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Current Events and Political Parties Development in the Republic of Macedonia

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1. GOVERNMENT/OPPOSITION RELATIONS

1.1. General Political climate overview

In spite of many expectations, especially from the foreign political factor, Macedonian political elites did not achieve to offer a more constructive contribution in realization of the determined priorities of the country linked to the process of Euro-Atlantic integration. Impression is that mutual accusations and the lack of real will for leading a constructive political dialogue for introducing the requested systemic change are the main characteristics of the second half of 2007. Parties, with their inefficiency and non-preparedness for positive contribution in the necessary dialogue, coupled with mutual confrontations and accusations increasingly moved away the country's course from the defined priorities. With this behavior, both parties on power and in opposition instead of fulfilling and reducing the defined priorities list, continuously supplemented it and conditioned it with new requests. These permanent direct confrontations and accusations between VMRO-DPMNE¹ and SDSM², as well as between the ethnic Albanian political parties DUI³ and DPA⁴ were the reason that the EU 2007 Report for Macedonia was marked negatively. All events that took place in the Macedonian political scene in this period were practically a reflection of these relations. It was with much effort that parties at the end of the year somehow managed to overcome their narrow interests and speedily pushed for the changes required for quite some time. Just before the year ended the Government and the Assembly showed some efficiency in realization of the "big agenda" tasks which are to secure the positive international community signals so long expected.

Events that particularly attracted the public's attention were: taking down the MP immunity of the former SDSM Prime Minister Vlado Buckovski, the permanently stuck political dialogue between the position and the opposition - in the Assembly and out of it, the relations between the coalition parties on power, the struggle against corruption, the EU report on Macedonia and the issue of NATO membership invitation.

1.2. Political Dialogue Still Dragged On

In spite of the unpleasant situation Macedonia was found in the first half of the year due to blocked process of introducing reformed legal agenda necessary for furthering the country's Euro-Atlantic integration processes, the situation didn't change significantly later on. On one hand, position was justifying itself with the inability to persuade opposition to agree on the laws that request the use of the Badinter double majority rule, while on the other opposition was heavily criticizing the Government unwillingness to cooperate, consider their remarks and initiate dialogue between the parties in order to reach a consensus on the pending issues.

¹ Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity.

² Social-Democratic Union of Macedonia.

³ Democratic Union for Integration.

⁴ Democratic Party of the Albanians.

DUI was insisting in realizing the May 2007 agreement concluded with VMRO-DPMNE in which the following was agreed: 1. To be adopted the concluded list of 46 laws that shall be voted by the Badinter majority, and to introduce the Assembly book of Rules within a month⁵; 2. Recomposing the composition of the Assembly Committee of Interethnic Relations and introducing a special law for its formation which was supposed to be introduced within three months⁶; 3. Finding a solution for social and material care of the ONA fighters, victims and their families from the 2001 conflict according existing laws⁷; 4. Making preparations for adopting a law on the use of languages according to the Ohrid Agreement and Amendment 5 of the Constitution⁸; 5. Continuing the efforts in finding a solution for the methodology of forming a government of the Republic of Macedonia. On the last point should be noted that it refers to the DUI demand of forming a government by use of the Badinter rule, which as a demand is found unacceptable for all other parties: the government, the opposition and Brussels, as it is considered that this solution carries unpredictable perils, among which is the possible federalization of the country.

From its side, viewing that DUI as their political opponent might capitalize from those agreed solutions, DPA attacked the May agreement accusing that it is against the Albanian interests. The party stated that Ahmeti had made concessions by agreeing that the issue of the former ONA fighters shall be solved in the frames of the existing laws (regarding their problems as issues of social nature) instead of regulating them with a special law. Also, DUI was attacked for agreeing for regional official use of the Albanian language, while DPA “was for a complete bilingual use”. On this matter however, the DPA leader Menduh Thaci was a bit confusing, as he stated that Albanian language shall not be official for example in Strumica, while later on he was stating that “it is not demanded by the Macedonians to speak Albanian, but Albanians should speak on their mother tongue in the state institutions and in the official communication at all levels”- which claim in other words means that Macedonia should become bilingual on the whole territory when Albanians are concerned. It should be noted that while drafting the future legal solutions parties shall have numerous practical difficulties to think about, as subtle issues regarding of the use of two official languages in the domain of the government, the army, the police, diplomacy etc are still pending. On this matter, Brussels demands the issue to be brought by compromise, but does not insist the country to become completely bilingual.

2. DOMESTIC POLITICAL RELATIONS AND THEIR REFLECTION UPON POLITICAL INSTITUTIONS

2.1. Interpellation for the President of the Assembly

⁵ This time frame was not respected due to the 2000 amendments submitted by the opposition, which together with other circumstances blocked the process.

⁶ This term was not respected as well.

⁷ In principle, all parties agreed on this solution, but DPA.

⁸ The Macedonia Constitution has changed in compliance with the Ohrid Agreement and guarantees official use of the language that is spoken by over 20% of the population (meaning the Albanians), but leaves the issue to be regulated by Law. This point of the May agreement was a reminder to the Government that the issue must be regulated by law the soonest possible.

“Drastic breach of the Constitution and the Assembly’s Book of Rules, obstruction of the opposition and incapability in managing the Assembly” are the reasons for which the Liberal Democratic Party submitted an interpellation against the President of the Assembly Ljubisa Georgievski. SDSM and DUI supported the interpellation as well. As it was said by the MP and Vice-President of LDP Andrej Zernovski, “Georgievski lost the legitimacy to represent the Assembly; his eventual further remaining at this position shall signify direct obstruction of the Assembly’s work; he lost even the minimum reputation, demonstrating that he is not guided by the main parliamentary principles, but from the daily orders of his party chief; he limited the key constitutional function to a mere executor of party tasks”.

In the interpellation request was stated that Georgievski made a perfidious manipulation when he tried to interpret the decision for taking Buckovski’s immunity as a forged Committee decision. What’s more, it is unacceptable the fact that out of 62 parliamentary sessions still 17 remained unfinished. It was added that Georgievski lowers the dignity of the Assembly, makes his work non-functional and allows domination of the Government upon the Assembly. From its side, position estimated this interpellation as “unnecessary lost time for marketing party purposes”, since many of the sessions have not been finished due to the necessity of obtaining the Badinter double majority support (which was impossible to obtain at that time). After lengthy discussions, the interpellation was unsuccessful, as all in all in the time of voting were present only 63 MPs⁹ out of which “for” voted 24 MPs.

2.2. Political Dialogue Difficulties reflected Upon the Assembly’s Work

In September, as the new parliamentary season commenced, 23 laws which were considered important for the Euro-Atlantic integration process were found on the Assembly agenda. Among them were the Law on Public Prosecution, on the Council of Public Prosecutors and the Judicial Council. Ruling parties expressed hope that these laws shall be voted within a month, as these matters were of national interest and of interest to all parties. However, the position was not so eager in forwarding these laws, as instead of trying to work on a political consensus for them; on the agenda were inserted laws that regulated issues which were not of priority, like the amendments of the Election Codex.

Such comportment further raged the opposition. SDSM representatives complained that their suggestions have not been taken in consideration, unless the same things are said from the mouth of the foreign diplomats. They further criticized VMRO-DPMNE for not having capacity nor will to work on the EU agenda, seeking responsibility for the lost time.

For many months the establishment of two new judiciary institutions - the Appellate Court of Gostivar and the Administrative Court was late, although open competition for filling the positions has been released since May 2007. Interest for vacancies was

⁹ Out of the total of 120.

remarkable: for the 12 vacancies in the Gostivar Court 82 candidates submitted applications, while for 18 vacancies in the Administrative Court 237 submitted applications. The establishment of the Administrative court is considered as a very important step in protection of the citizen's rights, as from May came into force the new Law on Administrative disputes. From that date, the Supreme Court of Macedonia ceased to act on administrative disputes, transferring the duty to work on 4.000 to 5.000 cases that remained unsolved so far to the new courts.

Due to the big delay, the president of the Judicial Council Bekir Iseni called upon the parties to finally elect the five missing members in order to complete the body. "Politicians need not see who supports which party, because professionalism is the only important thing, as while working party influence is lost", he stated and called on election of professional people, "...because only that way shall be prosperity". The appeal was made to the President Branko Crvenkovski, to the Parliamentary Speaker Ljubisa Georgievski and to all MPs.

DUI requested while composing the Judiciary Council to be respected the Constitution and the procedures and to hold a new leadership meeting for building wide party consensus for the Judiciary Council. DUI requested judges without party political baggage and who have credibility to be voted and supported by the majority MPs, both position and opposition.

Crvenkovski and Gruevski after multiple attempts managed to organize a meeting, but agreed on almost nothing, as there were disagreements on the list of ambassadors¹⁰ and on the list for the Judicial Council¹¹. This was the moment when cohabitation misfit practically culminated, as each of the two had his own candidates on which list they could not reach an agreement.

Other party disagreements were about the Law on the Public Prosecution. SDSM was for transformation of the public prosecutors mandate from limited to unlimited, and to be made according to objective criteria, seeking formulations in the law not to be general, but very concrete (to be according to the up to that moment professional performance of the candidates) and for participation of the Minister of Justice in numerous professional bodies (to be member of the Judiciary Council, the Public Prosecutors' Council, the Judicial Budget Council, the Council of the Judges' Academy). This was demanded due

¹⁰ To illustrate the dissaccordance, follow the communications regarding the ambassadors' list. Prime Minister Gruevski offered to "trade" the non-acceptance of Vlado Buckovski and Stevo Pendarovski as ambassadors with two other names of his list. Contrary to this, President Crvenkovski said that this combination is no longer valid, as he shifted his proposal for candidates who come only amongst professionals from the Ministry of Foreign Affairs. Prime Minister Gruevski then suggested all ambassadors worldwide to be withdrawn and then 2/3 of the vacancies to be filled from the MFA professionals, while 1/3 to be persons with "good public reputation". Crvenkovski replied that this move would be irrational and non-serious, since among them are many who perform well their duties, so there is no legal basis to withdraw them before time. Therefore, he confirmed that he remained on his proposition for professionals in all vacant positions.

¹¹ According to the Constitution, the President of the Republic is suggesting two members of the Council while the Assembly suggests three.

to the party's indications that VMRO-DPMNE intends to make a complete partization of the public prosecutors office, by opening completely new public calls for all public prosecutors positions, in which were to be put too general formulations and criteria¹². On the other hand, VMRO-DPMNE considered that is unacceptable for a public prosecutor or his deputy to automatically obtain a third mandate, since by the same token 170 deputy-prosecutors should have their mandate prolonged and to forget that about 5000 criminal charges stay in the drawers, while it is doubtful whether they did their job correctly. The party thought that all these persons should compete again and let the Public Prosecutor's Council decide to whom shall offer its confidence. The party was also against the permanent appointment of the deputy public prosecutors. These are in fact the key differences between position and opposition which were threatening to paralyze the introducing the package of laws on public prosecutors. In order to find common language, party leadership meetings were initiated.

