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*Brief analysis of the EC
North Macedonia
2023 Report*

NEGOTIATIONS' FUNDAMENTALS SHAKEN





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The key points of this year's Enlargement Package are the conditional recommendations for the start of negotiations with Ukraine, Moldova, and Bosnia and Herzegovina, the candidate status for Georgia, as well as the growth plan announced by the Commission.

The analysis of the Commission's¹ assessments for North Macedonia leads to two conclusions:

- Compared to last year, the level of preparedness to take on the responsibilities of EU membership has increased in one chapter. This is an expected development considering the Commission's approach over the last decade that we touched upon in last year's analysis.²
- The progress assessments are weaker than last year, and instead of "some progress", the prevalent grade is "limited progress". What ought to concern us in particular are the assessments of the judiciary and the fight against corruption as key areas that the overall course of the negotiations as part of the *Fundamentals cluster* depends on.³

These conclusions are concerning on several points. On one hand, the country has repeatedly underlined its high level of alignment with the EU acquis. This general stagnation in combination with the lack of progress in Chapter 23: Judiciary and Fundamental Rights undermines this argument that is put forward by the supporters of our EU integration. On the other hand, the long-awaited growth plan, announced by the Commission this year, makes reform progress a prerequisite for the availability of EU support, which should make us take the findings of this year's report especially seriously.

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 Chapter 17: Economic and monetary policy

3 An overview of the quantified readiness assessment and progress is provided as an annex.

EXPECTEDLY, THE REPORT FOCUSES ON CLUSTER 1: FUNDAMENTALS

In the assessment of political criteria, the Commission addresses the impact of political polarisation on the [functioning of democratic institutions](#). The political polarisation of the [Assembly](#) has been underlined additionally in the context of delays in the adoption of important reform laws and other important commitments, including the appointment of members to independent bodies. These assessments are particularly significant regarding the measures that state institutions plan for in their respective roadmaps for these areas. In this section, the Commission addresses the activities related to the constitutional amendments from a formal point of view.

On [elections](#), it is noted that the legal framework for organising democratic elections is appropriate. Unlike last year, when there was [limited progress](#) in implementing the remaining recommendations by ODIHR and the Venice Commission, in this report, the EC finds that there is [no progress](#) in their implementation.

Whereas the EC recognises the declared commitment of the [Government](#) to the European agenda, it also points out that it needs to intensify its work to promote the reforms for EU membership. Moreover, the Government needs to increase its efforts to mainstream [civil society](#) engagement in priority areas and consultation activities, and for the Council for Cooperation between the Government and Civil Society to resume its activities.

With respect to [public administration reform](#), the assessment in this report remains the same as in the last one, i.e. the EC finds that the country is [moderately prepared](#), and there is [limited progress](#) solely due to the adoption of the new PAR Strategy in July 2023. The EC notes “insufficient political support, leadership and supervision of reforms”. The country is lagging behind considerably in the digitalisation of services, whose number is considered “symbolic”.

In the 2019 and 2020 EC reports, there was **good progress** noted in **Chapter 23: Judiciary and Fundamental Rights**. In 2021 and 2022, it was replaced with some progress, and in the most recent 2023 report, the EC finds **no progress**. The level of alignment remains unchanged from 2019, and in this report, too, the Republic of North Macedonia has **some/moderate level** of preparation. In this chapter, the assessments of all three areas are a cause for concern. In regard to the judiciary, the report focuses on the Judicial Council. It issues a negative assessment of the delay in the adoption of the new judicial reform strategy and completing the implementation of the current strategy. There is additional concern expressed regarding the unpreparedness of the authorities to address the scheduled retirements of judges and public prosecutors, and regarding the lack of implementation of the human resource strategies for the judiciary and prosecution services. There is a rare positive grade on the contribution of the Supreme Court and the four Courts of Appeal regarding the consistency of their judgments and harmonised court practices. In the area of corruption, it is noted that there is no progress and **serious concern** is expressed regarding the ramifications of the amendments to the Criminal Code.

