

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

**Brussels, 15 April 2015**

– The Stabilisation and Association Council –

**UE-FM 1451/15**

**DRAFT MINUTES**

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Subject: Eleventh meeting of the Stabilisation and Association Council between the EU  
and the former Yugoslav Republic of Macedonia (Brussels, 23 July 2014)

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**MINUTES**

**STABILISATION AND ASSOCIATION COUNCIL**

**EU-THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

**23 July 2014**

## AGENDA

1. Opening
2. Adoption of the agenda
3. Adoption of minutes of the 10<sup>th</sup> 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 European Union and the former Yugoslav Republic of Macedonia held its eleventh meeting on 23 July 2014. The meeting was chaired by Undersecretary of State for Foreign Affairs, Senator Benedetto Della Vedova, Republic of Italy, who led the EU delegation, on behalf of High Representative Catherine Ashton. Mr Štefan Füle, Commissioner for Enlargement and Neighbourhood Policy represented the European Commission. The delegation from the former Yugoslav Republic of Macedonia was led by Mr Nikola Poposki, Minister for Foreign Affairs. Deputy Prime Minister for European Affairs Mr Fatmir Besimi also attended the meeting.

### **1. Opening**

Undersecretary Della Vedova opened the 11<sup>th</sup> meeting of the Stabilisation and Association Council. Commissioner Füle and Foreign Minister Poposki responded.

### **2. Adoption of Agenda**

The Stabilisation and Association Council adopted the agenda of the meeting as it appears in [UE-FM 1451/14](#).

### **3. Adoption of the Minutes**

The Stabilisation and Association Council took note of the fact that the minutes from the tenth Stabilisation and Association Council ([UE-FM 1452/14](#)) 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**

Undersecretary Della Vedova introduced the sub-item 4.1 (Pre-accession strategy), complemented by Commissioner Füle. Foreign Minister Poposki and Deputy Prime Minister Besimi responded.

Deputy Prime Minister Besimi introduced sub-item 4.2 (Relations under the Stabilisation and Association Agreement). Commissioner Füle responded.

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

This item was discussed in the restricted session.

#### **6. Any other business**

#### **7. Closing**

Undersecretary Della Vedova, Commissioner Füle and Foreign Minister 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 (Italy) on behalf of the High Representative**

Mr. Benedetto DELLA VEDOVA, Undersecretary for Foreign Affairs, Senator\*

Mr Luigi MATTIOLO, Director General for European Integration\*

Mr Lorenzo GALANTI, Chief of Staff of the Undersecretary of State\*

Ms Giorgia DE PAROLIS, Permanent Representation of Italy to the EU, First Secretary for Enlargement and Western Balkans\*

### **European Commission**

Mr. Štefan FÜLE, Commissioner for Enlargement and Neighbourhood Policy\*

Ms. Michela MATUELLA, Member of Cabinet\*

Ms. Alexandra CAS GRANJE, Director, DG Enlargement\*

Mr. David CULLEN, Head of Unit, DG Enlargement\*

### **General Secretariat of the Council of the European Union**

Mr. David JOHNS, Head of Unit, Enlargement Unit\*

Mr. Gabriele SCARAMUCCI, Enlargement Unit

Ms. Barbara LATKO, Co-Secretary, Enlargement Unit\*

### **European External Action Service**

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

Mr. Jonas JONSSON, Head, Western Balkans Division\*

Mr. Johannes VIERECK, Western Balkans Division\*

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\* Participated in the restricted session

## **Annex II: Delegation of the former Yugoslav Republic of Macedonia**

Mr. Nikola POPOSKI, Minister of Foreign Affairs, SA Co-Chair \*

Mr. Fatmir BESIMI, Deputy Prime Minister for European Affairs\*

Mr. Andrej LEPAVCOV, Ambassador, Head of Mission to the EU\*

Mr. Jovan ANDONOVSKI, State Secretary, Secretariat for European Affairs\*

Mr Ramadan NAZIFI, EU Director, Ministry of Foreign Affairs\*

Ms. Beti JACHEVA, Deputy Head of Mission, Mission to the EU\*

Mr. Dragan TILEV, Minister Counsellor, Mission to the EU\*

Ms. Elena GEORGIEVSKA, SA Co-Secretary, Head of Unit, Ministry of Foreign Affairs\*

Mr. Dzenk SEJFULA, Head of Unit, EU Directorate, Ministry of Foreign Affairs\*

Ms. Biljana BUTLEVSKA, Head of Sector, Secretariat for European Affairs

Mr. Musli ABDIJA, Secretariat for European Affairs

Ms. Jasna BOLJAT, Minister Counsellor, Mission to the EU\*

Ms. Maja HANDZISKA –TRENDAFILOVA, Mission to the EU

Ms. Arbresha HAZARI, Attaché, Mission to the EU

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\* Participated in the restricted session

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

**1. Opening**

Senator Benedetto Della Vedova, Undersecretary of State for Foreign Affairs of the Republic of Italy

"Representing the EU on behalf of the High Representative Catherine Ashton, it is a great pleasure to see you today, Minister Poposki and Minister Besimi. We look forward to this 11<sup>th</sup> meeting of the Stabilisation and Association Council meeting being productive. Noting that we have exchanged our respective position papers, we believe we can focus on most salient points at this plenary.

