

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

The Stabilisation and Association Council

**Brussels, 17 July 2014
(OR. en)**

UE-FM 1452/14

DRAFT MINUTES

Subject: Tenth meeting of the Stabilisation and Association Council between the EU and the former Yugoslav Republic of Macedonia (Brussels, 23 July 2013)

MINUTES

STABILISATION AND ASSOCIATION COUNCIL

EU-THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

23 JULY 2013

AGENDA

1. Opening
2. Adoption of the agenda
3. Adoption of minutes of the 9th Stabilisation and Association Council Meeting
4. Relations under the 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 tenth meeting on 23 July 2013. The meeting was chaired by Mr Nikola POPOSKI, Minister for Foreign Affairs of the former Republic of Macedonia. Deputy Prime Minister for European Affairs Mr Fatmir BESIMI also attended the meeting. The delegation of the European Union was led by Mr Linas Antanas LINKEVIČIUS, Minister of Foreign Affairs, Republic of Lithuania, on behalf of the High Representative. The European Commission delegation was headed by Mr Štefan FÜLE, Commissioner for Enlargement and Neighbourhood Policy.

1. Opening

Mr POPOSKI opened the 10th meeting of the Stabilisation and Association Council. Mr LINKEVIČIUS and Mr FÜLE responded.

2. Adoption of Agenda

The Stabilisation and Association Council adopted the agenda of the meeting as it appears in [UE-FM 1454/13](#).

3. Adoption of the Minutes

The Stabilisation and Association Council took note of the fact that the minutes from the ninth Stabilisation and Association Council ([UE-FM 1453/13](#)) had been approved through an exchange of letters between the two co-secretaries of the Stabilisation and Association Council.

4. Relations under Stabilisation and Association process

Mr LINKEVIČIUS introduced the sub-item 4.1 (Pre-accession strategy). Mr FÜLE responded.

Mr POPOSKI introduced sub-item 4.2 (Relations under the Stabilisation and Association Agreement). Mr FÜLE responded.

5. Exchange of views on developments in the Western Balkans and other international issues of common interest

Discussed in the restricted session.

6. Any other business

7. Closing

Messrs POPOSKI, LINKEVIČIUS and FÜLE exchanged closing remarks.

* * *

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 (LITHUANIA), ON BEHALF OF THE HIGH REPRESENTATIVE**

Mr Linas Antanas LINKEVICIUS, Minister of Foreign Affairs*

Mr Raimundas KAROBLIS, Permanent Representative of Lithuania to the EU*

Ms Lina RUKSTELIENE, Head of the EU Enlargement Division, Lithuanian Ministry of Foreign Affairs*

Ms Giedrė GELEZEVICIENE, Permanent Representation, COWEB delegate*

EUROPEAN COMMISSION

Mr Štefan FÜLE, Commissioner for Enlargement and Neighbourhood Policy*

Ms Michela MATUELLA, Member of Cabinet of Commissioner Füle *

Mr David CULLEN, Head of Unit, DG Enlargement, European Commission*

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 for Enlargement, General Secretariat of the Council of the European Union

Mr Gabriele SCARAMUCCI, General Secretariat of the Council of the European Union*

EUROPEAN EXTERNAL ACTION SERVICE

Mr Luis Felipe Fernández de la PENA, Managing Director, Europe and Central Asia*

Mr Jonas JONSSON, Head of Division for the Western Balkans*

Mr Terkel PETERSEN, Deputy Head of Division for the Western Balkans*

*Participated in the restricted session

Annex II: Delegation of the former Yugoslav Republic of Macedonia

1. Mr Nikola POPOSKI, Minister of Foreign Affairs, Chair of the Stabilisation and Association Council
 2. Mr Fatmir BESIMI, Deputy Prime Minister for European Affairs
 3. Mr Andrej LEPAVCOV, Ambassador, Head of Mission to the EU
 4. Ms Gorica ATANASOVA-GJOREVSKA, Chief of Cabinet of the Minister of Foreign Affairs
 5. Ms Agneza RUSI, EU Director, Ministry of Foreign Affairs
 6. Ms Elena GEORGIEVSKA, Co-Secretary of the Stabilisation and Association Council, Ministry of Foreign Affairs
 7. Ms Ermira FIDA, Head of Sector, Secretariat for European Affairs
 8. Ms Selvet BARUTI, Deputy Head of Sector for organisational affairs and public relation
 9. Ms Jasna BOLJAT, Minister Counsellor, Mission to the EU
 10. Ms Elena GRABUL, Counsellor, Mission to the EU
 11. Ms Valmira SELA – SOPA, Third Secretary, Mission to the EU
 12. Ms Arbresha HAZARI, Attaché, Mission to the EU
-

Annex III: Statements made at the tenth Stabilisation and Association Council between the EU and the former Yugoslav Republic of Macedonia**1. Opening**

Mr Nikola POPOSKI, Minister for Foreign Affairs of the former Yugoslav Republic of Macedonia

"Co-chair, Commissioner Füle, ladies and gentlemen, it is my honour to open the 10th anniversary meeting of the Stabilisation Association Council. I appreciate that this meeting is held at the very beginning of the Lithuanian EU Presidency in a period which is of key importance in order that Macedonia proceeds to the next stage of accession negotiations.

