

Key findings in progress report 2008

The former Yugoslav Republic of Macedonia

Political criteria

The former Yugoslav Republic of Macedonia made some progress in the course of the last year but does not yet meet the political criteria. Steps have been taken to address the key priorities of the Accession Partnership; further efforts are required.

Implementation of the Ohrid Framework Agreement continues to consolidate multi-ethnic democracy. A law which provides a framework for the use of the languages of non-majority communities has been adopted. The country has made progress in the implementation of the Stabilisation and Association Agreement (SAA) and has reached a high level of compliance. Progress can be reported on judicial reform and on police reform.

However, considerable challenges remain in key areas. The OSCE-ODIHR election observation mission reported that key international standards were not met in the conduct of the elections. Political dialogue needs to be strengthened and sustained in order to allow the effective functioning of political institutions, in particular the parliament. Corruption remains widespread and remains a particularly serious problem, although a number of steps have been taken in this regard. Measures need to be taken to ensure that recruitments into the civil service are free from undue political interference.

Economic criteria

The economy of the former Yugoslav Republic of Macedonia strengthened during the last year and the country has moved closer towards becoming a functioning market economy. It should be able to cope with competitive pressures and market forces within the Union in the medium term, provided that it vigorously implements its comprehensive reform programme in order to reduce significant structural weaknesses.

Macroeconomic stability was improved by more effective tax collection, by lowering the tax burden on labour, and by increasing spending on education and infrastructure. However, threats are posed by the deteriorating trade balance, which accompanied the recent high growth rates. Persistently high unemployment, particularly among young, remains a source of concern.

The country continued with structural reforms. Price liberalisation and privatisation are largely accomplished. FDI inflows increased markedly during the last year. Challenges remain in building up an attractive business environment, which is still hampered by administrative weakness and low degrees of legal certainty.

EU legal order

The former Yugoslav Republic of Macedonia has made good progress in legislative alignment with the EU's legal order in a significant number of areas such as public procurement, competition, transport, enterprise and industrial policy, information society and media. There has been good progress in the introduction of biometric passports. However the country still faces shortcomings in implementing and

effectively enforcing legislation, mainly in areas as free movement of goods, taxation, food safety, veterinary and phytosanitary policy.