As expected, party leadership meetings did not bring any progress. SDSM leader Radmila Sekerinska stated that the government "wants to agree but in fact does not wish to make any agreement", and stressed that SDSM from the very beginning does not change its position- "it wants non-party people for the Judiciary Council." European ambitions of Macedonia are the first victim of the non-existing political dialogue in the systemic institutions" she said, mentioning that "a functional and efficient political dialogue does not exist due to the very low level and maturity of part of the political players and the chaos and the priorities in the government and the ruling majority". Commenting on judicial reforms, Sekerinska stated that the government has been insincere while negotiating. "We came with concrete suggestions, withdrew from some of them in order to reach consensus, to see at the end that the only VMRO-DPMNE goal was to finish the partization process of public prosecutors and to make a good pressure upon the judiciary. The only solution will be if the government understands that it cannot go any further with this behavior."

2.3. Forced and Speedy Results at the End of the Year

After the rough sobering from the EU report, at the beginning of December, the four leaders Gruevski, Sekerinska, Thaci and Ahmeti behind closed doors agreed to pass in the Assembly the laws from which the country's future depends. This meeting came after the repeated warnings by EU and NATO that Macedonia is losing breath on its road to the Euro-Atlantic integrations and that is needed urgent mobilization of the political factors in order to be fulfilled the criteria for integration. Leaders agreed on the outlook of the Law on public prosecutors and that shall be voted by the Badinter double majority rule all the laws which are connected with the use of languages. It was also agreed to have a new meeting for completion of the Judiciary Council for the last vacancy and for the remaining two points of the May agreement between Gruevski and Ahmeti- the status of the former ONA fighters and the law on the use of languages. Hence, several points from the May agreement have been met, promising that shall be passed through the Assembly speedily including the list of laws that is to be voted by the Badinter double majority rule (which include all laws that refer to the languages and the cultural identity

¹² Avoiding that, SDSM claimed that partization shall be avoided in these bodies.

of the ethnic communities, including symbols, flags etc) which was added in the Law on the Committee for Relations Between Ethnic Communities (as DUI requested). From the Committee for relations with ethnic communities shall be withdrawn one VMRO-DPMNE member and on his place an opposition MP shall be included, thus allowing the opposition to have a majority say in this body.

At the next leadership four meeting in mid-December was accepted: the President's suggestion as the 15th member of the Judicial Council to be elected Naser Hadzi-Ahmetagic, by whose election this body shall be finally completed; it was agreed the list of laws for EU integration that shall be brought by urgent procedure after the New Year, on a special Assembly session; NSDP MP Blagoja Zasov was to be appointed as a vice-President of the Assembly; to be elected the new state reviser Mrs. Tanja Rabevska; and the MP Gjorgi Orovcaneć to be elected as a member of the Assembly Interethnic committee etc.

In December, the Assembly expressly voted the three laws: on the Public Prosecutors, on the Committee for Relations between the Ethnic Communities and on the Council for Public Prosecutors.

2.4. The Assembly Scandal

During fierce discussions about the suggested government amendments on the Election Codex, large Assembly scandal took place. Tensed atmosphere between the party leading cadres, especially from the ethnic Albanian political block escalated when a fight bursted between DUI, PDP and DPA. Series of fights started when the DUI MP Teuta Arifi was attacked by the DPA vice-president Menduh Thaci, who together with the PDP leader Abduladi Vejseli and Ruzdi Matoshi (DPA) intruded at the coordinative meeting of the Assembly party groups and threatened that "she is not getting alive out of there". Mrs. Arifi was visibly upset and was taken out of the room by the help of the Assembly President Ljubisa Georgievski and the SDSM MP Jani Makraduli and taken to the Assembly ambulance. Other DPA MPs stated that Mrs. Arifi was only verbally attacked. In the meantime, in the Assembly hallway a general fight took place between DPA and DUI MPs who came to help Mrs. Arifi. In this incident was hurt and hospitalized one policeman from the Assembly security, as Daut Redzepi-Leka (DPA) attacked, pushed down and kicked him. Instead of calming passions down, fight continued in front of the MPs Club, where in front of the journalists got into fight Aziz Polozani (DUI) and Menduh Thaci, while Nikola Kurkciev (SDSM) was trying to calm them down. Tensions arose in front of the Assembly building as well, where private security of the two parties was waiting. Fortunately, police was present there, checking on possible weapons from the security people (one gun was found). The same morning there was a fight into the Assembly itself, where the DUI MP Sadula Duraku provoked by Abduladi Vejseli's (PDP) speech, grabbed him by the neck. To help Vejseli, joined DPA MPs, lead by the coordinator Ruzdi Matoshi, thus provoking the involvement of the DUI MPs. Also, a journalist (ethnic Albanian) from A1 TV was hit and threatened verbally by the DUI security, while the assembly security did not react on that. TV crew of Alsat TV also had hard time when tried to cover the events, this time by the police.

This embarrassing event was criticized by the Prime Minister who stated that “this is an act that may damage Macedonia’s image and hurt its Euro-Atlantic aspirations”. He called upon everybody’s reason and problems’ solving by dialogue, within the system’s institutions, avoiding to comment on the direct involvement of Refet Elmazi, the deputy-minister of Interiors, who was accused for kicking Aziz Polozani (DUI).

SDSM leader Radmila Sekerinska estimated this day as the largest shame for the Assembly, provoked by vain and out of spite behavior of the parliamentary majority, which allowed for the conditions to escalate. “Macedonia touched bottom in democracy, most responsible for this is the speaker of the Assembly Mr. Georgievski. We demand responsibility by all who lifted hand on an MP, journalists and the security”. From his part, Mr. Georgievski at first said to the journalists that there was no incident, and later showed himself and minimized the event “because it took place during the break, so the break is out of his control”.

Many meetings were held after these shameful events took place. Prime Minister Gruevski met with the President of the Assembly Georgievski, and the SDSM and LDP leaders. At the beginning Menduh Thaci (DPA) was present, but later left the meeting on Mrs. Sekerinska’s insisting. She called upon the Prime Minister not to have mercy to anybody regardless if he is from the position or opposition. This was followed by a meeting with the foreign diplomatic representatives in the country (USA, EU, NATO and OSCE). Opposition was expecting Thaci’s withdrawal from politics after his audacious attack. From his part, he categorically denied all speculations that he is a part of the incident and that he physically attacked Mrs. Arifi and Mr. Polozani, blaming SDSM and DUI for inventing a scenario against him and his party. At last, it was agreed that a special committee shall be formed in order to locate the responsibility and determine possible sanctions for their deeds. However, after fierce discussions, the Committee conclusion was not satisfactory, especially for the opposition parties.

SDSM leader Radmila Sekerinska stated that unfortunately Mr. Gruevski remained hostage to Mr. Thaci, Mr. Elmazi and to people who were accomplices in the incidents. “He had excellent chance to make a statesmen move and to take Macedonia out of the political crisis in which entered due to mistaken political moves, but he didn’t do it. It is obvious that Government has no intention to deal with the responsibility of all persons who took part and initiated the incidents in the Assembly”-she stated. SDSM asked from the Ministry of Interiors to submit criminal charges against everybody who abused democracy and created chaos in the Assembly - “instead of Gruevski to seek responsibility from Thaci who brought both himself and Macedonia into such a position, he listens to him even when he makes series of mistakes”.

Due to this event, Macedonia came back in the list of problematic countries in the cabinet of Xavier Solana, which demonstrates that events in the Assembly definitively pushed back the country in its Eurointegration process and sealed the negative report due to be issued in November. “Macedonia proved to Brussels that it is not a politically mature democracy and that happened a couple of days before President Crvenkovski visits

Brussels and even there was a hint that there might be a political compromise over the main issues” – domestic media said. Solana’s cabinet people expressed worries in which way the country situation might evolve. Unofficially, a diplomat commented: “Crisis in Macedonia is not a matter of the left or the right, of this or the other party, it is institutional and in its basis lays the non-realized political dialogue for which we call on for a long time”.

Brussels estimations until recently were that it is good that parties talk to each other, but that it lasts long and there are no results and that solving open matters is complicated by opening new disputable issues, so it is created a magic circle of political irrationalism out of which it is hard to come up with a solution. Solana’s port-parole Christina Gallach mentioned that is symptomatic that Assembly fights occurred at the very moment when the President addressed the UN Assembly General and after events have started to go on the right direction which indicated institutions’ functioning. “It is crucial to be created a new way of comportment of political parties in the country”, mentioning that for this large role has to be played by the country’s political leadership. On the other hand these events had less impact on the NATO position, as for the Alliance is more important whether there are interethnic tensions or not, to be viewed in the line of the future Kosovo status resolving.

2.5. Party-Parliamentary Shifts

In Kriva Palanka the youth branch of NSDP left the party with the only exception of two persons due to disagreement with Tito Petkovski politics. “Protecting narrow and relatives’ interests, the cadre policy and bad treatment of youth, as well as the blind support of the autocratic and populist politics of Gruevski by NSDP is the reason why we go back to SDSM- said the secretary of the organization. It is said that this move was provoked by the aggressive behavior of local members of VMRO-DPMNE.

Since the establishment of the new Assembly up till now 8 MPs have changed their party, formed new parties or act as independent MPs. Here are included the MPs Vesna Janevska and Valentina Bozinovska from VMRO-People’s Party who became independent and publicly supported the current Government. MP Jagnula Kunovska of NSDP left the party and joined the VMRO-DPMNE parliamentary group. She informed the President of the Assembly about her intentions, and in the letter elaborated the reasons for her move. However, it is said that she was not allowed by NSDP to represent in court state enterprises as a lawyer, which raged her. Ivan Anastasovski (NSDP) resigned from his function as vice-president of the Assembly, on his place was appointed Blagoj Zasov from the same party.

3. POLICIES/EVENTS

3.1. EU 2007 Progress Report for Macedonia - Collective dissatisfaction

On November 6th the Commission adopted its annual strategy document explaining its policy on EU enlargement. In it, the Commission monitors and assesses the achievements

of each of the candidates and potential candidates over the last year, including Macedonia. As the whole political background situation was indicating, it was obvious that the Report on Macedonia shall not be positive. Non-beneficial relations among the main political players in the country, resulting to failure and disappointment, reflected the reforms advancement pace and didn't meet EU expectations.

Media commented that the Report was a “cold shower” for the country. “Macedonia touched bottom this year in its relations with EU. A lot should be done in order to achieve something next year and to improve its picture here in EU”..“There is a kind of collective disappointment from the results of Macedonia, putting her friends in a difficult position when they try to defend her.”- said an anonymous diplomat. “After this Report it is hard to say how certain obtaining of a date for initiating negotiations is. When estimating the readiness of the country for a date for negotiations, shall be taken in consideration that decision-bringing structures in the country are not efficient. What was projected to be achieved in 2007 was not accomplished, and regrettably so, as better performance was expected from a candidate-country. The only current positive argument is the will for cooperation when in question the regional stability.”