For the sake of good order, I recall that the Stabilisation and Association Agreement, the first in the region, 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 we co-operate and take stock of developments in our relationship.

Last December, the Council adopted conclusions in reaction to the Commission's 2013 Progress Report. These conclusions are well-known to both sides and the issues are regularly raised in EU contacts with your country.

Commissioner Füle will say more about this and other matters during the day and I pass the floor to him now for his introductory comments."

Mr Štefan Füle, Commissioner for Enlargement and European Neighbourhood Policy

"Thank you for the floor. I am pleased to add my welcome to Ministers Poposki and Besimi, with whom I have been having regular contacts also in this last period to discuss your country's European integration path.



Your country needs to be part of the region's forward movement, in both political and economic terms. Politically and practically, this means continuing to take your reform processes forward, addressing the outstanding bilateral issues, and tackling new economic governance priorities – so as to be in a better position to deal with the challenges. We will remain by your side to help you in your efforts. As I have discussed regularly with political leaders in your country, progress also requires a more constructive and participatory style of politics, to deliver on the expectations of all of your citizens, focussing in particular on some of the priorities which we will discuss over the course of this afternoon.

While we have not had a plenary level meeting of the High Level Accession Dialogue – due to the need to focus first on sufficient fulfilment of the 1 March political agreement, then your elections and government formation – and the need to ensure that adequate conditions are in place – the Dialogue remains an important instrument for our joint work. Once conditions are ready, we will define together the new priorities to guide the work ahead."

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

"Mr Co-chair and Undersecretary Della Vedova, Commissioner Füle, ladies and gentlemen, I would like to take this opportunity to wish you a successful presidency with the Council of the EU, in the coming six months which are of exceptional importance for the legitimate aspirations of Macedonia to go over to the next stage of integration, that is to say accession negotiations.

In its report of 2013, the European Commission confirmed that Macedonia continually fulfils the Copenhagen criteria and recommended start of accession negotiations. In order to maintain the credibility of the integration process and to enhance the trust in the enlargement process, I think we should be given the opportunity to go over to the next stage based on our merits. We believe that allowing us to go over to the next stage of integration will have a favourable impact on the entire Macedonian society and will help us fulfil all criteria for fully flagged membership.

The Stabilisation and Association Agreement has been successfully implemented for eleven years now. The agreement has set a ten year framework for European integration preparation and it includes the perspective that in 2014 the accession process of Macedonia would be in an advanced stage. All countries need to be committed to fulfilling international law obligations and to maintain the spirit of abiding by the fundamental principles upon which the EU is founded.

Good will is also necessary to overcome the differences, under the auspices of Ambassador Niemitz. I assure you that we will continue with the reforms. We will continue applying a proactive approach to advance in good neighbourly relations and regional cooperation. We would expect that such efforts would be evaluated regardless whether we are doing this with immediate neighbours or other countries in our neighbourhood.

Each year the countries in the Balkans are moving closer and closer to EU integration. Albania is the last such example which has gotten the candidate status and Macedonia deserves and has long deserved to be part of this favourable trend and to keep up with the integration of the Southeast Europe into the EU. We welcome the fact that enlargement will be one of the priorities of the Italian Presidency and we would expect support and specific activities in order that a decision to open accession negotiations with Macedonia is finally adopted. Thank you."

## **2. Adoption of the agenda**

## **3. Adoption of minutes of the 10<sup>th</sup> 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**

Senator Benedetto Della Vedova, Undersecretary of State for Foreign Affairs of the Republic of Italy

"Beginning with political criteria, I would like to address some issues which have been raised in the EU position paper, which you have received. My colleague Commissioner Füle will also comment on other political matters and will address economic and financial aspects.

Stable and functioning democratic institutions are core to meeting the political criteria and thus the accession process. In this context, the EU welcomes the establishment of your new coalition government sworn on 19 June and hopes that Parliament will soon return to full and normal functioning.

The current political crisis is a matter of deep concern and 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. These incidents also show that it is not enough to have a reactive policy – however well incidents are normally "managed" – but rather that you need a proactive long-term policy with confidence building measures, at political level, to increase trust between communities.

