

CROSSROADS

THE MACEDONIAN FOREIGN POLICY JOURNAL



April 2007

QUO VADIS EUROPA?

OU VA L'EUROPE

Michel ROCARD explique pourquoi L'Europe d'aujourd'hui est bien différente de ce que ses fondateurs ont voulu

L'Unione Europea: unità politica o declino? di **Achille ALBONETTI**

European Constitution / European Politics

Reviving the Constitutional Treaty by **Andrew DUFF**

Elmar BROK on Common Foreign and Security Policy

Jerzy BUZEK on the problem of energy solidarity in the enlarged Europe

Creation of Europe / Reflections

Alan DUKES, Géza JESZENSZKY, Eduard KUKAN, Petra MAŠÍNOVÁ

EU Enlargement

The EU keeps its door open to South-East Europe by **Olli REHN**

Dimitrij RUPEL on Slovenian reflections on further enlargement

Interview

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EU Candidates

Stjepan MESIĆ on Croatian path to the EU

Gabriela KONEVSKA TRAJKOVSKA on Macedonia in the EU

Macedonia's economic challenges on the road towards the EU

by **Abdylmenaf BEXHETI & Luan ESHTREFI**

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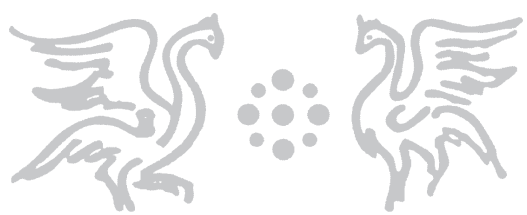
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Macedonian DIPLOMATIC BULLETIN



"Our dream today is to stand under Europe's sun together and equally with all other countries. We should not forget that Macedonia's sun, too, is a star through which your vision for Europe is reflected," Prime Minister Nikola Gruevski writes in the preface of the Macedonian edition of the book "Europa, our common home" by Jean Monet.

RESOLUTELY TOWARDS THE EU

*Interview: Gabriela Konevska Trajkovska,
Deputy Prime Minister for European Integration*

THE EU'S 50th BIRTHDAY

- A Success That Must Inspire Us for the Future

Ambassador Erwan FOUÉRÉ

Special Representative of the EU and Head of the Delegation of the EC



Dear readers,

We have a great pleasure and honor to introduce to you the second issue of our Journal, entitled “Quo vadis Europa?”, dedicated to the 50th anniversary of the Treaty of Rome. The reminiscence of the EU’s founding acts encouraged and inspired us to draw attention to a variety of issues relating to European affairs, ranging from the lessons learnt from the process of creation of the common European institutions, to the current problems faced by the EU, such as the fate of the Constitutional Treaty, the CFSP, the ESDP or the European Energy Strategy, to the future of the Union’s Enlargement Policy. The Republic of Macedonia as an official candidate for EU accession relying heavily on the current “enlargement fatigue” looked into this date with particular attention. However, our interest regarding the Union-related affairs does not derive solely from our country’s EU membership bid. As upcoming and indispensable part of the common European institutions and European integrative processes, we strive to take a more detailed insight into the most pending and most recent issues shaping and destining the future of the EU instead of focusing on Macedonia’s European aspirations only. For this purpose the Editorial Board of “Crossroads” did its utmost to gather a broad scope of distinguished European authors able to present to our readers their views and reflections on past successes and failures, as well as on the future challenges and opportunities that the “Common European Project” is supposed to encounter. Additionally, the Editorial Board of our Journal intended to find a proper and balanced mix between our contributors from the EU founding countries and the EU newcomers. We are proud to present to our readers the tediously inspiring article of former French PM Michel Rocard on the founding of the EU itself at the crossroads and in search of a new impetus. Europe at the crossroads is also highlighted by Achille Albonetti, eyewitness of the Roma Treaty negotiations, who addresses the necessity of strengthening the Union’s political quality. Eminent MEP’s Andrew Duff and Elmar Brok analyze for us the possibilities for overcoming the current constitutional stalemate in the EU as well as the prospects of the CFSP and the ESDP. Former Polish PM and current MEP Jerzy Buzek offers the readers of “Crossroads” his opinions on the problem of energy solidarity in the enlarged Europe. The EU High Representative for Common Foreign and Security Policy, Javier Solana, grants us an exclusive interview. Eduard Kukan and Geza Jeszenszky, the former FM’s of Slovakia and Hungary respectively, present their views on Central Europe’s experiences regarding the EU accession. Commissioner Olli Rehn and Slovenian FM Dimitrij Rupel examine the current enlargement fatigue within the EU and the chances for new waves of enlargement. Macedonian Deputy PM Gabriela Konevska-Trajkovska along with Croatian President Stjepan Mesic underline the importance of keeping the enlargement process going.

We deeply hope that “Quo vadis Europa?” will match your expectations and contribute to your future academic and professional development and we wish you a pleasant and fruitful reading!

The Editorial Board of “Crossroads”

OU VA L'EUROPE

Michel ROCARD

C'est un bonheur d'apprendre que la République de Macédoine est candidate à l'entrée dans l'Union européenne et que ses citoyens commencent à s'y intéresser.

En janvier dernier lors de la séance solennelle qui vit se joindre à nous les députés européens roumains et bulgares, moi, le politicien chevronné, l'ancien Premier Ministre impavide et glacial, c'est tout juste si je n'avais pas les larmes aux yeux. Tant de guerres dont le souvenir s'efface et dont le renouvellement devient impossible... Bienvenue à la Macédoine, et le plus tôt sera le mieux. Attention pourtant chers amis, ce n'est ni rapide, ni facile, ni fatal. L'Union n'est pas un traité, comme les autres, c'est une mise en commun de valeurs et de formes d'organisation sociale qui transforme profondément ses propres membres. Soyez sûrs de vous.

L'Europe d'aujourd'hui est bien différente de ce que ses fondateurs ont voulu, et l'aventure de l'Union est à bien des égards surprenante.

L'Empire romain avait réalisé l'Union complète de l'Europe. Charlemagne l'avait reconstituée au début du 9ème siècle. La division de son empire entre ses trois petits fils nous a valu un millénaire de guerres incessantes. Le rêve de l'Union réapparaît de temps en temps: Charles Quint, Henri IV de France, Bonaparte. Mais les nations demeurent et les guerres aussi.

C'est au milieu du XIXème siècle que l'idée d'une unification pacifique renaît. Son plus grand chantre est en 1851 Victor Hugo. Rien ne se fait. Guerre franco allemande en 1870, guerre générale en 1914-1918. Celle là est une grande boucherie. Le français Briand et l'Allemand Stresemann reprennent le plaidoyer. Mais la crise économique de 1929-1932 provoque l'élection d'Hitler en Allemagne et par là la deuxième guerre mondiale: trente millions de morts.

En 1945 les choses sont claires pour tout le monde: il faut organiser l'unité de l'Europe pour empêcher cela.

Mais les deux inspirateurs français, Jean Monnet et Robert Schuman réfléchissent aux raisons d'un siècle d'échecs. Il est à leurs yeux impossible que des Parlements Nationaux votent des abandons de souveraineté substantiels. C'est contraire à leur vocation. La seule solution leur apparaît de créer en Europe des interdépendances

Michel Rocard est un homme politique français Ancien ministre et Premier ministre. Depuis 1994, il est député au Parlement européen, membre du groupe parlementaire du Parti socialiste européen.

WHERE IS EUROPE HEADING

Michel ROCARD

It is a source of pleasure to know that the Republic of Macedonia is a candidate for membership in the European Union and that its citizens are starting to show interest in this.

When in January this year our Romanian and Bulgarian Euro-MPs joined us at the formal session, I, an experienced politician, once a decisive and cold blooded Prime Minister, almost had tears in my eyes. So many wars are being wiped from our memory and their repetition is becoming impossible... Welcome Macedonia, the sooner the better. However, caution dear friends: it isn't a question of speed, nor ease, nor fatalism. The union is not just an agreement, like others, it means to live with common values and forms of organization of society which deeply transform its own members. Be sure in yourselves.

Today's Europe is quite different from what its founders wanted to achieve and the adventure of the Union is in many aspects astounding.

The Roman Empire realized an all encompassing Union of Europe. Carlo the Great brought it back to life at the beginning of the 9th century. The division of his empire between his three grandsons took us into a millennium of constant wars. The dream of the Union appeared from time to time: **Charles Quint**, **Henri IV of France**, Bonaparte. But nations survived, as did the wars.

The idea for a peaceful unification once again appeared during the middle of the 19th century. In 1851 the greatest bard of that idea is Victor Hugo. Such ideas are fruitless and as a result the French – German war in 1870, then the World War 1914–1918 turns into a great slaughter. The Frenchman Briand and the German Stresemann take over the baton. However, the economic crisis of 1929–1932 leads to the election of Hitler to office in Germany and with that the Second World War and 30 million dead.

In 1945 it becomes clear to everyone: that the unity of Europe must be secured in order to prevent future wars.

Two French visionaries, Jean Monet and Robert Schuman, ponder on the reasons which brought about a century of failures. According to them, it is impossible to expect national parliaments to vote in favor of giving up essential characteristics of

Michel Rocard is a French politician, member of the Socialist Party (PS). He served as Prime Minister from 1988 to 1991. He is currently a member of the European Parliament.

techniques suffisamment fortes pour relier indissolublement les nations et appeler un pouvoir de régulation, et pourtant de nature à ne pas mettre en cause les souverainetés nationales. Ils font partager cette conviction à Konrad Adenauer d'Allemagne, Alcide de Gasperi d'Italie et Paul Henri Spaak de Belgique.

Ainsi naît le premier projet: la fusion des industries du charbon et de l'acier de France et d'Allemagne, pour empêcher la renaissance d'industries de guerre dans ces deux pays. Pour des raisons d'abord commerciales Belgique, Pays Bas, Luxembourg et Italie demandent à rejoindre cette communauté.

Et cela marche. Le but est la paix, le moyen une communauté de gestion technique, l'espoir est explicitement que cela soit l'amorce d'une fédération d'états européens forte, capable de disposer à terme d'une économie intégrée, de leur monnaie, de leur diplomatie, de leur armée, et de peser dans le monde aussi fort et à la manière des Etats-Unis. La CECA est installée en 1951. Une tentative de regrouper les armées est tuée par la France en 1954. La relance de l'idée européenne se fait sous la forme de deux traités simultanés signés en 1957. Le premier vise à fabriquer ensemble de l'électricité nucléaire civile. Il est rapidement ratifié et mis en œuvre, puis vidé de son contenu, la France notamment tenant à préserver un programme nucléaire civil national. On commence à voir que la France, en matière européenne, est à la fois le plus grand pourvoyeur d'idées efficaces et le plus grand destructeur.

Le deuxième Traité, signé en même temps qu'Euratom en 1957 est le coup de génie du XXème siècle. Il va changer l'histoire du monde. Traité dit de Rome, il crée un « Marché Commun » en instituant la « Communauté Economique Européenne ». L'idée est simple: on supprime toutes les entraves tarifaires et non tarifaires au commerce entre les six pays membres, on met en place un tarif extérieur commun et on crée pour réguler le tout des institutions surdimensionnées. Elles sont toujours là: la Commission Européenne exécute les décisions et gère le marché. Elle a en outre un droit exclusif de proposition pour les décisions nouvelles. Le Conseil des ministres décide. Un Parlement leur est accolé, consultatif au début, mais qui a aujourd'hui conquis presque toutes les prérogatives d'un Parlement normal: voter la loi et le budget, censurer la Commission, contrôler ses activités, à la seule exception de l'initiative législative. Enfin une Cour de Justice est créée pour trancher les conflits.

Vite ratifié par les six Fondateurs, le traité entre en application le premier janvier 1958.

C'est immédiatement un triomphe. L'envol du commerce interne donne à la «petite Europe» un dynamisme économique considérable qui rejaillit jusque dans ses exportations vers le reste du monde. De 1961 à 1980, l'Europe fait largement plus que de doubler son produit brut. Elle affiche dans le monde une santé insolente. Chez tous nos voisins se répand une surprise admirative et quelque fois craintive. Comment font ces allemands et ces français, qui se haïssaient tant depuis des siècles, non seulement pour se réconcilier, mais pour inventer et gérer ensemble une aussi superbe machine ?

Le pays qui se pose le plus de questions est tout de suite la Grande Bretagne. A l'origine, elle a formellement désapprouvé l'entreprise, et a tout fait, vraiment tout,

sovereignty. That would be contrary to their vocation. Monet and Schuman see that the only solution is in creating technical inter-dependency in Europe which would be sufficiently strong to link the nations in an unbreakable way and to create a regulatory power that will not bring into question national sovereignty. They attracted to their vision Konrad Adenauer from Germany, Alcide De Gasperi from Italy and Paul-Henri Spaak from Belgium.

That is how the first project was born: fusion of the industries for coal and steel of France and Germany, in order to prevent the rebirth of the military industries in these countries. Belgium, Holland, Luxembourg and Italy join this community first of all because of economic reasons.

And it works. The goal is peace, the tool is a community for technical management, while the explicit hope is that this project will be the germ of strong federation of European states, capable at a given period in time to have an integrated economy, with its own money, diplomacy, army, with which it will have influence in the world equally strong and in the way in which the USA does it. The European Coal and Steel Community was created in 1951. The attempt to create a joint army was undermined by France in 1954. Significant step forward in favor of the European idea came from two agreements signed at the same time in 1957. The first had the goal of creating the European Atomic Energy Community (Euratom) regulating nuclear energy for civilian use. It was quickly ratified and implemented only to lose its meaning later having in mind that France wanted to keep its civilian nuclear program under its control. It is obvious that France, when Europe is in question, is the greatest creator of ideas but at the same time it is also its greatest destroyer.

The second agreement, signed at the same time as the “Euratom”, in 1957, is in fact an ingenious idea from the 20th century. That agreement will change the history of the world. It is known as the Treaty of Rome, it formed a “joint market” creating with it the European Economic Community. This was a simple idea: lift all customs and non-customs obstacles to trade between the nine member states, a common customs policy is introduced towards non-members, and to regulate this they created over-dimensioned institutions. They still exist: The European Commission implements decisions and manages the market. Besides this it also has an exclusive right to propose new rules. The Council of Ministers decides. Then comes the Parliament which at first had a consultative role, but today it has all the characteristics of a classic Parliament: it votes in laws and the budget, it can have a vote of no confidence for the Commission, it controls its activities, but there is one exception: it does not propose laws. And finally a Court of Justice was formed to resolve conflicts.

Quickly ratified by 6 of the founding states, the Agreement started to be implemented as of January 1958.

It is immediately a triumph. The increase in internal trade gives “small Europe” a significant economic dynamic which has an effect on its exports towards the rest of the world: From 1961–1980 Europe will double its GDP. It dominates the world with its exceptional progress. All of our neighbors are surprised and full of praise and sometimes fear. How is it possible that the Germans and French, who hated each other

pour l'empêcher de réussir. On peut comprendre. Depuis un millénaire, pour les anglais, en gros tout ce qui arrive du continent est une catastrophe, d'abord les guerres, bien sûr mais pas seulement. C'est devenu culturel chez eux, nous sommes un peu des barbares. Les inventeurs de la démocratie et de l'habeas corpus c'est eux, des guerres à outrance c'est nous. La politique anglaise s'en déduit de manière remarquablement continue sur des siècles: tout faire pour que le continent reste divisé et faible, s'allier toujours, quitte à permuter parfois, avec la deuxième puissance militaire du continent pour affaiblir la plus puissante.

--De là découle l'hostilité anglaise initiale à l'aventure européenne à ses débuts, et sa fureur puis son hésitation quand elle a vu que ça marchait, et même très fort. Du coup la Grande Bretagne retourne sa position: un marché c'est avantageux pour le commerce, donc pour nous. Mais il ne faut surtout pas qu'il devienne plus que cela. Et nous ne pourrons, nous les anglais, l'empêcher que de l'intérieur. La Grande Bretagne fait une première demande d'adhésion en 1961. Le Président de la République française est Charles de Gaulle, qui y met son veto en 1963. Deuxième demande anglaise, cette fois accompagnée du Danemark de la Norvège et de l'Irlande, en 1967. Les six, après plus de deux ans de blocage du fait du Général De Gaulle, finissent par accepter lorsque le Président Pompidou lève ce veto. Cet élargissement essentiel est alors vite négocié. Le peuple norvégien vote non, Grande Bretagne, Danemark et Irlande adhèrent. Nous mettrons trente ans à comprendre que l'idée initiale de l'Europe -fédérale, politique, et puissante - est morte cette année là. Ce que nous faisons et qui nous arrive depuis est tout autre chose, qui sans doute n'est pas moins important.

Mais cela ne s'est pas vu tout de suite loin s'en faut. Au contraire la performance économique continue fortement. Anglais compris, la réconciliation post guerre mondiale est superbe. Nos pays se confortent les uns les autres, tout le monde veut en être.

L'Europe n'est à l'époque qu'une Communauté économique. Mais à y bien regarder toutes les demandes d'adhésion qui suivent n'ont pas grand chose d'économique. On voit dans l'Europe une garantie absolue de paix et de sécurité, un label de confirmation démocratique -l'Espagne avait demandé son adhésion presque à l'origine, elle fut refusée pour cause de fascisme - et bien sûr un formidable incitateur à la croissance et à la prospérité.

La Grèce déstabilisée par l'horrible aventure des colonels fascistes demande son adhésion pour consolider sa tout jeune démocratie et très évidemment à l'encontre de ses intérêts économiques. Elle adhère en 1981, deuxième élargissement. L'Espagne et le Portugal éprouvent le même besoin après la disparition de leurs dictatures. Ils adhèrent ensemble en 1986, troisième élargissement. Nous sommes alors douze. Puis le mur de Berlin est abattu, l'Union Soviétique implose, la nouvelle Russie se veut démocratique. Il n'y a plus d'obstacle diplomatique à la demande d'adhésion de la Suède de la Norvège, de la Finlande ni de l'Autriche. Elles adhèrent toutes ensemble en 1995, à cela près que le peuple norvégien dit non dans un referendum. Si bien que les trois nouveaux adhérents sont neutres. Quatrième élargissement.

Ensuite, progressivement, les Républiques d'Europe Centrale et les pays baltes se dégagent du communisme et demandent leur adhésion. La Slovaquie, Chypre et

for centuries, managed to not only reconcile but to also create and manage together such a phenomenal machine?

The country which at first asked itself most of these questions is Great Britain. At the beginning, it formally did not approve this project and did everything, truly everything, to prevent its success. That is understandable. As far as the English were concerned, for more than a millennium anything that came out of the continent was mostly considered a catastrophe; of course first of all the wars but not just them. They generally accept the feeling that we are all slightly barbarians. They created democracy and habeas corpus, while we created wars of extermination. For centuries and with incredible continuity, English policy is based on this: to do everything so that the continent remains divided and weak, sometimes to make an alliance with the second military power on the continent in order to weaken the first.

This is the reason for the initial English hostility towards the European adventure at its beginnings. Then came astonishment, then hesitation when it became clear that the project is working, quite well at that. Great Britain immediately changed its position: a common market benefits trade, so it suits us. But it shouldn't grow into something more. And we the English can prevent this only if we are on the inside. Great Britain requested to become a member for the first time in 1961. The President of the Republic of France Charles de Gaulle vetoes this in 1963. The second English request, accompanied by Denmark, Norway and Ireland comes in 1967. The six member states after two years of blockades by general de Gaulle, finally accepts the new members when President Pompidou refrains from a veto. This essential enlargement was quickly negotiated: the people of Norway voted against, while Great Britain, Denmark and Ireland become members. It will take thirty years for us to understand that the initial idea for a Europe – federal, political and powerful – died that year. What we did and what is happening to us since then is quite different, which undoubtedly is no less important.

But you couldn't see that immediately. On the contrary, economic performance has significantly increased. Reconciliation after a world war is an exceptional achievement which incorporates the English. All our countries support each other and everyone wants to be part of the project.

At that time Europe is just an economic community. To be truthful, to a great degree all the next requests for membership were not because of economic reasons. Europe is seen as an absolute guarantee for peace and security, as a brand which confirms democratic maturity – Spain requested membership from the very onset, but was refused because of its fascism – and of course an exceptional opportunity for economic growth and prosperity.

Greece, which had been destabilized by the awful adventure by the fascist colonels, requested membership in order to consolidate its young democracy – in spite of its different economic interests. It became a member in 1981, which is the second round of enlargement. Spain and Portugal need the same thing after their dictatorships disappeared. They would join together in 1986 which is the third enlargement. At the time we are twelve. Then comes the fall of the Berlin Wall, the dissolution of the Soviet Union and the democratic transformation of new Russia. There are no more

Malte s'y joignent. Cela se fait en deux étapes. Dix d'abord: Estonie Lettonie Lituanie Pologne Hongrie Tchéquie Slovaquie Slovénie, Chypre et Malte en 2004, Roumanie et Bulgarie en 2007. Nous voici 27. Ont en outre le statut de pays candidats la République de Macédoine la Croatie et la Turquie. Sont en outre déclarés candidats potentiels l'Albanie la Bosnie Herzégovine la Serbie et le Monténégro y compris le Kosovo.

1972- 2007: trente cinq ans pour l'élargissement de la petite communauté fondatrice à la quasi totalité de l'Europe enfin rassemblée dans une paix institutionnellement garantie. Cette aventure est prodigieuse. C'est à l'échelle historique un miracle, et c'est aussi un changement de la carte du monde. L'Europe ravagée par la deuxième guerre mondiale et terriblement affaiblie est en plein réveil.

Mais à l'intérieur les affaires marchent beaucoup moins bien. Dans le système, on l'a vu, le pouvoir appartient au Conseil des Ministres. Or tous les gouvernements voient leur souveraineté s'amenuiser. Ils y résistent par tous les moyens.

Déjà la transformation du marché commun des produits en un marché unique des produits, des services et des mouvements de capitaux et où les fournitures publiques de toutes natures sont proposées en adjudication aux entreprises de tous les pays ne s'est faite qu'avec de grandes difficultés et une extrême lenteur. Il y fallut un nouveau Traité, l'Acte Unique, signé en 1986. Mais au moins c'est fait.

Pour le reste la vie interne de l'Europe est harassante, et déprimante. Le système institutionnel qui prévoit l'unanimité au Conseil des Ministres pour les décisions importantes fonctionnait à peu près à 6. A 27 il est ingérable. Les trois traités successifs de Maastricht (1992) d'Amsterdam (1997) et de Nice (2000) ont élargi progressivement les compétences de l'Union et le champ des décisions prises à la majorité qualifiée. On est passés en trente ans de la moitié à 80% des décisions. Mais la politique étrangère, la sécurité, la fiscalité, l'essentiel du droit du travail et de la sécurité sociale appellent toujours l'unanimité, ce qui veut dire qu'on n'avance guère.

Certains avaient rêvé de faire l'approfondissement de l'Union avant son élargissement, ou à tout le moins en même temps. Cela a échoué. Les règles établies pour gouverner l'Europe à 6 sont toujours en vigueur à quelques détails mineurs près pour 27. Et c'est dangereusement paralysant.

Dans ces conditions la routine courante de l'Union, c'est-à-dire l'achèvement du marché unique et sa régulation se font lentement mais à peu près bien. En revanche toute décision nouvelle et grave dans l'ordre économique et financier est extrêmement difficile à prendre. Cela vaut pour la fiscalité, la réforme profonde des politiques en cours et notamment de la PAC, ou des concessions importantes à l'OMC.

Hors le champ économique et financier, presque rien ne se passe. Nous ne pouvons pas conduire une politique étrangère commune, mais seulement des actions communes de politique étrangère. Il y en a beaucoup mais elles sont ponctuelles et sans signification politique majeure. Le seul cas où nous soyons arrivés à une relative communauté de vues qui permette de travailler et de peser ensemble est le Moyen Orient. En revanche l'Europe avait laissé se faire l'implosion de l'ex Yougoslavie et les multiples crimes qui s'y sont commis sans se mettre d'accord sur ce qu'elle aurait pu faire.

obstacles for the requests for membership from Sweden, Norway, Finland, and not even for Austria. They would join together in 1995, with the exception of Norway whose people voted against joining at a referendum. The three new members are neutral. This was the fourth enlargement.

After this, one after the other, the countries from central Europe and the Baltic states finished with Communism and requested to become members. Slovenia, Cyprus and Malta join them. This is carried out in two stages. First ten countries: Estonia, Latvia, Lithuania, Poland, Hungary, Czech Republic, Slovakia, Slovenia, Cyprus and Malta in 2004, Romania and Bulgaria in 2007. Today we are 27 members. To this number we have to add the candidates for membership, the Republic of Macedonia, Croatia and Turkey. The group of potentially declared candidates encompasses Albania, Bosnia & Herzegovina, Serbia, Montenegro, and we include here also Kosovo.

1972 – 2007: 35 years to enlarge a small initial community to encompass today almost the entire Europe which is finally united on the basis of an institutionally guaranteed peace. This is almost an incredible adventure. Historically it is a miracle, but it is also changed of the map of the world. Europe devastated and terribly weakened after the Second World War has finally awakened.

However, on the inside things are not functioning so well. In the system, as we said, the power is in the Council of Ministers. But all Governments are facing the fact that their sovereignty is being reduced and are opposing this with all means.

Already, the transformation of the common market into a common market of goods, services and movement of capital, in which companies from all member states participate at all public tenders, is already being carried out very slowly and with great difficulty. A new agreement was needed and The Single European Act is signed in 1986. At least it was done.

As far as everything else is concerned, internal life in Europe brings about fatigue and depression. The institutional system, which envisages unanimous decisions in the Council of Ministers for important decisions, worked somehow when there were 6 member states. With 27, it is impossible. Three consecutive treaties, the Treaty from Maastricht (1992), Amsterdam (1997) and Nice (2000) gradually expanded the powers of the Union and the fields in which decisions are made with a qualified majority. After 30 years, 80% of all decisions are made in this way. However, foreign policy, security, fiscal policy, the essential part of worker rights and social security are still based on the principle of unanimous decisions, which means that there is almost no progress.

Some dreamed of deepening the Union before enlargement occurred, or at least at the same time. That idea failed. Almost all the rules for governing Europe that were in force when it had only six members are in force for a Europe with 27 members. That causes a dangerous paralysis.

In these circumstances, the existing routine of the Union, more precisely the realization of the common market and its regulation is being carried out slowly but more or less in an acceptable manner. On the other hand it is very difficult to adopt a new decision which will have appropriate gravity from an economic and financial standpoint. This refers to the fiscal policy, deep reforms of current policy, and first of

En matière de défense, l'unique retournement pro-européen de Tony Blair, qui a eu lieu sur ce sujet à l'occasion d'une rencontre franco-britannique à Saint-Malo le 04 décembre 1998, avait donné une forte impulsion à l'intégration de forces de défense européennes et à leur emploi pour des missions humanitaires ou de maintien de la paix. Cela a lancé l'idée d'un corps militaire européen intégré de 60.000 hommes projetable dans le monde et susceptible de tenir sur place pendant un an, bien sûr pour des missions exclusivement pacifiques et de préférence ONUsiennes. Il est en cours de création, il a déjà servi en Bosnie et au Kosovo si je me souviens bien. Mais depuis quelques années l'impulsion a faibli, ni la conviction ni l'enthousiasme n'y sont plus, et l'affaire s'enlise.

Dans le domaine de l'espace judiciaire les progrès sont très lents aussi. Nos systèmes judiciaires sont très différents les uns des autres et donc très difficiles à articuler les uns sur les autres. Il y faudrait une volonté politique puissante, or elle n'y est pas. Le seul succès vraiment significatif est la définition et la mise en œuvre du mandat d'amener européen qui, lui, fonctionne à plein rendement si j'ose dire. Mais c'était bien le moins.

Enfin l'échec du projet de constitution, par la réponse négative des néerlandais et des français, a non seulement empêché l'adoption de quelques simplifications de procédure qui eussent été bien utiles, mais surtout a brisé les enthousiasmes. Cet échec a surtout convaincu les gouvernements qu'il faudra bien des années avant qu'un accord puisse se faire sur quelque chose de réellement acceptable par tous, et réjouit ceux des gouvernements qui commençaient à penser que l'Union Européenne en fait trop, qu'elle pèse trop, que son excessif degré d'intégration empoisonne la vie publique nationale et qu'il est temps de commencer à détricoter ce tissu trop serré. Les britanniques sont loin d'être les seuls à penser de la sorte, mais ils sont encore, plus pour très longtemps je pense, les seuls à oser le dire publiquement. Je ne crois donc guère, malheureusement, et je n'ai aucun plaisir à l'écrire, au succès des efforts de la Chancelière allemande Mme Merkel pour relancer le processus constitutionnel.

De ce champ de ruines il faut faire le bilan. Quatre conclusions s'imposent.

La première est que l'Europe politique devenant puissance diplomatique et militaire est morte. Plus personne n'en veut. Le rêve, de quelques français notamment, d'en relancer l'idée à chaque occasion possible, est dénué de tout espoir raisonnable de réalisation.

Il en résulte des conséquences pour la définition même de l'Europe. Si la Communauté Economique Européenne avait juridiquement la personnalité morale, l'Union ne l'a même pas, et faute de Constitution, ne l'aura pas avant longtemps. D'autre part les traités prévoient explicitement que la responsabilité, pour chaque Etat membre, de sa sécurité et de la préservation de ses intérêts vitaux lui incombe exclusivement et n'est pas déléguée à l'Europe. Certains (Irlande, Suède, Finlande, Autriche) choisissent de traiter le problème par leur neutralité, la plupart des autres à travers leur participation à une alliance militaire celle du Traité de l'Atlantique Nord et de l'organisation mise sur pied par le Traité, l'OTAN. Cela entraîne que les institutions de l'Union Européenne ne sont pas fondées à discuter de leurs frontières et moins

all for the Common Agricultural Policy (CAP) or the necessary concessions in reference to the World Trade Organization (WTO).

Almost nothing is happening outside of the economic and financial sector. We can not agree on a common foreign policy, but can only undertake joint activities in foreign policy. There are many, but they are individual and without greater political importance. The Middle East is the only issue on which we managed to reach a relative agreement of opinions which enabled us to work together and to have a certain amount of influence. On the other hand Europe was powerless before the dissolution of the former Yugoslavia and the numerous atrocities that were committed there, because it could not reach an agreement on what could be done. In the field of defense, especially after the pro-European shift by Tony Blair on this issue, during the France-German summit in St. Malo on December 4th 1998, gave a strong impulse for the integration of European defense forces and for their engagement in humanitarian and peace keeping missions. This launched the idea for an integrated military unit of 60.000 men which would be capable of carrying out world wide operations and capable of sustaining themselves in the field for one year, of course only in peace keeping operations, possibly under a mandate from the UN. If I remember well they have already been engaged in Bosnia and in Kosovo. However, after several years the impulse has weakened, there is no more faith and enthusiasm and the whole matter has been diluted.

Progress has also been slow in the judiciary. Our legal systems are very different and as a result it is difficult for them to communicate between each other. We need a strong political will here, but that is exactly what we are lacking. The only significant success is the defining and implementation of the European Arrest Warrant which, if I may conclude, is functioning exceptionally well. But that is still insufficient.

Finally the failure of the constitutional project, because of the negative referendums in France and Holland, not only prevented the adoption of certain simplifications in procedures, it also wiped away the enthusiasm. This failure convinced first of all the Governments that years are needed before an agreement is reached on something that would be acceptable for everyone, it has also encouraged those Governments who started to think that the European Union has gone too far, that it is too expensive, that the too great integration is irritating the general public at a national level and that it is time to start loosening the reins. Far from it that the British are the only ones who share this opinion, however they are still the only ones, not for long, who dare state this publicly. I don't at all believe, and I write this without a crumb of satisfaction, that the German Chancellor Angela Merkel's efforts to renew the constitutional process will succeed.

Let's take stock of this pile of debris. Four conclusions emerge:

The First is that a political Europe which will become a diplomatic and military power is dead. No one wants it any more. The dream, first of all by several Frenchmen, to launch at any opportunity they could get the idea for such a Europe, has no rational hope of realization.

As a result of this the question is asked: what is the definition of Europe? The European Economic Community had the status of a legal entity, which is not the case of the Union, and without a Constitution that will continue to be so. On the other

encore à les définir : lorsque qu'une collectivité de droit public international parle de ses frontières, c'est naturellement pour les garantir. Or l'Europe n'a pas le droit de garantir quoi que ce soit. Elle est donc un ensemble non défini territorialement. Ce point est majeur. De fait au cours de l'histoire ses frontières ont énormément changé et ont vocation à continuer.

L'Europe est donc un ensemble indéterminé de nations qui ne sont liées ni par une volonté politique commune ni par l'appartenance à un territoire déterminé, mais par le choix qu'elles ont fait de se donner des règles communes de gestion. Ces règles se regroupent en deux opus majeurs : celui qui concerne les droits de l'homme et la démocratie représentative, qui dans ces domaines est le meilleur du monde, et celui qui concerne l'art de produire et d'échanger, et le respect de la concurrence, qui lui aussi dans son domaine est le meilleur du monde.

Il me semble acquis désormais que l'Europe n'aura jamais de politique étrangère commune et n'assumera jamais sa propre sécurité : la majorité de nos Etats membres ne le veulent pas. Mais je suis de moins en moins sûr qu'il faille le regretter. La force israélienne ne suffit pas à régler le problème palestinien. La force américaine s'est embourbée en Irak et en Afghanistan, n'a plus de réserves pour s'occuper de l'Iran ou de la Corée du Nord. Et puis, cette puissance nord américaine ne suffit plus du tout à intimider l'Amérique Latine, qui échappe de plus en plus à l'influence US, ni non plus la Turquie, dont on se souvient qu'elle a refusé le passage demandé des troupes américaines lors de l'invasion de l'Irak en 2004.

Dans l'actuel monde de géants qui s'auto-neutralisent, la force semble ne plus pouvoir jouer qu'un rôle marginal. Il n'y aura pas d'Europe politique et militaire ? Tant pis, ne pleurons pas.

Car deuxième élément du bilan, ce que nous avons déjà réussi à faire ensemble est historiquement stupéfiant, et économiquement énorme. Un marché de quelques 540 millions de consommateurs, devenu d'assez loin la première puissance économique et bien davantage encore la première puissance commerciale du monde, après les millénaires de guerres et de haines que l'Europe a connus, et notamment la violence particulièrement sauvage qui l'a ravagée de 1870 à 1945, est une réussite extraordinaire, une sorte de défi à l'histoire. Cette entité économique a en outre une évidente et puissante vertu réconciliatrice. Appartenir à l'Union Européenne, c'est exhiber un label de sécurité, de paix, de bien être et de démocratie. Et l'Union a jusqu'ici su mettre en œuvre une pratique de l'aide à l'investissement et au développement de ses membres les moins avancés, qui est en quelque sorte un accélérateur de progrès. L'intégration à l'Union est le plus sûr facteur de développement rapide pour les Balkans comme il l'est probablement aussi pour la Turquie et la zone caucasienne. Il n'est malheureusement pas imaginable qu'une telle puissance rassemblée, fut-elle limitativement économique et financière, ne pèse pas de plus en plus sur les affaires du monde.

Troisième élément du bilan : si la fougue européenne s'est progressivement affaiblie ces vingt dernières années, si même la dynamique s'est maintenant brisée, il demeure qu'une décision absolument majeure a pu être prise, qui n'a pas fini de manifester ses conséquences, la création de l'euro. La Slovaquie venant de rejoindre le groupe (première

hand, agreements explicitly envisage that security and protection of vital interests are within the exclusive power of every member state and they have not been delegated to Europe. Some (Ireland, Sweden, Finland, Austria) chose to deal with this problem becoming neutral, while most of the other members states by becoming members in NATO. This implies that the institutions of the European Union can not discuss their borders, even less to define them. When a collective of international public law speak about their borders, this is of course to guarantee them. While Europe is not authorized to guarantee anything. So it is a territorially undefined community. This is an essential question. Throughout history, its borders significantly changed and that might continue into the future.

So Europe is an undefined community of nations that are not linked not even with a common political will, neither by believing in a certain theory, but rather with the choice to create common rules for functioning. These rules are grouped into two groups: those that refer to human rights and representative democracy, which in this field are the best in the world; and those that refer to the art of production and trade, respect for competition, which once again are the best in the world.

I think that we can conclude that Europe will never have a common foreign policy nor will it ever be able to take care of its security on its own: most of our member states don't want that. I am less and less convinced that we should feel sad about that. The force of Israel is not enough to solve the Palestinian problem. American force is bogged down in Iraq and Afghanistan and has no more reserves to manage Iran or North Korea. Even more, this North American force can no longer threaten Latin America which is pulling out from the influence of the USA, not even Turkey which we have to remember refused the request allow the transfer US troops through its territory during the invasion of Iraq in 2004.

In today's world of giants which mutually neutralize each other, it seems that force is playing only a marginal role. There will be no political or military Europe? There it is – let's not cry over that.

Even more so because of the second element: what we have already managed to create together, is historically astounding and economically colossal. The creation of a market of 540 million consumers, which has undoubtedly become the leading economic force and even more convincing the leading trading power in the world, after millenniums full of war and hatred in Europe, and especially the maddening violence that devastated it in the period 1870–1945 – that is an exceptional success, a type of historical challenge. At the same time this economic entity has an obviously strong reconciliatory virtue. To belong to the European Union, that means to own a certificate for security, peace, prosperity and democracy. And the Union knew how to implement the practice of investing in the development of its less advanced members, which to a certain extent is supporting progress. Integration into the Union is the most secure factor for the swift development of the Balkan, as it is probably for Turkey and the region of the Caucasus. Unfortunately it is unimaginable that such a united force could more and more influence developments throughout the world, even if limited to the economic and financial field.

des nations qui furent communistes à le faire) il y a maintenant treize pays qui ont renoncé à leurs monnaies nationales pour adopter un instrument monétaire commun l'euro. Le produit intérieur brut qui soutient cette monnaie approche de celui des Etats-Unis. Elle est déjà première monnaie mondiale pour les émissions d'emprunts obligataires, et sa part dans les liquidités mondiales est en augmentation lente et régulière. Je reviendrai sur ce point en terminant ce propos sur l'état économique du reste du monde.

Mais auparavant, comme quatrième élément du bilan, il me faut souligner que peut-être une autre très grande décision se prépare, qui elle aussi pourrait contribuer à compenser en partie l'image de désagrégation et d'espérance morte que donne actuellement l'Europe. Je veux parler de l'énergie. Quel que soit le flot de nationalisme qui déborde de partout et entraîne beaucoup de nos gouvernements, quelle que soit la peur viscérale que la seule évocation d'un nouveau pas en avant vers un peu plus d'intégration en Europe suscite au sein du Conseil des Ministres, quelle que soit l'évidente satisfaction de certains à voir la machine arrêtée, il est clair que le défi énergétique du XXIème siècle ne peut en aucun cas se traiter au niveau national. Qu'il s'agisse de pousser la recherche scientifique sur les énergies renouvelables, d'assurer la sécurité des approvisionnements en provenance du Moyen Orient ou du Caucase, de compléter, densifier et rationaliser la carte eurasiennne des pipelines à pétrole ou à gaz, tout cela ne peut se jouer efficacement qu'à l'échelle européenne. La Commission le sait, qui se prépare à saisir le Conseil des Ministres et le Parlement d'un projet ambitieux. Il s'agit d'inciter à de massives économies d'énergie et de changer la composition de l'offre au profit des renouvelables, dans des proportions suffisantes pour permettre la poursuite de la croissance tout en réduisant fortement les émissions de gaz à effet de serre. Tout cela est énorme mais raisonnablement possible, et il est clair que si l'Europe y parvient, elle retrouvera aux yeux du reste du monde et aux siens propres un sens, une image et une influence de premier ordre.

Voilà donc où en est la construction européenne lancée en 1950. Mais je n'ai jusqu'ici parlé que de l'Europe vue de l'intérieur. Or pendant ces cinquante cinq ans le monde a prodigieusement changé. La population globale a plus que doublé, passant d'environ deux milliards et demi d'humains à environ six milliards, les écarts de revenus entre pays pauvres et riches sont passés de 1 à 20 ou 30 en 1950 à 1 à plus de 100 aujourd'hui. L'aventure communiste a soudainement pris fin, abolissant pour l'Afrique, l'Asie et l'Amérique Latine tout espoir d'un avenir meilleur grâce à un système économique non capitaliste. C'est dans cette situation que le changement essentiel survenu affecte profondément l'Europe et son avenir.

C'est une transformation interne, en vérité une révolution qui s'est développée en une petite trentaine d'années dans tout le capitalisme des pays développés, et qui a entraîné et profondément affecté l'Europe.

L'invention du capitalisme remonte au début du XIXème siècle. Ce système est génial parce qu'il est le premier au monde qui appelle la totalité de la population à participer au développement, provoquant ainsi après 6.000 ans de stagnation à dominante agraire, un décollage foudroyant de ceux des pays qui à l'époque étaient souverains et approchaient de l'alphabétisation généralisée.

The third element: even though the European cohesive force has gradually weakened in the past twenty years, even though there is no dynamic at the moment, it is a fact that an absolutely grand decision was made, a decision which constantly shows its consequences: the creation of the Euro. Slovenia recently joined the group (the first former Communist country to do so) of thirteen countries which gave up their national currencies in order to transfer to the Euro as a common monetary instrument. The GDP which supports this currency is approaching the GDP of the USA. The Euro is already the first world currency in the field of issuing secured loans and its participation in global liquidity is in a gradual but constant increase. I will come back to this issue when I finish the part about the economic situation in the rest of the world.

But first the fourth element: I should mention that it is possible that another grand decision is in the making which might contribute to the partial compensation about the perception of dissolution and dead hope which Europe is depicting at the moment. I want to talk about energy. Regardless of the tide of nationalism, which is spreading everywhere and is taking up with it some of our Governments, regardless of the immanent fear that the Council of Ministers causes when it even mentions another step forward towards a greater integration of Europe, however obvious is the pleasure of some to see that the machine has been stopped, it is obvious that the energy challenges of the 21st century can in no way be dealt with at the national level. Whether we are talking about supporting research in the field of renewable sources of energy, securing safe supplies from the Middle East and the Caucuses, the rounding up, the more dense and the rationalization of the Euro-Asian map of oil pipelines or gas pipelines, all of that can not be carried out efficiently except at the European level. The Commission knows this and is getting ready to come out with an ambitious project before the Council of Ministers and before the Parliament. That will be support for massive savings of energy and a change in the composition of what is available in favor of renewable energy, in an amount which will be sufficient to enable the continuation of economic growth, significant reduction of the emission of greenhouse gasses. This is enormous but also rationally possible, and it is obvious that if Europe succeeds in doing this, in the eyes of the rest of the world and before itself, it will attain a meaning, an image and first rate influence.

So that is where the European construction, initiated in 1950, is today. Until now I have only spoken about Europe as it is seen on the inside. But in the past 50 years the world has dramatically changed. World population has more than doubled, growing from about 2 billion to about 6 billion people; the difference in income between the poor and the rich countries has increased from 1–20 to 1–30 (in 1950) to 1–100 (today). The communist adventure was suddenly finished, taking all the hope from Africa, Asia and Latin America that a better future is possible through a non-capitalist economic system. Under such circumstances an essential shift occurred which deeply influences Europe and its future.

That is an internal transformation, in fact a revolution that happened within 30 years in all the capitalist systems of the developed countries and which pulled with it and had an essential impact on Europe.

Ce système est d'une effrayante cruauté. Mais comme il est très efficace, l'histoire des nations développées montre au final une acceptation du système, largement parce que son énorme efficacité permet d'en diminuer progressivement la cruauté et c'est ce qui s'est passé.

Le système avait une troisième caractéristique : son instabilité. Au XIX^{ème} siècle celle-ci se découvre à travers les crises qu'elle provoque tous les dix ans. La plus forte fut la dernière, 1929-1932. En six mois elle fit apparaître une baisse du produit intérieur brut de 30 % dans les trois pays les plus avancés de l'époque, Grande-Bretagne, Allemagne et Etats-Unis, et fit passer le chômage dans les mêmes pays de 2 ou 3 % à plus de 25. Faute d'allocations ou d'assurance chômage, on mourait de faim. C'est cette crise qui provoqua l'élection d'Hitler en Allemagne, et donc la guerre. A la fin du drame tout le monde convient qu'il faut stabiliser et contrôler un capitalisme aussi dangereux.

Beveridge (anglais) explique que plus on étend la sécurité sociale, plus on stabilise le système. Keynes (un autre anglais) explique comment utiliser les politiques budgétaires et monétaires pour contrecarrer les oscillations du système. Et surtout Henry Ford, l'industriel américain comprend, dit, et met en pratique le fait que, pour que la production de masse permise par le système soit consommée, il faut payer les plus hauts salaires possibles. Les américains sortent de la crise de 1929-1932 grâce à cette politique, les européens vont l'adopter dès qu'ils le pourront c'est-à-dire juste après la guerre. Ces trois correcteurs du capitalisme et surtout le dernier vont assurer une phénoménale relance du capitalisme après la 2^{ème} guerre mondiale. Henry Ford est le vrai vainqueur de Karl Marx.

Cela ouvre une période inouïe, sans précédent dans l'histoire humaine. De 1945 à 1972-73, l'ensemble des pays développés (Amérique du Nord, Europe de l'Ouest, Japon, Australie) vont connaître une croissance continue, régulière et forte, voisine en moyenne mondiale de 5 % par an, sans connaître aucune crise financière générale ni même régionale –seulement quelques faillites nationales vite isolées et traitées- et surtout accompagnée du plein emploi, pendant plus de 25 ans partout. On l'a oublié, mais cette image était extrêmement forte. Elle a beaucoup contribué à l'implosion du camp communiste pendant la guerre froide, et c'est largement au nom de ce souvenir que tous les pays de l'Est européen sans exception, y compris la Macédoine bien sûr, ont demandé leur adhésion à l'Union Européenne.

Mais la belle machine a été fracassée, par une pratique et par une théorie. L'équilibre du capitalisme régulé des années 1945 à 1975 avait produit un développement considérable d'entreprises multinationales immenses, qui échappaient au capitalisme familial et étaient dirigées par de managers salariés. Un millier d'entre elles produisaient le cinquième de la production mondiale mais suffisaient à fixer le sens d'évolution du système. L'art des managers consistait à tenir, pour leur entreprise, un bon équilibre entre le personnel, les fournisseurs, les clients, les banquiers et les actionnaires. Pendant cette longue phase que l'économiste français Jean Fourastié a appelé « les Trente Glorieuses », la préservation de politiques entrepreneuriales d'investissement et de recherche très vigoureuses, et de la politique de hauts salaires que je viens d'évoquer

Capitalism was created at the beginning of the 19th century. This is an ingenious system because it is the first in the world to call upon the entire population to participate in its development, in this way, after six thousand years of stagnation dominated by agriculture, it brought about an instantaneous jump forward for those countries that at the time were sovereign and were getting close general literacy of the population.

This is also a frighteningly cruel system. However, because it is efficient the history of developed nations shows that at the end the system was accepted primarily because its enormous efficiency enabled a gradual reduction in cruelty. That is in fact what happened.

The system also had a third characteristic: its instability. In the 19th century it manifested itself in the crisis's it created every 10 years. The strongest was also the last, from 1929–1932. In only six months it caused a reduction in GDP by 30% in the three most developed countries at the time, Great Britain, Germany and the USA, increasing unemployment in those countries from 2 or 3% to more than 25%. Because of a lack of social insurance or assistance for the unemployed, people died of hunger. It was exactly that crisis which brought about the election of Hitler in Germany, and as a result war. At the end of the drama it was clear to everyone that such a dangerous capitalism must be stabilized and controlled.

Beveridge (an Englishman) explains that the more you expand social security, the more the system is stabilized. Cain (another Englishman) explains how to utilize budget and monetary policies to prevent oscillations in the system. The American industrialist Henri Ford understood this; he stated and implemented the fact that in order for the massive production (which the system enables) to be consumed, you have to pay out the highest possible salaries. America will exit the 1929–1932 crises thanks to this policy, which the Europeans will adopt as soon as they can do that, more precisely immediately after the war. These three correctors of capitalism, primarily the last one, will enable the phenomenal blooming of capitalism after the Second World War. Henri Ford is the person who really defeated Karl Marks.

This opened up an unprecedented period in the history of mankind. From 1945 up to 1972-73 all developed countries (North America, Western Europe, Japan, Australia) will notice a continued, regular and strong growth of approximately 5% (on a global level) without noticing even one general or even regional financial crisis – except several national bankruptcies which were quickly isolated and treated – followed by full employment for more than 25 years. Today that has been forgotten, but it was an extremely powerful show. It contributed a great deal to the dissolution of the communist block during the cold war. It is exactly because of that memory that all the countries of the European east, without exception including of course Macedonia, requested to join the European Union.

But the beautiful machine broke down because of practice and a theory. The balance of regulated capitalism in the year from 1945–1975 created a noticeable growth of large multi-national companies which separated from the family type capitalism and became managed by paid managers. A thousand of these companies produce one fifth of global production, but that is enough to track the direction of the evolution of

entraîna pour les actionnaires une rémunération que sur la longue période ils ont jugée insuffisante.

Alors, et c'est la révolution des années 80, les actionnaires se sont groupés l fonds d'investissement, fonds de pensions, fonds d'arbitrage, ou hedge funds. Ils ont envahi l'actionnariat et les conseils d'administration de toutes les grandes entreprises. Leur pression est énorme. Ils font renverser les directions qui ne distribuent pas assez, poussent au licenciement immédiat de toute personne non absolument nécessaire, « externalisent » les tâches mineures (entretien, maintenance, nettoyage, production d'éléments partiels) dans des PME que l'on pourra mal payer. Ils aggravent cette pression par la multiplication des OPA.

Les résultats sont effarants. Dans tous les pays développés la somme des chômeurs, des travailleurs précaires, et des pauvres écartés du marché du travail atteint 20 %, même si la proportion des chômeurs par rapport aux précaires varie de pays à pays. Le salaire réel moyen n'a pas augmenté aux Etats-Unis depuis 20 ans alors que le PIB lui, a augmenté d'un tiers au profit exclusif des plus riches. En France le salaire réel stagne depuis six ans. En vingt cinq ans chez les quinze plus anciens membres de l'Union la part des salaires dans le produit national a diminué de 11 %. Du coup il n'y a plus assez de pouvoir d'achat pour consommer. La croissance est molle, la précarité du travail s'accroît, les classes moyennes de nos pays sont déstabilisées, personne n'y croit plus. De plus en plus on rend l'Europe responsable de cette situation dans laquelle elle n'est pour rien. Et l'on vote non (on l'aurait fait aussi en Allemagne et en Angleterre s'il y avait eu referendum dans ces deux pays) immobilisant en fait l'Europe.

Le seul reproche faisable à l'Europe c'est qu'elle n'a pas été capable de corriger cette évolution qui nous vient d'ailleurs. Mais les classes dirigeantes conservatrices européennes ont joué ce jeu, qui au début est créateur de beaucoup de profits. En outre une nouvelle doctrine, le monétarisme, explique que l'équilibre des marchés est optimal et que les Etats doivent surtout ne s'occuper de rien pour corriger !

Naturellement les nouvelles classes dirigeantes conservatrices des pays de l'Est européen se sont ruées avec enthousiasme vers cette nouvelle régulation sans y rien comprendre. La part des salaires baisse aussi dans le PIB chez tous, et les moteurs de la croissance vont y être affaiblis comme chez nous.

Toutes ces évolutions se font sous le pilotage d'une économie dirigeante, celle des Etats-Unis, qui dorénavant vit de profits immobiliers ou boursiers pour la moitié de son PIB, importe l'essentiel de ce qu'elle consomme, accumule les déficits commerciaux abyssaux -6 % du PIB aujourd'hui- et continue à tourner à condition de pouvoir continuer à emprunter 2 milliards de dollars par jour.

Tout cela est fou. Non seulement le système mondial a retrouvé sa cruauté sociale (20 % de pauvres, précaires et chômeurs) et son instabilité, mais il est maintenant avéré qu'il va à grande allure vers une crise majeure.

Devant ce dérèglement mondial, l'Europe est une protection, l'euro un abri anti sismique. Malheureusement en rejetant la constitution, nous avons si j'ose dire oublié d'élire le gardien de l'abri.

the system. The skill of the managers was in their ability to maintain their companies through a balance between workers, suppliers, clients, banks and shareholders. During this long phase, which the French economist Jean Fourastie called “the thirty great years”, maintaining the entrepreneurial policies of very intensive investing in research, supported by the policy of high salaries which I already talked about, brought about the conclusion that the profit which the shareholders were realizing over a longer period of time was insufficient.

That is when the revolution of the eighties occurred, during which shareholders grouped themselves into investment, retirement, arbitration or hedge funds. They captured shareholder meetings and administrative bodies in all the large companies. Their pressure is enormous. They replace the management of companies that do not give them a sufficient piece of the profit, they pressure for the laying off from work of all those who are not essential in the work process, they “externalize” smaller obligations (maintenance, repairs, cleaning, production of certain elements) to small and medium companies which they can pay poorly. They increase this pressure by increasing the number of public offerings.

The results are astounding. In all developed countries, the total mass of unemployed, workers on the border of social existence, and of the poor who have been eliminated from the labor market – reach 20% even though the proportion of unemployed compared to the number of temporary workers varies from country to country. The average real salary in the US has not increased in the past 20 years, while GDP has increased by a third only to the advantage of the richest. The average real salary in France has been stagnating in the past 6 years. In the past 25 years, participation of salaries in national product among 15 of the oldest member states of the Union has decreased by 11%. Suddenly the consumers buying power is gone. Growth is weak, insecurity in the labor market is growing, the middle class in our countries has been destabilized, no one believes in it any more. Europe is being accused more and more for this situation even though it contributed with nothing to this. That is why we had the negative vote (there would have been a negative vote in Germany and in England if a referendum was held in these countries) which immobilized Europe.

The only thing you can blame Europe for is the inability to correct this evolution coming from the side. But the conservative ruling elites in Europe played this card, which at the beginning brought them enormous profits. Besides this, a new doctrine (monetarism), explains that the balance of the markets is optimal and that countries must in no case undertake any corrective measures.

Normally, the new ruling conservative elites in the countries to the east of Europe were enthralled with enthusiasm towards that new regulation without the least bit of understanding about how it functioned. The share that salaries take up in the GDP is reducing for everyone and the engines of growth in them will also weaken, as it happened with us.

All of these developments are being carried out under the management of a new ruling economy, the one of the USA, which lives off the profits of real estate and the market for half of its GDP, it imports the greatest part of what it consumes, it

Reste que devant les tornades qui s'annoncent, seule l'Union Européenne surtout avec sa zone monétaire l'euro, a la taille nécessaire non seulement pour se protéger mais même et surtout pour orienter différemment les flux et les équilibres, et fournir quelques éléments de contrepoids.

L'Europe est donc potentiellement notre chance de salut devant les risques considérables que nous fait courir l'évolution actuelle. Aucun de nos pays ne peut seul résister ou se mettre à l'abri de ce qui visiblement se prépare.

Mais pour s'en abriter vraiment il faut réinventer une régulation souple mais efficace de l'économie de marché. La sociale démocratie internationale est très qualifiée par son histoire pour entreprendre ce qui commence par une tâche de réflexion avant de devenir un pilotage différent. Mais elle n'est pas la seule et n'a pas de monopole.

C'est d'abord l'affaire de tous les citoyens d'Europe d'essayer de comprendre ce qui se passe et où nous allons pour prendre en mains leur destin et améliorer l'avenir.-

accumulates deep trade deficits – today it is 6% of GDP – and continues to maintain itself because it can increase its debt by 2 billion dollars a day.

That is crazy. Not only has the global system returned to its social cruelty (20% are poor, temporary employed or unemployed) and to its instability, but it is also now clear that it is rushing at great speed towards a great crisis.

Before that global disorder, Europe is a type of protector and the Euro is a type of anti-seismic safe house. Unfortunately, by discarding the constitution, if I may say so, we forgot to select the keeper of the safe house.

It is a fact that facing the tornadoes which are being predicted, only the European Union, first of all through its Euro monetary zone, has the necessary strength not only to protect itself but first of all to re-direct currents and balances, and to secure certain elements of counter-balances.

So Europe is potentially our chance for salvation; facing the serious risks towards which we are being pushed by current development. Not one of our countries can oppose this on its own or take refuge from what is obviously in the works.

But in order to really take refuge, it necessary to once again find a flexible but efficient regulation of the market economy. International social-democracy is quite qualified because of its past to take over what is starting to be considered an obligation, before it grows into a different type of management. But it isn't the only one and it does not have a monopoly.

This is first of all the job of all the citizens of Europe who must try to understand what is happening to us and to understand where we are going in order to take destiny into their own hands and to fight for a better future.

L'EUROPE AU XXI^e SIECLE

Alain LAMASSOURE

Quels enseignements tirer des leçons du passé, et des perspectives du futur pour la suite de l'aventure européenne?

Premièrement, dans ce nouveau siècle, l'union « sans cesse plus étroite » (comme disent nos traités) des pays européens reste plus nécessaire que jamais. Et d'abord pour des raisons internes: certes, la paix et la réconciliation sont désormais assurées, mais cette révolution historique dans nos relations de voisinage comporte elle-même des conséquences révolutionnaires, dont nos dirigeants ont trop longtemps sous-estimé la portée. On sait depuis 1986 que la suppression des contrôles de personnes aux frontières intérieures nous obligera à harmoniser les conditions d'entrée, de circulation, de séjour et de travail des étrangers venus d'ailleurs, c'est-à-dire de définir une politique d'immigration commune: vingt ans plus tard, l'idée continue d'effaroucher certains. Le passage à l'euro a été décidé il y a quinze ans, il concerne aujourd'hui treize pays, mais la coordination des politiques budgétaires qui en était le complément annoncé continue de poser à d'autres des problèmes insurmontables. Autre exemple: la multiplication des échanges transfrontaliers et des mariages ou unions mixtes bouscule le confort douillet de nos codes civils nationaux.

Cette sous-estimation des conséquences de la mise en œuvre de l'union européenne conduit parfois à des effets contraires à ceux qui étaient attendus: alors que la participation à un marché unique devait être une formidable simplification pour les acteurs économiques, une règle commune se substituant aux législations nationales, en pratique celles-ci repoussent derrière celle-là comme de la mauvaise herbe stimulée par l'engrais. Le résultat est particulièrement navrant: pour les entreprises, l'Europe apparaît comme une source infernale de bureaucratie paralysante, alors que pour les salariés elle aurait le vice de démanteler les protections sociales nationales par une déréglementation systématique !

A ces problèmes internes, nés du succès même de l'Union, s'ajoutent les nouveaux défis externes. La concurrence économique féroce, et aujourd'hui inégale, avec les puissances asiatiques, la lutte contre le fanatisme islamiste, la prévention de l'effet de serre, la sécurité des approvisionnements énergétiques, le traitement curatif des « conflits gelés » des Balkans, l'aide enfin efficace au développement de l'Afrique:

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EUROPE IN THE XXI CENTURY

Alain LAMASSOURE

What are the lessons of the past and the perspectives for the future, so that we may continue the European adventure?

First of all, in this new century, the ever closer (as it is written in our agreements) Union of European countries is becoming more necessary than ever before. First of all because of internal reasons: truly peace and reconciliation have already been secured, but this historic revolution in our relations as neighbors contains in it revolutionary consequences whose meaning has for so long been underestimated by our leaders. As of 1986 we know that the lifting of controls for individuals at our internal borders binds us to harmonize the conditions for entrance, movement, residence and work for foreigners coming from outside our borders, more precisely to define a mutual immigration policy: twenty years later, this idea still continues to instill fear in some. It was decided to switch to the Euro fifteen years ago - which today encompasses thirteen countries, however coordination of budget policies, intended to complement this, continues to cause impassable problems for the others. Another example: the multiplication of cross-border exchange and mixed marriages or communities is disrupting the soft comfort of our national civil codes.

This underestimating of the consequences that result from the functioning of the European Union sometimes leads us to effects quite the opposite of what was expected: in stead of excellent simplification for companies participating in the joint market, because one rule would replace all the national laws, in practice, these last ones are sprouting up like bad grass feeding on fertilizer. The result is especially insulting: for companies, Europe seems to be a devilish source of paralyzing bureaucracy; while for workers it brings about, through systematic deregulation, the ultimate sin which will destroy national social safety nets!

These internal problems, born from the success of the Union, are supplemented by new foreign challenges. Brutal economic competition; the unequal, because of the Asian might, fight with Islamic fanaticism; prevention of greenhouse effects; security of energy supplies; medicated treating of the “frozen conflicts” on the Balkan assisting the development of Africa which is finally becoming efficient: so many emergency situations which no one country can face on its own, without being condemned to failure.

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autant de sujets immédiats qu'aucun Etat européen ne peut affronter seul sans être condamné à l'inefficacité.

Le traitement de ces problèmes exige d'achever la construction politique de l'Europe, en rendant le système de décision efficace et pleinement démocratique, comportant l'institution de dirigeants européens, distincts des responsables nationaux, et soumis à l'élection et au contrôle populaires. C'était l'ambition du projet de Constitution. L'échec de la voie constitutionnelle ne doit pas condamner l'Europe à la paralysie. Si une volonté politique forte existe, notamment dans les pays fondateurs, tous les Etats qui ont signé le projet de traité constitutionnel devraient être en mesure de se mettre d'accord, à titre de première étape, sur un traité ordinaire reprenant les dispositions institutionnelles qui, par chance, n'ont guère été critiquées dans le débat référendaire français et néerlandais.

Deuxième enseignement. La démarche européenne ne peut intéresser ses peuples que si l'Union se donne une identité. La définition de principes communs ne suffit pas. Une identité se forge par rapport aux autres, non forcément dans l'hostilité, mais au moins dans la différence. L'Union doit se donner des frontières claires, et proposer à ses voisins une forme nouvelle de relations: le partenariat privilégié. Pour les deux ou trois prochaines décennies, toutes les menaces (terrorisme, grand banditisme, immigration clandestine) contre l'Europe vont provenir de, ou passer par, les régions voisines de notre continent, dont dépendront également certains des atouts majeurs de notre avenir économique (sources d'énergie, immigration maîtrisée). Nous avons donc un intérêt fondamental à encourager l'évolution pacifique et démocratique de nos voisins de l'est, comme de l'ensemble de la Méditerranée. Les nombreuses initiatives déjà prises (accords de partenariat, processus de Barcelone etc.) ont eu des résultats décevants pour trois raisons. Elles ont fait l'impasse de problèmes majeurs que nos partenaires considéraient comme des conditions préalables (« conflits gelés » des Balkans et d'ailleurs, conflit israélo-palestinien, statut du Sahara). Les conditions politiques mises à l'octroi de l'aide étaient insuffisantes, ou n'ont pas été sérieusement appliquées. Enfin, ces accords n'ont pas été présentés comme faisant partie d'une politique globale du voisinage, prenant le relais d'un élargissement de l'Union désormais achevé: il est clair que tant qu'un pays pourra espérer entrer dans l'Union, il n'aura aucun intérêt à accepter le statut de partenaire privilégié.

Sur les frontières ultimes de l'Union, la bonne question n'est pas « où les fixer ? » mais « comment les fixer ? » L'article 58 du projet de Constitution apporte la bonne réponse. Si nous voulons que l'Europe devienne vraiment l'union de ses peuples, c'est à ceux-ci, ou à leurs représentants de décider eux-mêmes de la composition de la famille. Dans cet esprit, l'article 58 prévoit que toute candidature nouvelle devra être soumise à l'avis des Parlements nationaux avant que les gouvernements se prononcent au sein du Conseil. Si une telle procédure avait été suivie en 1999, jamais le Conseil européen n'aurait fait à la Turquie des promesses qu'il n'était pas en mesure d'honorer. De cette manière, l'Union est assurée d'avoir des frontières stables, sans s'interdire ultérieurement de nouvelles adhésions, pour peu qu'elles soient acceptées, au cas par cas, par ses peuples.

Solving these problems requires: the finishing of the political construction of Europe, making the decision system efficient and fully democratic, supported by an institution of European leaders, different from national and subjected to elections and control by the people. This was the ambition of the project for a Constitution. The failure of the constitutional route should not paralyze Europe. If there is strong political will, especially in the founding countries, then all the countries that signed the proposal for a constitutional agreement should be ready to reach an agreement, in the first stage, an ordinary agreement which would take over the institutional articles which were never disputed or criticized in referendum debates in France and Holland.

Second lesson. The European demarche will be of interest to its people only if the Union acquires an identity. A definition of common principles is not enough. An identity is created towards others, not always because of hostility, but at least because of differences. The Union should clearly establish its borders and propose a new set of relations with its neighbors: privileged partnership. In the next two, three decades, all threats (terrorism, major crime activities, illegal migration) directed at Europe will come from, or will pass through the neighboring regions of our continent, from which will also depend some of the main trump cards for our economic future (sources of energy, controlled migration). This means that we have fundamental interests in encouraging the peaceful and democratic evolution of our eastern neighbors, as well as in the whole Mediterranean. The numerous already undertaken initiatives (partnership agreements, Barcelona process and similar) have had disappointing results because of three reasons. They pushed into a dead-end all the main problems which our partners considered to be transitional conditions ("the frozen conflicts" on the Balkan and in other places, the Israeli – Palestinian conflict, the status of the Sahara and similar). The offered political conditions for assistance were insufficient, or were not seriously implemented. Finally, these agreements were not presented as part of the global policy towards our neighbors, adding on the relay of the already completed enlargement of the Union: it is obvious that as long as a country hopes to enter the Union, it will have no interest in accepting the status of a privileged partner.

As far as the final borders of the Union are concerned, the real questions isn't "where do we put them?" but rather "how do we define them?" Article 58 of the draft – Constitution gives us the real answer. If we really want Europe to become a community of its peoples, they or their representatives should decide on the composition of the family. In that spirit, article 58 envisages that every new candidacy should be submitted for an opinion by the national parliaments *before* the Governments voice their opinion in the Council. If this had been done in 1999, the European Council would never have made promises to Turkey it was not in a position to fulfill. In this way the Union ensures itself with stable borders without banning further enlargements (members), quick acceptance is only possible on a case by case basis through a vote by its people.

Third, we have to take more into consideration the originality of the political system of the community, without any dilemmas about exiting defined schemes from

Troisièmement, nous devons mieux prendre en compte l'originalité du système politique communautaire, en n'hésitant pas à sortir des schémas convenus hérités du passé. La querelle des fédéralistes et des souverainistes peut être définitivement enterrée: l'Union ne sera pas les Etats-Unis d'Europe, mais aucune confédération n'a jamais fonctionné. En revanche, nous ralentissons considérablement la marche de l'Union en ne tenant pas compte de ses caractères originaux. On se limitera à quelques exemples.