Among the things that are considered as well done, the EU Report mentions: security conditions, marked as satisfactory; interethnic tensions which are lessened down; there is advancement in the struggle against corruption; minority rights have been improved; introduced are new laws for the police and the religious communities; there is improved business climate; there is speeded up economy growth, partly attracting foreign direct investments.

As work that remains to be done or that is so far badly done the Report mentions: DUI's boycott of the Assembly and the fights in the Assembly; bad conditions in prisons; media working under political pressure; problems in the judiciary and the public administration; existing high level of gray economy; big unemployment rate; slow solving of property court cases; small amount of public investments; the banking sector is under the control of a couple of banks only.

Macedonia is expected to develop a plan including a timetable and specific measures intended to address the Accession Partnership priorities¹³. A distinction has been made between short-term and medium-term priorities.

Short-term key priorities:

- ensure proper implementation of all commitments undertaken in the Stabilization and Association Agreement
- promote a constructive and inclusive dialogue, in particular in areas which require consensus between all political parties, in the framework of the democratic institutions
- ensure effective implementation of the Law on Police
- establish a sustained track record on implementation of judiciary reforms and strengthen the independence and overall capacity of the judicial system;

¹³ The partnership also provides guidance for financial assistance to the country.

- complete the reform of the prosecution and finalize the appointment of the Judicial Council
- establish a sustained track record on implementation of anti-corruption legislation
- ensure that recruitment and career advancement of civil servants is not subject to political interference, further develop a merit-based career system and implement fully the Law on civil servants
- reduce impediments to employment creation and address in particular youth and long-term unemployment
- enhance the general business environment by further improving the rule of law, strengthening the independence of regulatory and supervisory agencies, speeding up legal procedures and continuing registration of property rights

In the political criteria suggestion is to sustain implementation of the Ohrid Framework Agreement with a view, inter alia, to promoting inter-ethnic confidence-building. In the area of the Assembly functioning and elections the task is to: ensure that the next presidential and municipal elections are conducted in accordance with the electoral code; deliver prompt decisions on any election irregularities and impose penalties that will deter further cases; enhance the capacity of Parliament.

The Government has the duty of: strengthening the transparency and accountability of the local administrators; in particular, strengthen internal control and audits; establish a satisfactory standard of municipal tax collection throughout the country; develop the capacity of municipalities to manage state-owned land; ensure that the number and competence of staff of municipalities are sufficient. The public administration has to: introduce a merit-based career system in order to build an accountable, efficient and professional public administration at central and local level; ensure effective implementation of the code of ethics for civil servants; strengthen administrative capacity, notably by developing the capacity for strategic planning and policy development as well as enhancing training, and develop a general strategy on training for civil servants; implement effectively the measures adopted to ensure transparency in the administration, in particular the decision-making process and further promote civil society participation; pursue implementation of the reforms of the law enforcement agencies.

In the judicial system is needed: further developing initial and continuous training in the academy for judges and prosecutors; completing the setting-up of the new court structures and allocating appropriate resources to ensure that they are fully operational and enhance their efficiency; ensure proper and full execution of court rulings. Regarding human rights and protection of minorities tasks are: to fully comply with the European Convention on Human Rights, the recommendations by the Committee for Torture Prevention as well as the Framework Convention for the Protection of National Minorities; among other things to provide sufficient resources to bring prison conditions up to a higher standard; to set up effective mechanisms to identify, pursue and penalize all forms of discrimination by state and non-state bodies against individuals or groups.

In the field of economy is demanded to proceed with the registration of land and real estate and strengthen the cadastre in order to enhance legal certainty for economic operators and improve the functioning of market economy mechanisms and to improve the efficiency of public services, notably by providing additional funds for training and for upgrading the current infrastructure. Significant progress has been made on accelerating registration of property rights. By August 2007, the coverage of real estate cadastre had increased to 68% of the country's territory, compared with 47% in autumn 2006. The registration procedure was amended in order to facilitate registration of foreign investors.

Medium-term priorities determine that:

- Democracy and the rule of law should be further strengthened
- Decentralization process should be completed¹⁴
- The capacity of public administration should be further developed in order to implement the Stabilization and Association Agreement
- Implementation of the strategy to fight corruption should be completed; should be enforced regulations to the prevention of conflict of interests, in line with international standards
- there should be further promotion of respect for human rights by law enforcement bodies and in detention centers and prisons; further implementing the Strategy on equitable representation of non-majority communities
- economic criteria demands: efforts to safeguard sustainability of the electricity market¹⁵; raise the quality of public spending by strengthening the public sector's capacity for medium-term planning and improving budgetary execution; continue to improve the quality of education; continue to improve the labor market performance and to reduce unemployment¹⁶; continue efforts to integrate the informal sector into the formal economy; upgrade the country's infrastructure, in particular for energy and transport, in order to strengthen the competitiveness of the economy at large.

3.2. EU Plans for the West Balkans

The EU Strategy for Enlargement tackling the challenges of the year 2008 determines that instead for development, shall reallocate its resources in helping the states of West Balkan to transform themselves into "stronger states". EU intends to focus on fundamental issues for state building, meaning good governance, administrative and judicial reforms, and rule of law and strengthening of civil society. It is said that "in some countries the reform course has slowed in pace and is missing more dialogue and greater spirit of tolerance, - but not only in interethnic relations".

¹⁴ The second phase of the fiscal decentralization process was launched in July 2007 with 42 of the 85 municipalities considered ready.

¹⁵ In view of the country's commitments to liberalization, by eliminating existing distortions due to non-cost-recovery process and by strengthening the regulatory institutions and the physical infrastructure.

¹⁶ In particular by taking additional measures to address youth and long-term unemployment and by modernizing social security and educational system.

EU estimates that next year shall be crucial for consolidating West Balkans, but that these countries perspective for EU is still realistic. There is a new political terminology used by Brussels, where is said that it shall work on “improving the quality of the enlargement process” which means that it shall sharpen again the conditions for becoming an EU member-state. This is understood as request for more severe fulfillment of conditions and insisting on problems with the public administration, corruption and judicial reforms to be solved in the early phase of negotiations rather than later on, although these are the hardest area to negotiate about.

3.3. Council of Europe Report

In the latest report of the Council of Europe, even though there is progress of the country in the legal area, recommendation is not to abolish the post-monitoring dialogue for Macedonia. In the report of the Committee of the Parliamentary Assembly of the Council of Europe for following the obligations of the member-countries of the Council of Europe it is estimated that Macedonia is not approaching Europe in the pace desired. It is commented that Macedonia still does not have solid democracy, as laws are adopted under the pressure of the international community, instead of creating real functional multiethnic society. Macedonian opposition MPs demanded postponement of the discussion, as the report didn't take in consideration the latest positive developments in the deblocking of the political dialogue and that the government and the opposition are now bringing into accord their positions. What's more, there is advancement of the judicial issues, like the introducing of the laws on Public Prosecutors, the Council of Public Prosecutors, the reforms in the judiciary, the Law on ethnic communities, with which enter into procedure 45 laws, including the obligation of the Committee for European issues for the remaining 19 laws to be absolved.

3.4. Visa Facilitation for the Western Balkans

According to the agreements signed on 18 September 2007, approved later by the European Parliament and concluded by the Council of the EU, it is expected that starting from January 1st 2008 shall start the visa facilitation process for citizens coming from the Western Balkans countries (including Albania, Bosnia-Herzegovina, Montenegro, Serbia and Macedonia). It is believed that visa facilitation will make traveling to the EU easier for citizens of Western Balkan countries, thus rendering the European perspective more tangible. This move is seen as the first step towards establishment of a visa-free regime. Certain categories such as students and pensioners will be exempted from visa fees, while the processing of visa applications will be accelerated. For certain categories of persons, like businessman, students and journalists, the requirements on documents supporting a visa application will be simplified. Certain categories of frequent travelers will be granted multi-entry visas with long periods of validity.

The agreements on readmission set out clear obligations and procedures for the authorities of both the Western Balkan countries and EU member states as to when and how to take back people who are illegally residing on their territories. However, these agreements do not apply to the United Kingdom, Ireland, Denmark, Iceland and Norway.

Visa facilitation is a part of a broader set of measures aiming at increased people-to-people contacts between the EU and the Western Balkan countries. In order to move forward in this area, these countries will have to implement relevant reforms and reinforce their cooperation with the EU and at regional level in areas such as strengthening the rule of law, fighting organized crime and corruption and increasing their administrative capacity in border control of documents by introducing biometric data.

3.5. NATO Accession Process

Upcoming NATO summit in April 2008 in Bucharest¹⁷ is considered to be of highest importance for Macedonia, as it is expected that the country shall obtain an invitation to become a NATO member. This chance is considered the key determinante for the future of the Macedonian state, as will inevitably move all other processes into a positive direction. If invitation shall be obtained, it shall signify strengthening of the current government, while opposition (SDSM) shall be content interpreting that the invitation was earned during their mandate in power. In fact the issue whether Macedonia shall be invited is more seen in the strategic USA determination for stabilizing the region by including the Adriatic group of three countries in NATO, in an extremely delicate moment as it is the Kosovo issue, which shall remain as a positively earned estimation of the Bush foreign policy.

Towards postive development of the process are the speedy position-opposition agreements arranged by the end of the year, for cocluding the NATO agenda of the country through the systemic package of laws that are hastily being introduced. In this context is viewed the problem with the use of Macedonia's constitutional name, which is a prolonged and pending matter between Macedonia and Greece. Although it is expected that there shall be some more dynamic diplomatic communications on the issue, odds are that Macedonia shall be accepted in NATO under the FYROM reference, as it is prescribed in the Interim Agreement signed between Greece and Macedonia.

On the case that invitation is not obtained, there may be government crisis or early elections, it will be a bad signal for the foreign investors, for the country's economy, for the development of relations with EU, and above all it will be a heavy challenge for the country's security. Regarding Kosovo, it is expected in spring the protectorate to proclaim announce unilaterally independence in coordination with EU and USA. This will inevitably influence Macedonia's stability, although it is expected that it shall be a shorttermed and controlled instability, coupled with incidents, but not to the extent of a war or a conflict. On the long term, Macedonian-Kosovar relations are expected to develop positively, as economically and comparatively Kosovo is directed towards

¹⁷ Some say that it is destiny for Macedonia to be decided again in Bucharest like it was decided back in 1913 when it was divided. Comments are that if Europe divided Macedonia back then, now, in 2008, by USA blessing, may "reunite" her again under the NATO safety umbrella, which is a first step up to the European unification.

Macedonia and vice versa. The fact that Macedonia shall be forced to make a position on the Kosovo independence may worsen the relations with Serbia. The whole process also may have a psychological impact upon the citizens of the country and upon the Government.