As one of its guarantors, 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. The on-going review of the OFA is very important and we encourage further progress.

Freedom of expression, including media freedom, is a fundamental right. The shortcomings which the Commission detailed in its Report last year still exist. Here, the EU is seriously concerned about the overall climate and media culture, which has not improved despite the new media laws.

On electoral reform, we note the progress that was made, and acknowledged by OSCE, in relation to previous recommendations. However, we remain concerned by the fact that the OSCE Office for Democratic Institutions and Human Rights (ODIHR) has had to repeat, in the context of its report on the recent elections, some points already made in 2011 and 2013, particularly as regards biased media coverage and the lack of separation between the state and political party activities leading to a lack of a level playing field. These need to be addressed in order to improve trust in the democratic process and institutions, not least since the elections have not yet led to a normally functioning Parliament.

Further, it must be recalled 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.

Regional co-operation and good neighbourly relations form an essential part of the process of moving towards the EU. Maintaining good neighbourly relations, including a negotiated and mutually accepted solution to the name issue, under the auspices of the UN, remains essential. There is a need to bring the longstanding discussions on the name issue to a definitive conclusion without delay. Actions and statements which negatively impact on good neighbourly relations should be avoided.

Regarding relations with Bulgaria, the EU notes some positive signals concerning the conclusion of a bilateral agreement on good neighbourly relations. We hope that the outstanding points will be resolved soon in a constructive spirit.

In closing, let me welcome your continued active participation and the constructive approach in regional initiatives, including your current chairmanship of the Central European Free Trade Area (CEFTA)."

Mr Štefan FÜLE, Commissioner for Enlargement and European Neighbourhood Policy

"Thank you very much. I wholeheartedly support the messages which Undersecretary Della Vedova has conveyed to you and would like to add comments on a few more related issues on which we have been working together in detail through the priorities of the High Level Accession Dialogue.

As mentioned, the EU attaches great importance to freedom of expression. We have recognised the progress which you have made in this area - decriminalisation of defamation, adoption of the media laws. The number of civil defamation cases involving politicians and journalists is worrying, as is the media bias reported by ODIHR in the context of the recent elections. We welcome that dialogue is taking place with media stakeholders, and hope that the proposed changes to the media law will take place in the same spirit. The publication of transparent information to be published about the beneficiaries and amounts of government advertising campaigns will also help to build confidence.

On human rights in general, we see the need for a more pro-active, and adequately resourced, approach to the promotion and protection of fundamental rights. This includes action on anti-discrimination, safeguarding the freedom of expression, promoting tolerance for the lesbian, gay, bi-sexual, trans-sexual and inter-sex (LGBTI) community, as well as the protection of children and vulnerable citizens. Sufficient resources are also needed to tackle the areas noted by the April European Roma Summit, including for the implementation of the relevant strategy and action plans.

Rule of law is another key area for the EU, to be tackled early in the accession process. You have made substantial progress but need to focus on improved implementation in practice, in order to prevent back sliding. For instance, by ensuring the functional independence and impartiality of the courts, and in particular the "quality of justice" which all citizens are entitled to. The actions and decisions of your courts need to be understandable to the ordinary citizen, and also in line with European standards. Accountability of the institutions to the citizens also remains key – and thus we are concerned at the Constitutional Court's failure to consider the complaint about the lustration law, on which the Venice Commission had already provided its Opinion.

On anti-corruption, we recognise the efforts made on compiling track-records, including on high-level cases, and encourage you to now use the lessons learned in order to make concrete improvements to both policy and enforcement, so that a tangible impact can be felt on the reduction of corruption in society.

As regards public administration reform, we welcome the new legal framework for civil servants and ongoing work on a new framework for general administrative procedures. I must once again reiterate the importance we attach to the principles of transparency, merit and equitable representation that are to be enshrined not only in the new legislative framework but also in practice. In which context I must repeat our outstanding request for the total number of employees in the public administration.

On a related issue, we encourage you to show more determination in relation to decentralisation and regional government, especially as regards ensuring the financial sustainability of municipalities in terms of their transferred and decentralised competencies.

As regards the economic criteria, we note that your economy has started to recover and that your country has made further progress towards becoming a functioning market economy. We remain concerned, however, about the persistently high unemployment rate and the structural measures which need to be taken to address this, as well as the need to improve the business and foreign investment climate, in particular in relation to access to finance and market exit. More broadly, you are aware of the new importance which we attach to economic governance, including the guidance set out in the May 2014 ECOFIN Conclusions.