1. Dans un club d'une trentaine de membres, l'unanimité devient impossible à atteindre sur quelque sujet que ce soit. Elle devra donc être bannie. Au niveau de la ratification des traités, elle peut être remplacée par une super-majorité qualifiée, assortie de la clause de retrait prévue par l'article 60 du projet constitutionnel: nul Etat ne disposera plus du droit de veto sur une évolution institutionnelle qui serait massivement acceptée par ses partenaires, mais chacun aura ainsi la garantie de pouvoir quitter librement le club s'il n'en approuve pas l'évolution. Au niveau législatif, la solution est encore plus simple: si les Etats membres ont du mal à renoncer à l'unanimité dans un secteur donné, il vaut mieux redonner, dans ce domaine, la compétence aux Etats membres. A défaut, nous serions tous condamnés à la paralysie en la matière – comme le démontre la querelle affligeante sur le taux de TVA applicable à l'hôtellerie-restauration.

2. Dans les domaines qui demeureront encore longtemps de compétence principalement nationale, telles que la politique extérieure et la défense, il faut imaginer des modes de fonctionnement nouveaux. Ne pas s'obliger d'emblée à agir à 27, mais accepter de confier un rôle moteur à un groupe d'Etats membres premiers intéressés, assistés des autorités de l'Union. Ce groupe pourra varier selon les sujets, Italie, Grèce et Espagne étant évidemment associés à toute initiative européenne, comme la Finlande, la Pologne et les Baltes aux relations sensibles avec la Russie. Paris, Berlin et Londres ont évidemment vocation à s'accorder sur les problèmes majeurs, comme ils ont su le faire en négociant avec l'Iran au nom de l'Union.

3. Le problème de l'égalité des Etats membres a été posé pour la première fois par les petits Etats au sein de la Convention européenne. Malheureusement, il n'a pas été mené jusqu'au bout. Dans un ensemble qui prétend s'accorder sur des législations communes, directement applicables à tous les citoyens, l'égalité des Etats doit être combinée avec le principe démocratique fondamental d'égalité des citoyens: pourquoi, dans l'élaboration d'une loi s'appliquant également à l'un et à l'autre, un citoyen maltais pèserait-il deux cents fois plus qu'un Allemand ? Or, c'est ce à quoi aboutirait un système fondé uniquement sur l'égalité de poids politique des Etats membres. Sur ce point, la problématique n'est pas fondamentalement différente de celle d'un système fédéral classique: la loi doit être adoptée conjointement par deux chambres, l'une représentant les Etats, l'autre, les citoyens. La Constitution s'en est inspirée dans sa procédure législative, en équilibrant le rôle du Conseil et celui du Parlement. En revanche, la solution retenue pour la composition de la Commission est la pire qui soit: représentant l'intérêt commun, celle-ci ne doit pas être composée en tenant compte de l'origine nationale de ses membres.

the past. The quarrel between federalists and sovereign-ists can definitively be finished: the Union will never become the United European States; however no confederation has ever functioned. On the contrary we are significantly slowing down the pace of the Union when we do not take into consideration its original characteristics. We will limit ourselves to several examples.

1. In a club of thirty (or so) members it is becoming impossible to be unanimous on any issue. So it has to be removed. At the level of ratification of agreements, it could be replaced with a super qualified majority, as it is stated in the article on voluntary withdrawal as envisaged in article 60 of the constitutional proposal: any state will have the power of veto over institutional evolution which will massively be accepted by its partners, but in this way, everyone will be guaranteed the right to freely leave the club if it does not accept that evolution. At a legislative level, the solution is even more simple: if the member states have difficulty in giving up need for unanimous agreement in a certain sector, then it is better to return that matter to the jurisdiction of the individual member states. If not, we will all be condemned to a paralyses in that field – as can be seen in the sorry dispute about the height of the VAT for hotels-innkeepers.

2. In those fields which for a long time to come will remain within the jurisdiction of the states, like foreign policy and defense, new methods of functioning must be identified. We should not bind ourselves to a reaction by all 27 states, but to agree that the role of an engine will be given to a group of states which are most interested, and which will need the assistance of the structures of the Union. This group can vary from case to case, Italy Greece and Spain obviously join every European initiative; Finland Berlin and the Baltic states join in on issues to which Russia is sensitive. Paris Berlin and London obviously have a tendency to harmonize their positions on major issues, like they did in the negotiations with Iran on behalf of the Union.

3. The problem of equality of the member states was placed on the table for the first time by the small states within the frame of the European Convention. Unfortunately it didn't reach the end. When you are trying to reach an agreement on mutual laws, directly implemented on all citizens, the equality of the states should be combined with the democratic fundamental principle of the equality of the citizens: why would, or instance, in elaborating a law equally implement able for one or another, why would the citizen of Malta weigh two hundred times more that the citizen of Germany? Because that is what the end of the system would look like, of a system based solely on equality of political weight of the member states. The problematic of this conclusion is not fundamentally different from that of the classic federal system: the law must be adopted by both houses, one representing the states, the other representing the citizens. The legislative procedure as envisaged in the Constitution is inspired by this when it balances the role of the Council and the Parliament. On the other hand the adopted solution about the composition of the Commission is the worst that can be: representing the common interest it should not be put together by taking into account the national affiliation of its members.

4. Indépendamment de sa taille, un Etat membre peut rompre l'équilibre de l'ensemble en prenant ses partenaires en otages par ses règles de fonctionnement interne. Ainsi, les Ministres danois et finlandais peuvent s'appuyer sur l'obligation qui leur est faite de consulter leur Parlement pendant la négociation pour compromettre le résultat final. Mais le point le plus sensible réside ici dans la procédure de ratification des traités. La complexité du fédéralisme belge oblige à passer par le vote successif de ... sept assemblées, nationales et régionales ! Et surtout, la menace de recourir à la ratification par référendum peut être systématiquement brandie par le pays le plus réticent à la mesure proposée: Tony Blair l'a fait sans vergogne pour peser sur le projet de Constitution, avant que Jacques Chirac y recoure à son tour pour l'adhésion de la Turquie. Pour éviter cette prise en otage, il faut poser le principe que tout accord européen exigeant une ratification sera soumis à la même procédure dans tous les pays et, si la voie du référendum est choisie, celui-ci aura lieu le même jour partout.

5. Des solutions originales doivent aussi être trouvées pour faire entrer complètement les citoyens dans la vie de l'Union. Dans cet espace dit « unique », il faut abattre aussi les cloisons du débat politique, en imaginant un espace politique européen. Là encore, la Constitution ouvre des pistes intéressantes, avec l'élection du Président de la Commission par le Parlement européen, la reconnaissance des représentants de la société civile et l'institution nouvelle d'un droit de pétition collective. Là encore, elle est insuffisante. Elle pourrait être complétée par l'organisation d'un rendez-vous annuel, à l'occasion de la journée de l'Europe, fixée au 9 mai. Ce jour-là, un grand débat sur les orientations des politiques communes pourrait être organisé par visioconférence entre tous les Parlements d'Europe. Chaque pays publierait un tableau récapitulant les crédits budgétaires qu'il consacre aux objectifs communs (recherche, environnement, sécurité civile, défense etc.), et chaque Parlement préparerait ses orientations budgétaires de l'année suivante au vu des conclusions du débat. Ainsi, au-delà des gouvernements et des initiés, l'Europe s'inviterait au cœur des vies politiques nationales, non en court-circuitant les élus, mais au contraire en leur permettant de s'approprier eux aussi la politique européenne.

4. Regardless of its size, a member state can disrupt the balance of the whole and take its partners hostage, with the assistance of the rules of internal functioning. So, the Danish and Finish minister can rely on the obligation they have to consult their Parliaments *during* negotiations, in order to compromise the final result. But the most sensitive point can be found in the procedure for ratifying agreements. The complexity of the Belgium federalism requires that you go to voting one after the otherat seven assemblies, national and regional! This especially when the most reserved country on this issue, systematically threatened to ratify it only through a referendum: Toni Blair did this without consideration in order to influence the Constitutional project, quite a while before Jacques Chirac did the same thing on the issue of the accession of Turkey. In order to avoid this hostage situation, the principle should be established that every European agreement that has to be ratified will go through the same procedure in every state, and if it is being done through a referendum then it would be held on the same day everywhere.

5. It is also necessary to find original solutions in order for the citizens to be included in the life of the Union. In this so called “unified” space, we also have to tear down the walls of political debate, imagining one European political space. Here once again the Constitution opens up interesting new paths, with the election of the President of the Commission by the European Parliament, the recognition of the representatives of the civil society and the newly established right to a collective petition. But the Constitution is not enough. It can be supplemented with the introduction of an annual meeting, on the occasion of Europe day – May 9th. On that day we could organize a grand debate on common political orientations via a video-conference between all the Parliaments of Europe. Every state would make public an overview of budget funds that it is dedicating to common goals (research, protecting the environment, security, defense etc.) and each Parliament, in compliance with the conclusions of the debate would independently prepare budget orientations for the next year. In this way, above all governments and all those well informed, Europe would be planted in the hearts of national political life, but not as a topic in the short election process, but by enabling the elected officials to adopt it as their own European policy.

L'UNIONE EUROPEA: UNITÀ POLITICA O DECLINO?

Achille ALBONETTI

La fine del XX secolo e l'inizio del XXI; l'ampliamento della NATO da 19 a 27 membri; l'allargamento dell'Unione Europea da 15 a 27 Paesi; la firma del Trattato costituzionale; la divisione dell'Europa e, quindi, la sua impotenza e irrilevanza nella guerra in Iraq e altrove; i nuovi obiettivi per l'unità politica dell'Europa sono questi alcuni motivi per qualche considerazione sulla politica estera e sulle prospettive dell'Europa unita.

Il fallimento dell'ideologia comunista, la dissoluzione dell'impero sovietico e dei relativi satelliti non hanno cancellato l'esigenza dell'Europa unita, la cui presenza è tuttora indispensabile per l'equilibrio, lo sviluppo e la stabilità internazionale, nonché per la sicurezza del nostro continente.

Lo richiedono l'attuale mondo atomico e spaziale, la crisi della lotta alla proliferazione nucleare e, più recentemente, la sfida del terrorismo islamico.

Negli scorsi cinquant'anni i progressi della costruzione europea sono stati cospicui e imprevedibili, soprattutto nel settore economico e finanziario. Ma non soltanto.

Storica è la riunificazione dell'Europa, dopo decenni di dispotismo politico ed economico nella parte orientale. Ancora più significativa è la pace, che, dopo secoli di sanguinose lotte intestine, contraddistingue i rapporti tra le nazioni europee da più di mezzo secolo.

Eppure, l'Europa, a causa delle sue divisioni, è irrilevante politicamente, malgrado la sua potenza economica e finanziaria.

L'onere dell'equilibrio e della stabilità internazionale è concentrato sugli Stati Uniti, superpotenza politica, economica, militare, nucleare e spaziale.

Gli Stati Uniti dedicano alla difesa circa la metà delle spese militari del globo. Sono la prima potenza economica e finanziaria del mondo e spendono per la ricerca una notevole parte delle loro risorse.

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EUROPEAN UNION: POLITICAL UNITY OR TWILIGHT?

Achille ALBONETTI

The end of the 20th and the beginning of the 21st century; NATO's expansion from 19 to 27 countries; signing of the Constitutional Treaty; division of Europe and its incapability and irrelevance in the war in Iraq and in other places; new purposes for the political unity of Europe. These are the reasons for some insights in the foreign policy and for the perspectives of united Europe.

The fall of the communist ideology, the breaking-up of the Soviet empire and its satellites did not erase the need for a united Europe, whose presence is still indispensable for the balance, the development and international stability, as well as for the security of our Continent.

This is the requirement of today's atomic and space world, the crisis in the struggle against nuclear expansion and, recently, the challenge of the Islamic terrorism.

In the last 50 years, the progress in the European development was significant and unforeseeable, first of all in the economic and financial areas. But this was not all.

The repeated unification of Europe following decades of political and economic despotism in the eastern part is history. However, even more important is the peace that, following bloody mutual fights, has been branding the relations among the European nations for over half a century.

Nevertheless, due to the divisions, Europe is politically unimportant in spite of its economic and financial power.

The burden of the balance and of the international stability is concentrated on the United States, the political, economic, military, nuclear, and space super power.

The United States gives for defense about half of the money dedicated for military purposes on the entire Planet. It is the first economic and financial force in the world and it spends a significant part of its resources for researches.

The English language has been imposed as the planetary language. From *jeans* to *fast food*, via the music, the film, the Television, and literature, the American culture has conquered the world.

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L'inglese si è imposto come lingua planetaria. Dai *jeans* ai *fast-food*, passando alla musica, al cinema, alla televisione e anche alla letteratura, la cultura americana ha conquistato il mondo.

Infine, grazie ad alcune centinaia di migliaia di naturalizzazioni all'anno e a un tasso di fecondità superiore a quello della totalità dei Paesi sviluppati, la popolazione americana aumenta a ritmo rapido. Contemporaneamente, il Giappone, la Germania e altri Paesi occidentali, inclusa la Russia, si spopolano inesorabilmente.

Rispetto al resto del mondo, l'Europa è un continente in declino da più di un secolo. Gode di un benessere superiore a quello del passato, ma conta sempre meno.

Nel 1914, si spaccò con la grande guerra, risolta con l'intervento degli Stati Uniti. Nel 1939, tornò a spaccarsi con la Seconda guerra mondiale, risolta ancora dagli Stati Uniti. Dopo il 1945, fu lacerata dalla *guerra fredda*, risolta sempre dagli Stati Uniti.

Il comunismo, rallentando lo sviluppo dell'ex impero russo, e poi dell'Est europeo, assestò un duro colpo all'economia europea.

Nel 1913, il Prodotto interno lordo dell'intera Europa raggiungeva il 47 per cento di quello mondiale. Nel 1998, scendeva al 26. I Paesi comunisti, che nel 1951 ancora arrivavano al 13,1 per cento del Pil mondiale, precipitavano al 5,3 nel 1998.

Oltre al declino economico quello demografico: nel 1900 c'era un europeo ogni quattro abitanti della Terra; nel 2000 uno ogni 8,5 abitanti.

In campo politico, l'Europa retrocede. Fino al 1914, gli europei pensavano di controllare quasi l'intero globo. Oggi, non hanno più né colonie, né imperi.

Si sono ammalati più volte di totalitarismo, col comunismo, il nazionalsocialismo e il fascismo in conseguenza della grande guerra, la quale dimostrò che la modernità possiede anche un volto demoniaco.

I totalitarismi furono antimoderni. Accettarono le novità per quanto riguardava gli strumenti della propaganda e, guarda caso, della guerra. Ma la rifiutarono nelle sue aperture, flessibilità, e interdipendenze.

Vollero l'autarchia. E l'unico settore relativamente moderno dell'Unione Sovietica fu quello militare-industriale.

Le eredità dei totalitarismi e le molte frustrazioni fanno sì che gli europei di oggi appaiono meno aperti al nuovo rispetto agli abitanti di altri continenti.

Mentre all'inizio del XX secolo la quasi totalità dei premi Nobel per la chimica, la fisica e la medicina era attribuito a scienziati europei, alla fine del secolo i due terzi erano assegnati a non europei.

L'Unione Europea non è riuscita a darsi una politica estera unitaria e neppure una forza militare. Ma senza Forze armate rischia di non contare nulla.

Oggi il compito dell'Europa è quello di uscire dalla crisi che la travolge. Ci riuscirà, se avrà coraggio e *leader* capaci.

Finally, thanks to some hundreds of thousands naturalizations per year and the higher birth rate than in all the developed countries together, the American population is rapidly growing. At the same time, in Japan, Germany, and in the other western countries including Russia, the population is rapidly dropping.

Compared to the rest of the world, Europe is a continent that has been in the twilight for over a century. It enjoys greater prosperity compared to the past, but it is growingly less significant.

In 1914, it was divided after the big war that ended with the mediation of the United States. In 1939 it was again divided with the Second World War that was again resolved by the United States. After 1945, Europe was torn apart by the *Cold War* that was again resolved by the United States.

The communism, which slowed down the development of the once upon a time Russian Empire, and then the European East as well, inflicted a strong blow on the European economy.

In 1913, the GNP of entire Europe reached 47% of the total world GNP, and in 1998 it dropped by 26%. The Communist countries that still reached 13.1% of the world GNP in 1951 dropped by 5.3% in 1998.

Beside the economic drop, there has also been a demographic drop: in 1900 every fourth citizen on Earth was a European, while in 2000 only one to 8.5 inhabitants.

In the area of politics, Europe is going backward. Until 1941, the Europeans believed that they were in control of nearly the entire Planet. Today, they have neither colonies nor empires.

They have become sick of totalitarianism for several times, with communism, national- socialism, and fascism as a consequence of the big war that demonstrated that modernism has a devilish side, too.

The totalitarianisms were anti-modern. They accepted novelties related instruments of propaganda and, what a coincidence, of war, but they rejected those that were related to openness, flexibility, and mutual dependence.

They loved autarchy and the only relatively modern area of the Soviet Union was the military industry.

The heritage of the totalitarianisms and the numerous frustrations are the reason why the Europeans today are less open to the new compared to the inhabitants of the other continents.

While at the beginning of the 20th century almost all Nobel Prizes for chemistry, physics, and medicine were given to European scientists, at the end of the century two thirds were given to non-Europeans.

The European Union did not manage to create a unique foreign policy or military force. However, without military forces it runs the risk to be worth nothing.

Today, the task of Europe is to get out from the crisis that has been bothering it and it will do this if it has the courage and capable leaders.

Il 4 luglio 1962, John F. Kennedy propose che gli Stati Uniti e l'Europa sottoscrivessero una Dichiarazione di interdipendenza, allo scopo di costituire una comunità paritaria, che assicurasse pace, stabilità e progresso sociale. La dichiarazione comune non ci fu mai, ma è proprio da essa che si dovrebbe ripartire.

Va detto, infine, che l'Europa resta un continente in crescita e pieno di risorse, materiali e intellettuali.

Nella storia delle civiltà le crisi possono precedere le fasi di grande espansione. E nella moderna epoca tecnologica tutto può accadere in tempi molto rapidi. Le fasi positive possono essere insomma costruite anche in tempi veloci.

Il problema è, innanzitutto, quello di unire politicamente l'Europa e di darle una classe politica, in grado di farla nuovamente ascendere, prima che sia troppo tardi. Una classe politica che conosca le difficoltà attualmente attraversate dall'Europa, che non abbia paura di esse e che, viceversa, sia orgogliosa di sfidare queste difficoltà e di spronare i popoli a lavorare con impegno e coraggio verso grandi obiettivi.

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Nel giugno 2004 è stato approvato il Trattato costituzionale, firmato a Roma il 29 ottobre 2004. Mancano le ratifiche.

Sarà un percorso difficile, tanto più che alcuni Stati – quali il Regno Unito, la Francia, la Spagna, l'Irlanda, il Portogallo, la Danimarca, il Lussemburgo, la Repubblica Ceca, l'Olanda, la Polonia e la Lettonia – hanno ritenuto opportuno sottoporre il Trattato a un referendum. E il risultato negativo in Francia e in Olanda sottolinea questa difficoltà.

Vedremo se sarà possibile preparare un nuovo testo entro il 2009, allorché si procederà alla elezione di un nuovo Parlamento europeo.

L'Unione Europea ha ora un progetto di Costituzione; è composta di ventisette Stati e domani forse più; ha un mercato unico e una barriera doganale comune; tredici Paesi, tra i più importanti, hanno adottato una singola moneta.

L'Unione ha un embrione di Governo – la Commissione europea – anche se, invece di rafforzarsi, è sempre più stretta dal potere dei Governi nazionali e da quello del Parlamento europeo. Rischia, così, di ridurre il suo ruolo a quello di notaio, se non di segretario.

La pace è un valore supremo e deve essere ascrivito al processo di integrazione europea.

L'Europa ha un Parlamento, che è stato rinnovato a suffragio diretto nel giugno 2004. Ha, infine, una bandiera e un inno. Non ha, tuttavia, la cosa più importante: un'identità comune, cioè una politica estera e di difesa unitaria.

Si pone, ora, il problema di cosa fare per costruire l'Europa politica.

Dobbiamo sottolineare che questo era il vero obiettivo dei padri dell'Europa: Robert Schuman, Konrad Adenauer e Alcide De Gasperi, fra i primi.

On 4 July 1962, John F. Kennedy proposed to the United States and Europe to sign a Statement on mutual dependence with the aim of creating an equal community that would secure peace, stability, and social progress. This joint statement never came true, and this is exactly where it should re-start again.

Finally, it is necessary to say that Europe remains as a continent in progress, full of material and intellectual resources.

In the history of civilizations, crises can precede phases of great expansion. And in the modern technological time everything is possible in a very short time. This means that the positive phases can be created very fast.

The problem, first of all, is to unite Europe politically so that it can have a political class that will be able to make it rise again before it is too late. The political class will have to be familiar with the difficulties through which Europe is passing now, not fearing them, but on the contrary, being proud in tackling these difficulties and fostering the nations to deal with the big goals with efforts and courage.

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In June 2004 the Constitutional Treaty was adopted, which was signed in Rome on 29 October 2004. However, it has not been ratified.

This road will be difficult first of all because some countries like the United Kingdom, France, Spain, Ireland, Portugal, Denmark, Luxembourg, the Czech Republic, Holland, Poland, and Latvia believed it was proper to implement a referendum on the Treaty. **The negative results in France and Holland emphasized this difficulty.**

We will have to wait and see whether a new text will be prepared by 2009 when the new European Parliament will be elected.

Now, the European Union has a Draft - Constitution; it is composed of 27 countries, and tomorrow perhaps the number will be greater; it has a common market and common customs border; 13 of the most important countries have accepted a common monetary unit.

The Union has an inception of a government – the European Commission – although instead of becoming reinforced it is becoming ever more pressed by the authorities of the national governments and by the European Parliament. This is a danger that might turn its role into a notary; let us not say a secretary.

Peace is the highest value and it should be a part of the process of the European integration.

Europe has a parliament that was renewed in direct elections in June 2004. It actually has its flag and anthem. Nevertheless, it does not have the most important thing: a common identity, that is to say common foreign policy and defense.

Now the problem is what to do to create a political Europe. We should point out that this was the real goal of Europe's fathers: Robert Schuman, Konrad Adenauer, and Alcide De Gasperi, who were among the first.

Senza il conseguimento di questo obiettivo, l'Unione Europea rischia di trasformarsi in una zona di libero scambio e di mancare nel suo ultimo fine pregnante.

Soltanto così l'Europa potrà rispondere alle sfide del mondo attuale e dare un contributo alla stabilità internazionale, allo sviluppo e alla pace, adeguato alle sue risorse politiche, istituzionali, economiche e culturali.

Contemporaneamente, tramite l'unione politica, sarà possibile equilibrare il rapporto con gli Stati Uniti e l'Alleanza atlantica, base per un'azione comune. In futuro, gli storici potrebbero far coincidere il 2006 con il massimo livello di unificazione europea raggiunto.

Dovremo, quindi, oggi, porci l'obiettivo di fare un ulteriore passo avanti per avviarci alla costruzione dell'Europa politica e di difesa. Questo è essenziale, come accennato, per consolidare quanto già ottenuto e per dare ad esso il vero significato.

Numerosi sono stati i tentativi per raggiungere l'unità politica e di difesa dell'Europa.

Ne sintetizziamo qui le fasi salienti.

Il primo tentativo fu fatto nel 1948 con l'istituzione del Consiglio d'Europa. Segue, poi, il Trattato per la Comunità Europea del Carbone e dell'Acciaio (CECA) nel 1950.

Subito dopo il tentativo forse più importante è quello del progetto di Comunità Europea di Difesa (CED) e di Comunità Politica Europea (Cpe).

A seguito del fallimento, nell'agosto 1954, di questi due progetti, abbiamo un nuovo tentativo con il rilancio economico di Messina nel 1955, e, poi, la firma dei Trattati di Roma nel 1957, che istituiscono le Comunità gemelle: la Comunità Economica Europea (*mercato comune*) e la Comunità Europea per l'Energia Atomica (*Euratom*).

Il successo di queste Comunità spinse a un nuovo, seppur timido, tentativo nel campo prettamente politico: il piano Fouchet, fallito alla fine del 1962.

Dopo una lunga stasi, il processo di integrazione con qualche valore politico fu ripreso con il Sistema Monetario Europeo, con l'Atto unico, i Trattati di Maastricht, di Amsterdam e di Nizza.

Il Trattato di Maastricht portò alla moneta comune, cioè all'*Euro*.

Questo trattato prevede anche una politica estera e di difesa comune, ma senza precise scadenze.

Con la Convenzione europea e, quindi, con la firma del Trattato costituzionale nel giugno 2004, si è dovuto constatare che anche il nuovo tentativo per un'unione politica e di difesa non ha avuto il successo sperato.

I tentativi di introdurre nel Trattato costituzionale regole maggioritarie nel settore della politica estera e di difesa sono falliti, soprattutto per l'opposizione del Regno Unito, ma non soltanto.

Pertanto, anche se è fortemente auspicabile che il Trattato costituzionale entri in vigore, il problema dell'Europa politica e di difesa rimane aperto.

Without the implementation of this goal, the European Union is running the risk to be transformed into a zone of free exchange and thus miss its goal.

This is the only way in which Europe will be able to respond to the challenges of the modern world and give its contribution to international stability, development, and peace, that will be adequate to its political, institutional, economic, and cultural resources.

At the same time, with the help of the political unity, it will become possible to balance the relationship with the United States and the Atlantic Alliance as a foundation for joint action. In the future, historians could proclaim 2006 as the year of the highest level of achieved European unity.

This means that today we should have as a goal the step forward to the creation of a political and defensive Europe. As we already pointed out, this is of essential importance for the reinforcement of the already accomplished matters so that it may obtain the real significance.

Numerous were the attempts for reaching a political and defensive unity of Europe.

We will review the main phases.

The first attempt dates back in 1948 when the Council of Europe was created. It was followed by the Treaty on European Coal and Steel Community in 1950. Perhaps the most important attempt immediately following this was the Draft of the European Defense Community and for European Political Community.

After the failure of these two drafts, a new attempt followed in Messina in 1954 for economic revival and then the signing of the **Treaties of Rome in 1957 that established** twin communities: the European Economic Community (*Common Market*) and the European Atomic Energy Community (*Euratom*).

The success of these two communities was the reason for a new, although modest attempt in a fully political area: the Fouchet Plan that failed by the end of 1962.

After a longer standstill, the process of some politically important integration continued with the European Monetary System, with the Single Act, the **Treaties from Maastricht, Amsterdam and Nice.**

The Maastricht Treaty brought the common monetary unit – the *Euro*.

This agreement also projects a common foreign policy and defense but without offering defined deadlines.

The European Convention and the signing of the Constitutional Treaty in June 2004 made us conclude that the new attempt for political and defense unity did not live to see the success that we had hoped for.

The attempts in the Constitutional Treaty for introducing majority rules in the area of foreign policy and defense failed first of all because of the opposition of the United Kingdom, but not only because of that.

So, although it is very desirable for the Constitutional Treaty to come in force, the problem of political and defense Europe remains open.

Molto di quello che era necessario e possibile fare nel settore dell'integrazione economica e finanziaria è stato compiuto.

Certamente, vi sono, anche in questo settore, altre iniziative da prendere: realizzare, entro il 2010, gli obiettivi della cosiddetta Strategia di Lisbona; adottare politiche economiche comuni in tutti i settori; e istituire un governo dell'economia europea più efficace.

Senza una nuova iniziativa per l'unione politica e di difesa, gli sforzi fatti e i risultati ottenuti dall'integrazione europea nel settore economico e finanziario, non saranno probabilmente sufficienti ad arrestare il declino dell'Europa.

Soltanto con l'unione politica sarà possibile:

- garantire la sicurezza dell'Europa;
- riequilibrare e rafforzare l'alleanza con gli Stati Uniti nell'ambito della Nato;
- fornire un contributo alla stabilità, allo sviluppo internazionale ed alla pace adeguato alle risorse europee;
- rafforzare il mercato unico, l'*Euro* e l'allargamento.

A lot of what was necessary and possible to be done in the area of economic and financial integration has been completed.

There are no doubts that there are other initiatives in this area that need to be undertaken: by 2010 the aims of the so-called Lisbon Strategy should be accomplished; common economic policy should be adopted in all the areas; a more efficient rule of the European economy should be established.

Without new initiatives for political and defense unity, the invested efforts and results reached by the European integration in the economic and financial area may not be sufficient to stop the twilight of Europe.

Only political unity will make possible to:

- guarantee security of Europe;
- re-balance and reinforce the alliance with the United States in the frameworks of NATO;
- give contribution to stability, international development, and peace that will be adequate to the European resources;
- reinforce the common market, the EURO, and the expansion.

UNE MEDITERRANEE TOURMENTEE AU SEUIL DU NOUVEAU MILLENAIRE

Predrag MATVEJEVIĆ

Tout a été dit sur cette «mer première» devenue un détroit maritime, sur son unité et sa division, son homogénéité ou sa disparité. Nous savons depuis longtemps qu'elle n'est ni «une réalité en soi» ni une «constante» : l'ensemble méditerranéen est composé de plusieurs sous-ensembles qui défient ou réfutent certaines idées unificatrices. Des conceptions historiques ou politiques se substituent aux conceptions sociales ou culturelles sans parvenir à coïncider ou à s'harmoniser. Les catégories de civilisation ou les matrices d'évolution, au nord et au sud, ne se laissent pas réduire aisément à des dénominateurs communs. Les approches tentées depuis la côte et celles venant de l'arrière-pays souvent s'excluent ou s'opposent les unes aux autres.

Percevoir la Méditerranée à partir de son seul passé reste une habitude tenace, tant sur le littoral que dans l'arrière-pays. Cet espace historique a été victime de toutes sortes d'historicismes. La «patrie des mythes» a souffert des mythologies qu'elle a elle-même engendrées ou que d'autres ont nourries. La tendance à confondre la représentation de la réalité avec cette réalité même se perpétue : l'image de la Méditerranée et la Méditerranée elle-même s'identifient rarement. Cette mer et son entourage possèdent une *identité de l'être* très forte et enracinée, mais son *identité du faire* est bien plus faible et souvent mal employée. La rétrospective continue à l'emporter sur la prospective. La réflexion elle-même reste prisonnière des stéréotypes.

Pour procéder à un examen critique de ces faits, il faut se délester au préalable d'un ballast encombrant, relevant du passé ou du présent. La Méditerranée a affronté la modernité avec du retard. Elle n'a pas connu la laïcité sur tous ses bords. Chacune des côtes connaît ses propres contradictions qui ne cessent de se refléter sur le reste du bassin ou sur d'autres espaces, parfois lointains. La réalisation d'une *convivance* (ce vieux terme me semble plus approprié que celui, plus ambigu, de *convivialité*) au sein des territoires multiethniques ou plurinationaux, là où se croisent et s'entremêlent des cultures variées et des religions diverses, connaît sous nos yeux un cruel échec : la Méditerranée a probablement mérité un meilleur destin.

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THE MEDITERRANEAN ON THE THRESHOLD OF THE NEW MILLENNIUM

Predrag MATVEJEVIĆ

The Mediterranean on the threshold of the new millennium does not offer a very rosy picture. Its northern coast lags behind Europe, and its southern coast lags behind the northern one. The whole of the Mediterranean region is encountering difficulties, both in the north and in the south. But can a region torn apart by conflicts and divided by differences be considered a whole at all? Israel and Palestine are in armed conflict, Turkey and Greece in conflict; the two parts of Cyprus are consumed with mutual hatred; the Balkans were afflicted by wars; there are difficulties in Lebanon, Algeria, Albania and elsewhere.

The European Union pays no attention to the Mediterranean; Europe is neglecting “the cradle of Europe”. Explanations offered by European officials cannot convince those to whom they are addressed. Perhaps even the officials themselves do not believe them. The ambitions of the continent do not coincide with the expectations of the coast. The coastal area suffers because of its own hinterland. Decisions crucial for the Mediterranean are made elsewhere, or without its representatives. This breeds mistrust and discontent. New divides are emerging, and old ones are deepening - namely between continental and coastal Europe, and between the northern and southern Mediterranean.

Cries of enthusiasm at the sight of the sea and islands are becoming more and more sporadic and short-lived. Sunsets have spread over the landscape, “crepuscularisms” inspire poetry. Restlessness has crept into history - that is, into the understanding of it. The direction North - South has become controversial in both science and politics. The Mediterranean is disappearing from the chronicles in which the feats of our time are recorded.

The thought of the South is awakening in gulfs, it is rising in rebellion in ports. We have witnessed efforts to change the present situation - various proposals in statements and programmes: the Athens, Marseilles and Genoa agreements, “The Plan for Action for the Mediterranean” (PAM), and especially “The Blue Plan” (Plan bleu) adopted

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L'image qu'elle offre est loin d'être rassurante. Sa côte nord présente un retard considérable par rapport au nord de l'Europe, sa côte sud par rapport à celle du nord. L'ensemble du bassin méditerranéen a peine à s'arrimer au continent, tant au nord qu'au sud. Peut-on d'ailleurs considérer cette mer comme un véritable *ensemble* sans tenir compte des fractures qui la divisent, des conflits qui la déchirent : Palestine, Liban, Chypre, Maghreb, Afrique du Nord, Balkans, ex-Yougoslavie etc.? Léonard a écrit dans un des ces Code une observation bouleversante : « *Da Oriente a Occidente in ogni punto è divisione* ». Cette idée étonne par son actualité.

L'Union européenne s'accomplit sans trop de références à l'espace méditerranéen : une Europe coupée du «berceau de l'Europe». Les explications que l'on donne, banales ou répétitives, parviennent rarement à persuader ceux auxquels elles sont adressées. Ceux qui les formulent ne sont pas, eux non plus, convaincus de leur bien-fondé. Les grilles du Nord, à travers lesquelles on observe le présent ou l'avenir méditerranéens, concordent mal avec celles du Sud. La côte septentrionale de la mer Intérieure a une autre perception et une conscience différente de celle de la côte qui lui fait face. Les rives méditerranéennes n'ont peut-être en commun de nos jours que leur insatisfaction. La mer elle-même ressemble de plus en plus à une frontière s'étendant du Levant au Ponant, détroit séparant l'Europe de l'Afrique et de l'Asie Mineure.

Les décisions concernant le sort de la Méditerranée sont très souvent prises en dehors d'elle, ou bien sans elle. Cela engendre tantôt des frustrations, tantôt des fantasmes. Les jubilations devant le spectacle de notre mer se font de plus en plus retenues ou circonstanciées. Les nostalgies s'expriment à travers les arts et les lettres. Les fragmentations l'emportent sur les convergences. Un pessimisme résigné s'annonce depuis longtemps à l'horizon. Une sorte de «crépuscularisme» a envahi une partie considérable de la poésie. Sisyphe devient le protagoniste de la sagesse.

Quoi qu'il en soit, les consciences méditerranéennes s'alarment et, de temps à autre, s'organisent. Leurs exigences ont suscité, au cours des dernières décennies, plusieurs plans, projets ou programmes : les Chartes d'Athènes, de Marseille, de Gênes, le Plan de l'Action pour la Méditerranée (PAM) et le «Plan Bleu» de Sophia-Antipolis projetant l'avenir de la Méditerranée «à l'horizon de l'an 2025», les déclarations de Naples, Malte, Tunis, Split, Palma-de-Majorque, entre autres. Dix années se sont écoulées depuis la Conférence de Barcelone, considérée par les uns comme un dur échec par d'autres comme une demi-réussite et, quoi qu'il en soit, le « processus de Barcelone » ne semble pas avoir d'alternative.

Tous ces efforts, stimulés ou soutenus parfois par des commissions gouvernementales ou institutions internationales, n'ont abouti qu'à des résultats très limités. Ce genre de «discours prospectif» est en train de perdre toute crédibilité. On ne croit plus au programme qui ne contienne pas en lui-même les modalités opérationnelles de sa propre réalisation. Les États qui ont façade sur mer ne possèdent que des rudiments de politique maritime, méditerranéenne. Ils parviennent rarement à articuler et à concilier quelques prises de position particulières qui tiennent lieu d'une activité suivie et à long terme.

La Méditerranée se présente comme un état de choses, elle n'arrive pas à devenir un véritable projet. Sa côte nord apparaît occasionnellement dans des programmes européens, sa côte sud en est généralement absente. Après son expérience du colonialisme, cette

in Sophia - Antipolis, a suburb of Nice, with development stages to “the horizon in 2025”; the agreements signed in Naples, Malta, Tunis, Split, Palma de Mallorca, and a particularly important Conference in Barcelona in 1995, the preparations for which were long and thorough... All these attempts, along with the promises that accompanied them, have not met expectations. Tempting promises of “cooperation”, “partnership”, “exchange”, “solidarity”, ... have not borne fruit. Their number and repetition make debates on the Mediterranean less and less convincing.

The exchange between the European Union and the Mediterranean region dropped significantly after the fall of the Berlin Wall; despite everything, markets in Central and Eastern Europe seem more interesting and more profitable to investors. The countries on the African coast receive only a modest amount of help, just like the developing countries. Some of them do not accept the concept of “the Mediterranean” because they feel it hides belated ambitions of colonialism. Prejudice prevents overcoming the negative legacy of the past. Both sides of the Mediterranean - the southern and northern - have become more important on the maps unfolded by strategists than on those spread out by economists.

* * *

Almost everything has been said of “the vast ocean” (this is a biblical expression) which has become “a strait”. Its significance changed through time and space, yet the awareness of changes within the ocean itself was not present. The Mediterranean lagged behind modernity. It did not embrace its criteria, demands and signs. For a long time the Mediterranean had been the centre of the world and it was difficult for Mediterranean countries to accept the fact that there were other, more important centres, to which new paths led and where greater discoveries were expected. “The garden of history” became a victim of historicism. “The source of the myth” struggled with mythologies, both its own and those of others. “The idea of the Mediterranean” and the Mediterranean itself were not able to come to terms with each other. The mental picture of the reality and the reality itself replaced each other. The way of thinking gave in to mental stereotypes. The truth about itself was concealed by illusions of the truth. The identity of essence, which is timeless and inherent to the coasts of the Mediterranean, cannot be brought into harmony with the identity of agency, because the latter is helpless or made impossible. Following the tradition, which is difficult to resist, the Mediterranean is seen as something from the past and nothing more. The admiration of its “glorious past” has not always done it good: the Mediterranean needs the present and the future too. The great achievements of the Mediterranean are accompanied by the thought of expatriation.

To again name the troubles “The Inner Sea” carries with it is a futile exercise; but, at the same time, it would not do anyone any good to withhold them: a polluted coastline, a damaged environment, a lack of order, poor organisation, unlawful construction, corruption in both the literal and figurative senses of the word, migration from hinterland to the coast, and from the coast as far from one’s own hinterland as

dernière reste, sauf exception, réservée envers les politiques méditerranéennes dans leur ensemble. Les deux rives ont beaucoup plus d'importance sur les cartes qu'emploient les stratèges que sur celles que déplient les économistes.

Sur l'autre rive, le sable du Sahara envahit d'un siècle à l'autre, kilomètre par kilomètre, les terres environnantes. En maints endroits, il ne reste qu'une lisière cultivable, entre mer et désert. Or ce territoire est de plus en plus peuplé. Ses habitants sont jeunes en majeure partie, alors que ceux de la côte nord ont vieilli. Les hégémonies méditerranéennes se sont exercées à tour de rôle, les nouveaux États succédant aux anciens. Les tensions qui se créent le long de la côte africaine suscitent les inquiétudes du Sud et du Nord. Si l'arriération fait naître l'ignorance ou provoque l'indolence, l'abandon ou l'indifférence y contribuent considérablement.

Une déchirante alternative divise les esprits au Maghreb et au Machrek : *moderniser l'islam ou islamiser la modernité*. Ces deux démarches ne vont pas de pair : l'une semble exclure ou renier l'autre. Ainsi s'aggravent les relations réciproques et s'accumulent des malentendus. Les fermetures qui s'opèrent dans le bassin tout entier contredisent une naturelle tendance à l'interdépendance. La culture n'est pas en mesure de fournir un appui réel ou une aide satisfaisante.

À un véritable dialogue se substituent, sur tout le pourtour, de vagues tractations : Nord-Sud, Est-Ouest, la boussole semble être détraquée. La mer Noire, notre voisine, est liée à la Méditerranée et à certains de ses mythes : ancienne mer d'aventure et d'énigme, d'argonautes à la quête de la Toison d'or, Colchide et Tauride, ports d'escale et relais jalonnant les routes qui mènent au loin. L'Ukraine reste auprès de cette mer comme une plaine continentale, aussi féconde que mal exploitée, à laquelle l'histoire ou la géographie n'ont pas permis de trouver une vocation maritime. La Russie a dû se tourner vers d'autres mers, au nord plus qu'au sud. Elle cherche de nos jours, à nouveau, des corridors sur le Pont-Euxin et la mer Intérieure. La mer Noire reste ainsi un golfe dans un golfe. Sur ses rives se profilent des failles qui marquent, à l'Est, un monde en détresse. Restent tant d'*autres mers* dont chacune connaît ses propres litiges avec le littoral qui l'entoure : Ionienne, Égée, Tyrrhénienne ou Ligurienne, Adriatique, celle des Baléares ou celle de Marmara, avec plusieurs autres encore. Tout port prétend posséder sa part de la mer, comme cela se faisait autrefois - or ces mêmes ports vivent à leur tour une des plus grandes crises de leur histoire.

À quoi sert de recenser, avec résignation ou exaspération, les atteintes que continue de subir la Méditerranée? Rien ne nous autorise non plus à les ignorer : dégradation de l'environnement, pollutions sordides, entreprises sauvages, mouvements démographiques mal maîtrisés, corruption au sens propre et au sens figuré, manque d'ordre et défaut de discipline, localismes, régionalismes, népotisme, bien d'autres «ismes» encore. La Méditerranée n'est cependant pas seule responsable d'un tel état de choses. Ses meilleures traditions – celles qui associaient l'art et l'art de vivre – s'y sont opposées sans arriver à s'imposer. Les notions de solidarité et d'échange, de cohésion et de «partenariat» (ce néologisme est devenu un passe-partout grâce surtout à la Conférence de Barcelone) doivent être soumises à un examen critique. La seule crainte d'une immigration venant de la côte du sud ne suffit pas pour déterminer une politique d'envergure. *La Méditerranée existe-t-elle autrement que dans notre imaginaire?* – se demande-t-on au Sud comme au

possible. The best traditions, those which have tried to combine art with the art of living, have resisted such a fate. The Mediterranean waits for this fate as an injustice or a punishment.

* * *

In this vast amphitheatre one and the same repertoire has been playing for far too long - the words and gestures on the stage are becoming familiar and predictable. Rhetorical formulae, the dialectics of politics and of other traditions of the Mediterranean spirit, have been in use for too long and are worn out. The relations between the centre and the periphery, between the places near by and those far away, between symmetry and asymmetry have acquired a meaning they did not have in the past. Euclidean geometry is reliable, but not adequate - new dimensions of space and existence have been discovered. With a new voyage ahead, it is necessary to check what shape the crew and the equipment are in. The Mediterranean has waited for its Renaissance for a very long time.

The participants in the performance ask themselves questions and look for answers to these questions:

“Is there a Mediterranean outside our imagination?” The Mediterranean in reality is different from that in the imagination - this can sometimes be an advantage, but sometimes it is a disadvantage.

“To conceive an alternative culture, a culture inherent to the Mediterranean” - this proposal can also be heard on the stage. This is not something that can be easily or quickly carried out. It requires preparation and determination.

“To resolve the differences in our views on the Mediterranean” - we could begin with this, but even this cannot be taken for granted. Every once in a while there comes a period when illusions seem attractive, nostalgia dangerous, aberrations fatal.

“Old, torn ropes, which were used to tie ships and fates, lie at the bottom of the sea just off the coast.” Ignorance and intolerance tore them where the sea had not eaten them away. Some of them were in use for too long and turned to dust.

“Is there a Mediterranean culture?” There is no such thing as a single Mediterranean culture. There are several cultures in the bosom of the one and only Mediterranean culture, with some similarities and some differences between them. They are only rarely joined, and they are never the same. They owe their similarities to the sea between them and the coming together of the nations, forms and inspirations on the coasts of this sea. The differences between them come from their different backgrounds, histories and affinities. Neither the similarities nor the differences are constant and absolute. Sometimes the former prevail, and at other times the latter. The rest is mythology.

Leonardo da Vinci wrote in one of his less known notebooks: “From East to West there is a division in each point.” Everything that happened in the Balkans had to happen, so that we could grasp the gravity of this statement: so many “divisions” so close together in such a small area! In the Balkan Peninsula Greek tragedy was

Nord, au Ponant et au Levant. Et pourtant il existe des modes d'être et des manières de vivre communs et communicants, en dépit des scissions et des conflits.

Certains considèrent, au commencement et à la fin, les rives elles-mêmes, d'autres arrêtent leur regard sur les seules façades. Il en résulte parfois non seulement des visions ou des approches différentes, mais aussi des sensibilités ou des discours divers. Les divergences rhétoriques, stylistiques ou imaginaires provoquent parfois des divisions qui se nourrissent du mythe ou de la réalité.

Bien des définitions qui font partie de notre patrimoine sont sujettes à caution. Il n'existe pas qu'une culture méditerranéenne : il y en a plusieurs au sein d'une Méditerranée unique. Elles sont caractérisées par des traits à la fois semblables et différents, rarement unis et jamais identiques. Leurs similitudes sont dues à la proximité d'une mer commune et à la rencontre, sur ses bords, de nations et de formes d'expression voisines. Leurs différences sont marquées par des faits d'origine et d'histoire, de croyances et de coutumes, parfois irréconciliables. Ni les similitudes ni les différences n'y sont absolues ou constantes. Ce sont tantôt les premières, tantôt les dernières qui l'emportent.

Le reste est mythologie.

Élaborer une culture interméditerranéenne alternative - la mise en œuvre d'un tel projet que j'ai entendue dans le « Groupe des Sages » de la Commission européenne lorsque j'en étais membre, ne semble pas imminente. *Partager une vision différenciée*, c'est plus modeste, sans être toujours facile à réaliser. *Les vieux cordages submergés* que la poésie se propose de retrouver et de renouer, ont été souvent rompus ou arrachés, par l'ignorance ou l'intolérance.

Le vaste amphithéâtre de la Méditerranée a vu jouer longtemps le même répertoire, au point que les gestes ou les paroles de ses acteurs sont souvent connus ou prévisibles. Son génie a pourtant su, en dépit des circonstances peu encourageantes, réaffirmer sa créativité et renouveler sa fabulation. Il faut repenser les notions périmées de périphérie et de centre, les anciens rapports de distance et de proximité, les significations des coupures et des permanences, le sens des symétries face aux asymétries. Il ne suffit plus de considérer ces réalités uniquement sur une échelle de proportions : elles peuvent s'exprimer également en termes de valeurs. Les concepts euclidiens de la géométrie demandent à être abandonnés ou redéfinis. Certains modèles de rhétorique et de narration, de dialectique ou de politique - qui se présentent comme « fruits de la tradition et de l'esprit méditerranéens » - ont trop longtemps servi et semblent épuisés. Ils ne peuvent plus être d'un grand secours.

Je ne sais si de telles mises en garde peuvent aider à résister à ce pessimisme historique que j'ai indiqué au début de ce périple et qui ressemble, par moments, à l'angoisse des navigateurs du passé se dirigeant vers des rivages inconnus. Pourra-t-on arrêter ou empêcher - et par quels moyens - les nouvelles « divisions » qui se créent « à chaque point », « de l'Orient à l'Occident » ?

Ce sont là des questions qui restent sans réponses.

born. In the Middle East the holy scriptures of the three religions of one God were written. The war that has been going on for decades in the Holy Land, like the war in the Balkans, cannot end by itself. It was proved once more that the Mediterranean cannot decide its fate without help from others.

This sea also suffers because of the events that took place far away from it. The attack on the two big skyscrapers in New York at the very beginning of the millennium, on 11 September 2001, resounded all over the Mediterranean. We could see once more how the condemnation of a crime - a crime that should be condemned - can be generalized at will and applied without foundation: Islam and Islamism are not one and the same, neither are Islamism and fundamentalism; within fundamentalism the mystical belief differs from the militant ideology which makes use of monstrous forms of terrorism. The misuse of these concepts gives birth to distorted visions that are harmful to the Mediterranean.

The anxiety of ancient seamen on fragile galleys sailing to unknown seas has long since been described. It is still felt by those who take to the open sea not knowing what lies ahead, or by those who are returning to the port wondering what is waiting for them there. The coast, too, has found itself at the forefront of the question of how to prevent "divisions in each point", the divisions that are of no use, divisions that no-one needs.

This question cannot bear postponement and will not take excuses for an answer.

EUROPEAN CONSTITUTION / EUROPEAN POLITICS

Andrew DUFF – REVIVING THE CONSTITUTIONAL TREATY

*Blerim REKA – EU CONSTITUTION: THE RUBIKON
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REVIVING THE CONSTITUTIONAL TREATY

Andrew DUFF

Candidate states of the European Union, like Macedonia, look on with amazement, mixed with alarm, as Europe's leaders grapple with their worst constitutional crisis since 1965 when General de Gaulle left France's chair empty in Brussels. De Gaulle was persuaded to lift his embargo on the Council only when, in the infamous 'Luxembourg Compromise', it was reluctantly agreed that the French could have back their national veto. Qualified majority voting (QMV) would only take place on relatively unimportant matters. All big decisions would henceforth require the unanimous agreement of the Six.

And so it has continued much the same, from 1966 to the present day, from six member states to twenty seven, from the common market to the single market, from a European Economic Community to a European Union now embracing as part of its shared competence foreign, security and defence policy, as well as justice and home affairs. The big constitutional negotiation that lasted from the opening of the Convention on the Future of Europe on 28 February 2002 until the signing of the *Treaty establishing a Constitution for Europe* on 29 October 2004 was intended to resolve most of the problems left outstanding as a result of the perennial tension that still persists at the heart of the Union between the federalists and the neo-Gaullists, between those who want more QMV and those who take comfort in the national veto. On its own merits, that negotiation has failed. First the French and then the Dutch and thereafter, effectively, the British wielded their veto. Although the constitutional treaty has been signed by everyone, it will not be ratified by everyone. Therefore, as there is no prospect whatsoever of the same text being put back to a second attempt at ratification, the 2004 treaty will never come into force.

This is a pity. The importance of the prospective reforms incorporated within the failed treaty should not be underestimated. One of the greatest achievements was the further extension of QMV in Council to a large majority of policy sectors, plus co-decision with the European Parliament. MEPs also won a big increase both in their budgetary and scrutiny powers. Elsewhere, decision making was streamlined;

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instruments rationalised; competences clarified; the rule of law enhanced; values and principles consolidated; fundamental rights entrenched; and, besides, all this simplified within one treaty. Without the constitution, the Union will remain inefficient and ineffective; it will continue to lack internal coherence and external credibility. With no constitutional settlement, future enlargement, including that of Macedonia, will be impossible. Indeed, it is in the continued fragility of the Union's attempts to formulate and deliver a viable common foreign, security and defence policy that the loss of the constitution will be most keenly felt – and not least in the Balkans. In short, the failure of the constitution has incalculable consequences. It is not only militant federalists who are now duty bound to do everything they can to salvage the constitution.

Those on whom duty falls most heavily, of course, is the European Council. And this June, after two years of fairly sterile 'reflection', the heads of government are going to have to take a big risk. The 2004 constitutional treaty cannot enter into force unchanged. In deciding how to revise the 2004 treaty, EU leaders face a difficult choice. One option is to dissect the original text in order to devise a 'mini-treaty' – with or without a promise of later, more radical reform. The alternative involves 'constitution plus' – that is, modifying the original text with a view to its substantial improvement.¹ Given that both options carry the risk of a second failure, the key question is which of them is most likely to succeed: a new version which is less good than 2004, or a new version which is better? In other words, do we make do with second best, or do we try to resolve the problems which have caused so much provocation against the constitutional project in public opinion?

The German presidency of the Council has a heavy responsibility to steer the Union towards the correct risk assessment. If they are to crown their presidency with success, the Germans must broker an agreement, by the end of their term of office, on the timing, process and mandate for a new Intergovernmental Conference (IGC).

Their starting point is the Berlin Declaration on 25 March to celebrate the signing of the Treaty of Rome fifty years ago. This article is written before the Berlin Declaration is revealed to an expectant public. But the document will serve a purpose if it asks what it is we wish to do together as Europeans. It should explain why the European Union has evolved, and remind us of its basic features. It might recall how the EU has proved itself ingenious and determined in overcoming occasional setbacks. The Declaration should speak about the values of the Union, and especially about what the EU has brought to our understanding of tolerance of national, cultural and ethnic differences. It might remind us that the constitution's motto 'United in Diversity' enjoins us not to unite with those who are like us but with those who are different.

The Berlin Declaration should speak about the challenges Europe faces, and not least security, climate and globalisation. It should end by affirming that the early completion of Europe's current constitutional process is essential if the Union is to be equipped to meet the demands of the 21st Century and the aspirations of a large majority of its citizens. Without a Constitution, the Declaration might add, Europe

¹ See Andrew Duff, *Plan B: how to rescue the European Constitution* (EN and FR) at www.notre-europe.eu.

will lack internal cohesion and external strength, and the EU's development into a mature, post-national democracy will be halted.

Rejecting a mini-treaty

Merely to re-edit the original text of the constitutional treaty by 'cut and paste', as Nicolas Sarkozy once suggested, is unlikely to convince sceptical public opinion that the EU has used its period of reflection well. A mini-treaty concerning itself only with the hardcore issues of powers and institutions is unlikely to win support. From what we know of the French and Dutch voters (and we know a lot), they will not accept a technocratic fix. And there is no chance whatsoever that such a mini-treaty would ever win the approval of the British public. The IGC will be Gordon Brown's first big challenge as prime minister, and he will be anxious to present the renegotiated treaty as a very great improvement on that signed in 2004 by his predecessor. That means that the institutional package will have to be wrapped up inside a genuine reform of EU common policies that achieves some long-held British objectives - such as reform of the CAP, more structural economic change and a fairer financial deal.

Those who advocate a mini-treaty greatly underestimate the extent to which the 2004 text is the result of a carefully woven political compromise.² To reduce rather than to enhance the force and scope of the proposed reforms is precisely the sort of cherry-picking which will destroy not only the text of 2004 but also the consensus that lies behind it. The fact is that Part III of the constitutional treaty is legally inseparable from Part I: the two stand or fall together. Part III amplifies and interprets Part I. Certainly one could re-print a shortened edition of the 2004 text which left out those articles of the existing Treaty establishing the European Community where changes are not proposed. But such a deliberately obscurantist approach would be at odds with the spirit of this transparent age, and one may question whether the Constitution ought to be rescued by camouflage. Likewise, one has no sympathy with those who believe that simply to change the name of the new treaty will cause mass popular conversions to its cause. In short, a mini-treaty represents dubious law, poor politics and bad tactics.

Ring-fencing the good

By contrast, the German presidency is right to try to conserve as much of the original constitutional treaty as possible. It is clear that to open up the whole of the 2004 package deal to renegotiation would almost certainly result in something worse. Indeed, the Germans would be wise to insist on ring-fencing the 2004 text where the consensus behind it still holds good. It is not unreasonable to draw the conclusion from the Union's period of reflection that the overall political agreement still applies to the Constitution's key articles on values, principles, goals, competences, instruments, powers and decision-making procedures (Part I), as it does to the Charter of Fundamental Rights (Part II). In June, therefore, the European Council needs to

² See Andrew Duff, *The Struggle for Europe's Constitution*, Federal Trust/I.B.Tauris, 2005.

confirm its commitment to the core agreement of three years earlier.

The Germans, having themselves ratified the Constitution, are in a good position to act as spokesman for that majority of member states which has likewise done so. They might point out that in the French and Dutch referendum campaigns it was not the institutional reforms encapsulated in the provisions of Parts I and II that proved to be controversial but, rather, a general malaise about the current state of European and domestic affairs.

Tackling the real problems

The one telling criticism of the 2004 package, advanced most cogently from the French left, is that constitutionalising the EU treaties makes it more difficult to effect changes in the future. In the impending renegotiation, therefore, the IGC should seize the chance to soften future revision procedures. A clear hierarchy needs to be created within the treaty so that Part III – that is, mainly the common policies of the Union and the detailed budgetary, legislative and administrative procedures – becomes clearly and directly subsidiary to Part I. Part IV should be modified so as to allow any amendment to Part III that does not confer new competences on the Union to come into effect once four fifths of the states, representing at least two thirds of the population, have successfully completed ratification.

As far as substance is concerned, five policy areas suggest themselves for modernisation or innovation. All five are chosen to address directly the most important causes of public dissent.

1. The economic governance of the Union should be strengthened, particularly that of the eurozone; and the goals of the Lisbon agenda, shaping Europe's economic policy response to globalisation, should be written into the constitution. The eurozone states should establish themselves as a formal core group under the improved rules for enhanced cooperation envisaged in the Constitution. The Commission needs greater powers to propose changes to the national budgetary policies of member states in the Union's common interest of sustainable economic growth and full employment.

2. A common architecture for the European social model should be defined, setting out agreed, shared solutions to the known, common problems of equity, efficiency and employability. The motto 'unity in diversity' should be articulated with respect to the social dimension of the single market. A new Declaration on Solidarity should gather together all the social policy provisions of the new treaty to ease its interpretation. Those member states wishing to go further should commit themselves voluntarily to a Protocol on a Social Union, again under the new rules on enhanced cooperation.

3. Environmental policy, today merely a flanking policy of the single market and aimed at pollution control, should be upgraded. Combating climate change should become the imperative to which all common policies, especially agriculture, energy and transport, need to conform. This reform will open up the perspective of recasting farm and fisheries policies. It will also allow a common energy policy to emerge as a

major feature of the reformed Union, involving realisable objectives of conservation and renewable energy sources as well as improving the security and diversity of supply.

4. A new chapter should be inserted into Part III governing the enlargement policy of the Union. The Copenhagen criteria should be written into the Constitution. The rigorous membership process, involving pre-accession agreements, screening, safeguard provisions and transitional arrangements, could be well described. The concept of neighbourhood policy, introduced summarily in Part I, should be fleshed out in this chapter. A new category of associate member should be created as a response to the current debate about absorption capacity and privileged partnerships.

5. A revised financial system, covering both revenue (the UK rebate) and expenditure (the CAP), is due in any case to be negotiated in 2008-09. The new system should be based on the conviction that the EU budget exists to redistribute wealth between richer and poorer member states, that it has to be accountable, and that it must be designed to enable the Union to match more directly its spending decisions with its political priorities – including future enlargement. The goal is to end up with a system of own resources which is more fair, transparent and buoyant than the present ad hoc, overly complicated (and stingy) arrangements.

Modifications to Part III in these five areas will be designed to strengthen financial discipline, modernise social and economic policies, address insecurity about climate change, reassure the citizen about enlargement, and to improve the added value of EU spending.³

Refining the process

The German presidency will need to propose an efficiently democratic process, as well as a tight schedule, by which such a judicious renegotiation can take place. The IGC will need to be convened under the Portuguese presidency in September at the latest if ratification of the new treaty is to be concluded in time for the European Parliamentary elections in two years time.

The IGC and the European Parliament should adopt a new form of constitutional co-decision in which texts are shuttled and reconciled between the two. This is a proven process for complex pieces of EU legislation aimed at fostering agreement between political parties, member states and EU institutions. It has become clear that MEPs have much to contribute to the constitutive development of the Union. An IGC acting on its own would lack the extra legitimacy that inclusion of the Parliament would bring to the process and would, in any case, be hard-pushed to reach the high standards of political compromise required if left to its own diplomatic devices.

National parliaments, who with the European Parliament, played an important role in the Convention of 2002-03, should be associated with the IGC through their joint scrutiny organ of COSAC as well as in the continuation of the current and successful experiment of joint parliamentary forums with the European Parliament.

³ These proposed amendments are spelled out in detail in Andrew Duff, *'Constitution Plus': renegotiating the treaty*, TEPSA, February 2007.

National parliaments, of course, retain their powers to ratify (or not) the final text. After the painful experience of the last years, no government minister could hope to leave his or her national parliament poorly informed or consulted about the state of the constitutional renegotiation. Furthermore, the European Commission, which is destined to play a key role in this exercise, has now committed itself to taking into account the opinions of national parliaments.

There remains the delicate question of ratification. It is up to those who advocate referendums to make the case for them. But it is already clear that some of those political parties who were keen earlier to demonstrate their populist credentials by espousing referendums are much less keen to do so nowadays. Depending on the domestic situation in France, the Netherlands and the United Kingdom, it is certain that every effort will be made to avoid holding more referendums. Parliamentary deliberation is best designed to settle complex constitutional questions.

Macedonia and the European constitution

It should be clear from the above that it is very much in the interests of all candidate and accession states that the European Union can resolve its constitutional dilemma as quickly as possible. Croatia will be the first test. The Treaty of Nice says that when the size of the EU grows to 27 states a decision must be taken to lower the number of members of the European Commission to less than 27. This decision, of course, must be taken by unanimity.

The likelihood is, however, that such a decision will be beyond the capacity of the European Council. If we are still stuck with the Treaty of Nice in 2009-10, therefore, we can confidently look forward to a Croatian national being added to the existing college of 27 members. This amendment to Nice can be executed in the EU-Croatia accession treaty, which will also lay down the number of Croatian MEPs to be added to the Parliament and the weighting of its votes in the Council of Ministers.

Croatia, however, will be the only exception to the rule that no further enlargement can take place unless the constitution has entered into force. Macedonia finds itself along with Turkey as a country whose membership ambitions will be thwarted unless and until the European Union can sort out its internal difficulties. Macedonian politicians should be putting maximum pressure on the EU governments to make sincere efforts to resolve their constitutional disputes. Macedonia is not interested in joining a weak and divided European Union. As part of its negotiating strategy with the EU, Macedonia should make that crystal clear. New Europe should not be bashful in coming to the rescue of the old.

EU CONSTITUTION: THE RUBIKON OF THE SUPRANATIONAL

Blerim REKA

Abstract

In my last book, "European Studies",¹ of three years ago, I had asked the question: Whether the debate *pro et contra* to the ratification of the constitutional treaty of the European Union, is at the same time, a debate on the political future of the EU? As I had written then, on the last pages of this book: "the period of the (non) ratification of this constitution, will probably be the most critical period in the EU history, within which, we should expect an answer to the question of what are the limits to the substitution of the following: sovereignty with supranational; statehood to the supra-state and national with post-national"²?

And truly, today, in the year of 2007, the process of the (non) ratification of the EU constitutional treaty, failed to provide answers to the three questions above. Furthermore, on the contrary, the ratification by only 2/3 of the member states, confirmed the fear and hesitation of sovereign states that the ratification of this pan-European "constitution", would surpass the Rubicon of the supranational. The first deadline that was set for this "constitution" to enter into force was the 1 November 2006, which has already expired, and most likely, the second deadline- by mid November 2007, will fail to enforce the first supranational European constitution, also. The fate of this constitution has therefore been questioned, although the German presidency of the EU, in the first half of this year, brought the constitution back to the political agenda of the Union. Until mid June of 2007, aiming to reach a compromise between the member states and hence offer a *roadmap* for the course of the further ratification process, in order to prepare the conclusion of ratifications, by the second half of 2008-

¹ Blerim Reka-Arta Ibrahim: "Studime Evropiane", (South East European University, Tetovo, 2004)

² Ibid. Page, 287.

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within the French Presidency in the EU, and before the next elections for the European Parliament, in 2009.

Introduction

Although the EU Constitutional Treaty has not been enforced yet, it continues to be the permanent object of academic and political debates in Europe. Three years after its approval in Rome (2004) and particularly two years since its refusal in the referendums in France and Holland (2005), the Institutions of the European Union and its member states are trying to find ways to save the first supranational constitution. Until the beginning of 2007, it was progressed with the so-called reflection period on the European constitution, as a way to establish an open communication channel of EU with the citizens of the member states. Since this period of reflection has exceeded the question arises: What to do with the Constitution for Europe?

Despite the ratification of the constitutional treaty by the 2/3 of EU members, the further ratifying process is stagnating and this may well be the case until the end of 2008, when France will take over the presidency of EU and it could eventually convene a new inter-governmental conference to decide for its fate. Until then, the EU finds itself in the period that could be named as the post- Nice period and the pre-European Constitution period. In fact, this very same period is probably the most critical, considering the fact that the EU, with the existing number of its members: 27, has achieved the maximum of its institutional function, as foreseen by the Treaty of Nice, by which, it has fallen a victim of its own success. Therefore, not entirely causeless, the Council of Ministers hardly functions by the principle of unanimity in decision-making; the Commission is big whereas the Parliament is very weak.

This supranational Constitution- the first in the history of Constitutionality of a supranational entity, specifically aimed to surpass the limitation of Nice for the further expansion of the EU, but at the same time, it institutionally strengthened the Union, in order for it to be able to function better in circumstances of doubling-up. The Constitution for Europe should have paved the road towards the horizontal and vertical reform of the EU. The drafters of this constitutional treaty aimed to achieve the following: tailor a more cohesive, diplomatically unified EU in external relations, an EU that is legally more efficient and with a unified legislative structure, an EU that would be administratively more functional, institutionally more effective and with a more transparent and an accountable governing towards the European voters.

1. Political background of the Constitution for Europe

Since the launch of the idea for a “Constitution for Europe”, within the working process for its draft within the European Convention, and today, during the process of its national (non) ratification, there were so many terminological disagreements amongst different authors as to how should this constitutional act of the EU be named? In fact, this reflects essential political disagreements. Instead of the constitutional attribute, many authors proposed different names and titles for the European constitutional document.

Most of them considered that it was about a new basic EU treaty, although there were also those who defended the constitutional naming. In this way, Barnier, even as far back as in 2001, expressed his dilemmas regarding the constitutional naming, with the reasoning that the EU is not a state, but rather an international organization, therefore as such, it could not have a constitution.³ Although the Union is moving towards supranational tendencies, according to him, it does not substitute states and even more so, it does not create a European state. His dilemma was, whether this “European Constitution” could be a “fundamental law of EU”? Rehn, in the other hand, considers that instead of the term “constitutional treaty”, the term of a “basic treaty”⁴ should be used. Yet, some others, prefer the term »*core treaty*»⁵, whereas Nicolaidis prefers using a more modest political term, “constitutional charter”⁶. These terminological disagreements, in fact reflect the deep disagreements towards the character of the constitutional treaty itself. The defenders of its constitutional concept were driven by the perception of the document as a constitution. The opposition of this constitutional term and the defenders of the document as a treaty, insisted upon the international character of the document and not the internal one, by which, this terminological debate produced the dilemma whether this document is a legal act of the internal law; or is it a legal norm of the international law?