The spring report of 2012 confirmed that Macedonia will continually fulfil the Copenhagen criteria necessary for the start of accession negotiations. I also consider that the April 2013 report produced in accordance with the Council conclusions of December 2012 encourages our EU agenda. It has established progress in the High Level Accession Dialogue, that is, the same key areas covered by the High Level Accession Dialogue. There has been a continuously proactive approach by the Republic of Macedonia in promoting its relations with the neighbours especially with Bulgaria and Greece and there was progress noted in the talks within the United Nations on the name issue.

The Stabilisation and Association Agreement between the EU and the Republic of Macedonia entered the 10th year of its implementation. It is important that Macedonia continues to harmonise itself with the provisions of the Stabilisation Association Agreement. This agreement had the perspective that by 2014 Macedonia would be in an advanced accession negotiation stage. Start of accession negotiations remain the primary goal of the Republic of Macedonia. The Council had on several occasions delayed the adoption of such decision because of lack of consensus. The repeated recommendations of the European Commission and of the Parliament are especially important for us. I believe that it is very important to maintain the credibility in the integration process in the case of Macedonia too. This is necessary in order to introduce a certain level of certainty in the European integration process and this would have also an encouraging impact on our society.

We believe that the progress in our EU integration efforts will help us overcome any bilateral differences as well. Of course we do need the commitments of all stakeholders and it is necessary to fulfil all internationally assumed obligations. It is important for us to show commitments to fulfilling international standards and assumed obligations. We will continue reforms in the areas covered by the High Level Accession Dialogue but we also hope that we can achieve progress in starting accession negotiations.

I hope that this year will see progress, and that this progress be taken note of. It's an important year for the region. Croatia has already become an EU member, which I believe is a benefit for all countries in the regions. Serbia got a decision to start accession negotiations; Kosovo got a decision for negotiating a Stabilisation and Association Agreement. All these steps are important for the EU integration process of the entire region including the EU integration of the Republic of Macedonia. We appreciate that integration is one of the priorities of the Lithuanian EU Presidency and we hope that finally a decision for start of accession negotiations with Macedonia will be adopted.

Once again I would like to express my appreciation for the vast productive dialogue and I invite your delegation now for your introductory remarks. The floor is yours."

Mr Linas Antanas LINKEVIČIUS, Minister of Foreign Affairs, Republic of Lithuania

"Thank you very much, Minister Poposki and also Minister Besimi. Warm welcome to all your delegation on behalf of the European Union, on behalf of High Representative Catherine Ashton. We look forward to this 10th meeting of the Stabilisation and Association Council meeting being as productive as our past meetings. Noting that we have exchanged our respective position papers, we believe we can focus on the most salient points at this plenary.

Last December, the Council adopted conclusions in reaction to the Commission's 2012 Progress Report as you know. These conclusions are well-known to both sides.

Developments in your Parliament on 24 December unfolded in a way which are currently being investigated by an Inquiry Committee. We attach great importance to that.

On 16 April this year, the European Commission issued, exceptionally, a Spring Report. It is important that the reforms which the Commission has described in that report continue and that the political situation returns to full normality with the implementation of the results of the Committee of Inquiry. Maintaining good neighbourly relations, including a negotiated and mutually accepted solution to the name issue, under the auspices of the UN, is essential.

For the sake of good order, 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 EU. The agreement provides the contractual framework within which the EU and the country co-operate and take stock of developments in their relationship.

We believe that the High Level Accession Dialogue between the Commission and your country has injected a new dynamism into the EU integration process. Now I will ask Commissioner Füle to take the floor."

Mr Štefan FÜLE, Commissioner for Enlargement and European Neighbourhood Policy

"Welcome Prime Minister, Deputy Prime Minister. Welcome to members of your delegation. Thank you for the floor, Minister, and I would like to add my welcome to you, underlining that having visited your country several times this year, I can assure you that your country very much remains in our focus.

Recent positive developments in the enlargement agenda in the region – Croatia's accession and the positive movement for Serbia and Kosovo - 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. I believe that the best response you can give is to demonstrate your commitment to taking the reform process forward with resolution and dedication, fully implementing all aspects of the 1 March political agreement and addressing the outstanding bilateral issues.