And finally on EU financial assistance. This assistance through IPA continues to play an important role in supporting and complementing your national financial efforts. We welcome the agreement which we have reached on the priorities for the future IPA assistance and the efforts which you have already made to strengthen the management and control framework for implementation of EU funds. The Government, however, will have to undertake additional efforts to strengthen its IPA management capacities in order to reduce and ultimately stop a loss of funds from IPA I programmes. Sound public financial management remains a priority, so does the move to a sector-based approach, preferably within the context of an over-arching national development strategy. This is to ensure the best use of both EU and your own domestic resources. Thank you."

"Thank you. Considering the fact that we have exchanged our positions, I would like to briefly touch upon several important activities.

Macedonia continually fulfils political criteria, the institutions in the country function in accordance with the constitutional competences. The presidential and the early parliamentary elections were conducted efficiently, at a peaceful election day. The new government was formed and the EU reform agenda and the economy remain its top priorities. The Government coalition is stable and functions smoothly, by way of continuous dialogue at all levels. Regarding the decision of some of the parties of the opposition to boycott the Assembly, the Parliament will bring about lots of critical pressure to implement reforms, and there is a readiness to ensure the smooth functioning of the Assembly. There has been also a meeting between the Prime Minister and the leader of the opposition.

The Government is prepared to implement recommendations, contained in the final report of the OSCE/ODHIR. I would like to remind everybody that before the elections we adopted amendments and supplements to the election code, with the agreement of the opposition parties. We will continue clearing up the voters list in accordance with the methodology envisaged by the State Election Commission.

The Government has submitted a proposal for amendments to the Constitution of the Republic of Macedonia. The purpose of the amendments to the Constitution is to improve the work of institutions and their independence and their autonomy.

In the absence of accession negotiations, the Government continues to maintain the dynamics in the reform process for accession to the EU. Therefore the Government has adopted a list of selected priorities as a platform to continue the High Level Accession Dialogue (HLAD).

As regards the freedom of expression and the media, the Government remains open to continue the dialogue with the media. A review of government campaigns will be published. 50 judges of the courts are attending specialised studies to process cases of offence and liable. Records have been prepared for cases of offence and liable. There were 47 court proceedings instituted compared to 237 in 2013. Out of 428 cases in 2013, 308 cases involved natural persons. Only 11 cases involve suing journalists by politicians.

The Government of course condemns any form of hate speech, and calls upon relevant institutions to react appropriately.

As regards the justice system, there has been a framework for further reforms of the judicial system covering the period of 2014-2017. As of the 1st January 2013, the judicial council elects judges exclusively from the ranks of candidates that have completed studies at the Academy for Judges and Public Prosecutors.

As regards the fight against corruption, there have been amendments prepared to the Law on the Prevention of Corruption. These amendments will introduce protective mechanisms for whistleblowers and for the integrity of the system.

As regards the inter-ethnic relations, the Government always condemns all attempts to create inter-ethnic tensions and to abuse any incidents. We will continue implementing confidence building measures. Peaceful protest aimed at accomplishing certain rights and interest are legitimate and are a proof of a democratic practice but violent behaviour and demonstration of force will be sanctioned by institutions. The government remains committed to implementing the Ohrid Framework Agreement. We will complete the report on the implementation of the Ohrid Framework Agreement and we will prepare recommendations for improving the implementation. We will continue activities related to the Roma community as well.

In the context of the public administration reform, we have adopted a law on civil servants and Law on Employees in the Public Sector in order to enhance and upgrade the legislative framework by introducing a system of competences.



Macedonia invests continual efforts for efficient protection of human rights in several areas. The Commission for the protection against discrimination always and efficiently processes all applications. There are activities underway in cooperation with NGOs which envisage research of the situation of the LGBT community in Macedonia. There are on-going efforts for reform of the penitentiary system.

In the context of good-neighbourly relations and regional cooperation, Macedonia continues to be proactive and continues to undertake various steps and activities. With Bulgaria there has been a visible and important progress achieved in the period as far. There have been more frequent meetings between the Prime Ministers of the two countries and the Ministers of Foreign Affairs. There has been a joint celebration of St. Cyril and Methodius in Rome, relatively high degree of harmonisation of the draft text of the agreement on friendship, good neighbourly relations and cooperation has been achieved and talks continue on this agreement.

We are also pursuing activities regarding Corridor 8 projects. We encourage the cooperation between the academies of Arts and Sciences of the two countries and there are at least 13 joint projects underway. We of course encourage cooperation between the media outlets of the two countries, for example there has been an agreement between the Macedonian national television and the Bulgarian national television for 24 hour rebroadcasting of programmes in Macedonia and Bulgaria and vice-versa.

As regards Greece, the Republic of Macedonia will continue to be proactive and to advance its good neighbourhood relations with the Hellenic Republic and it will continue its activities to intensify the bilateral cooperation.

