

Another EC report: a new point of view, same old issues

Brief analysis of the EC North Macedonia 2022 Report

The key points in Commissioner Várhelyi's presentation on the Enlargement Package before the Committee on Foreign Affairs were the conditional candidate status of Bosnia and Herzegovina, the intergovernmental conferences to start negotiations with North Macedonia and Albania, as well as the backsliding by Serbia regarding the common external policy, along with the impact of the Russian invasion of Ukraine.

Unlike last year, this year the European Commission could present the first intergovernmental conference with Albania and the first political intergovernmental conference with North Macedonia as its main accomplishment in its policy towards the Western Balkans, and even as a "historic moment" for a "new phase in the enlargement policy".

It is this new point of view that changes the tone in this year's North Macedonia Report, which otherwise has retained last year's structure, a large part of the content, and reiterates a large number of long-standing issues.

The analysis of the Commission's¹ assessment leads to two conclusions:

- The assessment of predominantly moderate readiness in most clusters has stayed the same as last year. There remain vast differences between chapters and the same assessments of readiness across chapters, with the exception of Chapter 31, Common Foreign and Security Policy, where the readiness has been raised to "good" thanks to our full compliance with the sanctions against Russia.
- The progress assessment is somewhat improved compared to last year, and instead of no progress or "limited" progress, in most chapters the Commission notes "some progress". Nevertheless, this does not lead to changes in the readiness assessments, which, with the one exception, remain the same as in 2019, and have changed very little from the years prior.²

1 The readiness assessment represents the current readiness in regard to the overall rights and duties to be assumed with membership of the EU, while the progress assessment is in regard to last year's report.

2 An overview of the quantified readiness assessments and progress is provided as an annex.

Therefore, our conclusion from last year remains, that this is a result of the long-term nature of the accession process, the continuous changes in the *acquis*, as well as the general lack of political support for the enlargement process inside the EU, rather than a result of this year's change in rhetoric. Maintaining such an approach will fail to provide the impetus for reforms from the viewpoint of a candidate country.

EXPECTEDLY, THE REPORT FOCUSES ON CLUSTER 1: FUNDAMENTALS

For **democratic institutions**, it is key that North Macedonia continues with the efforts to strengthen democracy and the rule of law "in spite of certain challenges". Last year's assessment is repeated, that the country has shown "commitment to deliver results" in key areas of the Fundamentals cluster. This year, the Report presents an assessment of the progress in electoral reform and has qualified it as limited. The wording used by the EC in regard to Parliament is harsher than last year. Unlike last year, when the work of the Sobranie was praised in spite of the political polarisation, this year it is largely the subject of criticism.

Like last year, it welcomes the recognition by state institutions of **civil society** as a key actor, merely noting the ongoing blockade of the Council for Cooperation with and Development of the Civil Society.

As regards **public administration reform**, the readiness assessment remains the same as in the last report – moderate, but there is limited progress towards implementing last year's recommendations. There is reiteration of the key recommendations to amend relatively new systemic laws adopted with the support of the EC, and adopt new ones, as opposed to the recommendation to focus on implementation.

In general, as regards democratic institutions, the cautions for most of the old issues are reiterated, such as the need for timely electoral reform before the elections, a large number of fast-tracked laws, sporadic new initiatives instead of implementing the existing legal framework, and arrested local government reform. This year there is an added caution regarding Parliament that appointments should not be made on political grounds, but on merit, instigated by the inability to appoint Justices to the Constitutional Court and other officials appointed by Parliament.

A novelty in this year's report is the assessment that the **judiciary** has demonstrated "Its commitment to protect its integrity and independence", but there are already concerns regarding the significant drop in appointing judges and prosecutors, considering retirements and the untimely appointment of new ones. The caution is reiterated that the Academy for Judges and Public Prosecutors should remain the sole gateway to these professions, as well as not to truncate the introductory training. In spite of the retained efficiency of the judiciary, the criticism regarding the bilingualism in court proceedings and the wages in the judiciary has been restated.