With respect to **fundamental rights**, as has been the case for a number of years now, there is particular concern about the conditions in prisons, police stations, social care and psychiatric facilities. The Commission warns that such conditions, in line with the ECtHR case law, can be considered grounds for violation of the European Convention on Human Rights regarding the prohibition of torture. A new systemic recommendation is introduced, stressing that the country needs to develop a comprehensive monitoring and data collection system in order to assess the level of implementation of human rights legislation, policies, and strategies, in order to fully benefit from its observer status in the European Agency for Fundamental Rights.

With respect to **Chapter 24: Justice, Freedom and Security**, the last five reports note the same pace of progress. The country is **moderately prepared** to implement the EU acquis, and there is **some progress** in implementing last year's recommendations, mainly due to the improvement in the cooperation in fighting terrorism, and preventing and fighting violent extremism.

In the **economic criteria**, the Republic of North Macedonia marks **some progress**. Regarding the readiness level, there is a **good level of preparation** of the functional market economy, and a **moderate level of preparation** of the economy's capacity to cope with the competitiveness pressure and market forces of the Union.

In **Chapter 5: Public Procurement**, as in last year's report, the EC assesses the country to be **moderately prepared**, but there is **limited progress**. The EC has expressed concern regarding the Bechtel Enka contract that has been exempt from the Law on Public Procurement, finding it to be in conflict with "other legislation" and international commitments.

In **Chapter 18: Statistics**, the EC has again assessed the country as **moderately prepared**. Just as last year, it notes **good progress** due to the publication of the data from the December 2022 census. Nonetheless, for years now, the Commission has pointed out the need to provide staffing and financial resources for the State Statistical Office.

In **Chapter 32: Financial Control**, the country remains **moderately prepared** for accession, but **there is an improvement** in the progress made, from **limited** in the last report to **some progress** in this one. This is due to the setting up of the Anti-Fraud Coordination Network for fighting fraud in the management of EU funds, the adoption of the Organic Budget Law, and the Law on Inspection Supervision, as well as the signing of the Memorandum of Understanding between the Sobranie and the State Audit Office to strengthen follow-up for individual audit reports.

THERE ARE NO CHANGES IN THE GRADES ON THE LEVEL OF PREPARATION IN THE NINE CHAPTERS IN **CLUSTER 2: INTERNAL MARKET**

The adoption of a number of laws and bylaws in a number of areas contribute to some progress in the [Financial Services](#) chapter for a second year in a row. There is positive movement in the chapter [Free Movement of Goods](#), with progress compared to previous years, and a new action plan is expected to be adopted to eliminate non-tariff barriers to trade in compliance with the Treaty on the Functioning of the EU. In [Chapter 4: Free Movement of Capital](#), it is noted that there is good progress in aligning with the EU acquis by adopting the new law on money laundering and financing of terrorism, and the implementation of the Law on Payment Services and Payment Systems.

It is only [Chapter 2: Freedom of Movement for Workers](#) that remains at the early stage of preparation, where the liberalisation of the access to the labour market is expected, including for EU citizens. We ought to be seriously concerned by the lack of progress in [Chapter 8: Competition Policy](#) since 2015. The recommendations to enhance the administrative and financial capacity of the Agency for the Protection of Competition, and to improve the transparency in granting state aid have not been addressed yet.

The progress in the chapters with direct impact on benefiting from the growth plan for the Western Balkans is key if we aim for close integration with the EU single market. The readiness and progress assessments in this cluster are linked to the membership duties in the EU common market, but also the common regional market to which the EU pays particular attention.

IN A NUMBER OF AREAS UNDER **CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH,** THE REPUBLIC OF NORTH MACEDONIA IS MODERATELY PREPARED

The country is between a moderate and good level of preparation in the area of economic and monetary policy, while the level of preparation is good in science and research, and the customs union. [Chapter 17: Economic and Monetary Policy](#) is the bright spot of this report in which the Commission determines a higher level of preparedness as compared to last year. There is some progress in the areas of taxation, economic and monetary policy, enterprise and industrial policy, science and research policy, as well as social policy and employment. On the other hand, we need more efforts in the areas of limited progress, such as information society and media, customs union, and education and culture. For the first time since 2019, we mark limited progress in the Customs Union chapter. The Commission has pointed out the delays in the implementation of the New Computerised Transit System, and the need to fully implement IT systems, while there are no remarks regarding the administrative and operative capacities, and regarding the implementation of integrity and anticorruption standards in the Customs Administration.

