



Procedure file

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Report on FYROM's 2006 progress report	Procedure completed
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Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AFET Foreign Affairs		
Council of the European Union	Council configuration	Meeting	Date
	General Affairs	2771	11/12/2006
European Commission	Commission DG	Commissioner	
	Neighbourhood and Enlargement Negotiations	REHN Olli	

Key events			
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11/12/2006	Resolution/conclusions adopted by Council		Summary
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08/06/2007	Committee report tabled for plenary	A6-0214/2007	
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Documentation gateway

Non-legislative basic document	SEC(2006)1387	08/11/2006	EC	Summary
Committee draft report	PE388.439	18/04/2007	EP	
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Committee report tabled for plenary, single reading	A6-0214/2007	08/06/2007	EP	
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Commission response to text adopted in plenary	SP(2007)4170	29/08/2007	EC	
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Report on FYROM's 2006 progress report

PURPOSE: to present the 2006 progress report on the former Yugoslav Republic of Macedonia (fYRoM).

CONTENT: on 17 December 2005, the European Council granted the status of candidate country to the former Yugoslav Republic of Macedonia. This is the first report on progress made by this country in preparing for EU membership. The report examines progress made by the former Yugoslav Republic of Macedonia towards meeting the Copenhagen criteria between 1 October 2005 and 30 September 2006. It also monitors regional cooperation, good neighbourly relations, and the respect for international obligations, such as cooperation with the UN International Criminal Tribunal for the former Yugoslavia.

1) Political criteria: the former Yugoslav Republic of Macedonia is well on the way to satisfy the Copenhagen political criteria. However, the pace of reforms has slowed down in 2006 and the country needs to step up its efforts. The short term political priorities in the European Partnership have been partially addressed. The Constitution was amended in December 2005, mainly to pave the way for the reform of the judiciary as recommended in the European Partnership. Eleven amendments were made to reform the court system, the immunity rules, the administrative sanction system, the selection and training system for judges and prosecutors, the Judicial Council and the Public Prosecutor's Office, and allow administrative bodies to impose sanctions.

The continued implementation of the 2001 Ohrid Framework Agreement (which aims to promote the peaceful and harmonious development of civil society while respecting the ethnic identity and the interests of all Macedonian citizens) has contributed to the country's stability and to consolidating democracy and rule of law. To achieve further progress, all political parties need to make the necessary efforts to build consensus, in full compliance with the letter and spirit of the Agreement.

Progress has been made progress in strengthening the electoral process to prepare for the July 2006 parliamentary elections. The electoral process was conducted largely in accordance with international standards. However, there were still irregularities before and during the elections.

As regards the reform of the public administration: the 2000 Law on Civil Servants has been further implemented. Steps were taken to improve the management of the administration and transparency in public decisions. The decentralisation process has moved forward and public services started to improve. Continued strong commitment from the government and the municipalities is required to address the remaining challenges.

An important reform was made to the judicial system, as required in the European Partnership. The constitutional and legal framework for an independent and efficient judiciary is now largely in place.

Successful implementation of the reform remains a major challenge and a key priority of the European Partnership, which will require continuous efforts and a sustained track record.

Further steps remain to be undertaken to secure effective rule of law throughout the country. The adoption of a new police law met a key priority of the European Partnership, after delays which slowed down the reform in the police.

Constructive cooperation is needed between the government and the opposition to ensure its smooth implementation. The legal and institutional framework for fighting corruption has been strengthened. The cooperation and coordination among the bodies involved have improved. However, corruption remains widespread. Many allegations of corruption have yet to be investigated. Full implementation of the legislation and strong political will to step up efforts are needed.

On Human rights and the protection of minorities: implementation of the Ohrid Agreement has gone ahead and in general, inter-ethnic relations have continued to improve. However considerable further efforts are needed in a number of fields (the Penal Code was amended to abolish prison sentences for libel; mechanisms for investigating ill-treatment of detainees need to be strengthened). The situation of the Roma community still continues to cause concerns.

