

**STABILISATION AND ASSOCIATION
BETWEEN
THE EUROPEAN UNION
AND FORMER YUGOSLAV REPUBLIC
OF MACEDONIA**

Brussels, 19 June 2013

– The Stabilisation and Association Council –

UE-FM 1453/13

DRAFT MINUTES

Subject: Ninth meeting of the EU-former Yugoslav Republic of Macedonia (Brussels, 24
July 2012)

MINUTES

STABILISATION AND ASSOCIATION COUNCIL

EU-THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

24 July 2012

AGENDA

1. Opening
2. Adoption of the agenda
3. Adoption of Minutes of the eighth SA Council Meeting
4. Relations under Stabilisation and Association Process
 - 4.1. Pre-accession strategy, in particular in light of the Accession Partnership
 - Political criteria
 - Economic criteria
 - Financial cooperation
 - 4.2. Relations under the Stabilisation and Association Agreement
 - Implementation of the SAA – state of play
5. Exchange of views on developments in the Western Balkans and other international issues of common interest
 - Developments in the Western Balkans
 - Alignment with EU positions in the framework of the CFSP
6. Any other business
7. Closing remarks

ANNEXES:

- I. List of participants of the EU delegation
- II. List of participants of the delegation of the former Yugoslav Republic of Macedonia
- III. Interventions made at the Stabilisation and Association Council
- IV. Joint Press release

MINUTES

The Stabilisation and Association Council between the EU and the former Yugoslav Republic of Macedonia held its ninth meeting on 24 July 2012. The meeting was chaired by Ms Erato KOZAKOU-MARCOULLIS, Minister for Foreign Affairs of the Republic of Cyprus. The former Yugoslav Republic of Macedonia delegation was led by Mr Nikola POPOSKI, whose delegation also included the Deputy Prime Minister for European Affairs, Mr. Teuta ARIFI. The EU Commission delegation was headed by Mr Štefan FÜLE, Commissioner for Enlargement and Neighbourhood Policy.

1. Opening

Ms KOZAKOU-MARCOULLIS opened the 9th meeting of the Stabilisation and Association Council. Mr FÜLE and Mr POPOSKI responded.

2. Adoption of Agenda

The Stabilisation and Association Council adopted the agenda of the meeting as it appears in UE-FM 1455/12.

3. Adoption of the Minutes

The Stabilisation and Association Council took note of the fact that the minutes from the eighth SA Council (UE-FM 1456/12) had been approved through an exchange of letters between the two co-secretaries of the SA Council.

4. Relations under Stabilisation and Association Process

Ms KOZAKOU-MARCOULLIS introduced the sub-item 4.1 (Pre-accession strategy). Messrs FÜLE, POPOSKI and ARIFI responded.

Mr POPOSKI introduced sub-item 4.2 (Relations under the SA agreement). Mr FÜLE responded.

5. Exchange of view on international issues of common interest

Discussed in the restricted session.

6. Any other business

Discussed in the restricted session.

7. Closing

Ms KOZAKOU-MARCOULLIS, Messrs FÜLE and POPOSKI exchanged closing remarks.

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A press conference was held after the meeting and a joint press release was issued (Annex VI).

Annex I: EU Delegation

Chair for the Council of the EU (Cyprus) on behalf of the High Representative

Ms Erato KOZAKOU-MARCOULLIS, Minister of Foreign Affairs

Mr Evripides EVRIVIADES, Political Director

Mr Louis TELEMACHOU, PSC Ambassador

Mr Doros VENEZIS, COWEB Delegate

European Commission

Mr. Štefan FÜLE, Commissioner for Enlargement and Neighbourhood Policy

Ms. Alena OBRUSNIKOVA, Member of Cabinet, DG Enlargement

Mr. Stefano SANNINO, Director General, DG Enlargement

Mr David CULLEN, Head of Unit, DG Enlargement

Mr Leos JAVUREK, Administrator, DG Enlargement

General Secretariat of the Council of the European Union

Mr Zoltan MARTINUSZ, Director, General Secretariat of the Council of the European Union

Mr David JOHNS, Head of Unit, Enlargement

Ms. Susanne NIELSEN, Co-Secretary, SA Council

European External Action Service

Mr. Fernando GENTILINI, Director, Western Europe, Western Balkans and Turkey

Mr Jonas JONSSON, Head of Unit, Western Balkans

Mr. Terkel PETERSEN, Administrator, Western Balkans

Head of EU delegation

Mr Aivo ORAV, Head of EU delegation Skopje

Annex II: Delegation of the former Yugoslav Republic of Macedonia

1. Mr Nikola POPOSKI, Minister of Foreign Affairs, SA Co-Chair
2. Ms Teuta ARIFI, Deputy Prime Minister for European Affairs
3. Mr Andrej LEPAVCOV, Ambassador, Head of Mission to the EU
4. Ms Agneza RUSI, Director, Ministry of Foreign Affairs
5. Ms Elizabeta GJORGJIEVA, Deputy Head of Mission to the EU
6. Ms Elena GEORGIEVSKA, SA Co-Secretary, Ministry of Foreign Affairs
7. Ms Drita ABDIU-HALILI, Cabinet of Deputy Prime Minister for European Affairs
8. Ms Ermira FIDA, Head of Sector, Secretariat for European Affairs
9. Ms Linda SALIESKA, Counselor, Cabinet of the Minister of Foreign Affairs
10. Ms Jasna BOLJAT, Minister Counselor, Mission to the EU
11. Mr Vlatko STANKOVSKI, Counselor, Mission to the EU
12. Ms Trajce RUSEV, Counselor, Mission to the EU
13. Ms Maja HANDZISKA-TRENDAFILOVA, Counselor, Mission to the EU

**Annex III: Statements made at the ninth EU - former Yugoslav Republic of Macedonia
Stabilisation and Association Council**

1. Opening

Ms Erato KOZAKOU-MARCOULLIS, Minister of Foreign Affairs of the Republic of Cyprus

"Minister Poposki, Nikola, and Minister Arifi, if I may call you Teuta, I know you had a good meeting as recently as in January for the 8th SA Council, on 23 January 2012. We look forward to this 9th SA Council meeting being similarly productive.

In light of the relatively recent meeting in January, I shall limit my opening remarks to the following points:

We continue to base our work on the EU Council conclusions from 5 December 2011, including the assessment of progress made in key reform areas, broadly sharing the Commission's assessment of your country's sufficient fulfilment of the political criteria and noting that the Commission has reiterated its recommendation that accession negotiations should be opened with the former Yugoslav Republic of Macedonia. We said that we are ready to return to the matter. The Council also repeated that maintaining good neighbourly relations, including a negotiated and mutually accepted solution to the name issue, under the auspices of the UN, is essential. The Council finally said that it looked forward to high-level dialogue bringing results shortly.