Last year we launched the High Level Accession Dialogue (HLAD) to deepen our mutual relations and to help focus on the EU-reform related agenda. It has proven to be useful process in this respect – at our most recent meeting in April we confirmed that progress has been made on nearly all targets, as we then reported in the Commission's Report on 16 April. It is important that this process continues. The country has reached a high degree of alignment. The focus must now be on implementation. I could add probably here a small update as a reflection of our previous discussion in the restricted format. In the light of the letter I sent to Prime Minister Gruevski on 7 May this year, I made clear to our colleagues that there could hardly be preparations for any future HLAD meeting, the High Level Accession Dialogue meeting, without first seeing the 1st of March agreement implemented, in other words taking into account the calendar, I do not foresee such a meeting to take place before the next Progress Report on 16 October .Thank you."

2. Adoption of the agenda

3. Adoption of minutes of the 9th 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

Mr Linas Antanas LINKEVIČIUS, Minister of Foreign Affairs, Republic of Lithuania

"Thank you very much. Let me start with the political criteria and my colleague and friend Commissioner Füle will also comment on the political matters and will address economic and financial aspects. Since you have already informally received our position paper, I think we can go directly to the main issues:

Stable and functioning democratic institutions are core to meeting the political criteria and thus the accession process. In this context, the EU welcomes the stability of your coalition government even through a period of political crisis and its aftermath.

We must reiterate, however, our deep concern about the December 2012 events and the difficulties in agreeing and implementing the 1 March political agreement. We recall the need for political parties to address their differences through constructive dialogue.

We assess that relations between the communities remain generally calm but are concerned about the fragility of the status quo in view of some recent incidents.

The European Union believes that the Ohrid Framework Agreement continues to be an essential element for democracy and rule of law in the country. The on-going review of the Ohrid Framework Agreement is very important and we welcome the first measures you have taken in this respect .

The High Level Accession Dialogue initiated by the Commission has provided new impetus to EU-related reforms, while being without prejudice to standard pre-accession procedures. The EU appreciates the commitment demonstrated by the government, to the inclusiveness of the process vis a vis parliament, the National Council for European Integration and civil society. The EU welcomes the progress which has been made. I will give Štefan the floor, in just a moment on this topic.

Freedom of expression in the media is a fundamental right. After the good progress made last year on defamation, it was all the more regrettable that one of the consequences of the 24 December events has been the interruption of the useful dialogue launched by the former Deputy Prime Minister for European Integration between the government and journalists.

On electoral reform, we note the commitment in the 1 March political agreement to fully implement the existing and most recent recommendations of the OSCE Office for Democratic Institutions and Human rights, particularly as regards the separation between the state and political party activities.

Further, I must recall that your 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.

Regarding regional co-operation and good neighbourly relations, these form an essential part of the process of moving towards the EU. Actions and statements which negatively impact on good neighbourly relations should be avoided.

The EU reiterates its full support for the UN-led process in relation to the 'name issue' and we hope that the new momentum can lead to its resolution. There is a need to bring the longstanding discussions on the name issue to a definitive conclusion without delay. We recall the momentum that was generated by contacts/exchanges between the two parties, following the Greek proposal for a memorandum of understanding. Formal talks under the UN auspices took on new momentum. The EU delegation expresses hope that these latest initiatives can lead to a breakthrough.

Regarding the relations with Bulgaria, the EU notes the process of drafting of a bilateral agreement on good neighbourly relations where several rounds of negotiations have taken place. We hope that the outstanding points will be resolved soon in a constructive manner.

In closing, let me welcome the continued active participation and the constructive approach of the former Yugoslav Republic of Macedonia in regional cooperation including in regional initiatives, including your recent chairmanship of the South East European Cooperation Process. And now let me pass the floor to Commissioner Štefan Füle."

Mr Štefan FÜLE, Commissioner for Enlargement and European Neighbourhood Policy

POLITICAL CRITERIA

"Let me complement the remarks by Foreign Minister Linkevičius, from the perspective of the European Commission. Obviously, the political crisis following the events of 24 December has dominated the first half of this year, negatively affecting the image of your country. Implementation of the 1 March political agreement is the only way forward. I welcome that some elements were done immediately – like the return to parliament, the holding of the elections. A Committee of Inquiry was finally established, but I regret to hear that the Chair has handed in his resignation. We understand that progress had been achieved. It is therefore important that work continues to reach mutual agreed conclusions and forward-looking recommendations. Recommendations should be translated into action to provide a political agenda. It is moreover important that the cross-party Memorandum of Understanding, also overdue, be signed.

Other than that, I would like to concentrate my remarks notably on the issues under the five HLAD priority areas.