The state of play in the area of **fundamental rights** is again a point of concern in terms of implementation. The long-standing issues that persist in certain areas are reiterated, such the **dramatic** situation in the penitentiaries and the inadequate implementation of the recommendations of the Committee for the

Prevention of Torture. There is limited progress in freedom of expression, something the EC focuses on increasingly every year, reiterating old weaknesses, but also identifying new risks, such as the reintroduction of paid government advertising.

On **fighting corruption**, the report details the outcomes of cases, in particular high-profile ones, with a positive conclusion regarding continuing the cases from the former SPPO. The Commission reiterates the positive assessment of the Commission for the Prevention of Corruption. Unlike last year, the key recommendations give priority, among other things, to the effective implementation of the recommendations of the Group of States against Corruption (GRECO). The Commission merely notes the suspension of the head of the Basic Public Prosecutor's Office for Prosecuting Organised Crime and Corruption, without going into an explanation or assessment of the dispute between this prosecutor's office and the Financial Police – a much debated issue in Macedonian society this past year..

On **Chapter 24, Justice, Freedom and Security**, the last four reports note the same pace of progress and the same readiness level – moderate. Progress has been noted in the implementation of the Joint Action Plan on Counter-Terrorism, the adoption of strategic documents in the area of border management and migration, the improvement of the capacity for financial investigations, international police cooperation and cooperation with EUROJUST, and the fight against drug trafficking. Some of the old issues reiterated are the lack of capacity in investigation centres, the gaps in the migration system, asylum procedures, as well as the limited capacity of the National Drugs Observatory. The EC has announced the signing of the long-awaited agreement with Frontex by the end of the year.

In the **economic criteria**, in regard to the market economy, it notes the stabilisation of public debt and the reduction of the budget deficit resulting from the economic recovery, as well as recovered tax revenue following the pandemic shock. It welcomes the adoption of the Budget Law that was more than two years late, whereas it notes the delay in the adoption of the Law on Public-Private Partnership. It is assessed that there has been no substantial effort to improve the business environment. On the second criterion (ability to cope with competitive pressure), even though “some progress” is noted, the analysis does not leave that impression. It is noted that education curricula are inappropriate for the labour market, reforms are lagging, and there is a lack of funding and capacity to support reform. Investments are lower than required to improve connectivity, including the poor regional transport network. It notes an increased number of companies in the reporting year, as well as a diversification of the economy.

All three chapters in the Fundamentals cluster remain with “moderate progress”, and the single good progress last year is again in the Statistics chapter, due to the positive readiness assessment and the execution of the Census. The two other chapters – Public Procurement and Financial Control, have had limited progress, with reiterated weaknesses and recommendations.

IN CLUSTER 2: INTERNAL MARKET

there is positive progress in five chapters, most notably Chapter 4 – Free Movement of Capital, Chapter 6 – Company Law, and 9 – Financial Services. The progress in these chapters is due to the alignment of sections of the national legislation with the EU acquis in the related areas, and it is recommended that they be implemented in the course of next year. What raises concerns is the continued backsliding in the important Chapter 8 – Competition Policy, due to the poor capacity of the Agency, as well as in Chapter 2 – Freedom of Movement for Workers, where it is noted that no steps have been taken to ensure equal treatment in the access to the labour market based on nationality. In its assessment, the EC links this cluster with the membership duties in the EU internal market, but also in the Common Regional Market.

IN CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

unlike last year, there is progress noted across all chapters. In addition to the adoption of significant laws, such as the Budget Law, there are positive assessments of the improvement of social protection, increased funding for innovative projects, and the increase in the budget for education. Customs policy is a strong suit, and the EC Report confirms this. The only remark in this chapter relates to the failure to ratify the Protocol on Illicit Trade in Tobacco Products. Nonetheless, the readiness level has not improved in any chapter. The explicit recommendation of the EC to “develop measures to increase competitiveness of domestic companies and their integration in global value chains, other than state aid” seems significant.

