Fostering rule of law culture was also the topic of a fruitful exchange of good practices among Member States at one of the meetings of the national contact points on the rule of law²⁵.

Rule of law and the reform process

The rule of law and good governance are fundamental for the proper functioning of the Single Market, a healthy business environment, the sustainability of public finances, and the success of structural reforms. These principles are integral to the **European Semester** and its country-specific recommendations.

²⁰ Evaluation of the European Commission's annual reports on the rule of law in the European Union' adopted on 22 January 2025, 'The economic dimension of the Rule of Law' adopted on 30 April 2025.

²¹ 'The local and regional perspective in the implementation of the Rule of Law in the European Union', opinion adopted on 1 April 2025.

²² For further information, see the website on the national rule of law dialogues (<u>https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/upholding-rule-law/rule-law/annual-rule-law-cycle/national-rule-law-dialogues_en).</u>

²³ For example, in Spain, the Democracy Action Plan includes a proposal to hold an annual parliamentary debate to assess the Government's compliance with the rule of law and fundamental rights. In Ireland, initiatives have been developed to ensure the promotion of a rule of law culture at higher education level.

²⁴ This campaign has been made available on the EU learning corner and was distributed to over 140.000 schools (<u>https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/upholding-rule-law/rule-law/what-rule-law en#want-to-learn-more-watch-our-series-of-six-animations).</u>

²⁵ Meeting of the national contact points on the rule of law, 22 October 2024.

When addressing these recommendations, many Member States have continued to implement reforms with specific measures related to the rule of law, in line with commitments in their national **recovery and resilience plans (RRPs)**. This has led to progress in strengthening justice systems, such as through revising the disciplinary system for judges or improving judicial efficiency by restructuring courts. Anti-corruption efforts have also been intensified including strengthening institutions focused on combating corruption. Steps to improve the legislative process also have an important impact on the rule of law, such as mandating public consultations and impact assessments. In certain instances, these RRP commitments were deemed essential for safeguarding the EU's financial interests and meeting them is a prerequisite for receiving any disbursement following a payment request.

Other **EU funding** sources support the strengthening of judicial, media, and civil society capacities in upholding the rule of law and provide technical assistance for targeted reforms. Under the current MFF, the Technical Support Instrument, as well as programmes such as the Citizens, Equality, Rights and Values (CERV) programme, the Justice programme, the European Social Fund Plus, and Creative Europe all offer important support to enhance public administration and justice systems, as well as to tackle challenges related to media pluralism and the fight against corruption.

Supporting the rule of law with new legal instruments and implementation across the EU

The Commission has also been working closely with Member States to ensure the development and implementation of policies and legal instruments that strengthen the rule of law in the EU. For example, the European Media Freedom Act (EMFA)²⁶ has triggered readiness checks of Member States' legislation ahead of the application of most of its provisions in August 2025²⁷. The newly set up European Board for Media Services, an independent advisory body consisting of representatives of national media regulators, will play a central role in monitoring, coordinating and supporting media policies across EU Member States. The Board will support EU Member States in several ways, such as providing expert guidance, best practice sharing, capacity building or crisis response. The Board will also draw up opinions on regulatory measures affecting the operation of media service providers in the internal market, such as licensing decisions, and on assessments of media market concentrations with an internal market dimension. It will also assist the Commission in drawing up guidelines.

The Commission has also worked with Member States to support the transposition and implementation of the new anti-SLAPP Directive, which includes legislative safeguards to counter abusive lawsuits against journalists and human rights defenders in cross-border situations and of the broader anti-SLAPP recommendation²⁸. In addition to EU-level rules, it was recommended for Member States to act at national level to protect journalists and human rights defenders. against abusive lawsuits²⁹. Many Member States have taken concrete steps to

²⁶ Regulation (EU) 2024/1083 of 11 April 2024.

²⁷ Most of the Act's provisions will be directly applicable in the EU in August 2025. However, some specific provisions have a different date of application: some are already applicable, and the provision on the customisation right will enter into force in May 2027.

²⁸ Directive 2024/1069 on protecting persons who engage in public participation from manifestly unfounded claims or abusive court proceedings ('Strategic lawsuits against public participation'); and the linked Commission Recommendation 2022/758 of 27 April 2022. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 7 May 2026.

²⁹ See SWD (2024)292 on the follow-up to the Commission Recommendation 2022/758 of 27 April 2022.

do so, for instance by providing dedicated training, launching awareness campaigns, and starting to develop support mechanisms³⁰.

To strengthen the fight against corruption, the Commission is supporting the co-legislators in moving closer to finding an agreement on its proposal to modernise the current EU legal framework on combating corruption³¹. The EU network against corruption provides a broad forum for regular collaboration and exchange of good practices to support Member States' efforts to foster integrity and fight corruption³². The network's discussions on issues like asset declarations and addressing high-level corruption cases align with topics featured in the Rule of Law Report.

Rule of law at the core of the enlargement process and external action

Protecting our democratic institutions and values is a collective responsibility, shared by both the Member States and EU institutions. The EU's commitment to defending the rule of law has only become stronger in response to Russia's continuing war of aggression against Ukraine, a direct assault not only on Ukraine and its people, but also on the fundamental values of the EU and the rules-based international order. At the same time, the respect of the rule of law and good governance are essential to counter foreign interference and manipulation that seek to undermine democracies in the EU and its immediate neighbourhood.

Consolidating democratic structures, upholding the rule of law, and protecting fundamental rights are at the core of the enlargement process, as part of the fundamentals for EU accession. The Commission's annual Enlargement package assesses each country's progress based on merit. The revised enlargement methodology agreed in 2020 further reinforced the need for tangible, sustained improvements in the rule of law before any negotiation chapter can be closed. Enlargement partners can also count on support from the Council of Europe³³ to help them implement rule of law standards, ensure alignment to the EU *acquis*, and provide strategic guidance for reforms through monitoring.

Following the successful integration of Albania, Montenegro, North Macedonia and Serbia into the Rule of Law Report as of 2024, the Political Guidelines confirm that as enlargement partners make progress on the rule of law and in the formal accession process, they will be progressively added to this exercise to comply with the commitment to maintain high rule of law standards throughout their accession path and as future Member States.

The rule of law is also key to the Western Balkans Reform and Growth Facility, the Reform and Growth Facility for Moldova, and the Ukraine Facility. To fully benefit from these support mechanisms, countries must implement a reform agenda with concrete steps on the fundamentals.

The EU is reinforcing its commitment to international legal standards through its accession process to the European Convention on Human Rights and its ongoing review under the UN Convention against Corruption.

³⁰ Such mechanisms include Focal Points, which is an entry point towards which a SLAPP target can turn to find support.

³¹ Proposal for a Directive on combating corruption, COM(2023)234 final, 3 May 2023

³² Two meetings took place in the reporting period, in October 2024 and June 2025. The Network brings together representatives of EU Member States, practitioners, civil society, international organisations, and EU institutions and agencies.

³³ <u>Venice Commission, European Court of Human Rights, CEPEJ, and GRECO.</u>

3.3 EU action to respond to breaches of rule of law

The EU has strengthened its capacity to effectively respond to breaches of the rule of law, relying on a range of tools, including infringement procedures, the case law of the Court of Justice of the EU, the Article 7 procedure, and the Conditionality Regulation.

Responding to rule of law challenges

The Commission has continued to exercise its role as guardian of the EU treaties by proceeding with infringement procedures to address specific breaches of the rule of law. The Court of Justice of the European Union (CJEU) has also continued to deliver important judgments on the rule of law clarifying further the requirements under EU law. This included rulings on judicial salaries³⁴, withdrawing cases from judges³⁵, case allocation³⁶, or the admissibility of requests for preliminary rulings³⁷.

The Political Guidelines stated clearly that enforcement through infringements and the reinforced application of the Article 7 TEU mechanism must continue to be used effectively, including in a future enlarged EU³⁸. The Article 7(1) TEU procedure, which allows the Council to determine the existence of a clear risk of a serious breach of the EU's values and to follow up on such risks, continues in relation to Hungary³⁹. The Council held a state of play point for Hungary in November 2024 and a formal hearing in May 2025.

Protecting the EU budget from breaches of the principles of rule of law

Breaches of the principles of the rule of law can also seriously harm the financial interests of the Union. Sound financial management can only be ensured if public authorities act in accordance with the law, if breaches of the law are effectively pursued by investigative and prosecution services, and if arbitrary or unlawful decisions of public authorities can be subject to effective judicial review.

The general regime of conditionality for the protection of the Union budget is triggered where there is a sufficiently direct link between breaches of the principles of the rule of law and the Union budget, and if other procedures set out in Union legislation would not allow the Union budget to be protected more effectively. Protective measures adopted by the Council in December 2022 in the procedure initiated by the Commission against Hungary under the Conditionality Regulation are still in place⁴⁰.

³⁴ Judgment of 25 February 2025, Joined Cases C- 146/23 and C- 374/23, clarifying that under Article 19(1) TEU, rules for determining the remuneration of judges must be objective, foreseeable, stable, transparent and enshrined in law.

³⁵ Judgment of 6 March 2025, Joined Cases C-647/21 and C-648/21, held that legislation enabling decisions to withdraw cases from a judge is contrary to Article 19(1) TEU if they are not based on objective and precise criteria set out in law or with safeguards against arbitrary decisions.

³⁶ Judgment of 14 November 2024, Case C-197/23, held that EU law precludes national legislation which prevents a court of appeal from reviewing the reassignment of a case to another judge at first instance.

³⁷ Judgment of 7 November 2024, Case C-326/23. See 2024 Rule of Law Report, Poland p. 4.

³⁸ Political Guidelines for the next European Commission 2024-2029.

³⁹ The procedure was initiated by the European Parliament in 2018. The procedure initiated in 2017 by the Commission with regards to Poland was closed in 2024 based on the Commission assessment that there is no longer a clear risk of a serious breach of the rule of law by Poland.

⁴⁰ On 17 December 2024, the Commission concluded that the measures adopted by the Council in 2022 should remain in place, as amendments on "public interest trusts" did not adequately address the concerns that the Council had (see C(2024) 9140 final). On 13 December 2023, the Commission had already concluded that the measures adopted by the Council should remain in place, as Hungary had not adopted any new measures to remedy the outstanding concerns, C(2023) 8999 final.

The identification of breaches of the principles of the rule of law and of a sufficiently direct link with the EU budget requires a thorough assessment by the Commission. The Rule of Law Report is a key source of information for the application of the Conditionality Regulation and several areas covered by the Report may be of direct relevance⁴¹. This notably includes the justice system as well as the proper functioning of investigation and public prosecution services and effective judicial review by independent courts. It may also concern anti-corruption as regards the functioning of authorities in implementing the Union budget or carrying out financial control, monitoring and audit; the prevention and sanctioning of fraud and corruption; and effective and timely cooperation with the European Anti-Fraud Office (OLAF) and the EPPO.