Let me start with freedom of expression. The decriminalisation of defamation in late 2012 was a significant step, but now it needs to be properly implemented by the courts, which must take account of the case law and principles of the European Court of Human Rights in their decisions. Despite progress made, we are very concerned about the media situation in your country. The media has the important task of informing citizens with accurate information which is of public interest and to provide a broad spectrum of different views. We encourage all stakeholders to continue inclusive dialogue in order to take forward reforms in this area. I would like to highlight a few areas concerned.

First, the local elections in March highlighted the lack of political pluralism in the media. Broadcasters, including MRTV, were found by both your own Broadcasting Council and by OSCE/ODIHR to be biased in favour of the governing coalition and to have difficulties distinguishing between state and party.

Second, another area which needs urgent attention is the issue of government advertising. Transparent information is still needed about the amount, type and beneficiaries of government advertising campaigns.

Third, regarding the new legislation on media, we know that draft laws were recently approved by the Government and a first discussion in Parliament was held. We welcome the national consultation process that has taken place to date and that the Government has sought and received the views of international experts. We welcome that Minister Ivanovski has stated that the new comments and proposed amendments to the draft will be taken into account. We urge the government to take the time needed to get it right and because of the importance of these issues we also devoted some time to this specific piece of legislation during our restricted discussion.

With regard the local elections held this spring, we noted that ODIHR found them well administered and highly competitive. They did, however, point out several issues that will have to be addressed such as insufficient separation between state and political parties, including allegations of misuse of state resources during the election campaign. The Electoral Code needs to be further improved as does confidence in the voter lists. These issues were also included in the 1 March agreement. We understand that electoral working groups are currently discussing possible amendments. It is important that all shortcomings and recommendations are addressed as early as possible in a fully inclusive manner.

Rule of law, another key area for the European Union, is where you have made substantial progress but now need to focus on implementation in practice – for instance the independence and impartiality of the courts. On anti-corruption, you need to demonstrate the tangible impact of the existing measures.

Equally, it is urgent that the review of the Ohrid Framework Agreement, particularly important for inter-community and inter-ethnic relations, be completed by the end of this summer, as promised, and that its recommendations be implemented. This, as well as continued decentralisation, will contribute to stability in the country and beyond.

As regards public administration reform, we welcome the continuous productive dialogue your government engages in with the Commission and the SIGMA experts. We acknowledge the on-going efforts in setting up a new framework for civil and public service and general administrative procedures. Let me use this opportunity to once again reiterate the importance we attach to the principles of transparency, merit and equitable representation that are to be enshrined in the new legislative framework.

We encourage the government to adopt a result-oriented approach also for decentralisation and regional government. Let me remind that decentralisation forms one of the core elements of the Ohrid Framework Agreement. Concrete results are needed, notably in ensuring the financial sustainability of municipalities in terms of their transferred and decentralised competencies.

ECONOMIC CRITERIA

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. Structural measures need to be undertaken in order to address the underlined reasons for the persistently high unemployment. We believe that the efficiency of the public spending can be improved by introducing multiannual budgetary framework and strengthening the management and control systems. Introducing a strategic approach to public finances will contribute to aligning public spending with identified structure priorities of the country and avoiding short term orientation of fiscal policy.

EU FINANCIAL ASSISTANCE

EU financial assistance, through 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 to strengthen the IPA management and control framework. As we have been discussing recently, for the new IPA II programming framework 2014-2020, it will be important to focus on the most pressing priorities and move to strategic multi-annual planning in each sector in order to make the best use of the financial resources. I will need your full commitment in this process. Thank you."

Mr Nikola POPOSKI, Minister for Foreign Affairs

" As regard the pre-accession strategy, we will elaborate upon the political, economic criteria and financial cooperation. Considering that previously we have exchanged the position papers for this meeting and considering that our documents take note of the most important developments under this item, I would elaborate only upon some key aspects related to political criteria.

The Parliament is functioning continually and working to fulfil all obligations related to the 1 March agreement. The inquiry committee is expected to complete its work by the end of August, producing a report on the events of 24 December. The report is in fact prepared but a consensus is needed at the inquiry committee in order for the document or report to be signed. The work of the inquiry committee preconditions other legislative activities at the Parliament.

The government continues to work with the Association of Journalists. The dialogue with the media has not stopped. It continues in different formats involving many stakeholders including representatives of the Association of Journalist of Macedonia. For example, there has been a series of public debates on the new law on media and everyone was invited to submit their recommendations or remarks.

We took into consideration of course the OSCE and Council of Europe recommendations.

We have adopted several laws of importance in our accession to the EU and these were tasks we assume under the High Level Accession Dialogue. The dialogue will continue involving everybody, it will be an all-inclusive dialogue. As regards our tasks under the High Level Accession Dialogue, we are fulfilling our tasks. We are prepared to work together with the Commission, as Commissioner Füle mentioned, to achieve our targets, to achieve our tasks. This will be beneficial for the formal start of accession negotiations with the European Union.

