

Conference

The First Stabilisation and Association Agreement Ten Years After

8 April 2011, Skopje

DISCUSSION PAPER

ABOUT THE RACE AND THE PACE

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The aim of the document is to provide a basis for discussion at the Conference and for follow-up.

The Picture

On April 9, 2001 the first Stabilisation and Association Agreement (SAA) was signed in Luxemburg, the SAA between the European Communities and their Member States and the Republic of Macedonia. The opening of negotiations on the SAA followed as recognition for the Republic of Macedonia, which “*not only complied with the regional approach conditionality, but played an exemplary role in the region instrumental in achieving the objectives of the EU policy in the region*”.¹ It was clear that the role Macedonia had in the Kosovo crisis was rewarded. The Feasibility report concluded that Macedonia was the country “*which to date best fulfils the conditions laid down by the European Union*”.²

The Macedonian narrative had been one of a successful example of “the oasis of peace” during the wars of dissolution of ex-Yugoslavia, good interethnic relations and exemplary regional co-operation. Macedonia was proud of the speedy negotiation of the Agreement and to be the first country to sign the SAA, enjoying the role of a frontrunner of the SAP.

When “a family photo” of numerous representatives of the Macedonian Government was taken on the occasion of the signature ceremony in Luxemburg on 9 April 2001, the peril of ethnic conflict prevailed in the country. The European Parliament gave assent to the Agreement the soonest possible, demonstrating its political support. However, the SAA did not have the potential of a strong “carrot” to prevent the armed conflict that spread in the North-West of the country. In August 2001, following strong international involvement, the conflict ended with the Ohrid Framework Agreement (FA), redefining the power relations between ethnic communities in Macedonia, notably “the majority community” – the Macedonian and the most numerous “non-majority community” – the Albanian.

Ratification of the SAA lasted almost three years without significant obstructions, as the implementation of the FA advanced. Ethnic reconciliation, stabilisation, progress to EU was the name of the game. *Brussels via Ohrid* was the message from European capitals.

Three years after, in March 2004, Macedonia applied for EU membership. The SAA entered into force on April 1, 2004. *Ohrid is here, we are ready for Brussels* was the Macedonian response. In December 2005, during British EU Presidency, candidate status was granted to the Republic of Macedonia.

¹ Commission of the European Communities, Communication from the Commission to the European Council and the European Parliament on the Stabilization and Association Process Brussels, COM (1999) 235 final, 26.05.1999.

² Commission of the European Communities, Report of the Commission on the feasibility of negotiating a stabilization and association agreement with the Republic of Macedonia to the European Council and the European Parliament on the Stabilization and Association Process Brussels, COM (1999) 235 final, 26.05.1999.

In the meantime, Croatia submitted the application in 2003, got both the candidate status and recommendation to launch accession negotiations in June 2004 and clearly “took the lead” in the SAP. With the SAA with Albania the approach was more cautious. The other countries of the region were still caught up in their constitutional retailoring and SAAs were signed much later.

What is there in an Agreement?

About the goals and the values

At the time reluctant to offer perspective of EU membership to the countries of the region with a more ambitious strategy, the EU placed the SAA as the masterpiece of the Stabilisation and Association Process (SAP), its main “carrot”, with ambitious goals.³ The SAA was envisaged and applied as “complementary to other stabilization efforts in the political, economic, diplomatic, humanitarian and even military fields”.⁴ It was not the only vehicle and probably not the main vehicle for stabilisation. Instruments of the Common Foreign and Security Policy (CFSP) were all tested and applied in the Republic of Macedonia - military mission, police mission and soft power in its many faces, including facilitation of the Ohrid Framework Agreement.

The **goals** of the Agreement could be summarised as political, economic and regional stability.⁵ The implementation of none of the goals of the SAA can be assessed isolated from each other. Approximation of legislation as an objective of the agreement is specifically connected to economic reform and cooperation.