4. KEY ASPECTS OF THE RULE OF LAW SITUATION AT NATIONAL LEVEL

Methodology of the Rule of Law Report and its recommendations

The assessment in the country chapters for each Member State and enlargement country covered has been prepared in line with an established methodology used for previous editions of the report⁴². For the enlargement partners, the Commission's annual Enlargement package covers the state of preparedness and progress in aligning with the EU *acquis* and European standards, including on all aspects of rule of law. The Rule of Law Report country chapters of the selected enlargement partners may refer to the guidance issued to them in the enlargement process and underline the complementarity between that process and the Rule of Law Report.

The country chapters rely on a qualitative assessment carried out autonomously by the Commission, focusing on a synthesis of significant developments since July 2024. In each country chapter, the analysis focuses on topics where there have been significant developments, or where significant challenges identified in previous reports persist. The analysis contains a qualitative assessment of the progress made by Member States towards implementing the 2024 recommendations⁴³. The objective of the 2025 recommendations continues to be to support Member States in their efforts to take forward reforms⁴⁴. There are no recommendations for enlargement countries in this report, as such recommendations are issued in the context of the annual Enlargement package.

The report is the result of close collaboration with national authorities and relies on a variety of national, international and other sources⁴⁵, as well as the Commission's own data

⁴¹ See Articles 3 and 4(2) of the Conditionality Regulation.

⁴² The methodology is available here: <u>https://commission.europa.eu/document/72742fd9-3ce0-4d23-9086-58f885f84cdd_en</u>.

⁴³ Depending on the progress made on the various subparts of each recommendation, and whether the recommendations were carried through from the 2023 report, the Commission concluded in each case using the following categories: no (further) progress, limited progress, some (further) progress, significant progress, and full implementation.

⁴⁴ The principles on the basis of which the recommendations were prepared are the same as previous years (see COM(2022) 500, p.3-4). The recommendations are without prejudice to any action proceedings the Commission may initiate under other legal instruments.

⁴⁵ The sources used include written input received from Member States, contributions received during the targeted stakeholder consultation, information produced by international organisations such as the Council of Europe, the OECD and the UN, and the input provided during country visits. These sources inform the Commission's assessment, but the Commission's conclusions remain its own responsibility.

gathering⁴⁶. Member States and enlargement countries were invited to contribute, provide written input and participate in dedicated country visits⁴⁷. A targeted stakeholder consultation also provided valuable cross-cutting and country-specific contributions⁴⁸. The Council of Europe also provided an overview of its recent opinions and reports⁴⁹. Prior to the adoption of this report, national authorities have been given the opportunity to provide factual updates to their country chapter. The adopted report serves as a basis for subsequent Commission discussions with national governments and Parliaments.

4.1 Justice systems

Efficient, well-functioning, and fully independent justice systems are essential for applying and enforcing both EU and national laws. Judicial independence is crucial to ensure that judicial proceedings are fair and to provide effective judicial protection for individual rights to be safeguarded⁵⁰. Access to independent courts and the ability to seek judicial review are fundamental to the rule of law.

When designing their justice systems, Member States must fully respect the requirements established by EU law and the CJEU case law. There are also European standards developed by the Council of Europe and the Venice Commission to be taken into account. European judicial networks and associations make an important contribution to promoting and upholding the rule of law and contribute to the development of European standards⁵¹. Lawyers and bar associations also play a significant role in this respect.

Perceptions of judicial independence across the EU

Eurobarometer surveys conducted in 2025 show that the perception of judicial independence among the general public had increased in 13 Member States, remained stable in three, and decreased in 11. Similarly, businesses' perception had increased in 15 Member States, remained stable in two, and decreased in 10⁵². Well-functioning and fully independent justice systems benefit citizens and businesses alike, and their positive impact on investment feeds into growth and competitiveness. In <u>Finland</u>, <u>Denmark</u>, <u>Ireland</u>, <u>the Netherlands</u>, <u>Luxembourg</u> and <u>Sweden</u>, the level of perceived independence continues to be particularly high among the general public or companies (above 75%), while it remains very low in <u>Croatia</u>, <u>Bulgaria</u> and <u>Poland</u> (below 30%). As regards enlargement countries, Eurobarometer results show at best an average level of perceived independence.

⁴⁶ In particular, the EU Justice Scoreboard provides comparative and reliable data on the efficiency, quality and independence of justice systems in the EU Member States. Its aim is to assist the EU and Member States improve the effectiveness of their national justice systems.

⁴⁷ Member States' input can be found here: <u>https://commission.europa.eu/publications/2025-rule-law-report-input-member-states-and-enlargement-countries_en</u>. Information on the country visits can be found in the country chapters. During these country visits, held online, the Commission spoke to Member States' national authorities, including judicial and independent authorities, law enforcement, and other stakeholders, such as journalists' associations and civil society.

⁴⁸ Stakeholder input can be found here: <u>https://commission.europa.eu/document/522cf36e-c82d-413a-8d43-fda1f37e3ae2_en</u>.

⁴⁹ The Council of Europe input can be found here: <u>https://commission.europa.eu/document/e2050d5c-8874-4138-ac67-b018ff9f278e_en</u>.

⁵⁰ Article 19 of the Treaty on European Union, and Article 47 of the Charter of Fundamental Rights.

⁵¹ Such as the European Network of Councils for the Judiciary, the Network of the Presidents of the Supreme Judicial Courts of the EU, the Association of the Councils of State and Supreme Administrative Jurisdictions of the EU, the Council of Bars and Law Societies of Europe, and Council of Europe European Commission for the efficiency of justice (CEPEJ).

⁵² 2025 EU Justice Scoreboard, Figures 50 and 52.

Councils for the Judiciary and procedures for the appointment and dismissal of judges as key safeguards for judicial independence

The procedures for appointing and dismissing judges, along with the powers and structure of the Councils for the Judiciary are central to preserving judicial independence. Where Councils for the Judiciary exist, they serve as a buffer between the judiciary and other branches of power in areas such as appointments and career development, and justice system management⁵³. The Council of Europe has developed European standards on how these Councils should be designed to effectively protect their independence, including as regards composition⁵⁴. For Councils for the Judiciary to operate efficiently, they require sufficient resources and administrative independence.

Several Member States advanced legislative efforts to strengthen the independence and effectiveness of Councils for the Judiciary. In <u>Ireland</u>, the newly established Judicial Appointments Commission has started its work. In <u>Luxembourg</u>, the National Council for Justice, established in 2023, is now fully operational and functions effectively.

In other Member States, initiatives are ongoing. In <u>Spain</u>, a structured dialogue held in 2024 with the European Commission has led to the renewal of the Council for the Judiciary, and steps have been taken towards adapting the appointment procedure of its judges-members. In <u>Italy</u>, with the reform of the justice system now in place, the High Council for the Judiciary is taking forward its tasks, while the reform on the separation of careers of judges and prosecutors, entailing the establishment of two separate High Councils, has been approved by the Chamber of Deputies and is now being discussed in the Senate. In <u>Sweden</u>, the Government presented proposals to further strengthen judicial independence, in particular on judges' appointments and disciplinary procedures. In <u>Poland</u>, the law addressing the lack of independence of the National Council for the Judiciary was adopted by Parliament but has not yet entered into force due to its referral to the Constitutional Court and the Government is working on a revised proposal. In <u>Estonia</u>, the reform of the Council for the Administration of Courts has been launched and aims at transferring powers from the Ministry of Justice, making the Council a permanent body, and amending its composition.

At the same time, the High Council for the Judiciary in <u>Portugal</u> has called for a reflection on possible mechanisms to ensure its stability and safeguard its independence. In <u>Bulgaria</u>, amendments to the composition of the Supreme Judicial Council to address long-standing concerns, were annulled by the Constitutional Court as they were not adopted by the competent body, meaning that the issue of the composition and functioning of the Supreme Judicial Council is unresolved. <u>Slovakia</u> envisages an increase in the role being given to the Judicial Council in areas such as disciplinary proceedings. While reflections are ongoing on introducing safeguards to ensure sufficient guarantees of independence as regards the dismissal of the members of Judicial Council, no formal steps have been taken.

As regards the enlargement countries, in <u>Montenegro</u>, the implementation of the previously amended legal framework has brought some initial positive results, while the composition of the Judicial and Prosecutorial Councils remains to be further improved. Issues remain in <u>Albania</u> around the management of appointments and career decisions for magistrates, as well

⁵³ The CJEU has recognised that where a Council for the Judiciary participates in an appointment process involving political bodies, it can contribute to making that process more objective. See for example judgment of 2 March 2021, *AB and Others (Appointment of judges to the Supreme Court – Actions)*.

⁵⁴ See in particular Recommendation CM/Rec(2010)12 of the Council of Europe.

as the non-magistrate members of the High Judicial Council and the High Prosecutorial Council.

Procedures for appointing and dismissing judges are key for judicial independence and for public perceptions. The CJEU has set out that judicial independence requires that the conditions and rules governing judicial appointments must be sufficient to prevent reasonable doubts about whether judges are impervious to external factors⁵⁵. In several Member States, efforts to improve judicial appointment procedures are ongoing, including as a follow up to the 2024 recommendations. In <u>Malta</u>, discussions are ongoing in Parliament on a comprehensive constitutional reform which would provide for the involvement of the judiciary in the procedure for appointment of the Chief Justice. In <u>Greece</u>, the judiciary is being involved for the first time in appointments to the highest positions in the court system. In <u>Germany</u>, a new reform to strengthen the resilience of the Constitution. In <u>Cyprus</u>, the recently introduced judicial review of the decisions of the Supreme Council of the Judicature reinforces transparency and accountability. In <u>Lithuania</u>, steps were taken to improve the transparency of the appointments' process.

In other Member States, reforms are progressing slowly. In <u>Finland</u>, only limited steps have been taken to advance the reform of the appointment of lay judges. In <u>Sweden</u>, the debate on strengthening safeguards to ensure independence in the nomination of lay judges is still ongoing.

Challenges or shortcomings remain in some Member States on appointments to high-level judicial positions and for court president positions, although their impact and gravity differ. In <u>Hungary</u>, new rules have been introduced on the appointment and career of judges, but the process did not always include the consultation of the National Judicial Council on some of the relevant legislative amendments. In <u>Latvia</u>, the need for safeguards to protect the appointment procedure for judges of the Supreme Court still needs to be addressed. In <u>Austria</u>, there have been no steps taken to introduce systematic judicial involvement in the appointment of administrative court presidents.

As regards the enlargement countries, in <u>Montenegro</u>, the new President of the Supreme Court has been appointed by unanimity. Measures were taken in <u>North Macedonia</u> across the judiciary to enhance transparency, while some concerns remain regarding appointment decisions.