The reform of the election process is continuing in order that we take on board the OSCE/ODHIR recommendations, including the OSCE/ODHIR recommendations in their final report on the local elections. The local elections in 2013 fulfilled international standards in a peaceful and competitive environment. By the end of this summer, we expect to finalise the election reform by adopting a methodology to update the voters list and this was one of the results the working group on election reforms achieved.

As regards the OHRID framework agreement, we marked 12 years of its signing. Last year we started a comprehensive review of the implementation of the OHRID Framework Agreement and its review is divided into 4 stages. The first stage was published on 2 April, the second and third stage will cover gathering data on various aspects of the agreement implementation and the fourth stage we expect to start soon. Under this stage, we will organise a conference that will produce recommendations to advance policies defined under the OHRID Framework Agreement. It is important that the budget for the Roma strategy was increased by 30% in 2013 which enabled funding of more projects especially in the areas of health care, housing, employment, education.

As regards the issue of media, I would like to underline that following legislative amendments related to decriminalising defamation and libel we have adopted civil law liability for defamation and libel. This has helped the media situation. About 525 criminal cases were registered. The civil law cases against defamation have started. The first hearings have been scheduled. Their number is not high, and the number of these cases involving journalism and politicians is not high. Cases of defamation will be only dealt with by civil law courts and this is a contribution to creating a better climate and to advancing the overall situation in the media.

We are preparing two new laws. There is a public debate on the draft of these new laws. In these debates we have involved experts of the Council of Europe, of the OSCE and these experts have provided their opinions. These are laws on the media and on the media audiovisual services and we take on board European legislation in this respect.

As regards the judiciary, I would like to underline that we are intensively working on the judicial reform and in increasing the judiciary efficiency. The new cases in 2012 has been well managed and we have reduced the backlog of cases by 46%. We recruit now judges only from ranks of judges that have completed their education at the Academy for training of Judges and Public Prosecutors. So far, 67 judges that have completed this education have been appointed as judges.

In the fight against corruption, we are especially focused on high profile corruption cases. This is a pre-condition to get a good track record of dealing with pending corruption cases. We have also achieved progress in systematically examining the statements on conflict of interest by politicians and appointed officials. The state election commission published the financial reports of political parties following the election campaign and reports from eight political parties about their financial operations. This is part of the activities we implement together in cooperation with the OSCE.

As regards the public administration, there is a new proposal on general administrative procedure and law on public administration. We are organising public debates before they are adopted. The overall goal of these two laws is to increase the efficiency of services provided by public administration and to increase the accountability of public administration.

In the area of human rights, we continually achieve progress. We attach great importance to the non-discrimination issue. We have established a solid institutional framework in this context. The law on prevention of and protection against discrimination provides a good basis to protect citizens against any kind of discrimination, including sexual orientation. As regards the attacks on the premises of the LGBT centre in Skopje, I would like to underline that the government has publicly condemned this occurrence of violence and has condemned any type of violence. I would like to assure you that we will do our best to find the perpetrators of this violence and bring them before justice.

As regards regional cooperation, I would like to underscore our proactive approach to regional cooperation. It is important for us to have good relations with all our neighbours because this is of essential importance for the development of Macedonia. Macedonia is a country of open market economy but we are a landlocked country in the middle of the Balkans, so it is of key importance for good economic development to have good relations with all our neighbours. However, good neighbourly relations is a two way process requiring will on both sides and we are prepared to invest efforts in cooperation with all our neighbours which means that differences that might exist need to be overcome and such differences should not dominate the other aspects of bilateral cooperation which might be developing very well.

As regards our relations with Greece, I would like to say the following. We are willing and ready to continue the cooperation with Greece. We attach great importance to our relations with Greece. We think our relations are excellent with the exception of the one most difficult issue, and that is the name issue. As regards the name issue, we have raised many initiatives in order to make a breakthrough. It is important that the name issue is settled in line with the guiding principles of the European Union, meaning by respecting democracy, human rights and international law. Political talks have intensified following initiatives and ideas presented by Ambassador Nimetz, who is the mediator in this issue. We also apply a proactive approach towards these ideas. Our position is that these ideas offer possibilities that need to be explored. That's why our Prime Minister sent a letter to his Greek counterpart proposing that the two countries appoint teams headed by the two countries' Prime Ministers so that these two teams could intensely work to find a solution to the name issue, working within the mandate of the UN mediator. In this context, it is important that we have serious commitment to obtaining results and the results or the settlement of this issue will be of benefit to Macedonia, to Greece, and to the European integration process. We have taken note of the proposal by the Greek side for signing a Memorandum of Understanding. We always approach constructively all initiatives coming from our neighbours. However at this junction, I must present an opinion which I already sent to my Greek counterpart in a letter. The Memorandum of Understanding is a selective repetition of provisions of the interim report and Macedonia of course supports the implementation of the interim report.