I recall that the Stabilisation and Association Agreement remains at the core of the relationship between the EU and the former Yugoslav Republic of Macedonia until the country's accession to the European Union. The agreement provides the contractual framework within which the EU and the country co-operate and take stock of developments in their relationship.

With regard to the High Level Accession Dialogue, initiated by Commission President Barroso in 2011 and launched by Commissioner Füle and Prime Minister Gruevski in March 2012, we believe it has injected a new dynamism into the EU integration process.

My good friend, Commissioner Füle, Stefan, will have more to say about this and other matters and I pass the floor to him."

"Erato, many thanks. It's a pleasure to see both of you, and also members of your delegation, here for another important SA Council. I would like to follow up on the words that there is a new dynamism in the EU integration process. We indeed, as you pointed out, launched the High Level Accession Dialogue (HLAD) in March - to deepen our mutual relations and to help focus on the European Union-reform related agenda. The HLAD is proving to be a good process in this respect. We have had intense cooperation in the two sessions of the HLAD and this will continue at the third one in September, the 17 September. Hard work is necessary for tangible and lasting results from this process that would allow the Commission to produce a positive assessment of your country in the upcoming Progress Report in October. As usual, the 2012 Progress Report will reflect measures actually implemented and legislation adopted.

If the reform momentum is maintained, the Commission should be in a position to reiterate already for the fourth time the recommendation to start accession negotiations. The European Council will carefully consider the Commission's assessment later this year; it is therefore important to keep the momentum of the reform process.

Recent positive developments in the enlargement agenda in the region should serve as an encouragement to you and the Western Balkans region as a whole. Your country should also be part of this forward movement and I believe that the best response you can give is to demonstrate your commitment to taking the reform process forward with resolution and dedication.

During the recent several technical missions that the Commission has conducted, involving experts from Member States and the Council of Europe, we were able to jointly review the progress on EU related reforms. In particular I would like to mention the Ohrid Framework Agreement report that has been adopted by the government at the beginning of July. This is a very relevant report and I welcome the fact that you are making it public. We noted progress in a number of areas and encourage you to ensure delivery.

Regarding the name issue, we salute initiatives on both sides of the dispute that aim at improving bilateral relations in the spirit of partnership. At the same time, we support calls for restraint in actions or statements that could be perceived as harming good neighbourly relations. We note the imminent visit of the UN negotiator Niemetz in Skopje tomorrow, 25 July, with the UN Secretary General Ban Ki-moon, and hope it will serve to bring a new energy in the negotiations on the name issue under the UN auspices. This is a valuable opportunity to address the remaining negotiating issues in order to achieve an agreement. Thank you."

"Let me thank you at the outset for your introductory remarks Madam Chair, Erato. I would like to express my appreciation to Mr Fule and to the European Commission that has been contributing to advancing the integration process in south east Europe. I would like to express my appreciation that the 9th meeting of the Stabilisation and Association Council between the Republic of Macedonia and European Union is held at the beginning of the Cyprus presidency in a six month period which is of great importance for the integration process of Macedonia which should be marked by our going over to the next stage of the EU integration, the accession negotiations' stage. The activity that has marked the last six month period is the high level accession dialogue which can not be a substitute for accession negotiations. Starting accession negotiations is the clear commitment of the Government and we remain dedicated to fulfilling all tasks and achieving all priorities that will enable adoption of a decision to start accession negotiations. The adoption of such a decision will help reserve the credibility of the integration process and will introduce certainty in our integration.

Complete fulfilment of all relevant criteria, is still our priority and we are also committed to create a climate that would be favourable to settling the name issue and not vice-versa and the accession negotiations could beneficially impact the name talks as well. The enlargement history of the EU confirms that accession negotiations facilitate settlements of bilateral issues with a supportable European Union, Greece and Macedonia will consider following the positive example of Slovenia and Croatia.

I would like to underline the fact that we appreciate that enlargement has a prominent place among the Cyprus presidency priorities and we expect the consistent engagement on advancing the EU perspective of all EU countries. We are all aware of the progress of the integration progress, Croatia is about to become an EU member, Serbia has become a candidate country, Montenegro has started accession negotiations. The start of accession negotiations with Macedonia during the Cyprus presidency will of course ensure an additional impetus to the European prospects to the entire region."

2. Adoption of the agenda

3. Adoption of minutes of the 8th Stabilisation and Association Council meeting

4. Relations under Stabilisation and Association Process

4.1. Pre-accession strategy, in particular in light of the Accession Partnership

Ms Erato KOZAKOU-MARCOULLIS, Minister of Foreign Affairs of the Republic of Cyprus

"Permit me to address in particular the political criteria. My good friend, Commissioner Füle, will also comment on the political matters and will address economic and financial aspects. Since we have informally shared our position paper with you, I can go directly to the most succinct points:

We welcome the High Level Accession Dialogue initiated by the Commission. It has provided new impetus to EU-related reforms. It was introduced without prejudice to the standard pre-accession procedures. The EU appreciates the commitment demonstrated by the Government and, in particular, we note the adoption of an operational roadmap and the fact that this is an inclusive, transparent process carried out in consultation with the Parliament and the civil society. Key to the success of the roadmap is its practical implementation. The EU wishes to stress that progress is needed in all the areas identified by the Dialogue and encourages the Government to continue efforts to meet the ambitious targets. Commissioner Füle will go deeper into this and I will give him the floor shortly.

Separately, I recall that stable and functioning democratic institutions are core aspects of the political criteria and, therefore, essential for the accession process. In this context, the European Union notes that the coalition government demonstrated internal cooperation and continues to be stable.

Political dialogue has continued across the political spectrum and needs to be maintained. The Parliament is functioning, with the specialised bodies such as Parliamentary Committee on Inter-ethnic Relations and National Council on European Integration convening regularly. Parliamentary scrutiny over all government business remains important.

Regarding relations between the communities, the EU assesses the overall situation as generally calm, but we note that the number of recent incidents and the subsequent protests have highlighted the need to strengthen mutual understanding. We note the overall satisfactory response of the national authorities to the incidents, and commend the fact that the majority of political leaders demonstrated responsibility by urging for calm. The judicial proceedings concerning the incident of multiple murders will be closely monitored by the OSCE. The European Union calls on all parties to continue to urge for calm.