Concerning regional issues and international obligations: the former Yugoslav Republic of Macedonia has maintained full cooperation with the International Criminal Tribunal for the former Yugoslavia. The country maintained a constructive position on Kosovo status talks. It has also remained an active partner in regional cooperation. Bilateral relations with neighbours have developed; however, there has been no progress on the name issue. Renewed efforts are needed, with a constructive approach, to find a negotiated and mutually acceptable solution on the name issue with Greece, under the auspices of the United Nations, thereby contributing to regional cooperation and good neighbourly relations.

2) Economic criteria: the former Yugoslav Republic of Macedonia is well advanced in establishing a functioning market economy. Continued stabilisation and reform efforts are needed to enable it to cope with competitive pressure and market forces within the Union in the medium-term. The country has maintained a broad consensus on the essentials of economic policies. As a result of a sound policy mix, macroeconomic stability and predictability have further increased. Inflation has remained under control.

Public sector accounts have been kept close to balance and the relatively low level of public sector debt has declined further. Price and trade liberalisation are largely completed, and the privatisation of state-owned enterprises has proceeded. Barriers to market entry and exit have been reduced by simplifying and accelerating bankruptcy and, in line with a key priority of the European Partnership, registration procedures. The financial sector's stability has improved. Furthermore, measures have been taken to improve the quality of human capital and to upgrade the country's infrastructure. Foreign direct investment inflows increased significantly, mainly driven by privatisation efforts. Economic integration with the EU is well advanced.

However, the functioning of the market economy is still impeded by institutional weaknesses, such as the slow speed of administrative procedures, corruption, red tape and a low degree of legal certainty. Shortcomings in the judiciary continue to be bottlenecks, impeding a faster improvement in the business climate. Furthermore, labour and financial markets are still poorly functioning, which hinders the reduction of the particularly high unemployment and hampers credit provision to enterprises. The education system does not sufficiently reflect the country's needs. These factors allowed only moderate economic growth. The considerable informal sector continues to cause major distortions in the economy.

3) Transposition of the *acquis communautaire*: the country has made further efforts to improve its ability to assume the obligations of membership. The country still faces major challenges in implementing and effectively enforcing the legislation. There was some progress in the fulfilment of the short-term priorities of the European Partnership such as:

- free movement of goods, free movement of workers and the free movement of capital: no progress has been made towards removing barriers to the right of establishment for EU natural and legal persons or on the freedom to provide cross border services;
- financial services and public procurement;
- intellectual property law: there has been some progress in particular in the area of industrial property rights;
- competition: some progress can be reported, mostly limited to the legal framework;

Progress has been achieved in the following areas however considerable efforts are still required:

- information society and media: progress is still needed in the liberalisation of the telecommunications market;
- agriculture and rural development: alignment has been initiated but is at an early stage. Progress has been made in parts of the area food safety, veterinary and phytosanitary policy. However, the enactment and implementation of legislation to align with the *acquis* is lagging behind. Preparations to align with the *acquis*, where relevant, in the area of fisheries are at an early stage;
- transport policy: considerable efforts to align and strengthen the administrative capacity in all transport sectors are needed;
- energy: there has been notable progress in this sector. Adoption of implementing legislation is a matter of priority, in particular in view of commitments under the Energy Community Treaty;
- taxation: progress in the legislative alignment could be reported. However, significant efforts will be needed to further align legislation, ensure effective implementation of the legislation, as well as to strengthen the administrative capacity in the area of tax collection;
- social policy and employment: notable progress has been, mainly in the field of labour and equal opportunities legislation. However, much of the *acquis* remains to be transposed, notably in the area of health and safety at work, and considerable efforts in the employment policy are required to address the difficult labour market situation;
- trans-European networks: the need for substantial financial input remains a bottleneck to upgrade the infrastructures;
- judiciary and fundamental rights: some progress has been made in the legal and institutional framework to fight corruption. The situation as regards protection of personal data remains a matter of concern;
- justice, freedom and security: progress is noted as regards migration and visa policy, and border management. Further implementation of the border management strategy is needed;
- environment: very significant efforts will be needed to ensure the implementation and the enforcement of the legislation
- customs union: substantial legislative progress took place in this area. Fees which were breaching the Stabilisation and Association Agreement have been abolished in line with a key priority of the European Partnership.