In a few Member States, concerns exist about undue pressure on the judiciary. In <u>Hungary</u>, undue pressure on some judges continues within the judiciary, notably in relation to internal debates on key issues related to judicial independence. In <u>Bulgaria</u>, the *ad hoc* committees that were created to investigate cases of intimidation of magistrates and possible infiltration of the judiciary have concluded their work. As regards the enlargement countries, in <u>Serbia</u>, political pressure on the judiciary and prosecution services remained high, with little or no follow-up by the High Judicial and Prosecutorial Councils, the Government or Parliament. In <u>North Macedonia</u>, interference and pressure from other State branches raise serious concerns about the respect for judicial independence.

Autonomy and independence of the prosecution service

⁵⁵ See judgments including those of 15 July 2021, C-791/19 *Commission v Poland;* of 20 April 2021, C-896/19 *Repubblika and Il-Prim Ministru;* and of 2 March 2021, C-824/18 *AB and Others (Appointment of judges to the Supreme Court).*

Whereas the structure of national prosecution services differs from one Member State to another, institutional safeguards are necessary to ensure the autonomy of the prosecution service, so that it can act without interference⁵⁶. This autonomy is crucial for enforcing both national and European criminal laws.

Reforms to strengthen institutional safeguards for the prosecution service, some of them in response to 2024 recommendations, have advanced. In <u>Slovenia</u>, safeguards for judicial independence and autonomy of prosecutors as regards parliamentary inquiries have entered into force. In <u>Spain</u>, a draft reform of the statute of the Prosecutor General including the decoupling of the term of office of the Prosecutor General from that of the Government is being consulted before approval by the Government and submission to Parliament. In <u>Cyprus</u>, the reform of the Law Office providing for a clearer distinction between the advisory and the prosecutorial functions of the Attorney General is advancing. In <u>Poland</u>, significant steps have been made towards separating the office of the Minister of Justice from that of the Prosecutor General, while a law to that end is yet to be adopted. In <u>Romania</u>, legislative steps are explored to strengthen safeguards pertaining to the independence of high-level prosecutors.

In <u>Austria</u>, the setting up of an independent Federal Prosecution Office has not advanced so far, though it is included in the Government programme and legal drafts are being prepared. In <u>Bulgaria</u>, while the mechanism for the effective accountability and criminal liability of the Prosecutor General and their deputies was declared compatible with the Constitution, procedural issues remain to be addressed to ensure its full effectiveness. In <u>Hungary</u>, a constitutional amendment removes the requirement that the Prosecutor General be selected from among prosecutors. In <u>Slovakia</u>, power of the Prosecutor General to annul final decisions of prosecutors, now combined with a new prosecutorial framework, remains a concern.

As regards the enlargement countries, in <u>North Macedonia</u> legislative drafting processes are ongoing regarding the independence of the judiciary and the autonomy of the public prosecution service. In <u>Serbia</u>, there are concerns with regard to prosecutorial autonomy, and the effectiveness and confidentiality of criminal investigations are hampered by shortcomings in law and practice.

Ensuring accountability and safeguarding independence in disciplinary procedures

The CJEU has clearly stated that disciplinary procedures must not be used as a form of political control over the judiciary⁵⁷. Safeguards include clear rules that define what constitutes a disciplinary offence, and the penalties to apply. Disciplinary proceedings should be conducted by an independent body, respect the right of defence, and be open to challenge in court⁵⁸.

The trend towards increased safeguards in disciplinary proceedings continued in several Member States. In <u>Czechia</u>, a new disciplinary procedure for judges, prosecutors and bailiffs entered into force, introducing a possibility of appeal. In <u>Slovenia</u>, amendments providing for safeguards to the disciplinary framework for judges are in discussion before Parliament. However, there are concerns in some Member States. In <u>Greece</u>, the decision to launch disciplinary proceedings against judges on grounds resulting from the content of their decisions has sparked debate within the magistracy. In <u>Slovakia</u>, while some steps were taken to clarify certain procedural aspects, and the Government indicated openness for further legislative

⁵⁶ See Compilation of Venice Commission Opinions and Reports concerning prosecutors (<u>https://www.venice.coe.int/webforms/documents/?pdf=CDL-PI(2022)023-e</u>).

⁵⁷ The Court has recalled this principle in cases referring to the disciplinary chamber of the Polish Supreme Court (Judgment of 5 June 2023, C-204/21, *Commission v Poland*) and the Romanian Judicial Inspection (Judgments of 11 May 2023, case 817/21 *Inspectia Judiciară*, and of 18 May 2021, C-83/19 etc Asociația 'Forumul Judecătorilor din România' and Others v Inspecția Judiciară and Others).

⁵⁸ Judgment of 25 July 2018, *LM*, C-216/18 PPU, para. 67.

action, there is still a need to make further progress on introducing sufficient safeguards regarding criminal liability for judicial decisions.

The effective protection of judicial independence requires a culture of integrity and impartiality. Several Member States are implementing policies and practices to promote integrity within the judiciary. Examples include <u>Lithuania</u>, where the judiciary is receiving training aimed at fostering an anti-corruption environment. In <u>Croatia</u>, efforts continue to maintain and improve the integrity of judges and state attorneys.

As regards the enlargement countries, <u>Albania</u> continued the implementation of judicial reforms, and the vetting process of all judges and prosecutors was finalised in first instance, further strengthening accountability. In <u>Montenegro</u>, the promotion and enforcement of ethics and professional standards among judges and prosecutors has improved.

Efforts to improve the quality and efficiency of justice

The efficiency of justice systems is a necessary condition for the protection of rights, legal certainty and public confidence. Key measures are caseload management and the speed of decisions. Excessively long proceedings create backlogs and undermine the trust of citizens in national justice systems. Delays also have major implications for business decisions and investment.

In several Member States, reforms are under way to enhance the efficiency of justice. In <u>Czechia</u>, there have been further improvements in case resolution times. <u>Estonia</u>, <u>Belgium</u> and <u>Spain</u> are all undertaking steps to improve efficiency. In <u>Germany</u>, a new procedure has been introduced to deal more efficiently with 'mass' civil cases.

Some Member States, however, still face long-standing challenges as regards the efficiency of their justice systems. In <u>Greece</u>, <u>Italy</u>, <u>Malta</u> and <u>Croatia</u>, despite important steps taken, the length of judicial proceedings remains a serious issue. In <u>Portugal</u>, while the efficiency of Administrative and Tax Courts improved in first instance, businesses have pointed to serious challenges regarding the time to reach decisions, in particular in second instance courts. In <u>Serbia</u>, the overall picture continues to be positive for civil, commercial, and criminal cases, while serious challenges remain in the handling of administrative cases and constitutional complaints.

An efficient justice system relies on adequate resources, including the necessary investments in infrastructure and well qualified, trained and adequately paid staff. Predictability can be key for the credibility of the judicial system, and to attract recruits⁵⁹. Many Member States have continued to invest in their justice systems, often despite major pressures on public spending. <u>Portugal</u> has taken significant steps, to improve the human resources allocated to justice with new recruitments and legislative changes. <u>The Netherlands, Romania, Sweden</u> and <u>Denmark</u> have also taken steps to increase resources for the justice system. In <u>Slovenia</u>, salaries for judges were increased and an automatic indexation mechanism was introduced into law. In <u>Croatia</u>, objective criteria were introduced in law for updating remuneration of judges and state attorneys. In <u>Hungary</u>, salaries in the justice system are being raised in three steps until 2027.

Levels of remuneration tend to impact the attractiveness of the judicial profession. Some steps have been taken as regards the level of remuneration for judges and prosecutors in <u>Germany</u>, while challenges related to recruitment to the judiciary persist. In <u>Cyprus</u>, challenges regarding resources and infrastructure continue to affect the work of first instance judges. The shortage

⁵⁹ CJEU judgment of 25 February 2025 in joined cases C-146/23 and C-374/23 where the Court clarified that under Article 19(1) TEU, detailed rules for determining the remuneration of judges must be objective, foreseeable, stable, transparent and enshrined in law.

of financial and human resources continues to have a negative effect on the quality of justice in <u>Albania</u>. Limited financial resources in <u>North Macedonia</u> continue to affect the judiciary's financial autonomy.

Investing in digitalisation can strengthen the efficiency and accessibility of justice systems, as well as improve their resilience. Digitalisation initiatives advanced in Denmark, Estonia, Ireland, Greece, Spain, France, Luxembourg, Malta and Poland. However, results can be mixed in terms of implementation in practice. In Bulgaria, new digital tools for access to justice have been introduced, while electronic tools for communication are still lacking. In Czechia, videoconferencing is well established and was further supported by recent legislative changes, and the rolling out of the 'e-file' system was further delayed. In Italy, while all other branches of the justice system are fully digitalised, digital solutions in criminal courts are still limited due to technical challenges that the Ministry of Justice is working on solving by the end of 2025. Albania is introducing new digitalisation initiatives and a modern integrated electronic case management system in courts and prosecution offices, and a new prosecutorial case management system is being implemented in Serbia. Efforts to further improve the digital tools also continue in North Macedonia, but challenges remain, such as with outdated infrastructure.

Access to justice and the role of lawyers in the justice system

Lawyers, bar associations and other legal professions such as notaries, play a crucial role in upholding the rule of law. The recent Council of Europe Convention for the Protection of the Profession of Lawyer is an important step towards ensuring that lawyers can carry out the fundamental role they are assigned in a democratic society⁶⁰.

The cost of litigation and access to legal aid are key to ensuring real access to justice. In <u>Ireland</u>, further steps have been taken to reduce the costs of litigation, a general review of the civil legal aid scheme has been completed and a reform of the criminal legal aid system is being prepared. In <u>Spain</u>, the legal aid framework has been reinforced and a review of the legal aid system is being relaunched in <u>Denmark</u>. In <u>the Netherlands</u>, an independent review recommended increasing the legal aid lawyers' fees. New rules on legal aid in <u>Portugal</u> aim to address the low level of remuneration of legal aid providers, although the Bar Association has called for additional changes.

A functional justice system means that lawyers have the freedom to carry out their roles in advising and representing their clients. In <u>Belgium</u>, following the adoption of directives prohibiting the recording of meetings between lawyer and clients, lawyers called for additional procedural safeguards to protect legal professional privilege. In <u>Lithuania</u>, concerns regarding the respect for lawyer-client confidentiality continue to be raised.

4.2 Anti-corruption framework

Corruption erodes trust in public institutions, damages the delivery of public services, and creates a sense of unfairness and mistrust. It is often linked to other crimes, notably money laundering, with illicit gains being concealed through laundering schemes. Fighting corruption effectively relies on a comprehensive approach combining preventive and repressive measures in a robust legal and institutional framework, with effective investigations and prosecutions. Preventive measures and awareness raising campaigns are needed to foster integrity and minimise the space for corruption.

⁶⁰ Council of Europe Convention for the Protection of the Profession of Lawyer, CM(2024)191-add1final.