Not entirely without reason, these disagreements were expressed during the work of the European Convention which produced the constitutional treaty. Judging by the title of the document itself, the achieved compromise becomes clear, also: that the formally-legal document would be an EU treaty, but in essence, it would also include the constitutional importance and nature. But the terminological differences alone were not the sole problem in the very beginning of the drafting of the constitutional treaty. There was much more disagreement of a political nature that could be accumulated within the question: What was this treaty aiming and in which political direction was it leading the European Union?

In the beginning of the 21st Century, the discussions regarding the future of Europe and its political, legal and constitutional identity, continued within this basic political question in Europe. These debates did not go unnoticed, with an impact on official political discourses, within which the main dilemma was: which will be the European political identity in the 21st Century? Will this be a post-modern, post-industrial, post-historical, post-national, thus a post-state identity⁷?

This debate continued mainly within two conceptual directions: euro-centrism and state-centrism, which in fact reflected the main theoretical directions of euro-fils and euro-skeptics. While official politics of Germany were close to the first direction, the official stance of UK and France were close to the second concept. In fact, the whole

³ Michel Barnier: “Towards a European Constitution”, (in: “Our vision of Europe”, 2001, p.44)

⁴ Olli Rehn: “Europe’s next frontiers”, (Nomos, Munich, 2006, p.39)

⁵ Massimo D’Alema: “Europe’s Second Chance”, (speech at European University Institute in Florence, 25.10.2006; see: “Bulletin Quotidien Europe”, No.9309, 18 November, 2006, p.7).

⁶ Kalypso Nicolaidis: “Another angle”, (in: “E- Sharp”, November- December, 2006, p.51).

⁷ Frensis Fukuyama, *The End of History and the Last Man*, New York, 1992

European political debate before the initiative of drafting the EU constitutional treaty developed within three official grids between the three greatest EU countries: Germany, UK and France. Each of these state stances expressed its internal state-forming tradition and its own political system: the federative one, for Germany; Commonwealth model for UK and a state centralized system for France. Therefore, these three stances differ regarding the perception of the future status of the EU, as follows:

1. **“Federal Europe”**, a concept offered by Germany, in 2000⁸;
2. **“Europe of Free Nations”**, a project coming from Great Britain⁹;
3. **“Federation of Nation-States”**, an option presented by France¹⁰; whereas a kind of a federation was proposed- however, a federation of nation-states. Or, as it was said: “for Europe to be created, without the dissolution of France”¹¹.

It may be concluded that the European debate in favor of a European constitution has officially begun in 2000, by the French President Chirac¹², whereas it was precisely in France, five years after, that this project would receive the first blow- against this idea. Even more so, in the beginning, every public pronouncement of the idea for a European constitution, according to Barnier, was a “taboo theme”¹³, because of the general fear of the assumption that perhaps this constitution would create a “European state”, or a “European super-state”¹⁴? Only after the official “amnesty” towards the idea by the main European state heads- after the year of 2000, the public debate was open for the European Constitution. European Academic circuits began to argument the need and necessity for a European Consitution¹⁵ as the basis of a new political European architecture¹⁶, which along with the three official stances of the three main European states, created the political basis for the future of the EU, with the main coordinates, as follows:

- The necessity to clarify the competences between the EU and member states;
- The necessity to institutionally re-structure the EU (prior to new enlargements);

⁸ The former Minister of Foreign Affairs, Joshka Fisher, in his famous speech at the University of Humboldt, on 12 May, 2000.

⁹ Inaugurated in the speech of the British Prime Minister Tony Blair, in Warsaw, in October, 2000.

¹⁰ From President Jacques Chirac in his speech at the German Bundestag in June 2000; in fact, this idea was launched for the first time by the former President of the European Commission, Jacques Delors, in his book in 1993, where he proposed the creation of as he wrote, “Federation des Etates- Nations”.

¹¹ Durousset, (Paris, 2001, p. 103)

¹² Ibid. p.41; Furthermore, the President of France, Jacques Chirac, was the first amongst chiefs of EU members states to expressively request this in his speech before the German Bundestag, in June 2000.

¹³ Michel Barnier: “Towards a European Constitution”, (in: Our vision of Europe”, 2001, p.44)

¹⁴ Ibid; Barnier, Merkel, 2001, pp:39- 44.

¹⁵ Jurgen Habermas: “Why Europe Needs A Constitution”, (in: “New Left Review”, New York, No.11, September- October, 2001, pp:5-26)

¹⁶ Димитар Мирчев: “Уставот и новата политичка архитектура на Европа”, (Евродијалог, бр. 3/2001, стр. 17-34)

- The aim to create a European political and cohesive structure (which would draw towards a federal model);
- The continuation of the protection of the European identity and traditional values; and,
- A constitutional guarantee for basic human rights and freedoms, within the EU.

2. European Convention for Drafting the Constitution for Europe

After the Treaty of Nice, the European Council in Laken (15 December 2001) decided to embark upon drafting a basic document with a constitutional character, for the EU. Therefore, for the first time in the history of the Union, the European Convention was created, represented by 206 political officials (out of which, 105 were of the first level) and European experts¹⁷. The European Convention, as a working group of the EU, was convened as a new method of work by the Union. Symbolically, it would transmit the analogical and historical message of the drafting process of the constitution of U.S.A. and the spirit of the Philadelphia Convention, two centuries ago. However, the beginning of the 21st Century in Europe was very different from the end of the 18th Century in America. The members of the Convention for the American Constitution were assembled then, with a clear goal to legalize through that constitution, a sovereign and independent state that emerged from the British colonialism, based on the right of national self-determination. The European conventionalists, however, since 2001, had a totally different goal: to draft, not a national constitution, but a supra-national constitution for Europe; furthermore, to phrase it more clearly, drafting a constitutional hybrid, or an international treaty, which should put on an internal constitutional dress. While Madison and Jefferson, at that time, laid down the foundations of the American Constitutional independence and the basis for the political creation of a new nation; the European conventionalists produced in the beginning of the 21st Century, an unconstitutional act not for a certain people, because, not then and not today, such a European people was created. After 16 months of work by 206 European conventionalists representing 28 states¹⁸, after reviewing 6.000 amendments collected from 850 working documents of the Convention¹⁹, in July 2003, the European Convention headed by the former French president Valeri Zhiskar D'Esten, submitted to the President of the Council of Europe, the draft of the Constitution for Europe²⁰, whereas in Rome, on 29 October 2004, the final text of the EU constitutional treaty was approved.

What did this approved draft of the “Constitution for Europe” contain, and which would be its effects, upon entry into force?

1. Politically, as it was said in previous elaboration, the Constitution Treaty of the EU was a compromise between federalist and inter-governmental tendencies. Therefore,

¹⁷ The Convention concluded its work on the draft –text of the constitutional treaty on 28th of October 2002; The European Convention, Brussels, 28 October, 2002, (CONV 369/02); Norman, 2005, pp :1-3.

¹⁸ Out of these, 25 additional member states : Bulgaria, Romania and Turkey.

¹⁹ Norman, 2005, p.xii ; p.275

²⁰ The version of the Draft as of 18 July 2003

this constitution also should have inaugurated a *sui generis* political system which should have balanced the aspirations of the federalists for the political unification of the union, with the sovereign hesitations of the member states which did not want to empower the European Political union. Despite the wish of the drafters of the Constitution for Europe, for a political system that would be offered through the classic division of the three powers of Montesque, the European Union however, even with a constitutional treaty, remained an entity with a unique political system, whereas decision-making is multi-layered; whereas as key decision-makers, are many EU institutions; and where, there is not a clear boundary between the powers: legislative, executive and judicial. Despite the added fields, whereas the decisions would be taken by majority of votes, the European Union remained mainly a consensual entity, where key political decisions are taken in Brussels, with long and troubled negotiations ahead, throughout European capitals.

2. Legally, with the entry into force of the Constitutional Treaty, this “European Constitution” would substitute all founding EU treaties, by which a legal order of the European Union would be unified and simplified and it would relativise the decision-making role, power and importance, of the member states. However, as already said above, judging by its name, this document is not a clear constitution but a «Constitutional Treaty».²¹ However, its drafters aimed to create an EU constitutional act. National constitutions have its own standard structuring, containing the main part of the constitution, such as: the Preamble, Basic Provisions, the Normative Part as well as Concluding Provisions. Then the question arises: is the Constitution for Europe structured in this manner? The constitution for Europe resembles a genuine national constitution judging by its normative structure, as it is approximately structured as an act with a constitutional character, containing the following parts: the Preamble, Parts I-IV, Titles, Chapters, Sections, the Final Act, Annexes, Protocols and Declarations.

Regarding one of the aims of the drafters of this “constitution”- the unification of the legal system of the EU, the EU Constitution Treaty²², in order to simplify the plurality of existing legal sources of the Union and in order to increase the strength of the legal obligations of its legal norms, has defined four categories of legal sources, as follows: *sources of legislative character; those of a non-legislative characters; regulations delegated and finally, the implementing acts.* **A.) Legislative Acts:** According to the constitutional treaty, legislative acts are unique legal norms, of a general legal character. In fact, these legal norms of the EU are closer to the classic concept of the law in the sovereign states. Within this category, there are: 1. European Laws (which would substitute the existing regulations); and 2. European Draft-Laws (substituting existing directives); A. European jet-draft, (that would substitute the existing directives); **B) Non-legislative acts.** As the title reveals, these are not general legal norms, and they are not even legal norms with a full legal obligatory power. The acts of this nature, as defined

²¹ Paskal Fontaine, Europe in 12 lessons, EC Brussels 2004, p. 22 ; Furthermore, Olli Rehn, in his last book « Europe’s next frontiers », (Munich 2006, p.39) proposed a “basic treaty” instead of a “constitutional treaty”.

²² Articles 33-36 of the Constitution for Europe

by the Constitutional treaty, are the following: 1. General non-legislative acts: European Regulations (obligatory) and 2. Non-legislative: Opinions and Recommendations (non-obligatory); **C.) Delegated Regulations**²³, which in fact are legal acts which enable the European Commission to implement the EU legislation without going through the procedure of comitology; **D.) Implementing Acts**. This category also, such as the delegated regulations, are individual legal acts, without a legal obligatory power. These are more of guiding, explanatory or interpretative sources for the implementation of above mentioned legal sources of EU.²⁴

3. Institutionally, this “European constitution”, aimed to: reach a legal unification, a structural simplification, a greater internal and institutional cohesion, and a more effective decision-making mechanism, due to the fact that the further enlargement of the EU would question the decision-making process based exclusively on the inter-government consensus of member states of the Union. In other words, the first EU constitution should have been simpler than the basic treaties, easier to comprehend, and it should have defined more clearly the competences of the EU institutions. It should have defined more precisely the relations between these institutions of the Union and those amongst them and the member states. If we would reduce the aims of its drafters, the intention to clarify the competences between the EU and member states, that is, to simplify the decision-making mechanism, as well as to reduce the plurality and the variety of legislative procedures at an EU level. The constitutional treaty defines a clear division of competences between the European Union and member states. In other words, the constitutional treaty defines precisely the limit that the European Union could reach in exercising its power and the limit of power for the member states. Considering competences, there are three categories that are defined, as follows:

- Exclusive competences,
- Joint competences and
- Supporting or coordinated competences.

Regarding the first kind of competences- the exclusive ones, those are the competences that the EU already has, as unique, through which the EU acts as a unique authority, (for example, in the field of competitiveness in the EU joint market) and within these competences, there is no external interference by member states allowed). The joint competences are those which for a certain field enable the EU and the member states to jointly reach decisions (for example, the agriculture, energy, etc.). Whereas, supporting or coordinating competences in certain fields are those that enable the EU to only support and coordinate in certain fields, but not fully decide (for example, culture, education, etc.), because these fields fall within the domain of decision-making of member states.

Based on what was stated above, it seems that the Constitution for Europe, should have accomplished at least three main aims/goals:

²³ Constitutional Treaty, (2004), Article I-36

²⁴ See more in: Thomas Christiansen & Beatrice Vaccari: “The 2006 Reform of Comitology: Problem Solved or Dispute Postponed?”, (“Eipascope”, Bulletin No.2006/3, p.12.).

- To bring the European citizens closer to the European institutions;
- To organize the European politics in a unified structure, especially after its enlargement; and finally,
- To develop the EU in a stabilizing factor and in a model of a new world order²⁵.

In conformity with these general orientations, the EU Constitutional Treaty brought the following main novices:

- EU institutional restructuring;
- Reduction of the number of European commissioners;
- Electing the European President of the European Council;
- Maintaining the Council of Ministers as the key decision-making institution in the EU, despite the enlargement of the decision-making competences of the European Parliament, (especially the procedure of joint decision-making);
- Inauguration of the decision-making mechanisms: double majority- 55% of member states which represent 65% of EU citizens;
- The right for 1 million citizens of different EU states to request the European Commission to approve certain legal norms;
- Changes, regarding the suspension of a member state from the EU, in case of violating joint European values.

After the approval of the Constitution for Europe, in 2004, it was expected that it would be ratified within a two year period 2004-2006. However, the failure of its voting in two of the referendums in France and Holland, in the year of 2005, in a way, warned the EU of a new political crisis. Therefore, the European Council, in June of 2005, inaugurated the so-called “reflection period” within which, through a new strategy of openly communicating with citizens, the importance of this constitution would be explained to them. The new inaugurated strategy: “3 D”: Democracy, Dialogue and Debate”, should bring the European Constitution Project closer to the citizens and it should de-tabooise it. This reflection period should have been concluded at the end of 2006. However, again, nine member states did not ratify the constitutional treaty. The fate of the great European Constitutional Project, was thus, questioned.

3. The Process of the (non) ratification of the EU Constitutional Treaty

If we analyze the later two-year developments, after the solemn approval of the Constitution for Europe²⁶ of the Constitutional Treaty during the years of 2004-2007, it is obvious that the ratification process went into a deep crisis. Perhaps, assessments such as “the death of the European Constitution”, “the crisis of a united Europe”;

²⁵ See the Foreword of the draft of the Constitution for Europe (18 July 2003)

²⁶ From the day of the approval of the final draft of the Constitutional Treaty of EU in Rome, 29 October 2004 ;

“the end of the European integration idea”²⁷, have somewhat been exaggerated, but the ratification process nevertheless, proved that not even the EU itself, is immune from the deepest shock since its foundation. Perhaps the most appropriate diagnosis of the existing political situation in the EU is what Dellors calls “the great European silence”²⁸. Therefore, the German presidency of the EU, in the first half of 2007, tried to revive the European Constitution. There were three, not so easy tasks before the German presidency:

- To analyze the situation in European capitals regarding the current mood of member states related to the existing constitutional treaty;
- To focus on the discussions with member states regarding the substance of the constitutional treaty; and, depending of the accomplished results, to
- Discuss the procedure of concluding the ratification process²⁹.

The German position, as the Presidency of the EU, is: a more powerful and unique Europe, therefore, bringing back the European constitution into the political debate within the EU, reviving the basic idea of the European Convention and paving the road for France, which in the second half of 2008, (when it will take over the Presidency of the Union), through a new inter-governmental conference, to finally conclude the European constitutional project. Because the Treaty of Nice, with a maximum of the institutional functioning with 27 member states, would not be able to surpass another five-year period of a new European legislature (EP): 2009-2014.

Therefore, the year 2007, is a very important one, for the further fate of the constitutional treaty, whereas the German presidency of the EU is determining for the political future of the Union. It is precisely within this year, that the Union is entering a delicate phase of its political development, whereas the method of negotiations and convictions behind and in front of diplomatic scenery, was returning to Brussels, and in the capitals of member states, whereas national sovereignties, within this trade with the Union’s bureaucratic comitology, aimed to limit even further the power of Brussels through the constitutional treaty. Or what Sutherland calls: “the limitation of the supranational authority through EU treaties”³⁰. In other words, with the famous method of negotiations within the EU and between the EU and its member states, a new constitutional structure of the Union was supposed to be built³¹. However, as in

²⁷ See more on the academic debate in: Paull Magnette: “Peut-on sauver le Constitution?”; Jean-Victor Louis: “Les enjeux de la part III de Traité Constitutionnel”; Christian Lequessve: “Rejet de la Constitution et Europe élargie”, (in: “Eyes in Europe”, Spring 2006, Issue 4, pp:4-8); John Williams: “People’s Constitution”, (2006); Debate in EPC: “Can the Constitution be saved?”, (Brussels, 13 September 2006; Andrew Duff: “Plan B; how to rescue European Constitution?”, (Notre Europe Research and Studies, No.52/2006).

²⁸ Jacques Delors : « Retrouver l’envie d’Europe », (Le Nouvel Observateur », 16-22 Novembre 2006, p.22)

²⁹ Based on the conversation with Ambassador Dr. Wilhelm Schonfelder, chief of the Mission of Germany in EU, Presidency of EU, in Brussels, 15 January, 2007.

³⁰ Peter D. Sutherland: “Public Management and European Governance: The Role of EIPA”, (in: “Eipascope; 25th Anniversary Special Issue”, Maastricht, 2006, p.13)

³¹ Edward Best: “learning to Build Europe”, (in: “Eipascope”, Maastricht, 2006, p.19).

the time of the drafting of the Constitution within the European Convention, and in particular after its approval, within the ratification process, it was confirmed that this process of negotiations and convictions in the relation: Brussels- European capitals was not an easy one, whereas the fate of the European constitution was unclear. Based on such developments, Norman, rightfully, called the Constitution for Europe, an “accidental constitution”³².

The process of national ratification began in 2004, to continue in 2005-2006, within which period, 2/3 of member states had ratified the constitutional treaty, which are states that compose more than the half of the EU population³³. All of these states ratified the Constitution for Europe in their national parliaments, whereas two of the new member states: Bulgaria and Romania, ratified it along with the ratification of the Treaty of EU Accession. Two of the other states, however, France and Holland, decided on ratifying the constitution through a referendum (in the half of 2005). In both of these referendums, the French (54, 8%) respectively the Dutch (61,1%) voted against the Constitution for Europe.

Paradoxically, France, being the founder of the idea of the EU constitutionalism, since the idea of President Chirac in 2000 and later with the appointment of its former President Desten as head of the European drafting convention for this constitution; since 2005 became one of the main barriers of the realization of its own idea. Different academic analyses in Europe, lead us to understand that the voters of these two countries that have founded the European communities, with their vote against the draft of the constitutional treaty, had expressed their doubts regarding the further political, economic and legal development of the EU, as well as the discontent with the internal policies of the national government. It seems as if their greatest concern was if they could lose the social stillness from the tendencies of globalization and from the liberalization of foreign migration, which could then narrow down the employment possibilities in an otherwise open employment market.

In addition, the effect was similar on the French and Dutch refusal, their hesitation to new enlargements, especially those that deal with culture, religion and other languages, different from the Europeans³⁴, as well as their fear that this Constitution, would change

³² Norman, 2005, p.313.

³³ Germany, Italy, Hungary, Spain, Portugal, Greece, Austria, Cyprus, Malta, Luxemburg, Lithuania, Latvia, Estonia, Slovenia and Finland, have ratified the treaty through a regular parliamentary procedure, and two of the new states, Bulgaria and Romania, which had ratified the constitutional treaty along with ratifying the Treaty for their Accession to the EU (Situation until 1 November 2006).

³⁴ Here, it is foremostly referred to the French and Dutch objection towards the membership of Turkey into the EU, even more so, in France, this was conducted openly with the amendments by which the French Assembly, before the membership of a new state, confirms it, only after its citizens have declared positively in the referendum ; or, after the approval of the law on the genocide of Turkey against the Armenians, in the beginning of the XX century.

the EU into a “super state” or a “supranational state”³⁵, within which, the identity of their nation-states would have melted or assimilated.

Therefore, besides rejection statements towards the referendum in France and in Holland, the skepticism amongst European citizens towards the constitutional treaty was increasing day by day. It was warned that the same negative stance was also shared by some citizen-voters of some other member states. Research on the public opinion showed skepticism amongst citizens of states that hadn't still ratified the constitutions. In particular in Great Britain, whereas immediately after the rejection in the French and Dutch referendum, 53% of the British declared against it- if they would vote in the referendum. The same mood was obvious in Denmark, Ireland and also in Poland and the Czech Republic, which made many analysts speculate that this Constitution for Europe could hardly ever enter into force, because it is practically a “dead”³⁶ one. According to the same analysts, this constitution should from now on be referred to as “a former constitution”³⁷.

Probably, the French and Dutch voters were determined to refuse the constitutional treaty out of fear of losing their national identity and losing their social model. But not only before them, but also before the other European citizens, there was a series of deep changes in different fields that the Constitution for Europe would bring into the surface, which in its essence, meant: a political, legal, diplomatic, defense and monetary unification. But, not only the citizens of member states, but also the member states themselves, expressed many dilemmas which could be gathered up in the opinion: perhaps this constitution is driving the process of relativization of national sovereignties even further³⁸? Perhaps, these essential changes defined by this constitution have increased the fear of member states and their governmental elites that by it, their national identity would be finally reduced, and the skepticism of the citizens was increasing, that maybe this political, economic and social pan-European unification was endangering their living standards, or their national identity was being threatened by new waves of emigration and infinite enlargement of the EU?

Therefore, some of the members states with their national laws, created legal “preventive mechanisms”. So, three months before voting in its national referendum for the constitution, the French Assembly had approved the law³⁹, by which it was defined that each law for the ratification of any agreements for the membership of some state within the EU, should be approved by a national referendum. In Holland,

³⁵ The fear from this possible centralization of the EU and the change into a European super state exists and it is expressed especially in Great Britain, Ireland and in Denmark ; (see more in Duff, 2006)

³⁶ How Timothy Krikhope, the British conservative puts it, in the European Parliament; see related to this, more on: Andrew Duff: “Plan B: How to rescue the Constitution?”, (Notre Europe Research and Studies No.52/2006);

³⁷ Timothy Kirkhope, in : « Bulletin Quotidien Europe », No.9323, 8 December 2006, p.3

³⁸ Blerim Reka: “EU Post-Westphalia Dilemma: Nation or Member State?”, (“Crossroads”, Macedonian Journal for Foreign Affairs Vol.1, No.1/2006); Olli Rehn: “Europe’ Next Frontiers”, (Nomos, Munich, 2006);

³⁹ Law nr. 85/2005

however, only a while before the referendum was held in Holland, there was a national debate begun on European matters. In the beginning of the year of 2007, in Holland, the debate for the Constitution for Europe was re-opened. Again, the refusal of the existing EU treaty was discussed and the request was for its change or substitution by a new treaty. The three main Dutch parties in the European Parliament negotiating for the establishment of the Dutch government⁴⁰, repeated their negative stance towards the constitutional treaty, proposing the approval of a new, more limited treaty⁴¹; or the drafting of a new treaty, albeit shorter and much more simpler and clearer than the old one⁴²; or, the beginning of negotiations for a new text for the treaty, which would enable the functioning for some years of “the EU of 27 members, plus Croatia”⁴³, as it was said. On the other hand, the UK government, without setting the date for the referendum yet, unveiled earlier its reservations towards this constitution, especially the disagreements with the national decision-making for the key fields: external relations, taxation, social security and EU budget.

4. The Epilogue: What will happen to the Constitution for Europe?

Considering this development in the process of the ratification of the Constitution for Europe, so far, the main dilemma remains: with the national ratification continued, based on the defined scheme, or stopped the process because the Constitution for Europe, is really dead? Or, perhaps its text needs re-drafting taking into consideration the concerns of the main countries objecting it; or maybe there should be a temporary *time-out* set until the conclusion of broader political consultations between member states; or until the reach of a new consensus for this constitution?

The rejection of the constitutional treaty in the referendums in France and Holland, hampered the process of legal enforcement for this constitution for many years, however, some authors⁴⁴, consider that despite this delay of some years, the negative result of both of these referendums has not managed to “kill the constitutional treaty”⁴⁵. The others⁴⁶, however, consider that this text of the constitutional treaty does not stand a chance of being ratified by all member states; therefore they propose “to re-draft a new draft”⁴⁷.

The activity of EU institutions was channeled through two of these aspects, in the search of a solution that would save the constitutional treaty. But, what if the ratification is not complete? Are there other alternatives or approaching the ratification process? Which are the possible scenarios? The answers to these questions will be given

⁴⁰ The Demo-Christian Party, Social-Democrat Party and the Christian Union of Holland.

⁴¹ This is the stance of the Demo-Christian Party of Holland, articulated through the deputy, Ria Omen.

⁴² The stance of the Social-Democrat Party of Holland, but also the stance of the Socialist Euro-Deputy Meyer ;

⁴³ This is the stance of the Christian Union, presented by the Euro-Deputy Hans Blokland.

⁴⁴ Wolfgang Munchau: “Sterling Resistance”, (in: “E! Sharp”, Jnuary- February 2007, p.30)

⁴⁵ Ibid.

⁴⁶ Anand Menon: “Outside the box”, (In: “E! Sharp”, January- February 2007, p. 33.)

⁴⁷ Ibid.

as follows, in the analysis of some potential scenarios offered by European research and academic circuits, but also by different analysts and politicians.

1. « *Five Alternative Solutions* »⁴⁸. In the year 2005- immediately after the failure of the referendums in France and Holland, **five potential options** were offered of how this process could continue further, in the form of five orientations of what needs to be done, as follows: « play, stop, pause, fast forward and rewind »⁴⁹. So, this proposal would go in all possible options, beginning from the ratification procedure up to the further process and the drafting of a new document. It seems that this last option- for a new constitutional draft has began to be reviewed. Since of January 2006, had opened the discussion for the idea of changing the text of the constitution, in order to make it more acceptable to those that had objected it initially. However, how adequate would this solution be, for the situation, in which the states that had already ratified the existing text of this constitution, would now find themselves facing a new challenge of having to ratify the new changes of the text. This would then open up an infinite of chain reactions of those that had previously ratified a version and those who had ratified a different version. Probably, this was the reason why the German Chancellor Merkel, warned about the clear objection of these ideas for “the re-writing” of a new treaty. The EU German Presidency, in the first half of the year of 2007, will continue to review the existing constitutional draft, the one approved in 2004, without allowing member states the approach of “*cherry picking*”⁵⁰, so they would be able to select from the constitutional treaty, the part that are in their interest and thus, discard the other parts.

2. “*The EU Mini- Treaty*”,⁵¹ whereas its author, Sarkozy, one of the presidential candidates in France, proposed the “dissection” or the cutting of the selected parts of the constitutional text⁵², especially “Part III”, by re-drafting it as a shorter form of the treaty. According to him, the EU needs a “mini treaty” and not a Constitution, which according to him, is already “dead” now and should not be taken into consideration anymore⁵³. However, senior officials of the institutions of the European Union⁵⁴, criticized this approach for a “mini teaty”, because according to them “this theory of a mini treaty could only produce maxi-negotiations”⁵⁵.

⁴⁸ This analysis was conducted by the “Reuters” Agency, on 3 June 2005.

⁴⁹ Ibid.

⁵⁰ See more about the approach in Anand Menon: “Outside the box”, (In: “E! Sharp”, January-February, 2007, p.33.)

⁵¹ This idea was presented by the Minister of Internal Affairs of France, Nikolas Sarkozy, the presidential candidate in France, May 2007; More on his option, see: “Bulletin Quotidien Europe”, (Issues published during: September- November 2006).

⁵² Especially of the III Part of the Treaty regulating the policies and institutions.

⁵³ “Bulletin Quotidien Europe”, (Issues published during : September- November 2006)

⁵⁴ Like the former President of the European Parliament Josep Borrell; see more in: “Josep Borrell calls for constitutional treaty to be safeguarded and for citizen confidence to be won back”, (“Bulletin Quotidien Europe, No.9343, 13 January 2007, p.5)

⁵⁵ Ibid.

3. *“People’s Constitution of the EU”*⁵⁶. In the year of 2006, however, John Williams came out with another alternative for the constitutional treaty of the European Union, known as: “People’s Constitution for the EU”⁵⁷. This constitutional draft as an independent and individual academic project, offers a different approach to the EU constitutionalization. It differs in its content and also formally from the constitutional treaty drafted by the European Convention. It is a shorter, more concise and clearer constitutional text, compared to the official draft of the EU. The greatest difference of this draft compared to the official EU draft can be seen in the part that regulates the “institutions of the union”⁵⁸, because **it does not have constitutional provisions for the European Commission**. A novice is the provision of the “People’s Constitution” of the EU, regulating the membership into the Union⁵⁹, because it defines the possibility for the EU member states to voluntarily withdraw from the EU. Probably, the main novice of this draft of the “People’s Constitution” of Williams, is the part regulating the manner of enforcing it. The draft defined the double ratification, so the National Ratification and the Ratification on the European field, whereas firstly: a pan-European referendum must be held, whereas the decision for the constitution would be considered as approved if more than 60% of European voters would declare in favor; and then this result of the declaration on the pan-European referendum would have to be ratified by at least 75 % (or two thirds) of the EU members states⁶⁰.

4. *“Plan B: How to save the European Constitution”*⁶¹. In the period of all-European reflection for the Constitution for Europe, there were many proposals offered as ideas and how to make a way out of the European Constitution crisis. Since the second half of the year 2006, the project for saving the constitutional project was presented, known as “Plan B”⁶². Its author, Andrew Duff⁶³, considers that without a revision of the existing text of the constitutional draft, it will be difficult for it to enter force. Respecting 2/3 of the member states which have until now ratified the constitutional treaty, but also not ignoring the member state that haven’t still done so, Duff offers the idea for saving the existing text with these changes, in order to make it more acceptable to the groups of states opposing it. So, he is against re-writing the whole constitutional treaty, aware that then, most of the states that had already ratified it, would oppose any new

⁵⁶ John Williams: “Popular Cosntitution for EU”, (2006)

⁵⁷ Ibid. p.1.

⁵⁸ Ibid. Article 18

⁵⁹ Ibid, Article 36.

⁶⁰ Ibid. Article 37; In the current situation, this would mean, that finally, this constitution would be ratified by 20 out of 27 member-states for it to be enforced, which is almost the same number of member states that have already ratified it: 19 member states; (situation as of the end of December 2006).

⁶¹ Andrew Duff: “Plan B: How to Resqcue The Constitution”?, (Notre Europe Research and Studies, No.52/2006)

⁶² This plan was presented in Brussels, on 18 October 2006, at the non-governmental organization “Notre Europe”; Ibid.

⁶³ A.Duff was a member of ALDE- British liberals in the European Parliament and he was also, at the same time, a member of the European Convention that drafted the existing draft of the EU constitutional treaty.

constitutional draft. Instead, he proposes for the first and second part of the existing draft to remain, giving more importance to the human rights and freedoms and the social dimension, however, he was also proposing that the third part of the constitution needs changing also⁶⁴. Duff, in his plan on saving the constitution for Europe, proposed quality changes in five fields: economic governance; social dimension; environmental security; EU enlargement and financing;

5. *«The five-step plan »*⁶⁵. By the end of the year 2006, the member of the European Parliament, Alexander Stubb, came out with his plan of “five steps for the constitutional debate”, evaluating the previous phases and proposing future phases of developing the European discussion on the EU constitutional treaty. He proposed a five-step plan within which, until 2009, the so-called chapter on the Constitution for Europe could be successfully closed. The first period, the so-called period of **“pause for reflection”** began in 2005 and ended in 2006 ; the second period called the **“period for analysis”**, began in 2006 ; whereas the third period is the so-called **“the preparatory period”**, which should be developed during 2007; the fourth, or the **“revision period”** for the year of 2008 and the last period, the fifth period of **“ratification”** that should take place in 2009.⁶⁶

Summary

As it can be seen, there are no easy solutions for a way out of the created situation of stagnation of the ratification period, at the national level. Which means, what will happen if not all countries ratify the constitution for Europe?

In the past, the process of ratifying EU founding treaties has encountered difficulties. The fact itself, that this process, for almost all of the founding treaties, lasted for more than two years since the day of its approval, proves that the extension of the ratification procedure at the national level is something that was expected and a common and ordinary development. Furthermore, the EU history recognizes cases when a treaty was rejected by a national referendum of a member state, however, later, in another referendum, it was ratified, and the treaty entered into force consequently. Thus, initially, the French and the Danes, in 1992, in their referendums voted against the treaty of Maastricht, however, at the second referendum, in 1993, the Danes had voted it (with 56, 8% in favor) and the French (with a percentage that hardly exceeded half of the voters). Or, the last treaty- that of Nice, in 2001, was not voted in the first referendum in Ireland (54% against it), however, at the other referendum on 19 October 2002 (with 62, 89%) it was supported by the Irish too, and this had enabled it to enter into force.

No one has a clear answer as to what will be the epilogue of this ratification process. There is a lot of speculation, a lot more skepticism and pessimistic views. But,

⁶⁴ This stance is also defended by the President of the European Parliament, Poetteringer.

⁶⁵ Alexander Stubb: « Five Steps to Revive the Constitution Debate », (in “Kangaroo News”, Issue No.41, December 2006, p.4).

⁶⁶ Ibid.

even if the constitution for Europe fails to be ratified by the member states, thus does not enter into force, this does not necessarily imply that this is the end of the EU. Its non-ratification by member states can only be understood as an unwillingness of the member states to de-sovereignize for some time. Finally, in favor of a supranational political structure in creating but also, clearly drawing boundaries of a united Europe with 27 member states, the geopolitical boundary set in Nice, with a maximum of 27 member of the EU, was accomplished as of 1 of January 2007, with Bulgaria and Romania becoming members of the EU. After this, there will probably be no more new enlargements of the Union taking place. The European Council, under the Finnish Presidency- at the December summit in 2006, approved the analysis of the European Commission on the “integration capacity” of the EU⁶⁷ based on which, before entering new enlargement processes, it would need a “new institutional arrangement, in order to make it function better”⁶⁸. In fact, based on this strategic projection of the European Commission, at least for the next three years, there will be no more new enlargement processes for the EU, until it prepares its integrative capacity. This means, until the Union is reconstructed institutionally- internally, in order for it to be able to function in a new environment, whereas the number of current membership is 27 states. This integrative capacity includes an institutional restructuring, composed of three components: institutions, common policies and budget⁶⁹. Without reforms in these components, it seems unlikely that the EU could function normally and in circumstances of new enlargements. According to the report of the Committee on Constitutional Issues of the European Parliament, “the ratification of the constitutional treaty would strengthen the integration capacity of the EU”⁷⁰.

The German presidency of the EU, in the beginning of 2007, brought back the topic of the European Constitution in the priority agenda of the Union and it re-actualized the constitutional treaty at the decision-making table of the EU, in order to prepare the terrain for the same constitutional treaty to be enforced at the end of 2008, corresponding with the French Presidency over the European Union⁷¹. This was not an easy task, as there were three main differences involved: the first being, what needs to be re-launched: the existing constitutional treaty- approved in Rome on 29 October 2004; or, a new EU treaty? The other difference is that if the same constitutional treaty remains, should it be considered as a whole, including the third part- the most problematic one; or, only the following, should be accepted: its basic principles, its joint European values and the main EU institutions?

⁶⁷ In the newest EU document, instead of using the term «absorbition capacity» which was used during the year of 2006, the other term became official: «integration capacity» ; see : Commission of the European Communities: « Enlargement Strategy and Main Challenges 2006-2007”, (Brussels 2006, COM (2006)649, pp:20-25)

⁶⁸ Ibid. fq.20

⁶⁹ Ibid.

⁷⁰ Report by Alexander Stubb, from Finland, presented on 15th of November 2006, before this PE Committee. The same report was approved in the plenary session of the European Parliament in December of 2006 ; According to « Bulletin Quotidien Europe », No.9307, 16.11.2006, p.5.

⁷¹ “Special Report Germany’s Place in the World”, (“The Economist”, November 18th, 2006, p.27)

And the third conceptual difference at the end of the year 2006 and in the beginning of 2007 was whether a new European Convention needs to be convened, in order to work on a new draft, or the existing draft of the EU constitutional treaty should be used as a basis⁷²?

Between such conceptual differences and many options for the further fate of the EU constitutional treaty, Germany, as the country taking over the Presidency of the Union, opted for the middle variant: bringing the constitutional treaty as close as possible to its critics from the non-ratifying countries, but not asking the countries that have already ratified it, to agree on its revision⁷³. The goal of the German Presidency was to surpass the constitutional crisis in the European Union and doing so until 2008. However, it was not surely known whether this could be achieved by a complete ratification of the Constitutional Treaty by all member states, or yet, by finding a political solution, at an EU level? A basis for the political discussion under the German Presidency of the Union, remained the final text of the constitutional treaty from 2004, whereas, in the meantime, when the new inter-governmental EU conference for deciding on whether the existing constitutional draft should remain or a new EU treaty should be drafted up, is due to be held at the end of 2007. The EU German Presidency, since the beginning of 2007, had appointed two senior diplomatic officials to discuss on the idea of the European Constitution with the special representatives of the member states of the Union, in order to continue the discussion on finding an agreement on the constitution treaty⁷⁴. In the effort of re-actualizing the need for an agreement between EU member states on the constitutional treaty, at the end of January in 2007, there was a meeting held in Spain among the eighteen ratifying member states of the Union, to discuss about the constitutional treaty, whereas at the end of February of the same year, another meeting in Luxemburg is expected to take place, between states that had not ratified the EU constitutional treaty⁷⁵.

⁷² See more on the conceptual differences regarding the constitutional treaty: Ferninando Ricardi: "Constitution; Possible Repercussion from Superundance of Projects", (in: *Bulletin Quotidien Europe*", No. 9323, 8 December 2006, p.3).

⁷³ So, the German Presidency held a position that there should be an agreement reached on the basis of the existing text of the constitutional treaty as of 2004; See more: "Angela Merkel Calls on Heads of State and Government to Appoint Sheraps", (*Bulletin Quotidien Europe*, No.9329, 16.12.2006, pp:6-7).

⁷⁴ Ibid; Even the Prime Minister of Finland Matti Vanhanen, at the end of 2006 had stated optimistically that he was content with the support for the constitutional treaty by member states and that the "within the German Presidency, there was hope to reach real progress"; surprisingly, the media at the end of December 2006, reported that in France and Holland, the number of those in favor of the approval of the EU constitutional treaty was on the rise.

⁷⁵ The first meeting was held in Madrid, on 26 January 2007, whereas the second meeting is supposed to be held in Luxemburg on 27 February 2007; It is interesting that in the meeting in Madrid, besides 18 member states that had already ratified the constitutional treaty, two other states that had not ratified it expressed interest to take part: Portugal and Ireland; See more on the topic, in: "EU/Constitution; Meeting of 18 countries which have ratified constitutional treaty plus Portugal and Ireland", (*"Bulletin Quotidien Europe"*, No. 9346, 18 January 2007, p.8.).

The ratification of the constitutional treaty is most likely entering the final stage, with the eight states that had still not nationally approved the first pan-European Constitution. Perhaps, the procedure itself being a difficult one for ratification along with the absolute unanimity of the member states could have been the cause of the three year blockage of this constitutional project. Some authors⁷⁶, consider that the procedure of changing basic treaties, thus approving the constitutional treaty, which in turn requires full unanimity of all member states⁷⁷, seems to be surpassed in the new circumstances whereas the EU now counts 27 member states. According to them, with this rigid procedure, the EU could turn into a hostage of national vetos, by which its institutional reformation might be paralyzed. Therefore, they propose an alternative procedure of empowering EU treaties, thus the constitutional one, according to which alternative, the ratification unanimity of member states could be preserved, but also the possibility of applying the so-called *passarella* clause, which as it is known, had been refused incorporation into the existing draft since the time of the drafting of the constitutional treaty within the frameworks of the European Convention. Most likely, because of the fact that this constitutional treaty neither modifies nor changes other basic treaties, but it is a new EU treaty to replace them⁷⁸. The skepticism regarding the ratification of the existing constitutional treaty was further built up by some official positions, by both, EU institutions and EU member states. The President of the European Commission, Barroso, at the end of 2006, considered that “the constitutional treaty as it is, stands a small chance to be approved, despite the fact that the following elements will remain in the text, such as: principles, content and the main European values”⁷⁹. According to him, instead of being focused on the form, more focus needs to be placed on the content and mostly on accomplishing the great objective, which is a “Europe of results”, with or without this constitutional treaty; with or without a new treaty⁸⁰. It seems as if the political mood of the two objecting states of the constitutional treaty: France and Holland, had not changed much. In France, in the beginning of 2007, a unified political position did not even exist in regard to the matter. Just before the upcoming French elections, two of the presidential candidates had different stances: Sarkozy, as it was stated, remains in the position of further objecting the existing constitutional treaty and instead, proposed the approval of a “mini treaty”. The other presidential candidate Royal, however, warned that in 2009, at the time of elections for the European Parliament, France could be holding the second referendum for the constitutional treaty⁸¹.

⁷⁶ Franklin Doehousse and Wouter Coussens: “Rethinking the Revision and Entry Into Force Clauses of the European Constitution”, (in: “*Studia Diplomatica*”, Vol.LVI, 2003, No.1-2, p.175)

⁷⁷ Article: 48 of TeU

⁷⁸ Franklin Dehousse and Wouter Coussens: “The Convention’s Draft Constitutional Treaty: Old Wine in a New Bottle”, (in: “*Studia Diplomatica*”, Vol.LVI, 2003, No.1-2, pp:63-64)

⁷⁹ Interview of Barroso to the German magazine “Bild”, on 24 December 2006, in the daily newspaper “Shpic”, Skopje, 25 December 2006, p.2.

⁸⁰ “Barroso’s Europe”, (in: “E! Sharp”, January- February, 2007, p.16.

⁸¹ “EU/Constitution: Meeting of 18 Countries which have ratified constitutional treaty; Segolene Royal backs new French referendum in 2009”, (“*Bulletin Quotidienne Europe*”, No.9346, 18 January 2007, p.8.

Holland, on the other side, remains in the position of objecting the approval of the existing constitutional treaty. Its position is such that it cannot avoid a new referendum, most likely another negative one against the constitutional treaty- and the ratification could be passed on to the Dutch parliament, conditioning in this way that instead of the existing constitutional treaty, to separate it into a few treaties and then ratify them as such⁸². Nevertheless, this would re-open the constitutional Pandora Box in the EU, because then, the 18 members states that had already ratified the constitutional treaty, would require that the new text is adapted to their national interests, and consequently, this would indefinitely prolong, or even disable totally the approval of the Constitution for Europe.

Political circumstances at the time of the German Presidency in the first part of 2007, despite its position to preserve this constitutional treaty, were not very favorable. However, there was no willingness on the behalf of EU member states to sacrifice this right of national veto for the benefit of a supra-national project.

Therefore, my dilemma of three years ago⁸³, will most likely remain for some time, without any answers: how much more time will the European states need to conclude the already begun historical process of replacing a four-century old model of Westphalian sovereignty, with a new inter-dependable one? It turned out that it was precisely the constitutional treaty of the EU that instead of inaugurating a new supranational political unity of Europe, turned into its exact opositon: in an instrument of limiting the possibility of surpassing the rubicon of the supranational; which in doing so, keeping the first supra-national constitution as hostage.

Conclusions

1. A new page in the political development of the Union had been opened, in 2004, with a tendency for its constitutionalization. By the draft of constitutional treaty, new phenomena appeared: one non-state entity, composed by nation-states, to have its own Constitution.

2. Constitutional Treaty of EU introduced a new concept of supranational Constitution, which aims to constitutionalize the EU and thus, create a European Constitutional Order.

3. The aims of this constitutional union are: to build more legitimate, more transparent, more cohesive, more institutional efficiency, more internationally visible and externally unique, and within one single legal framework EU.

4. The Constitutional Treaty is a double compromise: politically, between federalist and inter-governmntalists; and legally, between treaty and constitution regulated union.

⁸² This is the position of the Minister of Foreign Affairs of Holland, Bernard Bot, sipas: « New Europe », January 7-13, 2007, p.9.

⁸³ Blerim Reka- Arta Ibrahim: "Studime Evropiane", (UEJL, Tetovo, 2004, p. 288).

5. This phase of the constitutional development of EU could be named as a transitional phase: post- Nice and pre-Constitution period. It will most likely be one of the most complicated phases of EU development.

6. By the Constitutional treaty, the clear division of competencies would be made between member states and EU institutions, as well as between each of the branches of its institutions.

7. In this transitional phase of the development of the union there are at least seven conceptual problems of the Union, which are related to the (non) ratification of the EU constitutional treaty, which as I see could be actual for at least the next ten years: The status of EU; its Constitution settlement; the Governance of EU; its Geopolitics; EU Enlargement; the Capacity of EU and the EU Integration.

8. With the existing treaty, reaching its expansion limit by 1st January 2007, and without a ratified constitutional treaty, the decision-making in the Council will remain to be difficult, the European Commission will remain to be grand and the European Parliament too weak.

9. In the context of the recent debate on the constitutionalization of EU, there is a European paradox: an old continent trying to build a pan- European project in the same geopolitical area, whereas the model of the nation state and a national constitution was born.

10. Four centuries later, the Europeans are trying to introduce something which could be called: a post- Westphalian or post-national political model. Something which includes: a post-national state, post- national sovereignty, post- national citizenship, and post- national constitution.

11. The 56 years history of this *sui generis* entity shows us that the EU had faced at least three main challenges: its creation, its institutional building and its enlargement. If peace-building in post-conflict Europe was the main strategic aim in the 50'ies; other world problems dominate the first decade of the XXI Century, also faced by the EU, such as: climate change, demographic change, international terrorism, global pandemic, or energy security.

12. Although 2/3 of the member states ratified the constitutional treaty, its entry in force is questioned by one third of hesitating member states, because of their fears from a new “super-state” or supra-national state and the creation of one centralized Europe. These are the strongest fears, a lot stronger than the altruist vision for a new Europe “*sans frontières*”.

EUROPEAN FOREIGN AND SECURITY POLICY: A VIEW FROM THE EUROPEAN PEOPLE'S PARTY

Elmar BROK

Recent world events have illustrated how important it is that Europe is a player of consequence on the global stage. The worsening situation in Iraq, Iran's defiance over its uranium enrichment programme and North Korea's atomic bomb test in October 2006 have only served to underline what a precarious world we live in. This is not a world where Europe can afford to be a silent and ineffectual partner.

To date, the EU's record in its visible global foreign policy has been poor. It tore itself apart over in the build up to the Iraq war and three years down the road it was revealed as similarly fractious and indecisive during the summer conflict between Lebanon and Israel. Meanwhile, Russia regularly continues to expose Europe at its most argumentative and split best.

Europe's inward-looking and self-defeating role cannot be allowed to continue. New forms of threat in the shape of terrorists ready to kill themselves and many innocents to get their point across, a globalised and interconnected world where the actions of one increasingly affects the lives of many and a new emerging world order with China, Brazil and India mean it is imperative that it acts now.

The German Government made it clear that it will take up the challenge of promoting a more comprehensive and stronger European foreign and security policy under its EU-Presidency in 2007. An extremely important and under-used foreign policy tool is the EU's approach to its neighbours. The countries bordering the EU, such as Ukraine and Georgia, feel let down by what the EU is offering them. Some trade benefits in return for implementing EU societal norms and values are no longer sufficient. For the moment, the EU continues to be the beacon which they turn to. It would be truly short sighted if Brussels did act to make sure this remains so by offering more incentives for closer bilateral relations. If countries such as Moldova and Armenia and Azerbaijan are not irrevocably tied to the EU, then there is a great risk of a power vacuum and instability directly on Europe's borders. Fortunately,

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Germany has recognised this and is set to comprehensively tackle the issue during its presidency in the first half of next year.

To improve the EU's global perception it has to implement a true common foreign and security policy. For this, the European Constitution is needed. The terms for a foreign policy laid out within its articles represent the best and most realistic that the EU is likely to achieve in the near future. Its most innovative point is the EU foreign minister, who under the terms of the constitution would represent the bloc in all matters of external relations. This would iron out the most obvious problem of the current situation where several institutions and people – including the presidency, the external relations commissioner and the High Representative – all act in the name of the EU's foreign policy. One person to deliver a message – even if it remains difficult to agree the message – will do wonders for the perception of the EU as a single and unified global actor.

Another bulwark of the EU's foreign policy must be strong transatlantic ties. The US and the EU, as two world powers, have far more in common than what divides them. Deep-rooted democratic values and a global outlook form the basis of foreign policy in both Brussels and Washington making them natural allies working for a common good.

On the defence issue the nations of Western Europe owe to NATO the comparative security and peace they have enjoyed since the end of the Second World War. Had it not been for the transatlantic partnership and the military capabilities it provided, Europe's post-war economic reconstruction and subsequent prosperity would have emerged as little more than a pipe dream.

Indeed, in the absence of unequivocal commitment to Europe on the part of the United States, there would never have been such a thing as the European Union. A whole series of courageous decisions, extending back to the Berlin Air Lift and the establishment of NATO, were taken on a knife's edge between war and peace. Until the East-West confrontation ended in 1989, the menace of a nuclear war was a reality. However, in the light of the high stakes involved, the peace was fragile but ultimately secure. As a consequence of the implosion of the Warsaw Pact, the potential for conventional regional conflict in Europe has once again emerged, as the situation in the former Yugoslavia exemplified. In consequence, Europe must now mature as a military power just as it has matured in economic terms. It should not opt out of the transatlantic alliance but fulfil its envisaged role of an equal partner within the alliance.

The war in Iraq has revealed deep divisions among the EU Member States and has given a serious blow to Europe's relations with the United States. Accordingly, the time has come to assert Europe's security identity and thus to reinforce its commitment to NATO. The time has also come for a renewed transatlantic commitment to dialogue and partnership in the interest of peace and stability. However, Europe's global political visibility will only come about if political assertions are backed by efficient and effective civilian and military crisis management instruments.

In short, the time has come for Europe to *act*. The European Union itself is in transition and is therefore ideally placed to grasp the opportunity of developing itself both to an independent player and a key contributor to the existing security and defence framework of the transatlantic partnership. A European Union free to pursue its own concepts of security and defence is a *conditio sine qua non* for a stronger Europe as the 21st century will undoubtedly bring about further diversification of the forms of military conflict.

The disintegration of the former Yugoslavia was a dramatic illustration of Europe's incapacity and the need for a more effective security and defence policy. Although no EU Member States were subject to a direct military threat from a third party, numerous new (and not-so-new) geo-strategic considerations surfaced and threatened to destabilise Europe's security structure. Europe was jolted from its state of hibernation.

International crime and cross-frontier terrorism have impacted dramatically on Europe's day-to-day security and defence posture. The tragic events of 11 September 2001 demonstrated that total security is ultimately illusive and that traditional forms of defence are no longer adequate to address the new challenges. Therefore, the international community is stipulated to find new solutions quickly. External and internal security are two sides of the same coin: one complements the other. The overriding challenge is to eliminate the root causes of terrorism and to reverse the growing tide of hatred that threatens to permeate various ethnic and religious groupings. The EU as well as India and the rest of the world are learning this lesson.

As its European security and defence policy matures, the European Union will be called upon to assume new responsibilities and to make a greater contribution to regional crisis management. These new responsibilities cannot be met by military means alone; the solution rather lies in using the broadest spectrum of non-military instruments available to prevent conflicts and to counter violence and terrorism. This means in particular the reinforcement of cross-frontier mechanisms of cooperative security, including media communication, judiciary cooperation and cooperation of police forces as well as assistance in the development of democratic structures and civil society institutions.

One of the most important lessons for Europe to learn is that strength comes from unity. The European Commission, as sole representative of the economic interests of the Member States in terms of foreign trade, can generate political weight on the basis of economic strength. This is to everyone's advantage.

In terms of Europe's security, however, the picture is one of confusion and cacophony. Although Member State defence budgets equate in aggregate to some 50% of the U.S. defence budget, Europe exhibits less than 10% of the operational capacities of U.S. forces. This fragmentation of resources is not only contributing to political weakness but also results in economic dislocation. Iraq, the Near East and the Balkans are the stigmata of the European Union's underperformance.

The implementation of a stringent Common European Security and Defence Policy could contribute substantially to alleviate this problem. It holds out the promise that in the future, Member States will speak with one voice that will be listened to and respected. Admittedly, disparate national traditions and historical patterns make it difficult for Member States to abdicate important aspects of their national sovereignty in favour of cooperating within the European Union. However, it is the only way forward if Europe wants to play a meaningful role at global level.

Meanwhile, the democratic influence of the European Parliament on the European Common Foreign and Security Policy has been growing steadily. In addition to its powers to decide on the composition of the Commission and to confirm the nomination of the High Representative, the European Parliament exerts substantial *budgetary* influence in matters of foreign and security policy. In practice, it assumes budgetary responsibility for foreign aid disbursements that are four times higher than those currently allocated by the U.S. Senate.

Administrative and operational matters pertaining to the Common Foreign and Security Policy are financed out of the European Community budget. To that extent, Parliament and Council appear as equal partners, although shared budgetary responsibility – developed over years of discussion and negotiation – does *not* include military or defence policy-issues or matters otherwise decided unanimously by the Council.

In addition to these budgetary rights, the European Parliament has wide-ranging powers to monitor and consult as appropriate. The Council for example has to take the Parliament's opinion into account when it comes to important aspects and fundamental modifications of the CFSP, both the Commission and the Council have to provide regular reports to the Parliament with regard to the latest developments in CFSP, and the EU High Representative Javier Solana and Commissioner Benita Ferrero-Waldner address the Parliament at least four times annually.

In sum, it seems that over time the Parliament has acquired substantial rights to monitor and discuss Common Foreign and Security Policy issues. Moreover, the Parliament is on an equal footing with the Council with regards to the financing of common foreign and security measures. In practice, the Parliament's strong position concerning budgetary matters has frequently resulted in watered-down Council initiatives. In the long term, consideration should be given to establishing of a common defence budget that could serve as a stand-alone instrument for financing crisis reaction mechanisms.

Security in the 21st century cannot be provided with military means alone nor can it be based on one country's national powers alone. This is the credo the EU laid down in its Security Strategy of December 2003. New threats, such as terrorism, the spread of weapons of mass destruction, "failed states" and organised crime demand an integrated approach to security policies. This must comprise military instruments and capabilities alike, ranging from conflict prevention to "nation building".

The European Security Strategy, which was specially supported by the European Parliament, pursues three strategic goals:

- coping with the different threats
- creating security in the EU neighbourhood and
- supporting an international order based on an effective multilateralism

The EU wants to be a credible actor in security matters. It seeks to handle crises more actively, above all to prevent them. It will develop the necessary diplomatic, military and industrial capabilities with greater determination and will make use of its different instruments of foreign policy more coherently.

The European Security Strategy has delivered an analysis of the threats and a definition of European security interests. The Constitutional treaty, once it will come into power, will open possibilities of cooperation in defence-intensive contributions, in military research, in armament cooperation and in establishing multinational forces. The potential new EU-Minister for Foreign Affairs and common Foreign Service would strengthen the EU's external representation. The inclusion of a solidarity clause against acts of terror and in cases of natural disasters would lay the foundation of an EU based on peace and the principals of freedom and democracy. The new possibility to form groups of closer cooperation in European Security and Defence Policy sets a constitutional framework to help the EU to become a global player and a serious partner in the transatlantic partnership.

MACEDONIAN BUSINESS

Business Investments and Markets in the Republic of Macedonia

BANK PROFIT ROLLYING ON GOOD LOANS

Profits of companies in Macedonia are on the increase. According to statements being provided to the Macedonian Stock Exchange, shareholders of most of the Macedonian firms have content given that their successful performance over the last year has led them to increase their share price and created conditions for payment of high dividends. This goes for the banking sector in particular, as the analysis drawing solely upon the statements provided to the Stock Exchange gives somewhat distorted picture considering that some of the most profitable companies are not listed on the stock market and are therefore not obliged to produce their profit and loss statements.

To some of the businessmen, this profit breakdown shows the country's bad economic situation, especially bearing in mind the domination of the banks among the group of companies listed on the stock market. On the other hand, experts say, home banks are among the best-organized companies, with developed management and strong performance monitoring, which all together contributes to achieving solid performance results. Bankers say their good performance is a result of their increased credit activity and reduced percentage of bad loans.

"The credit activity of the banking sector last year increased by 28 percent." At the same time, bad loans came down to 9-10 percent," says the first director general of Stopanska banka-Skopje, Gligor Bisev. The smaller percentage of bad loans made it possible for banks to release the funds tied as reservations and considered operating costs, which immediately improved their "blood count". Bisev says the banks' good results will help them place their funds more efficiently in sound projects and will be conducive to a real sector growth too.

"The situation as presented by the Stock Exchange is realistic," says the executive director of the Federation of Economic Chambers, Nikola Eftimov. He agrees that the banks' increased profit is a good signal and a support for businessmen for the coming period. As a result of the increased profit, the placement of free funds is expected to increase and interests are expected to drop. "These are good prospects for economic development," he says.

"The list should include service, trade and above all manufacturing companies. But it is a fact that in order to be ranked as profitable, they should be listed on the stock market. There are great many firms making solid profits, but they are not listed on the stock market, as evidenced by the list of the hundred best-performing companies in 2005. On the other hand, the value of the shares of a few banks last year rose on several occasions, which is a reason for profit concentration," says Georgi Miladinov, director of Kimiko of Struga, who adds that his firm is not listed on the stock market.

MACEDONIA'S 10 MOST PROFITABLE COMPANIES

Company	2005 (Euro)	2006 (Euro)
1. Komercijalna banka	6.5 million	11.8 million
2. Alkaloid	5.8 million	6.3 million
3. Makpetrol	2.4 million	4.8 million
4. Granit	3.7 million	4.4 million
5. Stopanska banka Bitola	4.1 million	3.3 million
6. Makstil	2.4 million	2.8 million
7. Obradka banka	2.0 million	2.3 million
8. ZK Pelagonija	213,000	866,000
9. Toplifikacija	1.4 million	670,000
10. Beton	457,000	473,000

"Banks do not make high profits. It's their profitability that improved, while the level of their profit is on the bottom level of the European standards," says the first director general of Komercijalna banka, Hari Kostov. It is especially important to him that these profits were made under circumstances of reduced interest rates and increased volume of credits to citizens and companies.

Bankers say the price of capital, i.e. interests, was the only one to climb down over the past few years. All the other prices, such as electricity, fuel and heating, went up.

The comparison with the profits of a few real sector companies produces a different picture of the situation too. Telecom made profit of 166 million euros last year, compared with 140 million euros in 2005.

"If the profits of all banks are put together, the amount will still be smaller from Telecom's profit," bankers comment. The profits of the companies that are not listed on the stock market are not yet known. According to the publication "200 Biggest", the cement-producing company Usje made a net profit of over 21 million euros in 2005, the tobacco company TK Skopje made over 17 million euros, while the City Trade Center made 21 million euros.

"The good firms are still good," says Tutunska banka's first director, Gjorgji Janeski, who explains that the relatively higher rates in Macedonia are a result of the higher risk. In his view, the banks' good results show they know how to protect their clients' capital.

It would be much better for the Macedonian economy if the list contained some manufacturing companies, rather than a few banks and home firms, which have a monopoly position on the market, a director of a major company, who wanted to stay anonymous, said. "This is a proof that our economy is in bad condition and that capital demand is still higher than supply," he added.

"Home banks have good regulations and operating standards. If that were the case in every company, our economy would be much better than it is. It is a fact that the citizens' trust in banks was restored, that more savings deposits are made and that more credits are taken and so it must not take anybody by surprise that banks are on the list of the most profitable companies in 2006. It will of course be better for the economy if the capital is not concentrated in a few banks and if the banking sector is more diversified," the president of the Economic Chamber, Branko Azeski, says.

Professor Vanco Uzunov too considers the list of most profitable companies logical and expected, because these companies traded most on the Stock Exchange last year and were the biggest profit-makers.

"The list should not be the benchmark of the Macedonian economy, because there are companies who made solid profits last year, yet are not listed on the Stock Exchange and so can't be placed on its list. In addition, the fact that banks reported good profit is less a result of the value of their stock and more a result of their manner of doing business, where stability and good organization are the most prominent traits," Professor Uzunov says.

INSIDE:

- JOHNSON MATTHEY TO BUILD FACTORY IN MACEDONIA
- MACEDONIAN BANKS MAKE BIGGEST PROFIT LAST YEAR
- EBRD BUYS 25% OF TTK BANK
- VICTOR MIRO: FREE ECONOMIC ZONES ARE MACEDONIA'S SECOND GREATEST ASSET IN ATTRACTING FOREIGN INVESTORS
- ELECTRONIC PAYMENT OF TAXES IN THREE YEARS
- MACEDONIAN POWER RATES TO BE HARMONIZED WITH EUROPEAN
- METAL COMPANIES TO CAPTURE FAR EAST

EUROPEAN UNION'S PHONE NUMBER: CRAFTING THE COMMON FOREIGN AND SECURITY POLICY

Stevo PENDAROVSKI

The long-standing dilemma about the basics of the EU foreign and security policy had confused even one of its founders. Many years later Jean Monnet stated that if possible he would have prefer to start with the cultural unification among the nations instead with the coal and steel community¹. So, initially, the one would have to articulate the response to the question: Is it possible for the EU to be a full fledged international player within the sphere which had always been considered the most essential part of the state's sovereignty?

The very first guess might be that EU shouldn't be identified with the states due to the fact that the sovereignty is not transferred substantially to the supranational levels. At best, sovereignty is shared in several areas and decision-making processes are carried out at different levels. There are shrewd remarks that if attempted to pursue transformation into the state-like entity the EU itself will help re-create the very same preconditions for conflict-prone environment it was initially designed to overcome².

Karen Smith rightly argued that if the Union is capable at least to react to the international events it can be deduced that it does posses a foreign policy. However, it is notorious that apart from only reacting, the European Union is also formulating and implementing foreign policy. At the moment, it is correct to draw the conclusion that the Union is still not conducting a unified foreign policy, though, beyond doubt it is performing a common foreign policy³.

Nevertheless, staying for a while in this area a serious methodological problem should be notified. The above mentioned approach is using instruments and apprehension of

¹ Tonra B. "The European Union's Global Role", FORNET Working Group, London School of Economics, London, 2003 p.15

² Ibid, p.15

³ Karen E. "The Making of EU Foreign Policy: The Case of Eastern Europe", New York, St. Martin's Press, 1999, pp.3/4

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the traditional theories with the states being the primary subjects in the international arena. Accordingly, judging the performance of the EU against the conventional background which had historically been applied to the states will inevitably lead to the systemic distortion of the ultimate observations.

Completely different analytical approach looking for the international role of the Union is the one that defines the EU as a distinct or *sui generis* entity (or structure) in the international system. Within the proposed context Michael Smith is establishing a conceptual relationship between the modern processes of de-territorialization and extra-national or post-modern foreign policy carried out by the EU in several areas⁴.

Facilitating meaningful foreign policy analyses of the Union requires prior understanding of the EU as a new or separate level in the international relations. A direction with the potential to overcome the dichotomy between the state and supranational category is suggested by Dominguez: European Union to be apprehended as a disaggregated system with different levels of internal integration⁵.

Lastly, there are authors like Manners and Whitman who are suggesting taking the decisive steps away from analyzing the EU as an international actor insisting that the Union's external identity should be best understood as "perpetual competitiveness between its complex and multiplied identities". According to the same explanation the EU itself is "an open, pacifistic and consensual network characterized by its unconventional, counter-Westphalian nature"⁶.

Since its inception supranationalism and intergovernmentalism are considered to be the main ideological poles within the EU⁷. The group of supporters of intergovernmentalism (usually led by UK and France) are preaching routinely about the requirements for delineation of competences between the national and European institutions and sticking to the consensus rules regarding the sovereignty-related issues. At the opposite end is the group of supranationalists with the aim to enhance the role of the European institutions, especially, the European Commission and the European Parliament and to extend the areas and issues with the majority decision-making.

At the first glance it looks like a common institutional debate in connection with the formal aspects of the joint activities. In essence, it is a fundamental philosophical question which is persisting for decades: if democracy presupposes demos then is it possible to expect the appearance of a European demos⁸?

Supranationalists do believe that at the end of the long process such an outcome is achievable arguing that even the nations are historically, not genetically produced. However, their opponents insist that members of a nation are mutually connected

⁴ Smith M.H. "The Framing of European Foreign and Security Policy: Towards a Post-Modern Policy Framework", *Journal of European Public Policy*, 10, 4 pp. 556-573, 2003

⁵ Dominguez R. "Constructing the EU Foreign Policy: Cases for Analysis in the Transatlantic Relations", *Jean Monnet/Robert Shuman Paper Series* Vo. 6, No.15, 2006, p.17

⁶ Tonra, "The European Union's ... p.13

⁷ Nicolaidis "K. "We, the Peoples of Europe", *Foreign Affairs*, November/December, Vol. 83, No.6, 2004, p.98

⁸ *Ibid* p.99

through the common ethnicity, language, culture and history as a unique basis to forging the polity.

In truth, both schools of thought are creation of the same matrix - both are laid upon the concept of a nation-state. It comes as no surprise that intergovernmentalism is highly supportive of the set of arguments just mentioned, then again, supranationalists are in reality (un)intentionally supporting the same arguments, though applied on the different level. To be precise, going for the European demos and ideas for common citizenship, flag or anthem means creating the national myth comprised of the traditional elements, but, on the European level⁹.

Nicolaidis is recommending the third way for understanding Europe. According to her stance, the followers of intergovernmentalism should accept that the EU is the community of states and the community of citizens at the very same time. Supranationalists on their part should agree that the existence of the EU is feasible without establishing a new political community on the European level upon the same foundations and principles which had been applied for the nations-states in the past.

European Union is not situated on the half-way between these two conflicting perspectives. Simply it presents a union of states and of citizens of a new kind. Instead of a European demos there is a transnational pluralism, which is not a simple extension or replacement of the idea of a nation-state. In order the concept to be grasped one should leave the traditional mode of thinking. Moreover, it will require, as Nicolaidis stated, a three conceptual shifts to happen:

- instead of searching for common identity, to recognize identities of all the participants in the project;
- to promote community of projects, not community of identities;
- shared governance on the horizontal level between member states within the Union, not only between the states and the Union¹⁰.

Short Notices on the Past

In the past century there had been more than a few attempts by the pro-European states aiming to the greater political unification. However, without delay, rejections had been dispatched by the majority of the member-states which deemed transfer of authorities in the foreign policy area as undermining the national autonomy.

During the Paris Summit in 1960 then six members of the European Community had agreed to develop political cooperation and working committee was established to draft suggestions to that end. So called first and second Fouchet Plans had been submitted twice (in 1961 and the revised version in 1962), but, members states using the well-known rhetoric decided to remain inactive in the field¹¹.