The Deputy Prime Minister and Minister of Foreign Affairs of Greece visited Macedonia as part of his Balkan tour at the period when Greece held the EU presidency, when we had open talks. The Republic of Macedonia re-affirmed again, and stated its initiatives and proposals for specific projects to advance the cooperation and to strengthen the mutual trust.

As regards the solution of the imposed name difference, the Republic of Macedonia will continue to be constructive and will continue raising initiatives. The Republic of Macedonia actively participates in the meetings with the Special Envoy of the United Nations Secretary General and its committee to intensifying the talks. Macedonia also appeals to intensify the political talks based on ideas consideration of the Special Envoy. Macedonia will continue, as I said, to be constructive but I regret to conclude that instead of the internationally accepted and recognized code for the Republic of Macedonia, the EU institutions often use the acronym FYROM and the use of the adjective Macedonian, is further avoided including to designate the language of Macedonia. Macedonia expects the EU institutions to follow the standards of the United Nations on these issues."

Mr Fatmir Besimi, Deputy Prime Minister for European Affairs

"Since the Foreign Minister spoke about the political criteria, we have also to speak about economic criteria and financial cooperation that Commissioner Füle had something to say about. I will try to briefly mention our on-going activities concerning the Stabilisation and Association Agreement. We think that we have made some progress concerning the second stage of the Stabilisation and Association Agreement.

I would like to say that according to the analyses of the fulfilment of the relevant criteria, Macedonia considers that it meets the criteria and expects the European Commission to recognise the country as a functional market economy.

Talking about the macro-economic criteria or conditions, I would like to point out here that, last year we had an increase of GDP about 2.9% and in the first quarter of the 2014 it was 3.9%. The industrial production growth was 4.5% last year. The unemployment, which is still high in our country, is actually now at 28.4%. The positive trends in the labour market continued in the first quarter of 2014. According to the Workforce Survey, the number of employees in the first quarter of 2014 increased by 2.6 % compared with the same quarter of 2013. The employment rate growth was accompanied by an annual 4.5% decrease of the number of unemployed people. Such trends in the labour market led to a drop of the unemployment rate in the first quarter to 28.4 %, i.e. by 1.5 percentage points relative to the same quarter in the previous year. We are undertaking special reforms on self-employment, grants and credits on the government subsidised with the banking sector. In last 4 years we have generated 30,000 new jobs and the evaluation is now that 20,000 of that remained in that job.

There have been created 650 new small and medium companies out of which 620 are operating now. There are also specific measures about youth and employment in the economy. In addition to this, we are also preparing economic measures in order to support the so-called knowledge based economy. We are also planning to support new ideas of innovations of young people who want to start up a business and also a practical education system in order to make sure that we have both sides of the labour market (the supply and demand side) supporting the economy. This is to make sure that we have functioning market economy despite of the high level of structural unemployment that we inherited from the past.

Positive trends can be also found on our external accounts. We have an increase of exports larger than the increase of imports. The real growth of the export of goods and services in 2013 was 4.5 %. We adopted the pre-accession economic programme for the next three years which is in compliance with the strategic goals of the government and with the policies of enlargement and the Stabilisation Association Agreement.

Looking at these figures, we have projected an increase of GDP for the next period from 3.2% in 2014 to 4.5% in 2016. We have also planned an increase in industrial production to 6.8% in the next years, and an increase of exports up to 8% to 10% in the next three years on annual basis.

Not going further with these details, I want also to make another point in terms of fiscal policies and medium term planning. With regard to the new IPA for 2014-2020, the National Strategic Document was the topic of extensive consultation and dialogue between the EC services and the Government, during which Macedonia delivered general and specific comments. The Government finalised the sector programmes for 2014. Several meetings were held with the DG Enlargement during which the new proposals for allocation of funds and modalities for implementation were discussed.

With regard to economic criteria, I would finish with just re-affirming that it will be helpful to receive the status of the functioning market economy for our country. This will help to attract foreign direct investments which is a key component in our economic growth, taking into consideration the current level of our economic development and the capital in our economy.

The banking sector has been stable throughout these years. Deposits and credits have been increasing. The growth of non-performing loans was reduced but still they are far away from the risk for the economy and for our banking system as it is on the stable line.

In terms of the financial cooperation, I want to take the opportunity of this Council, to thank the European Union and Commission and all the DGs who support Macedonia and all reforms with European funds. I want to point out that last year as we started the implementation of the first component, and that despite real challenges in our decentralised structure, the implementation of it was a real success. I can say that last year, we managed with this decentralised model to achieve 89% signing contracts which before was at the level of 92% with centralised model. But this year we still face even bigger problem than last year with component I and we are trying to reach similar results in terms of absorption capacity.

