



REPUBLIC OF MACEDONIA  
GOVERNMENT OF THE REPUBLIC OF MACEDONIA  
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*Macedonia and the Stabilisation and Association Process*

<b>Greeting</b>	<p>It is a privilege for me to speak in front of this auditorium.</p> <ul style="list-style-type: none"><li>➤ When your country disappears from the headlines (and a country of the size of Macedonia appears there only in cases of tragedy) one becomes relieved but also aware of how difficult it is to draw the attention in normal times for normal issues and problems.</li><li>➤ Fortunately, analysts make analysis on developments also when they are not in the headlines.</li><li>➤ So, I am satisfied that there is interest for the crucial and normal issue and this is the Sap, the Macedonian record so far and its plans and expectations from the future.</li></ul>
<b>Application</b>	<p>I will start "<i>in medias res</i>".</p> <ul style="list-style-type: none"><li>➤ Few days ago, the ratification of SAA in all national parliaments of EU MS has ended successfully.</li><li>➤ Few months ago, the Republic of Macedonia decided and announced its intention to apply for membership in the Union, by the end of February.</li></ul>
<b>Moment</b>	<p>"Not the best time" is one of the most frequent comments I have heard from the European side.</p> <ul style="list-style-type: none"><li>➤ Arguments: "enlargement fatigue... "not after the Brussels failure..."</li><li>➤ But – what is the best time? – is the question that we pose to ourselves.</li><li>➤ The moment when the two sides should finally "converge" with each other is the moment of accession.</li><li>➤ What is in between is a process, a lot of work and the application is an important step, but just one in the process that has started relatively long ago and will most definitely last.</li><li>➤ So, we decided to take the step – and the risk - in the moment appropriate for Macedonia.</li></ul>
<b>Ratification SAA</b>	<ul style="list-style-type: none"><li>➤</li></ul>

<b>Arguments – connected to SAA</b>	<p>Presenting arguments for the application is touching on the topic of this presentation – Macedonia and the stabilisation and association process.</p> <ul style="list-style-type: none"> <li>➤ How far have we advanced in this process?</li> <li>➤ Have we benefited from it?</li> <li>➤ Have we contributed to it?</li> <li>➤ What are the prospects?</li> </ul>
	<p>Let us look back at the beginning of the stabilisation and association process:</p> <ul style="list-style-type: none"> <li>➤ It goes back to 1999, when the Stability Pact was promoted and the stabilisation and association process was launched.</li> <li>➤ It was the European cure for a typical and very vulnerable post-conflict situation.</li> <li>➤ The Stability Pact raised expectations.</li> <li>➤ In the countries in the region it was compared to the Marshall Plan.</li> <li>➤ It was not perceived as a framework for support, but as a concrete plan of action was not comparable to the Marshall plan.</li> <li>➤ Over the time the perception changed. The situation, too, essentially changed.</li> <li>➤ Now the Pact is complementary to the SAP process.</li> </ul>
<b>Macedonia – specifics</b>	<p>As for Macedonia, we have got to say that it was a very different case.</p>
	<p>When wars and conflict in ex-Yugoslavia arose, Macedonia was the only one that managed to become independent in a peaceful way.</p> <ul style="list-style-type: none"> <li>➤ It was the first one to adopt a new Constitution, establishing parliamentary democracy.</li> <li>➤ It was the only one that maintained good relations with all countries emerging from ex-Yugoslavia.</li> <li>➤ Yet, it was the last one to gain international recognition.</li> <li>➤ Although Macedonia did not contribute to the conflicts in the region, it bore the consequences.</li> <li>➤ Embargo with Serbia, embargo by Greece, refugees...</li> </ul>
<b>Macedonia – EU</b>	<p>As to Macedonia's relations with the European Union, after the delayed establishment of diplomatic relations (due to the name issue), the development was logical and positive:</p> <ul style="list-style-type: none"> <li>- Diplomatic relations established in 1995;</li> <li>- Macedonia became a member of PHARE in 1996;</li> <li>- The Cooperation Agreement was signed in 1997, in force since beginning of 1998;</li> <li>- Macedonia was the first to negotiate and sign the SAA in 2001.</li> </ul>