Community financing: the EC pre-accession financial assistance to the former Yugoslav Republic of Macedonia amounts to EUR 43.6 million for 2006. However, legislative progress is awaited to strengthen public internal financial control and monitoring expenditure from the EU.

Report on FYROM's 2006 progress report

The Council had an exchange of views on the Commission's Progress Reports covering the Western Balkans. It welcomed the progress achieved in the region and reaffirmed that the EU's policy towards the Western Balkans is based on a clear European perspective and a fair and rigorous conditionality as set out in the Stabilisation and Association Process and the Thessaloniki Agenda. In this context, the Council also recalled the relevant parts of the European Council conclusions of December 2005 and June 2006, including full cooperation with the ICTY. To further support this progress the Council called for a swift and effective implementation of the priorities identified in the European Partnerships, which will continue to be a key tool for guiding the countries' efforts in moving closer towards the EU.

As regards the former Yugoslav Republic of Macedonia: the Council welcomed the continued progress made by the former Yugoslav Republic of Macedonia but regretted that the pace of reforms has slowed down in 2006. In particular, the country needs to intensify its efforts in implementing the reforms of the police and judiciary, the fight against organised crime and corruption. It needs to secure the independence

and capacity of the public administration. It also has to sustain its efforts in implementing the Ohrid framework agreement and in complying with the obligations of the Stabilisation and Association Agreement. The Council welcomed the political dialogue recently resumed by the government and the opposition, and encouraged the parties to step up their cooperation in order to further implement reforms.

Report on FYROM's 2006 progress report

The Committee on Foreign Affairs adopted, by a comfortable majority, the initiative report drafted by Erik MEIJER (GUE/NGL, NL) on the 2006 Progress Report on the Former Yugoslav Republic of Macedonia (FYROM). In so doing, it welcomes the progress made by this country since its application to become a Member of the European Union. However, it points out that the reform momentum must be maintained and that the adopted legislation must now be properly and promptly implemented, especially in the fields of the police, the judiciary, public administration and the fight against corruption, in order to establish a true market economy, to stimulate economic growth and employment and to improve the business climate.

As regards the opening of the accession negotiations, the FYROM is encouraged to profit from the experience of Slovenia and Croatia in the process of joining the EU, both of those countries having inherited the same federal laws and sharing practical experience of the former Yugoslavia. The new Member States are called upon to play an active role in the Former Yugoslav Republic of Macedonia's move towards the European Union, allowing it to benefit from their experience of reforms.

1) Political criteria: the Macedonian Government is commended for its cooperation in the field of the Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP) and its willingness to contribute to the development of the ESDP capabilities and future EU-led civilian and military crisis management missions. The committee notes with satisfaction that following the internal conflict of 2001, in close cooperation with the EU, solutions have been found through the Ohrid Framework agreement to enable all citizens, regardless of their ethnic background, to live together in equality and peace, by strengthening the use of minority languages in public administration and education, through municipal reorganisation and by means of the application of the double majority principle (the Badinter principle) that protects the position of ethnic minorities in parliamentary decision-making. It notes that that in 2007 agreement has been reached on the national holidays of the different ethnic and religious groups. It emphasises that the Ohrid Framework Agreement has transformed the country by taking full account of its multi-ethnic and multicultural character, thus representing a core part of the political criteria for EU membership. It points out that the Badinter mechanism, as enshrined in the Constitution, is intended as a means to dialogue and consensus in a multi-ethnic state and regrets that early in 2007, as a result of dissatisfaction with the application of the Badinter principle, the largest Albanian opposition party ceased all parliamentary activity.

As regards the controversial issue of the name of the country, the MEPs regret that since the admission of the Former Yugoslav Republic of Macedonia to the UN in 1993, when in order to obtain international recognition the provisional name 'the Former Yugoslav Republic of Macedonia' was employed, and since the Interim Accord of 1995 no agreement has been reached with the neighbouring country of Greece. It urges the FYROM and Greece to bring talks under the aegis of the UN on this issue to a successful conclusion as soon as possible. It is highlighted that the name issue neither is nor can be part of the conditions related to the country's EU accession agenda and that, as in the case of all other candidate countries, its integration into the EU will depend exclusively on fulfilment of the Copenhagen criteria.