In terms of the current IPA, the government invested considerable efforts to raise the level of utilisation of the IPA, and to eliminate and reduce the risks from losing IPA funds. Further progress has been made in strengthening the capacities of the operative structures for decentralised IPA management. This year, in January, together with your delegation in Macedonia we presented all details about IPA funds and absorption capacity in all other activities in this term. We have software application that allows early warning. What is most important with IPA II, is that the strategy paper has just been approved. We are expecting the final version and we already sent the programming for 2014. We agreed on the figures, we agreed on the sectors and also the modalities for the sector based support and budget. We need to make sure that IPA II will be better absorbed and completed in line with all strategies and policies in the country and those of enlargement."

#### **4.2 Relations under the Stabilisation and Association Agreement**

- Implementation of the SAA - state of play

Mr Fatmir Besimi, Deputy Prime Minister for European Affairs

"At the beginning I would like to recall our position, namely that we have been fully following all the principles and criteria about the Stabilisation and Association Agreement, that we have benefited from this agreement and that we are looking forward to move on to the next stage. In our view moving on to the second stage of the Stabilisation and Association Agreement will help our country, the economy, and the EU integration.

As I mentioned earlier, we are also expecting to be included as an observer in the Agency for Fundamental Rights. We discussed this last year. We had the chance to raise this issue with former chair of the Presidency, Minister of Foreign Affairs from Greece and we understood that there will be support for us for this status of observer.

Going through different areas, I will start with justice, freedom and security. This is a sector where the reforms have been always on-going. We are improving the implementation of the *acquis* in this respect. A joint border crossing with Serbia has been opened and we plan to open one with Kosovo as well. The document research strategy management has been already adopted. We have set up a National Coordination Centre for the fight against organised crime and according to the latest State Department Report from 2014, the Republic of Macedonia is again ranked within the TIER 1 groups, which states completely meeting the standards for fight against the trafficking in people. A national anti-drugs strategy has been passed and an Action Plan as well.

Concerning statistics, we have a stable statistical sector and a favourable macroeconomic sector. We are focusing to address high unemployment rates, to reduce the structural negative elements of the market, the rule of law and improvement of regulatory body in the Republic of Macedonia. Also we are aiming to achieve economic stability.

Now trade, industry, customs and taxes. We are drafting a law on services, we have made progress in the implementation of activities to improve the business climate. The Deregulation is ongoing. We are improving the competitiveness. The return on VAT is getting stabilised in its returns within the deadlines set.

Concerning the customs unit, we have made progress in the legislation especially in respect of the new computerised system.

Concerning the business climate, I will give some figures that were published in the World Bank Doing Business report in 2014. Macedonia is on 25th place and in 2013 we were in the 36th place. Few years ago Macedonia was ranked above 70th position in this Doing Business World Bank report.

Concerning the law on competitiveness, on the competitiveness report in 2013 Macedonia is ranked 73rd in comparison to 2013 when it was ranked 80th. There is an improvement in other indexes as well.

Concerning agriculture and fisheries, we have made progress in the legislation. It is harmonised better, especially concerning rural development, organic farming, and quality policy. We continue to increase our financial support to the agriculture and rural development. In 2014, around 140,000,000 € have been set for this. We hope to have better conditions now in 2014 as compared to 2013.

Innovation, information society and social policies. We have implanted measures and vision in the regional research for the development strategy of innovation. Macedonia has already digitalised its signal in the electronic media. We have passed a law on audio-visual media, the law on media as well, we have a new law on electronic communications that it is aligned with relevant EU directives. We have adopted a national Action Plan for the period 2014-2015 in line with objectives 7, 9 and 10 of the European strategy 2020. We also have some operation plans for 2014. We have started to implement twinning projects to strengthen the capacity of implementation of the EU legislation concerning the free movement of employees.

Concerning transport, environment, energy and regional development, we have adopted an investment programme for the environment. The third National Plan for Climate Change has been adopted and we have made progress on the regional framework on electrical power. We opened further the electricity market, we have drafted the first text on the law on energy that transposes the third package of the European Union. We actively participate in the energy community bodies, respecting the law on establishment of the Energy Community. We have passed a law on the railway structure. We have signed an agreement for the part on exchange of information concerning the safety of aircraft using EU airports, airports of non-EU states that participate in the EU SAFA Programme and airports of the Republic of Macedonia. We have reconstructed the roads along Corridor 10 and we continue the co-funding setting funds in the budget of Macedonia.

Concerning the Stabilisation and Association Agreement, these were things I wanted to really mention very fast. We are following the national programme of alignment of the Macedonian legislation with the European *acquis*. We have envisaged to pass more than 57 laws and in the past period we have implemented half of these laws. What matters is that we focus on the implementation now as it was also said by the Commissioner today.