In November, Victoria Newland, the USA Ambassador in NATO, visited Macedonia in her round-trip to all the three countries who are candidates for membership. At that point of time she stressed that she does not think that any country is ready yet. On the positive side, she stressed that Macedonia is a country that contributes strongly regarding the global security, exporting security in Afghanistan, in Kosovo, in Iraq are widely.

However, remarks are the following: further deepening and strengthening of the Ohrid Agreement, further political maturing and making sure that all political parties may work together to promote necessary reforms, to make sure of the strength of your multiethnic democracy and to continue the progress of the judicial reforms and the struggle against corruption and organized crime. On the plan of external relations, Macedonia is considered a very good neighbor to Kosovo. "Macedonia is an excellent example of a multiethnic democracy to Kosovo, like a country where citizens live together, work on two languages and two religions and live in harmony. The example helps Pristina to understand that there are many ways to protect minority rights that they can be institutionalized and at the same time the state to be strong, which is very good... If there is a situation the status of Kosovo to be resolved by December or January, if we have really strong aspirants for NATO who are ready, we may have a Bucharest summit in which the whole neighborhood will come closer to the Euro-Atlantic structures and shall become much safer...Alternatively, if we have instability, if we have countries-candidates which are not ready, if we have rage in the Balkans, it shall be hard to bring a positive decision. I think in fact that this is a strategic moment for your region"- stated Mrs. Newland.

At the ministerial meeting in Brussels in December it was concluded that Macedonia, Albania and Croatia have accomplished only the half of their national action plans for membership of which depends the invitation for NATO membership, so in the months to come they shall have to realize the remaining half of the reforms if they wish to have positive news from the alliance. It was also said that NATO remains open for new members. In January 2008, at the session of the Committee for integration of Macedonia to NATO, was said that "Brussels positively estimated the advancement of Macedonia in the past weeks". Macedonia is also prepared for the NATO meeting in January 23rd in which shall be looked upon the further progress of Macedonia. It was said that after the probable admission of Macedonia to NATO, the country shall continue its reforms in the security and defense sector.

The following concrete tasks that have been performed by Macedonia in order to obtain NATO membership:

1. Increase of transparency in the process of planning of the budget defense money
2. Democratic control over the armed forces

3. Ability and readiness to be contributed towards successful application of all operations under the UN or/and OSCE umbrella
4. Establish and develop military cooperation with NATO through mutual planning, education and training, for increase of the readiness and the ability of the participants for maintaining peace, finding and saving in humanitarian and other operations
5. Long-term building of its military potentials that will be capable of acting together with the other forces of the North-Atlantic Alliance
6. Operative interoperability, navy units, air forces and infantry to be trained according to the standards of NATO and to be capable of acting in the frames of a common command and control under NATO structures

Until April 2008, Macedonia should prove that it continues working on the interethnic relations and that a sustainable dialogue and cooperation between the political players may be realized. Macedonians in terms of becoming NATO members have no doubts about the immense importance of their country entering the Alliance and EU, as it is important for them, their families and their future.

3.6. Additional MP seats for the smaller ethnic groups' parties

In the frames of the political dialogue unexpectedly was introduced the idea for providing additional MP seats for the smaller ethnic communities in Macedonia, which as an issue has been discussed publicly for quite some time (see previous Barometers). The novelties were to be introduced in the Election Codex, coupled with the idea of arranging the diaspora vote (both things promised by Prime Minister Gruevski) and rearrangement of the election model. Thus, suggestion is for the next Parliament to have 133 seats instead of the present 120¹⁸ out of which 10 would be reserved for these ethnic communities (Turks, Serbs, Roma)¹⁹ plus three more seats reserved for the ex-patriots who shall vote in the next elections in the Macedonian diplomatic offices in the countries of their residence. Plan is for the current six multi-member election units to be restructured in 10. Such a change indicates that the future ruling majority shall be formed by obtaining the support of at least 67 MPs, instead of the current 61.

By these suggested solutions in a certain extent shall be “softened” the role of the MPs who are ethnic Albanians in the process of applying the Badinter double majority rule for bringing decisions and laws who request such a specialized majority. The idea is that if under hypothesis that in the next Assembly ethnic Albanians shall be 28 MPs, then for the “absolute double majority” (or Badinter majority) shall be necessary 19 votes, and here may easily be included the 10 MPs from the smaller ethnic communities. By this, shall be relaxed the DPA position as well (as the traditional VMRO-DPMNE partner).

¹⁸ The Macedonian Constitution allows the number of MP seats to be from 120 to 140.

¹⁹ In addition, demand was to introduce a law for minority rights of the smaller communities, especially defining the mechanisms for their realization. For this, the Government was thinking of possibly forming an Agency for that purpose.

The leader of the Democratic Party of the Turks Kenan Hasipi stated that they have asked for 10 guaranteed places, a special law on protection of smaller ethnic groups and an Agency for the rights of minorities. Mandate distribution of the 10 seats shall be according to the proportional presence of the minorities in the total population: 4 Turks, 3 Roma, 2 Serbs and 1 Bosniac/Vlach. In return, these parties promised support to the Government on issues that concern reforms, while those projects that are not favoring smaller communities shall not be voted. What's more, Kenan Hasipi (DPT) and Ivan Stoilkovic (Democratic Party of the Serbs) stated that shall submit 4000 amendments on the Law for the use of languages of the ethnic communities if soon are not voted the promised additional 10 seats for the smaller ethnic communities.

On the other hand, Nezded Mustafa (United Party of the Roma) and Esad Rahic (an ethnic Bosniac, former SDSM member) do not share the same views. Mustafa prefers Turks and Roma to obtain 3 seats each, two seats for the Serbs and for Vlachs and Bosniacs one each; or, to have 5 seats guaranteed, while for the others to go on competitive elections, for which the whole country shall be regarded as one constituency. Esad Rahic supports these views although he stressed that building parties along ethnic lines may create destabilization of the state. Fact is that by this suggestion most satisfied are the Turks due to the 4 seats they have been promised, while those who are not mentioned in the Constitution's preamble like the Egyptians, the Croats and the Montenegrins insist to be included in these seats as well.

SDSM, LDP and DUI declared against this widening up of the Assembly. SDSM Assembly coordinator Jani Makraduli thinks that the suggestion is unacceptable, because their party takes care of the smaller ethnic communities, which was proven many times in practice, as out of the 27 seats that SDSM currently holds, 5 belong to the smaller communities, which is almost 20% of the total. His position is that this additional mechanism shall only divide Macedonia further. What's more, this party sees in the insisting for additional 3 diaspora seats a possibility for the Government to impose election fraud.

DUI believes that the Prime Minister bargained with the smaller ethnic communities for their votes' support in order to be passed the laws that need the Badinter majority, and to outvote the Albanian community to the maximum. It is stated that these reserved seats are a dangerous agreement, as it is a reflection of the policy that denies the rights of the Albanian community, which as an approach has been lead by VMRO-DPMNE since its installment on power. This party thinks that VMRO-DPMNE is interested at any cost to marginalize the Albanian community in the process of decision-making, avoiding to allow the Albanian community to decide on systemic institutions of the country. DUI coordinator Rafiz Aliti commented that Macedonia is not capable of leading regular elections in the country, not to speak about abroad.

LDP complained that Gruevski insists on solo-play, by not obtaining agreement with the opposition, as it is clear that all this is done for Gruevski to obtain a roundabout agreement on the laws without truly respecting the Badinter principle. LDP is also against the idea for the diaspora to participate in elections. "Macedonia has no capacity to

organize elections out of the country, - as it is said by the Council of Europe and the Venetian Committee”-LDP stated.

International community representatives showed similar positions for the new ideas on the Election Codex as the opposition, stressing that amending this law is not a part of the EU agenda. Instead, the whole energy should be directed towards completion of the Judiciary Council and to the other key laws important for EU integration reforms. Erwan Fouere stressed that “election law is not on the European commission report agenda, so it delays the introducing of decisions on other areas”.

SDSM said that they shall not participate into the assembly sessions while discussing on the election provisions, while if there is continuing insisting on introducing laws without consulting the opposition that this party shall leave the Assembly. This party stresses that custom is in Macedonia the introducing of an election codex to be made by having position-opposition consultations, as in all 5 elections cycles and 5 changes in government not once election rules have been changed without being consulted the opposition. For the parliamentary debate, DUI prepared about 4100 amendments of the main text, viewed by VMRO-DPMNE as a classic obstruction.

In spite of all that has been said, the Assembly was discussing the suggested amendments for three days, going around the issues pointlessly. As all this was happening in the shadow of the security events in the country in Kumanovo area²⁰, SDSM managed to impose a debate over the security of the country, thanks to the NSDP, DPA, the Socialist party and the other smaller parties who backed up the idea. Finally, Government decided not to ignore the suggestions coming from EU, so it was decided that novelties shall be introduced in two phases/readings.

3.7. Opportunity for a More Synchronized EU Integration Process?

During the last party talks it was agreed, and later elected Mrs. Radmila Sekerinska (SDSM) as the President of the National Council for Europe. As president of the body, she promised that she will do her best for Macedonia to start the negotiation process as soon as possible. This operative body is seen as a positive step towards the Eurointegration of the country, as she stressed that her party much earlier, in March 2007, suggested that priority should be given for the laws of the EU agenda, an idea which was not then backed by the Assembly majority. The result is that the Government still needs to pass 23 such laws, because it was wasting time by introducing laws of secondary priority, as for state holidays or religious instruction in schools, etc. The National Council for Europe was formed, in order to achieve better efficiency in the process, although Mrs. Sekerinska expressed doubts of the potential efficiency due to the Prime Minister's refusal to be a member of this body. In order to succeed, she stressed that above all political will by all the political factors is needed, including efficient implementation of the agreed by the relevant institutions.

²⁰ A commander from the Matejce police station was killed and two others were wounded. Position was claiming that it is a bout a criminal group's action, while opposition was claiming that there is a political reason in this attack.

3.8. Resignations

Although the Assembly scandalous fights didn't immediately produce any resignations, at the end of the year and "for personal reasons" Refet Elmazi, the Deputy-Minister in the Ministry of Interiors resigned from the position. This move was seen as an agreement between Nikola Gruevski and Menduh Thaci, to positively meet the insisting of the foreign factor for his withdrawal due to his participation in the Assembly fights. It is expected that on that position shall be appointed Ernad Fejzulahu (DPA), a man of great trust to Thaci.

The minister of local self-government Abduraman Memeti (PDP) resigned from his function explaining it with "personal reasons". Some estimated that he was not able to cope with his duty satisfactorily enough, so now it is expected to be replaced by the more experienced Ismet Ramadani (PDP). PDP got this ministerial position, as an "award" for leaving the coalition with DUI.