Briefly, the perspective for membership – which evolved during the years, but was never set clearly in a time-frame, was to be an incentive to ensure stability, encourage democratic and

³ “To draw the region closer to the perspective of full integration into EU structures; to support the consolidation of democracy, rule of law, economic development and reform, adequate administrative structures, and regional cooperation; to promote economic relations, trade, investment, enterprise policy, transport and development, and cooperation in the customs area, with the perspective of closer integration into the world trading system, including the possibility of establishing a free trade area or areas, when sufficient progress has been made in economic reform; to provide a basis for economic, social, civil, educational, scientific, technological, energy, environmental and cultural cooperation (including a plan to safeguard the cultural heritage of these regions), underpinned by “association-orientated” assistance programmes which would also be designed to facilitate approximation of legislation in accordance with relevant EC acquis” (Commission of the European Communities, Communication from the Commission to the European Council and the European Parliament on the Stabilisation and Association Process Brussels, COM (1999) 235 final, 26.05.1999).

⁴ Commission of the European Communities, Communication from the Commission to the European Council and the European Parliament on the Stabilisation and Association Process Brussels, COM (1999) 235 final, 26.05.1999.

⁵ “- To provide an appropriate framework for political dialogue, allowing the development of close political relations between the Parties,

- To support efforts of the Republic of Macedonia to develop its economic and international cooperation also through the approximation of its legislation to that of the Community,
- To promote harmonious economic relations and develop gradually a free trade area between the Community and the Republic of Macedonia
- To foster Regional Cooperation in all the fields covered by the Agreement.”

economic reform. Market integration and cooperation in various policies was to develop gradually through establishing a free trade zone along with legal approximation. Regional co-operation was an essential ingredient and pre-requisite of all the elements of the process. The SAA ensured the legal and the institutional framework for reform and for dialogue.

On the other side, EU promised and delivered aid, which was also evolving and reshaping in terms of strategy and instruments – from post-conflict to institutional, from supporting development to accession-oriented assistance.

The Agreement (Preamble) calls on the sharing of common **values**, although not precisely identifying them.

The Thessaloniki declaration identified “democracy, the rule of law, respect for human and minority rights, solidarity and a market economy” as the shared values.⁶ They are very often invoked by representatives of the EU and its Member States when discussing enlargement. Yet, rarely do they “open the ears and hearts”, most frequently having the fate of a slogan, readily agreed with.

Race and pace

At the time of signature of the SAA, two basic issues came to the forefront of the debate in the Republic of Macedonia:

- Which race are we in?
- What is going to be the pace?

The most prominent issue of the SAA negotiations, important for the Macedonian side was the perspective for membership. The so much discussed “evolutionary clause” in the end read as “integration to the fullest possible extent in the mainstream of Europe”, denoting the Republic of Macedonia as a “potential candidate for membership”, subject to fulfilment of Copenhagen criteria⁷. It gave assurance to the Macedonian authorities that it was the “race” for membership, while not undertaking a specific commitment for the EU Member States.

As the Stabilisation and Association Process took ground, the following main issues came to the focus of the debate in the region:

- Would the SAP lead all the way to membership?
- Would stabilisation be the first and association the second phase of the process?

The Thessaloniki Declaration reassured the SAP countries that the SAP would lead to membership – no other process would follow between SAP and EU membership. Stabilisation and association as parallel processes was the answer to the second question.

⁶ The Thessaloniki Declaration of Heads of States and Governments of 21 June 2003, http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/en/misc/76291.pdf.

⁷ Preamble of the SAA.

However, the questions “*When?*” and “*How?*” seem to be still open, at least for the former frontrunner of the process – the Republic of Macedonia.

What has been achieved?

Stability and sustainability

As for the first and fundamental aspect of the process – stability, connected to fulfilment of political criteria, the Macedonian track record is mixed. Grabbing the “window of opportunity” after the crisis of 2001 gives a perfect example that - yes, stabilisation and association and accession go together, if there is political will and vision on both sides. The Macedonian case was praised as a positive example in the international reports from the middle of the past decade.⁸ Stabilisation, association and accession on a parallel path, while testing the new EU instruments in the fields of Justice and Home Affairs (JHA) and Common Foreign and Security Policy (CFSP) seemed as a successful joint venture – of the EU institutions and the Macedonian ones. But, is it so in the longer run?