IN CLUSTER 4: GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

Chapter 27 – Environment marks “some progress” unlike the recent years of backsliding or very limited progress, yet the remarks on the implementation remain. The remaining chapters (14 – Transport Policy, 15 – Energy, 21 – Trans-European Networks) have limited progress. There is particular concern due to the fact that these chapters form a substantial part of the Economic and Investment Plan for the Western Balkans. In addition, what concerns are the cautions in the Energy chapter, especially regarding the need to accelerate the transition to renewable energy sources and reduce the dependence on gas, as well as the criticism regarding the lack of legislation implementation, energy efficiency, and insufficient incentives.

IN CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

on one hand there are the chapters where we have continuous progress, such as Chapter 12 – Food Safety, as opposed to chapters where we are backsliding, such as Chapter 22 – Regional Policy and Coordination of Structural Instruments, as well as Chapter 32 – Financial and Budgetary Provisions, whereas in Chapter 12 – Agriculture, there is slow movement with “some progress”. A particular concern are the continuous conclusions of reduced capacity to take advantage of money from EU funds and the delays in the implementation of the main projects. This explicit criticism comes despite multiple public statements by government representatives claiming increased capacities for using the IPA.

IN CLUSTER 6: EXTERNAL RELATIONS

there is progress due to the increased alignment with EU positions (100%) and our participation in EU missions. Chapter 31 – Foreign and Security Policy is the only chapter where the Commission has noted an improvement in the readiness level to take on membership duties. There is still a lack of a framework for the policy for developmental and humanitarian aid.

The Report notes the violation of established procedures in the SAA regarding the duty to inform of and substantiate introduced import restrictions, which is grave criticism for a country with the longest experience in implementing the Agreement.

GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

The Commission has retained its tentative approach to [good neighbourly relations and regional cooperation](#), mainly by noting the activities and efforts for the Prespa Treaty and the Treaty with Bulgaria to be implemented “in good faith by all parties”. As regards the bilateral relations with Bulgaria, the assessment is that “the focus was on overcoming open bilateral issues, which has opened the way for the start of the EU accession process”, finding that they have intensified.

Even though in the text of the Report it is clear that the Commission is trying to take an unbiased position, it underlines the commitments that the Government has undertaken in the bilateral negotiations with Bulgaria, which were then adopted in the documents of the EU Council. Thus, both the Strategy and the Report find that “the Parliament and the Government have undertaken to initiate and implement, as a matter of priority, the relevant constitutional changes in order to include in the Constitution the citizens who live within the borders of the country.” In addition, the Report mentions the signing of the protocol of the meeting of the Joint Intergovernmental Commission established under Article 12 of the Treaty of Friendship, Good Neighbourliness and Cooperation, which was subject to vehement debate in the course of the discussion on the French proposal.³

In the context of freedom of association, the Commission touches on the protests against the French proposal that they qualify as protests “against proposals designed to remove the obstacles to the opening of EU accession negotiations”, adding an assessment of the number of participants, and finding that at times they turned into clashes between demonstrators and the police. This section includes information regarding the reactions to the opening of the Bulgarian club in Bitola, without mentioning it by name.

3 “Signed bilateral protocol from the meeting of the Joint Intergovernmental Commission established under Article 12 of the Treaty of Friendship, Good Neighbourliness and Cooperation.” Report, p. 67.