3.9. Problems with the Application of the Law on Police

As the inter-party dispute regarding who shall appoint the local police commanders continues, DUI threatened that shall not respect the Law on Police, as it considers that it is a party law. DUI mayors of Cair, Tetovo, Gostivar, Debar and Struga did not accept the suggestions for commanders of the police stations offered by the Ministry of Interiors, demanding instead the mayors to be the ones who shall appoint them, including the chiefs of local police stations²¹. This problem is the reason why, out of the total of 38 commanders around the country currently are elected only 22. Oddly enough, the law was drafted while DUI was in position together with SDSM and was voted without major changes in the text when VMRO-DPMNE got in power, as it was one of the main political conditions for the EU integration of Macedonia.

4. REFORM PROCESSES

4.1. Struggle Against Corruption

Among the various issues that have been the object of campaigning was the Government's struggle against corruption, through which Prime Minister Gruevski called the citizens on general mobilization in the struggle. He made the official campaign start in front of all the highest government officials of the country who professionally deal with the issue and promoted the anonymous phone number 199 of the Ministry of Interiors for denouncing corruption. It is believed that in the fight against corruption, the determination of people to fight corruption is half the fulfillment of the goal. According to the Ministry of Interiors, during 2007 have been processed 17 criminal charges for corruption which included 200 persons.

²¹ It is said that DUI are not happy with the appointed police chief of Tetovo, because he has not a single day of working experience, although the law seeks 6 years of previous experience out of which 4 on commanding position. Contrary to this, DPA claim that this person fulfills the legal obligations.

In this Government supported “wave” were arrested well known former functioneers, businessman etc, like the long-term general manager of Ohis Jorgo Kjukan, a chemical factory in which the state is the largest share owner under the suspicion that he damaged the state interests. Fifteen former and current managers of “Jaka Tabak” as well as state functioneers were accused for abuse of their official position, of about 10 million euros in the last six years. Another police action was the one called “Snake Eye” in which were arrested many persons working in road pay tolls, including controllers, supervisors and their superiors, which formed a pyramid of corruption, making the country great losses in income from the road tolls. This was followed many other arrests, which provoked various (both positive and negative) reactions from the public, which were forwarded as cases at the courts.

On the other hand, SDSM accused the Government that created one of the largest corruption scandals in Macedonia by selling the Power Plant Negotino to a doubtful foreign investor. SDSM believed that the potential competing Greek investor “Senkorp” offered a better price, while the Government has chosen the Canadian firm “Hutch” as the most suitable, although it had lower price offer and fewer investments in new capacities for electricity production. The party further criticized that the public call didn’t contain criteria for the destiny of the employees and analysis for the influence of coal upon the regional vineyards. SDSM suspected that in the elected offer are involved Bulgarian mafia structures. Doubts that have been raised stirred up relations within the ruling coalition, as there were disagreements between the Minister of Economy Vera Rafajlovska (NSDP) and between the Vice-Prime Minister Zoran Stavrevski. Being dissatisfied with the quality of information obtained, Mrs. Rafajlovska demanded further, more detailed information about the firm that bought the power plant. As this request was not met in the determined time-frame, she refused to sign the contract. What’s more, opposition demanded her interpellation on the matter. This tested the relations within the government as this event was seen as a clash between NSDP and VMRO-DPMNE, including DPA as well, because NSDP voted “for” Elmazi’s (DPA) resignation due to the Assembly’s incidents. Still, the interpellation did not succeed.

Another big corruption issue, whose consequences are felt in the country for quite some time, is the privatization of OKTA refinery, sold to Hellenik Petroleum during the mandate of Ljubco Georgievski. This case got interested the State Anti-Corruption Committee. Disagreements between the parties regarding the concluded contract brought the case in front of the Paris Arbitrary Court, which decided in favor of the Greek side. However, this decision is in collision with the decision of the Macedonian Constitutional Court, thus making its practical application problematic²². Experts suggest for Macedonia to complain on the Paris decision, explaining the legal collision with the Constitutional Court and the EU demonopolization suggestions (according to the Agreement for Stabilization and Association with EU).

²² On September 4th 2002 The Constitutional Court go revoked the Law on ratification of the Bilateral Agreement of the Republic of Macedonia and Greece for construction and managing of a pipeline, in which was included the investment agreement.

Like in the first half of the year, the Government is still subdued to heavy criticism regarding the amount of commercials it financed in the last period of time for various campaigns. Analysts say that this used to be and still is a manner in which the Government populistically tries to advertize itself in order to maintain its rating, “buy out” media favor or circulate taxpayers money through advertisement agencies, while others comment the non-transparent manner in which all these advertisements have been paid from the budget without respecting the Public Procurement Law (although some advertisements are paid from the VMRO-DPMNE party budget).

What’s more, critics say that the selection of campaign issues is often doubtful, since in Macedonia is not a mere “raising of awareness about policies” campaign, but there is a necessity of actually introducing the policies and making people adjust to them²³. Also, it is problematic the manner in which campaigns are lead as well as the selection of agencies and media which are launching the campaign. The Government generally avoids to declare the cost of these campaigns, although it is known that the Government (promoting anti-corruption behavior) should issue that information, as it is considered a public one. Anti-corruption non-governmental organizations criticize the government for not making a public call for lease of public space and then give the campaign to the agency that offers the best price²⁴. It is said that the Government may not monopolize that way the media space and to hold up that way its rating, since it has incomparably more resources than the opposition.

Locating as one of the potential corruption cases, opposition and the media criticized the first cousin of Prime Minister Gruevski, Sasho Mijalkov, who is the head of the Macedonian Office for security and counter-intelligence. He was accused on belatedly submitting his property information to the State Anticorruption Committee (he was late for nine months)²⁵ and for using his position for personal enrichment. Through him was practically attacked the ruling style of the Prime-minister, due to the opinion that by Gruevski’s coming to power a new oligarchy is rising, a phenomenon called by some “the power of the family”. Similar reputation holds the other younger Mijalkov brother, Vladimir who is currently working as councilor in the Customs.

The State Anticorruption Committee was heavily criticized by experts and the public as passive, closed in itself, without any initiative and more parading than doing actual work. Complaints are that the Committee did not react adequately in many of the corruption affairs that have been raised, disregarding breaches of law by the highest functionaries in the country. Experts say that this Committee had deserved to be put in front of the

²³ Advertisement often is a substitute of the work that really needs to be done.

²⁴ Both NGOs that deal with corruption and transparency matters like Transparency Macedonia and Transparency-Zero Corruption publically demanded for the Government to say what amounts have been spent on such advertizing, since these are mostly taxpayers money. Estimations are that the government did not come up with the realistic figures as it is estimated that one such campaign costs about 400.000 Euros, while there have been about 20 such various (party-government) campaigns run by the government so far.

²⁵ As an appointed functionary he is obliged to give a declaration of his financial and property situation on time and accurately.

Assembly to receive critics for its work, first of all due to its passivity, but also because anything it does is in compliance with the current Government.

Data from the Global corruption barometer for 2007 of Transparency international show that compared with the countries of the region, Macedonia is on the fourth position, as in the first place for corruption is Albania, then follow Bosnia & Herzegovina and Croatia. On the fifth position follows Kosovo, then Serbia and the last one on the regional list is Turkey having the least corruption in the region. On a larger scale, Macedonia is rated with 3.3 points of the possible 10 obtained by 6 separate investigations and made a jump in the anticorruption scale by obtaining the 84th position out of the 180 ranked states and territories in the world (data obtained by Transparency International).

4.2. State Administration – A Weak Systemic Spot

Figures show that each year administration expenses in the budget increase. In the budget structure dominate expenses for social benefits and goods and services, and immediately after that come salaries and other contributions. Such a structure instead of changing is further consolidated by having increase of salaries to the administrative workers (their current figure is about 110.000). It is believed that administration is the refuge solution for party employment in order to deal with the existing social problems of their supporters. Instead of making a small and efficient state apparatus, long-term partization created a huge and inert administration system which is hard to manage. Waves of employment in the administration usually take place prior to elections and a serious concern is that often quality and efficiency are sacrificed. Another problem is the employment by ethnic origin, which as a principle of “positive discrimination” is generally supported, but the problem is that these employees are not always good quality cadres, not sufficiently skillful and knowledgeable and when their employment occurs by political backup, the situation gets even worse. This creates a negative image for the equality concept in employment for which principle strive the ethnic Albanian parties.

On the other hand, the Trade Union of Macedonia sent a letter to the secretary general of the International Organization of administration (public officials), stating “The Government like in the previous period of her governing started a process of partization of the public administration, which is more and more present up to this day. Contrary to laws are degraded public and state servants and from the high positions that had in the hierarchy of the government, are appointed to positions anticipated for beginners”. As SDSM claims, in 1998 in administration worked 64.000 persons, in 2002 the number increased to 100.000 persons, in 2007 the figure reached 108.000 persons for which the budget needs to put aside 550 million euros. As an example, SDSM says that the Prime Minister wants to take even 114 persons in his cabinet and that it is a characteristic for VMRO-DPMNE to fill the state administration with party cadres.

The EU November Report states, that “the large scale dismissals of officials following the change of government in 2006 illustrated the politicization of appointments at all levels in the public administration and disrupted its functioning well into 2007. Time and expertise were lost in reorganization and extensive changes of personnel in the public

administration. This contributed to the build-up of a legislative backlog and deprived the government of valuable expertise which could have ensured better drafting of legislation and timelier implementation. Therefore, recruitment and promotion should be regulated by objective and merit-based criteria and a clear distinction between the political and the administrative level should be observed.” “Few ministries are preparing strategic plans and fewer still are implementing them. Administrative capacity for both strategic planning and policy development needs to be further strengthened.”

5. ECONOMY

5.1. Economic Trends

In 2008 are projected the following domestic economic trends: growth of GDP 6,0%-6,5%; employment growth 4%; inflation 2,5%-3,0%; productivity growth 4,0%-5,0%; credit growth 30%; foreign direct investments 403 million USD and Budget expenditures of 2,2 billion Euros. The Budget deficit is expected to be 1,5% of GDP or 5,5 million denars.

2007 started with the incredible 7% growth of GDP in the first three months, but these figures were of short breath. In the following months growth reached 5%, which compared with the other countries of the region, is insufficient, unless Macedonia achieves a growth of 7-9%. This growth was explained by several trends that occurred at the beginning of the year: 1. restarting of a couple of mines; 2. world market raise of the prices of metals; 3. due to massive crediting by the citizens in the banks which resulted to bigger spending by the population; 4. there were periods of positive movements in the domestic stock market, making higher turnover.

Comments are that in the field of economy in 2007 there were some positive trends, thus making the final impression positive, but not good enough. Analysts are ready to believe that by the measures and laws adopted this year Macedonia is putting the foundations of a new system whose contours and effect are yet to be seen. However, sense is that the population “has had enough” of the encouragement to “wait a little bit more“ and “be patient”, as transition has been of long duration. The number of unemployed is still in a very high level – according to the Agency the figure is still about 360.000. Food has become more expensive, which contributed to the further fall of the standard of the citizens. The government tried to nivelate that condition with the 10% raise of the salaries of the administration. It is believed that still the Government has an opened road for economic success, but somehow stands on half way.