As it seems now, the Macedonian example lacks sustainability to establish itself as a good example. Following candidate status, the story started to roll out, mildly speaking - in an unexpected way. The track record in political criteria was mixed, while the pressure “to solve the name issue with Greece” was increasing. In 2006 the EC assessed political criteria as “slow pace of reform”, in 2007 “frequent tensions and problems in achieving constructive dialogue between major political actors undermine the effective functioning of the political institutions and led to a slowdown in reforms”, while “the short-term priorities of the European Partnership have been partially fulfilled”.⁹ In 2008 the irregularities in the early parliamentary elections added a new benchmark to the already existing list.¹⁰ Finally, thanks primarily to the conduct of presidential elections and improved political dialogue in 2009, the Commission found that the Republic of Macedonia “sufficiently fulfils the Copenhagen political criteria and the SAP criteria” and recommended launching accession negotiations.¹¹ The Commissioner for Enlargement sent a clear message that this was an encouragement to the Government to solve the name issue with Greece.¹² As no agreement was reached with Greece, the issue has not yet reached the Council session. The recommendation was repeated

⁸ International Commission on the Balkans, “The Balkans in Europe’s future”, Guliano Amato (Chairman), published by the Center for Liberal Strategies, Sofia 2005.

⁹ Commission of the European Communities, 8.11.2006, COM (2006) 649 final, Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and main challenges 2006-2007; Commission of the European Communities, 6.11.2007, COM (2007) 663 final, Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and main challenges 2007-2008.

¹⁰ Commission Progress Report, 2008.

¹¹ Commission Progress Report, 2009.

¹² Speech by Commissioner Oli Rehn, Enlargement package 2009 Press conference Brussels, 14 October 2009, <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/09/469&format=HTML&aged=0&language=EN&guiLanguage=en>.

in 2010, based on the finding that the Republic of Macedonia continues to fulfil sufficiently the Copenhagen criteria, adding a remark that the further progress made was “at an uneven pace”.¹³

While it seems that institutionalisation of the Framework agreement and actual reshaping of political power in the country have eliminated the peril of conflict such as the one of 2001, the implementation of the Ohrid Framework Agreement remains at the core of stability issues. The need to respect “the spirit of the Agreement” is constantly on the agenda – pointed out by the EU representatives, but also in focus of the competitive debate among internal political actors, mainly from the Albanian community. Apart from power-sharing at the highest level, the issues of confidence-building and real integration in all spheres remain, especially in the sensitive field of education, implementation of the equal representation in practice, implementation of decentralisation, etc.

Judiciary reform and public administration reform, fight against corruption - although praised in terms of strategies and institutional and legal retailoring are increasingly criticised as subject of politicisation, and recently freedom of media has arisen as a topical problem.

Market, integration, competitiveness

The logic of progressive instalment of a free economic area (FTA) was that during preferential treatment of Macedonian products, the Macedonian economy, besides becoming a free-market economy, gradually restructures and raises its competitiveness. The FTA was established on January 1, 2011.¹⁴

What do the basic indicators show?

Trade integration with EU has advanced – over 63,2% of Macedonian imports originate from EU and 63,5% exports are placed on the European market.¹⁵ For comparison, share of EU in the total foreign trade in the period 1996 – 2003 ranged between 37,4% and 47,8% (the share of the export to the EU countries ranged between 42,8% and 54,7%, and the import from EU was between 38,2% and 44,9%).¹⁶

However, as the EC Progress Report in 2010 reiterates, trade deficit with EU has been growing and “the export remains limited to a small range of products”.

As the benefits of the preferential treatment for industrial products have expired, Macedonian business agents are in a more difficult position compared to other countries in the region, since they still enjoy preferential treatment, while their economic development is at a similar level. An exception is Croatia, which established a free trade area with the EU on January 1 2007 and has a level of development higher than the rest of the region.¹⁷ On the other hand, Macedonian trade exchange with the region has significantly increased, with a positive

¹³ Commission Progress Report 2010.

¹⁴ Quotas and restrictions remain for beef and wine.

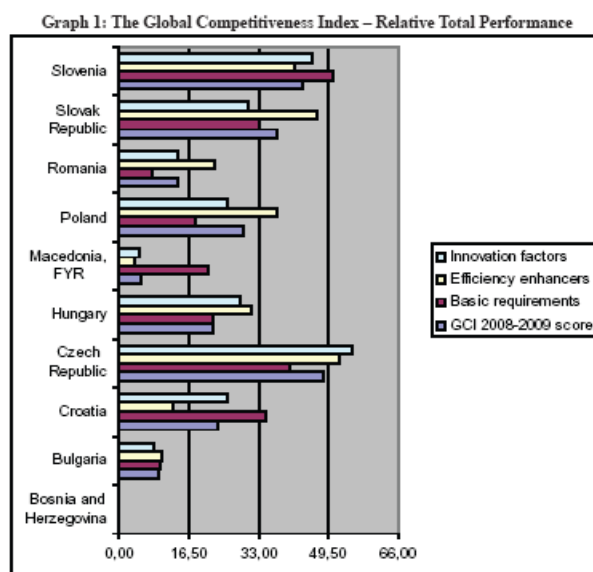
¹⁵ State Statistical office, Press Release, International trade volume, January 2011, Preliminary Data.