Concerning the reforms on the EU agenda to better plan the activities in the coming year, we have set more funds in the budget for projects and activities related to EU reforms. We have also set aside funds for development concerning projects funded by the IPA, and have allocated funds to support these projects from our budget."

Mr Štefan FÜLE, Commissioner for Enlargement and European Neighbourhood Policy

"Thank you, Fatmir, for giving us a comprehensive overview of the state of play on the areas covered by the Stabilisation and Association Agreement (SAA).

The joint subcommittees held over recent months, culminating in last month's SA Committee meeting, have again shown your administration's capacity to deliver and implement policies across a wide range of sectors, as they have done over the last decade.

Since the SA Committee in mid-June discussed the details of the work of the subcommittees and Special Group, some of which was also presented in the context of DPM Besimi's presentation last week here in Brussels of the National Programme for the Adaptation of the *Acquis*, and since the Commission will go into more detail on all issues in our October Progress Report, I propose to limit myself to only a few of the most important topics here today.

Implementation – which means further strengthening of the capacity of your administration - is key. For internal market sectors in particular, the emphasis needs to be on an administrative capacity capable of efficiently implementing adopted legislation. The recent steps in public administration reform towards ensuring the principles of transparency, merit and equitable representation, are important and need to continue.

On justice, freedom and security, we recognise the high level of alignment in all areas and encourage you to concentrate on implementation. In particular, it will be essential to ensure adequate administrative capacity and develop better strategic planning to cope with the growing challenges and pressures in areas such as migration, asylum, trafficking in drugs and in human beings. As you know, this "new approach" in this field means that progress is not just a matter of legislative alignment but of implementation and of concrete results achieved.



We note that the visa-free travel is, on the whole, implemented smoothly and that strengthened efforts have been taken to prevent abuse. In order to solve the problem of unfounded asylum applications, it remains essential to develop effective longer-term socio-economic measures vis-à-vis vulnerable groups in society. We would also like to acknowledge the progress made on the fight against drugs and trafficking in human beings, on judicial cooperation in civil and criminal matters, as well as the very good level of cooperation with Eurojust, Europol and Frontex.

Concerning social policy and employment, I would like to reiterate the need for additional efforts to achieve an inclusive and efficient labour market by tackling the outstanding issues of high youth unemployment and low participation of women in the labour market. The persisting long-term unemployment needs to be addressed through structural measures, and I hope very much that this economic governance which we are going to talk about again hopefully in Belgrade in mid-October is going to help you to address also these issues.

With respect to agriculture, food safety, veterinary and phytosanitary, we note your country's advanced state in the area, mainly in the legislative field, but would like to see more robust administrative and absorption capacity.

Regarding trade issues, we are noting the high level of integration and that the European Union remains the most important trade partner for your country. We also welcome the legal developments in the field of customs, although once again capacity needs strengthening. We particularly welcome that you have been unilaterally applying, since the end of last year, the Protocol adapting the SAA to take account of Croatian accession, which has been signed just a few days ago.

As regards energy, we welcome the overall good progress made in alignment of the legal framework with the energy *acquis* and acknowledge the steps taken to align with the third internal energy market package and remind you that new legislation should be adopted by the end of the year. We encourage you to continue efforts as regards renewable energy.

As regards transport, we note that the country is well advanced in alignment with the acquis, but expect additional efforts in this regard, as well as strengthening the administrative capacity for implementation and enforcement. We also encourage your country to consider railway market opening in the light of the experience since 2012.

As regards the area of Trans-European networks we welcome your continued active participation in the South-East Europe Transport Observatory and the Energy Community and we take note of ongoing discussions with stakeholders and neighbours on the construction of rail corridor VIII.

On environment protection, an important and challenging area, further improvement of capacity is needed, including as regards the use of IPA funds. Efforts to implement the environmental legislation should be accelerated. We note the measures which you have taken to address the high level of air pollution and encourage you to devote sufficient resources to this important and pressing issue.

As regards climate change, we welcome the adoption of the Third National Climate Change Communication and encourage the development of a long-term strategic document on climate action, in line with the EU 2030 framework, and encourage you to provide additional human resources in this area.

Finally, I would simply recall the Commission's proposal, presented in October 2009, for the passage to the second stage of the SAA. A decision on this proposal remains with the Council. In the opinion of the Commission, and even more so for the Commissioner in charge of enlargement, the time has come for the Council to make its mind. Meanwhile, the Commission welcomes the readiness repeatedly expressed by your country to assume the additional obligations under the second stage. Thank you."

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

In reply, Minister Poposki noted several issues that are lacking decision: the opening of accession negotiations; the passage to the second stage of the SAA; receiving the status of the functioning market economy; the inclusion of the country in the Adriatic - Ionian strategy of the EU; and also noted that their language had not been indicated on the interpreters' cabin. The Minister wished a successful presidency to Italy, confirming a continuation of the reform process.