<p><b>paradox – need for stabilisation in 2001</b></p>	<p>Macedonia’s paradox is that the “stabilisation” clause became applicable to it only when and after the SAA was signed. Still, even in the crisis of 2001, Macedonia reacted in a different way.</p> <p>At the brink of conflict, it turned to dialogue.</p> <p>The EU and NATO reacted in a different way. The “one-voice” approach bore results.</p> <p>Looking from this perspective, only two years after, we can say that the perception on the Framework Agreement, from a “necessary evil” changed to an <i>investment</i>.</p> <p>However, the political lead and the risk had to be taken, and were taken.</p>
<p><b>SAP – Macedonia</b> <b>1. stabilisation – FA</b></p>	<p>So, we come to one of the aspects of the stabilisation and association process: stabilisation. In Macedonia it is almost fully connected with the implementation of the Framework agreement:</p> <ul style="list-style-type: none"> <li>➤ The Constitution was amended after difficult and lengthy but fruitful debate in Parliament;</li> <li>➤ Census results were issued in time, after a non-biased professional operation recognised by the EU;</li> <li>➤ More than 95% of all refugees and IDPs have returned home.</li> <li>➤ Commitments on equal representation are implemented (More than 1000 new minority police cadets and soldiers have finished their training and are employed in the police and in the Army. The number of minority public administrators is increasing and 600 new minority administrators are undergoing new training</li> <li>➤ The multi-ethnic police units have re-entered all former crisis areas and are being considered a security guaranty by the local population.</li> <li>➤ The use of Albanian language in the Parliament has become a normal practice.</li> <li>➤ Personal IDs are issued, upon request, bilingually.</li> <li>➤ The model for decision-making in Parliament that includes assent by ethnic communities to certain laws is operating. Sometimes it takes time to negotiate, but anyway laws have to be agreed in the government coalition, which has always in Macedonia included an ethnic Albanian party.</li> <li>➤ The amnesty law is fully respected.</li> <li>➤ The third RTV channel is broadcasting full program in all the minority languages.</li> <li>➤ The Decentralisation Laws – the last brick of implementation of the FA - are in Parliament. The nation-wide debate is, the least to say, vigorous – which would be expected for any such complicated package in any country.</li> </ul>

	<p>FA will not solve all our problems, but:</p> <ul style="list-style-type: none"> <li>➤ It will deprive extremists of alibis, skeptics of their case, and political opponents – of any arguments;</li> <li>➤ What is more important, it will reassure ourselves and others that the Macedonian model is working;</li> <li>➤ What is most important - our political energy could then be invested in strengthening the social cohesion.</li> </ul>
	<ul style="list-style-type: none"> <li>- One of the real signs that things are changing (for the better) is the change in public perception.</li> <li>- Not only did the support for FA grow, but the priorities have shifted. In 2002, 80% citizens cited political instability as their biggest concern. Right now, more than 80% refer to economic and social problems as key issues, and this cuts through ethnic and political divides</li> <li>- At the beginning of 2003 we have concluded an extremely difficult and rigid (for some skeptics impossible) IMF arrangement based on significant cuts in public spending, substantial decrease in budget deficit (5% to 1,4%), increased transparency, reform in public administration.</li> <li>- At the end of the year, the conclusion is that the targets have been fully met, allowing for a macroeconomic stability with low inflation, 3% growth of GDP, above 5% growth of industrial production, substantial decrease of interest rates (which were an important impediment for the development of SMEs). The target for 2004 is to keep this momentum, increase FDI (the Prime minister announced additional 200 mil USD for 2004) and to tackle the overwhelming problem of unemployment.</li> </ul> <p>So , 2003 was also in terms of the economic performance and priorities an year of stabilization.</p>
	<ul style="list-style-type: none"> <li>○ <i>The arrangements of IMF are strict and mainly aimed at macroeconomic stability; by default they are not aimed at encouraging growth, and they can notcannot address the critical issue of unemployment.</i></li> <li>○ <i>On the other hand, the European Union treats the arrangements with the International financial Institutions as a pre-condition for disbursing its aid to the beneficiary countries from the region.</i></li> <li>○ <i>Moreover, the political arrangements in line with democratisation are rather expensive, as is the case with the Framework Agreement in Macedonia.</i></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>in 1994 the level of poverty was 36%, that Bulgaria until 1998 reached 70%.</i></li> <li>• <i>from 1999 to 2001 (so, the pre-accession and negotiation period) the GDP of Bulgaria has risen for 38%, and Lithuania's – for more then 40%.</i></li> </ul>
<b>Ownership of the stabilisation process, partnership with EU in stabilisation</b>	<p>There is no doubt about the ownership of the stabilisation process in Macedonia.</p> <p>The processes are driven and the lead is taken by the political forces in Macedonia, but completely implemented in partnership with EU.</p> <ul style="list-style-type: none"> <li>➤ The first ever deployed military mission of the EU was successfully completed in December 2003, after six months of operation.</li> <li>➤ The police mission PROXIMA started in December.</li> <li>➤ The Strategy for Police Reform was adopted, National Plans against Organised Crime and Corruption, too.</li> <li>➤ The focus of the government is on enforcement.</li> <li>➤ It has clearly shown it would make no compromise with crime and corruption.</li> <li>➤ And this was shown in action – in bringing before the court complicated human trafficking cases, in the creation of a parliament-elected State Commission on Fighting Corruption (fully independent from political influence, very visible when they start criticizing the government); in removing discretionary rights of public officials, and their public disclosure of assets, in the introduction of an independent judiciary budget;</li> <li>➤ The Constitution, with consensual approval, was amended to allow for introducing special techniques in fighting organised crime and corruption.</li> </ul>
<b>stabilisation - + political criterion</b>	<p>The implementation of the FA is a specific, but not the only political criterion.</p> <ul style="list-style-type: none"> <li>- As for the alignment of democratic institutions with EU standards, this is a process that has been going in since independence.</li> <li>- The essential legal framework is in place.</li> <li>- The focus now is on implementation.</li> <li>- Two other areas in focus are: judiciary and public administration.</li> </ul>