¹⁶ Data from the Answers to the Questionnaire of the European Commission, 2005.

¹⁷ The Croatian SAA sets an FTA in six years of the entry into force of the Agreement.

balance, especially following liberalization through CEFTA.¹⁸ Representatives of business have stated that Macedonian business agents have had time to adopt to the free economic zone and were well informed of the progressive nature of its formation. However, experts have shown concerns for the state of preparedness of the businesses for competition in the EU Internal Market.

As competitiveness indicators show, the Republic of Macedonia has been steadily improving its ranking.¹⁹ However, a deeper look into the indicators shows that Macedonia scores much better in basic requirements, while its performance in efficiency and innovation is lower (Graph).²⁰



Again, it is impossible to discuss the achievement of the Agreement in any field, without discussing the achievements of the SAP, as they are intrinsically connected. This is certainly the case when discussing the two elements of the Copenhagen economic criterion - market economy and competitiveness. It seems that the drafters of Commission progress reports are in trouble every year when writing the phrase to describe the status of market economy in the Republic of Macedonia. In 2005 Macedonia had “taken important steps towards establishing a functioning market economy“, in 2006 it was “well advanced in establishing a functioning market economy”, in 2007 it was “well advanced in, and has further moved towards a functioning market economy”, in 2008, 2009, and 2010 – “it continued to be well advanced”.²¹ Read through the benchmarks, the impediments for the assessment of the

¹⁸ Kikerkova. I. CEFTA – Free Trade area of the Western Balkan Countries and its Impact on the Republic of Macedonia, Annual Review of the Faculty of Economic, Skopje, 2007.

¹⁹ World Economic Forum, Global competitiveness reports.

²⁰ Dr. Marta Zador and Dr. Tamas Gaspar, *Performance and Enlargement in Post-Lisbon Strategy (a New Approach)*, Regional Cooperation and Economic Integration, Proceedings from the Third International Conference, October 15th -17th 2009, Skopje, Republic of Macedonia.

²¹ Analytical Report 2005, Progress Reports 2006-2010.

Macedonian economy as a free market economy were mainly issues of independence of regulatory bodies and high level of unemployment (functionality of the labour market).

The legal and the institutional “hub”

A national survey of key civil servants involved in the process shows that SAA is perceived as a strong impetus for alignment with the EU *acquis* and for institutional restructuring – close to, and interlinked with the impetus provided by the candidate status.²²

A wide national institutional exercise of programming and monitoring the implementation of the national approximation plans, using the experience of the CEE was launched and has been regularly performed since late 90’s. However, while the first efforts were much more legislative in nature, the launching of the SAP required more shift of focus to political criteria.

Macedonian institutions have presented themselves as compliant and having self-initiative, as legislative programming is concerned. This cannot, however be stated for implementation, on which much more focus is now put by the EU. On the other hand, uncertainty of accession perspectives undermines even the programming process. Since Macedonia became an EU candidate country, the Government adopts a National Program for the Adoption of the *Acquis*, which was initially projected to adopting the *acquis* in 2010. 2010 is gone. Is 1 April 2014 - the date when association should be achieved - the next target?

In reality, the priorities for legal alignment established in the SAA have guided the legal approximation process, prioritised consistently in the European /Accession Partnerships. Alignment with the internal market *acquis* in competition, public procurement, intellectual property, standardisation and accreditation and data protection was prioritised in the first phase of the agreement, while alignment in the other sectors of the internal market should be achieved in the second phase (services, free movement of capital, etc.).²³

The institutionalised dialogue within the SAA structures can be assessed as an achievement alone, however critical we might be of performance of the bodies. The SAA institutional structures were the medium for dialogue on fulfilling the benchmarks for launching accession negotiations. Dialogue on visa liberalisation was repeatedly requested and initiated within the SAA structures. Negotiation and implementation of the Readmission Agreement, although highly contentious at the time of negotiations of the SAA, ran smoothly. Participation in Community programs was regulated by a protocol to the SAA. The dialogue on diagonal cumulation of origin of goods also took place within the SAA institutional structure and was provided by a Protocol to the SAA. Therefore, it can freely be stated that in the Macedonian

²² Malinka Ristevska Jordanova, Transposition of the *Acquis Communautaire* in Macedonian Law (Unpublished doctoral dissertation, Faculty of Law, University Sts. Cyril and Methodius, Skopje, 2010).