⁹ Ibid, p.100

¹⁰ Ibid, pp.99/101

¹¹ "Fouchet Plans" available from: www.ena.lu/europe/19571968-successes-crises/draft-treaty-fouchet-plan-1962.htm, accessed 15. 02.2007

At the European Summit of the Heads of States and Governments in 1969 in Den Haag the members adopted conclusion to explore the best ways to advance the political unity. The result was the so called Davignon Report with a few rather ambitious phrases about “political Europe”, capable and competent to express itself in one voice¹².

In response to this report the European Political Cooperation (EPC) was introduced as a kind of non-obligatory form of consultations ahead of the important EC political gatherings. EPC in fact was loose decentralized network for informal discussions about the foreign policy between the member-states and the European institutions.

After the Cold War and German re-unification, the historic events of strategic proportions for the continent, European Union was practically forced to enter into the more profound political transformation. The milestone was the Treaty on the European Union from 1992 (the Maastricht Treaty) which constituted the second pillar of the EU – Common Foreign and Security Policy. The core of the CFSP was de facto stipulated in the Basic Provisions: “(EU) to assert its identity on the international scene, in particular through the implementation of a common foreign and security policy including the eventual framing of a common defense policy which might in time lead to a common defense”¹³. Five years later a number of important changes especially regarding the institutional architecture were introduced by the Amsterdam Treaty. Thus, the reasonable overall normative and institutional framework for external European activities finally had been laid down.

Cohesion of the Plural Entity in the World of Realism

Political cohesion is the basic precondition for effective external representation, protection of common values and essential interests. European Union is frequently criticized for the lack of cohesion precisely in the domain of foreign policy.

Debates about cohesion in the European foreign policy have a long history. Nearly forty years ago even reports from the European Summits in Den Haag in 1969 and Luxembourg in 1970 recommended higher level of cohesion due to the unquestionable fact that the effective economic policy is possible only in par with coherent foreign and credible security policy.

Treaty from Maastricht bestowed upon the issue the highest importance dealing with the cohesion and need for political unity in the Preamble of the document¹⁴. Nuttall differentiate between the three types of cohesion in the EU:

- horizontal which exists between the Union’s pillars and within the framework of the foreign policies of the member-countries;

¹² “Davignon Report” available from http://aei.pitt.edu/1451/01/hague_1969.pdf, accessed 10.02.2007

¹³ Treaty on European Union, Maastricht, Official Journal C191, available from: www.europa.eu.int/eur-lex/lex/en/treaties/dat/11992M/htm/11992M.html, accessed on 10.02.2007

¹⁴ Treaty on European Union, Maastricht ...

- vertical as a two-way street between the European Union and its member-states and
- institutional concerning the two bureaucratic apparatuses responsible for the two standing dimensions of foreign activities of the EU – CFSP and the external relations in charge for development policy, trade and humanitarian aid. The difference between the first and the third type is that horizontal coherence concerns the policy content while institutional coherence is referring to the working methods of two bureaucracies¹⁵.

Jupille and Caporaso identified four dimensions of cohesion each of which with paradigmatic importance when reflecting on the real level of political unity: value, tactical, procedural and output cohesion when in the last instance member states are succeeding in alleviating mutual differences regardless of the prior substantial or procedural consent¹⁶.

A provocative thesis is elaborated by Hill who is arguing that the cohesion in CFSP could accomplish the current level of cohesion in NATO. The Alliance is believed to be an integrated and effective system regardless of the intergovernmentalism being settled down as a basic working principle – the situation identical as the one in CFSP. Traditional explanation is that besides being the coalition of different sovereign nations in NATO there is a hegemonic leadership of the USA providing for most of the resources and adequate political clout to hold the constituent parts together. Within the EU there are no real chances for enduring hegemony of same stature and influence though Hill recognized traces of bigemony with France and UK in the role of leaders.

Whatever the case may be for this long-term process to become irreversible basic precondition has to be a profound shift in the foreign policy cultures to happen in most of the European countries¹⁷.

Strategic and political disagreements within the Union are provoking negative consequences in virtually all parts of the system. In essence, problem with the inadequate level of internal cohesion of the European foreign policy is apparently much more political than legal phenomenon¹⁸.

Defining the Design

Since its opening periods the European project had been provoking politicians and experts to define it as accurately as possible. In the past three decades three models had been singled out and analyzed more frequently than the remaining concepts: European Union as a civilian, military and normative power.

¹⁵ Nuttall S. "Consistency" and CSFP: a categorization and its consequences, London, 2001, pp.1-3

¹⁶ Jupille J. and Caporaso J. "States, Agency and Rules: the EU in Global Environmental Politics" in *European Union in the World Community*, Lynne Rienner, London, 1998, pp.219/220

¹⁷ Hill C. "Superstate or Superpower? The Future of the European Union" p.12

¹⁸ Abellan M. "The Coherence of the European Foreign Policy: a Real Barrier of an Academic Term", *Institut Universitari D'Estudis Europeus Obs*, pp.12-17

EU as a civilian power was elaborated by Duchene in 1973¹⁹. He argued that Europe has three options at hand: to strive for superpower, to become neutral or strategically to project so called civilian aspects of power he preferred.

Ten years later Bull had disputed the very idea about Europe being the civilian power describing it as contradiction in terms²⁰ and instead proposed establishing the EC as a pure military power just to fit more appropriately to the bipolar world of that time²¹.

Manners is considered the key representative of the last proposed paradigm of EU as a normative power, though even before some others (Galtung and to a degree Duchene) also had emphasized the power of ideas and cultural models as a way to enhance Union's role on the international scene²².

In his newest article about the subject Manners has modified and strengthened set of arguments for the Union as predominantly normative power²³. His key reason is that despite incremental militarization in the last few years notion of the EU as normative power is anyhow gaining ground. If replaced with the explicit and robust military course the EU will look like the other major world powers and consequently its normative power and political influence will gradually diminish.²⁴

Ash is significantly contributing to the debate with his deliberations about the moral dimensions of European power in contemporary world. Among others, one dimension is unique for the EU - so called power of induction when countries are attracted by the specific European kind of being and at the end of the process Union is inducting them to the membership²⁵.

Democratic Deficit Debate Re-visited

Nicolaidis opined that the European project had not been grounded on democratic foundations since its very beginnings. According to her thesis all problems with the democratic deficit which emerged later on had roots in the "original sin", when the European citizens had not been consulted at all about the inevitability to establishing community of European nations²⁶.

¹⁹ Duchene F. "The European Community and the Uncertainties of Interdependence", in Kohnstamm M. and Hager W. (eds) "A Nation Writ Large? Foreign Policy Problems before the EC", Macmillan, London, 1973, pp.1-22

²⁰ Bull H. "Civilian Power Europe: A Contradiction in Terms", Journal of Common Market Studies 1-2, 1982, p.149

²¹ Ibid, p.163

²² Manners I. "Normative Power Europe: A Contradiction in Terms", COPRI Working Papers, 38, 2000, pp. 29-33

²³ I. Manners "From Civilian to Military Power: the EU at the Crossroads?" Normative Power Reconsidered, CIDEL Workshop, 2004

²⁴ Ibid p.13

²⁵ Ash T.G. "Are There Moral Foundations of European Power?" Adam von Trott Memorial Lecture, Mansfield College, Oxford, 2004, p.4

²⁶ Nicolaidis K. "We, the Peoples of Europe", Foreign Affairs, November/December, Vol. 83, No.6, 2004, p.97

Bono's scrutiny of five categories of democratic responsibility: administrative, politico-military, parliamentary, electoral and responsibility towards the recipients of European policies²⁷ confirmed that the EU activities in the CFSP/ESDP area are only fortifying the problem identified years ago on the wide-ranging level²⁸.

On the same point Wagner is explicit: democratic deficits which exists more or less in all of the national Parliaments of member states and even more in the European Parliament reinforce each other and gave rise to emerging of the rare "double democratic deficit" phenomenon²⁹.

A reality is that in the last few years project of United Europe had experienced some setbacks which seriously disputed "the most successful political experiment of our time"³⁰. Tanugi-Cohen is estimating that "deconstruction of Europe" had started in the early 1990 when the extraordinary difficulties had surrounded the ratification process of the Maastricht Treaty. During the last rejection of the draft -Constitution for Europe voters de facto expressed their dissatisfaction regarding the underlying **existential issues** -sense for losing the direction and common purpose and lack of successful leadership on the same scale. In essence, it was a double disappointment by the double crisis- the one of inferior achievements of the EU and the other of its identity crisis - not by the excessive eastern enlargements³¹.

Future in Danger, Again?

The European foreign, security and defense policies in the last 30 years expanded not only quantitatively, but concerning the geographical distribution of the issues, as well. Taking into consideration the relevant indicators from the early periods of EPC in 1970 Wessels has proved that current CSFP production of declaration, common positions, and joined actions had multiplied in the meantime. Identical tendencies are visible comparing the geographical regions of interests three decades ago with the political preoccupations of these days³².

Concerning the institutional infrastructure it could be judged that EU had established solid foundations for further development of CFSP though overlapping of competencies and extensive organizational schemes are real problems as for the Union as a whole. Regarding the resources it is extremely difficult to find out the ways the European states should take in increasing their defense budgets, supporting the NATO agenda and managing their expensive domestic social systems all in the same time.

²⁷ Bono G. "European Security and Defense Policy and the Challenges of Democratic Accountability", ESDP and Democracy, available from www.esdpdemocracy.net, 2002, p.2, accessed 05.02.2007

²⁸ Ibid p.16

²⁹ Wagner "The Democratic Legitimacy of European Security and Defense Policy", EUISS, Occasional Paper, Paris, 2005 p. 22

³⁰ Tanugi-Cohen L. "The End of Europe", Foreign Affairs, Vol. 84. No.6, November/December 2005, p.66

³¹ Ibid, pp.59/60

³² Wessels W. "Security and Defense of the European Union: the Institutional Evolution: Trends and Perspectives", TEPSA, 2002, p.11

Wessels envisages three global scenarios for the future course of development in the European foreign policy sector:

- decisive strides towards forming supranational, even federal governing structures;
- protracted dominance of the intergovernmental mode of decision-making with the issues of the so-called “high” politics (national security and defense) staying reserved for the domestic authorities;
- sort of a fusion between the first and third scenarios aiming to strengthening the role of the EU on the international scene, without significant transfer of authorities to the European level. In short, using the Blair’s phrase it would have been a “search for super power, without forming a super state”³³.

The most realistic scenario for CSFP is to continue to move forward, though the European capacities in the field will remain modest at best. Key should have been the answer to the question-what does the EU should favor for its promotion: the concept of hard or soft power³⁴?

Particularly compelling forecast is presented in the European Commission’s document from 1999 which might be considered an official EU estimate for the period till 2009. What is revealing is that out of five scenarios on CSFP all by two are not predicting significant breakthrough unless EU is pushed by some very grave security threats in its near abroad³⁵.

In its core CSFP is distinctive from the national foreign policies for one specific feature: here European interests are not obvious as is the case with the national interests of the countries formed via the long historical processes. Therefore it is fairly important for European interests not to be imposed from above but to be defined after thorough processes of interchange and discussions with European citizens and with their legitimate attitudes and priorities being taken into account³⁶.

Neither in the academic debates, nor practically could the progress of CSFP be separated from the overall advancement of the EU. In the same time it is correct to say that the global environment will have the reverse impact to the Union. What is certain is that future development of CFSP will depend first and foremost upon the political will of the member-countries. Basically, the same should apply to the future of the entire European Union.

³³ Ibid, p. 16/17

³⁴ On the concept see the latest from the author who coined the term - Nye J. “ Soft Power: The Means to Success in World Politics”, Public Affairs, 2004

³⁵ European Commission Forward Studies Unit “Scenarios Europe 2010: Five Possible Futures for Europe”, 1999

³⁶ Europe 2020 European Political Anticipation , Final Report: An EU Common External Policy for 2020,2005

MEASURING SUCCESS OF THE COMMON FOREIGN AND SECURITY POLICY OF THE EUROPEAN UNION IN THE CASE OF MACEDONIA

Zoran NECEV

Introduction

The Common Foreign and Security Policy (CFSP) is one of the most widely discussed and analyzed policy areas of the European Union (EU). The development of the European Security and Defence Policy (ESDP) within the framework of the CFSP took place at the end of the '90s, in a process that interacted with the unfolding of the crisis of the Balkan regional order. Given this context, I believe that a study on the development of the CFSP/ESDP has to investigate how the EU Crisis Management instruments have been used. The crisis that occurred in the Republic of Macedonia, in this respect, is a case of critical salience. Macedonia is a specific case in which both the civilian and the military dimension of EU Crisis Management mechanism were applied, and there exists widespread consensus in the EU on the fact that this was done successfully. However, when talking about successes or failures, a number of slippery questions arise: what indicators of success can one refer to? For example, does success refer to the fact that the ESDP mechanism has been activated without major setbacks, or to the way in which it has affected the situation in Macedonia? Is the Macedonian case a success for the CFSP? How is success determined? Which are its standards of measurement?

I will start the analysis by asking: from where should the measurements come. One approach, which is set by Jørgensen¹, suggests three sources:

¹ Jørgensen, Knud Erik (1998). The European Union's Performance in World Politics: How should we Measure Success? in (ed.) Zielonka, Jan (1998) "Paradoxes of European Foreign Policy", *Kluwer Law International*, Chapter VI, pp. 89

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1. from the actors involved in the political process;
2. from outside observers; and, finally,
3. from some sort of combination of the two.

This three-folded approach calls attention on the relativity of ideas of success and failure, as well as on the presence of ‘multiple realities’ to measure the Union’s performance in international politics.²

The aim of the following analysis is to determine the standards of measurement of EU CFSP and doing so, to determine the CFSP/ESDP success and/or failure while using the Macedonian case as an empirical one.

In search of criteria

It is very difficult to locate the criteria that measure the EU’s performance in CFSP. Until now the academia did not find the criteria that will distinguish success from failure. Several factors influence this state of affairs.

The first reason for this condition is the extent to which one considers the CFSP/ESDP a success or failure which additionally depends on one’s overall interpretation of the *nature* of the EU. If, for example, one is convinced that the EU tends to be a super-state with militaristic, imperialist ambitions, then the developments in CFSP/ESDP, including its so-called ‘peace missions’, are seen in a light of a power projection endeavour, and genuine successes may tend to be attributed to other external actors (e.g. the UN). If one is convinced that the CFSP is a necessary evolution of European political cooperation and ESDP an integral part of it, then developments in CFSP are welcomed and hailed as successful.³

Another very important factor when we speak about seeking the criteria for measurement is the question of *who is responsible to provide the standards or measurements*. The policy makers inside the EU as actors which are creating the CFSP itself or the success criteria should be externally defined by actors that are not directly involved in the process of making the policy. Should we take the success as granted when the High Representative for the CFSP and Secretary-General of the Council of the EU Javier Solana is speaking about the CFSP in Macedonia? Is the success a real success when it is based on its self-made standards which does not provide any explicit terms of pros and cons in its analytical framework or should we argue that what we saw from CFSP in Macedonia is reactive conflict management rather than proactive conflict resolution.⁴ An external expressed point of view that drops a shadow on the self-proclaimed and so-called success of the CFSP in Macedonia.

² Saraiva, Miriam Gomes: The European Union as an International Actor and the Mercosur Countries, *EUI Working Paper* RSCAS No. 2004/14.

³ Common Foreign and Security Policy (2005). Ireland annual report, European Foreign Policy Research Network, FORNET.

⁴ Gnesotto, Nicole (ed.), (2004). European Union Security and Defence Policy – The first five years (1999-2004), European Union Institute for Security Studies, Paris.

Methods of measurement⁵

History has shown that the success of one international policy, like EU CFSP for example, should be measured by its accomplishment in the Balkan region. Taking as an empirical case EU action vis-à-vis the Macedonian crisis, I will measure the success and/or failure of the CFSP policy thereat using the Jørgensen set methods of measurements⁶.

One common method of measuring EU's successes and/or failures is to use the Union's declared aims and objectives as a point of departure. The above mentioned declared aims and objectives concerning the CFSP are set in Title V in the Treaty on the European Union. They are as follows:

- to safeguard the common values, fundamental interests, independence and integrity of the Union in conformity with the principles of the United Nations Charter;
- to strengthen the security of the Union in all ways;
- to preserve peace and strengthen international security, in accordance with the principles of the United Nations Charter, as well as the principles of the Helsinki Final Act and the objectives of the Paris Charter, including those on external borders;
- to promote international cooperation, and
- to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms.

In the period that preceded the conflict, Macedonia represented a successful model of preventive diplomacy according to the Council of Europe, the OSCE and other international organizations for having managed to preserve the fragile interethnic equilibrium and for its hospitality during the Kosovo refugee crisis.⁷ Indeed, the cooperation with the EU culminated when Macedonia became the first south-eastern European country to conclude a Stabilization and Association Agreement (SAA). This is seen by all sides as a large success taken in consideration the fact that the end of the century saw a succession of wars in the Balkan area. However, the big influx of Kosovo refugees and the possible aftermaths were in general not predicted as a possible breaking point that will incorporate Macedonia in a crisis scene. It was the spill-over effect from Kosovo that threw Macedonia in conflict. In this context, it can be argued that very little was done to avoid this conflict, and that the attempts to deal with them

⁵ As I mentioned in the introduction, I will use the Jørgensen set common methods and apply the conflict in Macedonia as a case study.

⁶ Jørgensen, Knud Erik (1998). The European Union's Performance in World Politics: How should we Measure Success? in (ed.) Zielonka, Jan (1998) "Paradoxes of European Foreign Policy", *Kluwer Law International*, Chapter VI, pp. 89

⁷ See Council of Europe Parliamentary Assembly Resolution 1213 (2000). See also the OSCE Istanbul Summit Declaration of November 1999 (Art. 9) at: <http://www.osce.org/docs/english/19901999/summits/istadec199e.htm>

were primarily much too unpersuasive. This reactive conflict management instead of proactive conflict resolution⁸ is seen here as a failure of CFSP in Macedonia.

An additional observation that any EU observer can extrapolate while analyzing the Macedonian case is the unpreparedness of the institutions to react on the arisen crisis. At the December 1999 Helsinki European Council meeting, EU member states set themselves a military capability target known as the Helsinki Headline Goal. It called for EU member states to be able to deploy 60,000 troops, within 60 days and sustainable for a year in support of the Petersberg Tasks which include humanitarian and rescue tasks; peacekeeping tasks; and tasks of combat forces in crisis management, including peacemaking (referred to as ‘peace enforcement’ in some contexts).⁹ The success and/or failure of CFSP depend exactly from the fulfillment of these headline goals. The obvious delay of their implementation had implication in a crucial moment on the ground. The EU only vowed political support for Macedonia as the Balkan nation was struggling with ethnic Albanian rebels, but it stopped short of suggestion sending western troops into the country. Instead, the foreign ministers of EU countries only issued a strongly-worded statement condemning the violence perpetrated by the ethnic Albanian rebels in Macedonia.¹⁰ They reiterated their “strong condemnation of the ethnic Albanian extremist attempts to destabilize Macedonia and the region.”¹¹ The CFSP failed to deliver its capacities on the ground and with it directly influenced the further developments that have taken place. Note, for instance, how the former Development Cooperation Commissioner Joao de Deus Pinheiro said in one speech on the future of CFSP, that: “prevention is better than cure, and that problems of peace and security should not only be addressed in a situation of high tensions or when violence and war have already started to take their devastating toll.”¹² Almost two years after signing the Ohrid Framework Agreement (OFA), on March 31, 2003, the CFSP was ready to launch its first military peacekeeping mission under the Berlin Plus arrangement. Known as Operation Concordia, it succeeded to NATO’s Allied Harmony operation. It consisted of roughly 350 personnel representing 27 different nations with access to NATO capabilities and assets.

⁸ The list of the means at the European Union’s disposal for the prevention of conflict is long: development co-operation and external assistance, trade policy instruments, social and environmental policies, diplomatic instruments and political dialogue, co-operation with international partners and NGOs.

⁹ Lindstrom, Gustav (2006). *The Headline Goal*, European Union Institute for Security Studies, Paris.

¹⁰ See Rory Carroll in Germon and agencies. *The Guardian*. Albanian rebels told to flee or die: Reinforcement arrive in the besieged city of Tetovo as the Macedonian army threatens a ground offensive backed by air strikes, Manchester (UK): Mar 21, 2001. pp. 14; see also Raymond Whitaker. *The Independent*. No talks with rebels, says EU security chief: [FOREIGN Edition] London (UK): Mar 21, 2001. pp. 13.

¹¹ See Xinhua News Agency. *EU Vows Political Support for Macedonia*, Brussels (BE): March 19, 2001.

¹² Speech by Joao de Deus Pinheiro (1998). “Can EU Development Assistance Contribute to Peace and Security?” at the CESD/ISIS Conference on “The Future of EU’s Common Foreign and Security Policy”, Brussels

In spite of everything said above one can not determine with a great dose of certainty if the CFSP involvement in Macedonia was a successes and/or failures taking in consideration the Union's declared aims and objectives as a point of departure. Attempting to go deeper into scanning the situation from this point of view could lead us to fruitless conclusions.

Secondly, even if these objectives are clearly stated problems may still arise when attempting to evaluate its success and/or failure. One very illustrative examples can be found in the pledge of the European Union in finding political solution of the crisis over the military one, of creating a grand coalition or 'Government of National Unity' from the main political parties. Although the Parliament overwhelmingly approved the new government, neither the general public, nor the political parties themselves believed in it. Instead, ones were inside the Government, they saw a chance of rehabilitation and consolidation of their bases of support on the road to the next elections. It was becoming more and more obvious, that the envisaged capacity of the grand coalition was overestimated by the CFSP. In reality, the imagined power base of the political process failed to deliver more courageous sort of reform agenda which meant discovering more effective ways for settling the political reforms frame.¹³ Moreover, there were more than few interventions by HR for CFSP Mr. Solana to save the coalition. In other words, the policy became an end in itself, rather than a means to a particular goal. Thus, the role of the grand coalition lost on significance and the President became the central political institution, instead of the Government.

This example clearly illustrates how one policy objective can change its previously planned role while the substance remains the same. Consequently, was the creation of the grand coalition a success or a failure? The answer is very easy – the question itself is wrong.

There are also examples when the policy outcomes perfectly match previously stated objectives, however, where the full achievement of objectives constitutes a policy failure. In clarifying this third approach in measuring the success and/or failure of CFSP, in my opinion, the operation Concordia as a conflict prevention policy can serve as an example. It contributed to the efforts to achieve a peaceful, democratic and prosperous country, as part of a region of stable countries, where an international security presence is no longer needed. The core aim of the mission was, to contribute further to a stable secure environment and to allow the implementation of the August 2001 OFA.¹⁴ According to the statements of high CFSP officials the mission was a success¹⁵ as it demonstrated quality, however, referring only to an evaluation of the command and control system, not real success according to the task facing

¹³ Milososki, Antonio (2002). *The EU's Foreign Policy towards Macedonia – The Crisis 2001 as a Real Challenge*, Zentrum für Europäische Integrationsforschung, Rheinische Friedrich-Wilhelms-Universität Bonn.

¹⁴ See Council document 6916/03, Brussels, 28 February 2003.

¹⁵ As HR for CFSP stated while attending the ceremonies for termination of Operation Concordia and launch of Mission Proxima: "For the European Union it is a good day, as we have been able to contribute to this positive development in a country that is close to the Union and, after all my visits here, close to my heart. What started as the EU's first ever military mission is now successfully concluded".

the mission. Military support was visible but the political support to implement in full the Ohrid Framework Agreement was missing.¹⁶ The limited policy outcomes of the mission entirely matched the stated objectives, but its achievements constitute a policy failure. In sum, conflict resolution requires the mobilization of political will. This is the bottom line in just about every area of public policy: unless the relevant decision makers, at the national or international level, want something to happen it won't.¹⁷ In this situation the lack of needed political will to make OFA a reality is seen as a failure of CFSP.

Altogether, this kind of one dimensional analytical procedure, when only the CFSP declared objectives are taken in consideration, leaves space for severe uncertainties in its attempt of measuring the success.

How success is evaluated by actors involved

Consequently, one additional approach appears appropriate. It will be evaluating the performance of CFSP from the perspective of actors involved. This means for instance the Macedonian case was seen as a testing ground for future CFSP/ESDP improvements, as a process of (institutional) learning by doing for the EU. Be that as it may, in line with a deep seated historical trend, events on the ground, notably in the Macedonian battlefield, have been shaping and structuring (and, in their turn, have been shaped and structured by) the external powers' policies, the novelty possibly being that one of such great power policies is an embryonic CFSP/ESDP belonging to a potentially supranational entity such as the European Union. To sum up, the conflict in Macedonia was perceived as a success for the CFSP. In contrast, the insights of the other actor, the Macedonian side as a country involved, the situation did have a chance not to emerge in an internal conflict if CFSP reacted in the beginning of the ethnic tensions. Although the Helsinki Headline Goals, in sense of Member States cooperating together on a voluntarily base will provide them with the capability for deploying rapidly were existing on paper, they were postponed on the ground due to unpreparedness of the institutions. From this perspective, the CFSP is seen as a failure due to more than 200 casualties¹⁸ and more than 170,000

¹⁶ Matthiesen, Peter H.: Macedonia and European policy, *South-East Europe Review for Labor and Social Affairs (Baden-Baden)*, 7 (2004) 1, pp. 73-85.

¹⁷ Speech by Evans, Gareth, President of the International Crisis Group (2007). Conflict Prevention, Crisis Management and Preventive Diplomacy in the 21st Century, University of Toronto, Peace and Conflict Society Conference Before the Crisis Breaks, Toronto.

¹⁸ Figures regarding casualties remain uncertain. By March 19, 2001, the BBC reported that Macedonian security forces claimed five of their soldiers were killed, while the NLA claimed it had killed 11. No definitive NLA casualty figures were cited at the time. On December 25, 2001, the Alternative Information Network cited figures of 63 deaths claimed by Macedonian security forces for their side and 64 deaths claimed by the NLA for their fighters. About 60 ethnic Albanians civilians are thought to have been killed (some say 1000) while possibly about ten ethnic Macedonian died during the conflict (Macedonian authorities did not release figures for the latter at the time, some say there were 500). As of December 2005, the fate of twenty "disappeared" civilians —13 ethnic Macedonians and six ethnic Albanians.

people displaced.¹⁹ The question arises from the roots of this argument - what can an analyst articulate in a paradoxical situation like this one when the apparent success seen from one side is seen as a failure in 'reality' from the other side?

In conclusion

The fact that one dimensional analytical procedure leaves space for severe uncertainties in its attempt of measuring the success of CFSP; accompanied by the differently interpreted approaches of measurement from the actors involved, have lead me to the conclusion that the occurred problems are the aftermath of the absence of objective reference criteria.

Conceivably, as the first step in better understanding the CFSP performance and above-mentioned paradoxes, Jørgensen stresses out that an analyst should acknowledge the existence of '*multiple realities*'. The CFSP measurement analysis mirrors the fact that we are dealing with a moving object. One week's failure to prevent the outbreak of conflict in Macedonia may lead to next week's success in arranging a cease-fire.²⁰ Adding to this, how the question of success and/or failure is influenced by the time perspective or sustainability of the policy – was the OFA just an EU brokered agreement which will bring instant, but not sustainable peace or a real endeavor to resolve the stacked inter-ethnic problems that will assure everlasting peace makes the measurement analysis even more complex.

Then again, measuring the success or failure of the EU's CFSP is indisputably difficult. Actually, even if the precise indicators are available, measuring policy outcomes and drawing political implications for the future is controversial at best.²¹

¹⁹ According to the Amnesty International Report 2002 for Macedonia, over 170.000 people were displaced at some time between March and August and over 50,000 remained displaced within Macedonia and in Kosovo by the end of September. People who left their homes were mainly from villages which fell under the control of the NLA.

²⁰ Cameron, Fraser. The Future of the Common Foreign and Security Policy, *The Brown Journal of World Affairs*, winter/spring 2003 – Volume IX, Issue 2, pp. 118.

²¹ Ideas Factory Europe (2004). European Security: No Strategy without Politics, European Policy Centre (EPC)

MACEDONIAN *Affairs*

CULTURAL HERITAGE: A BRIDGE TOWARDS A SHARED FUTURE

KOKINO – HOLY MOUNTAIN
AND ANCIENT OBSERVATORY

ARABIC MANUSCRIPTS IN MACEDONIA

RESTORATION OF
ST. CLEMENT'S UNIVERSITY IN OHRID

PREHISTORIC MACEDONIAN FIGURINES

*Jovica STANKOVSKI, Gjore GENEV, Marijana KAVCIC, Pasko KUZMAN,
Irena KOLISTRKOSKA NASTEVA, Lidija TOPUZOVSKA*

VERA BITRAKOVA – GROZDANOVA
on GOLEM GRAD

NADE PROEVA
on TREBENISTE CULTURE

MIC

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ANALYSES OF MACEDONIAN POLITICS, ECONOMY AND SOCIETY

THE ROLE OF MACEDONIA IN THE EMERGENCE OF EU CRISIS MANAGEMENT

Michael SAHLIN

“An end to the civil war was manifested as the former guerrilla movement – when the new provisional Constitution entered into force – could take up its seats in the country’s parliament – the clearest step towards peace since the rebels laid down their arms. In spite of last-minute objections from nationalist circles the members of parliament did adopt the country’s new provisional Constitution – a historic step which also marked the end of the rebels’ long and bloody uprising against existing government... Commentators are noting that the peace treaty shows that the former guerrilla is firmly resolved henceforth to operate as an ordinary political party, having to learn the art of political compromise.”

No, this adapted news quote does not refer to Macedonia, or FYROM, it relates recent, benign developments in Nepal. Delighted to be asked to contribute to the new journal “Crossroads”, I venture to begin by conveying a memory of sitting, in my present capacity as Director General of a Swedish government agency devoted to conflict prevention and crisis management, with the parties to the *Nepalese* conflict, informing them about how we in the EU were involved in the critical process leading up to the Ohrid Framework Agreement and onwards towards EU accession. I truly think the participants – for all the obvious differences - found the comparison interesting and relevant, and enviable.

It is and remains true that many around the world, and certainly in Europe, consider the Macedonian exercise 2001-2007 as a very special case of comparatively successful conflict prevention and crisis management – for the EU definitely a huge investment, using all the newly emerged instruments of military and civilian crisis management, and an outcome seen by most as a rare and precious success. In that sense

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EU Special Representative in Skopje 2004-2005

the political stability, inter-ethnic harmony, progress and ultimately EU accession of Macedonia have become a prestige matter for the EU. Conversely, the EU looks, with rather demanding and severe eyes, at its close Macedonian partners, expecting their committed contributions to the realization of the joint investment.

With the EU gradually building its capacity to take on a global crisis management role, matching its economic and political potential, and meeting the demand for a rational and effective crisis management division of labour in the wider International Community, it is clear to everyone that huge tasks awaits the EU in other parts of the world, in the Middle East, South Caucasus, Afghanistan, Darfur, The Great Lakes and other eventful places. But it also clear that the EU is expected, and expects of itself, to be the lead agency in international efforts to permanently stabilize areas/countries that still need external assistance in stabilization in the Balkans. This lead responsibility follows factors of geographic proximity, the so-called “back yard” to be transformed into an exhibition front garden, but also from the power of EU accession: the factor (or pull) of membership prospect, *wherever applicable*, as a conflict resolution mechanism and a superior incentive for necessary political compromise, *wherever relevant*. In the Western Balkans, the issue of EU enlargement and the challenges of EU crisis management capacity enhancement had, and still have, an interesting *rendez-vous*, with vivid discussion on *conflict vs complementarity* (as between the two policy areas), *conditionality vs generosity*, *stick vs carrot*, sustainable *solutions* vs impatience-based *quick fixes*.

At present, while tasks in BiH remain comprehensive, the issue of Kosovo is looming large. The EU is preparing for its largest-ever crisis management mission, with a heavy emphasis on Rule of Law tasks, a key case of the EU deburdening the UN and the International Community by taking over from UNMIK and freeing UN resources for other pressing needs elsewhere – assuming a (sufficiently clear) UNSC resolution on the status issue. But the Kosovo factor has been casting its shadow over the region throughout the current decade, as a reminder that sustainable stability of the region depends on the successful stabilization of all its component parts. Perceptions of security deficits and crisis management needs in Macedonia, for example, were always linked to concerns over spil-over risks vis-a-vis neighbouring Kosovo and its boiling, unresolved status issues. It was generally felt that stable, harmonious inter-ethnic relations in the region, Macedonia, Kosovo, Southern Serbia and elsewhere, depended on Macedonia – with its inter-ethnic composition, geographic location and history – manifesting a credible case of inter-ethnic stability and harmony.

Macedonia is a special case in several other ways, further underlining the country’s symbolic importance for the EU and the latter’s policies of enlargement and crisis management. Here I refer to what has been said many times by “El Jefe”, Dr Solana, and those in the EUSR chain of continuity, my esteemed colleagues Alain LeRoy, Alexis Brouhns, Soren Jessen-Petersen and, after me, Erwan Foirée: that Macedonia is the first country where the EU was asked and was ready to take on a clear lead as between the other IC representatives in place, the US, NATO, the OSCE, the UN family and many others (that had rushed to the scene of crisis in 2001, or had been there all along), enhancing the prestige element as above. I also refer to the short time,

envied by others, it took for Macedonia to walk the path from acute crisis and sharp crisis management intervention to becoming, some 4-5 years later, recognized as a candidate for membership in both the EU and NATO, setting an (or *the*) example of successful, time-compressed SAP, the stabilization to association process.

It can be stated that in the long process towards acquiring full EU membership no single step has such political importance (for an ex-conflict and ex-communist country) as that of passing the hurdle of Candidate status. But this happy event is now more than a year behind us, and new hurdles and challenges are there to be overcome.

Let me now reflect a little on the interdependence between the EU and Macedonia that both preceded and was manifested by the Candidate Status achievement in late 2005.

To be an official candidate for membership of the European Union, a country has to be considered by the EU member states to be “normal”, in the sense of fitting the Copenhagen political and economic criteria, deemed to have the institutional mechanisms in place such that the ensuing membership negotiations are credibly guaranteed to be in the objective interest of both sides, such that the EU side can rely on the candidate country’s ability and willingness to carry the required further reforms in relevant key areas and the candidate country can rely on the credibility of the EU: s enlargement readiness. In this way, the achievement of candidate status is a, or *the*, key component in the transformation process from stabilization (crisis management) to association (candidate status and membership negotiations), affecting profoundly the division of labour, sometimes near-conflict, between the different EU institutions. Macedonia was and remains a pilot example of this transformation process, another aspect of the EU: s political dependence on the case of Macedonia being and remaining a success story.

The bigger picture, therefore, is that it was my role as EU Special Representative – in close coordination with others in the EU family, especially the Commission office, and the other main IC representatives – to promote and facilitate this transformation of the accession process gradually taking over from crisis management supervision. Therefore, for me also, the candidate status resolution and everything that this step represents, symbolically, politically, financially, was a big success, a wise outcome of a laborious process under the flag of uncertainty.

For laborious it was, one easily and euphorically forgets. During my 15 months, August 2004 through October 2005, there were worrying setbacks and mini-crises. Things were not “normal”, in the Copenhagen sense. There were rather profound problems lingering (from the 2001 crisis and before) concerning rule of law, inter-ethnic dialogue/trust, electoral maturity and other clouds in the sky – raising last-minute questions in Brussels and other capitals whether there was really readiness everywhere in Macedonia for an end to regular, pre-accession crisis management, whether inter-ethnic stability really was self-sustaining. (That discussion later led the EU to decide to make Macedonia yet another pilot case, where the EU had a “double-hatted” sole representative).

Thus, only *one* year before the EU Summit granted Macedonia candidate status the combined referendum and Kondovo crises occurred. And a few months later abuses documented before and during the municipal elections, only some 9 months before the Summit, rather chocked ODIHR and others involved. In the midst of these, there also was post-Ohrid cases like the “ICTY return” issue, there were controversial Rule of Law cases like “Rastanski Lozja”, recurring problems related to Tetovo University, in addition to things still needing political resolution in the Ohrid Framework Agreement implementation process, *the* recipe for political normalization and stabilization as recognized and facilitated by the EU and other IC representatives (community symbols, equitable representation, de-centralization, language law – did I forget anything?). And then of course there was the “name issue”.

In the perspective of later political events, the Candidate Status triumph, Parliamentary elections leading to the formation of a new government, ongoing discussion with Brussels and EU member states when and under what conditions membership negotiations may start, developments in Kosovo, etc, do we need to remind of the “crises” preceding the eventful autumn 2005 when the Commission recommended and the Summit subsequently, after some hesitation, ruled accordingly (Candidate Status), when – accordingly – the EU changed the nature of its presence in the country (from “two separate hats” to one “double hat”, from Eupol Proxima to EUPAT) , applying a pilot case of enhanced stabilization *through* association?

To answer “yes” is both to remind of a remarkable success in the pre-Summit/ Candidate Status handling of these challenges and to remind of remaining obligations in the present pre-negotiation period. For the Summit decision to grant Macedonia Candidate status reflected, on the part of the Member States, both an element of such recognition of Macedonia’s recent achievements and its political system’s, its democracy’s, estimated ability to live up to its commitments as contracting partner, regardless of government, *and* an element of confidence in Macedonia’s willingness and ability to respond constructively to the EU’s enlargement pledge. *And* a concern with protecting, by extra effort and understanding, the investment made in Macedonia.

Like most others, then and now, I remain concerned and thrilled at how badly the tide of events could have turned that autumn 2004, when on the one hand the pre-accession process made a big leap as Commission President Prody came with a big delegation and a questionnaire, on the other hand “the referendum crisis” and the “Kondovo crisis” appeared to throw back the entire Ohrid process and the political climate to a situation of uncertainty more resembling 2002 than 2004.

For the EU, and for me as EUSR, and for the other internationals the referendum (on decentralization) was a delicate dilemma. Ours was not to question the existing, legal mechanisms of Macedonian democracy, or the right of Macedonians to express their political opinions using legitimate channels – on the contrary, we were there in support of i.a. Macedonia’s democracy. But we needed to convey, not least in conversations with political actors that, to our surprise, promoted or supported the referendum, that a “successful” referendum would put the country in a very peculiar and rather dangerous situation of constitutional void which would have required an Ohrid-style, back-to-

square-one type of IC-led political consultation process to untangle, with considerable time losses in accession terms.

And then there was the link between this political crisis and the simultaneous crisis about Kondovo, where an armed group took control, displaying armaments that could concretely harm the capital itself, and held the country and the government hostage for months, and then months again, Kondovo being a municipality that combined being a suburb of Skopje and a border area with Kosovo, in other words with all the ingredients of security sensitivities and crisis potential. And the leader of that group – still quite visible in Macedonian politics, I understand – made it initially quite clear that his action was spurred by the referendum issue, and that he perceived of the possibility of mobilizing other potential or real armed groups in other (“no-go”) places in Macedonian-Kosovo border areas.

Again, for emphasis: it is remarkable to remember that these events, still to be academically and politically analyzed and evaluated, occurred only one year or less ahead of Macedonia being declared, albeit in a delicate balance between description and prescription, by the EU summit as a “normal” country, in the Copenhagen sense.

The ensuing events expressed firm determination on both sides of the EU-Macedonia inter-dependence relationship: the referendum “failed” and everyone quickly and peacefully accepted this as a fact of life, the Kondovo affair lingered on well into the “Summit year” of 2005 and/but was gradually, and peacefully, resolved, good lessons were honestly and openly declared to be learned from the local election experiences of widespread irregularities, inter-ethnic government and parliament agreement was reached on the last peace of Ohrid-related legislation required, on community symbols, all this helping immensely those favouring Macedonia’s candidature for candidate status.

This coincided in time with commensurate processes within the EU institutions themselves. Can there be EU crisis management presence in a country ready to be judged as a candidate for membership? Must “stabilization” be fully completed and recognized as such before “association” can be initiated; or can there be transitional parallelism? Can one institution of the EU, the Commission, hold it against an accession aspiring country that another institution of the EU, the Council and the member states, still deem prolonged crisis management presence necessary in order to protect the crisis management investment, and/or due to security concern over neighbouring Kosovo? In my many conversations with key political players in Macedonia (Some will remember well) in the period preceding the Commission and Summit stand on Macedonia, I used to claim, as convincingly as I could muster, that such contradiction between the different arms of EU policy was unthinkable. But as the accession process accelerated that critical year, there was a tendency (exploited by *Utrinski Vesnik* and some other media) for the classical division of labour between the Commission office, engaged in pre-candidature political dialogue, and the EUSR, with his security related political mandate, to be blurred, at least in the eyes of political leaders feeling (a bit uncertain as to whom in the EU to talk to about what) that the strategic goal of achieving candidate status motivated extra efforts to brush off any manifestations of crisis management “lack of normalcy”. Hence, for some time, coinciding with the EU debate on “double-hatting” and on the

continued need for ESDP presence, notably Proxima, the unthinkable could appear to in fact something less than fully unthinkable. In any case, useful lessons were learned for whenever the EU again is to face similar transition situation. The EU institutional compromise reached over Macedonia will be useful to look at.

To summarize points raised here, Macedonia's crisis and post-crisis experience as well as her initial accession experience – this applying both to NATO and EU similarly – coincides generically and in time with important steps in the evolution of the EU's policies of enlargement and of crisis management institutional and capacity enhancement. Hence the curious, remarkable interdependence. This factor of interdependence, as defined here, brought Macedonia to a status of EU member candidate, and the EU to a status of relief, in the belief that the Macedonian factor in the Western Balkans equation was now safely in place, allowing full attention to be paid to Kosovo and other burning issues, while remaining faithful to enlargement pledges made. On the Macedonian side, it is now – and has been for some time – up to the leaders, whatever the government, whether government or opposition, to prove readiness for further recognition steps along the accession path: the politics of EU-relevant reform, the politics of Ohrid concluding implementation, the politics of Rule of Law, the politics of democratically impeccable inter-ethnic dialogue, i.e. the politics of European normality. To demonstrate, in other words, that the country remains sustainably "normal".

A bit paradoxically, as a result of Macedonia's 2001 crisis and ensuing crisis management process, there are now many civil and military personnel in Europe who have served in the country and who as a result are intimately familiar with it and have developed friendly relations with many of its citizens, anxious to follow the country's further progress and stabilization, ready to answer to any call to return to some other duty in the service of the country. I am one of these.

It should be an enormously useful asset, well worth official acknowledgement, to an aspiring EU member nation to have at its at least moral disposal such an army of sympathetic ex-crisis managers, genuinely interested – and not just because of the EU prestige affected and the investment made – in the people and leaders of Macedonia successfully overcoming any additional hindrance, self-made or imported, to its final arrival soon to the EU family of member nations.

Like my esteemed colleague Alain Le Roy I am proud to have been granted the opportunity to make, as EUSR, a modest contribution to Macedonia's stabilization and accession, in my case the challenges facing Macedonia and the EU in the 2004-2005 period, and I take this opportunity to extend my well wishes and my best regards to all the people I met personally while in Macedonia, a number larger, symptomatically, than the number of people I know in my own country Sweden. Memories of Macedonia's cultural and natural beauties will accompany me forever.

THE EUROPEAN ARCHITECTURE OF MINORITY RIGHTS

Max VAN DER STOEL

How does one define a minority? For decades scientists have discussed this issue, but they were never able to agree. However, there is a general understanding that it is a group in a state which has an ethnic, cultural, linguistic or religious identity, that differs from that of the majority and which it wants to maintain or even strengthen.

My own experience as High Commissioner on national minorities for a number of years was that it was not difficult at all to discover whether a specific group had to be considered as a minority.

One finds minorities in all continents. In Europe, and especially in South-Eastern Europe, there are many. Frequently, they are not living in one, but in two or even more states. Quite often, they do not live all together in one homogeneous area. Even if the completely unthinkable situation would occur that all states in South Eastern Europe would agree to redraw their frontiers with the aim to eliminate the minority problem, they would come to the conclusion that this is not possible. Some minorities might be able to join their kinstate, but only at the cost of creating new minorities. This could only be avoided if a process of mass migration would be organised. But how many would voluntarily leave their home and their work in order to face an uncertain future elsewhere? Forced migration would of course be out of the question because this would constitute a very serious violation of fundamental human rights. The conclusion is therefore that minority problems must be solved with the persons concerned remaining in their habitat.

In general, national minorities are constantly trying to protect and where possible to strengthen their position. Being numerically weaker, they seek to compensate for this by seeking stronger cohesion and building their own institutions.

In quite a number of states the majority tends to be rather suspicious of the minority. Will it be loyal to the state or will it try to create a state of its own or to join a neighbouring kinstate? And where such suspicions do not exist, the majority

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is often concerned that the national minority is not willing to integrate, and is trying to seek its strength in isolation.

Quite often both the majority and the minority are at fault. The majority ought to be more aware that loyalty of the minority to the state and willingness to integrate can best be assured by policies aimed at maintaining a continuous dialogue with the minority, respecting its identity and granting it a say in decisions affecting its special interests. The minority, on the other hand, has to be aware that it cannot solve its problems in isolation and that it cannot be absent when at the state level decisions are being taken which affect majority and minority alike.

Immediately after the end of the cold war, the Organisation for Security and Cooperation in Europe, the OSCE (then still called Conference on Security and Cooperation in Europe) turned its attention to the question of the national minorities in Europe.

The 1990 Document of the Copenhagen meeting of the conference on the human dimension of the OSCE strongly emphasized that the existence of a well functioning democratic system in the countries concerned was an essential requirement for the solution of their minority problems by stating i.a. : “The participating states recognize that the questions relating to national minorities can only be satisfactorily resolved in a democratic political framework based on the rule of law, with a functioning independent judiciary” (article 30, first paragraph).

Furthermore, the Copenhagen Document stressed that “respect for the rights of persons belonging to national minorities as part of universally recognized human rights is an essential factor for peace, justice, stability and democracy in the participating states” (article 30, third paragraph).

The Copenhagen Document also formulates a great number of rights of persons belonging to national minorities, with the right to maintain their identity and their educational and linguistic rights as the most notable ones. The 1994 Council of Europe Framework Convention for the Protection of National Minorities contains many similar provisions.

When Macedonia joined the OSCE, it accepted also, just like the other states participating in OSCE, a political commitment to respect the provisions of the Copenhagen Document.

Similarly, when joining the Council of Europe, it also became a party to the Framework Convention, thus accepting a legal obligation to respect its provisions.

The European Union has also expressed its strong commitment to minority rights. At the 1993 Copenhagen European Council, it was decided that one of the requirements for membership of the Union was respect for human rights, including minority rights. That these were not empty words became evident when Slovakia, under the leadership of the authoritarian Prime Minister Meciar, violated the rights of its Hungarian minority. When Meciar wanted to open negotiations for entry of his country into the Union, he found the door closed. And it remained closed until a

new democratic government in Slovakia restored the rights of its Hungarian minority. Estonia and Latvia, also wanting to join the EU, discovered in their negotiations on entry that its minority legislation was closely watched by Brussels.

It is essential for the maintenance of the identity of national minorities that each succeeding generation will be made familiar with its language, history and culture. Therefore, national minorities are especially eager to ensure that these subjects receive adequate attention during the educational process.

Article 34 of the CSCE Copenhagen Document deals with this subject: "The participating states will endeavour to ensure that persons belonging to national minorities, notwithstanding the need to learn the official language or languages of the states concerned, have adequate opportunities for instruction of their mother tongue or in their mother tongue.."

The formulation of this article is a very balanced one. On the one hand it expresses itself clearly in favour of educational rights for the minority, but on the other hand it stresses the need for persons belonging to national minorities to learn the majority language. Rightly so, because otherwise the chances of a successful integration process of persons belonging to national minorities would be seriously undermined.

Several national minorities express the view that their interests can only be effectively protected if they can establish their own autonomous region. The Copenhagen Document restricts itself to mentioning this formula as an option, and refrains from considering it as an obligation. In many states, majorities strongly oppose the creation of an autonomous area because they are afraid that the minority would only see autonomy as a step towards eventual secession. In such cases, imaginative use of the opportunities provided by decentralisation and devolution could offer a way out.

Interethnic dialogue can potentially help to reduce tensions. But very much depends on the way it is organised.

In a number of states where such organs have been created they often show little vitality because they are not well organised. In order to succeed in functioning as a bridge between majority and minority, both sides have to be represented at a high level, on the governmental side by ministers who are willing to use such meetings to test the reactions of the minority to new policies the government is considering which also affect the interests of the minority. There must also be room for both sides for a frequent exchange of views about current interethnic problems. Even when no agreement can be reached, these meetings can be useful because they might help to remove misunderstandings and also gives both sides an opportunity to get a perception of what in the eyes of the other side are especially sensitive issues. Organised in such a way, such meetings have to be considered as essential and indispensable instruments to ensure the prevention or reduction of interethnic tensions.

Regarding the interethnic dialogue, there is of course a special situation in Macedonia, because since it became independent there have always been representatives

of Albanian parties in the government. A part of the interethnic dialogue took therefore place around the cabinet table. However, at present, a complex situation has arisen, because one Albanian party is participating in the government, while the largest Albanian party, in opposition, does no longer participate in parliamentary sessions. I abstain from giving an opinion on how this situation has arisen. But considering the vital importance interethnic dialogue can have in containing interethnic tensions, I do express the hope that the present impasse will soon be overcome.

THE PROBLEM OF ENERGY SOLIDARITY IN THE ENLARGED EUROPE

Jerzy BUZEK

The 50th anniversary of the signature of the Treaty of Rome constitutes a good opportunity to discuss the matters related to energy policy and its developments through all these years on the EU level. At this moment energy policy is one of the most important for all the European countries and its role will be increasing in the years to come. A common approach and specific solidarity mechanisms have to be defined urgently if the EU wants to tackle efficiently the energetic challenges.

To a certain extent we can argue that energy was from the very beginning at the core of the European integration process. Already in 1951 Belgium, France, West Germany, Luxembourg, France and Italy signed the Treaty of Paris which founded the European Coal and Steel Community. The choice to merge these economic sectors and control the production of coal and steel was a clear political strategy perceived at that time as the first step in order to guarantee a peaceful and prosperous development of the European continent. It can be considered as the first step towards the creation of a supranational Europe because the Member States agreed to renounce to a big part of their national sovereignty.

Although the Treaty of Rome did not put in place a coherent european energy policy, we have to remember that together with the establishment of the European Economic Community also a second treaty - European Atomic Energy Community -entered into force on 1 January 1958. In this way, the Member States recognized already at that point the shortcomings in the traditional energy sources in Europe and decided to achieve major energy independence investing jointly in nuclear energy. The specific tasks of Euratom included promoting research and investments, establishing uniform safety standards as well as encouraging joint undertakings where the most significant example is the project ITER which is being currently developed in Cadarache in France.

In spite of these positive developments, integrating efforts in the field of energy remained far behind policies like the agricultural or commercial ones even after the series of 1970's oil crisis which clearly demonstrated the dependence of the industrialized

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countries on the OPEC oil and fully unveiled the dramatic vulnerability of their economies towards price fluctuations on international energy markets.

After the end of Cold War and treaties of Maastricht, Amsterdam and Nice as well as recent enlargements, the situation in the EU has changed and the conditions seem more appropriate for a serious debate on the energy policy to begin and to produce concrete results such as, for example, preventing gas shortcomings which very recently threatened EU economic stability. Indeed, in order to effectively put in place the solidarity mechanisms between the EU Member States, we need more than just a common vision or strategy. An innovative common European energy policy is required.

The reflection upon these matters has recently known a particular acceleration, energy becoming a top priority for the European decision makers. There are several reasons for this. In fact, the energy policy encompasses three main different fields - security of supply, long-term environmental sustainability and obviously the economic impact and competitiveness. While analyzing energy policy on global level one has to consider all these aspects together since they are strictly interconnected and interdependent. Moreover, there is also another side, namely the regulatory one. It refers to the Internal market mechanisms and a possible instauration of a direct solidarity mechanisms system between the Members States.

As far as the environmental aspects are concerned we urgently need not only a European but a worldwide strategy because we're facing problems deriving from climate change. It is a global issue and needs a global response. Any unilateral approach is automatically doomed to failure from the very start. Therefore also in this context we have to act under the principles of responsibility and solidarity.

World energy demand and consequently the CO₂ emissions are expected to rise by some 60% by 2030. It is still unclear to what extent it has a direct impact on our climate but it is sure that the human-induced changes are considerable. The Intergovernmental Panel on Climate Change (IPCC) stated that if no action is undertaken there will be an increase of between 1.4 and 5.8 degrees by the end of this century.

In the EU energy accounts for 80% of all greenhouse gas emission. Reducing the overall emissions level will reinforce EU position on the international scale while negotiating with the supply countries but also with the big consumers.

The European Union became a promoter in combating climate change already since signing the Kyoto Protocol in 1997. In contrast with the position of many industrialized countries and other important energy consumers which haven't still done it, the EU ratified the document in 2002. Despite the relative failure of the process which set targets for emission reduction for the year 2012, some new talks are already in the pipeline and the EU is playing a crucial role in it. In this context particularly interesting is the EU Emissions Trading Scheme which constitutes the largest initiative of this kind in the world and could serve as an example for any new post-Kyoto arrangement. It follows a very cost-effective and economically efficient way of dealing with this subject and reconciles environmental concerns with business logic.

This involvement certainly reinforces our position both internally and externally. In fact, from one side we are introducing serious advanced energy efficiency measures as well as promoting research in non-CO₂ emitting energy sources in our economies increasing at the same time our competitiveness and independence. This action is necessary if we take into consideration that the European Commission esteems that in the next 25 years we will have to invest something like 900 billion euros in sole electricity generation. The sooner we start this process the stronger our condition will be in the coming years. From the other side, on the world-scale, we're holding a leader position in tackling the challenges put forward by climate change which provides us a fundamental role in shaping the energy policies worldwide.

Obviously we cannot forget to be realistic. Only our economic and industrial strength permits us to be so actively involved in the negotiations leading to a global approach for tackling climate change. Therefore it is essential to preserve a high level of industrial competitiveness while dealing with environmental concerns.

It is important to stress that a fully competitive market can operate only when we deal with an integrated internal energy market which is also a *conditio sine qua non* for the introduction of appropriate solidarity mechanisms between the Members States. For this to be obtained we need to encourage ownership unbundling diminishing the danger of discrimination and abuse coming from vertically integrated companies which often protect national markets and prevent competition.

Another fundamental aspect in order to enhance cooperation between the Members States and enable the introduction of solidarity mechanisms consists in creating an appropriate interconnection plan for energy infrastructure. In this context the Trans-European Energy networks play a crucial role indicating the infrastructure of a truly European character and linking the national fragmented networks. Since they respond to a common interest logic, their funding should receive a special and constant political support in order to ensure an adequate level of electricity interconnections as well as increase gas import capacity from sources in Russia, Norway, North Africa, the Caspian Sea and the Middle East. They should also be integrated and extended in all cases where the appropriate infrastructure is still missing. In order to guarantee the network security new mechanisms for Transmission System Operators should be put in place.

The next concrete step towards providing a common internal energy market is a harmonized and effective regulation in all the Member States which provides a necessary level of transparency increasing competition and investment. The European network of regulators is responsible for defining precisely relevant technical issues and mechanisms related to cross border issues. In this context, particularly delicate seems the possibility of entrance on the European market of economic actors which normally do not follow clear and transparent market rules nor operate in a fully competitive market. This can potentially have opposite side effects: either deteriorating the domestic European context or promoting best standards in third countries. The EU and national authorities have to undertake any action to guarantee that it is the latter option to effectively happen.

Therefore there is no alternative to a truly internal energy market because only in these conditions liberalisation and competitiveness could stimulate investment, innovation and fair prices to all citizens. Obviously, the investment will have to concentrate particularly on energy efficiency which is the most obvious and urgent element of a new European energy policy and on increasing the share of renewable energy sources. Renewable technologies are fundamental in obtaining more independence from the side of the EU. It will have a direct impact on creating jobs through the formation of a knowledge-based economy which will certainly contribute to broader European policy objectives fixed already in Lisbon in 2000.

In order to be able to introduce innovative solutions in the energy market we cannot do without a strong R&D basis. Thus, research and development activities are important not only for the competitiveness of the energy sectors but also in a long-term perspective for a well balanced energy mix which could guarantee a high level of energy security for Europe. We cannot think seriously about reaching an appropriate degree of diversification of energy sources if we do not develop breakthrough technologies in the fields of renewables, nuclear or CO₂ capture and storage. Also the question of energy efficiency plays here a crucial role.

The EU Member States realized that and decided to act jointly increasing significantly the European research budget. The 7th Framework Programme for Research and Development became an EU policy with the highest financial increase in respect to the previous (2000-2006) financial perspective. The overall budget dedicated to R&D amounts to 54.5 bln euro, the energy part being together with the part devoted to research on nuclear (EURATOM) a consistent part of it with a financing of 6.3 bln euro. By making it one of the most important priorities for the research programmes, EU leaders sent a clear signal that they want to consider energy as a common problem in a long-term perspective.

FP7 addresses the pressing challenges of security of supply and climate change providing at the same time appropriate tools for european industry to increase its competitiveness. Its main objective is to create an innovative and sustainable energy system based on a diverse portfolio of energy sources.

That is why the scope of the Programme is very broad. In its main part it tackles the themes related to the increase of the share of renewables in european economy and development of technologies for energy efficiency. The impellent problems of zero emission power generation are faced mainly through the development of CO₂ capture and storage technologies. The activities dealing with fossil fuels are completed by the part devoted specifically to clean coal technologies. FP7 considers also specific activities for the realization of the vision of a hydrogen economy.

A separate part is constituted by the part EURATOM which is dedicated particularly towards the research project designed to demonstrate the scientific and technological feasibility of a full-scale fusion power reactor. This potentially inexhaustible energy source would be an enormous step towards combating climate change or increasing security

of supply and it's important that it is contemplated also by the EU as a whole and not only by single Member States.

Research and innovation are thus crucial for environmental protection and for competitiveness of European industry. Probably in a long-term it is the most important factor for Europe and it is necessary to undertake joint EU initiatives in this field because we can face the global challenges only by pooling our national resources.

However, what has to be addressed immediately is the question of security of supply which refers to the availability of fossil fuels which at this moment constitute still the core element of our energy consumption. This is certainly an area where Europe is not so well placed since it is lacking these resources. Our import dependency is rising. So does the price of oil and gas which is additionally subject to a very high volatility not to mention political pressures.

Currently the EU energy import dependence is around 50% of total consumption and presents a clear rising tendency. Without any drastic changes it could reach the levels of 60% to 70% until 2030. For oil and gas these numbers could pass from respectively 82% and 57% to 93% and 84%. Moreover, it has to be underlined that in many cases this import comes from regions politically unstable. If one adds to that the fact that the very nature of the international energy market tends to endanger competitive mechanisms because of high ownership concentration, we get a full picture of this complicated scenario.

Taking into consideration these factors we cannot avoid political connotations. More than three-quarters of current EU gas consumption comes from three countries only - Russia, Norway, and Algeria. Though, relations with just one of these partners could be described as perfectly stable and durably solid.

With a high certainty we can affirm that in the next decades the electricity generation will continue to depend heavily on gas. And the electricity demand is growing 1.5% per year. On the other hand, the transport sector will continue to rely on oil. Therefore, the security of supply of these fuels will remain fundamental for the EU energy system.

That is why the EU should put in place a coherent and dynamic external EU energy policy. It is necessary to point out that the real debate about these issues has just opened up and we are still far from a final definition of its shape.

After the supply crisis caused by the deterioration of relations between Russia and Ukraine at the beginning of 2006 and with Belarus later that year now everybody in Europe is aware of what the security of supply stands for. And it is surely surprising to many of our citizens that we have a common EU agricultural policy in times when we do not have any problems with food production and no truly common energy policy in times when we're seeking the energy sources all over the world.

We have to admit that appropriate solidarity mechanisms between the Member States are not yet in place even if European reliance on imported oil and gas is in constant increase and if nothing is done this trend will continue in the future. Dependence on imported oil and gas will be a major issue for the future.

However, some concrete principles have already been identified by the European institutions and now they have to be concretely implemented. Whatever these steps are, they must be inspired by principles of transparency and good governance. That is particularly important while dealing with third countries which present unstable domestic internal features. A legal framework should be set in order to enable investment and trade in a long-term perspective avoiding any discrimination measures. Then, there is the question of production and export capacities of the suppliers which have to be enhanced with compliance with international security and environmental standards. The possible involvement of European investment could be crucial in obtaining these goals. Obviously equally important is the issue of transportation infrastructure which has to be constantly improved. Also the promotion of strategic reserve stocks, including the joint holdings with partner countries should be treated as a priority.

A separate problem is the one concerning the diversification of energy sources, their geographical origin and transit routes. It consists in bringing gas from new regions and through new corridors, creating new storage capabilities or encouraging the construction of new liquid gas terminals.

To reach these objectives the EU is currently using a broad range of instruments starting from political dialogues and Community policies such as trade, development, competition, research and environment and ending with financial tools under the form of grant and loans provided by the European Investment Bank.

There are several ways in which to obtain a high degree of energy security. Proposals have been made in relation to the Energy Correspondents Network or the Gas Coordination Group, improvement of the strategic oil stocks mechanism - in coordination with other OECD countries through the International Energy Agency, increasing the infrastructure investment.

Solidarity mechanisms between the EU Member States when it comes to energy are necessary not only because we form a union of 27 different countries in which such an attitude should be obvious. Indeed our economies are already strictly interdependent and a crisis in one group of them can be extremely harmful to all the others and jeopardize the prosperous development of the whole Union. That is particularly dangerous if one takes into consideration the role energy has for any economy in the world. But these mechanisms should be extended also to other countries which are outside the EU borders.

An example of such an initiative is the INOGATE Programme - Interstate Oil and Gas Transport to Europe which is a particularly interesting instrument for supporting the objective of the security of energy supply in a very vast and deep context. It comprises both EU as well as the countries from Eastern Europe, Caucasus and Central Asia. This international cooperation programme is targeted at promoting the regional integration of the pipeline systems and facilitating the transport of oil and gas both between NIS (*New Independent States*) region and towards the export markets of Europe. Its activities are crucial from the long-term perspective since they encourage the participation of private investors and international financial institutions in these pipeline projects.

In principle it does not provide direct financial contribution but acts as a catalyst for private funding. In order to obtain its goals, INOGATE tries to minimize the investment

risks making the investment secure, legal and - last but certainly not least - profitable. The security of supply of all participating countries is due to increase thanks to both - enhancing safety and security of existing hydrocarbon network and promoting new investment in its extension. In this context, a high degree of synchronisation is necessary for the construction as well as the subsequent operation of the system.

As from the beginning of 2007 INOGATE works without geographical constraints present under TACIS and is incorporated among the activities carried out under the new external EU technical assistance financial instrument "European Neighbourhood and Partnership Instrument". The cooperation will be ultimately strengthened in the years to come and all the Participating Countries will increase their ownership of the Programme through additional contributions.

The scope and content of the future bilateral negotiations and agreements with third countries will determine the form of the EU external energy relations. The cooperation in this field has to be based on mutual trust, interdependence and cooperation. Under international law such a multilateral framework for energy cooperation is provided by the Energy Charter Treaty which entered into force in 1998. Its main objectives consist in protecting foreign investments, enhancing non-discriminatory conditions for trade in energy materials, enabling disputes settlement as well as promoting energy efficiency.

The Charter is often mentioned in relation to the EU-Russia energy relations where the latter is one of the few signatories who haven't yet completed the ratification process. More than a quarter of all oil and gas consumed in the EU comes from Russia. On the other hand Russia has in Europe a reliable economic partner and has a vast pipeline system already operating which permits a consistent export of its fuels to the European markets. The bilateral relation has to be then considered as an interdependence rather than purely a dependence.

In the past there was sometimes no common understanding of these issues between the Member States which get involved in the negotiations individually in disregard to the reservations expressed by other EU countries. The Northern pipeline is perhaps the best example (producing the worst results) in this context. Whatever its intrinsic value might be, it is certainly not a project which expresses the principles of solidarity and common interest of the EU Member States.

The situation has slightly changed after Russian price disputes with transit countries which interrupted supplies to several EU Member States. It went even worse later on because of Moscow continuous refusal to ratifying the Energy Charter which would give foreign investors greater access to Russian's oil and gas deposits and export pipelines. Moreover doubts concerning competition and transparency are also being raised in relation to the Russian energy market.

The future development of the EU relations with its major supplier and our ability to speak with one voice in the external energy relations field will soon give us an answer on whether we are able or not to introduce concrete and effective energy solidarity mechanisms in an enlarged Europe.

CREATION OF EUROPE / REFLECTIONS

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CHASING THE CELTIC TIGER:

– Is the Irish Miracle possible in Central, Eastern and Southeastern Europe? –

Alan DUKES

The Origins of the Celtic Tiger.

“Celtic Tiger” is a term used to describe the phase of rapid and sustained growth currently being experienced in Ireland. It is analogous to that experienced by the “Asian Tigers” of the Pacific Rim during the 1980s. Ireland emerged from a very painful and prolonged period of economic and fiscal re-structuring spanning the decade of the 1980s. The details of that history were conditioned by Ireland’s situation as a small, open economy which had been allowed to become uncompetitive.

The essential and general lesson of the experience is that the longer adjustment is delayed, the more painful it becomes. Specific features of Ireland’s transformation may or may not be relevant to other economies, depending on the particular components of their respective current situations.

In 1980, Ireland was a relatively modern economy. It was a Member State of the European Economic Community, benefiting from substantial capital inflows from the (then) EEC’s Regional Fund and from substantial net inflows of current income from the EEC’s Common Agricultural Policy. It was (and continues to be) a powerful magnet for FDI (foreign direct investment). Its industrial sector included (and still includes) a large number of multinational corporations attracted by a very favourable corporation tax regime, including freedom to repatriate profits, a system which had effectively been in existence since the mid-1960s. As in all modern economies, the contribution of the services sector to the economy was growing.

The social psychology of Ireland played an important role, in both positive and negative senses, in the emergence of the “Celtic Tiger”. There was a sharp consciousness that Ireland had gone from being a “backward” country in the 1950s, through a period of radical and sometimes painful social and political transformation in the 1960s, to being a “developed” and “modern” country in the 1970s. Even today, it is a common form of criticism of public service provision to say (with the hyperbole which characterizes much public debate) that Ireland “...is a *first-world economy with*

Alan Dukes, Director General, Institute of European Affairs, Dublin.

third-world public services”. This consciousness of being a developed economy and society had both positive and negative implications for the economic adjustment process. It created impatience with the effects on social policy of a regime of fiscal austerity, thereby slowing down the pace of reform. On the other hand, it created an awareness of the need to bring the processes of governance into line with the image of a sophisticated polity.

