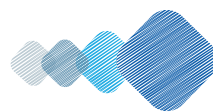


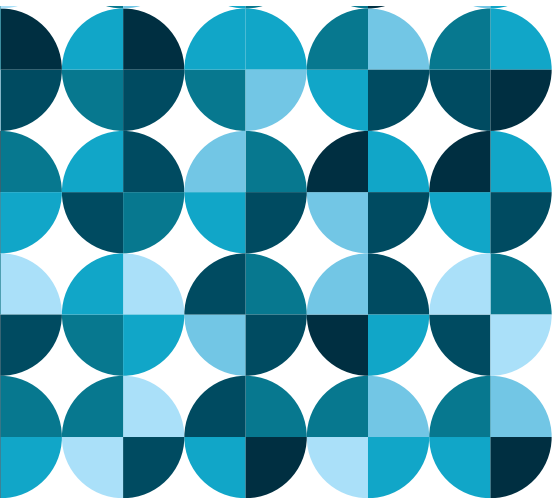
RECOMMENDATION WITH A FUTURE?

Analysis of the 2018 European Commission
Report on the Republic of Macedonia

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RECOMMENDATION WITH A FUTURE?

The EC has recommended accession negotiations again. Unlike the last recommendation of 2014, which had a comforting tone, this recommendation holds perspective.

The report gives wind in the government sails first, for the reforms and second, solving the name dispute.

The recommendation is strengthened with a new section in the introduction, devoted to the progress towards fulfilling the conditions for starting accession negotiations. In it, the Commission, provides arguments for the recommendation – a positive assessment of the fulfilment of the Prizino Agreement and the Urgent Reform Priorities. The name issue is not mentioned in this section, nor in the Strategy conclusions, both of which have the largest political weight. The Commission sticks to one of its former formulations, in the section on regional cooperation – that the dispute needs to be resolved as a matter of urgency.

The Commission announces the use of “the reinforced approach for the negotiating chapters on judiciary and fundamental rights and justice, freedom and security to the country. This should mean the beginning of a screening, i.e. the first phase of the accession negotiations.

With this approach of encouragement, the Commission leaves more scope to the Republic of Macedonia in the negotiations on the name issue.

The only perspective for this recommendation is for it to be the last. This will nevertheless depend on the solution of the name issue, regardless whether it will be linked again to the start of the negotiations which is the most probable, or other modalities will be sought.

The (eventual) lack of follow up on this clean recommendation is a big risk for the Republic of Macedonia and the European Union – in relation to internal and regional stability as well as the credibility of the enlargement process, as the central topic of the 2018 EU Strategy on credible enlargement perspective. The awareness of this risk is implicitly present in this report.

The government of the Republic of Macedonia is faced with the biggest challenge to continue with the resolution of the name issue, in the direction of a solution acceptable to its citizens.



Political criteria:
resolute return
to democratic values

The position of the government towards the basic principles of the rule of law, the dialogue with stakeholders and opposition, as well as the steps taken towards separating the state from the party carry exceptionally positive assessments. While recognising the criticism on the results of the government, as well as the political compromises made, there has been an exceptional breakthrough in terms of the democratic principles and in international politics in one year. This formulation of good progress has been missing from our reports for a long time, especially in relation to the three key areas in the political criteria – judiciary, public administration, freedom of expression and the relationship with civil society organisations.

From the political criteria, the assessments on the progress and preparedness in relation to the fight against organised crime and corruption are still modest. Verdicts on high profile cases are still expected.

The Commission praises the strategic directions for the public administration, but already indicates the need for strong political will for professional appointments at high level.

The structure of the report has been changed – chapters 23 and 24 come right after the political criteria, instead of the section on membership obligations, thus emphasizing their meaning, which was the objective of the 2018 Communication on credible enlargement.

It will be crucial after this year to ensure sustainability in the implementation, which is one of the more difficult tasks of the accession.



Economic criteria: increased transparency

In relation to the economic criteria, the EC recognises progress and significant advancement in the public finance management and transparency, including through the publication of a citizen budget for 2017 and 2018. The adoption of the Programme for Public Finance Management is assessed as a positive step. The key deficiencies noted relate to the business environment, as well as structural problems on the labour market, reflected in the high level of unemployment. Overall, EC considers that the country has made some progress and is at a good level of preparation in developing a functioning market economy – which, in fact is a stagnation in comparison to 2006. It is recommended that the country adopts a durable consolidation plan. Similarly, as above, the EC assesses that the economy has made some progress and is moderately prepared to cope with competitive pressures and market forces within the EU. EC determines weaknesses in the education curricula which do not respond to the needs of the market.