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

**Brussels, 23 July 2014**

**JOINT PRESS RELEASE**

The Stabilisation and Association Council between the former Yugoslav Republic of Macedonia and the EU (SA Council) held its eleventh meeting on 23 July 2014. The meeting was chaired by Senator Benedetto Della Vedova, Undersecretary of State for Foreign Affairs of the Republic of Italy, on behalf of High Representative Catherine Ashton. Commissioner Štefan Füle represented the European Commission. EEAS Director, Mr. Fernando Gentilini, also participated. The delegation of the former Yugoslav Republic of Macedonia was led by Mr. Nikola Poposki, Minister for Foreign Affairs. Deputy Prime Minister for European Affairs of the former Yugoslav Republic of Macedonia, Mr. Fatmir Besimi also attended.

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 to open accession negotiations, acknowledging its strong commitment to this purpose, taking into account the Commission's recommendations to that effect. The SA Council also noted the Council Conclusions of 17 December 2013.

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 noted the results of the Stabilisation and Association Committee held on 11 June.

Concerning the political criteria, the SA Council was informed of key political developments. These encompassed the April presidential and parliamentary elections and their aftermath. It noted the formation of a new government and the intentions of the government to engage with the opposition and to continue to improve inter-ethnic relations.

Regarding political dialogue, the SA Council reviewed the conduct of the April presidential and early parliamentary elections, and noted the OSCE/ODIHR assessment that they were efficiently administered. The EU expressed concern about the assessment of biased media coverage and the lack of separation between state and party activities, leading to a lack of a level playing field. The SA Council acknowledged the electoral reforms that have taken place in consensus with the opposition, in line with ODIHR recommendations, but reminded that similar concerns were raised in 2011 and 2013. The EU called on the national authorities to address ODIHR concerns in order to improve the electoral process.

Concerning the political criteria the SA Council stressed the importance of constructive dialogue across the political spectrum. As regards freedom of expression and the media, the EU noted the new media laws and expressed concern about the overall climate and media culture, and encouraged work towards a more positive atmosphere.

As regards rule of law, the SA Council recalled the high level of alignment, including improved efficiency of the courts, but stressed that greater emphasis is needed on the independence and quality of justice. It welcomed the progress made in compiling track records on corruption and organised crime, but underlined the need for policy improvements and more effective enforcement in order to obtain concrete results.

The SA Council stressed the need to complete the review of the implementation of the Ohrid Framework Agreement as soon as possible, so that this process can culminate in policy recommendations.

Regarding relations between the communities, the EU expressed concern about inter-community relations, and called for more pro-active long-term confidence-building measures.

On public administration reform, the SA Council noted the adoption, in January 2014, of the new legal framework for civil servants, as well as continuing work on setting up a new framework for general administrative procedures. The SA Council encouraged work on the independence of public administration and respect for the principles of transparency, merit and equitable representation.

As regards the protection of human rights, the EU continued to stress the need for a more proactive approach by the authorities to the promotion and protection of fundamental human rights, in line with European standards. The SA Council recalled that regional co-operation and good neighbourly relations form an essential part of the process of accession to the EU.

The SA Council welcomed the continued active participation and the constructive approach of the former Yugoslav Republic of Macedonia in regional cooperation including in initiatives in South Eastern Europe, such as the Regional Cooperation Council, the South East European Cooperation Process, as well as the country's current chairmanship of the Central European Free Trade Area (CEFTA). The SA Council welcomed the country's upcoming presidency of the Central European Initiative Presidency.

Regarding economic developments, the SA Council acknowledged that the economy had started to recover last year, that macro-financial stability was maintained, and that the inflation environment stayed benign. It recalled the targeted policy guidance agreed in May 2014 between the EU and the candidate countries and encouraged the government to focus on their implementation.

The SA Council welcomed the agreement reached with the government on the priorities for the future (Instrument for Pre-Accession Assistance) IPA Country Strategy Paper (CSP) 2014-2020. The SA Council welcomed the commitment of the former Yugoslav Republic of Macedonia to invest greater efforts into increasing considerably the absorption of EU funds, and improving the capacity of institutions involved in their implementation. The SA Council also noted the importance of sound public financial management and the need for a clear link between EU assistance and national reform strategies, moving to a sector-based approach, preferably in the framework of an over-arching national development strategy.

The SA Council also noted the good progress achieved in various areas covered by the Stabilisation and Association Agreement. It welcomed the high level of trade integration and the signature of the protocol to the SAA to accommodate the accession of Croatia to the EU. The SA Council recalled the Commission's proposal of October 2009 on the transition to the second stage of the Stabilisation and Association Agreement. It confirmed that the decision on the recommendation remains with the Council.

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