<p><b>2. regional co-operation</b></p>	<p>Another specific of the SAP, besides its stabilisation element is the regional approach.</p> <p>Regional co-operation is a condition for further improvement of relations of each country in the region.</p> <ul style="list-style-type: none"> <li>- Here, the Macedonian record is positive and this has not been contested.</li> <li>- In the regional political framework, we have steadily and patiently pursued a constant dialogue, overcoming even the most delicate issues in a pragmatic way.</li> </ul>
<p><b>Trade – region, EU</b></p>	<p>In the regional economic framework, Macedonia was the promoter of the Stability Pact free-trade initiative.</p> <ul style="list-style-type: none"> <li>- Macedonia is the first country in the region to have concluded bilateral FTA with all countries in SEE.</li> <li>- The focuses given by the Thessaloniki agenda on creating a regional energy market, as well as in the field of SME's promotion are fully supported and endorsed by Macedonia. Macedonia adopted the EU SME Charter.</li> <li>- As for bilateral trade with EU, it covers around one half of Macedonia's trade.</li> <li>- The basic issue of the implementation of the Interim Agreement is how to explore the asymmetric trade preferences granted by the Union to the benefit of Macedonia's economy.</li> <li>- And this is a field where the EU can assist, through developing the economic dialogue within the SAP – one of the commitments from the Thessaloniki Summit.</li> </ul>
	<ul style="list-style-type: none"> <li>- The “three pillar”-agenda (stabilization, fighting organized crime and corruption, regional cooperation) is European, per se. But, Macedonia has been successful and pro-active also in the specific EU issues: <ul style="list-style-type: none"> <li>➤ Throughout 2003 we have abide fully by the requirements in the IA/ SSA</li> <li>➤ Increase of the budget support for European integration projects</li> <li>➤ Timely preparation for the European Partnerships with the introduction of Action Plan following the recommendations in the SAP report and continuous progress-reporting.</li> </ul> </li> </ul>

<b>approximation</b>	<p>The SAP process includes approximation in the areas of free movement of goods, services and capital, as well as in the HJA field (HJA was not included in Europe Agreements).</p> <ul style="list-style-type: none"> <li>- This is a process launched in Macedonia not now, but since the establishment of the relations with EU.</li> <li>- European integration structures were put in place in 1998.</li> <li>- Legal approximation is well advanced and done in programmatic way – through annual approximation programmes.</li> <li>- Lacking screening and lacking the structured support given to the candidate countries, we had to learn from best practices.</li> <li>- Technical advice is available through the CARDS programme, but what we are struggling for now is: decentralisation of assistance to enable national ownership.</li> <li>- In order to move forward, it is indispensable to move the responsibility to the national institutions that have to carry out the reform.</li> </ul>
<b>Summary</b>	<p>I hope I have offered you a short, but hopefully clear “screening table” of how far we have got in the process.</p> <ul style="list-style-type: none"> <li>- And this turns me back to the beginning – to the application.</li> </ul>
<b>Consensus on application</b>	<ul style="list-style-type: none"> <li>- The Parliament will on the session that starts today adopt a Declaration supporting the application for EU membership.</li> <li>- This will be the third declaration adopted by the Macedonian parliament since 1998 on the relations with the Union, reiterating the attachment of all political forces to the strategic aim – membership in the EU.</li> </ul>