Regional cooperation: decisive step forward

The formulation that the «name issue» with Greece needs to be resolved as a matter of urgency has been introduced since the report from 2014. In this report it is repeated that the country continued to maintain good relations with the other countries from the accession process through active participation in the regional initiatives. Decisive steps have been taken to improve good neighbourly relations, including the entry into force the bilateral friendship treaty with Bulgaria. The intensified negotiations between Macedonia and Greece are recognized, as well as the joint announcement by the two Prime Ministers.



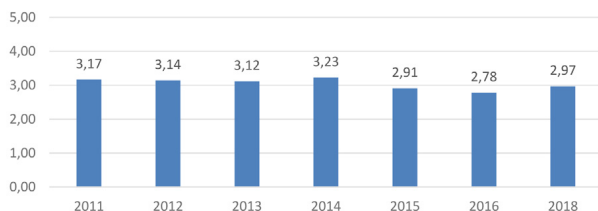
Neglected alignment with the Acquis, weak coordination

In this year's Report 'good progress' is assessed in the chapters regarding political criteria – 23 and 24. 'Some progress' is noticed in 23 chapters, whereby the progress is 0 (zero) and the EC recommendations are not implemented in 8 chapters. This assessment by the EU is concerning, having in mind that only 3-4 years ago Macedonia was the regional forerunner in the alignment with the acquis. For illustration, the level of alignment decreased in the 'heavy' chapter on environment and climate change. On the other side, the level of alignment on other 'heavy' chapter of food safety, veterinary and phytosanitary policy has increased – which is a highlight in the chapters (if 'fundamentals first' chapters are excluded).

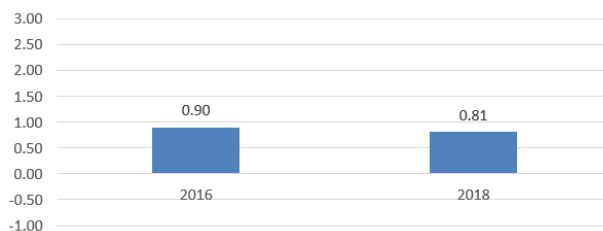
This stagnation can be partially explained with the decreased capacities of the strongly politicized administration in the past period; still, this explanation is not satisfactory. It is obvious that the Government by prioritising the political criteria and the regional

cooperation neglected the needed work on the chapters – alignment with the policies and acquis and their implementation and execution. Besides this, EC states lowered quality in the policy coordination on European integration – including the policy measures and implementation of the EU financial assistance. The Government should intervene in this negative trend and undertake urgent measures to strengthen the alignment capacities with the Acquis and the coordination on European integration-including administrative, as well as the policy capacities. This is the next key priority if Macedonia has serious attempt to open the accession negotiations with the EU. On the other side, these results might be interpreted as a by-product of the changed enlargement strategy by the EU which prioritised the ‘fundamentals first’ principles, as well as the development agenda vis-à-vis acquis alignment.

Level of alignment with the acquis
Chapters 1-33
2011-2018



Progress per chapters - acquis
1-33
2016 -2018





PERSPECTIVE

The fact that the name issue in the Report is not emphasised does not diminish the importance of the negotiations process and the future of the recommendation.

FINAL REMARKS AND RECOMMENDATIONS

1. The Report provides encouragement to the Republic of Macedonia for reforms and clearly recognised the political will and the commitment by the Government.
2. The assessment of political criteria, particularly the judiciary and the public administration reform are particularly positive.
3. The key achievement in economic criteria is the increased transparency and the improved approach towards public finances.
4. The stagnation in alignment with the EU policies and legislation is concerning, as well as the lower quality of coordination regarding the European integration
5. Besides maintaining the good direction regarding the democratic reform and the regional cooperation, it is necessary for the Government to prioritise the alignment with the EU policies and the *acquis*, as well as the structural economic reforms.
6. The commitment of the Government to open accession negotiations should be demonstrated through strengthening of the capacities – both on political and administrative level on European policy coordination.
7. The European Commission, in addition to prioritisation of ‘fundamentals first’ principles, should encourage alignment with EU policies and the *acquis* in a more meaningful manner. At the same time, the EU in this direction should significantly strengthen the reform support within the scope of a wider economic and societal aspect.