5.2. Where to invest in 2008 in Macedonia?

Next year it is believed that in Macedonia money shall have a lucrative turnover in the domains of energy, electronic communications, IT, agriculture, banking, transport, infrastructure, immobilities and tourism. The energy sector is attractive due of bigger demand of more expensive energy. AMBO pipeline is expected to start its construction in

2008²⁶. Investing in alternative sources of energy is considered the right choice, like the wind power. Attractive is considered the announcement for building small electrical power plants²⁷ (some of them are already being built) as well as building of Boskov Most (electrical power plant which shall produce about 70 megawat hours). Gassification of the country is about to begin as well, but there is need for political will on this matter. The project of construction of the gassification ring around Skopje is expected to start in 2008 for which Macedonia nas put aside 60,5 million USD from this year's budget. Currently, Macedonia is out of all the regional agreements of connection to one of the gas networks.

IT sector is expected to grow dynamically, as it now grows for about 16% annually. It is believed that in 2010 the value of this market shall be 150 million USD. Agriculture shall mobilize existing resources, indicating quick returns. There is drastic development of the milk industry. Organic producing is growing, attractive become the stocarstvo, ovcarstvo and the prerabotuvacka industry. Big plus for the agriculture are the services (like products packaging). There is potential for transport of agricultural goods as well as in the wine industry. It is expected that Macedonia shall become a milk exporter, as the market will be governed by the 4 milk companies: Danube Foods, Dukart, Swedmilk and Vindija.

Banks shall continue to earn big profits. If one analyzes the work of the Macedonian banks in the last two years, it can be freely concluded that the banks are living their golden days. Crediting is growing, as well as savings and the profits. The market is currently covered by three most powerful and profitable banks (Komercijalna Banka, Stopanska Banka and third is NLB Tutunska Banka), while the smaller ones if they wish to survive shall have to either merge or sell themselves to a strategic investor. In the period of 2000 to 2006 citizens' crediting has multiplied eightfold, reaching the amount of 650 million Euros. What's of concern is the fact that most of the credits are consumers, and which demand import products.

Tourism is expected to develop due to the bigger demand for rest and receration. In transport due to the market liberalization From April 2008 the transit traffic shall go out of Skopje as the Skopje roundabout road shall be opened. This shall save the capital city of Macedonia from a lot of heavy vehicles traffic; the air pollution shall be diminished as well as the noise. Communication and infrastructure prioritues for the country still continue to be Corridors 8 and 10 (North-South and East-West highway connections)²⁸.

²⁶ It is expected to bring foreign currency income of 30 million USD annually. Construction shall cost 1,2 billion USD, and for now are secured 900 million USD while at yhis point of time negotiations are for other serious investors to be included. AMBO should be built in 2,5 years.

²⁷ As the international tender for construction of 28 small electrical power plants have competed 7 domestic and 5 foreign companies that delivered 58 offers. These offers are for constructing small power plants on the rivers Vardar, Strumica and Crna Reka. It is expected from companies with which the deals shall be closed to start construction within a year and finish the capacity within three years. Concessions are given for the period of 20 years.

²⁸ Out of Corridor 10 are missing about 33 kilometers to become a complete highway. The Government is expecting that shall be able to pull some money from the IPA program fund of about 40,5 million Euros for that purpose. Corridor 8 is of full lenthgh of 304 kilometers and is seen as one of the paneuropean transport

The International Institute for Transport Management gave Macedonia the award “best european economic developmental region for 2008”. Immobilities’ prices are expected to go up. There are also some optimistic announcements for the Macedonian stock market, as prognosis are that next year it shall be more stable.

In the effort of attracting foreign direct investments in Macedonia the Government pursued the following policies:

- Customs have made significant reforms, has been modernized and has improved the speedy delivery of its services
- The Ministry of Justice works on the reforms in the Judiciary
- The Ministry of Labor and Social Policy works on the implementation of reforms related to the application of EU standards in labor policy and augmented flexibility of the labor market
- The new Law on businesses is comprised more important areas for attracting foreign investments: time-frames of procedure for registration of new businesses have been reduced, the procedure has been simplified, there is a one-stop-shop for that purpose, instead of having a long registration in courts etc. Reforms include issues of corporative functioning and transparency in the firm operation
- State Geodesist Bureau works on a long-term project in cooperation with the World Bank for regulating the property registration²⁹; Cadastre introduced a new electronic data service, by which shall be increased the security and the speed of transactions with immobilities of citizens and companies.
- The project “Regulatory Guillotine” has been realized, by which are cut down the huge number of legal acts and legal provisions that complicate the process of Foreign direct investments; remain in force those acts which on a clear, concise way directly tackle legal regulations and enable the legal system functioning
- Four free zones are formed in which foreign investors obtain favorable conditions and are released from many taxes, the state takes upon itself issues related to infrastructure, legal regulations, fulfillment of terms etc, by which foreign investors obtain a secure impulse in realization of their investments
- An Agency for Foreign Direct Investments is formed, as an independent organ that acts on this field

From their side, investors from their side have their own remarks and requests, like:

- the Government has to have a pro-active approach in presentation of the new legal framework, in order the private sector to be better acquainted to them
- in-time consulting and presentation of the planned legal novelties with the business community

corridors that should connect the Black Sea with the Adriatic Sea through Bulgaria, Macedonia and Albania and shall enable the connection from the Caucasus and the Caspian region and Central Asia through the Adriatic Sea and Brindisi in Italy with the countries in Western Europe. Up till now only 27% of the road are under highway.

²⁹ It is considered that by 2009 the whole territory of the Republic of Macedonia shall be covered by property documents, by which is enabled the entrance of foreign direct investments, because the non-regulated status of land ownership is one of the main obstacles in investing at the existing capacities of the country.

- speedy termination of the judiciary reforms and the public administration reforms in order to be speeded up the judicial and administrative procedures; impractical and often illogical demands represent a serious obstacle for investments³⁰
- Rule of law in the country; introducing new regulations is of no use if these regulations are not respected and applied; investors notice that not only citizens but also the institutions are not respecting them³¹

5.3. World Bank Ranking

According to the World Bank report, Macedonia is ranked on the high fourth place, for the improved possibilities for investing, due to the reforms performed: struggle against corruption and organized crime, de-regulation and liberalization of the economy. Best marks are given for the improved work of the Customs and speeding up the customs procedures, as well as the work of the Tax Bureau.

On the other hand, according to the list of global competitiveness of the World Economic Forum, Macedonian competitiveness ranking fell for significant ten places. The report shows that our country from the 84th place fell on the 94th place this year, out of the total ranked 131 country. All other countries of the region with the exception of Bosnia-Herzegovina and Albania are better ranked than Macedonia.

The Regional Director for Corporate Management, in the effort to raise the awareness amongst the macedonian companies on good corporate management, stressed that basic characteristic of the Macedonian firms is the lack of transparency. "When investors think about investments first of all they would like to see the reports on the financial situation of the company. They see firstly what is the firm's occupation, what are its results, and then analyze the environment in which the company is working. Regardless the investment motive, investors would like to know the firm's characteristics".

5.4. Relations between the Government and the National Chamber of Commerce

It is a well-known "secret" that the current government sees the present National Chamber of Commerce leadership as remnants of the old power of the socialist directors and promoters of the left-center governments from the first transition period. Hence, partnership between the two parties is hardly applicable. However, during the recent official meeting, it was obvious that the President of the Chamber has worked in determining their position under the new business climate the government shapes up. President Branko Azeski in his speech stressed that they are a well-intentioned partner to the Government and clearly asked for domestic businessmen to be treated by the Government as responsible people instead of satanizing them. He complained on obstructions by the lower administrative levels due to the perhaps mistakenly interpreted

³⁰ Example are the difficulties that are facing the telecommunication businesses, which for every base they need to obtain a sea of documents and permits, although such stations exist in hundreds and they are all part of the same system.

³¹ Example: whole villages do not pay for the electricity they spend, while the same is done by some state run institutions, although they obtain funds to cover their expenses for that purpose.

“instructions” by the government and asked for cessation of further state apparatus partization. At the occasion of the joint meeting, the Chamber presented to the Prime Minister 12 demands which are considered as the necessary minimum for economic reforms in 2008. Among the suggested measures are: the application of the system of burdening on the salaries with the other contributions, (to introduce payment of brutto salary by the employees, so employees pay their own contributions) at the same time lowering of the percent from the brutto salary aimed to cover contributions, as at present this is non-beneficial for employers and is a demotivating factor for attracting foreign investments. Also, it is suggested in the law for budget application to be anticipated fines for heads of state organs who work on planning and realization of the capital investments, while it was requested from the government to introduce a Law on investments stimulation. Businessmen suggested in order to stimulate the members of the Government (and referring to the 2008 budget) to be anticipated 300.000 euros as a reward to those ministers who will realize their macroeconomic anticipations (planning) like for example raise of GDP to 6-6,5% inflation under 3%, raise of employment of 4%, raise of foreign investments to 12% etc. Prime minister Gruevski responded that some of the demands coincide with some of the country’s obligations taken in front of IMF, but also stressed that the budget income increased by 20% although there was lowering of the tax rate, due to the effects policies against corruption and gray economy are made.

As research of the Chamber of commerce indicates, only 7% of the Macedonian population are of entrepreneurial spirit, while most of the population prefers to work for someone else. In Macedonia are registered 180.000 businesses, out of which 1/5 are active and 98% of them are small and medium enterprises. In the country on every 100 persons there are 21 businesses, which is lower than the EU average (which is 52 to 1000 persons). On the other hand, active entrepreneurs are more and more successful, showing level of income of 6 billion denars in 2004 which is raised to 25 billion denars in 2006.

6. HEADLINES

6.1. Former Prime Minister Buckovski on Trial

Only one day before the official commencement of the Assembly summer holiday break and the celebration of the August the 2nd national holiday, the investigative Judge Katica Jovanovska from Skopje Court I forwarded a motion to the Assembly. In it was demanded taking off the MP mandate immunity of the MP Vlado Buckovski³² in order to approve the measure imprisonment and to initiate an investigation for abuse of his previous position as Minister of Defense. He was accused of participating in damaging the state budget for three million Euros. The President of the Assembly Ljubisa Georgievski called for urgent meeting of the Committee for Mandate and Immunity Matters, while Buckovski at that moment was abroad, a fact that additionally dramatized the situation. Discussions in the Committee were fierce, often offensive and lasted for seven hours. The President of the Committee interrupted further discussions, putting the issue to vote, and position parties’ votes prevailed approving imprisonment. SDSM Assembly coordinator Jani Makraduli calling for urgent Assembly session, stated that this

³² Former SDSM Prime Minister and Minister of Defense.

was “the largest and roughest breach of the country’s democracy”, announcing that there will be criminal charges against those who initiated this action. Buckovski immediately returned in the country, stating that the whole procedure was not lead correctly: “The manner in which decision has been brought is a total breach of the Assembly Book of Rules; this is a political lynch upon me- to be imprisoned without being interrogated”- he said. In addition, he mentioned that already for this issue there have already been charges against him, which are dismissed by the Public Prosecutor in 2002. As Judge Katica Jovanovska obtained guarantees that Mr. Buckovski shall be available to the judicial organs, gave up on the imprisonment request.