The European Union believes that the Ohrid Framework Agreement (OFA) continues to be an essential element for democracy and rule of law in the country. Recent developments in the country confirm the need to strengthen relations between the communities. In this context, ethnic segregation in schools needs to be addressed through the implementation of the Strategy for Integrated Education. Continued progress needs to be made in the areas of equitable representation, decentralisation, and the implementation of the law on languages. The on-going review of the OFA is very important and we welcome the first measures you have taken in this respect.

Let me stress the importance we attach to freedom of expression in the media. It is a fundamental right. The dialogue launched by the Deputy Prime Minister for European Integration between the government and the stake-holders has been very valuable. The EU believes that the draft law on civil liability for insult and defamation will be a good step forward once adopted by the Parliament. It is important that the law is finalised in line with European standards. We encourage stakeholders to continue the dialogue and apply a similar approach on the remaining issues of concern in order to take forward reforms. With regard to the Broadcasting Council, assurances of a non-selective approach in its monitoring activities are important.

On electoral reform, we note the commitment of you, Deputy Prime Minister Arifi, to finalise the work on electoral reform well ahead of the elections in March 2013. This is very important. The recommendations of the OSCE Office for Democratic Institutions and Human rights (ODIHR) should be fully addressed.

Before passing the floor to Commissioner Füle (to address among others the rule of law and fundamental rights, the independence of the judiciary, public administration reform, fight against corruption, and the protection of human rights), allow me to mention:

We must repeat that the bilateral non-surrender agreement with the United States of America is still not in line with the relevant EU guiding principles concerning arrangements between a State Party to the Rome Statute of the International Criminal Court and the USA.

Regional co-operation and good neighbourly relations form an essential part of the process of moving towards the EU. Regarding the name issue between your country and Greece, the EU reiterates its full support for bilateral meetings as well as the UN process, which remains the key framework for a solution as it is recognised by both parties. Actions and statements which could negatively impact on good neighbourly relations should be avoided.

In closing, let me welcome the continued active participation and the constructive approach of the former Yugoslav Republic of Macedonia in regional cooperation including the initiatives in South Eastern Europe, such as the Regional Cooperation Council and the Central European Free Trade Area (CEFTA). In particular, we salute your chairmanship of the South East European Cooperation Process between June 2012 and 2013."

"Thank you very much and let me complement the remarks made by you, Erato, from the perspective of the European Commission. Indeed I would like to concentrate my remarks notably on the issues under the five HLAD priority areas and looking at your side of the table, Nikola, I understand why I do not have any paragraph on the gender balance in my file.

The first priority policy area is freedom of expression in the media. Here, I welcome that a dialogue is on-going. The media round table has brought together the government and the Association of Journalists. This is essential to address the important challenges in this area in a constructive spirit. We do hope - actually encourage you - to continue this dialogue and to make best use of the Round Table.

A new draft law on civil liability for insult and defamation has been prepared and shared with Council of Europe in a spirit of good cooperation. This cooperation now needs to continue by fully integrating the comments of the Council of Europe and adopting a law in line with your commitments and European standards and I understand that additional consultation in a form of a conference call with the expert from the Council of Europe is scheduled for Wednesday and I hope very much that with this additional contact we will manage to clarify all pending issues. It is imperative that the Criminal Code is revised accordingly. These will be very positive steps and the European Commission is committed to supporting this constructive process.

We understand your concern about improving professional standards and this can be addressed through positive measures, drawing on best practice in the media. The work on media ownership and government advertising also needs to go forward. I also need to stress the importance of the Broadcasting Council in promoting media pluralism and implementing its mandate in a non-selective manner.

Concerning the area of rule of law, which covers a wide area consisting of Chapters 23 and 24 of the *acquis*, let me welcome the proposed amendments to the law on interception of communication which underlines the functional control of the public prosecutor and includes strengthened provisions on control and oversight. Adoption of the amendments, in line with our comments, will be a clear step forward. Regarding corruption, we call for the establishment of a solid track-record of prosecutions and convictions, including in high-level cases, and strengthening the court's ability to deal with corruption cases. We welcome that a decree on checks on declarations of interest of elected and appointed officials has been adopted and that these checks have begun.

We welcome the active participation of the country's delegation as an observer in the explanatory screening on the rule of law, in line with the new approach, the two chapters I have just mentioned. During the explanatory meetings, your country demonstrated high capacity and willingness to engage.

In June, your government adopted by consensus a stock taking report on the implementation of the Ohrid Framework Agreement. This is a significant and positive development. Your coalition government, which includes together representatives of different ethnic communities, has adopted a mature report on the central issue of how to take forward relations between the communities in the country. This was also a key deliverable of the HLAD and is therefore a concrete example of our good cooperation.

The report represents a basis on which the government can produce a set of political recommendations for the future actions to implement this framework agreement. This is a real opportunity to build a common vision about the way forward. In this constructive spirit, we will together be able to focus on how to make further progress in areas such as decentralisation and equitable representation. This is particularly relevant given the incidents and tensions in the country in the first part of the year.

The area of public administration reform remains a priority. Our dialogue in the Special Group has been useful and we look forward to continuing it. We acknowledge the decision to prepare a new Law on General Administrative Procedures and the new Law on Administration. It is important to ensure high quality of the adopted measures when it comes to such complex and fundamental laws. It is important also to consult with all relevant stakeholders.

We encourage the government to continue the good work that you have started. Recruitment procedures, including those for non-majority members are particularly important. They should be based on merit and match the real staffing needs of the administration.

In the area of electoral reform, the HLAD has well defined activities, in line with the ODIHR recommendations. We welcome that draft amendments to the Electoral Code have been sent to ODIHR for their assessment. We understand that ODIHR will submit its comments by the end of August. The revision of the voters' list remains a challenge: some critical steps can be taken before the 2013 local elections. We expect that you respond swiftly and constructively to ODIHR's comments.

As regards the economic criteria, your country continues to be well advanced. In the current challenging economic environment the government needs to focus its investment in generating growth and employment. Further efforts need to be made in order to tackle the unemployment of more than 30% and reduce structural problems in the labour market. We welcome the on-going efforts demonstrated in the framework of HLAD that address these challenges. The European Union stands ready to continue to provide targeted financial assistance in support of the economic reforms of your country.

Our Instrument of Pre-accession Assistance, IPA, plays an important role in supporting and complementing the efforts that you are making through your state budget. On the management of the pre-accession assistance, we welcome the efforts made and decisive measures taken in the recent weeks to strengthen the IPA management and control framework, which allowed for the lifting of interruption of payments under Components III, IV and V. I would like to encourage you to intensify efforts to increase the quality, absorption and impact of European Union assistance. Thank you."

