










# Procedure file

| Basic information                                                   |                                |                     |
|---------------------------------------------------------------------|--------------------------------|---------------------|
| INI - Own-initiative procedure                                      | <a href="#">2018/2145(INI)</a> | Procedure completed |
| 2018 Commission report on the former Yugoslav Republic of Macedonia |                                |                     |
| Subject<br>8.20.01 Candidate countries                              |                                |                     |
| Geographical area<br>Former Yugoslav Republic of Macedonia          |                                |                     |

| Key players         |                                                                                                                                                |                                                                                                                                                        |            |  |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| European Parliament | Committee responsible                                                                                                                          | Rapporteur                                                                                                                                             | Appointed  |  |
|                     |  Foreign Affairs                                              |                                                                                                                                                        | 16/05/2018 |  |
|                     |                                                                                                                                                |  <a href="#">VAJGL Ivo</a>                                           |            |  |
|                     |                                                                                                                                                | Shadow rapporteur                                                                                                                                      |            |  |
|                     |                                                                                                                                                |  <a href="#">KELAM Tunne</a>                                        |            |  |
|                     |                                                                                                                                                |  <a href="#">PICULA Tonino</a>                                     |            |  |
|                     |                                                                                                                                                |  <a href="#">TANNOCK Timothy</a><br><a href="#">Charles Ayrton</a> |            |  |
|                     |  <a href="#">MESZERICs Tamás</a>                           |                                                                                                                                                        |            |  |
|                     |  <a href="#">CASTALDO Fabio</a><br><a href="#">Massimo</a> |                                                                                                                                                        |            |  |
| European Commission | Commission DG<br><a href="#">Neighbourhood and Enlargement Negotiations</a>                                                                    | Commissioner<br>HAHN Johannes                                                                                                                          |            |  |

| Key events |                                            |                                                                                       |         |
|------------|--------------------------------------------|---------------------------------------------------------------------------------------|---------|
| 19/04/2018 | Non-legislative basic document published   | <a href="#">SWD(2018)0154</a>                                                         | Summary |
| 05/07/2018 | Committee referral announced in Parliament |                                                                                       |         |
| 09/10/2018 | Vote in committee                          |                                                                                       |         |
| 18/10/2018 | Committee report tabled for plenary        | <a href="#">A8-0341/2018</a>                                                          | Summary |
| 28/11/2018 | Debate in Parliament                       |  |         |
| 29/11/2018 | Results of vote in Parliament              |  |         |
| 29/11/2018 | Decision by Parliament                     | <a href="#">T8-0480/2018</a>                                                          | Summary |
| 29/11/2018 | End of procedure in Parliament             |                                                                                       |         |

| Technical information      |                                |
|----------------------------|--------------------------------|
| Procedure reference        | 2018/2145(INI)                 |
| Procedure type             | INI - Own-initiative procedure |
| Procedure subtype          | Annual report                  |
| Legal basis                | Rules of Procedure EP 87-p4    |
| Stage reached in procedure | Procedure completed            |
| Committee dossier          | AFET/8/13817                   |

| Documentation gateway                               |  |                              |            |    |         |
|-----------------------------------------------------|--|------------------------------|------------|----|---------|
| Non-legislative basic document                      |  | SWD(2018)0154                | 19/04/2018 | EC | Summary |
| Committee draft report                              |  | <a href="#">PE625.370</a>    | 05/07/2018 | EP |         |
| Amendments tabled in committee                      |  | <a href="#">PE627.670</a>    | 07/09/2018 | EP |         |
| Committee report tabled for plenary, single reading |  | <a href="#">A8-0341/2018</a> | 18/10/2018 | EP | Summary |
| Text adopted by Parliament, single reading          |  | <a href="#">T8-0480/2018</a> | 29/11/2018 | EP | Summary |
| Commission response to text adopted in plenary      |  | <a href="#">SP(2019)92</a>   | 26/03/2019 | EC |         |

## 2018 Commission report on the former Yugoslav Republic of Macedonia

**PURPOSE:** to present a Commission staff working document on the former Yugoslav Republic of Macedonia 2018 report in the context of EU enlargement.

**BACKGROUND:** the former Yugoslav Republic of Macedonia is participating in the Stabilisation and Association process. The Stabilisation and Association Agreement with the EU is the framework for relations with the EU, including political and economic dialogue.

Since 2009, the Commission has recommended to the Council to open accession negotiations with the former Yugoslav Republic of Macedonia, a candidate country since 2005.