ANNEX 1 – LEVEL OD READINESS AND PROGRESS

CLUSTER	AREA/CHAPTER	READINESS						PROGRESS		
		2015	2016	2018	2019	2020	2021	2022	2020-2021	2021-2022
1. FUNDAMENTALS	FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM	/	/	/	/	/	/	/	/	/
	• PUBLIC ADMINISTRATION REFORM	3	3	3	3	3	3	3	1	1
	23. JUDICIARY AND FUNDAMENTAL RIGHTS	2	2	2	2.5	2.5	2.5	2.5	1	2
	• FUNCTIONING OF THE JUDICIARY	2	2	2	2.5	2.5	2.5	2.5	1	2
	• FIGHTING CORRUPTION	2	2	2	2	2.5	2.5	2.5	1	2
	• FREEDOM OF EXPRESSION	2	2	2	2.5	2.5	2.5	2.5	0.5	1
	24. JUSTICE, FREEDOM AND SECURITY	3	3	3	3	3	3	3	1	2
	• FIGHTING ORGANISED CRIME	2	2	2	2	2	2	2	1	2
	FUNCTIONAL MARKET ECONOMY	4	4	4	4	4	4	4	1	2
	CAPACITY TO COPE WITH COMPETITIVENESS PRESSURE AND MARKET FORCES IN THE UNION	3	3	3	3	3	3	3	1	2
	5. PUBLIC PROCUREMENT	3	3	3	3	3	3	3	1	1
18. STATISTICS	3	3	3	3	3	3	3	2	3	
32. FINANCIAL CONTROL	3	3	3	3	3	3	3	1	1	
2. INTERNAL MARKET	1. FREE MOVEMENT OF GOODS	3	3	3	3	3	3	3	0.5	0
	2. FREEDOM OF MOVEMENT FOR WORKERS	1	1	1	1	1	1	1	0	0
	3. RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES	3	3	3	3	3	3	3	0	1
	4. FREE MOVEMENT OF CAPITAL	3	3	3	3	3	3	3	1	3
	6. COMPANY LAW	4	4	4	4	4	4	4	1	2
	7. INTELLECTUAL PROPERTY LAW	3	3	3	3	3	3	3	1	0
	8. COMPETITION POLICY	3	3	3	3	3	3	3	0	0
	9. FINANCIAL SERVICES	3	3	3	3	3	3	3	0.5	2
	28. CONSUMER AND HEALTH PROTECTION	3	3	3	3	3	3	3	0	1
	3. COMPETITIVENESS AND INCLUSIVE GROWTH	10. INFORMATION SOCIETY AND MEDIA	4	4	3	3	3	3	3	0.5
16. TAXATION		3	3	3	3	3	3	3	1	2
17. ECONOMIC AND MONETARY POLICY		3	3	3	3	3	3	3	1	3
19. SOCIAL POLICY AND EMPLOYMENT		3	3	3	3	3	3	3	1	2
20. ENTERPRISE AND INDUSTRIAL POLICY		3	3	3	3	3	3	3	1	2
25. SCIENCE AND RESEARCH		4	4	4	4	4	4	4	0.5	2
26. EDUCATION AND CULTURE		3	3	3	3	3	3	3	0.5	1
29. CUSTOMS UNION		4	4	4	4	4	4	4	2	2
4. GREEN AGENDA AND SUSTAINABLE CONNECTIVITY	14. TRANSPORT POLICY	3	3	3	3	3	3	3	0.5	1
	15. ENERGY	3	3	3	3	3	3	3	1	1
	21. TRANS-EUROPEAN NETWORKS	4	4	4	4	4	4	4	0.5	1
	27. ENVIRONMENT	3	2	2	2	2	2	2	0.5	2
5. RESOURCES, AGRICULTURE AND COHESION	11. AGRICULTURE AND RURAL DEVELOPMENT	3	3	3	3	3	3	3	1	2
	12. FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICY	2	2	4	4	4	4	4	2	2
	13. FISHERIES	3	3	3	3	3	3	3	0	1
	22. REGIONAL POLICY AND COORDINATION OF STRUCTURAL INSTRUMENTS	3	3	3	3	3	3	3	0.5	0
	33. FINANCIAL AND BUDGETARY PROVISIONS	1	1	1	1	1	1	1	0.5	1
6. EXTERNAL RELATIONS	30. EXTERNAL RELATIONS	3	3	3	3	3	3	3	1	1
	31. FOREIGN, SECURITY AND DEFENCE POLICY	3	3	3	3	3	3	4	1	4

Overview of readiness ratings:

Assessment	Numerical value
At an early stage	1
Some level of preparation	2
Moderately prepared	3
Good level of preparation	4
Well advanced	5

Overview of progress ratings:

Assessment	Numerical value
Backsliding	(-4)-(-1)
No progress	0
Limited progress	1
Some progress	2
Good progress	3
Very good progress	4