"Thank you for your remarks. Considering that we have exchanged our position papers for this meeting and considering that the position papers take note of our positions in detail, I will say only a few words on several important aspects. It is important that our relations with the EU are continually featured by constructive dialogue within the established institutional structure featured as well with high level meetings. Our initiative to undertake self screening analysis on issues under chapters 23 and 24 is also important. We will soon complete it and we will share it with the European Commission and I think this will be an important contribution to the priority areas of our reforms. As regard the accession dialogue, there are about more than 140 priority measures pursued. They are all defined under the Operative Roadmap. We are now implementing the Stabilisation Association Agreement for the 9th year. The Agreement has set a 10 year timeframe work for accession preparations where it defines the perspective that in 2014 we should be well advanced in our accession negotiations.

An additional factor is the following: for 3 years now the European Commission has been issuing the assessment that Macedonia is prepared to start accession negotiations and we hope that the October Progress report of the Commission will again confirm this recommendation and we hope that the December Council will adopt a favourable decision endorsing the start of accession negotiations with our country.

As regards the political criteria, I should like to underline the assessment according to which Macedonia sufficiently fulfils all criteria. I assure you that the Government and all institutions will continue in pursuing activities in order to completely fulfil these criteria. The political dialogue is on-going within democratic institutions, it is constructive.

As regards the OHRID framework agreement implementation, the Government has adopted a report on the implementation of the framework agreement which is an initial attempt to make a review of its implementation 11 years after its signing. The report is part of a wider consultation process. We want to make a comprehensive, quantitative and qualitative review of the implementation of all policies under the OHRID framework agreement. We are working to improve equitable representation. The programme for employment of persons belonging to communities for 2012 envisages recruitment of 550 civil servants and we are working to define the methodology for merit based employment of persons belonging to the communities.

As regards the strategy on integrated education, some of the schools in Macedonia are already implementing integrated education, for example, in Macedonian, in Albanian, in the municipality of Cair and Jegunovce or in Macedonian and in Turkish, in other municipalities, we continue implementing measures to improve the situation of the Roma community. We have improved the budget for the Roma decade implementation and now the budget amounts to MKD 45 million dinars.

We have implemented the Decentralization and Local Development Program. The implementation is supported through relevant operative plans.

As regards the multiple murders near Skopje, the institutions have shown that they do have the capacity to deal with such cases. Now it remains for the courts to complete and finish with the relevant proceedings.

As regards freedom of expression in media, the draft law on civil liability for defamation and insults is harmonised with the remarks we received from the experts of the Council of Europe, so I appreciate the call for elaborating upon all the important aspects of this law.

We are also organizing and implementing trainings for judges in Macedonia on the practice of the European human rights court on freedom of expression in the media. As regards the ownership structure, five media outlet have changed their ownership structure in order to align themselves with the law.

As regards judiciary, there are on going efforts such as developing its software. On court statistics, it will become operative in 2013. There is significant progress in reducing the backlog of cases in courts while the inflow of new cases is fully managed. Both at the first instance court in Skopje, at the administrative court and at the Supreme Court, the Appellate Court in Skopje, the backlog of cases at this court is reduced by 36.2%, at the administrative court by 10.76%, at the Supreme Court it is reduced by 9.8%.

The judges and the prosecutors trained at the academy for judges and prosecutors are continually, regularly recruited. As regards disciplinary proceedings and dismissal of judges and prosecutors, the procedures are being defined and improved. We have only one procedure for malfeasants, involving a judge. We have defined new professional conditions for higher instance judges and these will be applied as per 1 January 2013.

As regards the implementation of the new law common of procedure, the relevant legislative framework is being harmonised. The basic public prosecutor for prosecution of cases of organised crime and corruption has been equipped well, with proper staff.

In the context of the fight against corruption, we implement new legislative solutions, we implement the GRECO recommendations and we have the state programmes providing anti-corruption measures.

As regards the involvement of the minister of the interior in communication surveillance, we have amended the relevant law by introducing the recommendations of the European Commission.

There are also intensive activities related to the electoral reform. All stakeholders are involved, both at the domestic and international level. They are all joint in a management community, in a High Level Steering Committee in fact and they are also working on amending and on upgrading the Voters' List.

The amendments to the law on financing political parties are in parliamentary procedure. The methodology of checking data stated in assets declarations and conflict of interest declarations is also on its way. And we have public consultations with business community and the academic community.

The project for Regulatory Guillotine is continuing. We have a system of organising consultations and public debates on all legislative amendments. We continue the project of assessing the work of the public administration. Then we implement a project called there is "No Wrong Door" in order to improve procedures for the business community. In presence with the European Commission and SIGMA recommendations, we decided to draft a new law on General Administrative Procedure.

As regards human rights we have ratified the Revised European Social Charter and the Convention on the Rights of Persons with Disabilities and the Optional Protocol to this convention. We have adopted a new Law on Equal Opportunities for men and women, as well as National Strategy on equality and non-discrimination on grounds of ethnic affiliation, age, mental, physical disability and gender. According to the state department report, Macedonia is again among the country of TIER 1 countries that completely fulfil criteria and standards for fight against trafficking in human beings.

We pay particular attention to regional cooperation and we would use the presidency of the process in South-East Europe to promote solidarity in action. The principles of regional ownership and inclusiveness of all stakeholders will be part and parcel of our Presidency. We will stress the European agenda, especially since all participating countries aspire to or are part of the EU. The dedication to good neighbourly relations should not be based solely on this imposed name issue. On our part we will continue to be pro-active and constructive to find a mutually acceptable solution that will not harm national, cultural and language identity. We remain committed to the swift resolution to this issue, because this is our priority and we will work to intensify talks both in the UN and in direct bilateral contact.

Unfortunately, the current debt crisis has done nothing to improve the dynamics of our contact, but we expect that once the crisis has been dealt with, we will be able to talk to one another more and try to overcome and close this issue that has taken a great toll on Macedonia for a long time now. We remain committed to improve cooperation in all areas and we hope that bilaterally, we will be able to carry out a number of projects and we will confirm our dedication with a number of initiatives.

Finally, I would like to stress that it is extremely important to contribute with specific steps and measures to create such a positive environment and in this positive environment, the rule of law and democratic principles should be the prevailing factor. We hope and expect that the EU will abide by the international standards in its referring to and relations to the Republic of Macedonia. We hope to become part of this family, to be involved in a climate of cooperation and good relationship that will help everybody in the region.

I would now like to thank everybody and give the floor to Deputy Prime Minister Arifi."