Corruption perceptions across the EU

The results of the Corruption Perceptions Index⁶¹ consistently show that 8 of the 20 countries ranking best internationally are EU Member States⁶². However, differences remain across Member States⁶³. Enlargement partners score below the average in this ranking⁶⁴. The 2025 Eurobarometer surveys on corruption shows that corruption remains a serious concern for citizens and businesses in the EU. About 7 in 10 Europeans (69%) believe that corruption is widespread in their country and over 4 in 10 Europeans (44%) consider that the level of corruption has increased in their country. Only 32% of citizens think that their government's efforts to combat corruption are effective. Similarly, most European companies (63%) consider that the problem of corruption is widespread in their country and only about half (52%) consider it likely for corrupt people or businesses to be caught or reported to the police or prosecutors.

National anti-corruption strategies and their implementation

The importance of maintaining effective anti-corruption policies is recognised in international law⁶⁵. National anti-corruption strategies can ensure that Member States follow a comprehensive, coherent and integrated approach, allowing action against corruption to be mainstreamed in all relevant policy sectors. Almost all Member States currently have national anti-corruption strategies in place, although their scope can vary⁶⁶.

In <u>Romania</u>, <u>Estonia</u> and <u>Greece</u>, updated strategic frameworks are being prepared, while the implementation of the existing ones are on track. <u>The Netherlands</u> adopted a first national anticorruption policy and in <u>France</u> the new anti-corruption plan is expected to be adopted by summer 2025. <u>Slovenia</u> adopted its new anti-corruption strategy, which takes a 'whole-ofsociety' approach to mitigate corruption and increase transparency and integrity. <u>Finland</u> adopted a new anti-corruption plan. <u>Ireland</u> has experienced some delays in drafting a new strategic framework.

As regards enlargement countries, <u>Albania</u> and <u>Serbia</u> have adopted multi-annual anticorruption strategies. In <u>Montenegro</u>, where the legal framework to fight corruption is broadly in place, the implementation of the 2024-2028 strategy against corruption and its action plan is ongoing, but challenges remain concerning monitoring. In <u>North Macedonia</u>, implementation of the national anti-corruption strategy remains insufficient overall.

Strengthening the legal framework to combat corruption and the capacity of institutions

Effectively combating corruption requires maintaining a strong legal framework and strong and independent institutions to enforce it. The legal frameworks in all Member States and the

⁶¹ Transparency International (2025) (<u>https://www.transparency.org/en/cpi/2024</u>)

⁶² 8 Member States are in the top 20, 3 less than in the previous year. Four Member States (Denmark, Finland, Luxembourg, and Sweden) score 80/100 or above on the index, with others (the Netherlands, Ireland, Estonia, and Germany) scoring above 70/100.

⁶³ Scores below 50 can be seen in Greece (49), Slovakia (49), Croatia (47), Romania (46), Bulgaria (43), and Hungary (41).

⁶⁴ Scores below 50 can be seen in Montenegro (46), Albania (42), North Macedonia (40), and Serbia (35).

⁶⁵ Parties to the United Nations Convention against Corruption (UNCAC) are required, in accordance with the fundamental principles of their legal systems, to develop and implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability. All Member States and the EU are parties. See also The Kuala Lumpur Statement on Anti-Corruption Strategies

⁶⁶ Currently 21 Member States have dedicated anti-corruption strategies or programmes; almost all others have anti-corruption components in other national strategies and action plans.

enlargement countries covered by this Report are considered strong and action to address some specific gaps are generally ongoing or envisaged. Once adopted, the EU Directive on Combating Corruption will provide a further opportunity to Member States to strengthen their frameworks⁶⁷.

Several Member States have taken forward criminal law reforms to strengthen the fight against corruption. <u>Sweden</u> adopted new legislation to increase the limitation periods for the most serious corruption crimes. <u>Croatia</u> is preparing draft legislation to support more efficient investigations and prosecutions of corruption offences and strengthen the competences of its specialised prosecution. In <u>Germany</u>, there is a renewed commitment to address financial crime, including corruption, while plans on corporate sanctions for foreign bribery had advanced well before the early dissolution of Parliament. Work on the revision of the Code of Criminal Procedure is also ongoing in <u>Spain</u> with a view to reduce the length of investigations.

In other Member States, planned reforms have been temporarily put on hold, with a view to aligning with the new EU rules on combating corruption which are currently in interinstitutional negotiations. This is the case of Finland, which plans to take forward the revisions of the foreign bribery offence and the criminalisation of trading in influence once the new EU legal framework will be in place. In some cases, changes to criminal legislation have undermined the effectiveness of anti-corruption measures. In <u>Slovakia</u>, the 2024 criminal law reform was adjusted to ensure the protection of the EU's financial interests and the Slovak government has engaged actively to this end. However, other aspects still raise specific concerns, impacting several ongoing corruption investigations and prosecutions, including of high-level officials. In <u>North Macedonia</u>, efforts to combat corruption, in particular in high-level cases, continue to be hindered by the 2023 criminal code amendments.

Several Member States are taking steps to strengthen their anti-corruption institutions. In <u>Cyprus</u>, proposals are being discussed to strengthen the functional and operational independence of the Independent Authority against Corruption. In <u>Belgium</u>, new investigative and prosecutorial structures are to be set up to help fight corruption. In <u>Ireland</u>, a new Office of the Police Ombudsman (Fiosrú) replaced the former Garda Síochána Ombudsman Commission.

To tackle increasingly complex corruption cases, law enforcement, prosecutors, and the judiciary must be sufficiently specialised and well-resourced. In <u>Portugal</u>, additional human resources were allocated to investigations. In <u>Spain</u>, to reflect the increasingly complex nature of corruption cases, additional resources were provided to the prosecution through two specialised prosecutorial chambers and extra positions in the Anti-Corruption Prosecutor's Office. In <u>North Macedonia</u>, the Public Prosecutor's Office has reported strengthened capacity for investigation, better interinstitutional collaboration and improved operational capacity at several investigative centres. In other countries, challenges remain. In <u>Ireland</u>, insufficient resources and specialisation remain a challenge for investigating and prosecuting corruption cases. In <u>Montenegro</u>, the human resources devoted to the fight against corruption have slightly increased but remain insufficient overall. In <u>Serbia</u>, insufficient human resources are limiting the capacity of the Prosecutor's Office for Organised Crime to process and investigate complex organised crime and high-level corruption cases.

Close cooperation between law enforcement authorities and other agencies – such as financial intelligence units and tax, audit, competition and other administrative authorities –, as well as

⁶⁷ Proposal for a directive of the European Parliament and of the Council on combating corruption, replacing Council Framework Decision 2003/568/JHA and the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union and amending Directive (EU) 2017/1371 of the European Parliament and of the Council (COM/2023/234 final).

access to information databases and the interconnection of registries, is essential for an efficient fight against corruption. In <u>Ireland</u>, cooperation among responsible authorities is smooth. In <u>Poland</u>, amended rules for the coordination of the prosecution services entered into force. Some challenges remain in other Member States. In <u>Slovenia</u>, the prosecution reported difficulties to access information and to collect evidence, notably banking information. In <u>Hungary</u>, the Integrity Authority continued to report obstacles to fulfilling its functions including a lack of access to the information held by other bodies' databases.

The cooperation between national authorities and the European Public Prosecutor's Office (EPPO) is reported to be overall good in the participating Member States. Furthermore, the EPPO is now fully operational in <u>Poland</u> and <u>Sweden</u> to investigate and prosecute crimes affecting the financial interests of the Union. In <u>Ireland</u>, the 2025 Programme for Government contains a commitment to sign up to the EPPO.

Effective investigation and prosecution of corruption crimes and strengthening the track record of high-level corruption cases

According to the Special Eurobarometer on citizens' attitudes towards corruption, around two thirds of Europeans (66%) believe that high-level corruption cases are not pursued sufficiently. The effective investigation and prosecution of corruption can be hindered by legal shortcomings, such as unclear or burdensome procedures to lift immunities or short time limitation periods. These can be especially damaging in complex corruption cases.

The investigation and prosecution of corruption offences is carried out efficiently in a number of Member States. In France, efforts to prosecute corruption increased, including as regards high-level cases, with additional human resources allocated to investigation authorities, and new legislative tools in place. The investigation and prosecution of corruption offences in the <u>Netherlands</u> remains effective, without obstacles signalled by investigators and prosecutors. In <u>Sweden</u>, the investigation and prosecution of corruption offences continues to achieve results, although law enforcement is concerned by the possible underreporting of cases. In <u>Latvia</u>, the investigation and prosecution of corruption offences is carried out efficiently, while some concerns were raised as regards high-level corruption.

<u>Croatian</u> authorities are developing a track record of investigations, prosecutions and convictions of corruption, including in high-level cases. In <u>Poland</u>, large-scale corruption cases involving public officials and politicians are being investigated. In <u>Greece</u>, an interoperable common case management system is in preparation as efforts continue to improve the track record of prosecution and final judgments, including in high-level corruption cases. In <u>Slovenia</u>, several open and major investigations from previous years were concluded by the police, which transmitted to the state prosecution offices substantially more corruption cases compared to the previous year.

In <u>Portugal</u>, there are challenges facing the timely investigation, prosecution and adjudication of high-level corruption cases, posing the risk that these become time-barred. In <u>Malta</u>, new investigations and prosecutions were opened, although the number of final judgements in corruption cases remains low and proceedings are pending in a number of cases involving high-level officials. In <u>Romania</u>, while the positive track record is maintained, including for high-level corruption cases, rulings on the statute of limitations have led to the closure of many corruption cases and annulled convictions. <u>Bulgaria</u> and <u>Hungary</u> are yet to demonstrate a solid track record of investigations, prosecutions and final convictions in high-level corruption.

As regards enlargement countries, in <u>Albania</u>, the Special Anti-Corruption Structure made tangible progress towards a solid track record in the fight against corruption, notably at high level. In <u>Montenegro</u>, the track record of investigations and prosecutions in cases of high-level

corruption continues to improve, but the low number of final convictions and lack of effective and deterrent penalties contributes to a perception of impunity. Despite recent efforts in <u>North Macedonia</u>, delays in court proceedings and resource constraints continue to hinder the establishment of a robust track record of high-level corruption cases. In <u>Serbia</u>, establishing a robust track record of investigations, indictments and final convictions in high-level corruption cases remains a challenge.

Fighting corruption as an enabler of organised crime

Organised criminal groups use corruption to achieve their ends, which threatens both public and private institutions. Addressing corruption risks related to undue influence and infiltration by organised crime in the public sector remains a high priority for several Member States. In France, a law to combat the use of corruption by criminal organisations has been reviewed by the Constitutional Council. In the Netherlands, work continues to target bribery of government officials by organised crime. Sweden adopted legislation to strengthen background checks of municipal employees to prevent the possible infiltration of organised crime actors in the public service.

Strengthening the corruption prevention and integrity framework

Transparent and accountable governance and integrity frameworks are the best protection against corruption. This points to the role of enhanced transparency, ethics and integrity for public authorities in the fight against corruption, as well as specific action on areas such as conflicts of interest, lobbying and 'revolving doors'.

