



NEW EC REPORT: NO SURPRISES

BRIEF ANALYSIS OF THE EC NORTH MACEDONIA REPORT 2021¹

The presentation by Commissioner Várhelyi of the Enlargement Package at the Foreign Policy Commission was evidently overshadowed by the blocked accession path of North Macedonia and Albania and the inability of EU Member States to adopt a decision on the start of accession negotiations with these two countries.

In such a setting, the Commission has taken the safe path of remaining behind its already known main findings and recommendations regarding the opening of accession negotiations. In its conclusions in this year's Enlargement Strategy, the Commission reiterates that the delays in the official launch of accession negotiations with Albania and North Macedonia are having **A NEGATIVE IMPACT ON THE CREDIBILITY OF THE EU**. Hence, the Commission calls for pending bilateral issues between Bulgaria and North Macedonia be resolved as a matter of priority, while underlining that it is crucial that EU Member States conclude the discussions on the Negotiating Frameworks without further delay and that the first intergovernmental conferences with Albania and North Macedonia are held as soon as possible and before the end of this year. This persistence in the recommendations is supported by the assessment that the country continues to meet the conditions for holding the first intergovernmental conference considering that it "has maintained a steady and determined pace in implementing EU reforms, particularly in key areas such as the rule of law, including in the fight against corruption and organised crime."

Despite the fact that the Report has been methodologically amended, having now fully cluster-based structure, in essence there are no major novelties in the approach of the Commission, except for the sequence of order of chapters and the summing up of the main findings per chapter. Under most of the clusters, it has been assessed that North Macedonia is moderately prepared to assume the obligations of EU membership, with evident differences under specific chapters covered by various clusters, as it can be seen in the table below.

¹ In addition to this brief analysis, the European Policy Institute is developing a detailed analysis of the Report and of the recommendations, seen against the background of ongoing trends and will publish it in the coming days.



THE REPORT PAYS THE GREATEST ATTENTION TO **CLUSTER 1. FOUNDATIONS.**

THE REPORT PRESENTS MAINLY **POSITIVE ASSESSMENT IN THE CONTEXT OF DEMOCRATIC INSTITUTIONS AND THE PUBLIC ADMINISTRATION REFORM.**

The steady commitment of the Government to EU integration related reforms is commended- the activating of existing checks and balances and the outreach on key policy and legislative issues, the functioning of the Parliament despite the political polarisation, inter-ethnic relations remaining stable, and first instance verdicts adopted regarding the 27 April 2019 events at the Parliament. Recognizing the civil society as a key stakeholder by state institutions is welcomed.

Yet again some of the old «ailments» are again established, such as “last minute” amendments to the electoral code just prior to elections, adoption of large number of laws under the fast track procedure, launching sporadic new initiatives instead of implementing the existing legal framework, stalled local self-government reform process.

Different from findings and recommendations regarding democratic institutions, the key recommendations on the public administration reforms are related to the amendments to relatively new systemic laws, adopted with EU support and adoption of new laws, instead of focusing on their implementation.

The situation in the fundamental rights area is concerning in terms of implementation. Chronic problems still persists in certain areas, such as for example the situation in prisons and the insufficient level of implementation of the recommendations of the CPT. In addition, despite the generally good assessment of the situation in the freedom of expression area, it has been established that reforms in this area are slow. Again the adoption of the Law on the Prevention and Protection against Discrimination is commended, yet there are expectations underlined for the strengthening of the transparently elected new independent anti-discrimination body.

In the fight against corruption context, the Report contains a detailed presentation of the outcome of corruption cases, including high-profile corruption cases, presenting a positive consideration that cases initiated by the former Special Prosecutor’s Office (SPO) continued to move. The Commission reiterates its positive assessment of the work of the State Commission for the Prevention of Corruption. The EC has furthermore established strengthening of institutions under Chapter 24- Justice, freedom and security and improved results in cases against organized crime. There has been good progress established as well in implementing last year’s recommendations on institutional reforms of the security sector and on reforms of the intelligence services.

The Reports presents a generally positive assessment of how authorities have dealt with the COVID-19 related challenges, and of the additional advancement of the fiscal transparency. However, concerns are expressed regarding the increased public debt, slow structural economic reforms and low capital expenditures.

All three chapters under the Foundations Cluster remain to be featured with the “moderate progress” assessment, and compared to last year there has been good progress established only under the Chapter of Statistics, which is owed to the favourable evaluation of the preparations and implementation of the Census. The situation under the other two Chapters - Public Procurement and Financial Control is featured with the “limited progress” assessment.