"I would like very shortly as well to address the issues which are especially important and related to the high level accession dialogue. I would like as well to underline here and to praise very much the role of the European Commission and European Union as a whole, being and showing a strong commitment towards the enlargement process for the region of Western Balkans and normally through this process understanding how important is the process of enlargement for the development and the dynamics of the democratic standards in our societies. I think that the issues that we have been addressing through the high level accession dialogue are very important and crucial issues for the citizens of the Republic of Macedonia but as well for the level and way of the relations that we build together with the European Union.

Concerning the issue of freedom of expression in the media, I would like to underline that the dialogue which we have established and that the European Union has supported completely is very important because in one very sincere and open way the Government has decided to open the dialogue with the representatives of media not having doubts and dilemmas for the issues that we have brought on the table by the side of the representatives of the media. I think that of the topics that we have started to discuss, one of the most important ones is the question of defamation. At the same time, in the memorandum for understanding and cooperation that we have signed with the representatives of the media we have a list of issues that are on-going and part of them are going to be finalised. I would like to say that for the overall benefit of the community within the country this open dialogue, with especially this issue which is in the process of finalisation like the defamation, it is definitely a possibility to improve the atmosphere of the cooperation and the transparency of the work of the Government but as well of the work of the media. I think that today all together here, we as a country and the European Union as a partner we can speak for a success taking into consideration that this success will be completed when normally this law will reach the Parliament. The law normally is in the phase of the final consultation with the expert of the Council of Europe which role was very valuable to us.

If you allow me, I will move to the issue of the inter-community relations, issues related with Ohrid Framework Agreement together with the rule of law and fundamental rights. I would like to underline that the last report for realisation of the Ohrid Framework Agreement was submitted to the European Union. It is a common and consensual document of the Government of the Republic of Macedonia. It is a document that 11 years after Ohrid Framework Agreement is reflecting the values, the importance and the ways how to improve the implementation of Ohrid Framework Agreement. Being every time aware of the fact that multi-ethnic democracies, they do have the sensitivities in the process of the balancing of the realisation of the community rights but in the same time fulfilling democratic standards in the country. I think that the document of Ohrid Framework Agreement, the quantitative report, is very good basis to be even more creative in the processes, and sometimes as well, sensitive concerning the realisation of the Ohrid Framework Agreement.

Concerning the electoral reform, taking into consideration that as well I chair the Steering Committee which is dealing with the electoral reform, the two working groups which have been formed under the auspices of the Steering Committee, one for checking the Voters' List and the other one working on the changes of the legislation, are working intensively in order to accomplish the obligations by mid-August and to reach the timing of September. This is the final timing when we would like to finalise changes in the legislation as well as the methodology concerning the Voters' List. It is now the insurance that we work very hard to be in time with end of September, not only because of the fact that we took an obligation in the roadmap but very much as well because of the fact that in the spring we have upcoming local elections and every time the legislation which has to do with the election is better to be completed ahead of time. Normally we are expecting the position of OSCE and ODIR which concern those changes in the legislation.

I would like to underline that according to the recourse that we have concerning the efficiency of the courts in some parts which have been detected like a problematic months ahead, today we can speak for a very good report and improvement in the process of the delays. I think it is going to be mentioned as one very positive step and as a dynamic which has been strengthen with the process of the high level dialogue. This is one argument more how much the process of high level accession dialogue is influencing our internal dynamics which are very important for us and for our citizens.

Just some words for the 5th part of the high level accession dialogue which has to do with economic criteria, there we have actually the first draft of the youth, employment action plan. The amendments to the law on employment and insurance in case of unemployment were adopted by Parliament in June and the law amending the law on employment and work for foreigners was adopted at Parliamentary session in June. Those obligations were also included in the roadmap.

The Joint Committee for Monitoring of the realisation of five IPA components was held last week in Skopje. As well I would like here to underline and to say how important it is, the whole IPA process for a country like Macedonia but for the countries in the region too because it is showing the commitment of European Union to be part of the development of our country through the very strong and very concrete and important projects in trying to become more efficacy and enhance the capacities of the country. The government has adopted a decision for employment of extra 25 persons within the administration including only the IPA structures within the ministries and I think that this is important. All five components are very important but for now I would like to underline the importance of the second component, a component which maybe in dedicated means is not very high but in size of commitment for the regional cooperation, it is very important. It is a component where we deal for example with the questions of the new border passes with all neighbouring countries, projects with all neighbouring countries which definitely are giving an opportunity to the local self government as well to be part and to feel the benefit and the importance of the presence of the European Union.

I would like to conclude that the high level accession dialogue in the whole process with the European Union is a high strategic priority that we have as a country. Normally, for the well being of this process it is important that we see perspective, that this process is going to bring us to our main aim: opening of the negotiations. This is important for the overall atmosphere within the country, atmosphere within the relations in the country and atmosphere in the region.

And finally I think that good neighbourly relations are definitely important. Following this spirit, I have had several communications with all representatives and my counter parts in the region. This spirit of cooperation has definitely to continue because the future of our region is in Europe and this is a future in which we have to invest all of us besides possible different opinions that we may have for different issues. It is important to find the best in all of us in order to continue in one good perspective. Thank you very much."

Mr Fule makes a personal comment that he appreciates what Dr. Arifi has just said; that it is not automatically the HLAD which will open the door for her country to start the accession negotiations but the link between HLAD and good neighbourly relations.

Due to time constraints, part 4.2. of the plenary session was omitted. The following is based on written contributions by the parties.

4.2 Relations under the Stabilisation and Association Agreement

- Implementation of the SAA - state of play

Dr. Teuta Arifi, Deputy Prime Minister for European Affairs:

"The SAA entered the ninth year of implementation. Macedonia maintains full compliance with its provisions, which are enforced smoothly and effectively. As set forth in the SAA, on 1 January 2011, a free trade area was established (liberalization of the trade regime) between Macedonia and the EU. The Council of the EU is expected to endorse the decision for transition into the second stage of the SAA, as proposed by the Commission in 2009, so as to be adopted by the SA Council without any further delay. Macedonia remains ready to assume the additional obligations arising from the second stage of implementation of the SAA that concern the right of establishment, service provision, current payments and capital movement.

All bodies set up under the SAA operate smoothly. The Stabilization and Association Committee convened in May 2012, whereas the eighth cycle of sub-committees meetings took place between September 2011 and May 2012. The eighth meeting of the Joint Parliamentary Committee was held in June 2012. The Joint Consultative Committee on Civil Society between Macedonia and the European Economic and Social Committee (ECOSOC) held its last, sixth meeting in April 2012.