Appendix :

Overview of conclusions and assessments of the fulfilment of the obligations for membership

Chapter	Progress							Preparedness	
	2011	2012	2013	2014	2015	2016	2018	2016	2018
1. Free movement of goods	1	2	1	1	1	1	0	3	3
2. Freedom of movement for workers	1	1	1	1	1	1	0	1	1
3. Right of establishment and freedom to provide services	1	1	1	1	1	1	0	3	3
4. Free movement of capital	1	1	1	1	1	1	1	3	3
5. Public procurement	1	1	2	1	1	0	1	3	3
6. Company law	2	2	2	2	1	1	1	4	4
7. Intellectual property law	1	1	1	1	1	1	1	3	3
8. Competition policy	1	2	2	2	1	0	0	3	3
9. Financial services	2	1	1	1	1	1	1	3	3
10. Information society and media	1	1	1	2	1	0	0	4	3
11. Agriculture and rural development	1	1	1	1	1	1	1	3	3
12. Food safety, veterinary and phytosanitary policy	2	2	2	1	1	1	1	2	4
13. Fisheries	1	1	1	1	1	2	0	3	3
14. Transport policy	1	1	1	1	1	1	1	3	3
15. Energy	2	1	1	1	1	1	1	3	3
16. Taxation	1	1	1	1	1	1	1	3	3
17. Economic and monetary policy	3	1	1	1	1	1	1	3	3
18. Statistics	2	1	2	2	1	1	1	3	3
19. Social policy and employment	1	1	1	1	1	1	1	3	3
20. Enterprise and industrial policy	1	1	1	1	1	1	0	3	3
21. Trans-European Networks	1	1	1	1	2	2	1	4	4
22. Regional policy and coordination of structural instruments	1	1	1	1	0	1	1	3	3
23. Judiciary and fundamental rights	1	1	1	1	0	0	2	2	2
24. Justice, freedom and security	1	1	1	1	1	1	2	3	3
25. Science and research	1	1	2	2	2	1	1	4	4
26. Education and culture	1	1	1	1	1	1	1	3	3
27. Environment	1	1	1	1	1	1	1	2	2
28. Consumer and health protection	1	1	1	1	1	0	0	3	3
29. Customs Union	2	1	1	1	2	1	1	4	4
30. External relations	1	1	1	1	1	1	1	3	3
31. Foreign, Security and Defence Policy	2	2	3	1	1	1	1	3	3
32. Financial control	1	1	1	1	1	0	1	3	3
33. Financial and budgetary provisions	1	1	0	1	1	1	1	1	1

Note: EPI applies its own methodology. The final grade is based on the weighed values of chapters, taking into account the size and difficulty of each chapter.

Explanation on the quantification of assessments of progress and alignment

Assessment used for the Reports until 2014:

Progress

Assessment	Numerical value
Recess	{-5}-{-1}
No progress; no further progress	0
No substantial progress; no visible progress; insufficient progress; slow progress; initial progress, limited progress	1
Little progress; modest progress, some progress	2
Progress; further progress	3
Good progress; visible progress; sustainable progress; satisfactory progress	4
Significant progress; important progress; substantial progress	5

Level of alignment:

Assessment	Numerical value
Not initiated	0
Early phase; very early phased; initial phase	1
Not very advanced; advances; slowly advances	2
Moderately advanced	3
Advanced; in an advanced phase	4
Well advanced	5

Assessments in 2015 and 2016 in accordance to the new methodology of the European Commission

Assessment- Progress	Numerical value
Backsliding	(-5)-(-1)
No progress	0
Some progress	1
Good Progress	2
Very Good Progress	3

Assessment- Alignment	Numerical value
Not initiated	0
Early phase	1
Some level of preparation	2
Moderately prepared	3
Good level of preparation	4
Well advanced	5

In order to ensure comparability of assessments under the new methodology of the European Commission, revaluation of assessments is done for the years until 2013.

European Policy Institute analyses for the previous reports of the European Commission are available at:

- 2016: <https://goo.gl/RZfVU9> (MKD); <https://goo.gl/h13TQK> (ALB); <https://goo.gl/shdpvs> (ENG)
- 2015: <https://goo.gl/QB99q> (MKD); <https://goo.gl/9r7ZTs> (ALB); <https://goo.gl/OF6L7Y> (ENG)
- 2014: <https://goo.gl/pOjiOJ> (MKD); <https://goo.gl/eBjt4v> (ALB); <https://goo.gl/2RkFnU> (ENG)
- 2013: <https://goo.gl/sBwze9> (MKD); <https://goo.gl/sBwze9> (ALB); <https://goo.gl/sBwze9> (ENG)
- 2012: <https://goo.gl/5LkbqQ> (MKD); <https://goo.gl/5LkbqQ> (ALB); <https://goo.gl/ROcPI3> (ENG)
- 2011: <https://goo.gl/6uWzI6> (MKD); <https://goo.gl/ikAhRx> (ALB); <https://goo.gl/f47DTe> (ENG)