This year for the first time in an Annex to the **ENLARGEMENT STRATEGY THERE IS A PRESENTATION OF INDICATORS AND INTERNATIONAL INDICES** that the Commission applies in assessing the situation in areas of democratic institutions and the rule of law. These indices include annual assessments of Freedom

House, Transparency International, the World Bank and Reporters without Borders. The diversity of internationally based indices evidently points to difficulties in establishing clear standards and assessment in these areas. Furthermore, it is also evident that the approach applied in the EC Report has gained on its technical features, with the Commission avoiding offering political assessments, which has not been always the case in the past.

Under **CLUSTER 2: INTERNAL MARKET**, which consists of chapters covering extensive and complex *acquis*, the established progress is limited or no progress has been established at all, except for some progress made in areas of free movement of capital, and company law. It is concerning that there has been continual stagnation established under the important Chapter 8 - Competition. In its assessment, the EC links this cluster with membership obligations in the EU common market, as well as in the Common Regional market.

Under **CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH** there is evident stagnation established, with the exception of Chapter 29: Customs union, where again there is a positive exception with the situation under this Chapter having the assessment of "steady progress". There are also favourable assessments of the measures for support of the economy and employment. However, the crisis has a negative impact and slows down reforms in areas of social policy and education. The EC has established under almost all Chapters that there is lack of independence, coordination and institutional capacity, as well as lack of resources and efforts to enforce laws and implement policies.

On **CLUSTER 4: GREEN AGENDA AND SUSTAINABLE CONNECTIVITY**, Chapter 15. Energy, i.e. the energy market has been positively assessed. However, there has been a backslide established in the area of energy efficiency. There is stagnation under Chapter 14- Transport policy, and under the complex Chapter 27: Environment and climate change. This is especially concerning considering that these Chapters make a significant part of the Economic and Investment Plan for the Western Balkans.

Under **CLUSTER 5 ON RESOURCES, AGRICULTURE AND COHESION**, there are chapters under which the country has made steady progress, such as Chapter 12: Food safety, veterinary phytosanitary policy, different from Chapters under which the country stagnates or makes very little progress, such as Chapter 22: Regional Policy and coordination of structural instruments, as well as Chapter 33: Financial and budgetary provisions. There are considerations which cause concern and they are mainly related to the reduced capacity to utilize the EU funds and delays in the implementation of major projects.

In **CLUSTER 6: EXTERNAL RELATIONS** there has been progress made in view of the increased alignment with the EU positions (96%) and the country's participation in EU missions. However, there is still lack of a framework for the development policy and for humanitarian aid.

POSITIVE EXAMPLES in respect of which there are steady results achieved are still Chapter 12: Food safety, veterinary phytosanitary policy and Chapter 29: Customs union. Under Chapter 12 there is good level of preparedness, which has been maintained since 2016, and same as last year the situation under this chapter has been assessed with "good progress". This is especially important considering the complexity of this Chapter (it is usually considered the most difficult chapter in terms of implementation of the *acquis*). The situation with Chapter 29: Customs union is similar. There is good progress under this Chapter too, with the Commission establishing that the legislation in the customs area **IS AT A HIGH LEVEL** of alignment with the European *acquis*.

This Report also warns about a number of cases of lack of alignment with the Stabilization and Association Agreement.

As regards the assessment of the level of preparedness under specific chapters, in general terms there have been no changes since 2019, with only slight differences compared with such assessments in the years prior to 2019. Despite the fact that the country was making progress in the said period, especially under certain Chapters, this has not resulted in a better overall assessment of the readiness to assume membership obligations. Such a situation is a consequence of the long-term nature of the accession process, the continual amendments to the European legislation, as well as of the general lack of political support within the EU for the enlargement process. Seen from the viewpoint of a membership candidate country, such an approach does not ensure the required reform impetus.

ANNEX 1: LEVEL OF ALIGNMENT AND PROGRESS²

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

² The areas for which the Report provides uniform grades that can be quantified are shown.

Overview of the assessments of the level of preparedness:

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 the assessments of the level of progress:

ASSESSMENT	NUMERICAL VALUE
BACKSLIDING	(-4)-(-1)
NO PROGRESS	0
LIMITED PROGRESS	1
SOME PROGRESS	2
GOOD PROGRESS	3
VERY GOOD PROGRESS	4