Macedonia has made further progress in all areas covered by the SAA. Maintaining a credible implementation record remains a priority goal for the government, with focus on strengthening the administrative and institutional capacities.

In the area of *justice, freedom and security*, Macedonia has progressed constantly in discharging the obligations arising from the *acquis* in this area. Progress has been made in visa policy, border management, asylum and migration, judicial cooperation, police reform and fight against organized crime, terrorism, forging Euros and drug trafficking. In respect of the legislation, amendments were adopted to the Law on Free Legal Assistance and the Law on Health Insurance, which extend the rights of asylum seekers and persons under subsidiary protection. The secondary legislation governing the national foreigner database, which contains asylum, migration and visa data, has entered the final stage. Macedonia has become member of the International Centre for Migration Policy Development. A new plan for reducing the incidence of asylum seekers in EU/Schengen states in the period April–September 2012 was adopted, which resumes the activities aimed at proper application of the visa liberalization. The 2011–2015 National Strategy for Fight against Terrorism was adopted and a new Strategy on Narcotics drafted.

In respect of *economic and financial issues and statistics*, Macedonia has produced solid results in meeting the economic criteria and the functioning of market economy. Macedonia has simplified the company registration procedure, accelerated court proceedings, and maintained a stable financial sector and a favourable macroeconomic environment. The activities are aimed at reducing the high unemployment rate, remedying the structural shortcomings in the labour market, improving fiscal management, stimulating financial intermediation and strengthening the rule of law and the operations of the supervising and regulatory bodies. Concerning statistics, *the population and household census* in Macedonia will be conducted after thorough preparations in accordance with EUROSTAT standards.

In the area of *trade, industry, customs and taxes*, Macedonia has attained full liberalization of trade in industrial products and a high level of liberalization of trade in agricultural products with the EU. The EU accession of Croatia is expected to increase the trade with the EU, but the waiving of import fees contributes most to the expansion of trade between Macedonia and EU. Additional liberalization has been achieved under CEFTA as a means to attain regional integration. Concerning the regulatory reform, Macedonia is the most advanced country in terms of improving the business environment, works on improving the competitiveness of the country and continuously strengthens the dialogue with the business community. Progress has also been made in the areas of taxation and customs, especially by amending the legislation and strengthening administrative capacities.

In the area of *agriculture and fisheries*, good progress has been made in legislative harmonization, especially in respect of rural development, organic production and quality policy. The EU is Macedonia's most important partner in terms of trade in agricultural and fish products, with recorded growth of trade. The total export of wine (by 38% in terms of quantity), primarily unpackaged wine, has also increased. Concerning the Wine Protocol, the "technical dossier" has been sent to the European Commission and the technical negotiations are expected to be resumed and concluded. Macedonia continues implementing the national and co-financed programmes for supporting agriculture and rural development through IPARD funds. New recruitments have been made at the Agency for Financial Support of Agriculture and Rural Development. Regarding *food safety, veterinary and phytosanitary policy*, the legislation, primarily secondary legislation, is pending adoption. Progress has been made in strengthening administrative capacities and reducing the number of infected farms.

In the area of *innovation, information society and social policy*, the successful alignment with EU policies and *acquis* has continued. In the area of science and research, Macedonia has continuously participated in FP7. 2012–2020 Innovation Strategy was drafted and the National Programme for Development of Scientific Research is also being developed. The following long-term projects for strengthening the overall research capacities are implemented continuously: supplying laboratory equipment, translating leading scientific books etc. Reforms on all levels of education and science have continued. The development of the Strategy for Development of Vocational Education and Training has started. IPA twinning projects to improve vocational and adult education are also implemented. The National Agency for European Educational Programmes and Mobility has resumed the implementation of the Lifelong Learning and Youth in Action programmes.

In the area of *social policy and employment*, the active employment policies are continuously implemented and measures for improved functioning of the labour market are also being designed. The advancement of the social dialogue continues and the negotiations on signing the General Collective Agreement for the Public Sector have entered the final stage. Concerning worker mobility, activities have been undertaken to conclude bilateral agreements on coordinating the social insurance systems with several countries, the legislation was upgraded by amending the Health Insurance Law in respect of the expenses for issuing, replacing a lost or damaged electronic card and reactivating a blocked electronic card. In line with the SAA, the procedure for adoption of an SA Council Decision for coordination of social security systems will be initiated.

The capacities for effective application of the *anti-discrimination* legislation have been strengthened. The effective application of the Law on Equal Opportunities of Women and Men continues. The draft text of the National Action Plan for Implementing UN Security Council Resolution 1325, which reaffirms the role of women in peacekeeping, peace-building, and prevention and peaceful resolution of conflicts, has been prepared. Activities are conducted for mainstreaming gender perspective into policies and, for that purpose, a draft Strategy for Gender Budgeting and a draft National Strategy and Action Plan for Gender Equality have been developed.

In the area of *information society and media*, amendments have been adopted to the Law on Electronic Communications. The implementation of the E-Government and E-Inclusion Strategies has continued. A Law on the Media and Audiovisual Media Services, which aligns the national legislation with the Audiovisual Media Services Directive and follows the recommendations of the Council of Europe, is being drafted. A third TAIEX mission will be carried out for the purpose of finalizing the text of the Law, which will then be subject to public debate. A National Strategy for Development of the Broadcasting Market 2013–2017 is being designed. Macedonia has joined the Open Government Initiative.

In the areas of *transport, environment, energy and regional development*, further progress has been made. Macedonia supports the process of establishing a Transport Community, actively participates in the South East Europe Transport Observatory (SEETO) and the Energy Community, promoting regional cooperation. In the area of *transport*, agreements on international road transport of goods and passengers have been signed with the Czech Republic and Latvia. In addition, the Rail Transport Agreement with Kosovo, designed to simplify border and customs procedures, has been ratified. The Committee on Investigation into Aircraft Accidents and Serious Incidents has been set up and regular air traffic agreements have been signed with Turkey and Qatar.

In the *energy industry*, substantial progress has been recorded in the legislation as a set of secondary legislation has been adopted governing the domestic electricity and natural gas market, renewable energy sources and energy efficiency in line with EU standards. In respect of supply reliability, progress has been noted in terms of raising the level of compulsory reserves of oil and oil derivatives, adopting the 2012 Programme for Energy Consumption Subsidies and undertaking activities for building energy infrastructure in the country. In accordance with the relevant legal provisions, the Energy Regulatory Commission, as an independent regulatory body, has strengthened its competences, especially in respect of monitoring the energy markets in order to ensure their efficient, competitive and unobstructed functioning. With a view to increasing the exploitation of renewable energy sources and promoting energy efficiency, a series of active measures has been implemented. Activities have been conducted continuously to strengthen the administrative capacities of the competent bodies and institutions in the energy industry. The Law Ratifying the Amendments to the Convention on the Physical Protection of Nuclear Material has been adopted.