Before the Celtic Tiger: the problems.

Ireland had a series of economic and fiscal problems at the beginning of the 1980s.

- The oil shocks of the 1970s and persistent deficit financing by Government from 1972 onward had produced a fiscal mess.
- High deficits on both current and capital account produced negative Exchequer balances, reaching 13.4% of GNP in 1980.
- Financing these deficits brought the National Debt (including a sizeable element of foreign debt) to 100% of GNP in 1980.
- In 1980, unemployment stood at 11%.
- Taxes on personal incomes and on expenditure were high, and had provoked mass demonstrations in 1979.
- With the exception of that carried out in 1979, every Census of Population since 1926 had recorded substantial net emigration.

Economic and fiscal adjustment.

There was clearly a need for serious adjustment. The nature of the problem and an outline of the route to a solution were clearly articulated by a new Taoiseach (Prime Minister) at the beginning of 1980, but the process of adjustment began only in mid-1981, with the election of a new Government. The process proved to be controversial. The components of the adjustment inevitably created political problems, resulting in three General Elections in a period of 18 months – June 1981, February 1982 and November 1982 – and a political see-saw which temporarily interrupted the adjustment process in 1982.

A difficult period ensued, during which unemployment and emigration continued to be major preoccupations. The fiscal picture remained discouraging for some time, despite a very restrictive approach to Government expenditure.

On the other hand, some fundamental progress was achieved in respect of inflation levels and the external trade balance.

Industrial relations were problematic. Through most of the 1980s, industrial disputes caused the loss of more than one working day per year for every three workers. This clearly reflected a serious malaise. It slowed recovery in output and the growth in productivity.

The picture was complicated by political considerations.

- In January, 1987, differences over budgetary policy led to the departure of the Labour Party from the Coalition Government and precipitated a General Election in February.
- The Fine Gael Party (the larger partner in the outgoing Government) published the controversial budget proposals as the central plank of its election platform.
- The principal Opposition party, Fianna Fail, claimed that these proposals were excessively and unnecessarily deflationary, and proposed a much looser fiscal stance.

Fianna Fail emerged from the election as the largest party and formed a Government, but without a safe overall majority. Thus, after seven years of gradual but incomplete adjustment, a mildly reform-minded Government had split over a further stage of adjustment and had been defeated by a party which appeared to deny the need for further adjustment.

Notwithstanding the fact that the Fianna Fail party had conducted its election campaign on the basis of a looser fiscal stance, in Government it adopted most of the Fine Gael Budget proposals. The incoming Minister for Finance had clearly understood the need for further fiscal adjustment and had won the first battle in Cabinet over the shape of fiscal and economic policy.

Three positive factors.

Three factors – two new and one already in existence - were to contribute in very substantial way to the successful pursuit of the reform programme. These were:

- A new departure in Opposition policy,
- The development of social partnership, and
- An emphasis on Human Resource development, which was assisted by the Ireland's success in the early 1980s in having a concern with social cohesion built into the EC's financial aid system.

A new Opposition approach.

The moderately deflationary nature of fiscal policy continued to be a matter of public controversy, since there are always examples of areas of public spending which can justifiably be increased on the basis of popularly-accepted views of social justice and equity. In 1987, health expenditure and the quality of the public health service were to the forefront of political debate (and indeed still are today). This meant that there was great pressure on the Opposition to oppose the continuation of the fiscal adjustment. The Government, lacking a safe majority, was clearly vulnerable. It also seemed to lack the capacity to re-order expenditure within the overall constraints in order to meet more closely the priorities being identified by the public and by

the Opposition. There was a clear prospect that the Opposition could engineer a Parliamentary defeat of the Government on a platform of looser fiscal policy.

The Leader of the Opposition of the day (Alan Dukes) took the view that such an engineered defeat would have created an expectation of a looser fiscal stance. This, in turn, would create a renewed need for much more deflationary action than had yet been taken, and over a longer period. The net result would have been to undo most of the modest progress that had been achieved and to add to the already marked cynicism among the public towards the political process.

For that reason, he announced in September 1987 that, as long as the Government held to the substance of the reform programme, he would not oppose the general direction of its economic and fiscal policies. He stated that his views about economic policy had not changed just because he found himself in Opposition.

In most walks of life, such a statement would seem pretty straightforward, self-evident and unremarkable. In the political climate of Ireland in 1987, however, it was almost revolutionary. It caused great unease in the Fine Gael Party, bemused satisfaction in the Fianna Fail Government party, was ignored by the Labour Party and was described as a “blank cheque” by the Progressive Democrats. The media, on the whole, did not know what to make of it, since it was an action that fell outside their frame of reference for political analysis and comment.

It worked. It gave the Government and, in particular the new Minister for Finance, the assurance that they would not be tripped up on the reform programme. The Minister for Finance stuck to the programme and, by the time that Government fell in 1989 as a result of a series of minor Parliamentary defeats on the details of expenditure plans, no party seriously advocated any substantial departure from the overall thrust of the reform programme. Fiscal common sense had become a standard part of the political vocabulary.

Social Partnership.

The reform process was further helped by the institution, in the Autumn of 1987, of a new “social partnership” agreed between the Government, the trade unions, the main employers’ organization, the construction industry organization, the largest farmers’ organization, the young farmers’ organization and the organization representing the agricultural co-operatives.

The first Partnership Agreement: The “Programme for National Recovery”, October, 1987.

In an effort to foster understanding of the need for and the problems of adjustment, the Government had instituted a series of round-table discussions with organisations representing trade unions, employers and farmers in the Autumn of 1986. The objective was to seek to identify and, if possible, to expand, areas of common understanding of the constraints on public policy and to explore the possibility of building agreement on appropriate and acceptable adjustment and development strategies.

Progress was very slow. Initially, the trade unions were rather unreceptive and suspicious of the Government's motives. They probably did not wish to be drawn into agreements which would limit what they saw as the proper scope of their action in defence of their members' interests. Employers took a more positive view, since they hoped that there would be some result in terms of a cooling of a tense industrial relations situation.

There is some reason to believe that both the trade unions and the employers felt (for different reasons) that they could get a better deal from a new Government after a General Election than from the incumbent Government drawing toward the end of its statutory term. The talks dragged on through the Autumn and into the end of the year and were interrupted by the collapse of the Government in the following January.

The new Government resumed the talks with the "Social Partners". It quickly became clear that it did not intend to loosen fiscal policy (contrary to what had been said during the election campaign) and the other parties to the talks evidently accepted that there was little to be gained from further argument on this point. The agreement was therefore negotiated against the background of a continuation of tight fiscal policy.

This first social partnership agreement was, in essence, a very simple deal: the Government promised a moderation of personal taxes and, in return, the trade unions agreed to moderate the level of wage demands. The key element in the agreement was clearly expressed.

"8. An appropriate pattern of pay development has an essential part to play in the success of this Programme. Lower income taxation and a low level of inflation can help to bring about more moderate pay expectations. It is for this reason that the Government as part of tax reform under the Programme intend to make the income tax reductions outlined in Section III."

This constituted an historic innovation in Government policy. It was the first occasion in Irish history on which a Government had entered into an agreement on taxation policy with any outside body.

The reductions proposed in income tax for the following three years were the only quantified commitments set out in the Programme: everything else was purely aspirational. In the event, the reductions in income taxation over the period of the Programme were even more substantial than had been envisaged.

Positive results were achieved during the Programme period in respect of GNP growth rates, employment and the Exchequer balance.

It has not been possible to gauge the exact effect of the measures set out in the Programme but it is generally agreed that they were positive. The "Social Partners" agreed that the exercise was worth repeating when the first Programme came to its end and negotiations on its successor started during the course of 1990.

***The second Partnership Agreement:
The “Programme for Economic and Social Progress”, January, 1991.***

The second Partnership Agreement introduced two significant innovations.

- It marked the beginning of an expansion in the number of “Social Partners” around the table.
- It also marked the beginning of a deeper penetration into economic and social policy by measures agreed in the context of the social partnership negotiations.
- It began a process of expansion of the number of participating partners, reflecting a political concern with “inclusiveness”.

This second Programme went beyond the simple exchange of pay restraint for tax cuts. It contained a provision setting ceilings on rates of pay increase in the private sector for the years 1991, 1992 and 1993 and provisions relating to the development of pay rates in the public sector. In addition, however, it contained public service commitments well outside the scope of the original “tax cuts for pay restraint” deal.

In addition, the Programme contained a significant number of unquantified commitments to extra Government expenditure and even a number of commitments or forecasts of increases in expenditure by the private sector.

Finally, it contained an even greater number and variety of unquantified and aspirational statements than the first Programme.

Agreement on the second Programme marked the definitive insertion of the partnership process into Irish public life and policy-making.

Subsequent Partnership Programmes.

The first two Programmes have been followed by five more with increasingly elaborate titles. Twelve further “partner” organizations, representing a wide range of social and economic interest groups and voluntary activity, have been included. A wide (some might say, a bewildering) array of consultative and monitoring fora have been put in place, ostensibly to track and evaluate delivery of the objectives set out in the agreements.

Strength of Partners.

The trade unions are represented by the Irish Congress of Trade Unions (ICTU), the national umbrella organization of (most) of the organised trade union movement, with the internal stresses common to all such organisations. There are questions about the standing of this group. About one third of the Irish labour force is currently unionized and ICTU has only a very tenuous claim to representing the views and interests of the other two thirds. Moreover, the public sector is more unionised than the private sector, and ICTU may therefore be seen to be more heavily influenced by the interests of workers in the sheltered, non-traded sectors of the economy than by those of workers in the exposed sectors.

The ICTU has a cadre of expert, experienced negotiators. They are arguably more expert and more experienced than the public servants representing the Government at the talks, and they are certainly more experienced than the representatives of any of the other non-Government groups. It is to be expected, therefore, that they will dominate the discussions. This is not a criticism of the trade union or Government negotiators: it is simply a statement of fact.

The crucial decisions in the partnership talks are not drawn up in plenary sessions: they are worked out in successive bilateral negotiations between the principal parties and then submitted to plenary examination. It is inevitable in such circumstances that the most expert partners will be the most successful in influencing the final outcome.

Objectively, therefore, the partnership process is one in which the strongest party is one which represents only one third of the work force. It cannot credibly be argued that this necessarily gives the best result in terms of the overall national interest in any negotiation.

The addition of extra “partners” to the process may well have been motivated by a desire on the part of the Government (and even, perhaps, on the part of the other partners) to ensure a greater degree of inclusiveness. However that may be, it has also had the effect of diffusing the focus and diluting the strength of the case being presented to the Government in the negotiations, except in the case of the trade unions. The multiplication of partners has further consolidated the already strong negotiating position of the trade unions. Inclusiveness does not guarantee effective participation or influence.

Scope of Partnership process.

The scope of the process is now so wide that it begs the question as to whether it runs the risk of supplanting the normal democratic Parliamentary process. This question becomes all the more important when account is taken of the manner in which each successive agreement has been concluded.

Each agreement is concluded between the partners. The Irish Parliament has no say in the matter. None of the agreements has been formally put to the Parliamentary process for approval.

Moreover, by the time any of these agreements has been brought before the public or the Parliament, the social partners have already committed themselves to it. If there were a mechanism by which Parliament could substantially vary the terms of an agreement or even reject it, the effect on industrial relations at national level would probably be dramatic.

The value of partnership.

The value of the original components remains. Ireland has enjoyed, for the greater part of 20 years, a period of industrial peace and high growth levels. It would be difficult to argue that this sustained progress would have been achieved in the absence of the

kind of joint endeavour which the social partnership process has fostered. The system, however, currently displays a worrying trend towards undemocratic corporatism in the determination of important aspects of economic and social policy. In addition, there are grounds for concluding that this partnership model frequently produces sub-optimal economic and social solutions.

Human Resource development.

The 1960s decisions to open the economy and to facilitate FDI to the greatest possible extent were backed up by a new approach to education and to what was then called manpower planning. This, in turn, produced a well-educated and flexible workforce which increased Ireland's attractiveness to foreign investors. This lesson was re-applied in the 1980s and informed Ireland's successful insistence (with Spanish backing) that EC Cohesion Funds be available for HR development. This, in its turn, facilitated re-training and skills development in the 1980s as a response to high levels of unemployment. The result was a further impetus to FDI, with consequent employment gains.

What worked for Ireland?

1. The establishment of fiscal common sense as an essential ingredient of public policy.
2. The establishment, through the partnership process, of the fact that moderation in taxation and in wage development has positive outcomes for employment levels.
3. The emphasis on human resource development as a tool of adjustment.

Can the Celtic Tiger be imitated or replicated in Central, Eastern and Southeastern Europe?

The short answer is that it cannot, since each country's development will have its own pattern. Ireland's problems, as they existed in 1980, had a particular character. Its development path was determined by the direction of the reforms put in place and the pace at which they were pursued. In retrospect, it could be argued that the pace of adjustment in Ireland was too slow, particularly in the period 1981-1987.

Other countries, which started from different positions, followed different paths. Estonia and Hungary, for example, are cases in point. In Estonia, the direction of reform was maintained through the 1990s and the pace was reasonably well maintained. The result was that reforms produced tangible results rather quickly. The experience in other countries, e.g. Czech Republic, Hungary, Poland and Slovakia, was different, with discontinuities in both the direction and the pace of reform. The result has been a persistence of fiscal and economic difficulties, accompanied by political uncertainty. Periods of adjustment have alternated with periods of reaction, so that

overall progress has been slower and political resistance to the adjustment programme has been stronger.

The more complete answer to the question is that each of the countries of the region *can* define and successfully pursue a set of structural and fiscal policies that will increase growth rates, employment and incomes. In an ideal world, a reform programme would tackle all the weaknesses of the economy simultaneously. In the real world, the political and social conditions for doing so rarely, if ever, exist. Yet, the more comprehensive the programme, the more successful it will be and the more rapidly it will produce positive results.

The experiences of the twelve latest Member States of the EU are probably useful guides in this regard. The “chapter-by-chapter” accession approach probably ensured that a broader range of reforms was put in place more quickly than might otherwise have been the case. Even this approach was not enough to guarantee a smooth reform path, as recalled above in a number of cases. Nevertheless, it has probably helped to ensure that the transformation has been more comprehensive than it might have been in other circumstances.

All of these country cases have something important in common, which is frequently overlooked. It is that, in all cases, including Ireland, the reforms put in place, however reluctantly pursued, have been reforms necessary to allow the economy in question to face up to the challenges of global competition. The prospect of EU membership and external assistance from the EU has been a positive addition to the process, but it has been a useful accompaniment and helpful stimulus rather than a necessary condition.

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A long engagement followed by a rough marriage

**CENTRAL EUROPE
AFTER THE 2004 ENLARGEMENT**

Geza JESZENSZKY

*It is easier to be a slave than to be a free man
(Aristotle)*

“Captive nations” was term used for the countries of the Soviet Bloc during the early years of the Cold War. It was indeed a long captivity, lasting almost 45 years, when the nations living in Central and Eastern Europe were not masters of their own fate, were not allowed to decide under what political, economic and social system they wanted to live. The whole world had to face the possibility that a nuclear war might break out, in such a case the first and certain victims would have been the inhabitants around the Iron Curtain, the line that divided Europe. The members of the involuntary military alliance, the Warsaw Pact, and its economic counterpart, the COMECON, had to accept what the leaders of the Kremlin dictated. Any attempt to loosen the dependence met harsh reactions, as the Hungarians, the Czechs and the Poles found out. The utopian vision of Communism, as the total liberation of mankind in a world of abundance, turned out to be the very opposite, an Orwellian society characterized by fear, poverty and lies. Although by the 1970s the dictatorship loosened and material conditions improved, the race with the capitalist world was clearly lost, the prosperity and ingenuity of the West proved stronger than the nuclear warheads of the Soviet Union.

The western world in general and the European Community (the Common Market) in particular, were greatly surprised and immensely relieved when between 1989 and 1991 all the European communist dominoes fell. In that moment of bliss everybody welcomed the reunification of the continent, the birth of “a Europe whole and free,” as U.S. Secretary of State James Baker said. Three Central European countries, Poland, Czechoslovakia and Hungary, whose cultural traditions were

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closest to Western Europe's, and whose opposition to Moscow's rule were manifest, decided to coordinate their policies to speed up the formal break with the Warsaw Pact and to bring integration with the European Community closer. On December 16, 1991 the formal betrothal took place: they signed the "Europe Agreement" with the European Communities in Brussels. The three "Visegrad" countries (four after the 1993 break-up of Czechoslovakia) accepted the *aquis communautaire*, pledged to open their markets and harmonize their laws and regulations with those of the European Union (the name adopted in the Maastricht Treaty). The Central Europeans expected to become full and equal members of European integration in about five years. But the engagement proved to be a long one: it lasted twelve and a half years.

The case for European integration

Following protracted negotiations, and joined by the three Baltic republics, Slovenia, Malta and Cyprus, the Visegrad Four became full and equal members of the EU on May 1, 2004. For my country, but also for our neighbours, the EU, post-war Western Europe meant „reconciliation and peace. A community of shared political values. The common practice of economic rights. A social market economy. An institutional and legal system that is capable of renewing and developing itself.” These words come from the speech Hungarian President Ferenc Mádl gave in 2003 on the eve of the Hungarian referendum on EU membership. But for the man of the street in Central Europe, who was aware of the colossal difference in the standard of living between the two halves Europe, accession to the EU primarily held out the hope for reducing the gap and catching up with the West in the foreseeable future.

Hungarians, Poles and other East Central Europeans are not naive; they are familiar with the less attractive face of the European Union. They do not forget the hurdles of the accession process, and they, especially the Poles, continued to cause much stir by harsh and defiant statements whenever they saw the club of older members or the Franco-German axis acting to the detriment of the applicant countries. „Indeed, which is the real face of the European Union as it appears to the new members – is it principles and vision, or is it the cumbersome processes of negotiation, the realities of bargaining and manoeuvring? Well, we know it is both. The principles, we believe, have repeatedly pushed the community and the Union further across historical watersheds, and the vision of the founding fathers – Adenauer, Schuman, Monnet, De Gasperi – has been kept alive by statesmen in Brussels. The vision of Andriessen, Brittan, Van den Broek and Delors, the leaders of the Union in the early Nineties, and of Chancellor Kohl, has won out, slowly and hardly, over partial national interests, and over the Brussels bureaucracy.”¹

With fresh memories of interference and aggression by great powers like Nazi Germany and the Soviet Union, for Central Europeans the EU was also seen as a guarantee against such practices. That is why quite a few people in Western Europe

¹ Gyula Kodolányi at the Burke Nicholson Forum, Emory University, Atlanta, April 20, 2004. Quotation from President Mádl's speech also comes from that talk.

feared that enlargement would be a Trojan horse for reasserting American interests and influence in the EU. The late Prime Minister of Hungary, József Antall, a far-sighted strategist, gave equal weight to European integration and to Atlantic integration, regarding them as two arms of the same process. Indeed the first Western political entity to invite the V-3, and later Slovenia, Slovakia, Estonia, Latvia, Lithuania, as well as Romania and Bulgaria into its fold was the North Atlantic Treaty Organization. For those countries the Atlantic is an inland sea. With all the cultural and economic differences between Europe and North America, they see the North Atlantic space as culturally and strategically unified, as one entity. History provides irrefutable evidence for that.

Radek Sikorski, until recently the Minister of Defence of Poland, and many other political leaders in Central Europe, repeatedly stated that they had to be both good Europeans and good Atlanticists. “the Central Europeans will blunt the anti-American edge of the existing European establishment. On the other hand, they will force the European Union to rethink its policies toward the post-Soviet East. Poland’s borders with Ukraine, Belarus, and Russia are already making the European Union confront issues it would rather duck: dictatorship in Belarus, Ukraine’s uncertain geopolitical orientation, and Russia’s slide toward autocracy.”²

It is erroneous to think that “the new Europe,” the new members of NATO tend to be more pro-American out of opportunism, and were more ready to support U.S. policies in the Middle East out of deference to Washington, just like they used to obey Moscow. For the more far-sighted observers in East Central Europe Islam fundamentalism brings up disturbing memories. They experienced both Nazism and Bolshevism. “They know that poverty and hopelessness combined with a pseudo-religious promise of salvation is a sure recipe for winning blind loyalty and ruthlessness from desperate young people – who will then use tactics invented and perfected more than a hundred years ago by anarchists in Czarist Russia.”³ As EU members these new democracies want to see a West undivided. They believe that the western world could meet the challenges of the 21st century only jointly, with ranks closed.

The success story of Central Europe

In 1990, at the beginning of the transition from the command economy to the market economy, the eastern half of Europe was characterized by poverty, inefficiency, polluted environment, low life expectancy, but also by low costs for food, rent, transportation, health care and medicines, and free education. János Kornai, the renowned Hungarian economist, called that a premature welfare state. The population were happy with the dictatorship gone, but they expected their standard of living also to change for the better, and in a relatively short time. They rightly perceived that integration with the EU would facilitate and expedite that, but they did not give much

² Radek Sikorski, „Europe (Almost) Whole and Free. **EU Enlargement and Its Implications,**” European Outlook, May 1, 2004.

³ Kodolányi, *op.cit.*

thought to the cost, to the inevitable difficulties of the transition. Eventually those costs appeared like the preconditions imposed by the EU, as the price of membership. That diminished the enthusiasm for the EU, but the perspective of receiving large funds from the common budget ensured that enough people continued to support the idea of membership when and where a referendum was held.

By 2004 the eight formerly communist-dominated candidate countries had long transformed their economies and political systems, they attracted much foreign capital and many multinational companies, their growth-rate was on average twice as high as that in the old EU, and they looked like model parliamentary democracies. In the summer of 2004 most observers thought like the American journalist who was “convinced that Poland, Hungary, Slovakia and the Czech Republic were on the fast track to prosperity.”⁴

The optimism was apparently born out by what followed. “Central Europe appears to be enjoying a golden age. Its countries hold Nato and European Union club cards. Billions of euros in EU funds are flowing in. Economies in the region are fast expanding – Latvian growth rates outpace China’s and all the other countries are head and shoulders above eurozone levels. Central Europeans are richer than ever, buying DVD players, plasma televisions and new homes. Every element is in place for a success story.”⁵ Right from the outset there were differences between the applicants, but following accession the relative positions changed. The former front-runners, especially Hungary and the Czech Republic, were slowing down, while those who started from a much lower position, like the Baltic States, excelled themselves. “The best-performing ex-communist economies are setting quite a pace: Estonia and Latvia posted 10% GDP growth in 2005, reminiscent of Asia’s tigers. The question now is whether the new Europeans can keep it up and catch the richer half of their continent. Few worry about external shocks, though Hungary, with its big current-account and budget deficits, looks vulnerable.”⁶

The performance of the new members looked really impressive in the first two years following accession. “A new study from the European Commission on economic development in the new member states shows just how dramatic their success has been. Trade in the ten new EU members, exports plus imports, represents 93 percent of their GDP on average, compared with an EU-15 (the old members) average of 55 percent. The EU-10 also attracted significant new foreign direct investment (FDI), reaching a total of €191 billion in 2004, or 40 percent of their total GDP; it was virtually non-existent ten years earlier. In the countries of the former Soviet Union and the countries of Eastern and Central Europe, the number of people living in poverty decreased by 40 million between 1998 and 2003. The GDP growth rates in the Baltic countries last year reached Chinese double-digit levels. Slovakia is the biggest car producer in the world, relative to the country’s size. These are truly amazing developments. But they didn’t

⁴ Steven Pearlstein, “New Europe Returns to Old Habits,” *The Washington Post*, November 29, 2006.

⁵ Scott Salembier and Pawel Swieboda, “Central Europe must tackle its political malaise,” *The Financial Times*, October 5, 2006.

⁶ *The Economist*, 12 April, 2006.

occur miraculously, out of the blue. Many of the pessimistic predictions could have come true if it hadn't been for the countries' willingness to undertake radical, market-oriented reforms. Privatization of state companies, tax cuts, deregulation, liberation of price controls, openness to foreign trade -- all these were part of the reform agendas. So far, eight countries in Eastern and Central Europe have followed the Estonian flat tax example. [...] Adapting to the demands of the EU concerning rule of law, the fight against corruption and a functioning market economy were important. Without the EU, the road map to reform and many incentives might not have been there.”⁷

Public and official reactions

In the old EU the enthusiasm about the end of the division of Europe did not last very long. Fears about the revival of nationalism and ethnic and border conflicts were substantiated by the bloody break-up of Yugoslavia. But the various schemes for political and economic stability, the political conditions set for NATO and EU membership apparently worked, and Western Europe understood that Central Europe cannot remain a no-man's-land between Germany and Russia. Elaborate compromises about voting rights and the composition of the European Parliament as well as the Commission finally opened the way for the “Big Bang,” the largest accession in the history of the organization that started with the Six signing the Treaty of Rome in 1957.

Official Brussels was satisfied with the enlargement. “Many doomsday scenarios preceded the Eastern enlargement, none of which has materialized,” said Enlargement Commissioner Olli Rehn at a celebration marking the second anniversary of the 2004 expansion. The organization did not break down under the weight of the new members. “The accession of ten new members in 2004 and of Bulgaria and Romania in 2007 has not slowed down decision-making. The EU's institutions continue to function: new members of the European Parliament play an active role in its political groups; the Barroso Commission works effectively with 27 Commissioners; and the Council takes decisions as well as before. Already one year before accession, the representatives of new member states were participating in the work of the EU institutions as observers to prepare for full participation by the time of accession.”⁸

While many citizens of the older member states were concerned about the costs of enlargement, in reality it was ridiculously low. Sikorski predicted that “the total direct expenditure of the European Union will make a net contribution of €26 billion to the ten new members over the first three years of their membership, or 0.05 percent of EU GDP.”⁹ A website of the EU corroborates the forecast made three years ago. “A cup of coffee a month is the price that each citizen of the old member states has paid for helping to reunite Europe. And a part of that cost comes back home because people

⁷ Johnny Munkhammar, “Europe's Greatest Success: The Economic Impact of EU Enlargement,” Center for European Policy Analysis, 23 May 2006. <http://cepa.ncpa.org/digest/europes-greatest-success-the-economic-impact-of-eu-enlargement>

⁸ Myths and Facts about Enlargement. http://ec.europa.eu/enlargement/questions_and_answers/myths_en.htm

⁹ Radek Sikorski, *op. cit.*

in the new member states buy most of their imported goods from the old members. In the period 2004-06, the old 15 member states contributed an average of 26 euro per year per citizen into the EU budget for enlargement. The new members' share of the Union's budget represents only 0.25% of the EU's gross domestic product. This money is mainly spent on better infrastructure, which benefits businesses across the whole EU. Moreover, the new member economies are growing twice as fast as the older ones. The money spent to help develop these economies creates new business opportunities in old and new member states alike."¹⁰

The impact on employment was also feared, reflected by the notorious references to the imaginary "Polish plumber" taking away scarce jobs. All the predictions about a flood of trained and unskilled workers from the East proved to be totally misplaced. "Labour migration from new to old member states has been modest, rarely reaching even 1% of the active working population of the host country. This is the case both in those member states that applied restrictions to access to their labour market and in those which did not. These workers have helped to ease labour shortages in sectors such as agriculture and construction. Ireland, the UK and Sweden have successfully opened their labour markets to the workers from Eastern and Central Europe right from the start, on 1 May 2004. In Ireland, the arrival of workers from the new member states has played a major role in sustaining the country's high growth rate. In the UK, workers from the new member states have helped to fill a part of the half a million job vacancies. In light of these positive experiences, Finland, Portugal and Spain have now decided that they too will open their labour markets. Others – such as Belgium and France – have opted for partial opening. Employment grew 1% on average in 2005 both in the new and in the old member states. Enlargement favours legal migration, which is easier to control, whereas the real problem in many member states is illegal migration, mainly from third countries."¹¹

The new members were not happy with all the arrangements negotiated. The subsidies for agriculture were to be only a quarter of what was paid to the farmers of the older members, and the labour market remained largely closed, at least temporarily. Until 2007 Cohesion and Structural Funds available for the new members for economic and social development were far less than expected and what was due according to the old rules. Parts of the allocations were assigned to be used for technical assistance, i.e. for measures to strengthen the countries' administrative capacity for project preparation and implementation. At least from 2007 equal standards are to apply for all the 27 members.

In Central Europe most citizens did not feel much affected by the entry of their country in the EU. Neither prices, nor living standards showed noticeable change. As expected, the only sector of the economy adversely affected by accession was agriculture, especially smaller farmers. All producers felt the adverse effect of the influx of cheaper goods all the year round. The quality of the imports was often inferior, but the price unbeatable; the public complained but most people were reluctant to pay more out

¹⁰ Myths and Facts about Enlargement....

¹¹ *Ibid.*

of patriotism or even just by responding to their tastes. The farmers could hardly compete with the huge subsidies paid to their West European colleagues. (Poland looks like an exception, where the previous government was successful in negotiating an arrangement by which the private farmers could be given extra support by their government.) It was also annoying that many new regulations were introduced about production, handling, transportation, safety, sanitation, the treatment of animals, access for the handicapped, etc. The benefits were not too obvious, while they led to higher costs, and quite a few were driven out of business.

On the political level formal participation in decision-making could not lead to much visible result. Poland was especially disappointed over the failure of the EU to stand up to Russia over its boycotting of Polish meat products. Even more disappointing was that the EU has paid only lip service to a common energy policy over the importation of oil and natural gas from Russia and Central Asia. That affects the new members, who are almost entirely dependent on deliveries from or through Russia, unlike the old EU, where Norway, Algeria, the Middle East provides alternative sources, not to mention the availability of other forms of energy, from wind, the tide, hydroelectricity to nuclear plants. Most Central Europeans (but not all their governments) resented the failure of the planned EU Constitution to acknowledge Christianity as one of their basic traditions. Hungarians were unhappy to find out that the EU had no guiding principles over the treatment of national minorities. (There are at least two and a half million Hungarians living in the states neighbouring Hungary, who were detached by the 1920 peace treaty.) The EU principle of subsidiarity and regionalism, or the practise of autonomies like South Tyrol, devolution in the United Kingdom, or provincial self-government had no binding force on the internal administrative set-up of the new members.

Common EU policies mean restrictions on national sovereignty. For those who just regained their sovereignty that might have been a little more difficult to accept, especially when it hurt short-term interests, but in most cases EU intervention was beneficial on the long run. A good example for that was when recently Brussels rejected certain tricks of the Hungarian government, which were aimed at reducing the deficit of the budget by hiding the financing of motorway construction. Hungary was also admonished for the unusually high rate of the deficit compared to the GDP (well above 60 per cent), and the measures adopted to reduce the deficit, the so-called convergence program was approved by the Commission only in its third version. It is also beneficial for the economy of the new members that the adoption of the common currency, the euro (which is obligatory in their case) is linked to meeting rather strict conditions, in this way financial irresponsibilities will be ruled out in the future.

Post-Accession Blues

The expression “EU-fatigue” was coined in Western Europe, and it was one of the explanations for the rejection of the proposed EU Constitution in the referendum in France and the Netherlands. The latest political developments in the four Visegrad countries: the electoral success of radical parties, the upsurge of anti-communist sentiment directed against the “socialist” successors of the old communist parties, and

growing scepticism about the European Union, surprised most western observers. “A mere two and a half years after joining the European Union, Central Europe appears to be suffering from electoral paralysis and populist and nationalist straying. It is becoming clear that the era of pro-European and pro-reformist consensus has given way to ‘post-Europeanist’ blues.”¹² “While each country presents a somewhat different political profile, the common thread has been the breakdown of the political consensus around reform and liberalization. Governments are weak, institutions have become politicized, and corruption and nationalism are on the rise.”¹³

In the western press the alarm bells were rung. There were suggestions that these countries were admitted far too early, that they were not yet ready to be members of the European Union. It was 17 years ago that Central Europe received such intensive coverage in the international media. The fiftieth anniversary of the anti-communist revolution in Hungary was marred by violence in the streets of Budapest. (By the way there was not much serious violence by demonstrators but rather excessive force used by the police.) Poland is now governed by assertive twins, usually regarded as populists and nationalists, bent on clearing society from the residue of communism. It took half a year for the Czechs to form a government having a majority of one. Populists and nationalists in Slovakia replaced the moderate centre-right government and are seemingly begetting a resurgence of ethnic tension against the large Hungarian minority. Stephen Larrabee of the Rand Corporation sees the larger implications of those developments: “The recent emergence of nationalist and populist forces in eastern Europe, coupled with the rise of Russia, now threatens to derail efforts toward further EU integration, weaken NATO, erode the continent’s stability, and damage U.S. interests.”¹⁴ But in my view Anders Åslund of the Peterson Institute is right, it is economics, and not politics, which is Central Europe’s big problem.¹⁵

Certainly there is some resentment over the fiscal straightjacket that comes with EU membership. But for the public the problem does not lie with the EU itself, with the institutions in Brussels, but with their own standard of living, which, instead of the expected windfall through EU membership, is stagnating or even declining. “The pace of investment has eased as multinationals look past Eastern Europe to China and India. And while the early years of liberalization produced a surge in new jobs and wealth, the fruits were unevenly distributed. Moreover, now that growth in tax revenue has slowed, it is clear how little was done during the boom years to reform a huge and inefficient public sector that has become a drag on economic growth, a threat to financial stability and an obstacle to the adoption of the euro. [...] Now the International Monetary Fund has raised a warning flag about a possible financial

¹² Kristina Mikulova, “Post-Europeanism” in Central Europe? Central European Policy Analysis, 14 Dec 2006. <http://cepa.ncpa.org/digest/post-europeanism-in-central-europe>

¹³ Steven Pearlstein, “New Europe Returns to Old Habits,” *The Washington Post*, November 29, 2006.

¹⁴ Stephen Larrabee, “Danger and Opportunity in Eastern Europe,” *Foreign Affairs*, November/December 2006.

¹⁵ Anders Åslund, “Economics, Not Politics, Is Central Europe’s Big Problem,” *The Financial Times*, November 8, 2006.

crisis in a region that has several of the characteristics of the Asian economies of the mid-1990.”¹⁶

Contrary to most western observers I do not think that the electorate, the people in Central Europe went mad, and the public is vehemently opposed to any reform which might cause temporary pain by reducing incomes and increasing tax burdens. The problem is that a society raised on the notion of social equality and the state taking care of the basic needs of the people is indignant at the huge differences in the distribution of goods and wealth. In Hungary about 10 per cent of the population (including the unusually large political elite) can be regarded as the economic beneficiary of the transition, earning ten times more than the average. Tax evasion is rampant. Much of the profit made by the multinational companies is withdrawn. Common crime continues to rise, often linked to criminal bands which operate abroad. Public spending on education, health care, culture and scientific research is being reduced. The middle class is getting poorer. To add to the anger there is large-scale corruption, and although quite a few people are being charged, practically no one is indicted and sent to prison. “If corruption continues to accompany the Accession process, only a minority of the population will benefit from reforms. Thus Enlargement will be viewed as an elite project which only benefits a few; this carries the risk of backlash against European integration – arguably one of the reasons for low support for EU membership in new Member States and Candidate Countries, and nationalist reactions among sections of the population.”¹⁷

Replacing one government with another, even when its political colour is very different, does not seem to solve the problems society faces. And although funds due from the EU promise substantial improvements for the infrastructure, the environment and for competitiveness, there is a wide-spread fear that political patronage will influence the distribution and might siphon off much of the money. But strict supervision by the EU will hopefully alleviate fears and ensure the proper use of the funds, while economic policies which can generate expansion may overcome the present crisis-like situation. Apart from the budgetary aspects of the economy there are many other challenges in the fields of demography, migration, energy and innovation, just to mention the most obvious. The problems and challenges mentioned are not restricted to Central Europe, to the new EU-members, they apply also to the countries of the Balkan peninsula, who still entertain high hopes about their future accession. They are not mistaken, they, too, have no viable alternative, but they can learn from the experience of Central Europe.¹⁸

Today the countries of “the new Europe,” including those who are just aspiring for EU membership, like Macedonia, are free to choose among parties and policies,

¹⁶ Pearlstein, op. cit.

¹⁷ Transparency International, 2007. http://www.transparency.org/news_room/in_focus/2006/eu_accession/why

¹⁸ EU: ‘We Cannot Afford A Pause’ In Enlargement. Radio Free Europe/Radio Liberty, Oct. 11, 2006. Interview with Jacques Rupnik. <http://www.rferl.org/featuresarticle/2006/10/5ff042ca-2b56-42c1-8659-736824141152.html>

they are the masters of their own fate. The citizens need to take the opportunity to be “movers and shakers” in their respective civil societies,¹⁹ instead of being passive observers looking for easy scapegoats. People are expected to make good decisions not only in every few years at the elections, but every day in their attitude to learning, work, local affairs, their fellow citizens, information in the media, and personal conduct. In 1989/90 a window of opportunity appeared in Central and South-eastern Europe, and it still can be utilized.

¹⁹ Scott Salembier and Pawel Swieboda , “Central Europe must tackle its political malaise,” *The Financial Times*, October 5, 2006.

THE POLITICAL AND ECONOMIC TRANSFORMATION OF EUROPEAN PROJECT

– *The Case Of Slovakia* –

Eduard KUKAN

Shortly, the European Union will celebrate the 50th Anniversary of the signing of the Rome Treaties. They marked the birth of a unique project of European integration. Like the mighty Phoenix, Europe rose out of the horrors of the World War II with a wish and a commitment to never repeat its terror and to unite Europe on the platform of prosperity and security. Throughout those fifty years, the far-sightedness of its founders – Robert Schuman, Konrad Adenauer, Alcide de Gasperi has been thoroughly tested. And it has been proven right in spite of the fact that they could have only dreamed about the fall of the Iron curtain, about Germany being reunited, about the divided European continent coming together again.

Thirty years after the inception of the grand European project, the countries that broke the yoke of communism started to wake up in their ambition to join the European project. Less than forty years after its inception, the European Union welcomed them as its members. Today, fifty years after its inception we all hope that the countries of the Western Balkans, and Macedonia among them, will be able to follow the same path that took us, the Slovaks and others to our seats at the European table, to the membership in the European Union.

Slovakia's path to the family of European and Transatlantic institutions has been successful. However, it has neither been simple nor painless. Today, Slovakia is a stable democratic country with a strong civil society. We ought to say that it has not always been so. In the mid 1990s, we ourselves struggled confronting the policies of a government that has led the country to an isolation, that allowed Slovakia being dropped from the list of contenders for a membership in NATO and the European Union. As we look back, our story and our success has much to do with overcoming that painful period. But not only that. It has to do with strong will of the whole society to be a part of the community of shared values and with an undisputed commitment to reform.

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On 1 May 2004, the European Union gained not only new members, but also new neighbours, both in the East and in the South of the continent. This marked an end to the infamous era of the division of Europe into the East and the West. Europe returned to its logical political and geographic organisation, and the notion of Central Europe regained its political as well as its social and cultural meaning. From this perspective, membership of the EU has tremendous importance for Slovakia. Not only does it mean the recognition that we are part of the community adhering to universal values of democracy and human rights. Equally important for us was also the recognition that the Iron Curtain did not succeed in destroying cultural and civilisation bonds that had been forged for centuries. And not only that. I have a feeling that even that part of Central Europe that used to lie west of the Iron Curtain seems to realise that it has gained an unprecedented stability.

We are back where we belonged for centuries. Slovakia resumed its place in the community that was alive only in the memories of the oldest generation. In spite of the common roots (for instance, the number of similarities you would find between Vienna and Bratislava telephone directories is simply unbelievable), the generations that were growing up during the Cold War seemed to ignore the existence of the world to the east of theirs, up to the point that after the opening of borders many even failed to notice this change. Symbolically speaking: they got used so much to standing on one leg that, when they regained the use of the other one, they are only slowly gathering the courage to shift the weight to both sides. Just for the illustration: to this day, the overwhelming majority of the inhabitants of Vienna did not visit Bratislava - although the distance between the two cities is only around 50 kilometers. Don't take this, please, as a criticism of the Viennese. I use this example to demonstrate the enormous consequences of the division caused by the Iron Curtain.

Our citizens were keenly aware of this handicap. This is why the decision of the European Union to enlarge eastwards came as a tremendous motivation. It gave a clear message, which said – we did not support the fall of communism merely to eliminate the threat coming from behind our eastern borders, or to find outlets for our products. The message was: come, we need you, we are part of one common whole. This was also the reason to start speaking about the reunification of Europe.

I hope you can forgive me this rather lofty introduction, which is intended to frame what Slovakia wants to say about the future of Europe. It is extremely heartening that when the EU started to consider its eastward expansion, it immediately stressed the inadmissibility of the creation of new dividing lines. Europe's experience with such lines is negative, and no one wants them. This is why we attach such a great significance to the common efforts of the EU member states to pursue a policy of cooperation with the countries lying in their neighbourhood. In case of Slovakia, we can specifically refer to Ukraine, but also to Belarus and Moldova that are not far from our eastern borders and the borders of the European Union. But, above all, this pertains to the countries of the Western Balkans.

The EU in general benefits from the enlargement. After each wave the EU became larger and stronger, although there were always many doubts and catastrophic scenarios.

And maybe also thanks to them everything went right in the end, because they allowed and fostered better preparation of new members as well as the old ones.

Slovakia thanks to its own positive experience, solidarity and conviction (that the enlargement is good and helpful) stays in the front line of active supporters of this process. We are convinced that just like we belong to the family of European countries that share values that the EU is based on, so do the countries of Western Balkans.

We are here to help those countries, which still bear historical burdens, to overcome them quickly and to unchain their hands and energy in order to use them better for solving the problems and challenges on their way to this family.

For all these reasons, we have set the Western Balkans to be a priority of the Slovak Foreign Policy. We see the future of this region in the European Union. And we follow with practical steps. The former Prime Minister Mikulas Dzurinda has used every opportunity to support the opening of accession negotiations with Croatia. And, at the end, Croatia is now firmly marching towards what we hope would be a successful finish in the negotiations. Even today, as the debate about the future status of Kosovo attracts our attention, we do not forget to say that we see Serbia's future in the family of European and Transatlantic institutions.

In spite of the inclusive character of the EU, the membership has never been automatic. And thus it should not be seen as granted. There are always duties to be done before and even more after. Our story of becoming the EU member did not begin nor end with the 1 May 2004, it just opened a new chapter in the history of the EU and in the history of our country.

Before the entry we had to do very responsible decisions, now we can and want to do even more. The membership binds us to a greater responsibility - we are now responsible not only for our country, we bear also part of the responsibility for the whole EU. And the EU is a global player, thus our decisions might affect the development even beyond the EU borders. However, this is nothing to be afraid of, but be aware of.

Slovakia has undergone a remarkable transformation. From an „enfant terrible“ it turned to a „Tatra Tiger“. Though many are now looking at the new Slovak Government with certain doubts, nobody doubts that Slovakia is one of the most dynamic democratic and stable countries of the old continent.

The transformation of Slovakia did not come by itself, automatically. We have all felt what is the price of our success. We have overcome an etape of our country's development. Not only has the performance of our negotiating team led us within two years to where the countries of the first Luxembourg group were marching for four years. The success of the accession process has lead our country to where it belonged - to a community of free, democratic and prosperous countries of Europe.

Slovakia has also made a contribution to the debate about the enlargement of NATO. Bratislava Prime Ministerial Conference in 2001 marked a breaking point in the process of enlargement, not only from the point of Slovakia but also other countries of the so – called Vilnius Group that became NATO members on March 29, 2004.

After this meeting the question was not whether the Alliance will be enlarged, but when and how many countries will be able to join it. Today we know the responses to these questions. And its continuation, the Second Bratislava Prime Ministerial Conference in 2004 shaped the agenda for the transatlantic community.

In the past, I have heard repeated statements pointing out that the entry of Slovakia into the European Union and the North Atlantic Alliance will not substantially change anything in Slovakia. Before our entry to both the institutions many have speculated that the life after the entry will be the same that it has been before. To a certain extent they were right. But it is also true that we have harvested many fruits of the European integration. We were quarrelling whether the conditions given to foreign investors were beneficial or not to Slovakia. But at times we forgot that without a clear perspective of being integrated in to NATO and the European Union there will be nothing to quarrel upon. No investments of the size that made it to Slovakia would have come. Sometimes we forget that the acquisition of European standards substantially helped us in transforming our country to a modern functioning society and market oriented economy.

European integration begun after the victory over Nazism. Nazism represented an absolute form of destruction of freedom – both for individuals, but also for states. That is why freedom was at the very cradle of the European Communities and later the European Union. European Union is not the first project of unifying the majority of European continent. But it is the first unification that is based on a free will of states and citizens of Europe. Roman Emperors, the Emperors of the Holy Roman Empire of the German Nation, Napoleon or Hitler... all these and the others attempted to unite Europe under their power. But it was not a true unification - they all wanted to subdue others. That is why none of these attempts were successful in the long run.

European Union is fundamentally different. Nobody can be pressured to become a member of the European Union and nobody can be precluded to leave the European Union. Nobody is subdued by anyone else. Nobody has an absolute majority and even the most populated states of the European Union- be it either Germany, France, United Kingdom or Italy- are in a minority from an overall view. This creates a certain balance in the Union. Everybody is sentenced – in the good sense of the verb- to a cooperation. No member state alone can push through a decision. Consensus is the fundamental working method of the European Union.

The institutions of the European Union have substantial powers, but their activities are supervised by the member countries. At the end, the member states are adopting decisions at the Council of Ministers. But these are not Brussels' decisions. These are decisions adopted jointly by the member states. And a unique feature of the European integration is that the smaller have relatively bigger weight than the bigger member states. This is why Slovakia with the population of 5,5 million has 7 votes in the Council of Ministers while Germany with the population of 82 million has only 29. Or, in other words, 15 times larger Germany has only 4 times more votes.

But the building of the European Union does not only serve to widen the freedom and the influence of member states, but also to widen the freedom of individuals.

Today, we consider it to be a matter of daily life that other European states do not threaten us. On the contrary, they are our allies. Traveling from Slovakia to Madrid, London, Paris or Rome is today incomparably easier than it took our fathers fifty or twenty years ago. It is not only due to the developments in the transport system, but also due to abolition of internal borders between the EU member states. There are still some temporary measures limiting access to work in all member states, but we can freely study, travel and do business on the territory of the whole European Union. And with the inclusion of Slovakia into Schengen system, shortly we will not need to wait in line at the border crossing points. And with the planned accession of Slovakia to EURO the Slovaks will not have to stay in lines at the bank to change their currency.

European integration has achieved the borders of the impossible within the last 50 years. It has erased the borders both in real and metaphoric sense. Integration has substantially erased the geographical borders that limited the space for individuals. But, and that is even more important, integration erased the borders in the thinking of people. It has erased prejudices against other nations. Prejudices that lead to conflicts and wars in Europe. On the other hand, we are not coming short of problems to solve. Some citizens of the EU are concerned by a low performance of the economies of their countries, by a high degree of unemployment, by their living standards, others by illegal migration, fears from future enlargement, detachment of Brussels's or their own bureaucracies and political elites from the citizen. The way how the governments, parliaments and the EU institutions face these problems, their readiness to a dialogue with the citizen can contribute to renew trust and a renewed trust in the European project. Today, these are all more connected factors than anytime before. From my own perspective, the most important is the fact whether the political elites in the individual member countries are able to face and address these issues and do not allow themselves to be carried away on a different wave of their negative perceptions by their publics. It is simple to say that we ought to shift into a lower gear in the enlargement of the European Union because our citizens require us to do so. It is much more difficult, courageous but also responsible to come to face our citizens and with the whole authority speak in favour of the project which does not have a precedent in Europe's history and which has been profited from by the whole generations of Europeans. As politicians, we are responsible to our voters, but also to succeeding generations. This does not allow us to make a sacrifice for the short term political interests.

We have to be responsible politicians. We have to take into consideration our own limits, limits to our integration capacity. But we must not forget that the nations of the Western Balkans are looking at the European Union with the hope for a better future. For Western Balkans, there is no better alternative to their integration into the European Union, unless we consider this 21st Century alternative to be what the previous Century were to the Balkans- the focal point of European crises. Support for the open door policy is our moral obligation, but also our political wisdom.

We believe that a response to globalization and its challenges does not lay in the administrative measures. No administrative measure will solve the problem. Rather,

we believe that increased competitiveness due to deep structural reforms represents a sustainable response.

Slovakia's progress is due to reforms introduced mainly since 2002. Four years of the first Dzurinda Government (1998-2002) were used to stabilize the economy, to restructure and to privatize the banking sector and to privatize the key branches of our economy. And also for preparing the reforms. After the elections in 2002 we started introducing the reforms.

The first, and the most fundamental one, was the tax reform. We believed that it is motivating and socially just to tax consumption, not activity. As a result, the consumer tax was increased, two levels of value added tax (10 and 23 percent) were united at 19 percent and a flat rate income tax of 19 percent was introduced.

Some European countries believe that by introducing the new tax system, we created tax and social dumping. These calls are baseless. Our critics see our low income tax rate but do not take into consideration the unified rate of value added tax. Our 19 percent value added tax applies to everything - to children's clothing, food ware and restaurant services. The only exception is tax on drugs and some medical goods introduced just recently by the Government of Robert Fico. Our experience with the flat rate tax was very positive. In some countries where the tax rate almost doubles the Slovak one, taxes collected from juridical persons are lower than 1 percent of GDP. In Slovakia, tax on juridical persons is at 19 percent, but the income from these taxes is higher than 2 percent of GDP.

We believe that a tax system combined with a respective social model is the most important and most efficient tool of internal competition inside the European Union. And, as such, it helps to increase the competitiveness of the whole European Union.

Besides the tax reform we have also reformed the social system and our labour market reform. The labour market became more flexible and the reform of the social system resulted in increased motivation to work and to look for work opportunities. We were able to increase the difference between the social help for those who do not work and the people with the lowest income from work. Hereby we made a visible distinction between those who do not work but want to work and those who do not work but do not want to work. We were driven by our persuasion that living on social assistance must not become a lifestyle. This is why the motivational tools for people to look for work or create working opportunities must be strong and effective.

An important part of the reforms was the reform of the pension system. People started to make savings for their pensions on their own private accounts. Interest of people to use this form of pension savings has exceeded our expectations.

Straightening the relations between the government and the trade unions was a part of the reforms. The trade Unions wanted to make decisions without being responsible for them. They started to consider the social dialogue as a dictate of those who do not have a mandate for political decisions. Our government refused such a dictate and we have done well. The trade Unions must not substitute social dialogue by a dictate without responsibility.

An important part of our overall reform process was our health care system. By increasing patient's participation in the treatment we have stopped the growth of debt of health care facilities. Reform of public administration with the creation of regional self- governing bodies, transfer of competences from national level to cities and villages, but also regions was also an integral part of reform process. It has been finalised by the fiscal decentralization with a direct access of cities and villages to taxes. We reformed our school system, though the university reform was inconclusive and the proposed fee- based study has not been introduced. We have restructured our railroads, reformed judiciary and introduced changes in the police corps and public administration. Since 1 January 2006 we have changed an outdated conscription system in the armed forces to a fully professional army.

The reforms are also sustainable in a long-term. Even the new government of Robert Fico which claims to pursue a social-democratic policy but relies on the use of populist measures, has not substantially changed them. Measures that resulted from several attempts were either inconclusive or subject to strong public criticism which made the government to go a step back. Dynamic economy with an expected GDP grow of almost 10 percent and the commitment of continuation of the program of introduction of Euro by 1 January 2009 adopted by the second Dzurinda Government were also strong tools of sustainability of the reforms. Thus, they also served as a form of checks and balances on the policies of the new government.

Yes, the reforms are a response to today's problems. But where we can find a response to the problems of the future?

We are happy that foreign investors have discovered Slovakia. Automotive industry is making Slovakia to be number 1 producer of automobiles per capita in the world. Detroit of Europe, as analysts call Slovakia, is a response to today's problems. Our response to the problems of tomorrow is education. Investors will continue to come if they find an educated work force. The better the graduates of our universities score in the competition with their friends from universities around the world, the better working opportunities they will find. This is why we believe that a strategy for tomorrow, in the middle to long term horizons, must include an economy based on education, information technology, science, research and innovation. An economy which includes an efficient, motivating business climate. MINERVA program proposed and adopted by the second Dzurinda Government gained support also from the then-opposition parties, so it should be sustainable also from the long- term perspective. It remains to be seen how strong will be the political will of the Government of Robert Fico to rely on this strategy.

This year we will celebrate 50 years of the Rome Treaties, which formally started the most successful postwar project in Europe. The community has passed a long way, has overcome lots of obstacles.

However, the larger the union became, the faster the world around changed, too. All the changes caused that people has stopped to feel as a part of the union. The institutions start living their own lives without connection to people.

The anniversary is a right time to remind the primary ideas of the project, its values, principles, aims and that the project was designed and launched for people.

So, in the center of all challenges the union faces today, is the return to the citizens. Thus the new Constitutional Treaty tries to reflect more needs and wishes of people as well as the internal and external changes. The union needs to deepen and strengthen the cooperation and relations among member states.

The future of the EU is in people – in educated, creative and dynamic people and in their knowledge. People are source of thoughts, inspirations and aspirations. And the Lisbon strategy tries to include it with the ambition to increase the competitiveness of the whole union.

The case of Slovakia is a simple story. Simple story which speaks, above all, about the determination of the people of Slovakia on their way to Europe. It speaks about country's successful integration into the European Union. But it also speaks about an uneasy path towards the European Union. And it also speaks volumes about the place that Slovakia enjoys at the European table.

No, we do not pretend that ours is the case to be followed. Rather, we believe that Europe is filled with stories that need to be uncovered. That is why we are relentless supporters of Macedonia's integration into the European and Euro-Atlantic structures. Because there is a story to be shared. And there is a place at the European table that needs to be filled. Your friends abroad will keep that place for you. But only you can sit on that chair. Or, in other words- what your friends need to be supported with while they make an argument on your behalf - is the same determination of the people of Macedonia, is the same action of its government. A progress in all areas, a sustainable progress that will anchor Macedonia firmly in Europe.

As stated by the European Commission, Macedonia is well on its way to satisfy the political criteria for EU membership. It is a functioning democracy with stable institutions which generally guarantee the rule of law and respect of fundamental rights. Reforms are needed to improve the electoral process, reform judiciary and the police, strengthen the fight against corruption. Macedonia has also taken important steps towards establishing a functioning market economy. However, in the Commission's evaluation, the path of economic reform needs to be pursued with vigour, especially in business climate, direct foreign investment, improving the functioning of the labour market and the financial markets. Commission also considers that the efforts of Macedonia must be speeded if the country is to comply with the requirements of the *acquis* in the medium term in the areas of technical norms and standards, protection of intellectual property rights, competition policy, and financial control.

Yes, there is still a lot that needs to be done. Yes, it is a long way and at times very difficult. But without Macedonia and the rest of the Western Balkans, a truly European project cannot be completed. We wish our Macedonian friends a success in their efforts.

COMMUNICATING EUROPE – CHALLENGE FOR MACEDONIA –

Petra MAŠÍNOVÁ

How to communicate Europe

To give Macedonia a good example of the communication on European affairs before the accession of the country to the EU I would not suggest following the Czech model. I would rather shortly analyze the form of the Czech accession referendum campaign and propose Macedonia an efficient system of the EU communication, his early preparation and every day implementation. The EU communication shall start from provision of the absolute availability of EU information to the public through all possible communication channels including opinion makers, political and business elites and media. Other aspect influencing the nation when making opinion on the EU integration is education on all the levels. By proper education the less chance will be given to populists to spread around the simplified and incomprehensible information leading to the cockeyed opinion of the citizens. The information flow shall not go one way; there should be a debate developed. If the country is prepared and used to communicate the EU affairs before its accession to the Union, the membership time will be much easier – technically and politically. The public shall feel that the information provided by state are objective, well-balanced and with YES and NO to the EU arguments. The whole process of EU communication shall not have any characteristics of propaganda nor persuasion.

Czech EU campaign

The coordinator of the EU pre-accession or rather pre-referendum campaign in the Czech Republic was the Ministry of the Foreign Affairs. In my opinion the campaign was designed more like a classical commercial marketing of any good. The principle communication tools were billboards, posters, advertising, just several NGOs projects, very little public debates, TV spots and other commercials. The main problem of the very PRO-EU persuasive campaign was its short implementation period (strong YES campaign just 2 months before referendum) without any educational part, no effective

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centralized EU information system and stop of the information flow after the accession. All these factors caused a certain level of disappointment among the citizens, confusion, lack of needed technical information and high but unfulfilled expectations. Most of the activities have started long after the membership and some of them are implemented even now. Regarding the external information strategy the MFA provided extremely limited amount of money to the Czech Embassies in the EU countries, to the Czech Mission to the EU in Brussels and other Czech Embassies abroad. Unfortunately there was not a concrete designed external strategy with concrete messages and financial coverage. Some of the Missions were dependent on the support of the private sector – sponsorship. The Czech businesses had obviously a very strong interest in the CR to join the EU as soon as possible so they together with the regions cooperated willingly and successfully. The Czech external strategy was rather natural and spontaneous presentation of various segments of the Czech Republic, its economics, tourism, regions, history, tradition etc.

Internal and external communication strategy

Macedonia is actually facing two important challenges. To present the European Union and its values to its citizens (Internal Communication Strategy) and to present Macedonia to the citizens of the European Union (External Communication Strategy). The External Communication Strategy for Macedonia should immediately follow the Internal Communication Strategy on European Integration. Both strategies shall be implemented in synergy. One without the other will be much less effective and incomplete. An effective and precise strategy might help even in the process of the European integration as such. Looking at it through political eyes it is clear that the EU countries will follow their home development of the public opinion on further enlargement which, in a way, could have certain kind of influence on their positions during negotiations.

As Macedonia became an EU candidate country it shall be intensively phasing the process of building an image of a democratic European country looking for foreign investment, more trade opportunities, more tourism as well as better travel and work opportunities for its citizens. These goals are absolutely essential to start to set up the external communication strategy. There are different phases and different target groups depending on what is the message Macedonia would like to send abroad and in what timeframe. The strategy should be very sensitive and smart to all political circumstances and situations inside as well as outside Macedonia, to the political development in the EU as such as well as in individual member states. The topic of the enlargement will always create emotions, fear from expected unknown, from losing control...

Taking into consideration that the Macedonia's declared political priority number one is the European integration, there shall be a specific strategy towards the EU, its institutions as well as citizens. The goal of the external communication strategy is to increase the awareness about Macedonia in general and to present the country as a developing European country with the high motivation to fulfill all the criteria to become the member of the European family. The target groups shall be among others: European Commission, European Parliament, Member states – their diplomatic missions in Brussels as well as the EU countries, Brussels opinion leaders, interest groups (as European chambers,

associations etc.), lobbyists etc. Also the broad public and specific target group among the European citizens should be covered.

The important part of the strategy is identification and political agreement upon an internal message to be sent out in different forms and slogans, something like “Macedonia is ready to become the reliable partner of the European Union member countries or Macedonia entirely belongs to Europe, Macedonia will increase the European challenges etc”. The simplest instruments are the information “tolls” and information channels as the Mission of Macedonia in Brussels, other diplomatic missions of Macedonia in the EU, national and international press, press trips of foreign journalists to Macedonia, Macedonians working in the EU, academic cooperation between universities and young people, official ministerial visits abroad, effective work with the international media, presentation of all the steps and concrete results leading to the European Integration, well chosen logo for Macedonia’s presentation abroad etc.

One of the crucial assistant to the strategic planning of communication is a high quality media monitoring and regular opinion polls on Macedonia in the EU as well as in the individual member states. The last but not least will be identification of allies of Macedonia in the EU and in the region (for example Greece etc.)

Internal Communication Strategy

The lack of adequate information of the population and sustainable communication policy is one of the main reasons of the poor public acquaintance with European matters in Macedonia.

Communication shall be characterized by openness, transparency and a citizen oriented perspective. The communication project includes press, information, education, cultural activities etc. By ensuring a well-coordinated strategy, the different parts of which are not to be seen as separate projects but as components of a whole, the government shall be able to derive substantial benefit from the greater attention which will slowly be turned onto EU work and the Macedonia’s developing relations towards the EU. The aim of the communication project is to widen the interface between citizens in Macedonia and the other EU Member States/candidate countries and to increase people’s knowledge of EU cooperation.

Starting such a project, the Government might be facing specific risks given by the geopolitical, social-political as well as economic circumstances. There is a possibility to:

- 1) To raise too high expectations within the Macedonians – At the moment there is no clear message from the side of European Commission neither from European Council on the possible start of the negotiation talks about the accession
- 2) To make unrealistic promises to the public without being able to give any specific date not even a year of the membership
- 3) To make an unwanted pressure to the European Commission and provoke the negative or at least reserved and disappointing reactions

- 4) To activate the populists to start their anti EU campaign etc.

The EU-Macedonia Action Plan shall be made a matter of urgency for the entire country and strengthen the interest of Macedonian citizens in the EU as a decision-making and consultative body in important political issues. All the measures taken by the Government shall lead to the deeper integration of Macedonia into European space. Overall communication goals can be driven from these objectives:

- 1) Awareness of the Macedonia's priority issues concerning the EU integration shall increase both in Macedonia and overseas.
- 2) To improve public knowledge and understanding of the European Union, EU-Macedonia matters.
- 3) By educational process contribute to the long-term goal of increasing awareness of EU project and European values especially among public and local administration, teachers, pupils and students, civil society, media etc.
- 4) 75% of the population shall by 2010 at the latest be aware that European Integration is the priority issue for Macedonia.
- 5) To initiate a relevant and efficient dialogue with people and connect to them by listening to them.
- 6) To ensure that basic information on the EU is easily available to the population, to both laic as well as specialized public.
- 7) To stimulate interest in the EU matters.
- 8) To support on-going implementation process of the Macedonia EU accession by being pro-active in setting the reasons for unpopular but necessary reforms.
- 9) To stimulate the media to be involved in the debate on Europe – reporting on the EU in media shall be more effectively underpinned on the local level.
- 10) To involve the opinion leaders and opinion makers to the debate on Europe.
- 11) To follow the development of the public opinion together with the state of the media coverage of the EU matters in Macedonia.

Knowledge and attitudes about the EU and information in Macedonia

Surveys of current knowledge, expectations and information requirement among the general public and studies of media content shall form the basis of the planning. In light of the overarching objectives proposed above, operative goals shall be established and focus put on target groups for individual activities. This concerns the overall communication project but is of special interest for the initiatives aimed at the Macedonian media and general public.

Looking at the current level of the public interest into the EU, one could conclude that the public opinion in Macedonia is currently selectively informed, confused and ignorant to large extent. It is very important to observe the public opinion all over the country and do not expect capital, which is always better informed, to decide.

Sociological research

The aim of this commissioned work is to collect complex, valid, representative and analytical outputs and sociological data, which could help formulate and direct a suitable and effective communication strategy on the EU in Macedonia. To have an effective communication strategy, it is necessary to have substantial and good quality information, about representative and actual sociological data and its analysis. In the ideal case such a complex sociological research and inquiry should consist above all the secondary analysis of available data from research on public opinion where the research should be focused on the development and content of the EU support during at least last 5 years and regular public opinion poll so called Omnibus. The omnibus is related to the information about EU priorities of the Government and covering series of questions focused on diverse issues concerning the EU. Respondents should be chosen by the method of a quota selection. The Omnibuses proves to be a useful resource for providing background information and measuring the impact of activities of the Office of the Government within the framework of informing about EU integration and the marketing campaign of the information tools. The Omnibus should be materialized monthly on the representative group of about 900 people over the age of 15.

Another part of the sociological research shall be expert in-depth interviews (50 dialogues with top politicians, business people and personalities of the regions - altogether minimum 150 interviews). The interviews should be conducted with 50 (minimum) respondents in each target group. Another required output will be a detailed analysis of arguments given by respondents. In-depth research and analysis of the public opinion on the EU and information on the needs of relevant groups will be an excellent toll to cover all basic spheres connected to the EU integration process of Macedonia (advantages, disadvantages, availability of EU information, trust in EU institutions, etc.). It also covers the identification of the relevant target groups for the Governmental communication strategy and reveals their information needs. Respondents over the age of 18 will be chosen by the method of a quota selection. Any communication plan cannot be made without current monitoring and contextual analysis of the media in the sphere of informing on the EU affairs. Parallel Monitoring and Contextual Analysis of Media in the sphere of informing on EU affairs provides a compact view on the contents and structure of arguments used in audiovisual, printed and electronic media for the Government of Macedonia. Monitoring serves as a tool to evaluate the effectiveness and accuracy of communication provided on relevant EU topics, and serves to correct any falsities related to the communication strategy, which sometimes occur in the media. Monitoring shall run daily and a detailed contextual analysis should be provided twice a month. The contextual analysis will be structured in such a way that it is possible to change the focus of the activities of the MFA of Macedonia and to target emerging priorities on EU affairs.

The Government shall discuss the strategy with all possible partners. It is always much better to have enemies on the board than outside. At least two advisory groups shall be set up. The Expert working group providing, above all, feedback for Government when implementing the Strategy, assesses effectiveness and content of the communication instruments used and consults on concrete proposals and expert solutions. Its members consist

of experts in communication, lawyers, sociologists, political analysts, and representatives of political parties or Parliament, economic spheres, municipalities and regions, community partners and other interest groups. The internal advisors shall include especially the ministries experts. Also the cooperation with the EC Delegation and other EU institutions and the EU member States seems to be essential. The direct involvement of national and foreign media is for the success of the communication process absolutely inevitable.

As already declared the process of the increasing the EU awareness shall not be only one way communication or classical information and marketing campaign. The real EU debate can naturally start only if there is the parallelly running the education process – as the only form of real and long-term objective information process. Activities within this priority should be designed in close co-operation with the Ministry of Education and will focus on the preparation of concrete methodologies, instructions and advances which will make it possible for teachers to effectively implement EU issues within the framework of existing educational programs. This step is essential in providing good quality and important information about education in the EU both in basic and secondary schools. Special attention will also be given to the further training of teachers and school management regarding European affairs.

The same EU education shall be part of the preparation for the EU membership within the target groups as media, the public administration, members of Parliament, local authorities or different interest groups (chambers of commerce etc.)

To fulfill the primary goal of the EU communication – absolute availability of the EU information for the citizens – the Central **EU information system** shall be developed.

The system shall include:

The Internet portal on the EU in Macedonian language

The Internet Portal should be one of the pillars of the integrated information system on the EU in Macedonia. With respect to the ever increasing interest and utilization of the Internet, the website should serve as the first place of contact for citizens wishing to acquire information about the EU in their own language.