The recommendation was made conditional, in 2015 and 2016, on the continued implementation of the Prino Agreement, which was facilitated by the Commissioner for European Neighbourhood Policy and Enlargement Negotiations and three Members of the European Parliament in 2015, and on substantial progress in the implementation of the Urgent Reform Priorities. Following the early parliamentary elections in December 2016, which resulted in the change of government in May 2017, the country has finally overcome its deep political crisis. The new government has shown commitment and political will to advance the EU reform agenda. Most elements of the Prino agreement have been continuously and largely implemented or are, by now, overtaken by subsequent events. Substantial progress has been made in the implementation of the Urgent Reform Priorities.

**CONTENT:** as regards its ability to assume the obligations of membership, the country is moderately prepared in most areas, including in the areas of competition, transport and energy. The country shows a good level of preparation in areas such as company law, customs union, trans-European networks and science and research. Further efforts are needed across the board, in particular in those few areas where the country is at an early stage of preparation, such as freedom of movement of workers. More focus is also needed on administrative capacity and effective implementation. The country has continued to improve its alignment with the EU declarations and Council decisions on Common Foreign and Security Policy.

IPA II: the implementation of the Instrument for Pre-Accession Assistance II for 2014-2020 (IPA II) is well underway. By the end of 2017, programmes totalling EUR 296 million have been adopted, out of which EUR 176 million (60 %) have already been contracted.

A summary of the main chapters of the report is as follows:

**Political and economic dialogue:** the country has finally overcome its most severe political crisis since 2001. Since May 2017, the new reform-oriented government has taken steps to address state capture by gradually restoring checks and balances, strengthening democracy and rule of law. The country is undergoing fundamental changes in a more inclusive and open political atmosphere. The Parliament needs to enhance its oversight and legislative functions.

**Strong political commitment to guarantee the professionalism of the public administration,** especially on senior management appointments, and the respect for the principles of transparency, merit and equitable representation in line with the spirit and the letter of the law, remains essential.

As regards the economic criteria, the former Yugoslav Republic of Macedonia has made some progress and is at a good level of preparation in developing a functioning market economy. However, key weaknesses of the economy remain. These include shortcomings in the business environment, such as weak contract enforcement and a large informal economy. Structural problems of the labour market are reflected in low

activity and high unemployment rates. The macroeconomic environment deteriorated in the first half of 2017, as the lengthy political crisis took a toll on investment. Trade and investment relations with the EU continued to intensify. The economy still suffers from weaknesses in education curricula, low innovation rates and important investment gaps including in particular public infrastructure.

Judicial system: decisive steps have been taken to start restoring the independence of the judiciary and reverse the backsliding of previous years. The most notable step was the adoption of a credible new judicial reform strategy, which aims to address the Urgent Reform Priorities.

Corruption and organised crime: the country has achieved some level of preparation in the field of corruption. The legislative and institutional framework is in place, as well as a track record on both prevention and prosecution, although final court rulings on high level corruption cases remain limited. Corruption remains prevalent in many areas and continues to be a serious problem. The capacity of institutions to effectively tackle corruption has shown structural and operational deficiencies. Political interference remains a risk.

In the fight against organised crime, the legislative framework is broadly in line with European standards, and efforts to implement strategies must continue. More needs to be done to effectively fight certain forms of crime such as money laundering and financial crimes. A track record on investigations, prosecutions and convictions in the fight against organised crime needs to be improved.

Fundamental rights and freedom of expression: the legal and institutional framework for protection of fundamental rights is largely in place and reforms have enhanced compliance with European human rights standards. Full implementation requires sustained efforts. It is positive that the country ratified the Convention on preventing and combating violence against women and domestic violence (also known as the Istanbul Convention), initiated the necessary legal reforms for establishing an external oversight mechanism of the law enforcement authorities and that the amendments to the framework for non-discrimination were prepared in an inclusive manner. The situation in prisons and psychiatric institutions must be addressed. More efforts are needed as regards Roma inclusion. As regards freedom of expression, the country has achieved some level of preparation and made good progress, notably through an improved climate for the media and decreased pressure on journalists.

## 2018 Commission report on the former Yugoslav Republic of Macedonia

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The Committee on Foreign Affairs adopted an own-initiative report by Ivo VAJGL (ALDE, SI) on the 2018 Commission report on the former Yugoslav Republic of Macedonia.