IN CLUSTER 4: GREEN AGENDA AND SUSTAINABLE CONNECTIVITY, THERE IS NO SUBSTANTIAL CHANGE FROM LAST YEAR

For the most part, the grades in most chapters in recent years are repeated or downgraded. [Chapter 15: Energy](#), notes some progress regarding the measures taken for the regional gas interconnector and renewables. In terms of preparation, [Chapter 21: Trans-European Networks](#) is the only one with a good level of preparation, but the report notes the delays in the construction of the road and rail network, and the adoption of a plan to maintain these networks. [Chapter 27: Environment](#) marks lower progress than last year. It notes the poor implementation and insufficient administrative capacities across all sectors, underlining the need for structural reform. The remaining two chapters, [14: Transport Policy](#) and [15: Energy](#), have a moderate level of preparedness. For the former, it is noted that there is a lack of will for reform in rail transport. For the latter, the need is underlined to reduce the dependence on gas and coal, as well as to update and implement the National Energy and Climate Plan.

**IN TERMS OF PREPARATION,
CLUSTER 5: RESOURCES,
AGRICULTURE AND COHESION
HAS RETAINED THE SAME
GRADES AS LAST YEAR**

In three out of five chapters of [Cluster 5](#), there is moderate preparation for resources, agriculture and cohesion. The highest level of preparation is, as usual, in [Chapter 12: Food Safety, Veterinary and Phytosanitary Policy](#), and the lowest in [Chapter 33: Financial and Budgetary provisions](#). [Chapter 12](#) for this year notes that last year's recommendations have not been implemented and remain valid.

The unchanged level of some progress in [Chapter 11: Agriculture and Rural Development](#) is due to the drafting of the Action Plan for the National Strategy for Agriculture and Rural Development (2021-2027), including budgeting measures for supporting the National Programme for the Development of Agriculture (2023-2027). The only improvement in the level of progress is in [Chapter 13: Fisheries](#) due to aligning marketing standards, structural measures and state aid with the EU acquis, but there are also expectations to adopt a multi-annual national strategy and to increase the budget for the development of aquaculture, as well as a need to improve the administrative capacity for inspections and controls.

In [Chapter 22: Regional Policy and Coordination of Structural Instruments](#), there is no progress, and the biggest concern is the insufficient administrative capacity of the key institutions managing EU funds, i.e. lack of national policy for staff retention, gaps in human resource management, and large staff turnover in IPA structures. [Chapter 33: Financial and Budgetary Provisions](#) is considered to be at an early stage of preparation and with limited progress, the same as last year.

CLUSTER 6: EXTERNAL RELATIONS WAS ATTRIBUTED SPECIAL IMPORTANCE LAST YEAR AS REGARDS CHAPTER 31: FOREIGN, SECURITY AND DEFENCE POLICY OF THE EU, WHERE IN 2022 THE COUNTRY AS A WHOLE MARKED AN IMPROVEMENT IN PREPARATION BY FULLY ALIGNING WITH EU POSITIONS

This year, too, this chapter is one of three with good progress, along with the abovementioned chapters for Statistics and Free Movement of Capital. Maintaining this alignment and progress is particularly important in the context of the geopolitical dimension of the enlargement. In [Chapter 30: External Relations](#), there is some progress and moderate preparation, but for a long time now what has been missing is a policy framework for developmental and humanitarian aid.