<p><b>Application – taking on responsibility</b></p>	<p>In submitting the application, we are proving we are committed to take whatever is necessary to achieve the goal.</p> <ul style="list-style-type: none"> <li>- There should be no doubt that we are committed to the process.</li> <li>- As we have clearly moved forward, we need the right response and a right input from our partners.</li> <li>- Macedonia’s application should not be understood as looking for a shortcut.</li> <li>- It should be understood as a clear commitment to the SAP process.</li> <li>- It should be taken as anchoring reform to EU accession.</li> <li>- It should be perceived as taking on the responsibility and the risk.</li> </ul> <p><i>The application is not about (searching for) a short cut; but it is about defining a clear path</i></p> <p><i>The application is not about turning a blind eye to conditions and criteria, but it is about opening more eyes to the conditions and criteria.</i></p> <p><i>The application is not about asking for political privileges, but it is about asking for (the privilege of) the step beyond.</i></p> <p><i>First and foremost, asking from ourselves, Macedonian institutions, politicians, citizens, but also from the EU.</i></p>
<p><b>Thessaloniki</b></p>	<p>In the wording of the Thessaloniki Declaration:</p> <ul style="list-style-type: none"> <li>- “The stabilisation and association process will remain the framework for the European course of the Western Balkan countries, all the way to their future accession. The process and the prospects it offers serve as the anchor for reform in the WB, in the same way the accession process has done in Central and Eastern Europe.”</li> <li>- The next message is: the pace depends on the countries themselves.</li> <li>- The logical conclusion is – we have to move forward, we have to be more ambitious in order to push the agenda forward.</li> </ul>
<p><b>a delicate phase – regional view</b></p>	<p>When finally commitment is achieved from the countries in the region, a danger is arising:</p> <ul style="list-style-type: none"> <li>- No visible results;</li> <li>- Transition too long;</li> <li>- The “carrot side” too weak.</li> </ul>
<p><b>European course – regionally ???</b></p>	<p>I am convinced that there should be no doubts in the European course of the political forces in the region.</p> <ul style="list-style-type: none"> <li>- Simply because this is the course the citizens of the region have drafted.</li> </ul>

<p><b><i>Real threat to the process now</i></b></p>	<ul style="list-style-type: none"> <li>- What is the real threat for the stabilisation and association process now is the transition fatigue, the lethargy, the non-employment, the lack of economic revival in former crises areas...</li> <li>- And this is the case in all the countries in the region.</li> <li>- Further economic hardship would endanger further reform.</li> <li>- Not addressing the unemployment issue would make high pressure for migration – and problems for the Union, too.</li> <li>- The right reaction from the side of the Union would be not “fortress Europe”, but dialogue and partnership with the countries involved in tackling the real issues of life.</li> </ul>
<p><b><i>Challenge for SAP</i></b></p>	<p>Therefore, the real challenge for the stabilisation and association process is to tailor it according to the situation on the ground - to the specific needs of the region and to the specifics of each country.</p> <ul style="list-style-type: none"> <li>- And here we do not need to invent new approaches.</li> <li>- What EU did when it was faced with the same problem with CEE countries, it made objective criteria, appraisal mechanisms and supporting instruments.</li> <li>- This process has started with the WB, too – through the European partnerships and the reporting mechanism.</li> <li>- But, now, it will be essential to tailor the instruments, too.</li> <li>- If the Union was not ready to discuss this problem in Thessaloniki, it is now the time to tackle the issue in terms of the EU financial perspective 2007-2013.</li> </ul>
<p><b><i>Concerns and frustrations - no political sponsorship</i></b></p>	<p>This approach is the only one that could melt away the skepticisms and frustrations present among the citizens of the region - that only by strong political sponsorship, one can accelerate the way to the EU; that present and ever-stronger conditionality is only a delaying tactics of the Union; that we are giving too much in return for too little...</p> <ul style="list-style-type: none"> <li>- It is difficult for us – the politicians in the region to fight these arguments day by day...</li> <li>- We have to offer tangible results.</li> </ul>

	<p>We have no illusions:</p> <p>These goals are complicated, complex, sometimes contradicting; they will require enormous political sacrifices, going against the tide and having to deal with many new and old enemies, threatened by these policies.</p> <p>We will face risks and failures; critical moments and loss of public support for some of them. And when we deliver, we will have a set of new challenges and problems to look after, equally demanding and equally difficult. You close one door behind you, and 10 new ones appear in front of you.</p> <p>But, I agree: the measure of success is not whether you have a tough problem to deal with, but whether it is the same problem you had last year.</p> <p>We have been determined to turn the “difficult 2003” into a “stable and successful 2003” for Macedonia. We have made it. Now, we need the same with the SAP.</p>
<b>Conclusion</b>	<p>As the topic is such that I could use much more of your time, I will try to end up here and give more time for discussion.</p> <ul style="list-style-type: none"> <li>- I hope that I have given you enough hints for you additional interest and questions that I will be glad to answer.</li> <li>- Thank you for your attention.</li> </ul>