Members welcomed the governments strong political commitment to fully implement the Prino Agreement concluded in 2015 between the four main political parties and the priority reforms to be implemented urgently, which has led to an intensification of efforts on EU-related reforms, based on transparent and inter-ethnic cooperation and consultations with civil society. They encouraged the new government to maintain the positive momentum that has been built.

The report also welcomed the signing of the Prespa Agreement concluded on 17 June 2018 between Greece and the former Yugoslav Republic of Macedonia, and congratulated both sides on their considerable efforts to reach a mutually satisfactory solution to the name issue.

Members considered that a swift opening of the screening process and accession negotiations would deepen the momentum for reform, provide new incentives for the democratisation process and strengthen control and accountability.

Democratisation: the report welcomed improvements in electoral legislation, but stressed the need for a timely revision of the Electoral Code by comprehensively addressing the remaining OSCE/ODIHR, Venice Commission and GRECO recommendations on campaign financing and on political parties.

Members called for, inter alia:

continued efforts to prevent and investigate any form of intimidation on voters; political parties are urged to democratise their internal decision-making processes;

the national parliament to make full use of its oversight and legislative functions, while strictly limiting the use of urgency procedures which undermine parliamentary and public scrutiny;

the achievement of positive and credible results in the field of intelligence monitoring and respect for human rights and fundamental freedoms in the country;

the effective launch of the implementation of the public administration reform strategy, and the definition of clear rules on accountability;

further steps to ensure citizens' right of access to public information, increase the openness of the decision-making process and improve inter-institutional coordination.

Rule of law: Members recalled that the proper functioning of the judicial system and effective measures to combat corruption are of paramount importance in the EU accession process. The government is invited to:

- intensify efforts to properly implement the judicial reform strategy by putting in place sound monitoring and evaluation mechanisms;
- step up efforts to establish a track record of investigations, prosecutions and final convictions in cases of high-level corruption and organised crime;
- intensify the fight against money laundering and conflicts of interest by establishing and strengthening the capacity of anti-corruption and crime units, as well as financial investigations, and by freezing, confiscating, recovering and managing assets;
- develop a regional strategy and strengthen cooperation among all countries in the region to more effectively address the problem of corruption and organised crime, which are widespread in the region;
- improve the asylum system and migration management as well as mutually beneficial regional cooperation and partnership with Frontex under a new status agreement with a view to dismantling human trafficking networks.

Fundamental rights, civil society, media: while welcoming the reforms and efforts to gradually align the legal framework with EU standards, Members recommended:

- furthering measures to foster educational inclusion of minorities with a view to reinvigorating social cohesion and integration of communities;

- completing legal reforms to combat discrimination and violence against women and children, and continue to eradicate the still widespread domestic and gender-based violence;
- implementing strategies to end the dire situation of people with disabilities and the persistent discrimination against them;
- effectively combatting hate crimes and hate speech against minorities, including vulnerable groups such as the Roma and the LGBTI community;
- improving the operational environment for civil society organisations by strengthening the legal, financial, administrative and political framework, including laws on foundations and donations;
- establishing additional safeguards against the politicisation of the media, to strengthen the independence and capacity of the media regulator and public broadcasting and to take measures to prevent impunity in cases of violence, abuse or threats against journalists.

Economy: the report stressed the need to improve the business environment by ensuring fiscal consolidation and regulatory transparency and reliability. It urged the authorities to:

- address the large informal economy and the persistent problems of tax evasion and weak contract enforcement which continue to deter foreign direct investment;
- develop, without further delay, a long-term digital agenda;
- tackle long-term unemployment, youth unemployment and the low rate of participation of women on the employment market in a comprehensive and innovative manner.

Air pollution is a major problem in Macedonia cities. According to the latest study conducted by the Finnish Meteorological Institute and the Institute of Public Health, Skopje and Tetovo have the highest concentration of fine particles in the air (PM2.5) out of all European cities. Members called for adequate measures to be taken without further delay to deal with this emergency situation.

## 2018 Commission report on the former Yugoslav Republic of Macedonia

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The European Parliament adopted by 470 votes to 116 with 46 abstentions a resolution on the former Yugoslav Republic of Macedonia.

It noted that the prospect of EU membership is the great spur to reforms in the country, especially as regards the rule of law, the independence of the judiciary and the fight against corruption. It remarked that the former Yugoslav Republic of Macedonia is considered to be the candidate country which has made the most progress in aligning its legislation with the EU acquis.