- Preventing conflicts of interest⁶⁸

Conflicts of interest arise when a public official has a private or professional interest that could interfere with the impartial and objective performance of their duties. In some Member States, the integrity framework has been complemented with codes of conduct and measures to prevent conflicts of interests, including by strengthening the authorities in charge. A Special Adviser on Ethics was appointed in <u>Cyprus</u> and is expected to play a central role in promoting the principles of good governance for high-level officials. In <u>Slovakia</u>, a draft Code of Conduct for persons in high executive functions has been prepared and is expected to be presented by the Government in July 2025. In <u>Luxembourg</u>, the Government is considering further amendments to introduce codes of conduct for elected representatives and officials at municipal level. In <u>Albania</u>, some steps have been taken towards a reform of conflict-of-interest legislation.

A draft Code of Conduct for Ministers, focused on conflicts of interest, is being prepared in <u>Austria</u>. In <u>Estonia</u>, the authorities report on the good implementation of the rules on conflicts of interest, with anti-corruption contact points appointed in each Ministry to support compliance with relevant standards. Some Member States have introduced measures targeting integrity in specific sectors, such as the judiciary or the police. This was the case in <u>Bulgaria</u>, where further measures have been taken to strengthen integrity in the police and the judiciary, including revised codes of ethics. Similarly, in <u>Italy</u> actions to improve the integrity of police were launched, while the draft law to improve integrity measures for members of Parliament is pending, and comprehensive rules on conflict of interest, after approval by the Chamber of Deputies, remain to be adopted in the Senate.

In other Member States, shortcomings remain as rules on conflicts of interest are incomplete or reforms have been stalled. In <u>Czechia</u>, the Constitutional Court declared legislation on conflicts of interests unconstitutional for procedural reasons. In <u>Malta</u>, measures are in place

⁶⁸ See Council of Europe, Recommendation Rec (2000)10 on codes of conduct for public officials.

to address prevention and management of conflicts of interest in the public administration, but their scope remains limited as Members of Parliament are not covered by these rules.

- Lobbying and revolving doors

For lobbying to be a legitimate form of participation in policy development, it must be subject to strong transparency and integrity requirements. These are essential to ensure accountability, inclusive decision-making, and to prevent undue or covert influence⁶⁹.

Some Member States have revised their lobbying transparency rules, established or extended transparency registries or are preparing new legislation. <u>Czechia</u> adopted legislation on lobbying, introducing a new transparency register. In <u>Estonia</u>, all political parties in Parliament agreed on a framework on lobbying Members of Parliament and the rules for lobbying for the Government are being assessed. In <u>Spain</u>, a draft law was submitted to Parliament to regulate lobbying, and work continues to operationalise a public register of lobbyists. In <u>Ireland</u>, the scope of the lobbying register was extended beyond the central and local government to other bodies. In <u>Sweden</u>, an all-party committee of inquiry recommended the introduction of lobbying rules.

The lack of comprehensive lobbying rules in some Member States or shortcomings in the enforcement of the existing framework are seen as an important point for improvement. In Italy, although some discussion took place on draft legislation, comprehensive rules on lobbying remain largely absent and there is no publicly accessible register of lobbyists, with some limited voluntary measures at ministerial level. In the Netherlands, procedural improvements to the existing system have been introduced, but a more substantial reform has not yet taken place. While initial efforts were undertaken in Portugal to address lobbying, these did not come to fruition before the end of the previous legislature. In France, disclosure requirements continue to apply to lobbyists only and not to officials at top-executive level. In Poland, Austria and Belgium, there were no further steps to strengthen lobbying rules. In Croatia, while the implementation of the new law on lobbying is on track, the public is not directly informed about meetings between lobbyists and officials. Further efforts are needed to improve the lobbying framework in Greece, including by reviewing the definition of a lobbyist and ensuring effective implementation.

Regulating and enforcing rules on 'revolving doors' between public and private roles remain a key area of attention, with issues such as stricter post-employment restrictions and cooling-off periods under discussion in several Member States. In <u>Finland</u>, an act on limiting revolving doors for ministers was submitted to Parliament in September 2024. In <u>Czechia</u>, a possible future revision of rules on revolving doors remains under consideration at technical level. In <u>the Netherlands</u>, revised rules on revolving doors for ministers and state secretaries were adopted by the House of Representatives. In other Member States, discussions have not advanced. In <u>Sweden</u>, there has been so far no follow-up to the evaluation of the rules on revolving doors raised concerns as to the capacity of ethical standards to be ensured in the absence of clear rules.

- Asset and interest disclosure

Rules for public officials to declare assets and disclose interests are important for ensuring transparency and accountability in the public sector. An effective disclosure and verification system can facilitate the detection of conflicts of interests, incompatibilities and corruption.

⁶⁹ In December 2023, the Commission proposed a new Directive on interest representation carried out on behalf of third countries to establish high transparency and accountability standards in the internal market for interest representation activities, including lobbying, when coming from third country governments and to facilitate the provision of such activities across Member States (C/2023/8626).

While most Member States have such rules in place, their scope, transparency and accessibility, and the mechanisms for verifying and enforcing the application of these rules vary.

Positive developments are taking place in some Member States, also with a view of addressing the report's recommendations. Comprehensive new laws on asset declarations and interests in <u>Cyprus</u> cover a broad range of high-level officials. <u>The Netherlands</u> is planning to review the asset and interest declaration regime of ministers and state secretaries.

An important aspect concerns the verification of asset declarations, with reforms in some Member States concentrated on strengthening this element. The effective monitoring and verification of asset declarations in <u>Portugal</u> improved significantly. In <u>Greece</u>, the law on asset declarations was revised to facilitate the process of submitting and verifying declarations.

In other Member States, challenges remain. <u>Austria</u>'s asset and interest disclosure rules do not cover parliamentarians. In <u>Sweden</u>, the asset declaration obligations for ministers and state secretaries do not include certain key information. In <u>Belgium</u>, the system of asset and interest declarations has shortcomings in terms of verification and transparency. In <u>Croatia</u>, difficulties to meet commitments to verify all asset declarations result from limited resources and pending digitalisation. In <u>Albania</u>, declarations of assets and interests continued to be verified, yet shortcomings in effective verification and transparency remain as declarations are not published. In <u>Serbia</u>, the verification of asset declarations and conflicts of interest continue to present weaknesses. A Constitutional Court ruling will require <u>Romania</u> to re-assess what was seen as a strong asset declaration system.

- Whistleblower protection and reporting of corruption

Whistleblower protection is essential for detecting and preventing corruption. The transposition of the EU Directive on whistleblower protection has led many Member States to adopt new or revised legislation. All Member States have by now transposed its main provisions, although further improvements are needed as regards key areas such as the material scope, the conditions for protection and the measures of protection against retaliation⁷⁰. Whistleblower protection brings added value when it comes to better enforcement of EU law in certain areas, including environmental crime, but its benefits for protecting the public interest are wider and also extend beyond the realm of EU law. This is why a large majority of Member States have extended the scope of whistleblower protection to areas of national law.

In <u>Denmark</u>, both the authorities and civil society consider that the implementation of whistleblowing rules is on the right track. In <u>Lithuania</u>, a new whistleblower protection framework is being implemented. In <u>Poland</u>, a new law is now in force. <u>Latvia</u> plans to amend the legislation on whistleblower protection following an evaluation. In <u>Montenegro</u>, implementation of the improved legal framework on the protection of whistleblowers is ongoing.

However, there are still obstacles to reporting corruption cases in practice. According to the Special Eurobarometer on citizens' attitudes towards corruption, 27% of Europeans think that those reporting a case of corruption are not protected from retaliation and 27% of Europeans believe that cases of corruption are not reported because reporting would not be followed up and punished. To overcome reluctance, Member States are putting in place tools to provide

⁷⁰ See Commission's Report on the implementation and application of Directive (EU) 2019/1937, of 3rd July 2024.

guidance and raise awareness. For example, <u>Croatia</u> has a broad information campaign under way.

- Political party and political campaign financing

Transparency in political party financing helps prevent undue influence, as well as promote democratic accountability⁷¹.

Several Member States have adopted or are considering reforms to increase transparency and oversight in this area. In <u>Slovenia</u>, updated rules on reporting by political parties aim to ensure greater transparency and clarity. In <u>Latvia</u>, amendments to the rules on political party financing strengthen criminal liability rules for illegal financing. In <u>Estonia</u>, a reform of the political party financing framework, clarifying financial obligations of political parties, has been approved by the Government. Legislation to improve the transparency of political party financing has been presented in <u>Italy</u> and is under discussion in Parliaments in <u>Denmark</u> and <u>Romania</u>. In <u>Finland</u>, the Parliament adopted a legislative proposal in June 2025. In <u>Montenegro</u>, the legal framework regulating political parties' funding continues to be hampered by shortcomings in scope, clarity and implementation.

Countering corruption in high-risk areas

Corruption can affect any area of public life, but high-risk sectors – typically those dealing with substantial public resources or providing key services – deserve particular attention. Sectors such as healthcare, energy, and urban planning, as well as local municipalities, have been identified as vulnerable. Areas seeing a rapid increase in public expenditure or abbreviated procedures, such as defence procurement, require particular attention. In the framework of the EU network against corruption, the Commission and the Member States are analysing these high-risk areas and sharing best practices on how to best address them⁷².

Member States are taking different measures to mitigate corruption risks in high-risk areas. <u>Lithuania</u> and <u>Finland</u> have put in place monitoring with a focus on high-risk areas. <u>Germany</u> has modernised its public procurement rules, carrying the potential to increase transparency and ensure an equal level playing field for businesses. In <u>Estonia</u>, a number of high-risk areas for corruption are being addressed. In <u>the Netherlands</u>, <u>Sweden</u> and <u>Belgium</u>, initiatives are under way to tackle corruption linked to organised crime. In <u>Malta</u>, auditing institutions indicated weaknesses in the use of public funds and changes to public procurement procedures.

Measures are being implemented in <u>Montenegro</u> to address corruption in high-risk areas, such as ensuring the implementation of integrity plans in public institutions. In <u>Serbia</u>, exemptions to the Law on public procurement continued to be widely used, thereby circumventing its application, and oversight mechanisms are insufficient.

4.3 Media pluralism and media freedom

Media freedom and pluralism are central to the rule of law. Independent media hold those in power to account while allowing the free flow of information and opinions. Political or state pressure and control can weaken media freedom and hinder people's ability to seek, receive and share information. A lack of accountability for attacks on media freedom and journalists often goes hand in hand with a deterioration in other rule of law standards.

⁷¹ See also the Recommendation (EU) of 12 December 2023 on inclusive and resilient electoral processes in the Union and enhancing the European nature and efficient conduct of the elections to the European Parliament.