The Memorandum of Understandings ignores the judgement of the International Court of Justice which clearly defines the parameters that need to be taken into consideration in accordance with the international law, in accordance with the interim report. Some aspects of this Memorandum go outside the mandate of mediator Nimetz by prejudging the possible solution. We are constructive towards all initiatives, but we must not allow deep processing attention by pursuing a process in order that we define a document that will not be productive to overcome the name issue which prevents us from forward progressing to EU or NATO integration.

As regards our relations with Bulgaria, I have taken note of the strong desire to conclude an agreement on friendship, good neighbourly relations and cooperation. We do want such cooperation with Bulgaria including by signing such an agreement but it's important for us that the agreement is based on European principles. It is important for us that the agreement is future oriented. In the near future there should be a meeting between the Prime Ministers of the two countries and this will be a good opportunity to take note of the progress made in our bilateral relations.

Regretfully, I have to mention the practice of certain European institutions which continue to use the acronym FYROM, which is not in line with the interim accord and there is the continual practice on the part of the European Union institutions avoiding to use the adjective Macedonian. We are concerned with such practices and we would like to see United Nations standards being respected on this issue so that we continue sincerely building good neighbourly relations, including with Greece. Now I would like to give the floor to Minister Besimi."

"Thank you very much. Commissioner Füle, first I would like to thank all for their contributions that we have seen within the Stabilisation and Association Council framework. Our teams have shown progress. As for the political criteria, I will just add something about the economic aspects of what we have done so far, and within this economic situation, how we deal with these issues. I want to say that apart from the economic challenges that we face as a country Europe is among the largest trading partners, more than 60% of our trade. We concluded last year with a negative economic growth of 0.2%. Actually it has declined. In this situation, mostly it comes from external factors i.e. the external demand. Also domestic economic activity has likewise reduced but we had another positive impact in the economy. Investment has increased about 12% which mainly comes from investments in technological, industrial development zones. In all this, I would like to add that with respect to the Maastricht economic criteria or figures we managed to stay within the framework of the Maastricht criteria, still keeping the inflation low, at 3.3% last year which is reduced compared to 2011 when it was around 4%. We managed to keep the budget deficit around 3.8% in 2012 although it was more than we planned initially. This was because we decided to pay our debt to companies arising from VAT refund and from service contracts. Regarding the budget deficit and public debt, we still are within the Maastricht criteria and this is one of the macro-economic orientations we have as well as pursuing prudent fiscal economic and maintaining macro-economic stability.

In terms of labour market during this period last year, the number of employees in the labour market increased with about 0.8% and the employment rate was stable around 40% of the available capacities. The unemployment rate dropped to 31% from 31.4% in 2011 and in the first quarter of 2013, the unemployment rate fell to around 30%. The encouraging figures are that our GDP growth on the first quarter was around 2.9% as per our statistics.

The financial sector has remained stable. The banking sector increased its deposits from both companies and citizens and the capital market, although shallow, was stable.

In foreign trade we have increased the deficit which is due to what I have just explained. The domestic foreign demand decreased and domestic activity also decreased.

In respect of free market entry and exit, we have amended the bankruptcy law to ease the procedures to entering and exiting the market.

Let me continue with financial cooperation. This year, we have intensified the cooperation both with the EU delegation and here with DG Enlargement about the IPA implementation for the current IPA. The figures show that 37% of all available funds are contracted. We are doing all we can on a systematic and operational level to improve the current IPA implementation. We are currently exchanging views on how to design the priorities for IPA 2014-2020 on a sector based approach. We consider that decentralised management has been one of the benefits from this process improving all domestic capacities for absorption of funds.

In terms of High Level Accession Dialogue priorities, we consider that this was a good opportunity for speeding up the reforms. We are looking forward, although there are certain challenges, to focus on further enhancing the political dialogue in the country. In terms of implementation of the March Agreement aspects, to be considered, as well as in terms of other priorities in HLAD, we have the intention to promote the freedom of expression on the media. It is in our constitution clearly stated that freedom of expression in article 7 is guaranteed for all citizens.

In addition to this, I would say that in terms of interethnic relations, the Ohrid Framework Agreement has been achieved through the High Level Accession Dialogue. The report and the review which have been produced, has positively increased the transparency of this very important process for interethnic relationships in the country. This is also part of our constitution."

