Agreement EU/Former Yugoslav Republic of Macedonia FYROM: negotiations for a stabilisation and association agreement

1999/2121(COS) - 16/06/1999 - Document attached to the procedure

PURPOSE : to propose a Stabilisation and Association Agreement with the former Yugoslav Republic of Macedonia (FYROM). CONTENT : In accordance with its communication on the regional strategy of stabilisation for the Western Balkans (as mentioned in document 1999/2126/COS) the Commission proposes, with the current document, the feasibility to start negotiations in order to conclude the first agreement of the Stabilisation and Association Agreement with the FYROM. It deals with, in the first instance, describing the possible outlines of the future agreement between the EC and the FYROM and to evaluate the latter's capacity to fulfil the obligations under this new type of contractual agreements as already described by the Commission in its communication 1999/2126/COS. The document also takes into account the economic and political parameters in order to evaluate whether or not the country responds to the requirements of a Stabilisation and Association Agreement. It emerges from this analysis that : 1) on the political level, the FYROM has undertaken serious political reforms in order to transform itself into a democratic country and it has shown its growing respect for human rights and minorities (its involvement in seeking a peaceful solution to the Kosovo crisis raised its democratic credibility on an international level even if the global attitude regarding the Kosovar refugies was influenced by the internal policy considerations on the ethnic balance; 2) on the economic level, the situation is under control, with an estimated overall fiscal deficit of 0.7% of GDP in 1998 and a rise of 3.5%. However, the unemployment rate remains high and the banking sector shows a heavy deficit.; 3) on the trade level, the liberalisation of trade has been almost fully achieved and the trade deficit has been reduced from 285 million EURO (1997) to 245 million EURO (1998). It would be possible, therefore, to envisage a Free Trade Area within a period of 10 to 12 years. In addition, the report shows the substantial efforts that remain to be made in the area of current payments and the movement of capital, as well as, the approximation of its legislation with the acquis in the areas of services and the approximation of laws. Other efforts of harmonisation are also awaited in the field of state aids, public procurement, intellectual property and consumer protection. It is envisaged that the Stabilisation and Association Agreement takes into consideration these various deficiencies and puts in place a cooperation in all the areas (including Justice and Home Affairs). Financial and technical assistance would also be foreseen, as well as access to certain Community programmes. In conclusion, the Commission believes that, in consideration of the political and economic reforms undertaken by the FYROM, it would be feasible to envisage the opening of negotiations for a Stabilisation ans Association Agreement. However, it would be necessary that the country continues its reforms and progress in order to harmonise its legislation with the acquis communautaire.