In creating a new EU portal, emphasis should be put on providing relevant news from the EU and news from Macedonia related to EU issues. The portal might contain seven main sections: *Current news, Europe's future including the information on the future enlargement, Topics, the European Union, Macedonia and the EU, the EU and me consisting the information on traveling, working, studying etc., Documents, Information and links, and Signpost for EU opportunities.* The section 'Signpost for EU opportunities should be a service provided for the public by MFA to help citizens understand their relationship with the EU opportunities in participating in different EU programs and projects. Thus, they must be able to obtain easily and quickly important information on possibilities for obtaining money for their projects from the portfolio of the EU funds or to find all the different students exchange possibilities, different projects etc.

An English version of the portal should be also available and serve as an important resource for those searching for information about the Macedonia's relationship to the

EU. Specifically, it should provide references and links to other relevant sources. The EU website must be also linked to other relevant web pages of the state administration and non-Government organizations. The Government should be accountable for the editorial portion of the portal. The content can predominantly be provided by external associates, and partly by a technical server operator. A technical component of the such a website should include extranet modules, specifically an internal knowledge database, serving as a primary informational source for the staff of the information system and others. Information staff will continue to improve and expand the database, based on the information collected from the public. Due to the connection and link with the EU portal, the 'most frequently asked questions' section will be updated on the Internet, which should enable the other information service to be accessible to deal with more detailed and complex inquiries.

EU Information Centers

By creating the EU Information centre the Government puts an emphasis on having direct contact with the public. The Eurocenter's in Skopje task is to fulfill the Strategy of Informing about European affairs in Macedonia, approved by the Government. The Eurocenter shall be based on the principal of the mutual interconnectedness of the main communication initiatives and its mission is to provide information on the EU to citizens, mainly in Skopje and Skopje region. Main Tasks of the Eurocentre Skopje shall among others to provide information to citizens – through direct contact, the toll-free line, e-mails, and informational materials, to distribute informational materials to regional Eurocentres and to citizens, to organize other activities and seminars focused on communication priorities, to provide thematic seminars and training focused on the target groups - carriers of information as media, teachers of civics, history and geography (mainly of secondary schools), Spokespeople, Regions, to hold regular evening "Eurodebates" with the public; to co-create the knowledge database, and informational materials, to co-create EU website, to co-operate with secondary, high schools and universities, to co-operate with the Delegation of the European Commission in Macedonia etc.

Regional EU Information Centers

The model of the Skopje Eurocentre might be also used in other regional Eurocentres, which shall form the backbone of the system for disseminating information on the EU affairs in other regional to be located in regional cities. Such a network will help to decentralize the information activities of the Government. The Eurocentres will be able to address the specific needs of individual regions and thus will be more effective and flexible.

Toll-free Telephone Line on the EU

Toll-free Telephone Line should be an integral part of the integrated information system on the EU which primarily responds to inquiries concerning specific *Macedonia's issues in relation with the EU*; and specifically provides information about the Macedonia

position in current issues, information concerning changes in legislation related to EU law, information on different programs and funds, tenders, training and educational options about the EU in Macedonia. It also refers people to other sources.

EU & Macedonia Press point

The informational bulletin EU & Macedonia Press point (EU & Macedonia Press point, with a subtitle “Euronews from the Macedonia Administration”) is considered an additional communication instrument of the new information infrastructure. Its goal is to bring information on the activities of the Macedonia’s administration in the sphere of the EU, to the public. Apart from the central level of the administration, the bulletin should focus on the regions. EU & Macedonia Press point can come out every two months in an electronic version and should be available to download from the EU website.

The system of informing on the EU affairs of MFA shall be supported by a visible and very well focused marketing campaign. The purpose of this campaign is to increase the awareness of the public about existing information on EU sources in Macedonia. To set up a good strategy the Government shall consult the structure and form with the private communication and marketing agencies, the civil society/NGOs – concrete information projects etc.

What to do?

To fulfill at least some of the above mentioned proposals the Government shall be ready to release a sufficient amount of money, to discuss the possibility of setting up a common strategy with the EU Commission and Parliament partly financed from the European budget, look for the interested groups willing to co-finance some of the activities home and abroad. Suggestion might be to learn from the foreign experiences (especially new member states) and get the experts to draft the strategies. One of the most important challenges would be the ability to continue to provide all demanded information after the accession to the EU and to do so for several years.

The European Union itself as well as its member states is looking for the recipes how to get closer to the citizens, how to increase the interest in European affairs and how to make EU more “exciting” for the European public. If a new member state will join the EU with efficient and people friendly information sources the citizens will feel more secured, relaxed and looked after once joining the EU. There will always be a lot of European topics to communicate – Euro, further enlargement, Constitution Treaty etc. even during the membership. But – Europeans have to remember that any kind of commercial campaigns cannot replace voice of political leaders and opinion makers. The question for Macedonians is: “Do we have real national European? Do people listen to him/her? Would they follow?” The Europeans shall ask “Who is our European leader? Does he exist? Are not the national interests winning over the European ones?”

THE EU KEEPS ITS DOOR OPEN TO SOUTH-EAST EUROPE

Olli REHN

The year 2007 got off to a good start. The accession of Bulgaria and Romania was an historic achievement. It completed the EU's fifth round of enlargement, which has peacefully reunited Europe and brought about increased prosperity and competitiveness for our continent.

Enlargement has been a success story for the European Union – and for Europe as a whole. It has increased the European Union's weight in the world and made it a stronger international player.

This is why, at their Summit in December, EU leaders renewed their consensus on enlargement. The EU's doors remain open to the countries of South-East Europe and Turkey to enter, once each of them satisfies the conditions laid down for membership. Part of the Union's renewed consensus on enlargement is a commitment to further reform of the EU's own institutions and decision-making process. The Union must be able to function effectively, even with growing numbers of members. This is essential, and in no way at odds with enlargement.

Removing obstacles to trade and investment, closer co-operation in education, and broader people-to-people contacts are all practical measures to help reinforce the integration of South-East Europe and Turkey into the European mainstream, in parallel with the accession process itself.

In these areas, the EU plays a strong supporting role. We have considerable expertise to offer, built up over many years of preparing countries for eventual membership. But the pace of each country's progress towards Europe remains the responsibility of its own leaders.

The signature of the Central European Free Trade Agreement (CEFTA) in December last year was a landmark achievement. The Agreement consolidated the patchwork of 32 bilateral agreements into one single regional trade agreement. This will boost trade within the region and stimulate foreign investment.

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The emergence of the South East Europe Energy Community in 2006, was a further step towards a closer integration and regional development. The Energy Community will help to create a supply route for gas into the European Union from the Middle East and the Caspian region. This will eventually increase competition in the EU markets, and reduce our dependency on only a handful of gas suppliers. The strategic role of Turkey, which joined the Energy Community as an observer in mid-November, will grow further with the construction of the Nabucco pipeline that allows us to import gas via Turkey.

These are macro-issues of major importance. For ordinary citizens in the region, the simplification of visa practices is a more concrete proof that the EU's doors remain open -- and that we want them in Europe.

In mid-November 2006, the Council adopted mandates for the Commission to negotiate visa facilitation agreements with the Western Balkan countries. Our aim is to conclude them with all the countries in the region during the first half of 2007, so they can take effect before the end of the year. Visas for students and researchers will be free of charge. For everyone else, the fee will be kept at 35 euros instead of 60 euros, the fee that applies to countries without a visa facilitation agreement with the EU. Frequent travellers, such as businessmen and journalists, will be granted multiple entry visas more easily. In addition, the EU's Member States will make the procedures for issuing visas easier and faster.

Visa facilitation is part of a broader set of measures intended to promote people-to-people contacts between the Western Balkans and the EU. Others include scholarships notably through the Erasmus Mundus programme, co-operation in the areas of research, education and culture, including through participation into relevant Community programmes and agencies, and increased support for civil society dialogue.

* * *

To appreciate how far south-east Europe has come, it is worth looking back a couple of years, to 2005, when France and the Netherlands rejected the draft Constitutional Treaty and the pundits proclaimed “enlargement fatigue” across the European Union.

The year 2005 was an *annus horribili* for the EU. Even so, enlargement continued apace. During the autumn months, we opened accession negotiations with Turkey and Croatia – at long last. We started Stabilisation and Association talks with Bosnia and Herzegovina and Serbia and Montenegro. And, as the year drew to a close, we granted candidate status to the Republic of Macedonia.¹ No small feat.

The year 2006 was more a year of consolidation. Election politics and nationalism returned to the fore in Bosnia and Herzegovina and Serbia, and slowed the pace of reform. We were forced to interrupt SAA negotiations with Serbia due to its failure to co-operate fully with the ICTY. But Albania concluded its Stabilisation and Association

¹ In the original text the author is using the provisional reference for addressing the Republic of Macedonia as used by the EU institutions.

Agreement with the EU; Croatia moved ahead in its accession negotiations; and Montenegro transitioned smoothly into independence and onwards towards Europe. Within the Union, European Heads of State renewed their consensus on enlargement at the December Summit, as mentioned above.

No-one can tell what the year 2007 will bring. Personally, I hope it will be a good year for European integration. But we will face important challenges this year.

Kosovo will be a major challenge, both for the EU and for its immediate neighbours. The EU wants to ensure that the status process succeeds and leads to a sustainable settlement.

The status settlement must set out a vision for Kosovo's future development. It needs to bring maximum political and legal clarity. It should respect the Contact Group guiding principles and lead to a sustainable, multiethnic and democratic Kosovo. Furthermore, it should enable Kosovo to engage in international contractual relations with the International Financial Institutions and to negotiate an SAA with the EU. The EU fully supports the efforts of the UN Secretary General's Special Envoy President Ahtisaari.

In closing, a few remarks on the progress of the Republic of Macedonia.²

One year ago, European Commission President Barroso and I came to Skopje. We celebrated with the Macedonian people and their leaders the European Council's decision to grant their country candidate country status. That was a new step in our rapprochement, made possible by the country's achievements between 2001 and 2005 and the significant progress made in the process of stabilisation and association.

The decision taken by the EU was also a tribute to all those who contributed actively to make possible the progress in the implementation of the Ohrid Framework Agreement and the Stabilisation and Association Agreement.

We were hoping then, as we are hoping now, that progress would continue.

I just visited Skopje again in February 2007. The situation was less encouraging this time. Many reforms were bogged down. Even if some changes had been put in place in recent months and years – including in the legal framework of the judiciary and the police and parts of the business environment – key reforms remained unimplemented.

Further progress is needed in these areas, also to strengthen the administration and the fight against organised crime and corruption.

Ohrid implementation must continue as well. Equitable representation of the communities in the public administration and public bodies remains an important objective. More generally, the respect of the letter and spirit of the Ohrid Framework Agreement will remain crucial for the European journey of the country until its accession to the EU.

The same applies to the Stabilisation and Association Agreement with the EU. The Agreement may be signed, but the real test lies in its implementation. It will

² Ibid.

promote rule of law, good governance, fair competition, accountability. The adoption of European standards and practices will modernise the country and have a positive impact for all citizens.

The EU reform agenda is broad and far reaching. The reforms needed can be complex, and sometimes politically difficult. However, they will have to take place because they are needed to pursue your path towards a modern democracy and a well-functioning economy. They will provide greater opportunities for all, individually as well as collectively.

The journey towards the EU is a demanding one. It raises many challenges which can solely be addressed by a country if its population and its political representatives stand united, “together”, as proclaims the motto chosen by the European Commission to commemorate the 50th anniversary of the Treaty of Rome founding the European Communities.

This will request leadership, mutual trust and shared objectives and priorities. The EU will support and assist, but each country must travel the road to Europe by its own means.

* * *

Enlargement has proven its capacity to transform applicant countries into functioning democracies, market economies, and true partners in meeting common challenges. The same magnetic pull exercised by Brussels with the 12 newest member states is driving reforms again in the Western Balkans. It has consolidated common principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law across the European continent. Enlargement remains one of the European Union’s greatest historical successes.

The Commission wants the Western Balkans to join the European Union when they have met the conditions for membership. The EU’s door is open.

PREPARING EU PRESIDENCY - SLOVENIAN REFLECTIONS ON FURTHER ENLARGEMENT OF THE EU

Dimitrij RUPEL

The topic of the EU enlargement toward the Western Balkans has been set very high on the agenda of Slovenia's EU Presidency in the first half of 2008. This is no coincidence. Not only is the stability of this region of great importance to Slovenia and the rest of the EU; in our view, the enlargement should also be seen as a sign of Union's vitality and power to assist the partners and candidates. In fact, since the beginning of the European integration process after WWII, enlargement has shown its value as one of the EU's most effective policies, successfully contributing to peace, stability and democratic development throughout the continent. It had strengthened the role of the EU both as a global political and economic actor. Economically, it has increased competitiveness and well-being, enabling the Union to better respond to the challenges of globalisation; on the political side, it has steadily consolidated the EU's role as a soft power, spreading the values of democracy, human rights and the rule of law across the continent.

The importance of Thessaloniki Conclusions on Western Balkans has not diminished and - despite of hints at enlargement fatigue and the complexity of the institutional debate within the EU - no one has ever seriously suggested to forget about further enlargement toward the Western Balkans - a region that is undoubtedly a part of Europe. As a key political tool, the enlargement is aimed at delivering progress through structural, economic and political reforms, with a real and tangible promise of future membership.

The last accession wave saw the Union enlarged to the current 27 Member States. This is an impressive number. Some have questioned the Union's continued capacity to integrate new members or even pleaded for a standstill in further enlargement process. Indeed, the Nice Treaty does not provide for adaptations to the composition and functioning of the institutions for a Union of more than 27 member states. Therefore, before the next wave happens, the EU will have to decide on the scope and substance of such institutional reforms that can provide appropriate answers to

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the needs of European citizens and the strengthening of their confidence into the European project.

Against this background, the European Council conclusions from December 2006 have set a strict framework for further enlargement process. More than before, from now on the EU will impose strict conditionality at all stages of accession negotiations, with a special emphasis on the fulfilment of the political and economic criteria. The Commission will provide impact assessments on key policy areas (institutions, policies and budget) at all important stages of accession negotiations. As a reaction to worrisome European public, more efforts will be put into communicating the benefits of the enlargement process to the EU citizens. But all this does not mean that the enlargement hopes have been dashed. What it means is that prospect candidates are expected to show more vigour and determination. This is good for them too.

As a neighbour of the future members of the EU, Slovenia would wish to see the countries of the Western Balkans drawing nearer to the Union at an accelerated speed, and the EU engaged in assisting them along the path. However, there can be no shortcuts and candidates must meet the entry requirements in full. Badly prepared new members mean bad publicity for themselves and above all for the public support for the enlargement in the existing member states. Well prepared candidates will find it much easier to integrate into the Union - and vice versa.

With the recent parliamentary elections in Serbia and the upcoming resolution of the Kosovo final status, maintaining the EU perspective for the Western Balkans will be of specific importance this year. An important strength of the EU perspective in the region is that it enjoys a wide support across party political and ethnic spectrum within the individual countries. As a result, the EU perspective also has positive impact on the strengthening of democratic forces and the inter-ethnic dialogue, contributing to the stability of the region.

But more than ever, it will be of specific importance for the Union to make the European perspective more tangible through concrete measures for the citizens in South Eastern Europe. In this context, the recent launch of negotiations on visa facilitation and readmission agreements with the Western Balkan countries represents a necessary first step in the right direction - toward visa liberalisation. Moreover, the EU is currently reflecting on how to integrate the Western Balkan countries into Community programmes, including student exchange programmes and the region's involvement in Community Agencies. In the same context, since January, the Community Instrument for Pre-Accession Assistance (IPA), covering both candidate and potential candidate countries, foresees programmes covering areas such as institution building, cross-border cooperation, regional development and rural development. A total of 11.5 billion EUR will be made available for these purposes in the period between 2007 and 2013.

Enlargement as a quid pro quo

Since the beginning of the EU integration process, enlargement has been based on a *quid pro quo*. The EU is offering an ever closer integration and ultimately accession

of European countries in exchange for the adoption and implementation of political, economic and social reforms. These often involve necessary, albeit politically uneasy measures, something that Slovenia experienced itself not so long ago. The pains of Macedonia and other candidate and aspirant countries struggling to meet the EU criteria are therefore not unknown to Slovenia. While none of the existing member states - not even Slovenia - can offer complete, ready-made solutions for the new EU hopefuls, Slovenia is happy to share its own recent transition experience with the countries of the region. Not only is the language barrier lower, but there is also the common experience of former "Yugoslav *acquis*" which makes the Slovenian advice particularly valuable. The Centre for European Perspective, www.cep.si, located at the Jable Castle near Ljubljana is the most recent addition among the Slovenian institutions dealing with the transfer of EU-accession know-how, offering programmes primarily in the area of capacity building.

With regard to the implementation of the reform agenda in the Region, there have been some positive developments in recent months. The enlargement and amendment of the Central European Free Trade Agreement (CEFTA) in December 2006 will considerably reinforce the region's competitiveness and – ultimately – also increase its attractiveness for foreign investment, extending the zone of currently bilateral Free Trade Agreements into a common market, one that in the future will be integrated into the EU. The high level event was a significant political success for the region, through which the countries demonstrated that they *are* actually able to work together, on the basis of a common aim to move closer to the Union. Now it is up to the parliaments in the region to take up their share of responsibility and to ratify the CEFTA agreement so that it can swiftly enter into force.

Similarly, the entry into force of the Energy Community Treaty in July last year and the increasing integration of the Western Balkan countries in Trans European Energy networks have been welcoming signals that the countries are willing and able to make the necessary steps to integrate both within the region as well as with the European Union.

At the political level, the transformation of the Stability Pact into the Regional Co-operation Centre under the umbrella of the South-East European Co-operation Process is a significant step forward in making regional co-operation a reality, which is now also locally, i.e. regionally owned.

Macedonia's integration into the EU

Since December 2005, Macedonia has the status of a candidate country, however, without a set date for the commencement of accession negotiations with the EU. Slovenia would very much hope that this will be an item on the EU agenda during its Presidency.

As the Prime Minister and I have told our Macedonian friends during the two official visits in January and February, Slovenia advocates an early setting of the date for the commencement of negotiations. Also, Slovenia is ready to continue assisting

Macedonia in carrying out reforms. We believe that reaffirming Macedonia's EU perspective in a sensitive period in the Region would help release the potentials of Macedonia and would also have a very positive effect on the Government efforts to implement the Ohrid Framework Agreement. The good thing is that the EU enjoys a very high cross-party and cross-ethnic support in Macedonia. Why not perhaps somehow formalize this consensus to make the commitment even stronger and the EU path a little bit easier? Further drawing closer of Macedonia to the EU might also have a positive psychological effect on the whole South Eastern European region and on its readiness to carry out reforms.

Closely linked to this, the development of good-neighbourly relations is an integral part of the preparation for the EU accession, actually representing the essence of the European integration process. Naturally, this is not an easy task; it requires constant and mutual effort of listening to each other's concerns and (historic) sensibilities.

It is now up to Macedonia. Its future is in the hands of all the people of Macedonia. Its progress on the path towards the EU will be assessed on the basis of the results achieved in further implementation of the Ohrid Agreement and the general progress in carrying out reform processes, especially in justice, police, fight against corruption and organised crime, and the economy. The assessment in the Autumn Report by the Commission will be crucial. In Slovenia we have been very impressed to see the bold reform efforts made by the government of Mr Gruevski, in particular in the economy. We will all be looking forward to seeing more of this in other key areas, among them the continuation of a constructive dialogue between the authorities and the opposition. The latter needs to be constructive too - this is no time to stand by the side. Too much is at stake for Macedonia and there is little time left. Every citizen of Macedonia should become aware that the EU integration process is of prime national interest for him or her too.

EUROPEAN ENLARGEMENT: ECONOMIC LESSONS LEARNED AND WHERE NEXT?

Alain SERVANTIE and Maurice GUYADER

After generations of division and war, the European Union is now peacefully unifying Europe. The EU has enlarged to 25 and then 27 Member States. Over the last fifteen years, the EU has helped to transform Central and Eastern Europe into democracies. It has also inspired reforms in Turkey, Croatia, Republic of Macedonia¹ and the other Western Balkans countries. Europeans benefit from having stable democracies and prosperous market economies. The enlargement process extends peace, stability, security, human rights, democracy, the rule of law and prosperity.

European membership is a dynamic process. It has quadrupled in three decades. The history of the EU proves that there is no contradiction between widening the Union and deepening its integration. Since 1973, the EU has enlarged five times to take in altogether 21 new countries, while at the same time establishing the single Market, adopting the Euro and developing a host of other new policies.

Two years after May 2004 the biggest enlargement ever of the European Union is an economic success: the 10 new Member States' economies are growing at a rapid pace enabling them to progressively bridge the gap with their neighbours. But the latter also win as the increase of the EU's single market by 75 million to 450 million inhabitants brings a wealth of trade and investment opportunities.

The 1st of January 2007, with Romania and Bulgaria, it is 30 million inhabitants more who joined the Union.

¹ In the original text the authors are using the provisional reference for addressing the Republic of Macedonia as used by the EU institutions.

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The fifth enlargement did not involve, as some feared, any major disruption to the economic stability of the continent, nor an uncontrollable flow of population away from the east of Europe towards the west of the continent.

On the contrary it permitted the very rapid integration of the new Member States into the European Union trade flows and has created conditions favourable to sustained growth in Central and Eastern Europe. This should in turn lead, in the near future, to some convergence of these economies with those of Western Europe.

Intensifying commercial links, trade liberalisation through the Europe agreements signed in the early 90s, foreign direct investment, greater efficiency through adapting market mechanisms, macro-economic stability are behind the good results.

Overall, the fifth enlargement, by leading to a larger, more integrated internal market, has created the conditions for the whole European economy to become stronger and more dynamic, hence to be better equipped to face increased global competition.

It is possible to say that the fifth enlargement has been a success for all its Member States.

We will examine the results of this success in economic terms, as well as on industrial matters. There are also positive results in the social domain at costs which are sustainable. We will end this short paper by a rapid survey of the current perspectives of the enlargement policy.

1) Enlargement is a catching-up tool and an economic success.

Additional growth because of enlargement is estimated to 1,5 % / 2 % a year in the new Member States. In the old Member States, the former eastern border benefit most from the enhanced trade and investment possibilities (mainly in Germany, Austria, Italy, Denmark).

In comparison with the previous EU15, enlargement increased income diversity but in 2005, per capita income is already at 43 % of the former EU15 in Latvia, 46 % in Poland, 75 % in Slovenia and 77 % in Cyprus, but only 30% in Romania and Bulgaria.

The central and eastern European countries have already successfully transformed their economies from central planning to functioning free markets, even before enlargement. Their ambition of complying with the Copenhagen criteria for EU accession had served as a catalyst for change.

Per capita incomes are much closer to former EU15 levels now than they were back in 1997 (the year of Agenda 2000). Recently EU-10 growth has been higher than in the former EU15 and EU-10 are now on a long way to convergence with the EU-15.

Macro-economic indicators are generally making improvements in the New Member States. Trade integration which started long before accession and capital movements that were liberalised before accession are amongst the main factors

which helped in this process and have played a decisive role in catching up. The Euro adaptation envisaged can create a new focal point for further structural reforms while providing for macro-economic and fiscal discipline.

Regarding the Maastricht criteria, inflation in the EU-10 has gone down, but wage pressures remain strong and interest rates have come closer to the EU-15 levels over recent years. Eight of the EU-10 have public debt ratios which were recently below the 60% of GDP, half of the new Member States were below the Maastricht threshold of 3 % of GDP for fiscal deficit and 7/10 already joined the exchange rates mechanism. The current account deficits of the EU-10 have been financed by foreign direct investment so far.

Romania and Bulgaria are also improving, but are not already at the same level as the other EU10.

The average unemployment rate for the EU-10 slightly decreased over 2004-2005.

Trade integration is already a reality in the global EU 27. The 10 new EU member states, Romania and Bulgaria have been highly active participants in the process of trade integration since the early 1990s. This integration process is being driven by trade liberalisation policies, falling transportation and communication costs, rising income levels and development of increasingly global production systems.

Trade flows between the EU-10, Romania and Bulgaria and the EU 15 increased dramatically in the period preceding EU accession. Both the prospect of EU accession and trade liberalisation through the Europe agreements triggered a surge in trade in the second half of the 1990s. As a result of the Europe agreements the EU-15 rapidly became the major trading partner for EU-10 countries, Romania and Bulgaria. In average, the EU-15 has a surplus of more than Eur. 14bn with the 10 Central and Eastern European acceding Countries between 1993 and 2004. The degree of trade integration of the recently acceded Member States with the EU-15 slightly exceeded the degree of the EU-15 countries.

EU accession boosted exports of goods in the two groups of countries. Over the period 1993/2004, the EU-10 increased its market share in the EU-15 by 8 percentage points accounting for 13% of the extra EU-15 imports of goods. The EU-15 countries accounted for around 70 % of the extra EU-10 imports of goods in 2005 with Germany remaining the top EU-15 exporter to these countries. There is a certain complementarity between the trade structures of the EU-10, Romania and Bulgaria and EU-15.

II) There is a strong growth of Foreign Direct Investment (FDI) in the new Member States of Central and Eastern Europe, plus Romania and Bulgaria.

We have recently seen a rapid growth of foreign direct investment flows into the new Member States. In 2005 the global stock of FDI reached 240 billion Euro in the 10 new Member States plus Romania and Bulgaria (starting at more or less zero at the beginning of the 1990s). The three largest economies: Poland, Hungary and the Czech Republic absorbed more or less 2/3 of this sum. The EU-15 is by far

the main investor, with a share of more than three-quarters of the total inward stock in the new Member States in 2004. The Netherlands, Germany and France are the most important investors. Inward FDI is modern and more skill intensive sectors have increased more rapidly. Transport equipment is the largest sector in terms of FDI in manufacturing in the new Member States.

Romania and Bulgaria came later on this market, but are now catching up.

The sensitive question of possible relocation of industries in the new Member States must be well understood. Studies confirm that relocation of companies from the former EU 15 to the new Member States remains a marginal phenomenon. Moreover, Central and Eastern Europe is not the main destination for relocation. It is not enlargement that mainly causes outsourcing and relocation, but global competition.

Companies will always seek lower costs, larger markets, technological innovation and other factors that give them a competitive edge. European companies face global competition. Investing in Central and Eastern Europe can help European industry to maintain jobs and create growth throughout Europe. For instance, the expansion of service enterprises is creating jobs both in new Member States and former EU 15. Enlargement helps the EU to meet the challenge of globalisation by increasing internal and external trade and thus keeping and creating jobs.

The EU accession culminated a process of gradual structural transformation of the new Member States. The new Member States are particularly attractive, but we cannot say that the direct increasing foreign investment flows from the EU-15 to the new Member States are perfect indicators of possible relocation of activities from EU-15 to EU-10 by far. Not all FDI can be associated with the shifting of activities from EU-15 to EU-10, Romania and Bulgaria.

An important aspect from this problematic is the fact that the trade in intermediate goods has become the most important component for the new Member States (it represents on average around 7% of their GDP). Supplying local markets in service trades is the principal motivation for foreign investors rather than outstanding or establishment or export-oriented activities.

The concerns raised among the old Member States due to fears of loss of employment seem to be exaggerated. While intra-EU relocations may have a significant impact in certain sectors like textiles, transport material and information and communication technology for certain EU-15 regions where they were concentrated, there are no reasons to believe that a massive shift of activities and jobs from the old to the new Member States is underway. The EU-15 remains by far the largest host for FDI within the enlarged EU. In 2004 the share of the new Member States in the outflows of the EU-15 was only 1,5%, while close to two-thirds went to the EU-15. Only a very small share of FDI by the EU-15 firms going to the new Member States involves the substitution of activities previously carried out in the home country.

III) If the impact of Enlargement on different markets of the former EU 15 is limited, positive incidence can occur.

The impact of relocations on employment levels in the EU-15 economies also appears to be clearly limited. The effect of employment substitution between home employment in European multinationals and employment created in their subsidiaries in the new Member States also tends to be small. The employment creation effect in subsidiaries in the new Member States is considerably greater than the employment reduction at home. But the skill composition of labour demand in the EU-15 may change as a result of intra-EU relocations. In Germany it has contributed to the fall in the relative employment of manual workers.

The question of potential migrations from New Member States to the former EU 15 must not be over-estimated. The doomsday predictions of a flood of workers from Central and Eastern Europe have proved to be unfounded. Labour migration from new Member States to former EU 15 has been modest, rarely reaching even 1 % of the active working population of the host country. This is the case both in those Member States that applied restrictions to access to their labour market and in those which did not. These workers have helped to ease labour shortage in sectors such as agriculture and construction.

The very long run migration potential for the EU of the source populations of the Central and Eastern Europe on countries is estimated at around 3 million people (in cumulated terms over 15 years). These numbers shouldn't affect the EU labour market in general.

Since enlargement there has been an increase in the number of Central and Eastern European countries workers in EU-15 Member States but the number of permits of employment is rather limited. There was an increase in the UK and to a certain extent in Austria and Ireland. A little more than 400 000 Poles migrate in the first year of which 350 000 were seasonal workers. In less than two years 350 000 workers from the new Member States were registered in the UK and close to 150 000 in Ireland.

These data could be slightly different for Romania, but they are more or less of the same magnitude.

Ireland, the UK and Sweden have successfully opened their labour markets to the workers from Eastern and Central Europe right from the start, on 1 May 2004. In Ireland, the arrival of workers from the new Member States has played a major role in sustaining the country's high growth rate. In the UK, workers from the new Member States have helped to fill a part of the half a million job vacancies. In light of these positive experiences, Finland, Portugal and Spain have now decided that they too will open their labour markets. Other— such as Belgium and France — have opened for partial opening.

There is no evidence that migration flows from the Central and Eastern European countries caused significant labour market disturbances in the EU15 countries and migration from third countries is a much more important phenomenon than intra

EU mobility. A rather high percentage of potential migrations could be classified as highly skilled comprising managers, scientist researchers and students. An important part of this population is students from Central and Eastern Europe receiving tertiary education in countries of the EU-15.

Employment grew 1 % on average in 2005 both in new Member States and former EU 15. Enlargement favours legal migration, which is easier to control, whereas the real problem in many Member States is illegal migration, mainly from third countries.

Enlargements has not undermined labour conditions and led to social dumping. By opening up opportunities for legal work in the former EU 15 the 2004 enlargement has helped to reduce the grey economy (and the black labour market) and it could do the same with the accession of Romania and Bulgaria. Legal workers are less prone to exploitation and poor standards; they also pay taxes and social security contributions.

The increase in the registered working population from new Member States in the former EU 15 had no relevant impact in social security spending.

Meanwhile, the EU requires the new members to adopt its health, safety and other labour standards, improving working conditions for people in those countries and contributing to fair competition between companies. There is no evidence that enlargement has caused social dumping. On the contrary; through enlargement, harmonised social standards are slowly but surely spreading across the EU.

Student exchange programmes are a visible political initiative and a very important benefit for all Europe. The exchange programmes for young people and students are among the most visible political initiatives and the most promising in terms of the furthering of European integration. Among them, the most significant are Erasmus and Léonardo da Vinci. Within the framework of the enlargement policy, they were incorporated very early into the pre-accession process.

From 1998/99 to 2004/05 the new Member States had more than 75000 students receiving Erasmus grants, with a constant progression (from less than 5000 the first year to almost 20000 in 2004). Among them, Poland passed from 1400 students in 1999 to 6300 in 2004, to a total of almost 24,000 students.

The favourable results of this policy should not, however, be appreciated only by quantification of the number of grants allocated by country, but also by the fact that the students of the European Union increasingly requested to go to carry out at least a six-month study period in one of the new Member States. Thus, while in 1998/99 the Czech Republic and Poland had attracted slightly more than 200 students each, in 2003/04 Poland received about 4,500 and the Czech Republic roughly 4,200. This favourable development is noted, on a lesser scale, given the size of the countries, in all the new Member States.

This involves, therefore, fantastic mixing of young people between the 25 Member States of the European Union which shows the major success of this policy, while, few years before, the exchange was completely pointless. Although formally independent

of the enlargement policy of the European Union, this policy can, to a rather large extent, be given credit for this development. The other programmes of the Union (of which Leonardo da Vinci, etc) have experienced comparable developments.

The impact of enlargement on agriculture in the new Member States is meaningful (mainly through financial transfers). The enlargement to Central and Eastern Europe was widely expected to have considerable impacts on agriculture in both the old Member States and the new ones.

Agricultural employment is shrinking in both old and new Member States, but at a rate around 2 % a year in the old Member States and around 4 % in the new ones.

Association agreements and further bilateral agreements paved the way for a gradual liberalisation of trade on agricultural products. Farmers in the new Member States have received direct payments from the first year as members of the EU at a rate of 25 % of the EU level (plus a possible topping up of 5 % or 10 %) with a possibility of a simplified way of application. Accession led to a dramatic increase of average real agricultural incomes in EU10 in 2004/2005 by more than 70 % as compared to the average between 1999 and 2003 (farm incomes almost doubled in Poland) even if the absolute average income is still in the new Member States far below the level in EU-15. Romania and Bulgaria are going to be treated on the same line. This increase has been caused mainly by the introduction of the direct payments but it may be a certain handicap for necessary restructuring. Fears that EU-15 farmers could suffer from new competitors in the EU-10 have not been confirmed.

The accession to the EU and the implementation of the Common Agriculture Policy has also affected the food processing sector (especially in fulfilling EU hygiene and quality standards). Food processing in the new Member States benefited particularly from foreign direct investment in the years preceding accession.

Total agricultural trade of the EU-10 has been steadily increasing in recent years. It almost doubled but imports have increased slightly more strongly than exports and thus, the agricultural trade deficit of the new Member States with the EU15 has also increased (except for Hungary). The share of processed products in EU10 exports increased.

IV) The Financial Assistance at a sustainable cost helped the new Member States to implement the acquis.

The adoption of the EU body of legislation and rules-the so-called *acquis*- helped reform in the previously centrally planned economies, brought about macroeconomic stability and stable financial markets and provided huge opportunities for business as the EU10 are very open economies.

New Member States have made rapid progress in implementing the EU *acquis* in national legislation. They have been obliged to fully implement EU legislation. For nearly 99 % of all that had to be implemented, national measures for their implementation had been notified. It is slightly above the average for all Member

States. The new Member States are performing substantially better than the former EU 15 in applying EU laws.

By opening up a market of 75 million + 30 million consumers with Romania and Bulgaria to companies from the former EU 15 enlargement has strengthened competition in the internal market, which in turn also makes European companies more competitive on world markets. The same rule on internal market, competition and state aid now apply across the 25 Member States. But the cost of compliance with the *acquis* is considerable (in environment, infrastructure and transport). For environment it can be between 1 and 3% of GDP over an extended time period. The total could be in environment around 100 billion Euros.

In 2005 the financial assistance to the 10 new Member States was a bit more than 2% of their GDP (only 0,1% of GDP in the former EU 15). A part of the costs comes back because the people in the new Member States buy most of their imported goods from the former EU 15.

The new members' share of the Union's budget represents only 0,15 % of the gross domestic product. This money is mainly spent on better infrastructure, which benefits businesses across the whole EU. Moreover, the new member economies are growing twice as fast as the old ones. The money spent to help developing these economies creates new business opportunities in old and new Member States alike.

Under the proposed financial perspectives 2007/15 net EU transfers to all new Member States together, would vary from some 1,6% to 3,3 % of their aggregated GDP with the smaller net transfers observed at the beginning of the period. Poorer countries are expected to receive more. Bulgaria, Lithuania, Latvia and Romania are going to receive a net inflow of EU transfers close to 4% of GDP.

Before ending this short presentation on the economic impact of the fifth enlargement, we should like to draw very quickly what are the perspectives of the enlargement policy in the relations with other European countries.

V) The Current Perspectives of the Enlargement Policy must take into account the concept of Integration capacity.

Croatia will enter in some years, once it fulfils all the conditions. Republic of Macedonia² is officially a candidate country. Other countries of the Western Balkans have the perspective of eventual accession, but they have major work to do and will only be able to join once they are fully prepared. Turkey is negotiating accession with the EU, but it will take a long time to meet all the criteria – perhaps a decade or more. Any decision on the accession of a country has to be taken unanimously by all Member States.

Already in 1999 the Helsinki European Council had decided that “Turkey is a candidate State destined to join the Union on the basis of the same criteria as applied to the other candidate States. Turkey is a member of NATO and the Council

² Ibid.

of Europe. It had an association agreement with the EU since 1964 and has been an applicant for EU membership since 1987. Negotiations are open with Turkey and Croatia since the 3rd of October 2005 and the Republic of Macedonia³ is officially a candidate country since December 2005. Fulfilment of the accession requirements set out in the negotiating framework is the key for progress in the negotiations with Croatia and Turkey.

The countries of the western Balkans could apply once they have achieved political stability and meet the Copenhagen criteria. Their European perspective has been confirmed by the council of Thessaloniki in 2003. Before starting the accession process itself, the western Balkans have to fulfil the conditions of the Stabilisation and Association Process, including full cooperation with the International Criminal Tribunal for the former Yugoslavia.

Indeed, it is in the EU's interests to promote stability in the regions that lie on its doorstep. The pull of the EU's enlargement policy has helped to transform Central and Eastern Europe to modern, well-functioning democracies. More recently, it has inspired tremendous reforms in Turkey, Croatia, the Republic of Macedonia⁴ and the Western Balkans. All European citizens benefit from having neighbours that are stable democracies and prosperous market economies. It is vitally important for the EU to ensure a carefully managed enlargement process that extends peace, stability, prosperity, democracy, human rights and the rule of law across Europe.

The accession of ten new member States has not slowed down decision-making process in the EU. The institutions continue to function as before. This has shown it can take in new members and remain effective. To show that it can do this again, it must ensure that enlargement will further Europe's common project. However, no further accessions should take place before the next EU institutional reform.

Enlargement is the strategic interest of the EU. Our own strategic interest and conditionality would however be undermined if a clear accession perspective would not be offered to the candidate and potential candidate countries. The EU can continue to enlarge and deepen through a gradual and carefully managed accession process. To reach this goal, the EU should focus now on improving its immediate functioning capacity, building therefore a new consensus on future accessions.

In this framework we have to take into account the concept of absorption capacity, which is about whether the EU can take in new members while continuing to function effectively. It is a functional concept, not a geographic one.

Integration capacity is an important consideration, as stated by the European Council in Copenhagen in 1993: "the Union's capacity to absorb new members, while maintaining the momentum of European integration, is an important consideration in the general interest of both the Union and the candidate countries". The question of integration capacity was dealt with for the 2004 enlargement by the Commission's Agenda 2000 document (produced in 1997), which proposed reforms of institutions,

³ Ibid.

⁴ Ibid.

policies and the budget of the EU. It paved the way for the decisions in 1999-2003 that prepared the Union for a smooth accession of the 10 new member states in May 2004.

The implementation and enforcement must be done in an efficient and effective manner. And regarding the EU, the capacity to integrate new members, while maintaining the momentum of European integration, is in the general interest of the EU and the candidate country.

Rigorous but fair conditionality is applied to all candidate and potential candidate countries. New step in the process depend on each country's own progress with political and economic reforms, along the accession criteria defined by the EU in 1993. Applying fair and strict conditionality is important. The EU will remain firm in demanding that aspiring members fulfil all the requirements before they join, but fair in duly rewarding progress.

The EU is fundamentally a community of commitments. Consolidating its commitments on enlargement is essential for maintaining its credibility and ensuring a successful reform process in the countries concerned.

EU enlargement is a historical project, based on a vision of Europe and its global role in this century. The EU Treaty says that any European country which respects the values of democracy, human rights and the rule of law may apply for EU membership. However, this does not mean that all European countries must apply, or that the EU has to accept all applications. It is not an automatic process, but one where conditionality is the key. The EU's borders are defined by decisions taken unanimously at the highest political level.

The EU is based more on values and political will than on rivers and mountains. The European Union is a political project, and its borders are political. They differ from physical and geographical concepts of Europe. Geographers and historians have never agreed on the physical or natural borders of Europe. The political border of the EU has changed every time a new country has joined,

For the time being our commitments concern Turkey, Croatia, Republic of Macedonia⁵ and the other Western Balkans countries.

VI) The EU must also seriously take into account the opinion of its citizens

While the second anniversary of the fifth enlargement has been celebrated as success, some citizens question its pace and scope. Scepticism has risen among policy makers, in some countries, over further steps in enlargement. The EU must tackle the real concerns of its citizens with appropriate and resolute policies that enhance economic growth and job creation, while resisting misperceptions on enlargement.

For any of its policies, including enlargement, the EU has to win the support of its citizens. Democratic legitimacy is indeed essential for the EU accession process. Every key decision leading to a country's accession is taken unanimously by the

⁵ Ibid.

democratically elected governments of the EU member States. National parliaments must ratify the decision. The members of the European parliament, who are directly elected, must give their assent. Thus, all the key decisions are taken by all the relevant democratically elected bodies in each member State and in the Union.

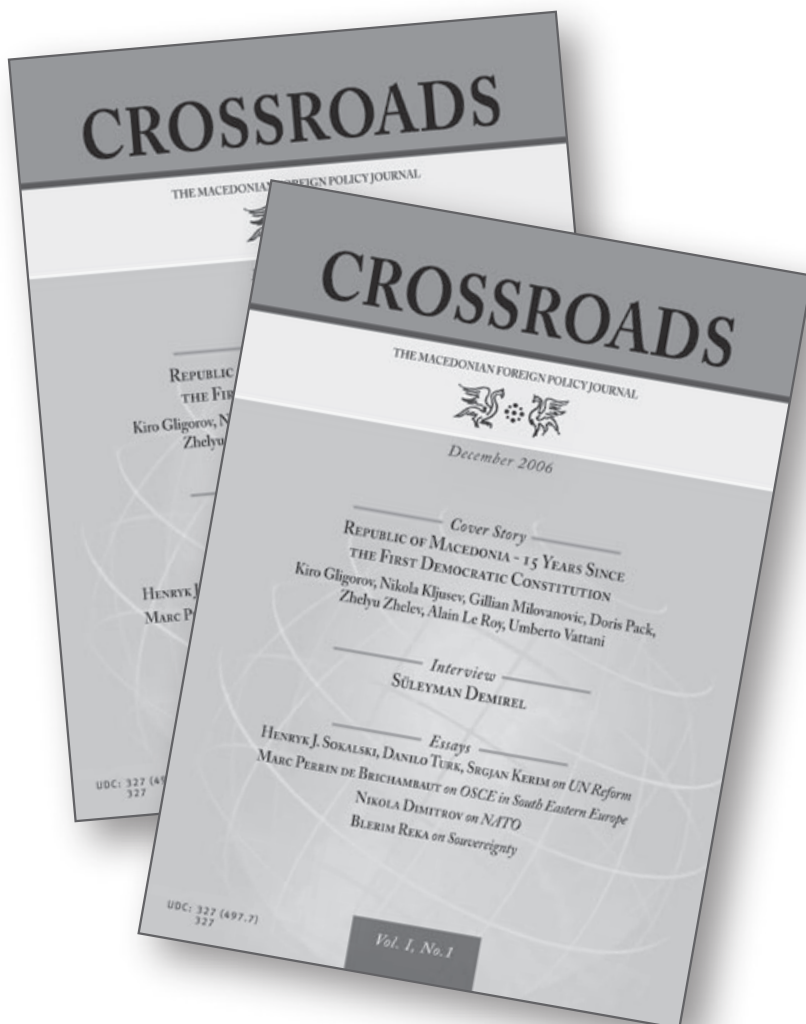
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The fifth enlargement has acted as a catalyst of economic dynamism and modernisation for the European Union, helping the economies of former EU 15 and new member States to better face the challenges of globalisation. At the same time, the economic changes induced by this enlargement have been absorbed quite smoothly, and there is no evidence of disruptive impacts on the product or labour market. Careful preparation of the enlargement over the previous decade has been key to achieve this successful outcome.

The citizens of the EU 27 benefit from the increased stability and peaceful development to which the enlargement of the EU has contributed. The citizens of the former EU 15 benefit from rising consumer demand in the new members because companies have sold their goods, services and know-how in these markets, which has helped to keep and create jobs back home. Each machine sold by a German company in Poland benefits German citizens, while each French car sold or transaction carried out by a Dutch bank in the new member states benefits the French and Dutch economies. Trade between the former EU 15 and the new members has quadrupled in volume in the last decade. The former EU 15 have long enjoyed a major trade surplus with the new member states, which has helped to maintain jobs.

Citizens can benefit from enlargement in other ways, such as by easier travel, better chances to study abroad, and better business conditions. When the EU structural funds finance highways and bridges in Spain and Portugal, or in Poland, Estonia and Slovenia, all Europeans travelling, living or doing business in those countries benefit from enlargement.

In a world marked by global competition economic dynamism is essential. The fifth enlargement has offered new opportunities for all the new Member States to undertake important steps in this direction. Both companies and consumers will benefit from a larger internal market, technological innovation, lower prices, and hence will be in a better position to fully reap the opportunities of the new division of labour that is emerging at global level. The Lisbon strategy for growth and jobs and the path to the euro offer a framework in which to pursue the necessary structural change. Taking with determination this road leading to a dynamic European Union on the world scene will yield further substantial benefits to all parties involved in the EU and beyond.



ENLARGEMENT CONTRIBUTES TO GROWTH AND PROSPERITY IN EUROPE

Interview with Javier SOLANA

1. Your Excellency, the release of the second edition of “Crossroads” will coincide with the 50th anniversary of the signing of the Treaty of Rome. Right now, the EU is transcending the axis of “soft power” versus “hard power”, trying to combine these concepts into some European version of a new concept of “smart power”. In this context, please tell us what do you think about the past records and future challenges ahead of European Security and Defense Policy and can you give us some hints about the future institutional development of the EU capacities for foreign and security policies, especially your visions on the nascent European diplomatic, military and intelligence capacities?

The record is extremely positive. Last year, the European Union conducted 10 operations with around 10 000 men and women serving in them. Their impact is significant. The EU is providing the “key enablers” for peace and stability. The global reach and the scope of these different operations is striking. Across three continents, they cover the spectrum from ‘pure’ military operations - through security sector reform and institution-building - to police and rule-of-law missions.

The demand on the EU is increasing. But the structures, the tools we need to equip us for the 21st Century and to be more efficient and effective, remain unchanged. Many of these tools were contained in the draft Constitution and I welcome the efforts under way now to re-launch the process of institutional change in the EU.

Last year, in the light of six years of experience and in response to the mandate I received from the EU Heads of State and Government at Hampton Court, I decided to make a number of simple changes to strengthen the coherence and the assessment and implementation capacity in Brussels. For example, following the practice in a number of Member States and following the demands of past Operation Commanders, we have brought together the civilian and military intelligence and assessment capacity. To strengthen the civilian chain of command, we will have a civilian operation commander for our civilian missions. A watch-keeping facility intended to provide a more comprehensive service to communicate with our missions on the ground will be established. We will also establish closer and more systematic coordination between civilian and military staffs. Finally, the facilities of our Operations Centre are ready to be used, thereby increasing the possibilities

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for and flexibility of an EU military response as well as the overall capacity of the European Security and Defence Policy (ESDP).

2. Coming back to our region of Southeast Europe, there is widespread concern that the enlargement process will grind to a halt for many years to come. If we compare “Agenda 2000” with the present “Integration Capacity Report” it is not quite obvious that there is a clear and coherent strategy for the future of the enlargement process. Isn’t the European project as an endeavor for the creation of “Europe as a community of shared values” seriously threatened by the present lack of vision and strategy for the future of the enlargement process?

Let me start saying a few general words about enlargement. Enlargement has clearly contributed to growth and prosperity in Europe. It has also enabled us to broaden the area of peace, stability, democracy, rule of law and prosperity throughout our continent. The wider internal market and economic cooperation have increased prosperity and competitiveness, enabling the enlarged EU to respond better to the challenges of globalisation. Enlargement has also enhanced the EU’s weight in the world and made it a stronger international partner. The next few years will be an opportunity to consolidate the basis of the existing Union of twenty-seven Member States.

As for the EU’s enlargement strategy, I do believe that there is a clear strategy for the enlargement process for years to come, around which there is a general consensus within the EU. Last December, the European Council agreed that the enlargement strategy should be based on the principles of consolidation, conditionality and communication. This, combined with the EU’s capacity to integrate new members, forms the basis for a renewed consensus on enlargement. This new consensus is the result of more than a year of discussions in the Council.

The European Council also concluded that to sustain the integration capacity of the EU acceding countries must be ready and able fully to assume the obligations of EU membership and the Union must be able to function effectively and to develop. The pace of the accession process depends on the progress with reforms. Each country is judged on its own merits.

Finally, as regards the Western Balkans, the European Council in December again reaffirmed that the future of the Western Balkans lies in the European Union, and that progress towards this goal will depend on each country’s individual efforts in complying with the EU’s conditions and requirements.

3. You have visited Macedonia on numerous occasions and in different capacities and your role was very significant in the efforts leading to the Ohrid Framework Agreement. What are your impressions and reflections on this period? Did these events really mark the turning point for EU crisis-responsiveness and what is your opinion on the progress of Macedonia’s parallel bids for fully-fledged membership of the EU and NATO?

In 2001 the EU, together with its international partners, acted early and decisively to prevent the crisis from deteriorating. We maintained contact with all political parties, fostered dialogue, and helped to broker a political agreement at Ohrid. The Ohrid

Framework Agreement allowed for peace to be re-established and provided a basis for improved inter-ethnic relations. The progress made since then with in implementing the Ohrid Framework Agreement is a remarkable achievement and was central to the decision to grant candidate status. Its continued and sustained implementation will remain key to the further progress of EU integration.

The country has, in a spirit of partnership, been the place of many firsts in the development of the EU's foreign policy tools. The EU has shown not only that it is capable of taking action but also that it can adapt its support to specific situations and specific needs. In March 2003, operation Concordia, the first EU-led military operation, took over from the NATO mission in the country. Its main aim was to contribute to a stable environment and to allow for the implementation of the Ohrid Framework Agreement. In December 2003, Concordia handed over to the second-ever ESDP police mission, Proxima, aimed at supporting the development of a police service based on European standards. The ESDP presence finally ended in June 2006 with the closing of Proxima's successor, the EU Police Advisory Team. Today, as these crisis-management tools have fulfilled their mission and left, the pre-accession instruments represent the bulk of the EU's engagement.

The question regarding progress towards NATO membership is better answered by my colleagues at NATO. As for the EU membership bid, the December 2005 decision to grant candidate status was a recognition of progress achieved and an encouragement to move ahead in the EU reform process. At the same time, it was also made clear that much remained to be done. In December 2006, the European Council reviewed progress over the past year and called on the Government to further step up reform efforts in order to progress towards the goal of moving ahead in the accession process. Experience from earlier enlargements shows that in order to make sustained progress, it is important that the political forces - both the majority and the minority and the President and the Government - unify their efforts on important reforms. The EU, and myself, will of course continue to be available to advise and assist. But the key to further progress lies in the country's own hands.

4. In course of 2007 the ESDP will be high on EU agenda. We are expecting a gradual pullout of the EU police mission from Bosnia as well as undertaking a large-scale operation in Kosovo. The projected ambitious mission in Kosovo will be the largest and most expensive EU operation to date. Will the EU be able to cope effectively with securing internal stability in Kosovo, providing assistance for sustainability of the institutions in Kosovo, as well as with control of its "sensitive" borders?

The EU, in partnership with the Kosovo authorities and all international stakeholders in Kosovo, and in particular NATO, will be able to cope effectively with securing the internal stability of Kosovo. The EU's presence will be as light as possible, in line with the objective of maximum local ownership and responsibility, but as robust as necessary in order to contribute to the sustainability of local institutions and the implementation of the status settlement. The Council has endorsed an approach under which the envisaged ESDP mission would provide mentoring, monitoring and advice in the broad field of rule of law; it would also have executive responsibilities in some areas of police, including crowd and riot control; justice; and customs. This would be the largest and most complex

civilian ESDP mission to date and would be the first civilian ESDP mission with executive powers. Planning is based on the assumption that there will be a new UN Security Council Resolution establishing a clear mandate for the EU. Many parameters of the future mission will be affected by the final status of Kosovo and the EU's planning assumptions are under constant review to ensure that the mission will be able to fulfill its tasks. Cooperation with the local authorities and with all international actors in Kosovo is of crucial importance and EU planning is progressing in full transparency with the local authorities and with the international community.

5. Before taking over the position of EU High Representative for Common Foreign and Security Policy you served as NATO Secretary General. During both of these terms of office you had to exercise the art of transformational leadership and to manage an organization while reshaping its identity, mission and global responsibilities. This is why you are the best person who can answer the question about the future relations and “division of labor” between EU and NATO? Are they complimentary, mutually exclusive or everything depends on the leadership and visionary thinking on both sides of the Atlantic?

NATO and the EU both seek to determine the most appropriate response to crises and to achieve effective crisis management. This is what their cooperation is about. From the outset, the EU-NATO relationship has been about consultation, cooperation and transparency between two partners standing on an equal footing. These principles are enshrined in the agreed framework of EU-NATO relations.

More important than principles on paper is the fact that indeed, together, we have managed to make these principles work very well in practice. This has been the case each time the EU has led operations using NATO assets and capabilities. The launching of Concordia in 2003 was a benchmark in this respect. Operation Althea in Bosnia and Herzegovina is another good example of fruitful cooperation ongoing between the EU and NATO. Whenever the EU acted autonomously, as was the case in military operations Artemis and EUFOR RD Congo, we took all the steps and safeguards to ensure that NATO was kept fully in the loop. Another area which has functioned particularly well is cooperation on military capabilities regarding overlapping requirements, and this is something crucial because obviously we do not want to see any unnecessary duplication of what are - for the EU as for NATO - limited assets and capabilities of the Member States.

Taking all this into account, I do not think it is fair to talk either of a division of labour or, on the other hand, of a beauty contest. In fact, the EU and NATO complement each other and each intervenes in a given theatre using its specific instruments. In the EU's case, we have this innate ability to pull together a full range of instruments (military and civilian), supplemented by strong and sustained financial assistance and supported by an underlying political approach defined by the EU foreign ministers.

ON THE COMMON PATH TOWARDS THE EUROPEAN UNION – *Experiences of the Republic of Croatia* –

Stjepan MESIĆ

I gladly accepted the invitation of the editorial board of the Macedonian journal of foreign policy “Crossroads” to present some of my thoughts on the European direction of the Republic of Croatia, reminiscing on the efforts I undertook with my friend Boris Trajkovski, President of the Republic of Macedonia, in our efforts to place our countries on the path towards Europe. In fact my country and the Republic of Macedonia are on the same path. We are traveling on this path, to use a technical term, moving forward in phases. That is why I hope that the readers of the journal “Crossroads” will find it useful to get acquainted with the way in which Croatia started out on that path and on which it is moving along today.

For us in Croatia, membership in the European Union was and remains an absolute foreign-policy priority. Second is membership in the Atlantic Pact, but I won't be writing about that on this occasion. Membership in the European Union is an undivided priority of all the relevant actors on the political scene. However, at the same time the general public is expressing a certain amount of skepticism and support for Croatia's entry into the EU is not what was logically expected it would be. On the other hand even countries which today are members of the European Union also used to notice oscillations in the mood of their general public. This is the result on one hand because of insufficient knowledge about the facts and on the other hand because of something I would call national provincialism.

The European direction and European belonging, from the very beginning of the independence of the current day Croatian state, were the postulates on which our foreign policy was based. Within that context I would like to warn that we have to look at two separate periods between which there is an almost sharp border. In this article I would name these period the period of historic romanticism and the period of political realism.

Immediately after we proclaimed independence we were facing an internal uprising which, in the form of an obvious aggression, was being supported from outside. We

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were drawn into a war in which we first lost control of more than one third of our territory, then during 1995 with our own efforts and sacrifices but with the support of the international community, we established our authority and control over the entire territory of the country.

During those years of war we were desperately trying to find friends outside our borders, especially outside of the region (I am just concluding this as a fact; this was one of the numerous mistakes in Croatian policy at the time). We gladly resorted to calling on our Croatian historic successes as the firm foundations of our European aspirations. We also liked to warn that we are not like “them”, and this didn’t refer only to those with who we were at war with, but rather towards the entire territory of the former Yugoslavia. That is when the infamous catchword was launched “we are not like them”, that is when we started to aggressively support the thesis that Croatia doesn’t have to especially ask to be accepted in a united Europe, because we have always been in Europe, we have very clearly proven our European belonging enough times. If anyone was skeptical about this concept, if someone tried to voice doubts, regardless of whether they were foreigners or our citizens, they were deemed to be enemies.

I would dare to say, this arrogant and exclusive Europeanization cut us off from: on one hand our neighbors and the wider region; and on the other hand didn’t in any way bring us closer to the Europe at the end of the 20th century. During this period of historic romanticism Croatia was always pointing out its European belonging, but it quite negatively reacted to every attempt to warn us that today European belonging means an acceptance and implementation of European criteria and standards, especially those that are valued today.

During this period on our agenda were misunderstandings and disagreements even with those countries which were undoubtedly inclined in our favor. Croatia didn’t accept, or at least behaved as if though it doesn’t accept the fact that the domestic and international political scene is dominated by interests, that interests determine whether one is inclined or not inclined towards someone, and that you don’t define policy on the basis of irrational liking or aversion.

Of course those viewpoints could not be the foundations on which you sketched out and developed a long-term rational policy. So Croatia was split between its European hopes and its’ – in many aspects – non-European behavior. We interpreted and presented repulsiveness towards us - because we were not ready to behave like Europeans, just like those who made the political decisions – as an expression of historic animosity towards us, more precisely inclination towards those with who we were in a conflict at the time.

All the true soldiers of democracy, honest supporters of human and minority rights, all those who advocated for multi-ethnicity, multi-confessionalism and multiculturalism, for political pluralism not only in words but also in practice – they were all in a bundle proclaimed as enemies, foreign mercenaries, traitors... To explain it in a more picturesque manner – Croatia slipped out of the last phase of quite liberal Yugoslav socialism into a seemingly democratic, but in fact an autocratic, even though it was formally a multi-party regime, that was under the cover of multi-party free elections.

That Croatia could not find its place in a Europe that was uniting. More precisely – a Croatia that insisted on interpreting its national sovereignty in a manner more suited to the 19th rather than the 20th century, a Croatia which behaved as if though democracy is just a word rather than a lifestyle, a Croatia which was obviously under the impression that everyone has to give it something, while Croatia – because it was the victim of a war that was thrust upon it – doesn't have an obligation to accept practically anything from the foundations of united Europe – there could be no room in Europe for that kind of Croatia.

We entered the year 2000 like that. Europe was ready to embrace us, but was disappointed with us and as a result was closing its door to us. While we, because we were not ready to start behaving like Europeans, were disappointed with Europe because it wasn't opening the door on which we were knocking. I am of course generalizing, but that was the dominating mood on both sides.

The year 2000 brought with it a change in Croatia, a turnaround. The period of political realism starts that year. The elections were won by a coalition of parties from the center, more precisely left-center, while the majority of citizens of Croatia entrusted me with the duty of President of the Republic. I would add that up until the elections I was a high-ranking official of one of the parties that entered the ruling coalition. Because it was always my policy to be a president to all citizens, immediately after the elections I froze my membership in that party. I am mentioning this in a buy-the-way fashion – so that it will be easier to understand matters.

From then dates my devotion to the policy of regional cooperation (my first state visits were to countries in the region!) and my, I can call it that, alliance with Boris Trajkovski dates from then. I quickly determined that we share the same European ideals, that he gravitates towards the same values and that he is leading his country down the path on which Croatia will inevitably have to go on, on the path towards Euro-Atlantic integration.

The new authorities in Croatia fundamentally changed the policy of the country – which wasn't always simple or easy. Despite resistance and misunderstandings, a new page was turned in our relations towards our neighbors in the region, towards Europe and with that towards the entire world. With the change in our behavior we opened a new chapter in the approximation of the Republic of Croatia towards the European Union; we in fact created the conditions to start our approximation to the Union.

The changes I am talking about were made in three fields. First, we changed our attitude towards the values which were and still are the foundations of a united Europe. Second, we changed our attitude towards our neighbors, including those with which we had been in a conflict, even though a state of war had never been officially declared. Third, we changed our attitude towards our own most recent and distant past; we addressed the need to face the truth about our past as well as the necessity to penalize all those who are guilty of war crimes – regardless of when and on whose side they were, regardless of the nationality of the victims or the culprits.

I am of course talking about a process which is still going on. We needed far more time to start of on the path towards Europe than it took us to detract from

that path. Even today, not everyone in Croatia has accepted that the time of national self-sufficiency and exclusivity is a thing of the past. Even today there are supporters of the thesis that principles are not important, and that what matters is whether it is about “us” or “them”. Even today we still occasionally have to face the thesis that Croats couldn’t commit war crimes – because we were defending ourselves - and that The Hague Court is an enemy of Croatia and an instrument of those who would like to identify the victim with the aggressor at a time when the Yugoslav federation was falling apart.

I am warning of this so that I can once again point out that what we are doing isn’t at all easy or simple. I would also like to point out another thing – we in Croatia, the Government was replaced in the meantime, decided to persist on our road towards Europe, but also to persist in the fight to accept to implement everything which makes Europe European. Today, at the beginning of the 21st century we do not want to enter Europe in spite of Europe. We want a place in Europe because we deserve it, not because of some distant historical events, but because of what we are doing today and because of our attitude today.

We are becoming Europeans in every sense of the word, and we want to be recognized and accepted as such. I said: we are becoming Europeans, which means the story isn’t over yet.

Croatia is in the midst of a painstaking process of reforming its judiciary and public administration. We undertook reforms in the police and armed forces. We are adapting our laws to European regulations. Of course, we are also trying, through this process, to preserve our identity, that which makes us unique, what makes us what we are - which can also enrich Europe. There is no need to state that we are also doing all we can to preserve that which we consider to be our national interests. The countries which today are members of the European Union did the same when they were negotiating their membership and there is no reason for Croatia to be treated any different.

I must add something else: it is true that we are negotiating on our own, on our own behalf. We are negotiating for ourselves. This is what we want and this is fully in compliance with the conclusions of the summit of united Europe, held in Zagreb in the year 2000. However, even though we are negotiating on our own and for ourselves, we are not alone – in the region and in Europe. We belong to the part of Europe which today, if you look at the political map of the old continent, is part of a gray zone. I am talking about the part of south-eastern Europe which is surrounded by countries members of the European Union. In the long run this is not sustainable, and for both sides an unacceptable situation. That is why Europe, when it is thinking about Croatia and the European Union, simply must also think about the region in which Croatia is located and of the attitude of that region towards the Union, and vice versa.

I must very clearly state: Croatia is not aspiring to become the leader. The time when our political elite was captivated with the idea of Croatia as regional power, is irrevocably in our past. And it is good that they are. However, we are also aware that in many aspects we are in the lead in the region. We are also well aware that for those

in the region that today are behind us we can be an example, that our road towards Europe can be their motivation. So, we know that we can – in the most positive sense of the word – play the role of a locomotive pulling the entire region forward into the European Union. Croatia salutes the support which the countries in the region are giving it on its road towards Europe and it is ready to share with those countries all its experiences in the negotiations for membership in the Union. We firmly advocate the viewpoint that the project for a united Europe is a project for the millennium – that's what I like to call it – and is unimaginable without Croatia, but also that this project can not be finished without the other countries from the region. When? – That of course depends on the individual results of each individual country. That principle of individual acceptance continues to be in force without any exceptions.

In conclusion I would also like to say this. I am not idealizing Europe. I am well aware of all of its shortcomings and faults. I know that the Union has its own problems, for instance its Constitution, for instance the mood of the population, or of what are known as old member states, against acceptance of new member states, even for instance with the dilemma which has been resolved for the time being but hasn't been taken of the agenda of the future: should united Europe be a union of states or a federal state.

United Europe is not the solution to all of today's issues. It is not a solution for all times or for all the problems of the old continent. It is however necessary and unavoidable if Europe wants to preserve its place in the world, if it wants to become a partner and an ally of the other greats of today and tomorrow. But to do all that united Europe – the one we have today and the one tomorrow – must show an understanding for the mood of its citizens. I am thinking here of the more expressed hostility towards the disappearance, or perhaps it is better to say: the withering away of the social-welfare state. And I don't think you can respond to that hostility with the stereotype: the system can not handle the social rights of the kind which the citizens are obviously asking for. Because after all the citizens do not exist because of the system, but rather the system was created to be a service for the citizens. So if the system can not bear something, then it is time – I am certain of this – to start thinking of making changes to the system. If the people come to the conclusion that they can not bear the system and start behaving in accordance with that, the consequences will be more dangerous and much wider than if we timely, gradually and in a well thought out manner start adapting it towards the wishes and needs of the people.

As a country which is negotiating for membership in the European Union, a country which is certain that it will successfully finish those negotiations, we are also thinking about this. We simply believe that we have to think about this because in no way can we enter the union unprepared. So, we are working on accepting European criteria, on implementing European standards, but we are also working on equipping ourselves to deal with the problems which perhaps today the Union does not deem as urgent, but could very well become so tomorrow.

As far as our entry into the EU is concerned, and I don't want to be a slave to dates, it is more important to enter prepared and ready: adapted to Europe. It is

important to enter, to take our place in a united Europe – not because of historical merit, but because of our ability to fit into the European frame and to contribute to the rounding off of the project which has the potential to change the face of the world – if because of nothing else, then because united Europe will finally put an end to war as a means of resolving political issues.

I know that my friend Boris Trajkovski shared my views and I am sorry that we will not be able to finish together the European path of our countries – on which we started out together. At the same time, just like I know that there is room for Croatia in a united Europe, I also know that there is room for Macedonia and I am certain that Macedonia will take its place in the foreseeable future.

MACEDONIA IN THE EU – KEY TO REGIONAL STABILITY AND PROGRESS –

Gabriela KONEVSKA TRAJKOVSKA

On the 50th anniversary of signing the Treaties of Rome, we should recall the basic values due to which the European Union exists today. The public opinion polls in Macedonia show that the chief values the EU is associated with are peace, security, stability and progress. Something not far from truth.

The same attributes may be found in the documents of the 1950s as reasons for the establishment of the EU, which was then referred to as the European Economic Community.

The historical development of the European Union shows that these values have mostly been preserved. With the last round of enlargement in 2004, when 10 new members, which used to be behind the Iron Curtain, were admitted to the EU, it was demonstrated that the EU had a strategic sense for spreading its democratic values, that it was an exporter of stability and that the role of a global player was its immanent and inherent force, as well as obligation. The enlargement of 2004 showed that this move was a win-win situation. Both the parties benefited from it and both the parties have responsibilities. However, for the sake of truth, I would say that both the parties are confronted with challenges too. It is an old wisdom that the word *challenge* includes possibility too and I believe the Founding Fathers of the European Union were in possession of this wisdom when in post-war Europe they launched the initiative for cooperation on the Old Continent.