Members welcomed the governments strong political commitment to fully implement the Prino Agreement concluded in 2015 between the four main political parties and the priority reforms to be implemented urgently, which has led to an intensification of efforts on EU-related reforms.

Parliament also welcomed the signing of the Prespa Agreement concluded on 17 June 2018 between Greece and the former Yugoslav Republic of Macedonia, and commended the positive diplomacy and active trust-building efforts leading to compromise, the settlement of open bilateral issues and the promotion of good neighbourly relations. Members stressed that bilateral issues should not obstruct the accession process. It took note of the result of the 30 September 2018 referendum regarding the countrys name. Members encouraged the government in Skopje to undertake all necessary steps in order to honour the provisions of the Prespa Agreement, which opens the door to EU and NATO accession negotiations.

Parliament stated that a swift opening of the screening process and accession negotiations would deepen the momentum for reform, provide new incentives for the democratisation process and strengthen control and accountability.

Democratisation: the resolution welcomed improvements in electoral legislation, but stressed the need for a timely revision of the Electoral Code by comprehensively addressing the remaining OSCE/ODIHR, Venice Commission and GRECO recommendations on campaign financing and on political parties.

Members called for, inter alia:

- continued efforts to prevent and investigate any form of intimidation on voters; political parties are urged to democratise their internal decision-making processes;
- the national parliament to make full use of its oversight and legislative functions, while strictly limiting the use of urgency procedures;
- the achievement of positive and credible results in the field of intelligence monitoring and respect for human rights and fundamental freedoms in the country;
- the effective launch of the implementation of the public administration reform strategy, and the definition of clear rules on accountability;
- further steps to ensure citizens' right of access to public information, increase the openness of the decision-making process and improve inter-institutional coordination.

Rule of law: Parliament recalled that the proper functioning of the judicial system and effective measures to combat corruption are of paramount importance in the EU accession process. The government is invited to:

- intensify efforts to properly implement the judicial reform strategy by putting in place sound monitoring and evaluation mechanisms;
- make further efforts to shield the judiciary from political interference;
- step up efforts to establish a track record of prosecutions and final convictions in cases of high-level corruption and organised crime;
- intensify the fight against money laundering and conflicts of interest by strengthening the capacity of anti-corruption and crime units, as well as financial investigations, and by confiscating assets;
- develop a regional strategy among all countries in the region to more effectively address the problem of corruption and organised crime;
- improve the asylum system and migration management with a view to dismantling human trafficking networks.
- intensify efforts to combat Islamic radicalisation and foreign terrorist fighters and continue monitoring of returning foreign fighters by the security services, their proper reintegration into society and the constant exchange of information with the authorities of the EU and of neighbouring countries.

Fundamental rights, civil society: while welcoming the reforms and efforts to gradually align the legal framework with EU standards, Members recommended:

- furthering measures to foster educational inclusion of minorities with a view to reinvigorating social cohesion and integration of communities;
- completing legal reforms to combat discrimination and violence against women and children, and continue to eradicate the still widespread domestic and gender-based violence;
- implementing strategies to end the dire situation of people with disabilities and the persistent discrimination against them;
- effectively combatting hate crimes and hate speech against minorities, including vulnerable groups such as the Roma and the LGBTI community;
- improving the operational environment for civil society organisations by strengthening the legal, financial, administrative and political framework, including laws on foundations and donations;
- establishing additional safeguards against the politicisation of the media, to strengthen the independence and capacity of the media regulator and public broadcasting and to take measures to prevent impunity in cases of violence, abuse or threats against journalists.

Media: Parliament noted modest improvements in the media environment and conditions for independent reporting and welcomed the termination of state-sponsored advertising in the media based on political favouritism. It called for further safeguards against politicisation of the media.

Economy: Parliament stressed the need to improve the business environment by ensuring fiscal consolidation and regulatory transparency and reliability. It urged the authorities to:

- address the large informal economy and the persistent problems of tax evasion and weak contract enforcement which continue to deter foreign direct investment;
- address the high youth unemployment rate by bridging the mismatch between the skills of young graduates and the needs of private companies;
- develop a long-term digital agenda;
- tackle long-term unemployment and the low rate of participation of women on the employment market.

Lastly, Parliament called for urgent measures to deal with air pollution, noting that Skopje and Tetovo have the highest concentration of fine particles in the air (PM2.5) out of all European cities.