4.2 Relations under the Stabilisation and Association Agreement

- Implementation of the SAA - state of play

"We have seen progress in many sectors in the SA. Now we are expecting to move to the second stage of the Stabilisation and Association Agreement. The issues which are related to the trade association were established in 2011 and the full association with respect to the Stabilisation and Association Agreement is expected by April 2014.

Also, we are expecting the decision from the Council about the membership of Macedonia of the Agency for Fundamental Rights, as an observer. So these are the things that we have to do in terms of the Stabilisation and Association Agreement.

Due to lack of time, I will not go into details in all these sectors but if there is a need for further comments, I am happy to share our view on the progress made."

Mr Štefan FÜLE, Commissioner for Enlargement and European Neighbourhood Policy

"Thanks a lot and thanks for underlining the most important issues as far the implementation of the SAA is concerned. Let me try to complete the picture from the point of view of the Commission.

I welcome the further progress achieved in a number of areas covered by the Stabilisation and Association Agreement. The joint sub-committees held over the recent months and last month's Stabilisation and Association Committee meeting have shown your Ministry's capacity to deliver and implement policies across a wide range of sectors.

Since the details of the works of the sub-committees was discussed early at the SA Committee in mid-June, we assessed a lot of relevant areas in our report in April. We will go into more detail in our October progress report. I propose to outline therefore only a few topics here today.

As you know, strengthening of the capacity of your administration to ensure the implementation and enforcement of laws remains key. The further EU and other progress in the integration process, the greater importance this will assume. We have already made a good start in public administration reform where we emphasize the importance of the principle of transparency, merit and equitable presentation.

On judiciary reform, we welcome the progress that has been made over the last decade and call for focus on implementation and practice, in particular as regards the independence and impartiality of the judiciary and on attracting qualified candidates.

On anti-corruption, where you have made progress in documenting a track record, we recommend to focus on demonstrating the tangible impact of existing measures. Equally, we acknowledge the progress made on the fight against organised crime, drugs, trafficking and on judiciary cooperation and civil and criminal matters. It is important now to prepare adequately for the implementation of the new criminal procedure code.

On visa issues, it is important to continue the efforts already taken to prevent abuses.

Concerning social policy and employment, I would like to reiterate the need for additional efforts to achieve an inclusive and efficient labour market. In this respect, priority should be given to youth and women. High youth unemployment and very low participation by women in the labour market together with long term unemployment remain the most pressing issues.

With respect to agriculture, we know the country's advanced state in the area, mainly in the legislative field. Continued efforts are however needed in maintaining sufficient administrative capacity and in this regard, we take note of the steps taken to improve internal procedures and provide training.

Regarding trade issues, while noting the high level of integration, we also note that the European Union remains the most important trade partners for your country. We note that the adaption of the Stabilisation and Association Agreement to take account of Croatia accession has been agreed.

For internal market sectors in general, the emphasis needs to be on administrative capacity and efficient implementation of already adopted legislation.

As regards energy, we welcome the progress made in the area to fully implement the energy law. At the same time, work to prepare further revision of the law in order to align to the third internal energy market package needs to be speeded up.

Progress needs to be made on the emergence of a genuine competitive electricity market.

As regards transport, overall preparations in the area are relatively advanced. We acknowledge the positive developments in the area of road safety and the campaigns performed in this field. It is important that budgetary cuts do not have a negative impact on the results achieved so far. We take good note of steps taken to shorten procedures for issuing the rail safety certificate and safety authorisation. We regret the decision made last year to close a railway market for private operators. Regarding both rail and air transport, I would like to stress the importance of the incident investigation bodies being fully functional and independent.

As regards the area of trans-European networks, we will count on the country's active participation in the south east Europe transport observatory and energy community. The European Union delegation takes note of the construction of the IPA-co financed new motorway section.

As regards environment protection, I would recall the importance of the environment chapter and the challenges it contains. For the alignment with the European legislation, several fields have been achieved but further efforts for implementation and enforcement of the legislation are needed. We encourage the government to strengthen its capacity and expertise in general and more specifically for the use of IPA funds.

As regards climate change, we would like to stress the need for a long term strategy document for climate action including sector specific emission target and point out that better coordination and inter institutional cooperation are needed in order to deliver one comprehensive cross cutting climate strategy and action plan.

And finally, I would simply recall the Commission proposal presented in October 2009 for the passage into the second stage of the SAA. The Commission welcomes the readiness repeatedly expressed by your country including in this meeting to assume the additional obligations under the second stage. Thank you."