²³ Trade was not subject to the division in phases, so there was no effect on the progressive formation of the free economic zone, which was formed on January 1, 2011.

case, candidacy without negotiations – the SAA institutional structure has been at the core of the dialogue between the Republic of Macedonia and the EU.

At the same time, an attempt was made to broaden the dialogue to accession issues, based on the National Programme for Adoption of the *Acquis* – practically to perform the screening process, without negotiations formally launched. However, it seems that the effort to keep the accession agenda developing under the umbrella of the association, without membership negotiations lacks sustainability. As the prospect for accession was uncertain, there has been a “shortage of fuel” – on both sides - to keep these efforts intensifying. Furthermore, swift politically motivated personnel changes have seriously damaged the internal institutional capacities for a more significant shift from implementation of the association to accession.

The implementation of the SAA has instigated changes in the existing institutions, as well as establishment and even mushrooming of new institutions in the country, justified with the requirements of the EU accession process. In spite of this, there has been no wide expert discussion on the suitability of the internal structures or their need for transformation beyond the debates on specific personalities, or pure organizational shifts. On the other hand, there is wide spread dissatisfaction with the performance of the institutions. If we are not satisfied with the institutional structures or their performance, what do we do? Keep on with swift unprepared changes, accepting models, accepting recommendations (selectively), captivating the institutions, or...? Is it possible to discuss about a more strategic approach viable in the current competitive and heated political circumstances? Is it possible to look in a strategic way into the development of Macedonian institutions, beyond political captivity? In light of the association and the accession process? In light of national reform? With minimum consensus?

Would the venture of Europeanization of the national institutions be easier to accomplish, if negotiations were on track? Evidence from CEE countries shows that negotiations were the impetus for rapid strengthening of the institutions and the human potential working on EU issues, acting as a strong Europeanization agent in the country’s institutional setting. In our case it seems easy to blame the fact that accession negotiations have not started for the opposite “phenomenon”. Nevertheless, should we not look deeper into issues of national political and administrative culture, if we are to seek for institutional stability and sustainability long-term? Even regardless of the accession process?

The regional dimension

The SAA legal requirement for regional cooperation is to conclude bilateral conventions with the countries that join the association process through concluding an SAA. This aspect has not been a problem for the Republic of Macedonia as it concluded and is implementing the agreements with Croatia and Albania and the negotiations on the ones with Montenegro and Serbia are on track. Still, this process has been rather technical.

More substance is given to regional issues through the bilateral political dialogue, as well as at the initiatives at regional level.

EU regularly monitors progress in regional cooperation under the Copenhagen political criterion. In the Macedonian case, the chapter “regional cooperation” is more complicated as it regularly includes the Council conclusion on the name issue – apart from the rhetoric that it is not part of the Copenhagen criteria. Compared to 1999, when regional cooperation was the most praised achievement of the Republic of Macedonia, now it seems to attract attention only through the prism of “the name issue”.

Finally, an issue that has hardly been discussed in Macedonian public is the development of the framework of regional agreements in the infrastructure field. The bilateral SAA seems not to suffice the need for integration. Integration in practice takes place in concentration circles. The Energy Community, which is most alike the EEA, is the most developed regional integration – in terms of legal framework and in terms of implementation requirements. Similar are the integration arrangements of the Single European Sky Agreement, to which the Republic of Macedonia is party. The Transport Community Treaty is the one that should follow.

SAA as a “carrot” and benchmark

The 2006 European partnerships included for the first time “key priorities” for further progress in the process. It was expected that in this way the EU requirements would be more specific and potentially “measurable”. In Macedonia compliance with the SAA as a key priority or first benchmark for progress has proved to be a strong impetus for compliance. As the other benchmarks referred mainly to political criteria, there was a tendency to comprehend the SAA benchmark as more of a technical, than a political issue, thus disassociating it from the Stabilisation and Association Process, of which it was the masterpiece.