The European Union today is a benchmark for transnational cooperation and, what is more, a benchmark for cooperation on a continent where nations have a long history of ethnic diversification, uniqueness and statehood. It is no coincidence that one of the Union's crucial mottoes and a driving force is "United in Diversity", an imperative of the Balkan countries today.

The European Union member states, constantly developing the European Union, in the name of cooperation, transferred part of their sovereignty to the institutions and

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bodies of the EU. This genesis produced the basic postulates of the reforms expected from and implemented by the candidate and aspirant member states.

Macedonia is dedicated to this process. This is an irreversible constant in the country's institutional life. The ambition to join the European Union is a driving force and a responsibility received from the high percentage of support from the Macedonian citizens. Our Government understands this and takes action accordingly. The reforms conducted in the country are effectuation of Macedonia's ambition and strategic commitment to join NATO and the European Union. Harmonizing Macedonia's laws with the European legislation, reforming its institutions and fostering its economic growth by way of creating an environment for effective market economy and fair competition is an imperative to us. Keeping political and interethnic stability through further democratization of all the segments of society is not less important.

Our partners in the European Union know Macedonia's strategic objectives. The history of Macedonia's relations with the EU shows that the country is a good and consistent partner. What has left for us to do is to demonstrate zeal in conducting reforms. This Government acts in compliance with the citizens' expectations, undertaking a long line of activities for dealing with the crucial problems that the state faces.

Fighting corruption is no longer a battle of words. It is a systematic, daily and persistent action to vanquish the evil due to which Macedonia was ranked at top positions on corruption scales.

The vigor and dedication that the Government shows in the economic area is a guarantee for creating a good business climate and improving the social environment in the country. The bigger influx of foreign investments and the activation of domestic economic and business resources have become evident as early as the first year of this Government's term.

The reforms in the judiciary will be conducive to greater efficiency and independence. The courts' objectivity will be the most important achievement of the reforms.

The education reforms will result into a modern approach, which is of vital importance for the country. A well-educated labor force thanks to introducing mandatory secondary education is the key to success. These are all far-reaching investments of the Government, which should make the transitional period from a candidate country into an EU member state easier.

The enumerated elements are all fragments of the picture of a more prosperous society and it is them that help Macedonia appear as a serious candidate for EU membership.

We are aware that the European Union too is going through a period of transition. We are aware that the Union is now focused on its internal problems. The EU's Constitution is a *modus vivendi* or a way for bridging differences as to where the Union should be headed for. The fact that the Union is absorbed in reaching these decisions is understandable. However, it will not be good if it affects its enlargement policy. Enlargement primarily draws upon a visionary doctrine. The stabilizing effects of the enlargement doctrine are visible on the entire continent. Europe is a synonym

of cooperation instead of confrontation today. From a continent being the battlefield of two world wars, Europe has grown over the past fifty years into a generator of new political and economic processes exerting an influence the world over. However, Europe is incomplete without all its integral elements, the Balkan countries for instance. The challenge is making downright unification fast and to everybody's satisfaction.

In retrospect, we can see that risk-taking and leadership have always been the backbone of the European unification. The membership ambitions of the Balkan countries show that the people of this region are convinced that the European Union has the power and potential to be a visionary, to demonstrate leadership and not to neglect the enlargement process. If this is not the case, disappointment with the delay will be unavoidable. This leads to a decline in the popularity of the process, stagnation in conducting reforms and taking societies closer to the EU standards, hitting the bottom and then making another fresh start. These cycles are typical for the region of the Balkans. Macedonia has always tried to be an exception and succeeded in it. It was the only country of the former Yugoslavia that succeeded in gaining independence peacefully with patience and wisdom rather than war. Despite all pressures, blockades and inner crises, Macedonia has always been a factor of stability in the Balkans. The history of its relations with the EU is a story that has no blots. There is only sustained gradual development. However, it is fact that the process has been delayed primarily because of Macedonia's inner crises. The candidate status is an additional encouragement for Macedonia to resolve its internal problems in a different way, through internal political dialogue from which no party will be excluded. The European process is a process demanding the energy of all and not only of certain political groups gathered in and around the Government.

Macedonia may help the Union now that its focus has been justifiably diverted to other priorities, but only if it shows its partners from the Union that it will make a more successful state of itself, if it enables easy and swift accession talks and if at the time of joining the Union it has modern institutions, growth-boosting economic platform, efficient justice system, good health sector...

The Balkans in the EU is a phrase fusing energies. *Macedonia in the EU* is the example making the energies sustainable. The fulfillment of these two projections is the key to regional stability and progress. I am convinced that the attainment of the two ambitions, which are backed by an overwhelming majority of the population of this region, will prove only beneficial for Europe.

EU CANDIDATES

*Stjepan MESIĆ - ON THE COMMON PATH TOWARDS
THE EUROPEAN UNION – EXPERIENCES OF THE
REPUBLIC OF CROATIA*

*Gabriela KONEVSKA TRAJKOVSKA – MACEDONIA IN THE EU
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ON EU INTEGRATION – COMPARATIVE ANALYSIS*

TURKEY'S EU ODYSSEY: 1964-?

Seyfi TAŞHAN

Since the end of the First world War Turkey considered itself a European country and as such took place in almost every European international organizations. It became a member of the Council of Europe almost together with its founders in 1949; it became a European member of NATO and took part in the activities of all international organizations as a member of the European geographic area. In the same spirit when the Rome Treaty founding the European Economic Community was signed in 1957, Turkey did not long hesitate to apply for membership in this new European venture and applied for membership in 1959. Taking part in this new organization would, not only contribute to Turkey's economic development but would enhance its security by creating stronger bonds with European member countries and would enhance credibility of the North Atlantic Alliance in so far as European commitment was concerned.

A Treaty between Turkey and EEC was developed and signed in Ankara in 1963 . This treaty termed as the Association Agreement comprised three phases for Turkey's integration in the Community: The preparatory phase would last about ten year to be followed by a transition phase to be completed with a customs union and full membership. In fact with the signing of the Additional Protocols the transition phase began in 1973. During this period Turkey and European Union would reduce their customs duties to reach a Customs union in 22 years. In the meantime there would be progress in other areas of integration. For example free circulation of manpower and free circulation of services would have been completed by 1985.

Unfortunately, these targets except for customs union could not be achieved for various reasons. After the Middle East oil crisis in 1973 and Turkey's military intervention in Cyprus in 1974 as a Guarantor Power for the 1960 Republic consisting of representatives of Turkish and Greek Communities in the island many things changed in Turkey-EEC relations. As a first step Germany and other EEC members stopped importing more manpower from Turkey, on the grounds that they had had to slow their economic development, resulting in the shelving of the free circulation of man power and services so much so that by 1980 Turkish citizens who would travel to EU countries would have to obtain visas.

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Soon after Turkish intervention in Cyprus Greece applied for membership and became a full member on January 1, 1981. With Greek membership in the European Union Turkey's relations were frozen. Every attempt to develop relations with Turkey was vetoed by Greece.

In 1980s, Turkey's economy began to develop rapidly with the introduction of financial, fiscal and economic reforms introduced by the Government of Mr. Turgut Ozal and in 1987 Turkey decided not to wait until completion of the Customs Union but applied for full membership like Greece had done ten years ago. EU's response that came two years later was cool and suggested that no enlargement could be envisaged before 1993. However, in 1992 EU decided to begin customs union negotiations with Turkey

There was practically no problem for the signing of the Customs Union agreement, but even for this agreement which Turkey considered as a first real step towards full integration, at the insistence of Greece membership with Greek Administration in Cyprus came into view. Following years were a real havoc. Few days after signing the customs union agreement EU included Turkey in the EU neighborhood policy as part of its Mediterranean program. It took a change of government in Germany and four years reciprocal posturing until Turkey became a candidate for membership in 1999 and six more years to begin negotiations. Each step was complicated with the question of Cyprus. The Greek Administration in that Country that had usurped power in 1964 in violation of 1959-1960 agreements was made a member of EU even though it refused to properly negotiate a solution to problem between the two Communities in the Island. There is now a grotesque situation, Greek administration that represents only two thirds of the island is a member as representing entire Island and the other part where there is a popularly elected government is excluded from EU and is under continued economic embargo, despite the fact that EU had promised to lift restrictions on Northern Cyprus if Turks had accepted the Kofi Annan Plan in a referendum in 2004. But when the Turks accepted the plan EU did not see any harm in accepting Greek Cypriots as a member of EU to represent the entire Island.

EU now wants Turkey to open its ports and airports to Greek Cypriots as part of the EU-Turkey customs Union. Turkey will be willing to do so only if EU, fulfills its promise lift its embargo on Northern Cyprus. However Greek Cypriots have so far succeeded in blocking a move in that direction. Yet, EU has suspended negotiations on 8 chapters and the rest are blocked by Cyprus.

Turkey today with eleven years of experience of Customs Union with EU is more ready for membership in the European Union than the last batch of twelve new members. But the heterogeneous character of Turkey and historic prejudices further complicated by the archaic consensus rule in the EU hampers Turkey's negotiation process.

It seems also that the founding objective of EU that brought together former enemies in a common European enterprise based on democracy, human rights, rule of law and market economy in a multi-national and multi cultural large community is gradually losing its original precepts. Recent developments in European societies

indicate that instead of harmony in the social fabric of Europe is leading to growing trends of nationalism and xenophobia. These trends coupled with the pressure of smaller countries that are determined to use their position in the European Union to obtain concessions from Turkey is also creating a backlash of increasing nationalism in Turkey.

Today, Turkey is determined to carry out its reforms to bring the country up to the “level of modern civilizations”, the objective set for Turkey by its founding President Kemal Ataturk. As a European country with important hinterlands and ever growing economy we will wait European Union to put its troubled house in order and either to return to the vision of its founding fathers for establishing a real multi-cultural society based on our common democratic value system or create something like a Commonwealth of nations with a customs union and something plus.

Europe is now facing a great challenge from newly developing countries around the world and is in danger of becoming irrelevant in the resolution of global issues that require something more than being a soft power.

Europe does not have a long time to wait. It must reinvigorate its drive to enlarge and deepen its integration of countries of Western Balkans with whom Turkey has historic ties. These countries must not be kept at purgatory too long; they should join our common defense system and integrate with the whole of Europe. As before, Turkey is poised to give every support to them and contribute to peace, development, and harmony in the Balkan countries.

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*Gabriela KONEVSKA TRAJKOVSKA – MACEDONIA IN THE EU
– KEY TO REGIONAL STABILITY AND PROGRESS*

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*Vladimir BOZINOVSKI – PUBLIC OPINION IN MACEDONIA
ON EU INTEGRATION – COMPARATIVE ANALYSIS*

MEETING THE EXPECTATIONS AND FULFILLING THE OBLIGATIONS

– *Macedonia and the EU Enlargement Strategy* –

Erwan FOUERE

*“Let us fuse our souls and hearts and save ourselves,
so that we and our children and our children’s children might live in peace,
work calmly and make progress!...”*

Manifesto of the Krushevo Republic, Krushevo 1903

*“Resolved to strengthen the safeguards of peace and liberty by establishing this
combination of resources, and calling upon the other peoples of Europe
who share their ideal to join in their efforts”*

Preamble to Treaty establishing the
European Economic Community, Rome, 1957

Although more than fifty years separate the above texts the motivation underlying both documents is the same - the fight for freedom and search for a new order which would guarantee peace and economic prosperity free from oppression.

That it took almost one hundred years for the vision of the authors of the Krushevo Manifesto to come true is a palpable reminder of how much the history of the Balkan region left an indelible mark on the history of Europe as a whole. While the Treaty of Rome marked a crucial milestone in the European integration process, it took many more years for the people of the Balkan region to find relative peace and the perspective of EU membership become a reality.

There could be no more fitting tribute to those who joined hands in Krushevo than the formal presentation, one hundred and one years later in 2004, by the then Prime Minister Crvenkovski, of his country’s application to join the European Union. That this formal presentation was made in Dublin to the Irish Prime Minister, as current President of the Council of the European Union, also carries its own special symbolism – bringing together two small but proud nations which respectively suffered a turbulent

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past, with one having made a success of its EU membership and the other aspiring to do the same.

With this year marking the fiftieth anniversary of the signing of the Treaty of Rome it is appropriate that we recall this historical background, if only to remind ourselves of where we have come from and of the journey travelled. The celebrations marking the anniversary should unite us all – our collective vision is of a broad union of European nations where hope replaces despair, and reconciliation replaces past enmities. The quicker the countries of the Balkan region join this Union, the quicker we can eliminate the painful divisions imposed by history.

No one could disagree with the enormous strength and enduring power of the European Union's enlargement process. Enlargement has been at the heart of the EU's development over several decades. The very essence of European Integration is to overcome the division of Europe and to contribute to the peaceful unification of the continent.

Politically, EU enlargement has consolidated democracy, human rights and stability across the continent. It has extended the frontiers of peace and the respect for the rule of law. Economically, enlargement has helped to increase prosperity and competitiveness enabling the enlarged Union to respond better to the challenges of globalisation. The European Commission's recent report¹ assessing the impact of the last enlargement in 2004 is largely positive, illustrating how it has boosted growth and created new jobs in the European economy.

EU Enlargement Policy today

The EU Enlargement policy is today based on three basic principles: Consolidation of commitments, conditionality and communication

a) Consolidation of commitments reflects the EU's determination to honour its existing commitments towards countries already in the enlargement process – as is the case for the countries in the Balkan region.

Already in 1993 the Copenhagen European Council concluded that “the Union's capacity to absorb new members, while maintaining the momentum of European Integration, is an important consideration in the general interest of both the Union and the candidate countries”. As set out in the Commission's 2005 Strategy Paper on Enlargement², the pace of enlargement must take into consideration the EU's integration capacity. This is determined by two factors:

- Maintaining the momentum to reinforce and deepen European Integration by ensuring the EU's capacity to function. This is in the interest of both present and future EU citizens;

¹ Commission Communication - Enlargement, Two Years After: An Economic Success, COM (2006) 200 of 3.5.2006.)

² Communication from the Commission, 2005 enlargement Strategy Paper, COM (2005)561.

- Ensuring that candidate countries are ready to take on the obligations of the memberships when they join by fulfilling the rigorous conditions set. This is assessed by the Commission on the basis of strict conditionality.

The debate on European integration has, since the early eighties, been marked by divergent views between those who favoured deepening integration before admitting more members, and those who preferred the opposite. There were of course, and still are, ulterior motives behind each view, with some advocating enlargement as a convenient brake on the development of stronger EU institutions thereby allowing more emphasis on the intergovernmental approach.

But in the end, as Commissioner Olli Rehn highlighted in his book “Europe’s Next Frontiers”, “In the course of the history of the EU, deepening and widening have moved ahead in parallel, sometimes even hand in hand. The EU has always conquered new functional frontiers in conjunction with forward steps in enlargement.”³

b) The second principle is to ensure that candidate countries fulfil the rigorous conditions: rigorous but fair conditionality is applied to all candidate and potential candidate countries. Every step forward depends on each country’s own progress in meeting the necessary conditions at each stage of the accession process.

Conditionality is one of the pillars of the Commission’s enlargement strategy, and as a leading Macedonian politician said recently, “conditionality is a candidate’s best friend”. Certainly it is a guarantee for the citizens that the reforms will be fully and transparently implemented. Good preparation by candidate countries facilitates their smooth integration into the EU.

c) The third principle is to ensure public support for enlargement. This has been one of the key lessons learned from the 2004 enlargement. The more the message of EU integration can be brought to the local level, the greater the level of preparedness and acceptance of the process by society at large. The public “town hall” debates which we organised together with the Government in Slovenia, in the years prior to accession are an excellent example in this respect. As was the case in Slovenia, to be effective, the effort must cover all sectors of society and include the remote rural areas, as well as the urban centres.

The Stabilisation and Association process, together with the European Partnerships are the central elements of the EU’s current pre-accession strategy. Based on the findings of the Commission progress reports on each country, the Partnerships set out the priorities for these countries to make progress towards the objective of EU membership. They also provide a framework for EU assistance towards achieving this objective. (See below)

³ Olli Rehn, *Europe’s Next Frontiers*, Münchner Beiträge zur europäischen Einigung Band 14, published by Prof. Dr. Dr. h.c. Werner Weidenfeld, p.34.

Candidate Status

It is indeed remarkable that just over four years after a conflict that almost tore the country apart, the European Council decided in December 2005 to grant the status of candidate country to the Republic of Macedonia⁴.

In 2001 the country was the first in the region to sign a Stabilisation and Association Agreement. At the very time of conflict in the country, the signature of the SAA provided a clear perspective of a better future. I would suggest that this perspective has been one of the main reasons why the country so successfully managed to move beyond conflict and proceed on the path of reforms. The process of coming closer to the EU has without doubt directly contributed to creating stability both in security and in political terms.

The Ohrid Framework Agreement signed in August 2001 provided for the establishment of a truly multiethnic democracy, with this multiethnic character reflected in the institutions of the State at both national and local level. As a signatory to the OFA, the EU took on a crucial role of monitoring and facilitating its implementation. This role continues today. Indeed the country has been the successful recipient of a succession of EU foreign and security policy instruments—showing the increasing effectiveness of the EU's foreign policy mechanisms in its near neighbourhood.

- Concordia Military mission (the first mission of its kind for the EU);
- EUPOL Proxima Police Mission followed by the traditional institution building support mechanisms, particularly as regards police reform;
- My own example of combining two functions (as EU Special Representative and Head of Delegation) breaks new ground in the EU's Institutional system and ensures greater coherence and impact for the EU's external action out in the field.

So the decision taken in December 2005 was a clear recognition of the commitment of the country's leaders to fully implement the Ohrid Framework Agreement and progress achieved in that respect. Through the sheer determination of its citizens and with the support of the EU and other actors of the IC, the country has succeeded to gradually move from post conflict stabilisation to a pre-accession environment.

In order to move to the next step in the journey towards EU accession, the country will have to demonstrate a credible record in pursuing the many reforms set out in the SAA and European Partnership. They include:

- Ohrid Framework Agreement: Implementation both in letter and spirit remains essential to foster a positive environment for further reforms and in enhancing political stability. The Government and the opposition have a joint responsibility for maintaining the necessary conditions for its full implementation particularly as regards the need for equitable representation of all ethnic communities in the State institutions both at national and local level;

⁴ In the original text the author is using the provisional reference for addressing the Republic of Macedonia as used by the EU institutions.

- In the same context, the decentralisation process must continue: although launched only in July 2005, the process has proved successful in enhancing delivery of services at the local level. Now the challenge will be to build on this success and move to the next stage; continued cooperation between the Association of Municipalities (ZELS) and the Government remains essential so as to address outstanding issues (such as state owned property and concession agreements);
- Judicial reforms: ensuring consensus to complete the composition of the new Judicial Council, completing the legal framework with the enactment of pending laws on the Public Prosecutor and the Council of Public Prosecutors, ensuring the Academy for training of Judges and Prosecutors is fully operational - these are all part of the challenges to ensure the independence of the judiciary free from political pressure;
- Police Reform: despite the welcome adoption of the Police Law in September there is still a need of ensuring consensus in the development and adoption of all the necessary implementing legislation. Public awareness efforts will be required to restore public confidence in all law enforcement agencies;
- Public Administration: successful public administration reform requires mechanisms for increasing professionalism and accountability thus guaranteeing independence and political neutrality. Politisation of the Administration has been a common feature of all past administrations. It is now time to break with the past;
- Anti Corruption: the government is to be commended for making this a central theme of its programme. Tangible results in the fight against corruption will require further strengthening of the institutions, greater transparency in public decision making and public procurement procedures. With few cases of corruption leading to court sentences, this issue needs to be addressed consistently and energetically. Above all it requires political will to ensure zero tolerance;
- Economic Reforms: the government's efforts in this area are certainly welcome. The functioning of the market economy is still impeded by institutional weakness, a weak regulatory environment and political interference.

Even without the EU, these reforms would in any case be necessary in order to bring economic prosperity and a more secure future for all the people. But there is no doubt that the perspective of EU accession enhances the country's prospects and offers added incentives for foreign investors. Once a date is set for the opening of accession negotiations, the attraction for foreign investment will increase even further.

The Government's National Programme for the Adoption of the Acquis is a crucial area in this regard where consistent effort is required. By promoting the alignment of domestic legislation to that of the EU, the government will ensure the country's level of preparedness increases at a steady pace. The Parliament and all state institutions have a critical role to play in this effort not only to ensure adoption of the necessary

legislation, but also effective implementation. The EU's regular assessment of progress is based on how laws are being effectively implemented. This is in the interest of the country itself, with the judicial system and law enforcement agencies being called upon to perform and the citizens having the guarantee that their rights will be respected through a functioning rule of law.

EU Assistance

The European Union and its member states have remained solid partners in providing substantial assistance in both human and financial terms. The many EU and bilateral member state programmes in place over the past years have provided almost one billion euros since 1992.

The European Agency for Reconstruction established in 2001 has played a pioneering role in managing the EU assistance and ensuring rapid and effective delivery on the ground. The programmes developed have been designed to support good governance, institution building and the rule of law as well as the development of a market economy while investing further in critical physical infrastructure and environmental protection. They also focused on social development and the strengthening of civil society. The purpose of these efforts has been to reinforce the country's own reform process by strengthening the central and local administrations, the police, the judiciary and public finances.

The new pre-accession financial instrument IPA which enters into operation this year replaces all previous instruments and aims at streamlining the EU's support for the region. It consists of five components:

- Institution building;
- Cross-border cooperation;
- Regional development;
- Human resources development
- Agriculture

The total amount identified for use throughout the country during 2007-2009 reaches 210 million euros, with a Multi-annual Indicative Planning document providing the framework for identifying projects in the different sections.

Depending on the Administration's capacity to assume management of EU funds (a prerequisite for being able to access EU structural and cohesion funds once membership is achieved), and on its record in absorbing the funds currently available, there will be an increase in funds after 2009.

Every effort must now be focused on developing a professional and capable Public Administration free from political interference, which will ensure a permanent network of expertise in EU affairs in all Ministries. This is the best way to guarantee continuity in the pre-accession process.

Need for Dialogue

An effective and continuous dialogue between all political forces in order to attain broad consensus on crucial reforms is the condition sine qua non for the country to succeed on the reform path.

This message has been consistently emphasised by the EU from the start, and was reinforced in the aftermath of the July 2006 elections. The reopening of wounds from the past in the days and weeks immediately after the elections was a palpable reminder of how vital it was to ensure continued inter-ethnic cooperation, intra-ethnic stability and a relationship of trust and confidence between all the political forces.

There can be no excuse for rejecting dialogue. Nor can there be any excuse for any party to boycott Parliament, a practice which sadly this country has seen too much of in recent years. Such a practice undermines the very institution to which parties were elected, and reflects badly on the image of the country abroad and on its political maturity.

In this current phase in the country's history, a consensus driven approach is the only guarantee of success.

My own country Ireland provides an excellent example of how much can be achieved through political consensus. When the country was in the early seventies preparing to join the European Community as it then was, all political parties put their party interests aside and worked together in a spirit of consensus to achieve the ultimate goals the country had set itself. The resulting success is there for all to see.

The former President of Slovenia, Milan Kucan, in a speech to the 2002 Annual Presidents Forum at the Bled School of Management, recognised the relevance of Ireland's example, when he stated: "Last year, during a visit to Slovenia the President of the Republic of Ireland convinced me in particular that Ireland was capable of very radical reforms and a forceful breakthrough into the ranks of the advanced countries primarily because of its ambitions and, in terms of its goals, transparent development policy, which was consistently implemented irrespective of the current distribution of political power among the individual political parties."

There is no doubt that here, the granting of candidate status in December 2005 was a welcome boost of confidence in the country's ability and capacity to achieve the ultimate goal of EU membership. One of the country's greatest assets are its people representing different ethnic communities all united behind the objective of accession to the EU. As I have myself witnessed in my visits to municipalities and local communities – whether in remote rural areas or urban centres, the spirit of determination is very strong. It is this spirit which the political leaders need to respect and project in their own actions as leaders elected, not to advance their narrow party interests, but rather to embrace the challenge of development and reforms necessary for the country's future. It is a challenge which must involve the entire country.

The recent initiatives from the Secretariat for European Affairs led by Deputy Prime Minister Konevska –Trajkovska and with support from the Ministry of Foreign Affairs for a comprehensive information programme on the EU and accession process are greatly welcomed. They will contribute to the development of a well informed

citizenry and active participation by civil society in the accession process. The role of civil society should be particularly highlighted. Non governmental organisations are the eyes and ears of the grass roots level; they are best placed to ensure full respect for citizen's rights. These organisations working together with the local authorities and the business community in a partnership effort can strengthen the democratic process. This effort offers an excellent example which politicians from all parties could do well to emulate.

The EU will join in this effort and the EU Mission together with all the member states will actively participate in encouraging greater awareness on the challenges of EU accession and of the many benefits which come with membership.

The rich cultural and religious heritage which this country possesses should also act as a strong force in giving greater confidence to the people. Every valley, every village has some hidden treasure waiting to be discovered or tradition that has withstood the test of time. These symbols are, to quote the Irish Nobel Poet Laureate Seamus Heaney, "bearers of value"; they are time honoured reminders of people's roots. They are an integral part of the cultural diversity which the country will bring with it into the European Union thus enriching the cultural diversity on which European integration is based.

There are also some excellent examples of small and medium sized businesses that have managed to flourish and find "niche" markets abroad, demonstrating the viability of an entrepreneurial spirit free from any political interference. These are examples which should inspire the country's future economic development and search for competitiveness.

Conclusion

Enlargement policy was confirmed at the December 2006 European Council and with it the fact that the pace of the preparations for EU membership continues to lie with the aspiring countries themselves. This holds particularly true for the Republic of Macedonia⁵, already as a candidate country, which by itself confers an increased responsibility to the country and its government in particular. Therefore, not only does the EU expect reforms to continue, it expects them to accelerate and to be translated into reality on the ground, to every citizen's benefit.

It is thus essential that a solid and wide-reaching consensus be secured to support what will in any event be perceived as a long and sometimes painful preparation. While accession itself might still be further down the road for some time, the preparations for accession will by themselves also open new opportunities – for students and for researchers, for businesses and investors, for the public administration and the civil society - and the implementation of reforms bear fruit that will greatly benefit the country's democracy and economic prosperity. An improved visa regime which should emerge from the forthcoming visa facilitation agreement will be an important contributing factor in this respect.

⁵ Ibid.

In this new phase of relations with the European Union, the European Commission has itself a central role to play. Fundamentally, we are now leaving the ground of international relations and classic diplomacy to enter one where partnership on a day to day basis prevails. In that regard, the underlying objective of European Commission work with the country is to help creating the conditions for the state institutions to deliver and implement effectively, on their own and in a sustainable manner, the necessary reforms.

This very approach directly inspires the preparation of the European Commission's regular Progress Report, the corresponding European partnership priorities as well as the design of the relevant future EU assistance. And beyond the state institutions, which tend to receive a lot of attention in such a phase of intense legislative and administrative preparations, it will remain equally important for us to support the different actors of Macedonian economic life and civil society to make an active contribution.

This is above all a partnership effort in the true sense of the word between the European Union and its member states on the one hand, and the Government, civil society, business community, academic and all sectors of society on the other.

The journey is long, but it is a rewarding one.

And so, let us be inspired by the exhortation of the poet Kosta Ratsin (born just five years after the Krushevo uprising) contained in his collection of poems "White Dawns":

*"To Labour!
To Work!
Let a rich crop be born!
Let a young life spring forth!
..."*

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THE POLITICS OF NEGOTIATING WITH THE EU

Stojan ANDOV

Thirty years ago Europe was deeply divided in an Eastern and Western Bloc. From a military and political standpoint, on the western side of the divide was the North Atlantic Alliance and on the eastern side was the Warsaw Pact. From an economic standpoint - Europe was also divided into blocks. The countries from Western Europe were primarily encompassed in two economic groups: EC – The European Community and EFTA – the European Free Trade Association. On the East it was COMECON – Council for Mutual Economic Assistance dominated by the Soviet Union. The EFTA was a loose organization that provided for the liberalisation of trade, while the EC was a group that had great ambitions for the eventual economic union of its member nations, ultimately leading to a political union of Europe. Economic cooperation between the then SFRY¹ and the EC was not regulated in any special way. SFRY used the most favored nation clause in its trade with the EC and as a developing country it also utilized the EC's unilaterally defined so called General scheme of preferences. In the decade between 1970 – 1980, which was also the decade of UNCTAD (United Nations Conference on Trade and Development), developed countries undertook an obligation to establish a scheme of generalized preferences with which they unilaterally established alleviations for exporting goods from developing countries to their markets. As a developing country SFRY used such alleviations in its trade with the EC. However, after the Conference for Security and Cooperation in Europe (CSCE), today the OSCE, held in 1975 in Helsinki, the question was asked: how will economic cooperation develop in a Europe that is divided in blocs. In the general discussions about implementing the so called second basket from Helsinki i.e. development of economic cooperation, two conflicting concepts quickly appeared. The then Soviet Union, and its subordinated countries, suggested that an agreement should be reached between COMECON and the EC which would define the principles, mechanisms and goals of cooperation between COMECON and the EC. The EC did not accept this approach. This integrative group suggested that agreements should be concluded – not between the EC and the COMECON – but

¹ Socialist Federal Republic of Yugoslavia

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rather between the EC and each individual country from Eastern Europe. They claimed that the method of economic integration which the EC is practicing is in compliance with market principles and principles of free trade, while COMECON in its founding and existence was placed against these principles. The EC claimed that if their concept is accepted than that would create room for economic cooperation in Europe and that this would ease division of the economy because of the blocs. It was considered that if the COMECON's concept is accepted than that would strengthen, deepen and immortalize the division of the economies in Europe into division in blocs. Because of these conceptual differences, work in the field of economic cooperation and alleviation of the existing division into blocs in this field, were at a standstill.

Near the end of 1977 the EC sent signals to the Government of the SFRY, pointing out that in its trade with the EC, Yugoslavia is facing a growing deficit. It was pointed out that the ever larger deficit would be an obstacle to increasing the scope of trade between the two sides: that this obstacle will decrease the possibility for technological development in the SFRY and will slow down its entire economic development. That is why they suggested that both sides sign a bilateral agreement on economic cooperation. Soon after, the SFRY sent signals expressing its interest in the possibility for concluding such a separate agreement. Basically this was a brave hint on the part of the SFRY that the country does not abide by the concept and policy of COMECON. Truly, the SFRY was not a member of COMECON, in fact it was not a full fledged member, but rather it had some sort of a status of favored observer or associate member. In the preparation of the five year and annual plans for development, which regulated economic relations between the countries members of COMECON, SFRY only had the status of an observer. After all those internal arrangements were adopted within COMECON, the SFRY joined in, concluding annual and five year agreements with which it regulated its economic relations with COMECON, and on that basis it concluded bilateral agreements on economic cooperation with the member states of COMECON. That is why the leaders of the then Soviet Union and COMECON, concluded that SFRY has large economic interests and political obligations to abide by the concept of COMECON and because of this it would not independently conclude a separate agreement with the EC. The first balloons spread among the general public about the offers from the EC to conclude a separate agreement on economic cooperation and that this received a positive response from SFRY, caused dissatisfaction in the Soviet Union and among the leadership of the COMECON, from which came pressure on the Yugoslav leadership not to enter into such separate activities.

That was somewhat the general situation during which in 1978 a delegation from the EC came to Belgrade to present to the Yugoslav leadership its idea for a possible future agreement. Previously the Yugoslav Government selected a Commission that was authorized to manage cooperation with the EC, electing Janko Smole, at the time member of the Yugoslav Government from Slovenia, to be the chairman of the commission. Janko Smole was host to the EC delegation that came to Belgrade. This delegation had discussions with several ministers from key sectors, with two deputy Prime Ministers and with the Prime Minister Veselin Djuranovic. The general public

received general and neutral information which as a rule were on the first pages of the newspapers and were among the first stories in the news on TV, but which didn't offer any concrete information. Several days after the delegation left Belgrade. Janko Smole suddenly resigned from his post as chairman and member of the commission and as head of the delegation for negotiations with the EC. Sometime in the middle of February, Prime Minister Djuranovic called me to his cabinet. **At the time I was serving my second term as member of the Yugoslav Government.** I was elected to the Government for the first time on August 1, 1971 and the mandate of that Government finished with the adoption of the Constitution in 1974. In May that year I was once again re-elected to the Government and that term was to end in May 1978. I didn't know exactly why Prime Minister Djuranovic had invited me to a conversation. **At the time, within the Government** I was responsible for economic cooperation with developing countries, so I presumed that the discussion would be related to issues from that field. However, Djuranovic told me that he wanted to talk to me about the future of relations with the EEC. He said that Janko Smole's resignation is final and that this complicates relations with the EEC. He told me that he had talked to Boris Snudel, also member of the Government from Slovenia. He refused to replace Smole, and according to what Djuranovic told me the third member from Slovenia Zvone Dragan Deputy Prime Minister, also made it clear to him that he also did not want to lead that cooperation. This greatly surprised me and some things became clearer after Djuranovic mentioned that in the then Yugoslav leadership, especially among the members of the then presidium of the Central Committee of the SKY², there were differing opinions about regulating relations with the EEC. Some were of the opinion that we should continue with things as they were until then i.e. without a separate agreement, while in the sector on financial cooperation bilateral favorable agreements should be concluded like the one with Germany for funding from the capital Hilfe, with institutions from Germany, France and Italy for insuring investments and especially for exporting equipment from those countries to Yugoslavia. There were also those who supported the signing of a separate agreement with the EEC but they also pointed out that we should be careful so that with this agreement we do not challenge too much the Soviet Union and COMECON. "In general as yet there is no decision on what kind of agreement to conclude with the EEC or whether or not we should at all conclude any agreement. However," said Djuranovic, "we now have to give some sort of a signal that we are ready to continue contacts with the EEC, because if we break off then the consequences can also be very serious". After shortly describing the situation, he told me that a lot of work (at the political and expert level) will have to be done to clear up the entire situation and that someone in the Government will have to lead that entire matter. He told me that he is asking me to undertake the obligations which Janko Smole relinquished with his resignation. I told him that there are only several months left from my second term in the Federal Government and that there is not enough time to carry out such a task. He told me that he otherwise intends on informing the EEC that the contacts will continue after the new Government is elected and that this is also an offer to become a member of the next Government with this obligation. I then told him that it is early to discuss my remaining in the Government, because that would be

² League of Communists of Yugoslavia

my third term. I also told him that sometime in 1973 a commission was formed in the Skopje Municipal Committee of SKM³ which was to investigate my responsibility for certain activities I undertook at the end of 1970 and during the first half of 1971. I told him that this commission also appeared at the beginning of 1974 requesting that I be eliminated from political and public life, but that the then Prime Minister of the Federal Government Dzemal Bijedic refused those requests. I told him that just these days this commission once again called on me and requested that I go to Skopje for questioning. I told him that I refused to go but that I didn't know what they would do. Djuranovic told me that I should accept to be elected in the next Government to be the Chairman of the Commission for Cooperation with the EEC and to head the delegation for negotiations with that integration group, while he will explain to the Macedonians that I am needed for this task. At the same time he told me that without it being officially announced I should immediately establish contact with the members of that commission. They were high functionaries from almost all the most important federal ministries with powers over the economy.

At the time the EEC had nine member states: six of the founding countries (France, Germany, Italy, Holland, Belgium and Luxembourg) and three former members of the EFTA (Great Britain, Ireland and Denmark) which were accepted to membership in 1973. Norway was also invited to membership, but through a referendum the citizens of Norway rejected this and Norway remained in EFTA. Great Britain had tried on several occasions to enter the EC, but was prevented because of the objections of France. On three occasions General de Gaulle vetoed the accession of Great Britain explaining that Great Britain is too close to the USA and that if it were accepted to membership it would reduce the compactness and European character of the EEC. The other 5 members of the EFTA (Switzerland, Sweden, Finland, Austria and Island), some of their own free will and some because they were neutral countries, did not request accession to the European Community and remained in the EFTA. During these contacts between Yugoslavia and the EEC, negotiations with Greece were underway and soon after finished with Greece becoming a member of the EC on January 1, 1980. As a result, because Greece had an associate status, it took no part during the contacts and negotiations between the EC and SFRY.

The elections passed, the new Federal Government was elected, and I was in it for the third time. Soon after came the election of the new Commission on cooperation with the EC and the delegation for negotiating with this group. All the former members of the commission and the delegation remained the same, only my name substituted the name of Janko Smole. Sometime at the beginning of June 1978 I had already finished the procedure for defining the Platform for negotiations with the EC. I informed our partners from the EC and they invited our delegation to travel to Brussels for a meeting at which both delegations would present their platforms for the negotiations. All the authorized federal organs and during the sessions of two federal parliamentary committees various MPs were also consulted in defining our platform. In spite of this I soon saw that the Yugoslav leadership is deeply divided on this issue. At the press conference which

³ League of Communists of Macedonia

was held in Brussels immediately after the meeting of the two delegations, me and my partner Wilhelm Haferkamp, deputy chairman of the European commission and head of their delegation, we stated that both platforms are compatible and enable the conclusion of an agreement. This press release was broadcasted on all European TV stations and newspapers and also those in the SFRY. However, the Minister of Foreign Affairs Josip Vrhovec held a press conference in Belgrade, on that same day, at the same time, in the Federal Ministry of Foreign Affairs. Contrary to our two identical statements in Brussels, he stated that the SFRY refuses to negotiate with the EC because the platform of that integration group is in principle unacceptable for the SFRY. The next day in Belgrade I saw that all the newspapers had published side by side my and Vrhovec's statement -pointing out that they are quite contradictory. I initially thought that this was some sort of gaffe by the Foreign Service and therefore I did not intervene convinced that Vrhovec will take care of that mistake on his own. However, the next day I received a copy of the letter Vrhovec sent to Djuranovic. He asked that Djuranovic, as Prime Minister, requests that I submit an irrevocable resignation. If I refuse he insisted that Djuranovic should propose that the Federal Parliament recalls me from my duty as member of the Government. He even wrote an explanation for his request. In the letter he wrote that in accepting the platform for negotiations offered by the EC I accepted the concluding of a preferential trade agreement, which according to the rules of the GATT means that we intend for the SFRY to enter into a customs union with the EEC. These activities of mine were allegedly a back stabbing step into the policy of non-alliance which the SFRY was diligently implementing and would disrupt the position of the SFRY in maintaining the balance between the blocks in Europe. When I saw the letter I went to see Djuranovic and asked him what he intends on doing. I told him that I was ready to offer my resignation but in no way would I agree with the rejection of the platform offered by the EC. He answered that very soon he would organize a wider meeting after which we would decide how to proceed, and asked me not to resign until then and not to think about the whole matter. However, in Brussels they were very disturbed by the course of events in Belgrade. They had just sent me an invitation to travel to Brussels within two weeks in order to continue the negotiations, obviously expecting that on that occasion we would clear up the complications which appeared because of the conflicting statements coming from Belgrade. I immediately informed the head of the SFRY mission to the EC Ambassador Bora Jetic and asked him to postpone the negotiations for September.

That meeting was held soon after. It was attended by: Veselin Djuranovic, Prime Minister; Branislav Ikonic, Zvone Dragan, Gojko Ubipari and Dragoljub Stavrev - deputy Prime Ministers; Metod Rotar Minister for Foreign Trade; Petar Kostic Minister of Finance; Boris Snuderl member of the Federal Government and chairman of its foreign policy commission; Milos Minic chairman of the Federal council on foreign relations; Nijaz Dizdarevic Chairman of the Foreign policy board of the Federal Assembly of the Federal Parliament; Bogdan Crnobrnja Chairman of the Committee on foreign economic relations of the Assembly of the Republics and Territories in the Federal Parliament; Ksente Bogoev Governor of the National bank of SFRY; Josip Vrhovec, Minister of Foreign Affairs and myself. After Djuranovic opened the meeting, Vrhovec spoke first. He repeated the claims, accusations and demands contained in his letter. All those present took part in

the discussion except two individuals. All those who spoke supported me and rejected Vrhovec's claims. When the discussion finished and Djuranovic was to conclude the meeting, Minister Vrhovec collected his papers, took his handbag and stood up saying: "Comrade Veso, I have important business in my office, several ambassadors are waiting for me and I must leave". Djuranovic thought for a moment and said: "there you have it comrades, we gathered here to seriously discuss the letter that comrade Vrhovec sent me. I thank you a lot for attending and participating in the discussion. Just now comrade Vrhovec left and took the letter with him. What should I conclude?? There you have it, there is no letter, so comrade Andov can continue with the negotiations".

Janko Smole came to see me a week later. By then he was already general manager of 'Ljubljanska Banka' and he was in town on business. But he had heard what I went through at the meeting and decided to visit me. He then told me: "Now you know why I resigned. This time things went well, but watch out because the opposition will not stop". He was right, the intrigues and side winding did not stop. In September I arrived in Brussels with the delegation. That evening in the lobby of the hotel, Ambassador Jetic informed me of the scheduled work program of the delegations. The discussions were to start the next day at 10 o'clock and he was to come for me an hour earlier. The next morning I came down for breakfast at 8.30 so that I would be ready when Ambassador Jetic came. However, I found him waiting in the lobby of the hotel. He had already arrived. He was very concerned and immediately told me: "Comrade Minister, there are to be no negotiations and no meetings". I asked what was the reason for this; he told me that he didn't know anything because our hosts had not told him anything. Simply no negotiations, you can go home. I told him to go meet with Haferkamp's chief of cabinet and to tell him that I came to Brussels at Haferkamp's invitation and that I would not leave Brussels until I meet with Haferkamp. The Ambassador was greatly concerned and disappointed but nevertheless he went to talk to our hosts. After a long period of time he came back and told me: "A grave dispute has erupted. The Yugoslav police had recently detained three young Palestinians which were suspected of participating in the kidnapping of a ship with many civilians. The German police had issued a wanted circular for these three individuals and when they found out that they had been arrested in Belgrade they asked for their extradition. The Ministry of the Interior offered an exchange. It would hand over the three Palestinians, in exchange for which they asked that the German authorities hand over to the Yugoslav police an individual named Branko Jelic – a Croatian immigrant who lived and worked in Berlin as a dentist and who published in various newspapers articles against the SFRY and especially against Tito. The German side informed that they could not deliver Dr. Branko Jelic because the writing of political articles is not considered a crime in Germany regardless of who they are directed at. They asked if the Yugoslav authorities were accusing Jelic of committing any terrorist acts. The exchange of letters had not finished and the evening we had arrived in Brussels the Yugoslav police released the three Palestinians and they departed for a certain Arab country where they became inaccessible to the German authorities. The Germans were furious and that night sent a request to Brussels to cease all negotiations." The Ambassador then informed me that an official meeting with Haferkamp is out of the question but Haferkamp had suggested that we meet for dinner by ourselves. This guest by Haferkamp contributed to

us becoming closer and to the strengthening our mutual personal trust. The behavior of our police essentially only postponed the start of negotiations by 2 and a half months. The negotiations started at the beginning of December and ended with the signing of an Agreement on April 2, 1980. At that time the President of the SFRY Josip Broz Tito was lying hopelessly ill in the clinical center in Ljubljana.

There was almost another crisis which could have postponed the signing. The reason was the so called Berlin clause. More precisely, at the exclusive request of the FR Germany any signatory to such an agreement with the EC had to deposit a statement with which it recognizes Western Berlin as part of the sovereign territory of the Federal Republic of Germany. East Germany (at the time DDR) was alarmed, the Soviet Union exerted pressure, but this problem was somehow overcome and the statement was issued. The Agreement itself was ratified in 1983. This was an agreement on cooperation and trade. The cooperation was channeled into several fields and coordinated by the joint council on cooperation. However, the part of the agreement that dealt with the issue of trade was not subject to ratification because it fell within the powers of the European Commission. Therefore that part started to be implemented as early as July 1, 1980.

In general the agreement helped the SFRY a great deal. It abolished contingents and customs for exports towards the markets of the member states of the EC for 72% of industrial products coming from SFRY. The export of textile was regulated with a separate agreement as were exports from the metallurgy field. The export of lamb meat and live sheep from Macedonia was regulated at that time, as was an increase in export contingents for wine and a reduction of customs. Financial assistance and favorable credits were also given for the construction of sections of the highway through Slovenia, Croatia, Serbia and Macedonia, financing was secured for the electrification of the railway line Jesenice – Gevgelija, and financing was secured for the construction of the 380 KV electricity ring that also encompassed Macedonia. The agreement laid down the foundation which allowed for the regulation, through separate documents, of the rights of the citizens of the SFRY residing on the territory of the member states of the EC. An enormous number of citizens of the SFRY, including more than 50 thousand from Macedonia, gained stable rights for residence and work in those countries. This agreement was in force for the individual republics after they became independent states - until they signed new agreements with the EU. The first agreement which Macedonia signed with the EU in 1996 was in fact the same kind of agreement like the one for which I lead the negotiations with the representatives of the EU, which was signed in 1980. Unfortunately after 1996 the Republic of Macedonia did not make a step forward. That step forward was made on April 9, 2001 with the Stabilization and Association Agreement, which is still in force. An important step forward was made in December 2005 when the Republic of Macedonia received the status of a candidate for membership, now everything depends on the success of our reforms and our economic development.

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MACEDONIA AND ITS POLICY OF ACCESSION TOWARDS THE EUROPEAN UNION

Dimitar MIRCEV

(1) There is a firm belief, expressed wish, and even accord of the basic political forces in the country that the essential conditions for its access as a full member to the European Union may be fulfilled by the end of this decade. Realistically speaking, in a year or two, the country might be invited for membership to NATO and start negotiations for membership to the Union. This would make it possible for Macedonia, in the first third of the next decade, to become the 28th or 29th member of the Union. Normally, this strategic goal of the state, of the previous and particularly of the present Government, depends especially and mostly on the implementation of the internal reform policies and the ending-up of the so-called transition process. This, normally, implies consolidation of the democratic institutions and living, stability of the internal and regional safety position of the country, and most significantly the advancement of the economic growth and progress in the social conditions of the population.

These prerequisites have been set in the Copenhagen criteria of the Union from 1993, as well as in *Acquis Communautaire* contained in all the valid agreements and legal regulations of the Union. As a matter of fact, the undertaking of the criteria and the achievements of the Union are an equally legal and state-political obligation of Macedonia, but at the same time of the Union as well. Why are we stressing this up? Because the Macedonian, but even more so the European public are not fully aware and informed that these are bilateral conditions and commitments.

These commitments, in our case, have been defined in the ratified Stabilisation and Association Agreement (SAA) that the country has had with the Union since 1 April 2004 and in the first European partnership that the Republic of Macedonia signed with the Union in June 2004. In the Report of the European Commission of 9 November 2005, the Union principally spoke in favor of the progress that Macedonia has accomplished in the implementation of the Agreement, following which on 15 December 2005 the European Council gave it the status of candidate for full membership. Not later than

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30 January 2006, on the basis of this decision of the European Council, the Decision of the Council was adopted (on 30 January 2006) about the principles, priorities, and conditions for the European partnership with the Republic of Macedonia. This annex actually represents a review about the obligations that the Republic of Macedonia has in the process of partnership-accession (all the act and documents listed here can be found at <http://w.w.w.sep.gov.mk> (documents last update – 27 February 2007)).

It is true that the decisive orientation of the country is to join the Union that, based on the SAA, it holds a strong agenda and dynamics of joining and that equally the state bodies and the business community, including the civil sector, make it possible for the agenda and the dynamics to be performed in a fast way. By the end of 2004, the Government adopted the National Strategy for Integration of Republic of Macedonia in European Union; in February 2006, less than two months after acquiring the candidate status, the Government passed the European Partnership Action Plan. The Strategy and the Plan were specified in March 2007 in the National Program for Accession, together with the other obligations for reforms in the state. In February 2007 the Government Strategy for Cooperation with the Civil Sector in the process of accession was passed, but there are also more concrete strategies or programs for different integration spheres, procedures, campaigns, and so on: For instance, to copy the European legislation, to complete the obligations taken over from the Ohrid Framework Agreement, to communicate with the public in the process of accession, to train and make capable a personnel for Euro-integration, including translators of European documents. (Most of the documents are published on <http://w.w.w.sep.gov.mk/publikacii-pdf>).

Even before setting up the terms for the beginning of the negotiations with the Union for accession, the implementation of the necessary reforms was under permanent scanning and monitoring of the bodies of the Union, as a subject of frequent political dialogue and contacts of the state bodies with the European Commission and its bodies; the development, the policy, and the trends in the economic and monetary sphere are also a subject of cooperation, discussions, and negotiations with the World Bank, the International Monetary Fund, and the European financial institutions. Macedonia is in an intensive political, parliamentary, and expert-professional cooperation and relationship with the European Parliament, the Council of Europe, and the OSCE particularly in the sectors of democracy, human rights, multiculturalism, and the relations in the region.

These “tracks” are quite a strong guarantee that the country is gradually reaching the “standards” of a social and economic development, of institutional consolidation and democratization necessary for entering the Union. There are no particular dilemmas that the formal-legal criteria for accession to the Union can be fulfilled in a relatively short, and yet reasonable deadline.

(2) There is also an expressed belief that as regards these strategic goals the state has not only adequate natural, energetic, production, and human resources, but that gradually a suitable capacity for managing the accession process is being developed. It is of great significance to complete this capacity on the base of a critical evaluation of the so-far experiences in including all the national forces in the process of accession

– ethnic, political, intellectual, civil; and these experiences were not very suitable; however, it is equally important for this capacity for management with the accession to include a designed, reasonable, and pro-active foreign political strategy that has so far also had some deficits, roughness, and idling speed.

Normally, Macedonia can enter the Union one or two years sooner or later. However, concerning the results of its foreign and internal policy, it is important for them to be created upon realistic presumptions: for instance, the accession does not exclusively depend on our country, but also on the situation, the policies, and the movements inside the Union itself, particularly the adoption of the Constitutional Treaty on United Europe; furthermore, they also depend on the attitude and the policies or the relations of the countries neighboring with Macedonia concerning our membership; and finally, on the accession capacity of the Union, as well as on the general public opinion in the countries members of the Union.

Nevertheless, the mainstay of realism is the understanding that there must not be contrasts and discrepancies between the foreign-political orientation towards Europe and the Union and the internal policy, the reforms, and the standards. Namely, the citizens of Macedonia today are demanding membership in the Union not just for the sake of membership, but for having a decent standard of living, employment, human rights respect and promotion, operational democratic institutions, as well as exemplary, non-tense inter-ethnic relations and multiculturalism.

A good empirical indicator for this are the recently largely altered mental and public opinion patterns among the population as regards the changes in the country and our accession to the European Union and NATO. Namely, until a few years ago, especially just after the 2001 crisis, the public opinion polls showed a skeptical, critical, and quite reluctant attitude of the public concerning the European and the Euro-Atlantic structures. This was particularly expressed among the Macedonian ethnicity. The polls also demonstrated a degree of criticism towards our foreign policy and position, as well as a high degree of non-confidence in the authority and institutions, including a low rating of the state and parties' leaders and policy makers. The most unfavorable indicators came regarding the struggle against corruption and crime, unemployment and poverty, quality of the health protection and education.

For a longer period of time, from 2003 onwards, the polls show modifications in these patterns; namely, the ideas and preferences towards the Union and our access to it have been significantly corrected, as well as towards our foreign policy, and the rating of the leaders has risen. The Skopje Institute for Democracy, Solidarity, and Civil Society, for instance, shows that since 2003 the positive preferences of the public related to the EU and to our access have been on the high 87%; the International Republican Institute that makes monthly public opinion polls shows that since spring 2006 up-to-date these positive preferences have reached up to 97 percent (<http://www.idsko.org.mk>; <http://www.iri.org>).

Normally, we should take into consideration the nature of the public-opinion views: basically, they reflect high, at times even unrealistic expectations of the public concerning

a policy; for instance, the expectations in Macedonia are related to the elimination of unemployment, corruption drop, social security, cheap and mass education, and particularly free travel abroad without visas. In relation to these expectations, the public expects a concrete assistance from the Union even before joining it as a full member. Nevertheless, regardless of realism or non-realism in the public views, a pro-European socio-mental matrix has been created with which the public is pressing the Government and the authority for faster and deeper internal reforms for better quality of living and development and for less democratic deficit in the country. It is also important that the confidence of the citizens in the authority, the Government, and the leaders is gradually returning; this factor has a definite impact on the efficiency in the management of the process of accession and mobilization of the public in this process.

(3) The Opinion of the European Commission of 9 November 2005, leading to the candidate status of Macedonia, but also the Report of the European Commission of November 2006 about the progress of the country as a candidate, beside the description of the accomplished progress, contain a few critical observations and indications: the reforms in the sphere of justice and internal affairs, in the sphere of harmonization of the legislation with the one of the Union are slow, but even more so in the practical application of the reforms and the legislation; namely, there are difficulties in the capacity of the authority and the administration, particularly regarding the independence of the courts in the implementation of the regulations and the reforms in general; the absence of results in the energetic struggle against corruption and organized crime was particularly indicated, as well as the presence of democratic deficit and fragility in the democratic institutions. In the reports on the reforms and progress, especially in connection with territorial reorganization and local management, human rights and independence of the public media, similar evaluations were mentioned in the reports of the Council of Europe, the NATO, or in some communiqués of the European Parliament.

At the beginning of 2007, the Commission in Brussels sent quite decisive warnings regarding the too long time wasted on reforms because of the parliamentary elections in 2006, on the constitution of the new coalition authority, as well as the absence of a political dialogue between the authority and the opposition in which the larger Albanian ethnic party is a relevant factor. It is true that the parliamentary elections were held in the middle of the year and that many months before them and after them were dedicated to the pre-election campaign and to the constitution of the new authority. It is also true that in the constitution of the parliament, the government, and the administration there had been visible presence of rigidity, misunderstanding, boycott of parliament, and so on. Analysts in the country evaluate them as a mortgage of lack of experience, traditions, and vacuums in the democratic life, but also suffering from the “syndrome of authority”, to which no political subject is immune.

Nevertheless, the warnings were seriously accepted by all the political and parliamentary stakeholders. In parliament, the basic legal corpus necessary for the pro-European

reforms is just about to be adopted, and it is believed that by autumn 2007 it might be adopted. At the same time, a significantly greater attention must be paid to the fast adoption of a series of sub-legal rules and performing acts for taking over the European legal order. In the meantime, an intensive process of training, testing, employment, motivation of the administrative, expert, and professional staff has been initiated for the implementation of the regulations.

The Court Council has been elected, which is a body that marks the first step to the development of independent and efficient executive power. The local management development and de-centralization enters its second phase in spring 2007, with the aim of financial and fiscal reinforcement of the municipalities so that they may respond to the already transferred authorities. Modalities are searched for a “political dialogue” between the parties in power and the opposition in which there is a part of the Albanian ethnic parties. It is very important that an agreement and a declarative will have been reached so that the opposition, including the one of the ethnic communities, will not obstruct the laws in the so-called “European corpus”. These are some of the created prerequisites and policies performed in the current process of accession.

(4) However, the essential question of the policy of accession is with what economic, cultural, social, and national, human capital and achievements is Macedonia entering the European Union? Can a small country, without access to sea, on the periphery of Europe, in a region that is comparably underdeveloped and with non-stabilized security and politics introduce some of its achievements in the Union, its identical products, as a matter of fact even some of its historically-cultural, economic, and creative accumulation? Of course it can. It would be fatal for Macedonia to believe that it will enter the Union only for the sake of encompassing the policy of the Union in its geographical entity and thus accept them all, even those without a European provenience, in order later on to recycle them gradually in a “European” way.

Macedonia has its identical products and achievements that are more important than its natural, mine-mineral, energetic, and ecologic potentials, and there is no doubt that they make possible a permanently sustainable development with self-reliance. However, the human potential and human development resources are more important. This factor only partly includes the historically-cultural accumulation and the cultural heritage created for centuries in Europe and the Balkans that Macedonia has in abundance. Mostly, these are the features of human development.

According to UNDP data for 2005, on the list of 177 members of the UN investigated by 30 statistical indicators that compose the so-called Human Development Index (HDI), Macedonia is on the 59th place; it is very close to Bulgaria (55th place), and quite before the Russian Federation (62nd place), Romania (66th), Bosnia and Herzegovina (68th), Albania (72nd), Ukraine (78th), Turkey (94th), speaking of European countries. Nearly all of them are members of the Union, except Romania, Bulgaria, Slovakia, Latvia, as countries among the first 40 according to the index.

An essential group of indicators composing the index is the GNP that the UNDP calculates by ponder of consumption power per inhabitant (the PPP-method). This indicator for Macedonia is \$ 6,794 per inhabitant, which is about \$ 950 less than the one in Bulgaria, about \$ 3,500 less than in Latvia, about \$ 4,300 less than in Croatia, and so on. It is nearly three times less than in Greece and Slovenia. Nevertheless, it is very interesting that the indicators about health protection and education are more favorable in Macedonia than those in the surrounding countries, and there are about 20 such indicators that make the human potential. So, the economic conditions are not favorable in our country, while the indicators on human resources and potential are. If Macedonia had \$ 2-3,000 greater GNP, which is not non-realistic to expect to be reached in 3-5 years, there is no doubt that concerning development it could significantly approach the group of the newly accepted members of the Union. (Human Development...2005, pp 219-222). The question related to the economic growth and its results will be viewed later on, but on these spot we should emphasize two conclusions.

Namely, the human potential of the Macedonian population in the demographic, health, educational, and cultural sense is definitely quite on the level of decency for a country candidate and even full member of the Union. It is able to cope with the production, intellectual, creative, and organizational challenges of the European economy and market, of the European society, development, and culture. It can give identity to its participation in the European movements and trends.

The second conclusion is about the absence of economic effects of the already created human potential. In science, especially in the political, economic, and organization sciences, the primary factor indicated as a mediator between the created potential and its coming into effect in the economy is the political-management factor. In the case of Macedonia, this factor is acting unfavorably. It is not only composed by the authority and the government or the state bodies. In a larger sense, it also contains the independent, professional administration, particularly the public administration, the elite and the leadership, the management and the operational stratum in the public sector, as well as in the business, the non-profit sector, the media, and so on. It is acting unfavorably because of the traditions, the serious mortgages and heritage including system effects in its recruiting, training, selection, and promotion, supervision, compensation, and so on.

(5) In its policy for accession to the Union, the previous governments and the present one – particularly in the previous period of several months, have been concentrated on the economic area and economic growth. In the case of Macedonia, the economic performances in the period of transition (1991 - 2006) have not been satisfactory and they are not favorable today either. First, due to the low start of the economy at the time of the breaking apart from the former Yugoslav Federation in which Macedonia, together with Kosovo and Montenegro, were the most underdeveloped regions, agrarian entities with a depressive agricultural production and export of cheap raw materials, with a high unemployment rate and, normally, with a low standard of living. This position, including the created mentality, could not be overcome overnight.

Second, the breaking apart from Yugoslavia also implied a long and difficult struggle for independence and sovereignty of the Republic, a struggle with many uncertainties, temptations, existential problems, and sacrifices. The economy was undoubtedly suffering from the long and hard blockades on the borders with the southern neighbor, from the sanctions introduced by the UN against Serbia and Montenegro, while the Macedonian economy was particularly cooperating and was therefore linked in this sense with the Serbian; the damages from the Kosovo crisis were enormous, which resulted into a spill-over crisis in Macedonia in 2001. However, beside direct damages on the economy, it mostly suffered from the created image of a region of conflicts, risky, insecure, and unstable. In such and with such a region you do not make business, you do not invest, you do not give credits. Only now this picture is slowly being improved.

However, regarding the unsatisfactory economic performances, there had been essential problems in the selection of the economic-development policy, the model of privatization, de-nationalization, as well as the responsible, expert, and professional management with these processes. The opinion spread among the economic analysts is that the accepted model of privatization in the period around 1991 – 1993 was socially unjust and inefficient as regards the market and the production.

The transition process, particularly in connection with the economic sphere, was totally centralized and state-managed, that is to say in the hands of the central state power, which was mainly directed by the party as a matrix relic from the previous regime. This was the foundation on which the new social stratification and groupings of interests of the population was created, which was different from the social and mental matrixes of the normal market economies. This, as a problem of the transition, was indicated equally by sociologists and economists in Hungary, Romania, Bulgaria, and even in Slovenia, and yet in these countries these matrixes were soft-matrixes and did not obstruct the transition trends as in Macedonia and in some other countries in the western Balkans. In this sense, there were and there still are present the mentioned contrasts between the human capital and the economic effects that equally obstruct the growth and the democratic consolidation. In principle, famous researchers of the transition write about these problems, particularly in Eastern Europe (Linz, J. J. and Stephan, A., 1996; Ost, D., 2000; Crawford, G., 2001). It is interesting that the political conditionality of the Union for accepting new members (Crawford) is thoroughly matching the criteria of transition and democratic consolidation with the non-European authors (Linz and Stephan, for instance).

The large malfunctions in the Macedonian economy are still on the low level of growth (under 3% in the last three years), on a high unemployment rate (about 35%), low investments, particularly FDI, which are among the lowest in the region, the low level of wages (210 Euros – January 2007), low coverage of import with export (under 57%), that is to say a large foreign-trade deficit. Some aggregates, however, are favorable: a comparably low inflation, solid hard currency reserves (February 2007 nearly \$ 1.5 billion), and solid hard currency savings of the population (over \$ 1.1 billion), timely servicing, paying back and decreasing foreign credits, reasonable level of taxes and improvement of taxation discipline, and so on. The governments were strongly determined to conduct a policy of growth and development. Now the legal and economic frameworks have been

finalized, as well as the development policy that make possible an annual growth level of 4,5 – 5,5 % (the last quarter marks around 4%).

For this ambitious purpose some political measures have been modified and a new set of new measures and policies has been introduced: taxes have been reduced, especially in the agricultural area, equal taxation has been introduced, investors – particularly foreign investors – are additionally stimulated (tax free for re-investment of profit); special motivations, credits, taking over a part of the contributions are provided for new job opportunities, strategies for self-employment have been activated particularly in the farming and cattle breeding; moreover, new strategies for fighting gray economy, corruption, and economic crime have been activated.

In structure, quality, standards, and competition the production is slowly adapted to the European, in which a large number of expert institutions, foreign foundations, European and even international projects have been engaged. The CARDS and IPA assistance, twinning projects, bilateral, and joint projects with the member countries of the EU are essential for this. There is an awareness in the country, not only in the political and state circles, but also in the business community and the civil sector, that the economy must move towards growth and development without which it is not realistic to expect successful internal changes and reforms. The absence of this growth and development objectively limits the effects of the social and political reforms in the process of accession.

(6) Human rights and civil freedoms, their security, protection, and promotion are on the top list of the social problems in Macedonia according to all public opinion polls. This is particularly referring to the rights in the social and health protection spheres, in the education, gender equality, ecology, as well as to civil equality in the legal order and judicial system. At the same time, they are also on the top list of the state's policies. A large part of them are obligations of the state not only according to the constitutional order, but also according to the ratified international legal agreements and other acts of the UN, EU, the Council of Europe, the OSCE, and some other structures. In the political life and practice a large number of these rights and freedoms are actually accomplished, but there is a significant corpus of social, educational, health, ecological, and other rights that cannot be applied on a mass and equal base because they simply depend on the modest part of the budgetary funds at disposal that, according to the financial policy, must be further decreased. Typical examples in this concern are the rights emerging from the insurance for the pensioners and the disabled, the right to free education, and many others. The foreign assistance and donations in this reference have been very welcome so far, but also quite insufficient for greater accomplishment of these rights and freedoms on a higher level. There remains the obligation of the Macedonian governments to find permanent and sustainable, though modest solutions and sources for stabilizing this social order of human rights and civil freedoms.

Nevertheless, the most important question and also the crucial achievement and potential generator of a new physiognomy of the Macedonian social and political

order is the development of a **multicultural forum** of this order and this society. Most researchers and analysts who are often outside the state believe and conclude that until 2001 Macedonia had been governed by the ethnic and cultural predominance of the Macedonians, that the Albanians, the Turks, the Romas, and the other communities had been suppressed, oppressed, deprived of their rights, and so on. This is true to a certain point considering that for centuries back all the ethnic communities in Macedonia shared the same destiny, ruled by the same empires, authorities, regimes, and together they were looking for quite favorable modalities for a joint life, for coexistence. Even in the regime of the communism, when the social inequalities were not ethnical but conditioned by the party and political affiliation, there had not been any expressive ethno-political contrasts or discrepancies. However, there had been differences in the social conditions of the position of the different ethnic communities.

The pluralization and the regime changes in 1991 have obviously not changed these social positions and conditions, but they made possible an ethno-political mobilization and representation of the communities. The 2001 crisis started with the transfer of terrorist groups from the North, but it partly met in some regions of the country with the social dissatisfaction of a part of the Albanian community and with a decisive, even a violent warning of a lack of collective ethnic rights. A delicate and very sensitive policy of the system and constitutional changes, parallel with a dialogue, negotiations, and support from the EU, the NATO, the United States, and the OSCE were applied in the country in order to overcome this crisis. However, the Ohrid Framework Agreement that marked the end of the 2001 conflict is often considered as a successful model for the development of structures of a multi-cultural social and political order.

There still are serious remarks and difficulties and dissatisfaction among the ethnic communities, including the majority, the Macedonian, about the spirit of the application of the principles of a multi-cultural social and even political order. There are different interpretations for the definitions of the Ohrid Agreement and for a number of definitions in the Constitution of Macedonia. In the past months there have been unilateral steps of some opposition parties in Parliament and in the local management for non-institutional resolution of the contrasts. There are cases in which the leader and inter-party dialogue on the essential questions concerning the Macedonian society are absent; even though the “European agenda” has never been put at stake.

Nevertheless, there are great possibilities for a gradual superstructure of the internal mechanisms of the multicultural democratic order in Macedonia, to reach a synergy of the social and plural-ethnic factors towards a development and exploitation of the achievements of a prosperous civil society, efficient market economy, and functional democracy. Optimistically looking, in the European Union and society Macedonia can introduce productive experiences and values of a multicultural order in response to the problems, challenges, and temptations that some neighboring and other European countries are facing today.