In the area of *environment*, progress has been made in incorporating the EU acquis and drafting the secondary legislation. The new cycle of Progress Monitoring on the approximation of the national environmental legislation with the EU acquis for the year 2012 has started and it involves 78 EU directives and regulations. Aiming at further aligning with the EU acquis, the Law on Ambient Air Quality and the Law of Waste Electrical and Electronic Equipment have been adopted.

Amendments to the Law on the Environment and the Law on Waste Management introducing a regional system for integrated municipal waste management, in accordance with the Waste Management Plan of the Republic of Macedonia and EU standards and acquis, are pending parliamentary procedure. The Waste Management Information System has been put into operation. The Third National Report to the UN Framework Convention on *Climate Change* is being prepared. Under the Law on the Environment, a large number of public debates have been held on conducting a procedure for environmental impact assessment studies. The administrative capacity for applying the environmental legislation at the central and local levels has been strengthened by recruiting staff and providing a considerable number of trainings for employees.”

"I welcome the further progress achieved in a number of areas covered by the Stabilisation and Association Agreement (SAA). The joint subcommittees that have been held in the period leading up to our today's meeting have shown that your departments are capable of delivering policies across a wide range of sectors. The work of the subcommittees was discussed thoroughly at the Stabilisation and Association Committee at the end of May. A detailed assessment of advancement in individual areas will be given in the upcoming Progress Report. I will therefore add an outline of only some topics today.

A general comment that I can share with you already today is that strengthening of the capacity of the administration to ensure the implementation and enforcement of laws remains key. The further you progress in the integration process, the greater importance this will assume.

With regard to judicial reform, we welcome that steps have been taken to address the backlogs in the Administrative Court and Supreme Court. In this context, let me also emphasise the importance of merit-based recruitment by the Judicial Council. Increased efforts are needed to ensure competence within the profession, in particular through supporting the work of the Academy for Training of Judges and Prosecutors.

With regard to home affairs issues, I welcome the further progress made in the areas of border management, judicial cooperation in civil and criminal matters and police cooperation. We acknowledge that the authorities have taken a number of measures to prevent abuse of the visa free regime over the last year. Let me underline the need for continued efforts to prevent abuse, in particular longer-term socio-economic measures targeted at vulnerable groups. In particular, efforts should be dedicated to strengthen the implementation of national Roma strategies.

We also acknowledge that good progress has been made in the field of judicial cooperation in civil and criminal matters and that preparations in the area of the fight against terrorism are advanced. Additional steps will be necessary as regards merit-based recruitment within the police under the Law on Internal Affairs.

Concerning social policy and employment, we welcome the recent developments in the area of labour law and take note the National Action Plan 2011-2013 and the National Employment Strategy 2013. In the same time, we call for additional efforts in achieving an inclusive and efficient labour market. In this respect, priority should be given to youth employment and women labour market participation.

With respect to agriculture, we note the country's advances in accession efforts. Key support policies for agriculture and rural development are gradually being aligned with EU requirements. A sufficient administrative capacity is of vital importance in all these areas, and we welcome recent positive developments in this regard. In the same time, we encourage continued implementation of the Action Plan on improving absorption of the IPARD funds.

Regarding trade issues, while noting the high level of integration, we would like to draw attention to the requirement to adapt the Stabilisation and Association Agreement to accommodate for the future accession of Croatia to the EU and its withdrawal from CEFTA. You will be contacted in due time to start technical preparation by submitting data on trade flows with Croatia.

As regards energy, we welcome the progress made by the authorities in the area, in particular in enacting implementing legislation deriving from the 2011 Energy Law, which brought the country's legislation in line with Energy Community obligations and the *acquis*. We also acknowledge the work done in connection with the organisation and powers of the energy regulator (ERC). I would just like to encourage the country to participate more actively in the Energy Community.

As regards transport, we note that the overall preparations in the area are relatively advanced. The authorities should ensure that transparent, simple procedures and conditions are in place for the licensing of railway undertakings, including insurance coverage on fair terms for all railway undertakings.

Also regarding rail transport, we are concerned about recent amendments made to the law on the railway system that will close the railway market for operators other than the state-owned railway company until your country joins the EU. This decision negates the progress regarding open access to rail infrastructure that had been achieved already.

As regards Trans-European networks, we note that overall the country continues to participate actively in the South East Europe Transport Observatory and the Energy Community, and steadily develops its transport and energy networks. We take note of the development of the road section of Corridor X and the completion of the procurement of the IPA co-financed new motorway section.

In the area of environment, transposition has progressed in particular in the fields of horizontal legislation, waste, air quality and chemicals, whereas further efforts are needed in the areas of nature, water and for certain parts of the EU air quality-related *acquis*. Again, a sufficient administrative capacity and long-term planning are key for implementation of environmental legislation.

Finally, I should recall the Commission proposal adopted in October 2009 for the passage into the second stage of the SAA. We welcome the readiness expressed by your country to assume the additional obligations under the second stage and acknowledge the outstanding obligation of the Union to decide upon the proposal. The issue currently remains under consideration by the Council's preparatory bodies.

As regards the establishment of the free trade area between the EU and the former Yugoslav Republic of Macedonia pursuant to Art 15 of the SAA, we acknowledge that a free trade area is in place for goods. Trade has been continuously liberalised between the two parties. Full liberalisation has already been achieved in industrial goods, and a high degree of liberalisation in agricultural products."

5. **Exchange of views on developments in the Western Balkans and other international issues of common interest (*dealt with during the restricted session*)**

 6. **Any other business**

 7. **Closing remarks**
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Annex IV: Joint Press Release

NINTH MEETING
OF THE EU - FORMER YUGOSLAV REPUBLIC OF MACEDONIA
STABILISATION AND ASSOCIATION COUNCIL
Brussels, 24 July 2012

Joint Press Release

The Stabilisation and Association Council between the former Yugoslav Republic of Macedonia and the EU (SA Council) held its ninth meeting on 24 July 2012. The meeting was chaired by H.E. Dr. Erato Kozakou-Marcoullis, Minister of Foreign Affairs of the Republic of Cyprus, on behalf of High Representative Catherine Ashton. Commissioner Štefan Füle also attended the meeting, as did EEAS Director for the Western Balkans Division, Mr. Fernando Gentilini. The delegation of the former Yugoslav Republic of Macedonia was led by H.E. Mr. Nikola Poposki, Minister for Foreign Affairs. Deputy Prime Minister for European Affairs, Dr. Teuta Arifi, also attended the meeting.