⁷² In November 2024, the European Commission published an external study that aims to identify common highrisk areas of corruption across the EU, which it presented to the network (<u>https://homeaffairs.ec.europa.eu/news/commission-presents-new-study-areas-most-risk-corruption-2024-11-04_en</u>).

Fostering media pluralism and media freedom has been at the heart of the EU efforts to strengthen democracy and the rule of law. Measures put forward in previous years in several key areas covered by the Rule of Law Reports, such as to strengthen the safety and protection of journalists, to address strategic lawsuits against public participation (SLAPP) and to address structural challenges in the media landscape more generally under the European Media Freedom Act (EMFA)⁷³, are at different stages of implementation. Member States need to ensure compliance with most provisions of EMFA by 8 August this year, and most of them are considering or adopting legislation to align with EMFA requirements. A correct application of EMFA will also help address a number of the recommendations made in this Rule of Law Report, in particular those on public media independence, certain aspects of the protection of journalists and the transparency and fairness in the allocation of state advertising.

Monitoring risks to media freedom and pluralism

The Media Pluralism Monitor⁷⁴ assesses the risks to media freedom and pluralism in all EU Member States and some candidate countries, focusing on fundamental protection, market plurality, political independence, and social inclusiveness. The 2025 findings reveal deteriorating conditions for journalists in several countries, with increased physical violence during protests, more online harassment and smear campaigns by politicians. There are growing risks from highly concentrated media ownership and the dominance of a few digital platforms. The report also confirms the severe economic strain on the media ecosystem across Europe, which intensifies the potential for political influence.

Strengthening the independent functioning of media regulators

Functionally independent national media regulators, exercising powers impartially and transparently, play an essential role in upholding media pluralism. All Member States have legislation defining their regulators' competences and independence safeguards. Both the Audiovisual Media Services Directive (AVMSD)⁷⁵ and EMFA establish requirements for these regulators, including independence from government, impartiality, transparency, accountability, adequate resources, processes for appointment and dismissal, and effective appeal mechanisms.

Since the 2024 Rule of Law Report, the tasks and competences of several national media regulators have been or are being expanded, not least to comply with the EU Digital Services Act (DSA)⁷⁶ and EMFA. For example, in <u>Portugal</u> and <u>Sweden</u> the regulators' financial resources have increased, and in <u>Estonia</u>, <u>Denmark</u> and <u>Greece</u> the regulators have hired additional staff. Both <u>Spain</u> and <u>France</u> are taking measures to strengthen the supervisory function of the audiovisual media regulatory authorities. Legislation is planned to give regulators new monitoring and oversight tasks in <u>Estonia</u>, <u>Finland</u>, <u>Slovenia</u>, <u>Czechia</u>, <u>Ireland</u>, <u>Belgium</u>, <u>Luxembourg</u>, <u>Malta</u>, <u>Slovakia</u> and <u>Sweden</u>. As regards the enlargement countries, the financial independence of the media regulators has been improved in <u>North Macedonia</u>.

Concerns about the independence or impartiality of regulators persist in several Member States. This includes insufficient safeguards against undue political influence over the appointment process or in the functioning of regulators, as seen in <u>Hungary</u>, <u>Greece</u> and <u>Poland</u>. In <u>Albania</u>, the independence of the regulator remains and issue of concern due to the bi-partisan formula

⁷³ EMFA includes specific provisions on the transparent and fair allocation of state advertising, transparency of media ownership, independent functioning of public service media and the availability of financial resources to fulfil the public service role. It also introduces measures to protect journalistic sources and confidential communications.

⁷⁴ Implemented by the Centre for Media Pluralism and Media Freedom.

⁷⁵ Directive 2018/1808 of 14 November 2018.

⁷⁶ Regulation 2022/2065 of 19 October 2022.

for election of board members and their political affiliation. Serious concerns remain on the independence of <u>Serbia</u>'s media regulator, with delays and shortcomings in the selection procedure of its leadership undermining public trust in the process.

Increasing the transparency of media ownership

Transparency of media ownership allows users to make better informed judgments, given that media owners can directly or indirectly control or influence editorial decisions and news content. There have been positive developments in <u>Croatia</u> and <u>Greece</u>, with the establishment or extension of online ownership registries or their effective monitoring. In <u>France</u>, a national media ownership database is being prepared by the regulator. In <u>Latvia</u>, amendments to the Press Law will make registration of mass media service providers and beneficial ownership information mandatory.

In other countries the situation is mixed. In <u>Montenegro</u>, rules on transparency of media ownership information have improved but only in relation to media providers. In <u>Serbia</u>, measures to increase transparency in ownership structures and public funding of the media sector have only been partially implemented.

Challenges regarding transparency of media ownership remain in <u>Bulgaria</u>, <u>Czechia</u>, <u>the</u> <u>Netherlands</u>, <u>Cyprus</u> and <u>Spain</u>, although some improvements have been made in <u>Bulgaria</u> and improvements are also expected in <u>Spain</u> pending the adoption of new legislation. In <u>Albania</u>, the high concentration of media ownership continues to negatively impact media independence.

Safeguarding media from political pressure and undue influence

Media independence can be undermined by political pressure and undue influence. Safeguards against politicisation of the public service media and transparent rules on the allocation of state advertising are important for preventing such pressure.

State advertising includes any use of the state budget, by public authorities or entities at all levels, for advertising and campaigns. If allocated non-transparently or unfairly, these resources can be tools for political influence. EMFA addresses this issue by setting out requirements for allocation criteria and procedures and mandates that public authorities disclose the amounts spent annually.

Draft legislation is in preparation to specifically address this issue in <u>Cyprus</u>, <u>Malta</u>, <u>Slovakia</u> and <u>Poland</u>. While rules on transparency of state advertising continue to be properly implemented, the fair allocation of state advertising continues to be a point of discussion in <u>Austria</u>. No measures have been adopted or are planned to regulate the distribution of state advertising to media outlets in <u>Hungary</u>. In <u>Romania</u>, the financing of private media by political parties and state authorities has led to an increase of non-transparent political advertising. Among enlargement countries, in <u>Albania</u> shortcomings in terms of fair allocation of state advertising and other state resources remain. In <u>North Macedonia</u>, the reintroduction of statefunded advertising has drawn criticism from media experts and civil society organisations.

Although each Member State is responsible for funding public service media⁷⁷, EMFA aims to ensure their independent functioning. It does so by requiring safeguards for adequate, sustainable and predictable financial resources, and promoting transparency in the appointments and dismissals of management. Reforms aimed at strengthening the independence of national public service broadcasters have been adopted in <u>Czechia</u>, clarifying

⁷⁷ As long as EU trade and competition rules are respected. See Protocol to the Treaties (No 29) on the system of public broadcasting in the Member States.

the remit of public service media and providing more sustainable financing. In <u>Portugal</u>, a new contract with the public service media provider has been signed and its resources strengthened.

Reforms are still ongoing or are in preparation in <u>Cyprus</u>, <u>Estonia</u>, <u>Finland</u>, <u>Ireland</u>, <u>Latvia</u>, <u>Sweden</u>, <u>Denmark</u>, <u>Bulgaria</u>, <u>France</u>, <u>Italy</u>, <u>the Netherlands</u> and <u>Poland</u>. In <u>Greece</u>, the new appointment procedures of administrative bodies introduced positive changes, while concerns continue about the legislative framework and political independence of public service media. Concerns also persist in <u>Slovakia</u> with regard to the law of July 2024 dissolving the public broadcaster and establishing a new entity. Previously voiced concerns regarding the independent governance and editorial independence of public service media have not yet been addressed in <u>Romania</u>, <u>Malta</u>, and <u>Hungary</u>. In <u>Albania</u> and <u>Serbia</u>, concerns as regards the independence of the public broadcaster have increased.

Access to information

The right to access information from public authorities is crucial to enable journalists to carry out their investigative work. It is also an important transparency and accountability tool for civil society and citizens at large. Estonia, Luxembourg, Belgium, the Netherlands, Bulgaria, Denmark and Greece have taken further measures, although the effectiveness of the legislative changes in practice often needs to be verified.

Some efforts have been made in several other Member States where problems were previously identified, such as <u>Finland</u> and <u>Romania</u>, while no further steps have been taken in <u>Spain</u>. In <u>Italy</u>, rules regulating the disclosure of certain judicial information regarding criminal proceedings remains a source of concern for journalists. In <u>Montenegro</u>, the legal framework on access to information remains to be amended, and there are significant challenges in ensuring its effective implementation.

Improving the safety and protection of journalists and addressing legal threats and abusive court proceedings against public participation

Journalists continue to face physical and legal threats, and their safety is further compromised by online smear campaigns in some Member States. Following up on the 2021 Commission Recommendation on the safety of journalists and other media professionals⁷⁸ several Member States and enlargement countries have adopted dedicated Action Plans and have taken steps to set up dedicated support structures promoting the safety of journalists.

Strategic lawsuits against public participation (SLAPPs) are a particular form of harassment aimed at silencing journalists and human rights defenders dealing with public interest issues, intending to create a chilling effect on media freedom and freedom of expression. Since May 2024, EU legislation has been in place to counter cross-border SLAPPs⁷⁹, and Member States are encouraged to align safeguards to also cover domestic cases. Additionally, EMFA provides for protection of journalistic sources and confidential communications, in particular against the use of intrusive surveillance tools.

EU legislation and the dedicated Recommendation issued by the Commission on SLAPP⁸⁰ have helped stimulate further steps in national legislation. <u>Belgium</u> took measures to strengthen legal protection for journalists, such as decriminalising defamation and introducing harsher penalties for crimes committed against journalists. <u>Greece</u> and <u>Ireland</u> have also moved to introduce

⁷⁸ Commission Recommendation of 16 September 2021.

⁷⁹ Directive 2024/1069 on protecting persons who engage in public participation from manifestly unfounded claims or abusive court proceedings ('Strategic lawsuits against public participation').

⁸⁰ Commission Recommendation C(2022) 2428) of 27 April 2022. The Recommendation, which covers national cases, and the Directive, which covers cross-border cases, are complementary.

specific procedural safeguards, and <u>Ireland</u> is revising its defamation laws. In <u>Estonia</u>, the Association of Journalists has been designated as the national contact point for SLAPP issues. In <u>Poland</u>, the Government intends to limit the severity of the penalty for the offence of defamation. On the other hand, reform of the defamation regime has stalled in <u>Italy</u> and has not been taken forward in <u>Slovakia</u>.

More generally, when it comes to the safety of journalists, positive developments have occurred in some Member States, also following on the recommendations in the 2024 Rule of Law Report. In <u>Greece</u>, awareness raising efforts continue on SLAPPs targeting journalists. In <u>Luxembourg</u>, the Government has committed to strengthen the protection of journalists and in <u>Sweden</u>, the national media regulatory authority has been tasked to monitor journalists' safety. In <u>Montenegro</u>, the authorities continue to provide prompt and effective institutional and law enforcement response to new cases of verbal and physical violence against journalists. On the other hand, reform processes are pending in <u>Bulgaria</u> and <u>Malta</u>, in spite of concerns about journalist safety and their working conditions. In <u>Serbia</u>, the safety of journalists has become a source of increasing concern.