Together with Vlado Buckovski, charges have been raised against Mitre Petrovski, manager of the factory “Metalski Zavod Tito” and General Metodi Stamboliski, former Head of the General-Staff of the Macedonian Army. They are all accused for abuse of their position in closing an unfavorable deal for the state and obtaining for themselves significant gains. The deal was concluded in 2001 for acquisition of tank spare parts, for which money were transferred to another firm which had no business relations with “Metalski Zavod Tito”.

Currently, the case is still dragged in the courts, while impression is that the Court has difficulties in coping with the case, as it is not really knowledgeable about the subject. In front of the Court have been interrogated all five persons accused, about ten witnesses of the defense and the accusation, functioneers and administrators from the Ministry of Defense, businessmen with suspicious rating, current and former politicians and pensioners. It is said that some of them really didn’t know what to state at the court, while others were avoiding the “real” answers. In fact, this “tank affair” (regardless of the concrete case of Mr. Buckovski) showed that during the 2001 conflict year was occurring a state-army crisis in the country, jointly with all the elements of a regional crisis (armed conflict, use of army weaponry, regional concentration of arms and military material, etc). Unavoidably, this case did not focus only on the Buckovski case (whether there is guilt or not) but widened and opened the question of the long-term state damage due to the weapons smuggling and other illegal activities performed by who-knows-how-many individuals who gained from the political and security instability of the region and/or at periods in Macedonia as well. During the turmoil, war profiteering was taking place, as at that point of time stable state functioning was non-existent, allowing various “power criminals” wrapped in ministerial or MP masks to lead the “game”, while world weapons’ smugglers realized lucrative deals. It was obvious that in Macedonia due to the prolonged instability of the region, some of the persons involved in various positions were trying to illegally earn money through State Treasury expenditures or through privatization of the firms that produced military goods. It is about to be seen how skillful the Court shall be, to disentangle itself from the complicated web of information and bring a just decision.

6.2. Steady, but Uneasy Security Situation

Mid-year political spirits became uneasy as two projectiles fell on about 100 meters from the Government building. Some analysts saw this act as a demonstration of force and not

a terrorist attack, while the event caused disputes between position and opposition. SDSM asked for Government to come out with all the information needed for the case, otherwise they shall consider that the event is ordered from structures close to the Government. Simultaneously, other events further complicated the matter. The police station in Gosince has been attacked, while by the end of August Xhesair Sakiri known as commander Hoxha former MP in the Macedonian Assembly created a mobilization headquarter in the villages Tanusevci, Brest and Malina Maala, after he announced referendum for joining these villages to Kosovo. Sakiri said to the media that he will shoot to the police if they try to enter Tanusevci, addressed the Government to solve the matter by dialogue (?), but if there would be no understanding, 2001 may happen again. This was the reason for which President Cervenkovski asked from the Ministry of Interiors to regain control over the whole country's territory.

Two well-known criminals, Ramadan Shiiti and Lirim Jakupi escaped from Dubrava, the Kosovo prison. They were both wanted for murders, attempts for murder in Macedonia, while for them there is an international warrant. Shiiti was wanted for murder of a Skopje cab driver in 2004, escaped the Skopje prison in 2005, he is suspected for the attack of the Skopje Bit-Pazar police station and is considered as part of an Islamic group which was involved in the dispute of the Islamic Religious Community. Lirim Jakupi is from Kosovo and is charged for wounding three policemen in Tetovo in 2004. Later, the police intervened in the village of Brodec and broke up the gang.

On his speech during the memorial of one of the killed ONA fighters during the 2001 conflict, Fazli Velu (Ali Ahmeti's uncle) threatened again. "The message for the freedom fighters remains the same: either there shall be equality-language, symbols and status for the ONA fighters or shall be put in question everything that has been achieved"- he said. The Public Prosecutor called for him to appear to court and explain his public claim that the weapons "shall start working again" in Macedonia and Kosovo. There is a possibility for the Prosecutor to initiate a procedure against him for public call against the constitutional regime of the country.

Another convicted person, Xhemal Iseni (or nickname Jamie Shey) escaped from Skopje prison. The Minister of Interiors reconfirmed that "at this point there are no serious security indicators that would endanger the country's security". The police actively searched for the refugee who went to his mother's funeral and didn't return. In September the police arrested him in his house in Lojane, where they found some weapons as well. Later, his arrest made the ethnic Albanian parties silent in front of the media, but there is an impression that there is intolerance and mutual clashes between the two political groups. Relatives of Iseni threatened that shall revenge his arrest, so as a result of this threat, the commander of the Matejce police station Fatmir Alili was killed, while two policemen have been wounded. On the other side, two of the attackers got killed (one of them a relative of Iseni), while his nephew was wounded and arrested in Kosovo by KFOR.

All these cumulated events made SDSM heavily criticize the Minister of Interiors for not doing her job well.

6.3. Constitutional Court Decision on the use of Flags

The current Law on the Use of Flags enabled the ethnic communities' flags to be raised in 19 municipalities in the state, where persons belonging to ethnic communities are in majority. In 16 municipalities together with the state flag are raised the flag of Albania, in two municipalities Plasnica and Centar Zupa the Turkish flag and Roma are using their ethnic flag in Shuto Orizari.

Due to initiated procedure of reviewing the compliance of the Law on the Use of Flags³³ with the Constitution³⁴, the Constitutional court brought a decision to abolish four articles of the Law, interpreting that the flag expresses the state sovereignty. Parts of the abolished provisions 4, 5, 6 and 8 anticipated right for use of the flag only for persons belonging to ethnic communities which is majority in that municipality, then permanent raise of the flag in front of the municipality building and in front of the buildings where municipality organs and services are, or infrastructural object, while receiving official representatives domestic or foreign etc. Explanation of the Court was 14 pages long in which the main point is that flags of the ethnic communities shall not be possible to be used permanently and in front of state organs, public services and legal persons founded by the state and other infrastructural objects, like in international and political meetings. The Court was lead by the constitutional provision of the Constitutional Amendment 8 from which is perceived that it is not anticipated the right of use of symbols of persons belonging to communities according to their percent in the population of the municipality, but that right is given to all persons belonging to ethnic communities regardless their percent in the local population.

This decision raised fierce reactions among the ethnic Albanian parties and the local communities where the mayors are ethnic Albanians. DPA accused for instrumentalization of the Constitutional Court and demanded resignation of the president of the Court Mahmut Jusufi. Ex-prime minister Buckovski in which time the Law was introduced, reminding that the Constitutional Court decisions are to be carried out, said that one should be careful, not to be repeated again the events from 1997, when the police intervened in Gostivar. From his side, the Gostivar mayor Nevzat Bejta (DUI) on the question whether he expects the 1997 events to be repeated, stated that it is not possible, as today is 2007 and in the meantime many things happened in Macedonia- "In 2001 many changes took place and the Constitution was changed". He said that the Law that was in force they applied it and if a better law shall be enacted, they shall respect it.

DPA accused SDSM and DUI for a scenario of permanently creating tensions on the interethnic area. They believe that this is so, because the composition of the Constitutional Court was created in the mandate of the former government. Menduh Thaci also propagated to be introduced a new state flag, while the existing one to become a Macedonian ethnic flag. He called the Court decision "intended scenario for destabilization of the country". PDP called on resignation of all the judges of the

³³ The Law was introduced in 2005 (see previous Barometers).

³⁴ The procedure was initiated by a couple of MPs and citizens.

Constitutional Court. From his side, Judge Jusufi³⁵ qualified the Court's decision as political, stressing that him and judge Bajram Polozani voted "against" and noted that this is the first time that the Court brings a decision without a consensus, but only by use of the majority rule. On the question whether the Court's decision was political, he stated that he sees himself as "a man of the law" and if he wanted he would have joined a political party long ago.

From its side DUI stated that the Court decision is political and that "they know who the initiators are". "This is an anti-Albanian, anti-constitutional and anti-democratic decision contrary to the Ohrid Agreement provisions. It can incite crisis of serious dimensions and disturbs the interethnic relations and trust between Macedonians and Albanians". Ahmeti called on the President of the Republic, the Assembly and the ruling coalition to prevent the decision application, and the representatives of the international community to guarantee the right for use of flags. Ahmeti announced that in municipalities where mayors are from DUI (16 mayors) shall not respect the Courts' decision.

Government port-parole stated that the Government shall wait for the opinion obtained by the Ministry of Justice for how the Government to act further. "The opinion shall be based to the Constitution and the Ohrid Agreement"- he said. Experts, but also part of the political parties of the ethnic Albanian block (DPA) are for introducing a new law on the matter. In this line of thinking is President Crvenkovski's statement: "Solving the problem of use of the flags of ethnic communities should not be sought in the disrespect of the Constitutional Court decision, but should be found adequate legal solution in the frames of the legal system". He called on both the government and opposition to find such a solution and bring it with consensus.

Experts say that a parallel with the events in 1997 is unnecessary and too dramatized. Then, the police intervened as at that time there was no legal basis for use of flags of the ethnic communities, while now the right to use the ethnic flag is unquestionable. The Court's decision removed the possibility of use of the ethnic community flags in front of the municipality, the state organs, as well as in international sports matches and state delegation visits. At the same time it is removed the privileged status of the Albanian flag in the communities with 20% over of the population, as in the future on some occasions all ethnic communities flags shall be raised. "Main problem is that the law does not say on which occasions in particular, so that needs to be added to the existing law or by a new law. Therefore there is no need for the Government to act, while those who do not respect the law shall be punished by fines."

The Constitutional Court "with indignation rejected all indications on their account as a center for destabilization of the state and other incomprehensible qualifications". "The struggle for respect of the Constitution and laws and respect of the rule of law in no case means that, but it is a permanent determination for respect of the legal system, of which principle the Constitutional Court shall not back up".

³⁵ Jusufi was a former member of the Republic's Judicial Council, and he was the lawyer of the former Gostivar mayor Rifi Osmani on the Gostivar events in 1997.

Mahmud Jusufi is the first president of the Constitutional court who signed a decision, and then changed his mind and recalled it himself, crossing his name under it. He became president of the Court in 2006, while he was elected as a judge in this court in 2004. Bajram Polozani became judge of the Court in 2003. The two judges were considered as close to DPA, but the heaviest critics of their current work is given exactly from this party. Menduh Thaci was the loudest of them all, as he viewed them as close to Xhaferi. As an epilogue, Mahmud Jusufi and Bajram Polozani submitted their resignations, both stressing that their move is a moral act, due to the majorisation of the decision in the Court.