The SA Council recalled that the Stabilisation and Association Agreement (SAA) remains at the core of the relationship between the EU and the former Yugoslav Republic of Macedonia until the country's accession to the EU. The agreement provides the contractual framework within which the EU and the country co-operate and take stock of developments in their relationship.

The SA Council reviewed key developments since the 8th SA Council in January 2012 related to the fulfilment of the political and economic criteria and the country's state of play concerning alignment with the EU *acquis*, as well as the implementation of the Stabilisation and Association Agreement. The SA Council took note of the country's primary objective and strong commitment to open accession negotiations, taking into account the Commission's recommendation to that effect.

The SA Council welcomed the High Level Accession Dialogue (HLAD) and the new impetus it has provided to EU-related reforms. The EU recalled that the HLAD was introduced without prejudice to the standard pre-accession procedures. The EU further appreciated the commitment demonstrated by the government to tackle specific concerns under the five priority areas of the HLAD: media - freedom of expression and professional standards; rule of law and fundamental rights; public administration reform; electoral reform and strengthening of market economy. The EU underlined that progress is needed in all the areas identified by the HLAD and encouraged the government to continue efforts to meet the ambitious targets.

Concerning the fulfilment of political criteria, the SA Council noted that the political dialogue has continued across the political spectrum and needs to be maintained. It highlighted the importance of parliamentary scrutiny over government work and of an expert-staffed and functioning Parliamentary Institute in providing specialist assistance on the accession process.

The SA Council emphasised the importance of the Ohrid Framework Agreement (OFA), which remains an essential element for democracy and rule of law, as enshrined in the country's constitutional and legal order. It welcomed the adoption of an OFA implementation report by the government. The SA Council acknowledged the importance of continuing progress in the equitable representation, decentralisation, use of languages and integrated education, as well as in implementing measures for further strengthening inter-ethnic understanding and confidence.

Regarding the Roma community, the SA Council noted that the budget for the Roma community has been maintained despite the difficult economic situation, and encouraged implementation of concrete projects to support the improvement of the situation of the Roma community in the country. The efforts taken to improve their living conditions and to tackle discrimination need to continue.

The SA Council reviewed the situation as regards freedom of expression in the media and took note of the continuation of the dialogue between the government and the stake-holders. The EU noted that the draft law on civil liability for insult and defamation will be a good step forward once adopted by parliament. It is important that the law is finalised in line with European standards. The EU encouraged stakeholders to continue the dialogue and apply a similar approach on the remaining issues of concern in order to take forward reforms. The EU underlined that freedom of expression is a fundamental right and that the media has the important task of providing citizens with accurate, objective and balanced information which is of public interest. In this context, the EU encouraged stakeholders to continue an inclusive dialogue in order to take forward reforms.

The SA Council reviewed developments in other areas of protection of human rights and noted in particular the efforts made to strengthen implementation of the legal framework for the promotion and enforcement of human rights, and increase the capacity of relevant institutions.

Concerning the judiciary, the SA Council was informed of the ongoing measures to improve efficiency of the judiciary, reduce the backlog of cases and develop reliable court statistics, as well as of the measures to strengthen professionalism, by reducing the transitional period for enforcement of new professional requirements for the selection of judges in higher courts. The EU emphasised the importance of merit-based recruitment by the Judicial Council and continuous support for the work of the Academy for Training of Judges and Prosecutors.

Concerning the fight against corruption, the SA Council welcomed activities aimed at strengthening anti-corruption measures and verifiable enforcement, including the preparation of quarterly reports on the track record in the fight against corruption, new methods for addressing conflicts of interest and draft legal amendments aiming to improve the management of interception of communications. The EU stressed that these measures need to be implemented in full and a track record needs to be established.

The SA Council discussed developments in the public administration reform and welcomed in particular the decision to prepare a new Law on General Administrative Procedures as well as a Law on Administration that should establish a comprehensive framework for public employment. The SA Council stressed the importance of the high quality of the adopted measures, and their full implementation.

The SA Council welcomed the government's commitment to finalise the work on electoral reform, in line with OSCE/ODIHR and GRECO recommendations, well ahead of the elections in March 2013, while involving all relevant stakeholders.

The EU recalled that regional co-operation and good neighbourly relations form an essential part of the process of moving towards the EU.

The EU welcomed the continued active participation and the constructive approach in regional cooperation including in initiatives in South Eastern Europe. In particular, the EU saluted the country's chairmanship of the South East European Cooperation Process between June 2012 and June 2013. It also welcomed the country's contribution to EUFOR Althea mission in Bosnia and Herzegovina and to the EU Battle Group II/2012.

The SA Council reviewed the progress made towards fulfilment of the economic criteria and the functioning of the market economy. It welcomed the country's appropriate macroeconomic policy in the context of the global crisis. With respect to the country's accession perspective, important challenges remain to improve the effectiveness and efficiency of the labour market, to strengthen administrative capacities and regulatory and supervisory agencies, and improve the rule of law and contract enforcement. The EU welcomed the steps undertaken to reduce unemployment.

In connection to the Instrument for Pre-Accession Assistance (IPA), the SA Council was informed of the ongoing measures to strengthen the decentralised implementation system, improve the programming and monitoring process and the coordination of donor activity. The EU underlined the importance of visibility, transparency and impact of IPA projects and called for continued efforts to improve administrative capacities across institutions and supplement them as the needs arise in the future. The SA Council was informed of the country's progressive participation in EU Programmes and its initiation of the procedure for participation as observer in the Fundamental Rights Agency.

The SA Council welcomed the fact that the country continues to fulfil its commitments under the SAA. It discussed progress achieved in various areas covered by the SAA, such as energy, agriculture, internal market, trade, customs and agriculture. It underlined the key importance of strengthening the capacity of the administration to ensure the implementation and enforcement of laws. With regard to trade issues, the SA Council noted that a free trade area is in place for goods under Article 15 of the SAA and acknowledged the requirement to adapt the SAA to accommodate the future accession of Croatia to the EU and its withdrawal from CEFTA.

The SA Council recalled the Commission's proposal of 2009 on the transition to the second stage of the SAA and noted that the proposal is under consideration. In this regard, the EU welcomed the readiness expressed by the former Yugoslav Republic of Macedonia to assume the additional commitments for the country foreseen by the second stage of the SAA.