4.4 Other institutional issues linked to checks and balances

A well-functioning system of institutional checks and balances is at the core of the rule of law. It guarantees the functioning, cooperation and accountability of state authorities so that the power they exercise is subject to the scrutiny of others.

Constitutional reforms and debates impacting on institutional checks and balances

In some Member States, steps to reinforce the constitutional system of checks and balances are ongoing. In <u>the Netherlands</u>, state authorities took a series of initiatives to follow up on the proposals of the State Commission on the Rule of Law. In <u>Bulgaria</u>, the constitutional reform limiting the powers of the President in the procedure of appointing an interim government is subject to another constitutionality check. In <u>Italy</u>, parliamentary discussion continues in relation to the draft constitutional reform aimed at enhancing governmental stability and introducing the direct election of the Prime Minister. In <u>Malta</u>, a legislative reform increasing the threshold for citizens to directly petition a magisterial inquiry has raised criticism from some stakeholders about its potential impact on prosecutions of high-level offences.

The system of checks and balances is particularly important in times of crises, when emergency measures may become necessary. In those cases, safeguards such as limiting these measures in time, ensuring they are strictly necessary and proportionate, and providing oversight and scrutiny, are important. In <u>Sweden</u>, the Government presented a proposal to amend the Constitution to set up a framework to better deal with serious crises. On the other hand, in <u>Hungary</u>, the Government continues to use its emergency powers extensively, undermining legal certainty and affecting the operation of businesses in the Single Market.

The inclusiveness, quality and transparency of the law-making process

The existence of a transparent, accountable, democratic and pluralistic process for enacting laws is essential for good lawmaking and legal certainty. Several Member States have taken steps to improve the consultation of stakeholders in the legislative process. Cyprus has introduced systematic use of an online platform, significantly contributing to improving stakeholder consultation. In Estonia, a reflection process identified areas for further improvement in the consultation process. Member States are also looking into improving the quality of the lawmaking process. In Denmark, the rules on the legislative process have been amended to give Parliament more time to consider legislation. In Greece, the positive trend of avoiding expedited legislative procedures continues and the statutory timeframe for public

consultations is being observed, while participation and transparency in the law-making process could be further improved.

In other Member States, shortcomings remain about the involvement of stakeholders in the legislative process. In <u>Slovakia</u>, practices bypassing stakeholders' involvement in law-making and frequent recourse to fast-track procedures continue to raise concerns. In <u>Malta</u>, no further steps have been taken to introduce a formal framework for public participation in the legislative process, though the Government declared its intention to establish a new department dedicated to public consultation. In <u>Bulgaria</u>, the practical implementation of rules for law-making continues to face challenges, with continued concerns about the quality of the legislative process.

In <u>Albania</u>, challenges remain regarding the quality of the legislative process, including the effectiveness of public consultations, the latter which is also an issue in <u>Montenegro</u>. In <u>North</u> <u>Macedonia</u>, shortcomings remain in implementing processes for inclusive and evidence-based policymaking. In <u>Serbia</u>, Parliament's effectiveness and oversight function continued to be hampered by the low frequency of sessions and the lack of genuine political debate.

Significant developments on Supreme and Constitutional Courts in the checks and balances

Constitutional jurisdictions play a key role in the effective application of EU law and in ensuring the integrity of the EU legal order and are key actors of checks and balances. While the establishment, composition and functioning of constitutional jurisdictions are within the competence of Member States, when exercising that competence, Member States are required to comply with EU law and EU values.

In some Member States, Constitutional Court rulings had major implications for checks and balances. In <u>Bulgaria</u>, the Constitutional Court reviewed the election results in several polling stations and found that the election of 16 Members of Parliament was illegal. This led to a recalculation of the seats and the parties represented in Parliament. In <u>Romania</u>, Presidential elections were repeated in 2025, following the Constitutional Court's decision to annul the first round of elections. In <u>Czechia</u>, constitutional limits have been applied to a procedural technique allowing late amendments unrelated to the substance of a legislative proposal. In <u>Poland</u>, the laws addressing the serious concerns related to the Constitutional Tribunal have not yet entered into force, with the Government working on a revised proposal.

In <u>Albania</u>, the Constitutional Court continued to function effectively, while in <u>North</u> <u>Macedonia</u>, the role of the Constitutional Court in the monitoring and enforcement of its decisions has been strengthened. In <u>Montenegro</u>, a deep institutional and political crisis emerged over the decision of Parliament to unilaterally declare the retirement of a Constitutional Court judge, raising concerns about the respect for the independence of the Constitutional Court. In <u>Serbia</u>, the fact that four positions at the Constitutional Court remain vacant is a concern, since it has negatively impacted the efficiency of the Court.

Ombudspersons, National Human Rights Institutions and other independent authorities

National human rights institutions (NHRIs)⁸¹, Ombudspersons⁸², equality bodies and other independent authorities have an important role in promoting respect for the rule of law and are an essential element of the system of checks and balances. In some Member States, efforts are ongoing to strengthen these institutions. In <u>the Netherlands</u>, the Institute for Human Rights has

⁸¹ The UN Paris Principles, endorsed by the UN General Assembly in 1993 (Resolution A/RES/48/134), set out the main criteria that NHRIs are required to meet. NHRIs are periodically accredited before the Subcommittee on Accreditation of the Global Alliance of National Human Rights Institutions.

⁸² See the Venice Commission Principles for Ombudspersons.

taken measures to address its governance issues, and in <u>Lithuania</u> the mandate of the Parliamentary Ombudspersons was extended, with reinforced resources. In <u>Luxembourg</u>, a reform to attach the Consultative Commission for Human Rights to Parliament instead of the Ministry of State remains ongoing. In <u>Austria</u>, the Government has committed in its programme to transparency and objectivity with respect to appointments to high-level positions at independent authorities, which remains an area susceptible to politicisation. In <u>Bulgaria</u>, some independent and regulatory authorities continue to operate with an expired mandate, and the renewal procedures have been relaunched. In <u>Croatia</u>, significant steps were made to improve follow-up to the People's Ombudsperson's recommendations and on access to information.

In other Member States, NHRIs, Ombudspersons and other independent authorities continue to face challenges. In <u>Belgium</u>, the Federal Human Rights Institute raised concerns regarding the budget of the inter-federal equality body. The Institute for Human Rights of <u>Romania</u> faces serious issues regarding the shortage of human and financial resources.

As regards the four Member States which had yet to establish an NHRI in line with the UN Paris Principles, <u>Czechia</u> has now set one up. However, in <u>Romania</u>, a final decision is still pending regarding the accreditation of National Human Rights Institutions. In <u>Italy</u>, while five draft laws are still pending in Parliament, no concrete measures have been taken to establish a National Human Rights Institution. In <u>Malta</u>, the Government has been working on establishing a National Human Rights Institution, but draft legislation has yet to be tabled to Parliament.

As regards the enlargement countries, in <u>Montenegro</u>, a new law on the Ombudsperson's Office is being drafted to fully align with the Paris Principles and to obtain A status accreditation.

Implementation of judgments by the European Court of Human Rights and national courts

Since 2022, the country chapters include figures on the implementation of leading judgments of the European Court of Human Rights (ECtHR), an important indicator for the functioning of the rule of law in a country. Results vary between Member States. Across the EU, around 45.7% of leading judgments of the ECtHR relating to the Member States from the last ten years are yet to be implemented, a slight increase on last year⁸³.

In <u>Denmark</u>, the procedural rules were amended to allow the Director of Public Prosecution or a convicted person to request reopening of a case dealt with in the criminal justice system in order to comply with a final judgement from the European Court of Human Rights. In <u>Greece</u>, a new ground for the reopening of proceedings was added in the Code of Civil Procedure, allowing the re-examination of a case following a judgment of the European Court of Human Rights finding a breach of the right to a fair trial. In <u>Belgium</u>, compliance by public authorities with final rulings of national courts remain an issue and supervision on structural issues identified by the European Court of Human Rights continues.

Enabling framework for civil society

Civil society organisations and human rights defenders are crucial for upholding EU values. They serve as watchdogs, drawing attention to threats to the rule of law, promoting democratic values and contributing to ensure that those in power remain accountable. The Commission has been supporting Member States to implement the Recommendation on civic engagement, which underlines the continued need for civil society organisations to be protected and empowered so as to ensure a thriving civic space⁸⁴.

⁸³ Last year, the figure was 44%. European Implementation Network (2025), written input.

⁸⁴ Commission Recommendation (EU) 2023/2836 of 12 December 2023 on promoting the engagement and effective participation of citizens and civil society organisations in public policy-making processes.

Most Member States continue to ensure an enabling and supportive framework for civil society, and the civil society space continues to be considered as 'open'. Some Member States have taken further steps to further improve it. In <u>Poland</u>, further steps have been taken to improve the framework in which civil society operates, with stakeholders considering that, while the Government's engagement with civil society and improvements to their financing is at an early stage, it is going in an overall good direction. <u>Estonia</u> is easing the reporting obligations on civil society organisations. In <u>Spain</u>, a draft law amending the Citizen Security Law has been taken to improve access to funding in <u>Austria</u>, where the implementation of the recent reform of the tax framework for civil society organisations has shown positive results, and <u>Sweden</u>, where a new legal framework entered into force in 2025. In <u>Denmark</u>, the Government intends to establish a new funding model. In <u>Ireland</u>, steps were taken to address legal obstacles to accessing funding, with an Electoral Commission review of the current legislation at an advanced stage of preparation.

However, the trend noted in previous Reports of increasing challenges for civil society, with new legal restrictions, insufficient funding or physical and verbal attacks, has continued. In Hungary, a deteriorating environment for civil society organisations and legal uncertainty further obstructs civic space. Parliamentary work on a new draft law on 'transparency in public life' was postponed until autumn, and in its current form, it would bring significant consequences for civil society organisations and media outlets' activities including by restricting their access to funding. In <u>Slovakia</u>, the civil society environment faces further pressure, and new reporting and information disclosure obligations introduce additional burden for civil society organisations.

Stakeholders raise concerns regarding new obstacles to the right to demonstrate in **Belgium**. In the Netherlands, the space for civil society organisations has narrowed and is affected by a combination of funding cuts and risks of new legal obstacles. In Germany, the lack of action on the tax-exempt status of non-profit organisations continues to create obstacles in practice. In Italy, a new Security Law seeking to combat terrorism and organised crime and improve internal security raised stakeholder concerns over a possible impact on civic space and the exercise of fundamental freedoms, while the Government considers instead that the new provisions achieve a balance between the right to peaceful assembly and the right to free movement and personal freedom. In Greece, the evaluation of the existing registration regulatory framework was initiated while engagement with civil society organisations will still need to be structured on a regular and sustained basis. In Hungary, recent amendments to legislation and the Constitution, as well as their application in practice resulted in legal uncertainty for the organisers and participants of public assemblies aimed at promoting equality and diversity. As regards the enlargement countries, civil society organisations in Albania remain free to operate overall, but challenges remain, including on registration requirements and limited public funding. In Montenegro, civil society organisations function within an overall enabling environment, while several challenges persist. In North Macedonia, the Government initiated measures to enhance cooperation with civil society, while civil society raised challenges, including online hate speech. In Serbia, civil society organisations face increasing pressure and attacks.