ANNEX 1 - LEVEL OD READINESS AND PROGRESS

CLUSTER	AREA/CHAPTER	READINESS								PROGRESS	
		2015	2016	2018	2019	2020	2021	2022	2023	2021-2022	2022-2023
1. FUNDAMENTALS	FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM	/	/	/	/	/	/	/		/	
	• PUBLIC ADMINISTRATION REFORM	3	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	2,5	2	0
	• FUNCTIONING OF THE JUDICIARY	2	2	2	2,5	2,5	2,5	2,5	2,5	2	0
	• FIGHTING CORRUPTION	2	2	2	2	2,5	2,5	2,5	2,5	2	0
	• FREEDOM OF EXPRESSION	2	2	2	2,5	2,5	2,5	2,5	2,5	1	1
	24. JUSTICE, FREEDOM AND SECURITY	3	3	3	3	3	3	3	3	2	2
	• FIGHTING ORGANISED CRIME	2	2	2	2	2	2	2	2	2	2
	• FUNCTIONAL MARKET ECONOMY	4	4	4	4	4	4	4	4	2	2
	• CAPACITY TO COPE WITH COMPETITIVENESS PRESSURE AND MARKET FORCES IN THE UNION	3	3	3	3	3	3	3	3	2	2
	5. PUBLIC PROCUREMENT	3	3	3	3	3	3	3	3	1	1
	18. STATISTICS	3	3	3	3	3	3	3	3	3	3
	32. FINANCIAL CONTROL	3	3	3	3	3	3	3	3	1	2
2. INTERNAL MARKET	1. FREE MOVEMENT OF GOODS	3	3	3	3	3	3	3	3	0	1
	2. FREEDOM OF MOVEMENT FOR WORKERS	1	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	3	1	1
	4. FREE MOVEMENT OF CAPITAL	3	3	3	3	3	3	3	3	3	3
	6. COMPANY LAW	4	4	4	4	4	4	4	4	2	0
	7. INTELLECTUAL PROPERTY LAW	3	3	3	3	3	3	3	3	0	0
	8. COMPETITION POLICY	3	3	3	3	3	3	3	3	0	0
	9. FINANCIAL SERVICES	3	3	3	3	3	3	3	3	2	2
	28. CONSUMER AND HEALTH PROTECTION	3	3	3	3	3	3	3	3	1	2
3. COMPETITIVENESS AND INCLUSIVE GROWTH	10. INFORMATION SOCIETY AND MEDIA	4	4	3	3	3	3	3	3	1	1
	16. TAXATION	3	3	3	3	3	3	3	3	2	2
	17. ECONOMIC AND MONETARY POLICY	3	3	3	3	3	3	3	3,5	3	2
	19. SOCIAL POLICY AND EMPLOYMENT	3	3	3	3	3	3	3	3	2	2
	20. ENTERPRISE AND INDUSTRIAL POLICY	3	3	3	3	3	3	3	3	2	2
	25. SCIENCE AND RESEARCH	4	4	4	4	4	4	4	4	2	2
	26. EDUCATION AND CULTURE	3	3	3	3	3	3	3	3	1	1
	29. CUSTOMS UNION	4	4	4	4	4	4	4	4	2	1
4. GREEN AGENDA AND SUSTAINABLE CONNECTIVITY	14. TRANSPORT POLICY	3	3	3	3	3	3	3	3	1	1
	15. ENERGY	3	3	3	3	3	3	3	3	1	2
	21. TRANS-EUROPEAN NETWORKS	4	4	4	4	4	4	4	4	1	1
	27. ENVIRONMENT	3	2	2	2	2	2	2	2	2	1
5. RESOURCES, AGRICULTURE AND COHESION	11. AGRICULTURE AND RURAL DEVELOPMENT	3	3	3	3	3	3	3	3	2	2
	12. FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICY	2	2	4	4	4	4	4	4	2	2
	13. FISHERIES	3	3	3	3	3	3	3	3	1	2
	22. REGIONAL POLICY AND COORDINATION OF STRUCTURAL INSTRUMENTS	3	3	3	3	3	3	3	3	0	0
	33. FINANCIAL AND BUDGETARY PROVISIONS	1	1	1	1	1	1	1	1	1	1
6. EXTERNAL RELATIONS	30. EXTERNAL RELATIONS	3	3	3	3	3	3	3	3	1	2
	31. FOREIGN, SECURITY AND DEFENCE POLICY	3	3	3	3	3	3	4	4	4	3

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