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**

Annex IV: Joint Press Release

TENTH MEETING
OF THE STABILISATION AND ASSOCIATION COUNCIL
BETWEEN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA AND THE EU

Brussels, 23 July 2013

JOINT PRESS RELEASE

The Stabilisation and Association Council between the former Yugoslav Republic of Macedonia and the EU (SA Council) held its tenth meeting on 23 July 2013. The meeting was chaired by Mr. Nikola Poposki, Minister for Foreign Affairs of the former Yugoslav Republic of Macedonia. Deputy Prime Minister for European Affairs of the former Yugoslav Republic of Macedonia, Mr. Fatmir Besimi was also in attendance. The EU delegation was led by Mr. Linas Antanas Linkevicius, Minister of Foreign Affairs of the Republic of Lithuania, on behalf of High Representative Catherine Ashton. Commissioner Štefan Füle also took part in 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 took note of the country's primary objective and strong commitment to open accession negotiations, taking into account the Commission's recommendations to that effect. The SA Council also noted the Commission's report of 16 April 2013, as requested by the December 2012 General Affairs Council, which assessed that implementation of EU-related reforms has continued, that relations with neighbours remained good and steps have been taken in bilateral relations with Bulgaria and Greece, as well as on the name issue.

The SA Council reviewed the key developments over the previous period relating to the fulfilment of the political criteria, as well as the state of play concerning the economic criteria, financial cooperation and the implementation of the Stabilisation and Association Agreement. It welcomed the progress in the fulfilment of the commitments under the High Level Accession Dialogue, highlighting the importance of continued efforts and a strong emphasis on implementation. It noted the results of the Stabilisation and Association Committee held on 13 June.

Concerning the political criteria, the SA Council stressed the importance of constructive dialogue across the political spectrum. It was informed of the state of play of implementation of the 1 March agreement which is intended to address the events in the Parliament of 24 December. In this regard, the SA Council stressed the need for full implementation of all elements including the work of the Committee of Inquiry, the signature of the cross-party Memorandum of Understanding on Euro-Atlantic strategic priorities, electoral reforms and media dialogue.

The SA Council took note of the assessment of OSCE/ODIHR that the recent local elections were highly competitive and efficiently administered throughout the country. The EU stressed the importance of addressing in full the OSCE/ODIHR assessment and recommendations, including on balanced media coverage and distinction between state and party activities. In this regard, the SA Council welcomed the continuation of the work of the High Level Steering Committee for Electoral Reform and the government commitment to keep the electoral reform process transparent and inclusive for all stakeholders.

The SA Council welcomed the first government report on the implementation of the Ohrid Framework Agreement published on 11 April. It stressed the importance of finalising the overall review of OFA implementation this summer, as foreseen, and the implementation of the final policy recommendations.

The SA Council reviewed the situation as regards freedom of expression in the media and took note of the progress made with the decriminalisation of defamation and relevant training of the judiciary. Resumption of the roundtable media dialogue with the Association of Journalists and other confidence building measures, a key commitment of the 1 March agreement, is essential. Concerning the new draft media law, the SA Council welcomed the broadening and extension of the consultation process and recalled that input from national stake-holders and advice from international organisations needs to be taken into account.

Concerning the judiciary, the SA Council welcomed the progress in improving the efficiency of the court system and emphasised the importance of the Judicial Academy in training future judges and prosecutors. It also noted that continuous efforts are needed to strengthen judicial independence in practice. The SA Council welcomed the progress in developing the anti-corruption track-record. It also took note of the enforcement of the systematic verification of potential conflicts of interest. The EU stressed the importance of continued efforts for effective and non-selective enforcement in the fight against corruption.

As regards public administration, the SA Council took note of the on-going efforts to set up a new legislative framework for civil and public service and general administrative procedures, following the principles of transparency, merit and equitable representation. The importance of further decentralisation and regional development was also noted.

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

The EU welcomed the country's continued active participation and the constructive approach in regional cooperation, including in initiatives in South Eastern Europe, such as the Regional Cooperation Council and the Central European Free Trade Area (CEFTA). In particular, the EU welcomed the country's chairmanship of the South East European Cooperation Process between June 2012 and June 2013, which has given a new impetus to regional cooperation. 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 discussed the macroeconomic performance in the previous period and the latest economic developments, focusing on planned further reforms aiming to promote employment creation and to enhance the general business environment. The EU delegation stressed the importance of management and implementation capacities, as well as public finance management, multi-annual budgeting and strategic planning for all sectors.

The SA Council noted the progress made in identifying priority sectors for future EU assistance under the Instrument for Pre-Accession (IPA II) Country Strategy Paper 2014-2020. The EU welcomed the commitment to invest greater efforts into increasing the absorption of IPA funds, improving the national management and control systems and promoting skill development across institutions involved in IPA.

The SA Council welcomed the fact that the country continues to fulfil its commitments under the SAA. It welcomed the high level of trade integration and the finalized negotiations for the adaptation of the SAA to accommodate the accession of Croatia to the EU.

The SA Council recalled the Commission's proposal on the transition to the second stage of the SAA of October 2009, which remains under consideration in the Council.