National checks and balances in the use of intrusive surveillance software ("spyware")

Even where the use of spyware is justified by national security, and in instances where it falls outside the scope of EU law, national checks and balances need to ensure that safeguards are in place. Fundamental rights such as the protection of personal data, the freedom to receive and impart information, the freedom of expression, as well as the right to an effective remedy and

a fair trial, need to be respected. EU data protection legislation offers a comprehensive mechanism of oversight and safeguards and is applicable in situations where spyware is used for law enforcement purposes. The use of spyware, its regulation and the applicable oversight mechanisms has also been examined by the Venice Commission⁸⁵.

The 2025 Rule of Law Report has continued to monitor and report on developments, with allegations of illegal use of spyware putting the spotlight on national checks and balances. In <u>Greece</u>, the judicial investigation cleared all Greek state agencies and officials in the case of responsibility for the use of Predator spyware, while a presidential decree aiming at safeguarding the privacy of communications against software tracking has not yet been adopted. Reports of journalists being targeted by the Paragon spyware in <u>Italy</u> raised stakeholders' concerns and were subject to an inquiry of the Parliamentary Committee for the Security of the Republic, which published a report in June 2025 stating that it had not identified any use of the spyware by Italian intelligence services to target Italian journalists. In <u>Poland</u>, the investigative committee for the use of "Pegasus" software continues its activities. In <u>Hungary</u>, concerns about the procedural safeguards and effective oversight in case of secret surveillance measures outside criminal proceedings have not been addressed. In <u>Serbia</u>, civil society reported that the Serbian authorities used spyware to unlawfully target journalists, environmental activists and other individuals.

4.5 Single Market aspects across the four pillars

An effective justice system, the fight against corruption, good governance, legal certainty and sound lawmaking all have a significant economic impact. They shape the business environment and guide investment decisions, influence the smooth functioning of the Single Market, and ultimately affect economic growth, and job creation.

Relying on new Eurobarometer data presented in the **2025 EU Justice Scoreboard**, country chapters report on perceptions by companies of the independence of public procurement and national competition authorities. These authorities are of key importance for the functioning of the Single Market. As regards first-instance public procurement review bodies, the level of perceived independence is highest for <u>Austria</u>, <u>Finland</u> and <u>Italy</u>, and lowest for <u>Bulgaria</u>, <u>Hungary</u> and <u>Croatia</u>. For national competition authorities, the level of perceived independence is highest for <u>Austria</u>, and lowest for <u>Hungary</u>, <u>Bulgaria</u> and <u>Croatia</u>.

As for the perceived level of investment protection, over two thirds of the surveyed companies expressed confidence in <u>Luxembourg</u>, <u>Ireland</u>, <u>Finland</u>, <u>Malta</u>, <u>Denmark</u>, <u>Sweden</u>, <u>Austria</u>, <u>Slovenia</u> and <u>the Netherlands</u>, while less than a third expressed confidence in <u>Greece</u> and <u>Cyprus</u>. In the case of the enlargement countries, over half of the surveyed companies expressed confidence in the investment protection in <u>Montenegro</u> and <u>Serbia</u>, and less than half in <u>Albania</u> and <u>North Macedonia</u>.

As regards the *functioning of the justice system*, one key aspect from a Single Market perspective is the specialisation of courts and judges to handle commercial cases, including high-value cross-border cases. New rules on the creation of specialised commercial courts have entered into force in <u>Germany</u>, aiming to provide more specialised and efficient proceedings for companies in high-value disputes. In <u>Latvia</u>, the specialised Economic Court continues to work efficiently, despite an overall increase of cases and a temporary reduction of active judges. In <u>Poland</u>, a Digital Consumer and Competition Protection Court is being established, while in <u>Malta</u>, the draft legislation to set up a new Commercial Court is now in Parliament. In

⁸⁵ <u>Report on a rule of law and human rights compliant regulation of spyware, adopted by the Venice Commission at its 141st Plenary Session (Venice, 6-7 December 2024) - Venice Commission of the Council of Europe.</u>

<u>Cyprus</u>, according to business representatives, the entry into operations of the Commercial Court should be a priority, as delays in the administration of justice serve as a deterrent to business growth, with SMEs particularly affected.

Other justice-related areas that benefit businesses are the availability of alternative dispute resolution mechanisms and the costs of litigation. Efforts to promote the use of alternative dispute resolution in <u>Cyprus</u>, including the modernisation of arbitration law, are supported by businesses. In <u>Finland</u>, business stakeholders reported a favourable legal framework as regards investment protection, but the high cost of litigation in intellectual property might hinder access to justice. High court fees and the absence of a cap on court fees can affect access to justice in <u>Austria</u>, including for businesses. In <u>Estonia</u>, a draft law envisaging increased fees would affect business-related cases.

Challenges as regards the efficiency of justice can particularly affect businesses, whose investment decisions rely on speedy handling of disputes. This is the case in <u>Malta</u>, where stakeholders see delays and inefficiencies in courts as hampering business confidence. Similarly in <u>Portugal</u>, stakeholders consider that efficiency shortcomings in the justice system may hinder investment. In <u>Slovakia</u>, lengthy administrative proceedings have been identified as an obstacle for businesses, affecting their ability to obtain the necessary permits and approvals ...

The effective and timely enforcement of binding judicial decisions is also essential for businesses operating across the EU's Single Market. The country chapters also present systematic information on mechanisms that are in place to assist in implementing judgments by supreme administrative courts for each Member State.

As regards the *fight against corruption*, <u>Greece</u> introduced a dedicated management system to reduce bureaucracy and increase standardisation of licensing, which is intended to act as a protection against potential corrupt practices. In <u>Malta</u>, companies that are members of the Chamber of Commerce are committed to apply anti-corruption measures. In <u>Cyprus</u>, where business stakeholders consider public procurement as highly prone to corruption, the Government's efforts to improve efficiency, accountability and transparency in public procurement should help to improve the business environment. In <u>Italy</u>, public procurement is digitalised through an interinstitutional platform to counter specifically infiltration attempts by organised crime through corruption. On the other hand, in <u>Slovakia</u>, companies see a deteriorating business climate, including a negative trend of the economic policy conditions impacting their operations. In <u>Slovenia</u>, concerns about undue influence and conflict of interest in state-owned enterprises were voiced by some in the business community. In <u>Hungary</u>, framework agreements concluded by central purchasing bodies have allowed certain economic operators to become market leaders or to acquire a dominant position at the expense of their competitors.

A *media environment* governed by clear and transparent rules not only protects the integrity of our democratic space but also supports the functioning of the Single Market by ensuring a level playing field for media service providers. Economic challenges faced by the media represent a global phenomenon also felt across Europe. In addition to transparency of media ownership and the fair and transparent allocation of state advertising to media entities, transparent funding schemes to support the media industry are important in this regard. Such funding schemes continue to have positive impacts in <u>Austria</u>, while the budget for such schemes has increased significantly in <u>Lithuania</u> and reforms of media support mechanisms are planned in <u>Denmark</u>, and <u>Portugal</u>.

Effective *checks and balances* support the legal certainty and stable regulatory environment critical for businesses to operate in predictable conditions. Legislative simplification efforts in France are welcomed by businesses. In <u>Malta</u>, while business stakeholders are usually consulted on some relevant legislation, they also point out that slow law-making processes or sudden changes in legislation affect businesses. Legislative unpredictability, problems with the quality of legislation and regulatory burden remain primary concerns for businesses and CSOs in <u>Romania</u>. Businesses have identified unstable, fast-changing legislation as a major obstacle for business in <u>Greece</u> and <u>Bulgaria</u>. In <u>Cyprus</u>, delays in the law-making process and in adopting implementing acts are seen as challenges by businesses and investors. In <u>Hungary</u>, businesses express concern about the consequences for legal certainty of the Government's frequent recourse to emergency powers, as well as about the quality of law-making more generally. Foreign companies operating in strategic sectors have voiced concern about a lack of impartiality and arbitrariness in regulatory decisions.

Stakeholders have also highlighted certain barriers related to cross-border investment protection. In <u>Croatia</u>, business stakeholders raised the efficiency and quality of the justice system, and the quality and frequent changes in legislation as the main challenges for investment. In <u>Latvia</u>, foreign investors perceive some developments, such as the handling of large-scale public contracts, as negatively impacting the business environment. Business stakeholders are also affected by the way consultations are conducted. In <u>Belgium</u> and <u>Czechia</u>, business stakeholders generally report that they are satisfied with their involvement in the preparation of legislation.. In <u>Romania</u>, CSOs and businesses consider that public consultation often remains a 'box-ticking' exercise, with very tight deadlines and no feedback, despite legal requirements. In <u>Lithuania</u>, business stakeholders consider that the short timeframes for public consultations negatively affect the protection of investors.

5. CONCLUSION

This year's Rule of Law Report confirms the positive trajectory in several Member States and it shows that the annual rule of law cycle provides a stimulus for reform. As in previous years, national reforms have been taken forward in areas such as judicial independence, the fight against corruption, media pluralism and institutional checks and balances. While progress is uneven and challenges remain in certain Member States, the overall engagement with the process remains strong, with a substantial number of the 2024 recommendations partially or fully addressed.

The addition of the Single Market dimension brings further value to the report and over time, it can be developed even further. It underlines how rule of law challenges can directly impact economic confidence, legal certainty, and the effective functioning of the Union's economic framework. A predictable and transparent legal environment supports cross-border business, consumer trust, and investor confidence. Strengthening the rule of law reinforces the resilience and integrity of the Single Market. In line with the Political Guidelines, the EU will build a closer link between the recommendations in the Rule of Law Report and the financial support. And it will ensure that the future long-term budget has strong safeguards on the rule of law.

In parallel, the Rule of Law Report will be complemented by additional initiatives. In 2025, the Commission will present a European Democracy Shield. It will aim to empower strong and resilient democracies in the EU through measures that will reinforce situational awareness and response capacity, strengthen democratic institutions, fair elections and free media, and boost societal resilience and citizens' engagement. In parallel, the EU's first-ever Civil Society Strategy will promote and protect the role of civil society organisations across the EU.

As the new annual cycle begins, the Commission invites the Council and the European Parliament to continue both general and country-specific debates based on the report. It encourages further dialogue at national level, involving parliaments, civil society, the judiciary and the wider public. The Commission remains committed to supporting Member States in implementing this year's recommendations and to working collectively to safeguard the Union's core values.