Nevertheless, the benchmark concerned difficult issues of policy reform. Furthermore, some cases of compliance – such as electronic communications and state aid were highly divisive in the internal political scene, as they involved divergent political stances of main political actors – notably on investment policy. Such were the cases of the strategic investor privatisation of the OKTA Refinery (breach of the Cooperation Agreement – quantitative restrictions); aligning with the electronic communications *acquis* (Article 95 of the SAA), which involved the redefining of the Strategic Investment Agreement on the TELEKOM; alignment with state aid rules in the case of the Law on Technological Industrial Zones.

It seems that in one issue – iron and steel there was continuity in the rather liberalised approach to the sector. Compared to many cases in the last wave of enlargement, when continuous support for this sector was sought and alignment schedules prolonged, the Macedonian iron and steel sector, which has substantial participation in its export structure, was liberalised and privatised in a rather short schedule, seen from today’s perspective.

Other more prominent issues of implementation of the involved enforcement of intellectual property rights, transport fees, custom fees – common for many other candidate countries.

The implementation of the SAA in the Republic of Macedonia so far shows that issues discussed in the previous enlargement at accession negotiations (such as state aid granted to foreign investors) are now subject of discussion and conditionality at a previous stage in the enlargement process, in the framework of the association. This tendency does not come to surprise to connoisseurs of EU issues, as it is imminent to the logic of enlargement. The requirements are higher for every round, as EU is more complex and integration deeper. The less prepared the country is for accession – the more complex the requirements for fulfilment. However, this logic has also given ground for political argumentation that the Republic of Macedonia has already addressed the most difficult accession negotiations issues through the association dialogue, which would result in expedient negotiations. This position seems to neglect: a) the evolving nature of the process; b) the focus on implementation.

The EC progress reports show a relatively good implementation record of the SAA, with some problematic issues that are similar to other associations. The Macedonian SAA “record” gradually improved. It was “cleared” in 2008, when the Commission stated that the Republic of Macedonia has “reached a high level of compliance” with the SAA and that it fulfils all the commitments foreseen under the first stage of implementation of Title V (Movement of workers, establishment, supply of services, capital) of the SAA. The impetus for “clearance” was twofold – SAA as a benchmark for accession negotiations and launching the second phase of the Agreement. Furthermore, it encouraged a decision of the Government for partial, but significant liberalisation of capital movements - liberalisation of construction land ownership, which was also aligned with its own political priorities.

Name issue blocks the second phase of the SAA

Although in October 2009 the Commission put forward its proposal on transition to the second phase of the association, a common position of the Council has not been reached. No surprise, Greece has obstructed the passage to the second phase. This is also the case with a decision of the SA Council on provisions on coordination of social security schemes, the Protocol to the SAA on industrial conformity, and the additional protocol on wine.

The delay of the second phase of the Agreement poses further issues:

- Is association possible in 2014 without the launching and completion of the second phase?
- What is the meaning of the SAA as a benchmark if compliance does not result even in respect of its own provisions on passage to the second phase?

The explanation for the division of association into phases, which had been one of the critical issues of the negotiations for the SAA, was prioritisation of alignment with EU policies and laws. However, the division into phases also had a political connotation, as it was perceived as pre-setting the pace of integration as an accession process. Now it seems that it was not

only presetting the pace, but had the potential for political block of the implementation of the second phase of the Agreement.

Having in mind these outcomes of the first SAA the question inevitably arises, was the SAA treated as a technical matter subjected to further political considerations?

Two years after the Recommendation to launch negotiations, on the tenth anniversary of the first SAA – the Macedonian one, Macedonia is dead-locked in the accession process. In the current political crisis and before early parliamentary elections, the perspective that was at the core of the SAA negotiations seems to be more distant than before.

From the point of view of the Macedonian Government, the legitimacy of the EU requirements is questionable and this perception is widely explored for internal political goals. The rhetoric “We fulfilled all the conditions and thus got the recommendation from the Commission” prevails. Objectively, the leverage of the accession process on internal reforms has been diminishing. On the EU side, the Republic of Macedonia is losing visibility on the horizon of enlargement. The capacity to invent sources of leverage seems exhausted, or simply there is no will for it. Dialogue seems to be replaced with two monologues – both of a rather technocratic style. Reformists are again the victims of the game.