Another recommendation calls for the country to learn from European best practices in public administration and education that take account of ethnic and linguistic differences. Further agreement is sought on the way in which the two largest ethnic communities and the different minorities can live with one another on an equal and harmonious basis.

Situation of the Roma: specific and urgent measures need to be taken to improve the situation of the Roma by using the National Strategy on Roma, involving well developed Roma civil society as the main partner. Matching government funds with IPA funds should be a way towards improving the social inclusion of the Roma in the Former Yugoslav Republic of Macedonia.

MEPs welcome the country's constructive position on the future status of Kosovo, however, it regrets that in anticipation of the future status of Kosovo it has not been possible for any further frontier demarcation to take place. They trust that agreement will be reached on this technical issue with all speed and welcomes the fact that the farmers concerned are able to go on using parts of their land that happen to lie on the other side of the frontier.

The authorities of the Former Yugoslav Republic of Macedonia are urged to promote regional cooperation and the development of good neighbourly relations.

The committee calls urgently for improvement and maintenance of the water quality and water level in the frontier lakes of Ohridsko Ezero, Prespansko Ezero and Dojransko Ezero, and for effective agreements on this aspect with the neighbouring countries of Albania and Greece. Attention is drawn to the need to improve the overall attitude towards the environment, inter alia by eliminating illegal rubbish dumps along roads, river banks and on the edge of woodlands by introducing a waste collection system that is separate as far as possible.

2) Economic criteria: MEPs express serious concern over the fact that unemployment remains extremely high and calls on the Government to devise efficient policies to combat poverty and social inequalities. They stress the need for different trade union federations to be able to coexist on an equal basis. The committee considers it undesirable that civil servants should lose their jobs or be encouraged to leave with changes of government, and in particular expects civil servants who are specially trained to meet the needs of the EU acquis to continue their work.

3) Application of the acquis: as regards visa facilitation and readmission agreements: the committee welcomes the initialling of the visa facilitation and readmission agreements with the EU as a transitional step towards a mutual visa-free travel regime, and to this end calls on the Commission to set out a roadmap to increase mobility, including greater participation in life-long learning and cultural exchange projects, and on the Macedonian Government to continue its commitment to fulfil the required European standards in the fields of justice, freedom and security. The introduction of the new passports with biometric security features is welcomed. The Member States are called upon to fully recognise Macedonian passports. The committee calls urgently for the full recognition of the Macedonian passport by all EU Member States and for the abolition of national supplementary visa payments, particularly the provisions that make it more difficult to visit Greece than other EU Member States.

On an international level, MEPs point out again that the authorities are expected to investigate the circumstances in which a German citizen, Khaled El-Masri, was abducted to Afghanistan in 2003 and to make public the results of the investigation. The committee regrets the signing by the Former Yugoslav Republic of Macedonia of the Bilateral Immunity Agreement with the USA, which excludes American citizens and

military personnel from the jurisdiction of the International Criminal Court. It points out that the International Criminal Court is a cornerstone of international law and that the Rome Statute has been firmly supported by the EU and calls in this regard on the Macedonian Government to find ways to terminate that bilateral agreement, which undermines the full effectiveness of the International Criminal Court.

Report on FYROM's 2006 progress report

The own-initiative report by Erik MEIJER (UEL/NGL, NL) on the Former Yugoslav Republic of Macedonia was adopted by a large majority (558 votes for, 47 against and 8 abstentions). The report made it clear that the contested issue of the country's name can not form part of the conditions for EU membership.

It should also be noted that the European Parliament emphasises that special attention must be paid to the trafficking of human beings and that strengthening regional cooperation, inter alia through the Southeast European Cooperative Initiative, is becoming a necessity in the fight against international organised crime networks.

MEPs welcome the progress made by the Former Yugoslav Republic of Macedonia, since its application to become a Member of the European Union, in meeting the Copenhagen political criteria and in implementing the recommendations of the 2004 European Partnership, the provisions of the SAA and the requirements of the Stabilisation and Association Process. They point out that the reform momentum must be maintained and that the adopted legislation must now be properly and promptly implemented, especially in the fields of the police, the judiciary, public administration and the fight against corruption, in order to establish a true market economy, to stimulate economic growth and employment and to improve the business climate. MEPs also commended the Government of the Former Yugoslav Republic of Macedonia for its cooperation in the field of the Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP), notably its participation in the EU mission ALTHEA and its willingness to contribute to the development of the ESDP capabilities and future EU-led civilian and military crisis management missions.