(7) Macedonia's foreign policy in the process of accession to the Union remains thoroughly Euro and Euro-Atlantic oriented. It is today actually following the The

Common Foreign and Security Policy (CFSP) and it participates in a number of its external actions. Macedonia's position in the dispute over the name with Greece is today significantly strengthened, particularly following the U. S. recognition of its constitutional name in 2004. Aside from the EU and the United States, Macedonia has very good economic and political relations with the Russian Federation and the People's Republic of China, which also recognize Macedonia under its constitutional name. Some of the previously burning problems that Macedonia had with the neighboring states have been already overcome. However, some traditional and longer problems remain and, unfortunately, they have not yet been resolved. This is first of all related to the denial of the name and the Macedonian national identity by Greece, that is to say the dispute that Macedonia still has with Greece over the name of the state. Furthermore, there is the denial of the rights and position of the Macedonian ethnic minorities in Bulgaria, Greece, and Albania, as well as the denial of the autocephaly Macedonian Orthodox Church by the Serbian Orthodox Church. These disputes and contradictions in the foreign political doctrine and socio-political comment in Macedonia have been crystal clear elaborated and explained in a number of sources (*Macedonia and...* 1993; *Mircev, D., Katardziev, I., 1997*).

These questions have a substantial entry in the survival and the international-legal status of the Macedonian state, nation, and national minorities and the country can simply make no compromises behind the limit of its identity in the international community. So far, it has had an exceptionally flexible position and policy of compromises and tolerance in treating these questions with the neighbors, as well as in the region, including its relations with the Union and the UN. This policy will definitely continue, but with the real premise that in a reasonably long period of time the essential questions will be closed down. There is a definite hope and desire in Skopje to resolve these questions in the relations with the neighbors before Macedonia enters NATO and the Union as a full member.

There is no wish, especially as regards the European Union, for Macedonia to bring in it the burden and mortgage of its problems imposed by the neighbors. Some of them are already members or at least aspire to be members of NATO and the Union. Macedonia, for instance, avoided raising in the Union the question of the position and the rights of its minority in Bulgaria just at the time this country was joining the Union. One of the principled and firm positions of the state is not to interfere in the internal movements and affairs of other countries and to welcome their steps towards further internal democratization and full protection and promotion of human rights and civil freedoms, including the collective and ethnic rights. Macedonia has fully harmonized its internal policy of multiculturalism in the order with the standards and requirements of the Union; henceforth, it expects support from the Union and the European and the Euro-Atlantic integration structures in the application of these standards over the problems that Macedonia has with some of its neighbors.

In this sense, concerning the well-positioned political relations and the institutional dialogue with the Union, even in the sphere of the Common Foreign and Security Policy,

the country has expressed its expectations that the Union, that is to say the Commission, will have a positive influence so that these disputes are resolved in advance, before Macedonia becomes a member of the Union. Many analysts and observers from the Union are obviously on the track of these evaluations, and there is also a very serious corpus of support for the Macedonian policy of accession towards the Union.

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ECONOMIC CHALLENGES OF THE REPUBLIC OF MACEDONIA ON THE ROAD TOWARDS THE EUROPEAN UNION

Abdylmenaf BEXHETI and Luan ESHTREFI

Introduction

Unquestionably, European Union (EU) membership remains the determination of all subjects and structures of the Republic of Macedonia. It is quite natural that ambitions will grow proportionally with progress made in a membership process full of difficulties and challenges. Even though measurable and quantifiable EU economic preconditions at first glance seem more important to meet, Macedonia is still challenged with the political criteria that become more difficult to meet *vis-à-vis* the EU point of view.

When the “all politically coloured” Macedonian delegation visited Brussels in the early spring of 2001 to sign the Stabilisation and Association Agreement (SAA), among other things, the objective was to present Macedonia as the model of a multiethnic, equal, and “harmonised society” in South East Europe (SEE). After the signing ceremony Prime Minister Georgievski, in a euphoric and triumphant feeling, declared that, “Macedonia has now entered the waiting room of the European family¹.”

Weeks later, an interethnic crisis escalated, putting the membership process on the back burner. This crisis took Macedonia to a different dimension—that of political instability mixed with parallel military and political tribulations which lead to the international community managing, facilitating, and monitoring the signing of the Ohrid Framework Agreement (FA) on the 13th of August 2001. To this day, the FA remains the strategic document that pulled Macedonia out of heavy waters and saved the country, giving a new beginning to the State and creating a new political reality.

Moreover, implementing the FA produced many challenges for Macedonia’s institutions such as: (i) in confidence building in citizens; (ii) in overcoming material

¹ Dnevnik, “Speech by Ljubco Georgievski,” February 2001.

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and personal consequences of the war; (iii) in the integration of the former structures of the war back into society; (iv) in the stabilisation of the “enclaves” indoctrinated with criminal elements after the conflict; (v) and in managing post conflict situations by treating the mental condition of the “Balkan temper.” This would not have been overcome without the balanced support of the international community in overcoming Macedonia’s financial, political and democratic, and institutional stability deficit.

By taking into account all real post-conflict circumstances, Macedonia has shown progress in returning tolerance and confidence to its citizens, independent of their ethnic, religious, linguistic, or cultural affiliation. Studies now show that the two largest ethnic communities (those of the Macedonian and Albanian ethnicities) have had more intra-ethnic related problems rather than inter-ethnic related problems.² According to the UNDP Early Warning Report, Macedonia’s citizens are “ready to accept tolerance” while a considerable structure of citizens reveals the “chance for violence,” giving evidence of a society “walking on glass.” Notwithstanding, Macedonia has made real progress in a closer relationship with the EU with efforts of both the Government and the unreserved support of the international community, leading to Macedonia’s status of Candidate Country on 16 December, 2005. As much as receiving this prestigious status was merited by Macedonia, it was also a signal of the determination of the EU to encourage the citizens and institutions of Macedonia to continue in judicial, political, social, and economic reforms. Today, the concept of “Macedonia in Europe” is a supported objective by all ethnic communities in the country, independent of national, religious, political, social, or cultural orientation.³

Certain EU member-state diplomats when so far as to recommend that Macedonia “use the honeymoon period that a Candidate Country is offered in a manner that makes you better and more competitive⁴,” underscoring the potential to give the Government a hard mandate for the reform process to be implemented in a steadfast timeframe.

However, the latest parliamentary elections (July 2006) and the formation of the new Government did not receive the signal it wanted by Brussels, which sent a critical tone in relation to the unreasonable justification of Macedonia’s Candidate Status. A new Government that seems primarily engaged and committed to an economic programme while leaving behind political and democratic problems related to a lagging political dialog between the majority and minority opposition may have been the reason for the critique.

In accordance with requests for the institutional organization of the Candidate Countries, the EU created the Instrument of Pre-Accession (IPA) in which €11.5 billion are secured in the financial perspective of the EU for the period of 2007-2013. This fund will be allocated to the Candidate Countries such as Croatia, Turkey, and Macedonia, including the potential Candidate Countries of Albania, Montenegro, Serbia, and Kosovo.

² UNDP Early Warning Report, June 2006. (<http://www.ewr.org.mk/>)

³ Government of the Republic of Macedonia, Secretariat for European Affairs Public Opinion Surveys (<http://www.sei.gov.mk/portal/eng/default.asp?id=10>).

⁴ Verica Jordanova, *Kapital*, 26 October 2006.

In this article, we shall attempt to identify the economic challenges of Macedonia on its road towards the EU. We hold that there is a linkage between meeting the economic criteria and the political criteria (or non-economic criteria) for EU membership. The latter relates to the former in a cause-effect manner. Moreover, the institutional capacity of the EU to function under the current Treaty of Nice is examined. We find that, in order to allow for further integration, a new framework must be implemented by the EU. We attempt to briefly address these questions: (i) what are the economic criteria and where is Macedonia in fulfilling these criteria; (ii) where does Macedonia need to focus its attention to speed up the consensual EU process; (iii) what is the EU point of view on Macedonia's economic progress; and lastly, (iv) how does the EU absorption capacity debate relate to Macedonia's EU aspirations.

1. The Economic Criteria and the "Level of Fulfilment" of These Criteria

In the latest EU enlargement phase Romania and Bulgaria entered the European family, confirming that the EU membership process is a typical political decision which seeks before all else, fulfilling the political and democratic criteria, and especially fulfilling the obligations of the *acquis communautaire* regulations in which no less than 80,000 pages of European Community law must be adopted into national legislation. It is quite reasonable to conclude that given if these standards and values are not met (political criteria), it is reasonable to conclude that the economic criteria can not be met. For, non-economic factors are more determinative in lasting economic growth and development.⁵

What are the primary EU membership criteria? New membership conditions according to the 1993 Copenhagen EU Council and the Maastricht Treaty are very precise:

Let's evaluate the most important elements in order:

1. Stability of institutions guaranteeing democracy, the rule of law, human rights, and respect and protection of minorities is a rejected element in Macedonia for now; however, this political criterion may be able to be fulfilled with political will.
2. Sufficient economic development of the country to face the obligations that EU membership brings.

The second group—that of the economic criteria—was later spelled out in the Maastricht criteria and deserves attention:

-Inflation should not exceed by more than 1.5 points the average of the three best member-state performers. This condition has been fulfilled by Macedonia from 1995 up to now even though a measured strain was placed on fiscal and monetary policy of the country.⁶

⁵ Akademik Taki Fiti, "Sojuz na Ekonomisti na Makedonija," Konferencija, Ohrid 2005. (Author's translation: "Alliance of Economists in Macedonia," Conference)

⁶ Abdylmenaf Bexheti, *Nje Dekade e Mendimit Ekonomik dhe Politik*, Logos-A, Shkup 2006, pg. 194. (Author's translation: "A Decade of Economic and Political Thought")

-*Long-term interest rates* should be no more than 2 points above the average of the lowest three member states. This condition, for now, can not be fulfilled; however, respective evidence shows that a permanent declining trend on interest rates has continued, although Macedonia continues to have double the rate of interest in comparison to this Maastricht criterion.

-*Budget deficits* should not be more than 3 percent of GDP. This criteria has mostly been fulfilled from 1995 to the present day with the exception of 2001 when the deficit reached over 7 percent (roughly €350 million) given that resources were drained to finance the war.⁷

-*Accumulated public debt* should be no more than 60 percent of GDP, which in Macedonia's condition should be no more than \$3 billion. Statistics show Macedonia's domestic and international reported public debt, however in reality, a potential public debt exists that is unquantifiable. These unreported public debts are: unreported savings before the period of Macedonia's independence, debt on the basis of compensation for expropriation, unreported debt of Macedonia's municipalities, and government and other governmental agencies over the commercial sector. According to unofficial projections this debt reaches \$300 million that combined with the official debt, results to roughly \$2.4 billion, or in other words, under the maximum level of 60% of GDP, therefore meeting this economic criteria.⁸

-*Exchange rates* should have stayed within the normal margins set by the exchange rate mechanism for at least the previous two years before EU membership. This criteria can be considered fulfilled, even though staying within these margins has a certain financial cost for the country.

-Finally, and no doubt the most important and complex economic criteria—*adequate economic development* quantified at roughly 60% of the per capita income average of the EU population, which is considered a fundamental precondition of economic compatibility of EU potential candidates. What does this mean in absolute figures for Macedonia? Since the EU GDP per capita average is about \$14,000 while Macedonia's GDP per capita average is roughly \$2,500, or 5 ½ times lower than the EU average. Moreover, the EU GDP per capita average is growing steadily while Macedonia, up to now, has had cyclic movements of growth and decline, excluding the previous three years when growth was about 4%. If Macedonia would have realized a projected economic growth 6% per year in line with the so-called Regulation 70, the country would need more than 11 ½ years to double its economic basis.⁹

The Macedonian asymmetric phenomenon of participating in overall EU GDP and population does not cause “headaches” for the EU as in concerns economic parameters. Macedonia is one of the smallest countries in Europe and its contribution in terms of overall EU (25) GDP is only 0.04% while its population contributes to only 0.4% to total EU (25) population, indicating a 1 to 10 comparison of Macedonia's GDP and

⁷ Ministry of Finance of the Republic of Macedonia, May/June 2006 Bulletin, Skopje 2006: (<http://www.finance.gov.mk/gb/bulletins/mayjun2006.pdf>)

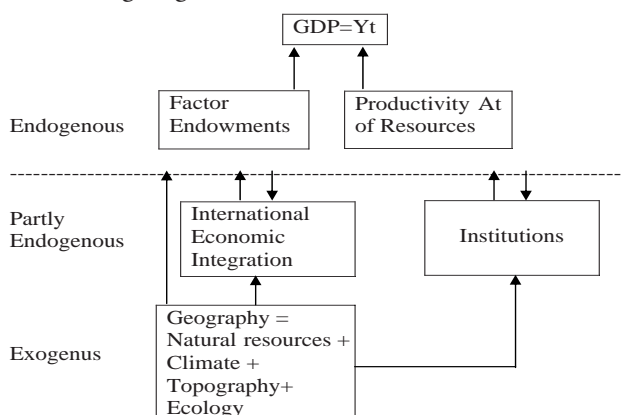
⁸ Ibid.

⁹ Brian Snowdown and Howard Vane, *Modern Macroeconomics*, Cheltenham, UK 2005, pg. 590.

population *vis-à-vis* the EU.¹⁰ Perhaps for this reason in the EU public opinion for the Western Balkan Countries, Macedonia has a relatively good rating of 49% pro and 36% against EU entry.¹¹ Nevertheless, Croatia has a better opinion of 56% and 30% respectively, noting the weaker position of Macedonia.

Accordingly, it cannot be said that the EU views candidate countries' ability to fulfil economic criteria under a precise microscope. The latest enlargement of the EU (the entrance of Romania and Bulgaria) has attested once again to the EU flexibility in accepting even the most stringent economic criteria—GDP per capita average. Specifically, both countries had a level of no higher than 40% of GDP average of the EU, illustrating the somewhat elastic approach of the EU on meeting all economic criteria by Candidate Countries.

In modelling and determining characteristic factors with influence in economic growth and development, notably in cases with small countries with limited resources such as Macedonia, regional and international economic integration¹² presents an important factor and can be considered the main factor that determines the economic perspective of the country. Furthermore, a list of traditional economic growth and development factors at a given time such as natural resources (Nt), physical capital (Kt), and the labour factor (Lt), on the one hand, and productivity of resources at a given time (At) on the other hand, is broadened with contemporary factors such as: institutional capacity (St) and international economic integration, determining the dynamics and stability of economic growth and development of countries such as Macedonia. Particularly for Macedonia, the institutional capacity factor presents a “bottleneck” in the dynamics of progression for the country in its road towards EU membership and will be explained. Correspondingly then, the linkages and interactions of these factors presented above are illustrated in the following diagram:



¹⁰ European Stability Initiative, “Moment of Truth: Macedonia, the EU Budget, and the Destabilisation of the Balkans,” 14 December 2005, pg. 5, (http://www.esiweb.org/pdf/esi_document_id_73.pdf); European Commission, Eurostat: (http://epp.eurostat.cec.eu.int/cache/ITY_Public/3-31082004-BP/EN/3-31082004-BP-EN.pdf).

¹¹ Center for Research and Policymaking, “Occasional Paper n.10,” January 2007, Skopje, pg. 10.

¹² David Rodrig, *In Search of Prosperity: Analitic Narratives on Economic Growth*, Princeton University Press, Princeton , 2003.

2. Concentrated Areas to Realise Macedonia's Objective?

Promptly after the EU Council gave a positive response for Candidate Status of Macedonia on the request of the EU Commission, it also received a SWOT analysis focusing its institutions on the needed effort to advance the current position.¹³

In this evaluation, it is clear that the functioning of the market economy still remains a declarative rather than a real postulate for the contemporary economy of Macedonia. The poorest point remains the limited capacity of Macedonia's institutions such as: slow administrative procedures, judicial inefficiency, and rigid cadastre and property rights. Areas with special weaknesses are considered to be: undefined property, non-transparency of procedures in economic transactions, a non-effective banking sector, slow judicial and public administration services, and when all of these are added to a low educational level of the population a "perfect cocktail" is created giving the country a culprit for the economic crisis.¹⁴

As a result of the unsuitable business climate, domestic and international investors are discouraged to operate in Macedonia resulting in weak economic growth of the country. The high unemployment rate generates an elevated degree of poverty in the country. A low degree of competitive advantage of domestic companies is visible when compared to the European economy. A considerably high level of the informal sector operates in Macedonia, generating distorting effects on the domestic economy. The structure of exported goods in Macedonia, whether in quantity or quality, remains unbalanced. All of these facts make the domestic economy incompatible with the European common market that Macedonia claims to become part of in the near future.

Furthermore, an examination on Macedonia's ability to adopt the *acquis* is necessary. Based on the latest evaluation of the EU Commission and on our assessments, we can classify Macedonia's performances in harmonizing EU legislation to national legislation in these four categories: (i) areas in which Macedonia stands relatively well in adopting the *acquis* and needs little effort to achieve; (ii) areas in which Macedonia needs medium effort in adopting the *acquis*; (iii) areas in which Macedonia needs considerable effort in adopting the *acquis*; and (iv) areas in which Macedonia needs a great deal of effort and structural reforms in adopting the *acquis*.

I. Areas in which Macedonia stands relatively well in adopting the *acquis* and needs little effort to achieve:

- Fisheries
- Economic and monetary policy
- Statistics
- Enterprise and industrial policy
- Trans-European networks

¹³ Council of the European Union, "Brussels European Council 15/16 December 2005 Presidency Conclusions, Declaration of the European Council," 15914/1/05 REV 1 ANNEX III, Brussels (<http://www.consilium.europa.eu/ueDocs/newsWord/en/ec/87642.doc>); COM (2005) 562 Brussels (http://eur-lex.europa.eu/LexUriServ/site/en/com/2005/com2005_0562en01.pdf)

¹⁴ Sfetlana Jovanovska, "Brussels Waits for and Economic Boom," Dnevnik, August 21, 2006

- Science and research
- Education and culture
- External relations
- Foreign, security, and defence policy
- Financial and budgetary provisions

II. Areas in which Macedonia needs medium effort in adopting the *acquis*:

- Freedom of movement for workers
- Right of establishment and freedom to provide services
- Free movement of capital
- Financial services
- Consumer and health protection

According to previous studies made by the Heritage Foundation for the Economic Freedom Index, Macedonia ranks at 69, right after Albania and Mauritania, which illustrates the dedication needed to create more economic freedom.¹⁵

III. Areas in which Macedonia needs considerable effort in adopting the *acquis*:

- Public procurement
- Company law
- Information society and media
- Agriculture and rural development
- Food safety, veterinary and phytosanitary policy
- Transport policy
- Energy
- Taxation
- Social policy and employment
- Regional policy and coordination of structural instruments
- Justice, freedom and security
- Customs union

According to a new World Bank study, of 155 countries ranked on 10 complex indicators measuring the cost of doing business, Macedonia is positioned at 81 with a total of 15 procedures and a 52% GDP per capita cost which stands higher than Albania with 11 procedures and a 45% GDP per capita cost.¹⁶ Of the 10 indicators in this study, a closer look is taken on 3 of them:

- *Tax payments*—In Macedonia, entrepreneurs pay a total of 54 different payments per year wasting 96 hours and spending about 40.1% of gross profit for these payments. For the same indicators, Estonia, ranked at 18 in the study, has only 11 different payments spending 39.5% of gross profits. It is evident that, for Macedonia, the problem is not the number of payments, but the ineffective administrative procedures.

¹⁵ Economic Policy Institute, Izinep, October, 2005.

¹⁶ World Bank, "Doing Business: How to Reform, Comparing Regulation in 155 Economies," International Bank for Reconstruction and Development, Washington D.C., USA 2006.

-*Dealing with licences*—Macedonia is ranked at 64 and takes 218 days and 18 different procedures to receive a licence with a cost of 67.5% of annual income per capita.

-*Trading across borders*—In order for a Macedonian company to export its products, it takes an average of 32 days, 10 documents and 8 authorizations. In comparison, the average OECD country can trade across borders with 5 documents, 3 authorizations in only 12 days.¹⁷

IV. Areas in which Macedonia needs a great deal of effort and structural reforms in adopting the *acquis*:

- Free movement of goods
- Intellectual property law
- Competition policy
- Financial control

All of the areas in part IV demand significant sacrifices including permanent investments and strong institutional and administrative capacities supported by effective legislation. To be more coherent and self critical, the EU Commission's evaluations should include micro-structural weaknesses that are evident in the domestic economic system in which: debtors are protected over creditors; where a subject wins a court dispute on the basis of the "highest bribe;" under conditions of administrative ownership and misappropriation of ownership on the basis of a "political" cadastre; under conditions of an unresolved pyramid taxation. Certainly the road is a challenge with "many pieces of glass" but without any alternative towards the EU, the country must make the effort; not for the European Community, but for the sake of the citizens of Macedonia.

3. The EU's point of view on Macedonia's Progress?

The information presented so far mostly dealt with what Macedonia should do in order to make its membership a reality in the near future. However, hints from the EU on Macedonia's progression in the integration process should be analysed to get a clearer understanding of the current status.

The European Commission Progress Report of 2006 is the primary and most up-to-date *communiqué* in understanding the EU's view on Macedonia's progression in the integration process. Specifically for our purposes, the report analyses Macedonia's ability to meet the economic criteria for EU membership.

The report highlights issues in both of these Copenhagen economic criteria: (i) the existence of a functioning market economy; and (ii) the capacity to cope with competitive pressure and market forces within the Union. A closer examination is illustrated¹⁸:

- (i) The existence of a functioning market economy as defined by:

¹⁷ Economic Policy Institute, Izinep, November, 2005.

¹⁸ Commission of the European Communities, Commission Staff Working Document: COM(2006) 649 Final, SEC (2006) 1387, Brussels, November 2006, pg. 17-23: (<http://www.delmkd.cec.eu.int/en/bilateral-relations/SEC%202006%201387%20PROGRESS%20REPORT.pdf>).

- Economic policy essentials
- Macroeconomic stability
- Free interplay of market forces
- Free market entry and exit
- Adequate legal system
- Sufficiently developed financial sector

(ii) The capacity to cope with competitive pressure and market forces within the Union as defined by:

- Existence of a functioning market economy
- Sufficient human and physical capital
- Adequate sectoral and enterprise structure
- State influence on competitiveness
- Trade integration with the EU.

In general, the Commission has expressed the achievements of Macedonia in meeting the first economic criterion, however, institutional weaknesses on the adequacy of the legal system impedes the country in fully meeting this criteria. Examples mentioned in the report include clarification of ownership, efficient real estate transaction registration, and more effective legislation in dispute settlement.¹⁹ In this regard, the Commission has pointed to an area of weakness on Macedonia's ability to improve the functioning of the judicial system in order to support the advancement of its economy.

Moreover, a real concern by the Commission in meeting the second economic criterion is the sufficiency of physical capital in terms of foreign direct investment (FDI). Although preliminary FDI inflow projections for the first half of 2006 seem encouraging at 6% of GDP, in the past decade, FDI inflows have remained stagnant at about an average of 3% of yearly GDP.²⁰ Macedonia's Deputy Prime Minister has even underscored FDI capacity as critical—stating that the country has been the least successful in attracting FDI in the South East European region.²¹ However, the new Government's economic strategy of marketing Macedonia with the lowest corporate taxes in Europe and other tax advantages for foreign capital may help in producing higher FDI projections in the years to come. Nevertheless, our conclusion rests with the unmistakable notion that factors that influence FDI depend not only on economic development and reforms, but just as equally, political stability plays a crucial role as well.

¹⁹ Ibid, pg. 20.

²⁰ Ibid, pg. 22; Ministry of Finance of the Republic of Macedonia, May/June 2006 Bulletin, Skopje 2006, pg. 3: (<http://www.finance.gov.mk/gb/bulletins/mayjun2006.pdf>).

²¹ Institute of European Affairs, "The Macedonian Rocky Road to European Integration," Rapporteurs' Report on the Speech of Gabriela Konevska-Trajkovska, Deputy Prime Minister and Minister for European Integration of the Republic of Macedonia, 2 February 2007: (http://www.iiea.com/images/managed/publications_attachments/Koneska%20Rap%20Report.pdf).

4. *The Challenge of the EU*

Just as Macedonia is continuing to challenge itself in its closer EU membership aspirations, the EU is also challenging itself with the enlargement process. With the completion of the fifth enlargement, the EU will most probably take years of internal consolidation before the sixth enlargement can begin.

In its conclusions on the EU's enlargement strategy, the Commission has stated that the EU must ensure that it can maintain and deepen its own development while pursuing its enlargement agenda, noting the need of EU institutional reform to improve the effectiveness of the decision making of an enlarged EU.²²

The Treaty of Nice was designed to implement reforms to allow for the fifth enlargement of the EU to occur. Now that this last enlargement phase has been completed, how will the sixth enlargement phase develop? The answer lies within the ability of the EU to agree on a new institutional framework. Since the Nice Treaty was designed, *inter alia*, to allow for effective and efficient functioning with an enlarged EU of 27 member-states, it is already considered to be out-of-date considering that Croatia, Macedonia, and Turkey retain candidate status.

Accordingly then, a new institutional framework needs to be agreed upon before the next enlargement phase can occur. Signals, however, have already been sent on the integration debate with the no-votes of some member states on the Constitutional Treaty. This could be seen as a symbolic gesture by Europe's citizens that they are not ready to accept both deepening and widening EU integration.

Whether the proposed Constitutional Treaty is revisited or a similar framework is pursued, there is no question that current and potential candidate countries face a concrete criteria of which they have very little influence in meeting—that of EU absorption capacity. Although, the current German Presidency of the EU has noted as its main objective to return the debate on the Constitutional Treaty, it seems difficult that any final resolution can be completed within its short six month timeframe.

The real question is whether the 27 EU member-states will be ready to unanimously agree to a new institutional framework that allows for enlargement to reach the Western Balkan Countries and Turkey, enlarging the EU to include 35 member-states.²³ However, EU enlargement fatigue may play a crucial role in delaying this process for years to come, denying even Macedonia entry at an earlier stage.

²² Commission of the European Communities, "Communication from the Commission to the European Parliament and the Council: Enlargement Strategy and Main Challenges 2006-2007, Including annexed special report on the EU's capacity to integrate new members," COM (2006) 649, {SEC (2006) 1383-1390}, Brussels, November, 2006, pg. 13: (<http://www.delmkd.cec.eu.int/en/bilateral-relations/COM%202006%20649%20EU%20Enlargement%20Strategy%20and%20Main%20Challenges%202006-2007.pdf>).

²³ We consider the future EU member-states as such: The seven Western Balkan Countries (Albania, Bosnia-Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, and Serbia) and Turkey, enlarging the EU to 35 member-states.

Conclusion

The Republic of Macedonia has made considerable progress towards EU membership if we take into consideration the regional geopolitical and domestic political circumstances, combined with the socio-economic situation of the country from its independence to the present day. However, much remains to be done in the country's EU aspirations.

Having said that, this observation could be a bit "coloured" depending on the comparative "limbo" targeting within the narrower region of the Western Balkans. Indeed, not all depends on Macedonia's ability to meet the criteria for membership *per se*. It will take the ability of the EU to create a new framework for enlargement to continue.

Nevertheless, Macedonia will not be able to progress in economic aspects as long as some preconditions and non-economic factors, which affect in an indirect manner but with an outspoken impact in the economic development of the country, are fulfilled. Wide reforms in the country, especially those that deal with creating stable institutions remain the uncontested preconditions for lasting economic development. Accordingly, it is not the level of economic growth that is important; but the stability and endurance of economic cycles that remains imperative for Macedonia.

The recommended reforms of the EU in all areas specified should not be considered as a demand by the EU, but, before all else, as an imminent need of the citizens and State.

EU CANDIDATES

*Stjepan MESIĆ - ON THE COMMON PATH TOWARDS
THE EUROPEAN UNION – EXPERIENCES OF THE
REPUBLIC OF CROATIA*

*Gabriela KONEVSKA TRAJKOVSKA – MACEDONIA IN THE EU
– KEY TO REGIONAL STABILITY AND PROGRESS*

Seyfi TAŞHAN – TURKEY'S EU ODYSSEY: 1964-?

*Erwan FOUERE – MEETING THE EXPECTATIONS AND
FULFILLING THE OBLIGATIONS – MACEDONIA
AND THE EU ENLARGEMENT STRATEGY*

*Stojan ANDOV – THE POLITICS OF NEGOTIATING
WITH THE EU*

*Dimitar MIRCEV – MACEDONIA AND ITS POLICY OF
ACCESSION TOWARDS THE EUROPEAN UNION*

*Abdylmenaf BEXHETI & Luan ESHTREFI – ECONOMIC
CHALLENGES OF THE REPUBLIC OF MACEDONIA
ON THE ROAD TOWARDS THE EUROPEAN UNION*

*Aleksandar SPASENOVSKI – WESTERN BALKANS IN THE
EUROPEAN UNION – INTEGRATION INSTEAD OF
CONFLICTS*

*Vladimir BOZINOVSKI – PUBLIC OPINION IN MACEDONIA
ON EU INTEGRATION – COMPARATIVE ANALYSIS*

WESTERN BALKANS IN THE EUROPEAN UNION – INTEGRATION INSTEAD OF CONFLICTS –

Aleksandar SPASENOVSKI

*Every highway and byway leads eventually to capitalism, but to what kind,
how fast, and at what cost? Who wins and who loses?*

János KORNAL, "Highway and Byways.
Studies on Socialist Reform and Post-Socialist Transition"

The fall of the Berlin Wall and the integration of Germany marked the end of the bipolar separation of the world. On the Balkans it meant the breakdown of the Socialist Federative Republic of Yugoslavia (SFRY). After overcoming the problems caused with the dissolution of federations and after the euphoric nationalisms have calmed down, the transition processes have commenced in all spheres of the social life. The integration into the Northern-Atlantic Treaty Organisation (NATO) and into the European Union (EU) was the top political objective of most of the leaderships of the former socialist states. As regards the economy, the transition from socialist, planned towards market oriented, represented the most serious transformation to be completed. The political goals of the former socialist states greatly depended on the method used for carrying out the economic reforms. Today, we can conclude that part of the states succeeded in the transition process, others are still making efforts to do so and are about to finish it, while some are still wandering through the post-socialist curves, trying to somehow reach the rest of the European countries. As far as the last group is concerned, we can without a doubt conclude that it consists of most of the countries of the Western Balkans. This points to a conclusion that precisely on this territory we will meet the end of the consolidation and democratisation in Eastern Europe, which will reach its peak in the moment the mentioned countries become a part of EU. The history will provide us with an answer whether such radical rotation of the Eastern-European countries was expected and whether the necessary transformation that followed was successful. However, for us, who have by force become a part of the mentioned transition events, each explication regarding the objectives and their relative forms of existence is of great importance.

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EU and the Western Balkans

The fall of the Berlin Wall, apart from the internal represents a crucial process which significantly determines the priorities and challenges with which this super-national institution in development is facing with. In specific terms, from the perspective of the former communist, i.e. socialist states, the fall of the “iron curtain” represents a new reality and an offered opportunity for opening of the doors towards realisation of the project of Robert Schuman and Konrad Adenauer for integration of the Old Continent which has a long history of bloody wars and destructions. Formally speaking, the turning point as regards the Union towards the countries of Central and Eastern Europe was the meeting of the heads of states and of the governments in Copenhagen, 1993, when for the first time in history one EU institution gave official support for inclusion of these countries in the project being built, of course, after the fulfillment of certain conditions. In that direction, based on the strategic historic responsibility of the already well established western democrats, the so-called European contracts were signed with the former socialist states with which the already institutional political dialogue was raised to a legally-binding level. Consequently, during the Luxemburg Summit in 1997, it was decided that the Union shall commence negotiations for membership with Hungary, Poland, Estonia, the Czech Republic, Cyprus and Slovenia. During the Helsinki Summit in 1999, a decision was made to initiate negotiations also with Lithuania, Latvia, Bulgaria, Romania, Slovakia and Malta. The negotiations involved 31 different areas and were concluded in 2003 for all of states, with the exception of Bulgaria and Romania, which became EU members as of 1 January 2007.

Unlike in the other former socialist states, the Western Balkans had to deal with wars, which formally ended with the signing of the Dayton Peace Treaty in 1995, and with the NATO intervention in Serbia in 1999, which introduced the fall of the Slobodan Milosevic regime on 5 October 2000. The opposite directions of the Western Balkan countries, unlike the other countries of Eastern Europe, resulted into a different approach of the Union as regards their European integration. Namely, in 1997 the EU adopted the so-called policy of regional approach for the Western Balkans countries. This policy set the political and economic fundaments which will be used in the following period for the purposes of development of bilateral relations with Albania, Serbia, Montenegro, Bosnia and Herzegovina, Croatia, and of course, with the Republic of Macedonia. Afterwards this approach was supplemented with the project entitled as Stabilisation and Association Process (SAP). SAP in many ways reminds us of the European agreements which the Union concluded with the countries of Eastern and Central Europe. However, there are many differences as well. Namely, the Western Balkan countries undertook the obligation to co-operate at a regional level, which was aimed towards achieving the policy of the Union for long-term stability of the Region. Against that, the Union was obliged to open its markets for the goods of the Western Balkan countries, and has promised significant financial assistance. Therefore, the SAP, shaped as it is, points to the conclusion that it had a conditional structure, since the Western Balkan countries were asked to not only comply with the Copenhagen criteria and intensify the co-operation with the International Tribunal for War Crimes for Former Yugoslavia, but also to comply with

the Dayton Peace Treaty, referring to Bosnia and Herzegovina, Croatia and Serbia, the Kumanovo Treaty that ended the NATO intervention in Serbia in 1999, and with the Ohrid Framework Agreement referring to the Republic of Macedonia. The EU policy towards the Western Balkan countries was completed at the Thessaloniki Summit in 2003 whereas it was reconfirmed that the SAP is a condition for Union membership. However, in the first half of 2003, SAP was supplemented with the so-called European Partnership, which represents a concretization of the commitments between the Western-Balkan countries and Union for a short-term and midterm period.

In those terms, based on the legal frame defined in such a way, Albania, Serbia, Montenegro, Bosnia and Herzegovina (BH) and the Republic of Macedonia started the EU integration process, which in 2005 and 2006 had a raised dynamics, which points to the conclusion that the Western Balkan, is finally on the “right path”, with a secure European future.

The Western Balkans and the European Union

The Balkan states were at the end in the democratic consolidation processes. Today, the children's diseases, caused by the post-socialist transition, are still present in this part of Europe. However, the end is near. Wars have ended, and the new political image of the Balkans was created. The sacrifices were significant – as were the objectives.

In **Albania**, in 2005, after 15 years of independence, the democratic change of the government finally took place. This meant fulfillment of the main condition for intensifying of the relations with the EU. In those terms, the progress was confirmed by the Union with the signing of the Stabilisation and Association Agreement on 12 June 2006. However, this positive signal from Brussels confirmed the democratic progress of the country which in 1997 faced the dramatic internal tension which resulted into the fall of the Government of the Democratic Party (PD) of Sali Berisha. Within that aspect, opposite to the fact that more than a year has passed since the elections on 3 July 2005, it remains to be seen whether the Government of the Democrats has learned the lessons from the previous term, i.e., whether they will, as the previous one, make efforts towards the further development of the Country's European integrations. Although a bit ironic, the successes of the governments as regards this issue are significantly determined with the speed of opposition consolidation. When the former Albanian Prime Minister, Fatos Nano, left the Presidential position in the Socialist Party (PS) it was confirmed that the Government of PD will not have a comfortable position, since it fulfilled the condition for initiation of the processes of opposition consolidation, i.e. its becoming of a worthy correctional entity of the Government, after the distress that was a result of the defeat in the parliamentary elections.

Kosovo, although formally part of Serbia, in 2005 and 2006 faced different challenges. For the citizens and the political elites it was the independence, but for the Serbian government, it was the place of occurrence of major events in the historical tradition of the Serbian people. Regardless of the previously mentioned, it became clear that there will be negotiations. The future of the protectorate is questionable. It's

a democratic and multiethnic Kosovo. The form is, however, debated without success. Nevertheless, the analysis of the possible solutions for the future status of Kosovo, points to the fact that efforts will be made so as to find a solution which will somehow satisfy the aspirations of the Kosovo Albanians, the interest of Serbia and the positions of the international community. According to the distribution of forces and the alternatives offered to the involved parties, it can be expected that the conditioned independence, supplemented with decentralisation elements will be the ultimate solution for the future of the Protectorate. The price that will be paid by Serbia, will be the loss of the full sovereignty over Kosovo opposite to the prospects for certain European future, free from the ballast of the euphoric nationalism from the 90s of the 20th Century. The Albanians will have to satisfy themselves with the limited control on certain parts of the Protectorate, and the international community will deal with the problem; however, its presence on the field in structure and with term as the High Representative in BH will continue, in order to preserve the peace in this part of the world.

Serbia, as the main pillar of the State community, although depleted in all aspects, as a result of the political heritage from the time before 5 October 2000, entered the peaceful stream that were practically expressed precisely in 2005. For a relatively short period, the authorities managed to comply with the conditions for obtaining the Feasibility Study by EU and commenced with the negotiations for **entering into the Stabilisation and Association Agreement (SAA)**.

What just a couple a years ago seemed to be a far and distant dream – became a reality in 2005. Serbia significantly handled the destructive policy from the past, and the results are quite visible. However, as a result of the non-delivery of the former general of the army of the Bosnian Serbs to Haag, Ratko Mladic, the negotiations with the Union were interrupted on 3 May 2006. In those terms, how fast the process of Euro-integration for Serbia will be unblocked will largely depend from the outcome of the elections, scheduled for 21 January 2007, as well as from the possible outcome of the negotiations for the future status of Kosovo.

Montenegro, has finally overcome the phase of completing its own state. The euphoric nationalism, which was present in the Balkan countries at the beginning of the 90s, also occurred in the smaller federative entity of the State community. Although the pro-Serbian elites have strongly resisted the idea of independence, and the international community made efforts to raise the referendum success over 55%, the referendum held on 21 May 2006 was successful. Within the context of the Euro-integrations, according to the provisions from the Constitutional Charter, if Montenegro decides to leave the State Community, Serbia shall inherit the right to an international subjectivity, a place in the United Nations, but also all of the international commitments. On the other hand Montenegro will have to apply for membership to all international organizations which is likely to have adverse effect on the aspirations of official Podgorica for faster integration in the EU. Nevertheless, in long-term view, no major problems are expected for Montenegro, due to the application of the principle of double highway by the EU, meaning that the previously agreed solutions will be respected, which is also pointed out by the Union representatives.

BH still bears the burden of the bloody conflicts from the last war. The society is extremely divided, and the citizens are not satisfied. This is the part of the Balkans which perfectly personifies the Huntington thesis about the conflict between civilizations. The Croats are disappointed because they do not have the third entity. The Bosnians are angry and are making efforts for the additional state centralization. The Serbs are not satisfied from the efforts of the international community for reforms, since they imply larger centralization of the divided society, contrary to their objective for additional decentralization, i.e. for perseverance of the Serbian Republic (SR). **Briefly said, everyone is dissatisfied. But, the foreigners are the catalyst. Having the tools in their hands they** succeeded in repressing the nationalist passions of the political exponents of the three constitutional nations and in putting the state on the right path. In those terms, 2005 was undoubtedly the most important year for BH. **The police reform concept was** completed in this period, and the defence reform was implemented, with significant assistance from the international community. Although serious crisis took place, which threatened to block the state operations, the conditions, however, for intensification of the relations with the EU were fulfilled. The year marking the tenth anniversary of the Dayton Peace Treaty, also marked the formal ending of a very dark period from the latest BH history. In the next year, 2006, the citizens have faced new challenges, which were a condition for development of the integration processes with the Union. This implied the necessary changes in the Constitution, i.e. redefining of the state-legal status of BH. Having in mind the influence of the international community and the social-political situation in the Region, no apocalyptical scenarios are to be expected; still, certain difficult moments, ambiguity and confrontations will take place. The such conclusion product presumes that the main political actors from the Serbian, Croatian and Bosnian block do not have sufficient political force to adopt the previously accepted constitutional changes, which due to the pre-election period, on 26 April, were not accepted by the Representative House of the Parliament of BH, as well as the completion of the police reform, especially regarding the police regions distribution, which represent the main conditions for concluding the SAA with the EU and for transformation of the Office of the High Representative of the European Commission (EC).

Croatia, completed the project for consolidation of their own state after the war has ended, and started the negotiations for EU membership on 3 October, 2005. The right-oriented Government lead by the Croatian Democratic Community (HDZ) put its entire political capital on this card. **They faced many difficulties. They had to put up with the difficult strokes ahead. To make painful decisions. There were moments of** disappointment because of the negative EU responses, because of the non-cooperation with the International Crime Tribunal, i.e. due to the non-delivery of the former General of the Croatian army, Ante Gotovina, leading to an increase in the number of euro-sceptics. The investment of the Government in these terms meant the defeat at the local elections and distortion of the HDZ unity. However, as a result of its endurance at any cost – it succeeded. Croatia managed to be placed on the European path. Or, using the words of Fukujama, it is likely that the Croats will be part of the end of history, i.e. the victory of the liberal democracy. In that direction, the Decision of the EU for initiation of negotiations for membership of Croatia, had an impact as regards the increase of the

foreign investments, which together with the possibility for use of the pre-accession EU funds, will lead to a further growth of the overall state economy.

Regarding the approximation processes of the **RM** towards the EU, it has to be pointed out that they were overdue due to the delayed recognition of the Republic of Macedonia as an independent state by the member-states of the Communities. The reason for the delayed recognition was the Macedonian-Greek dispute caused by the differences related to the name of the Republic of Macedonia. In those terms, the diplomatic relations with the EU were established in 1995, followed by the conclusion of the Co-operation Agreement. The RM was the first state of the region with which the EU concluded a SAA in 2001, followed by the application for membership in 2004, and obtaining of the status candidate-country on 17 December by the European Council.

The shallow review of the challenges the RM was facing with, from the day it became independent till today, points to the conclusion that the progress is visible, especially after the conclusion of the SAA and becoming the candidate-country for EU membership. Concurrently, we can confirm the previous if we apply the method of comparison in two parts: first, regarding the EC reports for Macedonia, and second, if we make a comparison with the progress of the other states that have a European perspective. In this context, if we compare the EC reports for our state, we can notice that the RM has continuously weaker results as regards the four segments: judiciary reforms, fight against corruption, as well as the poor capacity of the public administration. But, on the other hand, if we compare the EU comments for the other Western-Balkan countries with European perspective, we can conclude that the issues in subject refer to problems that the RM has already overcome.

* * *

Many challenges are still in front of the Western Balkan citizens. However, the long expected step was made. What 1990 meant for the misfortune that happened to the Balkan nations, 2005 and 2006 meant for all positive events that happened and that will happen in the future. Finally Europe started to expand towards the Western Balkan. The doors are open, and the nations and elites are significantly directed towards the integration. Nevertheless, only when the Balkan is fully integrated in the EU, only then we can state that the objective was achieved. This will prove that the transition period is complete. The main political objectives, presumed as top national, i.e. state interests, will largely be achieved. NATO and EU memberships will mean the end of the political transition. The economic reforms, personified in the stabilisation, liberalisation and privatisation processes will also be completed, and the purpose of this review is to remind us of the path that we walked on, and of the sacrifices we made in doing so.

PUBLIC OPINION IN MACEDONIA ON EU INTEGRATION

– *Comparative Analysis* –

Vladimir BOZINOVSKI

The Institute for Democracy “Societas Civilis” from Skopje conducted six telephone polls in the period between December 2003 and February 2007, for the needs of the Secretariat for European Issues (SEP)¹. These polls were conducted with the aim of ascertaining the citizens’ perceptions on the EU integration process in the Republic of Macedonia, as well as their views on various issues that concern the Republic of Macedonia’s activities in this process. A set of 20 questions was prepared for this purpose through which the surveyed citizens were able to express their opinion on the state’s overall engagement regarding EU integration, their personal views on the need for the country’s accession to the EU, and the possible gains and negative consequences to the country resulting from membership in the European Union.

“*How important is Macedonia’s integration into the EU to you personally?*” This was the first question in this opinion poll. If we compare the results, we can see immediately that the percentage of citizens to whom our country’s integration into the EU is not important at all is constant, at about 11 percent. Accession to the EU is important to the remaining respondents. We have to stress that the number of those who responded with “most important of all” has reduced, while the number of citizens who said that integration is “important, but not priority” increased. We can conclude from this that, besides the process for accession to the EU, the state should

Table 1. How important is Macedonia’s integration into the EU to you personally?						
	<i>Dec.03</i>	<i>May.04</i>	<i>Dec.04</i>	<i>Nov.05</i>	<i>Apr.06</i>	<i>Feb.07</i>
Most important of all	48.80%	71.40%	51.20%	57.20%	45.60%	43.80%
Important, but not priority	38.40%	24.50%	34.90%	35.20%	41.70%	42.20%
Not important at all	11.00%	3.20%	10.00%	6.80%	11.90%	11.00%
No response	1.80%	1.00%	3.90%	0.80%	0.80%	3.00%

¹ Complete data is available on www.sep.gov.mk

also invest more effort into resolving the other problems that seem to preoccupy citizens more at this moment.

The citizens' opinions on the next question are constant. When asked, "*How would you vote if a referendum were to be held next week on Macedonia's accession to the EU?*", approximately 90 percent of the respondents responded affirmatively. This only points to the overall positive atmosphere in Macedonia regarding the Macedonian citizens' desire to be part of the European Union.

Table 2. How would you vote if a referendum were to be held next week on Macedonia's accession to the EU?						
	<i>Dec.03</i>	<i>May.04</i>	<i>Dec.04</i>	<i>Nov.05</i>	<i>Apr.06</i>	<i>Feb.07</i>
For	89.90%	91.40%	88.20%	91.90%	87.20%	87.80%
Against	3.00%	2.00%	4.20%	2.20%	4.50%	5.20%
Still don't know	7.10%	4.90%	3.10%	3.50%	4.70%	2.00%
Will not vote	0.00%	0.90%	1.90%	2.10%	3.40%	3.70%
No response	0.00%	0.90%	2.60%	0.30%	0.20%	1.30%

Of course, if we compare the situation with the other countries from the region that became members of the EU, we can see that, with time, we can expect certain reduction of the percentage of citizens who support Macedonia's entry into the EU as a consequence of certain necessary reforms that could be relatively unpopular at the beginning. Still, the opinion polls conducted in the central and eastern European countries that became members of the EU in May year 2004 showed that, even in the countries with most EU skepticism, at least two thirds of the citizens said that they would vote positively at a referendum on accession of their country to the European Union. This was also confirmed by the results of the referendums held in these countries in year 2003, where the majority of the citizens supported their countries' entry into the EU. The results of the latest opinion polls in these countries on the citizens' positions regarding their countries integration into the European Union are presented in table 3².

Table 3. How will you vote at a referendum on your country's accession to the EU?				
	<i>Slovenia</i>	<i>Hungary</i>	<i>Poland</i>	<i>Czech Republic</i>
For	90.00%	84.00%	77.00%	77.00%
Against	10.00%	16.00%	23.00%	23.00%
	<i>Slovakia</i>	<i>Lithuania</i>	<i>Latvia</i>	<i>Estonia</i>
For	92.00%	90.00%	67.00%	67.00%
Against	9.00%	9.00%	32.00%	33.00%

The next question through which the citizens' positions on the state's progress in the EU integration process were compared was, "*How much progress have we made*

² www.galup-europe.be

in the EU integration process compared with last year?” We can notice big similarities between these answers and the results of the opinion poll conducted in April 2006, as well as the results of the other four polls. The big dispersion among the offered answers to this question, as well as the certain skepticism among most citizens, is mostly a result of the fact that most citizens always expect “tangible” results from this process. As a result of this, it is realistic to expect the citizens’ optimism to increase and for them to evaluate positively the whole EU integration process once the country starts the negotiations for membership. Approximately 60 percent of the citizens expect the country to start the negotiations for membership in year 2008 or 2009 (results of the answers to the question, “When do you expect us to receive a date for start of the negotiations with the EU?”).

Table 4. How much progress have we made in the EU integration process compared with last year?”						
	<i>Dec.03</i>	<i>May.04</i>	<i>Dec.04</i>	<i>Nov.05</i>	<i>Apr.06</i>	<i>Feb.07</i>
Big progress	13.40%	23.50%	9.10%	8.30%	7.00%	5.80%
Some progress	25.60%	22.50%	27.50%	36.10%	29.40%	29.20%
Little progress	30.40%	30.50%	28.80%	34.10%	33.50%	35.00%
No progress	30.10%	21.70%	30.00%	18.70%	27.20%	25.00%
I don't know	0.60%	1.70%	4.60%	2.90%	2.90%	4.80%

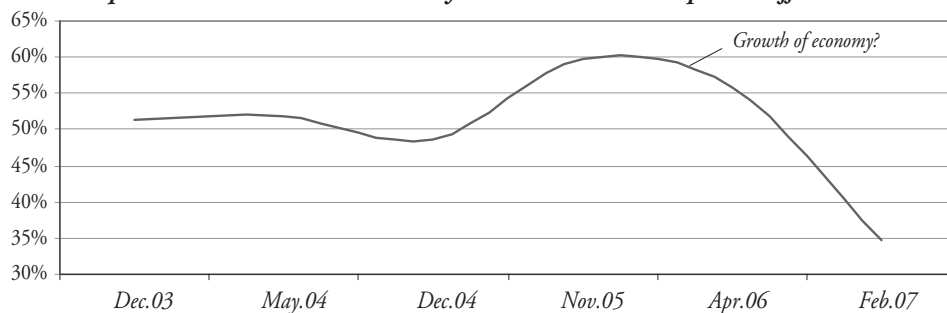
When the country enters the European Union, changes are expected to take place in a number of spheres. Thus, the next question that citizens responded to was “What will Macedonia’s entry into the EU have most positive effect on?” Even though each of the options offered is extremely important for our country’s accession to the EU (domestic policy, stability, opening of the EU market, technical assistance, liberalization of the visa regime, and cultural traditions), most citizens opted for the economy (presented in table 5 and graph 1/1a).

But unlike the previous polls, in which approximately 50 percent of the respondents chose economy, this time only 34.6 percent of the citizens chose economy. The other citizens opted for the two new options offered: *quality of life as a whole*, which was selected by 12.4 percent of the citizens, and *reduction of unemployment*, chosen by 14.1 percent of the respondents. This data reflects the citizens’ desire for resolving of, probably, the biggest problem in Macedonia at the moment (unemployment), as well as their need for a more quality life, which they feel can be secured only through intensive growth of the economy – something that they expect from Macedonia’s accession to the EU. With regard to the other new options, that is, spheres of life on which Macedonia’s accession to the EU could have a positive influence, 2.2 percent of the respondents chose reduction of corruption, 0.8 percent chose increase of the quality of education, and 0.4 percent selected fostering of agriculture.

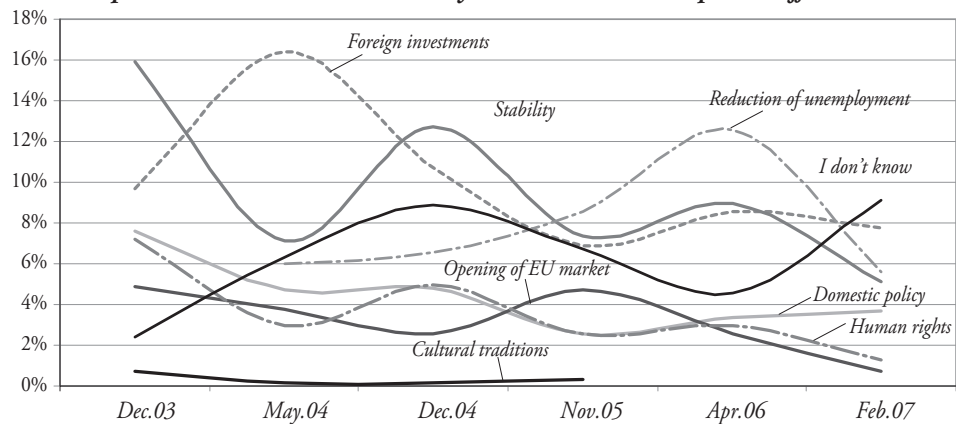
Table 5. What will Macedonia's entry into the EU have most positive effect on?

	<i>Dec.03</i>	<i>May.04</i>	<i>Dec.04</i>	<i>Nov.05</i>	<i>Apr.06</i>	<i>Feb.07</i>
Growth of economy	51.30%	51.80%	48.50%	59.80%	55.90%	34.60%
Foreign investments	9.70%	16.40%	10.70%	6.90%	8.60%	7.80%
Domestic policy	7.60%	4.70%	4.80%	2.60%	3.40%	3.70%
Stability	15.90%	7.10%	12.70%	7.40%	9.00%	5.00%
Opening of EU market	4.90%	3.80%	2.60%	4.70%	2.60%	0.70%
Cultural traditions	0.70%	0.20%	0.20%	0.30%		
Human rights	7.20%	3.00%	5.00%	2.60%	3.00%	1.00%
Technical assistance	0.30%	0.80%		0.40%	0.30%	
Reduction of unemployment						14.10%
Reduction of corruption						2.20%
Agriculture						0.40%
Quality of life as a whole						12.40%
Liberalization of visa regime		6.00%	6.60%	8.60%	12.60%	5.60%
Education						0.80%
Other						2.10%
I don't know	2.40%	6.30%	8.90%	6.70%	4.60%	9.10%

Graph 1. What will Macedonia's entry into the EU have most positive effect on?



Graph 1a. What will Macedonia's entry into the EU have most positive effect on?



The next question was composed of three components, and it asked for the respondents' views on the mutual relations between the Republic of Macedonia and the European Union, as well as their personal position on the EU. The question was, *"How do you think the following relations changed over the last year:*

- *EU's relation toward Macedonia;*
- *Macedonia's relation toward the EU;*
- *Your personal position on the EU.*

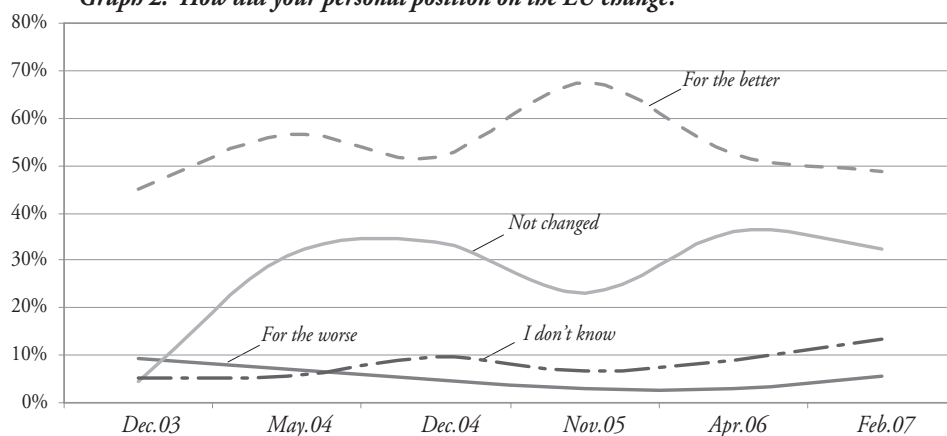
Looking at the respondents' answers to all three questions (presented in tables 6, 7, and 8), we can immediately see that there is a very high consistency among the citizens of the Republic of Macedonia as regards their perception of the relations between Macedonia and the EU and their personal positions on the European Union. Namely, most of them said in the six opinion polls conducted over the last three years that the relations are either improving or remaining the same. This also pertains to their attitude toward the European Union. From these results, we can conclude that citizens believe that the relations between Macedonia and the European Union are stable and that they are built on, without any major oscillations or negative discourses. Also, it is very important to stress that the citizens' personal position on the European Union is positive and that only a small number of them (approximately 10 percent) have negative perceptions of the EU.

Table 6. EU's relation toward Macedonia						
	<i>Dec.03</i>	<i>May.04</i>	<i>Dec.04</i>	<i>Nov.05</i>	<i>Apr.06</i>	<i>Feb.07</i>
For the better	30.70%	47.00%	40.40%	53.40%	40.00%	35.70%
For the worse	15.90%	12.30%	8.90%	4.80%	7.30%	11.60%
Not changed	47.70%	33.50%	41.60%	33.30%	40.00%	45.50%
I don't know	5.80%	7.20%	9.10%	8.60%	8.70%	7.30%

Table 7. Macedonia's relation toward the EU						
	<i>Dec.03</i>	<i>May.04</i>	<i>Dec.04</i>	<i>Nov.05</i>	<i>Apr.06</i>	<i>Feb.07</i>
For the better	52.10%	57.50%	48.70%	63.20%	53.80%	50.80%
For the worse	7.80%	9.70%	7.50%	5.60%	5.20%	7.70%
Not changed	36.10%	25.50%	34.10%	23.20%	30.70%	33.70%
I don't know	4.00%	7.40%	9.80%	8.10%	10.30%	7.80%

Table 8. Your personal position on the EU						
	<i>Dec.03</i>	<i>May.04</i>	<i>Dec.04</i>	<i>Nov.05</i>	<i>Apr.06</i>	<i>Feb.07</i>
For the better	45.00%	56.50%	51.80%	67.30%	52.30%	48.80%
For the worse	9.40%	7.20%	4.70%	2.90%	3.00%	6.00%
Not changed	45.00%	30.80%	34.00%	23.10%	36.00%	32.00%
I don't know	5.10%	5.60%	9.60%	6.70%	8.80%	13.40%

Graph 2. How did your personal position on the EU change?



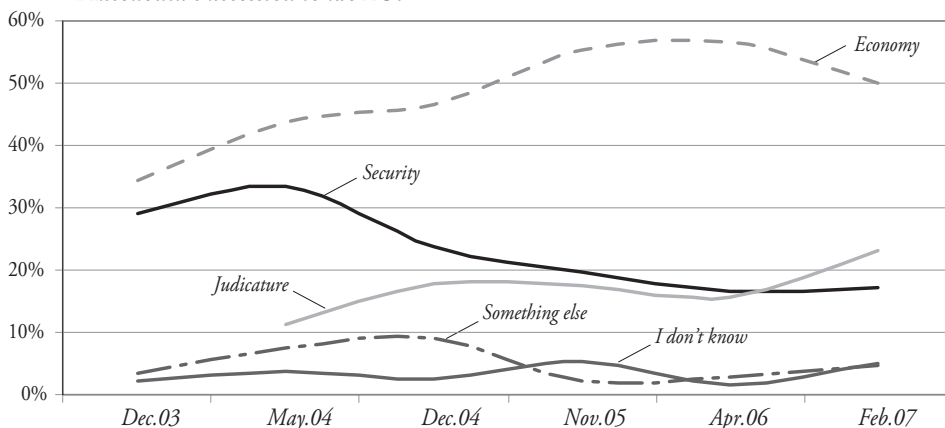
In the last question asked in this opinion poll regarding the citizens' perceptions of the EU integration process, the respondents were asked, "What sphere should most attention be dedicated to in the process of Macedonia's accession to the EU?" Citizens were offered three basic options that cover the chief segments of the reforms that Macedonia is implementing in this EU integration process: security, economy, and judicature.

Even in the answers to this question we can see that citizens give priority to the economy, that is, to the development of the economic parameters, which are necessary for our accession to the EU. However, in this latest opinion poll we can also detect a considerable increase of the number of citizens who believe that priority should be given to the judicature, as a basic determinant for successful implementation of the reforms in the other sectors. The citizens' perceptions as regards the priorities in the implementation of the reforms gain in weight if we compare their responses to the question, "What is more important for Macedonia's accession to the EU?" The majority of the respondents chose the reforms in Macedonia (76.9 percent), while only 9 percent believe that the reforms inside the European Union are more important.

Table 9. What sphere should most attention be dedicated to in the process of Macedonia's accession to the EU?

	Dec.03	May.04	Dec.04	Nov.05	Apr.06	Feb.07
Security	29.00%	33.40%	23.80%	19.60%	16.60%	17.30%
Economy	34.30%	43.80%	46.70%	55.30%	56.50%	50.00%
Judicature		11.40%	17.80%	17.60%	15.70%	23.00%
Something else	3.30%	7.60%	9.00%	2.30%	2.80%	4.60%
I don't know	2.10%	3.80%	2.60%	5.20%	1.60%	5.50%

Graph 3. What sphere should most attention be dedicated to in the process of Macedonia's accession to the EU?



Besides the standard questions asked in all six opinion polls conducted by the Institute for Democracy (IDSCS), this poll also covered three other spheres related to the EU integration. Respondents were asked a few questions that applied to:

- Citizens' acquaintance with the EU;
- Macedonia's campaign for promotion of EU integration;
- Citizens' willingness to learn about issues related to the EU.

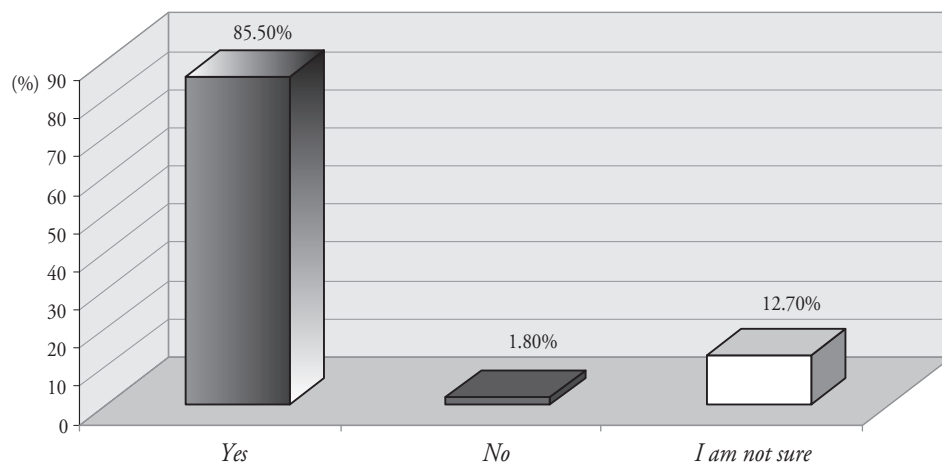
Responding to the question, "Do you know how many members the EU has?", 20.40 percent of the citizens responded accurately. This is a relatively high percentage, if we take into consideration the fact that this opinion poll was conducted just three weeks after Bulgaria and Romania's accession to the EU, with which the number of EU member countries increased from 25 to 27. The second question asked was "Does the euro become the national currency of a country when this country enters the EU?" A total of 18.80 percent of the citizens responded accurately, that is, that the euro does not become a national currency when a country enters the European Union.

Asked, "Who has presidency of the European Union at the moment?" approximately 17.50 percent of the citizens gave the correct answer. We can conclude from the answers to these three questions that approximately 20 percent of the respondents are very well informed about the EU. This is an excellent percentage if we bear in mind the fact that the inhabitants of some countries that are already members of the European Union are less informed about these questions than the Macedonians. This conclusion is also confirmed with the last question related to the citizens' acquaintance with the EU, "Do you know which member country has presidency of the European Union at the moment?" Over 40 percent of the respondents answered this question accurately (table 10).

Table 10. Do you know which member country has presidency of the European Union at the moment?		
	<i>Number of respondents</i>	<i>(%)</i>
Yes	457	41
No	658	59
Total	1115	100

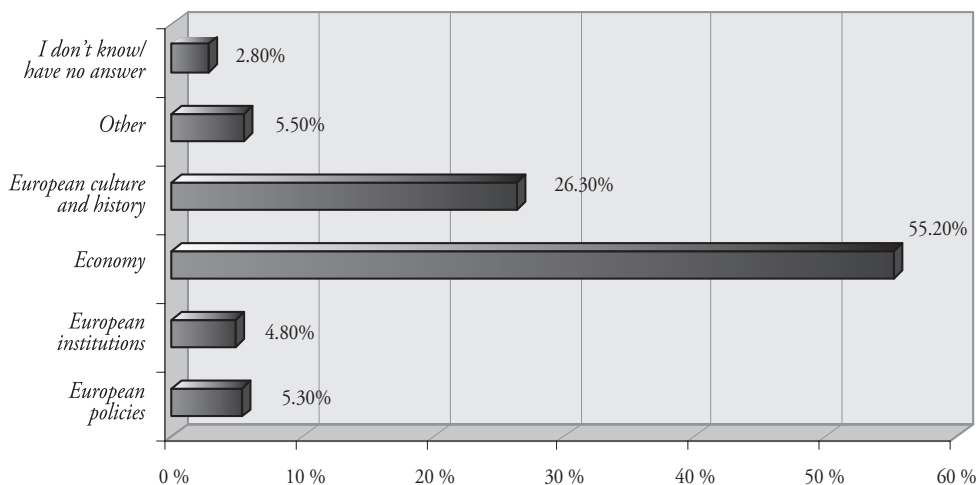
With regard to the campaign for promotion of EU integration, citizens were asked two questions: “Do you know the slogan of the campaign for the Republic of Macedonia’s accession to the EU?” and “Would you recognize the logo of this campaign if you saw it?” Approximately 9.90 percent of the citizens responded affirmatively to the first question and a high 85.50 percent of the citizens Who said that they know the slogan of the campaign said that they would recognize the logo of the same (graph 4). These responses indicate that this campaign is successful and that it contributes toward increasing of the citizens’ support in the process for Macedonia’s integration into the European Union.

Graph 4. Would you recognize the logo of the campaign for the Republic of Macedonia’s accession to the EU if you saw it?



Asked, “Have you attended any events, trainings, or presentations related to the EU?” a total of 7.40 percent of the citizens responded affirmatively, which is a relatively high percentage of the population. The responses of the citizens who have not attended any activity related to the European Union so far are even more interesting. Namely, when asked “Would you like to attend any events related to the EU?” most of the citizens (45.30 percent) responded affirmatively. Most of these citizens (55.20 percent) said that they would like to attend trainings related to the EU’s economic policies.

Graph 5. What sphere of the EU would you be most interested in learning about?



We can draw the following general conclusion from the aforesaid:

- citizens are relatively well informed about the processes in the European Union and the process of Macedonia's integration into the European Union;
- there is a high level of optimism and desire among most citizens regarding Macedonia's accession to the EU;
- the EU-integration issue is one of the rare issues on which there is a consensus among all demographic groups (or party orientations);
- a large number of citizens are interested in attending events (trainings, seminars, and conferences) related to the EU integration;
- according to citizens, if we want to become part of the EU, most significant progress should be made in the economy. However, an increasing number of citizens believes that the judiciary must be reformed first;
- the EU integration process should continue with an intensified tempo, considering that there is a positive climate in the mutual relations with the European Union and the population has a positive perception of the European Union.

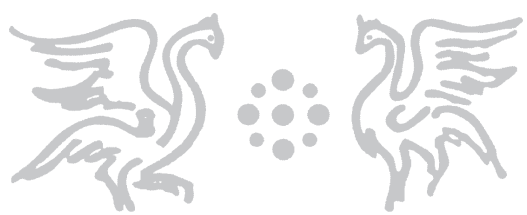
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The proud people
The country with a future



THE REPUBLIC OF MACEDONIA



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