The name issue has preoccupied and captivated the EU agenda, including the implementation of the Stabilisation and Association Agreement. The meritocracy of the process has diminished.

On the other hand, there is the potential of prematurely losing the public support for EU membership, which has traditionally been high in Macedonia. It can be expected that the support decrease as the country approaches accession, but is it wise to lose the public even now?

The question “when” seems to be vanishing from the debate. What was the race about? What is the result of the joint venture of the EU and the Republic of Macedonia? Can the EU afford a failure in the Macedonian case?

Still, as Judy Batt put it: we have to avoid the trap of historical determinism, since radical change has been as salient a feature of the region as continuity.²⁴

The Perspectives of the Association

Let us look into the perspectives and questions of the Macedonian association with the EU. The issue is certainly connected to accession perspectives, as accession annuls association, or more precisely – association is transformed into accession.

1. If the decision to launch accession negotiations is taken in 2011 and they are launched in 2012, and if we take the supposed duration of the last accession process of a

²⁴ Judy Batt Chailot Paper: The Western Balkans moving on, <http://www.iss.europa.eu/uploads/media/cp070.pdf>.

country from the region as supposed minimum time for accession of the Republic of Macedonia, the time horizon looks like this:

- Croatia is expected to join the EU the earliest in 2013, realistically - in 2014. That means that it would have taken Croatia from the decision to launch the negotiations to the supposed accession date a minimum of 9 years. To take as premise that it would take Macedonia as long, this would account for 2020 as an accession date.
- In a more optimistic perspective taken by some officials, the negotiations would run “smoothly”, as Macedonia is compliant with association requirements. Hence, if there are no political impediments to the accession process, and if there is strong political will on the side of EU, the most optimistic prognosis would be 5 years – which would mean 2017. In our opinion, this does not seem feasible from today’s perspective – from Skopje or from Brussels, but would be highly stimulating for a decisive shift in national strategy.

If accession talks are launched, they would take over primacy over the association and “absorb” the association process. Even in this, best option - strong consensus and strong capacity would be needed for a successful transformation from a “long” associate and candidate to a successful accession country.

In any case, the association is here to stay for some time – realistically ten more years.

2. If accession talks are not launched, two possible scenarios emerge:

- a) Association proceeds without impediments along with regional integration. Full association is achieved in 2014 and implemented. The regional framework further develops and is implemented.
 - This option does not seem highly feasible, as seen from the experience of the association until now. The association process is a political process, not a technical exercise. It would not be immune to internal and external political developments. This option requires that Greece at least gives assent to the decisions to be taken in the Stabilisation and Association Council. Even in that case, the external incentives for reform and the EU leverage primarily on political reforms would be limited.
- b) The association process proceeds with impediments and obstructions.

In 2014 full association should be established. Would it be if the II phase is not launched?

- In the worst case scenario, if Greece continues to block not only accession, but association decisions, the actions within the SAA institutional bodies would be limited to those that do not require anonymity. In this case, is the SAA doomed to become a *gestion courante*? Practically limited to trade issues, to implementing the provisions related to the First phase of the SAA and to regional integration in energy and transport? External

incentives for reform and the EU leverage primarily on political reforms would be low, if any. Would the political conditionality provision entailed in the SAA be invoked?

And in all these calculations, that never result with precise prognosis, where is the regional perspective, that, in our opinion will be more and more important? The ground will be competitive (hopefully), each country will have its own ambitions and prognosis. At least, some of them have the privilege of being enthusiastic about the conclusion, ratification and implementation of the SAA.

The EU has not set any new agenda for the Balkans. Voices for “Thessaloniki 2013” are louder and louder. Where is the Macedonian voice?

Finally, if we have this time horizon in mind, what is all that imposed hastiness about after 20 years of transition, 10 years of association, 10 year of the Framework Agreement, 5 years from the candidate status? Hastiness to resolve “the issue”? Hastiness to adopt reform laws?

The only thing that is urgent is the urge for strategy – both on the side of the Republic of Macedonia and on the side of the EU - a strategy that would not undermine the Copenhagen criteria and the basic principle of the rule of law, but also the basic international principle *Pacta Sunt Servanda*.