The Parliament notes with satisfaction that following the internal conflict of 2001, in close cooperation with the EU, solutions have been found through the Ohrid Framework agreement to enable all citizens, regardless of their ethnic background, to live together in equality and peace, by strengthening the use of minority languages in public administration and education, through municipal reorganisation and by means of the application of the double majority principle (the Badinter principle) that protects the position of non-majority communities in parliamentary decision-making.

According to the MEPs, the Ohrid Framework Agreement has transformed the country by taking full account of its multi-ethnic and multicultural character, thus representing a core part of the Copenhagen political criteria for EU membership. They call on this basis, following the implementation of the agreement, for the status of EU candidate country that was granted in 2005 to be accompanied as soon as possible by the actual start of accession negotiations.

Concerning the name of the country, Parliament regrets the on-going conflict with Greece on this matter. The Parliament points out that there are a number of countries in Europe whose name coincides with that of part of the territory of a neighbouring state, and that each state chooses its name in freedom. It welcomes the fact that the Former Yugoslav Republic of Macedonia has changed its national flag and has made constitutional amendments to confirm the absence of territorial claims against neighbouring countries but regrets the recent name change of the national airport to "Alexander the Great".

The Parliament urges the Former Yugoslav Republic of Macedonia and Greece to bring talks under the aegis of the UN on this issue to a successful conclusion as soon as possible.

Parliament takes the view that the name issue is not an obstacle to the opening of negotiations for EU accession and that, as is the case for all other candidate countries, its integration into the EU will depend exclusively on fulfilment of the Copenhagen criteria, the conditions of the stabilisation and association framework, and the EU's capacity to integrate new Member States.

The Parliament calls on the authorities of the Former Yugoslav Republic of Macedonia to continue approximating EU environmental legislation and standards and to implement and enforce adopted legislation. It also recalls that a major incentive and guarantee for the stability and prosperity of the entire region of South-East Europe is the building-up of a modern cross-border infrastructure, and therefore draws attention to the importance of maintaining and improving the railway network, domestic rail traffic and the transit function between Greece and many other EU Member States.

As regards unemployment, the Parliament expresses serious concern over the fact that unemployment remains extremely high and calls on the Government, in view of the enormous challenges in this field, to devise efficient policies to combat poverty and social inequalities. It considers that the education and training system, investment in human capital and the population's access to the internet must be improved in order to respond to the needs of society. Attention is also drawn to the desirability of adopting measures to facilitate easy frontier traffic with Kosovo, thus enhancing cooperation in the areas of education, culture and employment, as well as maintaining family ties.

Urgent measures need to be taken to improve the situation of the Roma by using the National Strategy on Roma, involving well-developed Roma civil society as the main partner; considers that matching government funds with funds from the Instrument for Pre-Accession Assistance and institutionally recognising the Roma Advisory Group should be a way towards improving the social inclusion of the Roma in the Former Yugoslav Republic of Macedonia.

The Parliament recommends that the country should learn from European best practices in public administration and education that take account of ethnic and linguistic differences. It calls for further agreement on the way in which the two largest ethnic communities and the different minorities can live with one another on an equal and harmonious basis. In this respect, it calls for the effective implementation of the constitutional provisions designed to guarantee equitable representation of non-majority communities in the public administration.

MEPs call urgently for maintenance and consistent application of the independence of public broadcasting established in the Law of November 2005, which ? unlike the previous situation of political interference ? complies with European media standards.

The European Parliament welcomes the initialling of the visa facilitation and readmission agreements with the EU as a transitional step towards a mutual visa-free travel regime. It also welcomes the introduction of the new passports with biometric security features by the Former Yugoslav Republic of Macedonia. It takes note of the difficulties faced by the citizens of the Former Yugoslav Republic of Macedonia due to the non-recognition by one Member State of the EU of its passports and recalls that this issue has been raised and examined in detail during negotiations on the visa facilitation agreement.