The Constitutional court still continues its work by having only 2/3 of its composition. It is not known when shall be actualized the issue of its completion. It is expected two suggestions to be made by the President Branko Crvenkovski while the third is expected from the Assembly Committee for Election and Appointments. After resignations of Mahmut Jusufi and Bajram Polozani, Judge Mirjana Lazarova-Trajkovska left the Court, as she will be working at the European Court for Human Rights in Strasbourg. The President's cabinet confirmed that the President is thinking about possible alternatives. The President of the Assembly committee Trajko Veljanovski (VMRO-DPMNE) stated that the two ethnic Albanian parties DUI and DPA cannot agree on who shall be a candidate for judge, while the committee would not like to be in a situation to have their suggestions bouncing back, as it is requested for election of the judges to be obtained the Badinter double majority rule.

6.4. Future Government Interpellation?

Mrs. Sekerinska (SDSM) announced interpellation to this Government, but being constructive opposition she intends to make the move after the April NATO summit, as the contrary would mean additionally lost time. Criticizing the government, she stresses that there is no investment boom, the number of unemployed is growing, and life standard (according to official figures) went down to a historical minimum. She claims that in addition, the Government lies to its citizens by wrapping it up in an expensive (17 million Euros) advertisement, in the effort of convincing people differently. This is considered irresponsible spending of the citizen's money and announced when on power, SDSM shall make a detailed control of now these money have been spent.

6.5. President Crvenkovski's Speech at the End of the Year

In December, the President of the Republic Branko Crvenkovski made his annual address to the Assembly. Compared to the year before when the Government boycotted the President's address, this time present were the Prime Minister, a couple of ministers and part of the position MPs. Media commented that this comportment was interpreted as a reminding message that VMRO-DPMNE still does not consider Mr. Crvenkovski as a legitimate president. VMRO-DPMNE explained their presence due to the importance of the political momentum- a step before NATO, stressing that Crvenkovski for them is still only "Mr. Crvenkovski" and that has no presidential legitimacy.

In his speech, the President estimated that 2007 is a failure in the domain of eurointegration process, but expressed certainty that next year shall be more successful. "Today we have to conclude that proclaimed goals have not been accomplished, as for the key strategic goals EU and NATO integrations, 2007 was not a successful year. What worries me especially is that the reasons for such situations as estimated by Brussels are shown in areas where in years we have been the strongest and on the basis of what was built the positive image of Macedonia. Those are the so called political criteria."

Crvenkovski criticized the Government for the wrongly chosen priorities of its politics. He mentioned that energy has been spent on projects that had nothing in common with EU and NATO, mentioning the laws on national holidays, religious instruction, lustration. "In leading state affairs as in every other profession, it is not possible the approach - I want everything and I want it now". He called for cease of arguments between the political leaders and to focus themselves to the state priorities: EU and NATO. "Republic of Macedonia is a small state which faces big challenges. If we forget mutual disputes, if we unite forces around basic national and state interests, if we stimulate and in a real direction we harness the whole energy, be convinced that Macedonia shall become stronger and mightier and in the eyes of everybody else much bigger. Challenges will be overcome easier and goals shall be realized more successfully. I am convinced that we as a state have will and capacity to finish that successfully".

Crvenkovski criticized everybody, but mostly the position. "Fact is that key political parties in the government but in opposition as well were not on the level of the task. They did not demonstrate sufficient political will nor adequate level of political responsibility, adequate to the importance of the moment and the significance of the results projected. Everybody was more obsessed by the daily political rating than with fulfillment of the final goal. Long and unsuccessful negotiations and what's worse non-application of what was previously agreed (seen from Brussels' perspective) distorts the image of Macedonia and creates perception of insufficient democratic potential and institutional capacity. In the parliamentary democracy everyone has his share of responsibility both position and opposition"-he added.

7. PARTY DEVELOPMENTS

7.1. New Party in the Ethnic Albanian Political Spectrum - DUA

Determined to conquer the center of the political spectrum upon the principles of liberal democracy in Tetovo under the motto "With you the change starts-decide" took place the founding assembly of a new ethnic Albanian political party Democratic Union of the Albanians. For first president was elected Bardul Mahmuti, MA of political science from Tetovo who lived for a longer period of time in Kosovo where he was Vice-President of the Democratic Party of Hashim Thaci. Two years ago Mahmuti joined DPA, but it is said that he was having expectations to be the replacement of Arben Xhaferi which did not realize, so he left the party.

In front of the congress delegates, Mahmuti said that “the formations of the Albanians who have a function in Macedonia are in a total collapse”. DUA emerges in a critical moment as an alternative of the dissatisfaction of the Albanians in their engagement into the current parties. In this historic context, when are expected important and vital decisions for the region, it is necessary to join all the multi-faceted Albanian potential which disagrees with the non-dignified representation of the national interests. DUA shall rely on the ideal of freedom and reforms in a parliamentary democracy, free elections, compulsory education, social security, gender equality and political ethics. We are positioning ourselves to be with those 60% of Albanians who on the last elections were undecided. Mahmuti fiercely criticized the partization of the administration through disqualification of quality. Among the present persons were former mayors of Sipkovo and Lipkovo, some other former members of several political parties of the Albanians, but also professionals who were not so far non-involved into politics (professors, lawyers, doctors, businessmen etc).

7.2. Another Party Emerging: Party of the Free Democrats

The leader of the newly formed party is the former SDSM MP and President of the Assembly Mr. Ljupco Jordanovski. In his interview he elaborates the reasons for creating a new party on the Macedonian political scene. The title of the party represents a reaction of the fear that exists among people, which is not the fear for physical freedom, but instead is the fear from the subtle fear for one’s working place, security and existence. That is why they are called Party of the Free Democrats, indicating people without fear and “democrats in soul”. These members have decided to join their sincere efforts, instead of them being abused by others, to offer them directly to the state (to be of service to the state) and to the citizens through forming a new party. In this party joined Kire Gestakovski, a former SDSM prominent member as well. Although there have been some talks about Alil Dzaferovski and Esad Rahic joining this party, they did not do so.

Jordanovski showed discontent of the SDSM pressure over Buckovski when he lost the elections, comparing it with the not so zealous demands for responsibility when Branko Crvenkovski as the party leader lost the elections in 1998. Commenting the SDSM internal processes, he showed disappointment for the internal party democracy. He also stressed that they shall not be opponents to any party, but competitors instead. The party shall not precisely position itself ideologically, shall be more moving in the political center, and shall support respect for all persons regardless of social, ethnic and religious affiliation, forwarding humanistic values.

7.3. SDSM Internal Situation – Comments by the Leader

SDSM by its leader, Mrs. Radmila Sekerinska is considered a reformed party, having a new Statute, Program platform, and new party leadership. She stressed that on the head of the party are currently sitting new and young people who have not yet been on high positions in the party and/or in the state bodies. The party created 15 active committees in which are members more than 500 experts from all areas of life. Last year were held the intra-party elections for new leaderships of all the municipality party organizations.

Therefore, hopes are that SDSM has now a much better alternative. Commenting on the current conditions within the party, stated that SDSM has chosen the right way to function as opposition although is aware that it shall not be easy, as from the other side there is a pretty sharply acting government which is often manipulative and buys out many people's favor.

8. PUBLIC OPINION POLLS

8.1. Public Opinion Trends for 2008

Macedonian citizens are optimistic that 2008 shall be a better year than the previous one. This showed the research of Brima-Gallup performed at the end of 2007 on a sample of 1161 polled persons. 42% of the polled expect that 2008 shall be a better year, 28% think that shall be the same like the previous one, while 25% think that it shall be worse. Regarding the national economy, 1/3 (or 33% of the polled) believe that next year shall improve, 36% believe that it shall remain at the same level, and 27% think that the economy shall have hardships. Regarding unemployment, 12% think that in 2008 shall be increased drastically, 25% that it shall increase slightly, 31% believe that the figures shall remain the same, while 25% expect slight improvement. About 30% expect that in 2008 there shall be more strikes and worker's dissatisfaction, 41% expect that the level of discontent shall remain the same, and 18% expect the discontent to be lesser. On the question whether 2008 shall be a peaceful year, 13% expect no disputes, 42% think that the climate shall remain the same, while 36% expect a problematic year (8% don't know).

Follow the poll ratings obtained by the "Forum" research on December 21st, 2007, performed telephonically on 1120 respondents. Citizen's expectations and hopes of the citizens for 2008 are the following:

Question	"No" - percent	"Yes" - percent	"Don't know" - percent
Shall the standard be improved?	52%	37%	11%
Shall DUI and DPA overcome mutual misunderstandings?	35%	36%	29%
Shall we become a NATO member?	40%	46%	14%
Shall we find a solution with Greece over the name dispute?	52%	37%	11%
Shall relations between the President and the Prime-minister improve?	38%	42%	20%

Will there be early elections?	24%	22%	24%
Shall unemployment decrease?	49%	41%	10%
Do MPs in the assembly deserve to be reelected?	20%	20%	60%
Does Prime Minister Gruevski MP's deserves to be reelected?	30%	50%	20%
Does President Branko Crvenkovski MP's deserves to be reelected?	57%	21%	22%
Does the mayor of Skopje Trifun Kostovski deserves to be reelected?	78%	12%	10%

Regardless of the high rating, analysts believe that Gruevski is in a non-comfortable position, partly because of the bad cohabitation with President Crvenkovski, above all because he cannot provide a stable Badinter for the necessary laws, and because of the loose parliamentary majority facing an opposition which (regardless of its internal divisions) can act in a compact manner while facing some government projects. Comments are that this situation is non-sustainable so Gruevski has to seek a formula by which shall enable himself a more comfortable rule because up till now did not succeed to create an atmosphere for a qualitative political dialogue with his political opponents. For that are circulating a couple of possible alternatives for overcoming the political blockade, like allowing the entrance of new parties in government, forming wide coalition with DUI or early elections.

According to the research by the Institute for Democracy in September dissatisfaction of citizens towards the parties is doubled. On the question "if next week were elections who would you vote?" 42% of the polled replied that they would not vote for any party. This percent was doubled since the previous poll, which was made in June (24%). Largest rating still has the ruling VMRO-DPMNE party with 23.5%, (larger than in June by 2%); SDSM has 7.2%, DPA 5.5% and DUI 7%. The politician with the largest confidence is Nikola Gruevski with 27.7%, then follow Ali Ahmeti (7.1%), Branko Crvenkovski (3.9%), Arben Xhaferi (3.1%) and between 1% and 2.5% are Tito Petkovski, Radmila Sekerinska and Menduh Thaci. Citizens are satisfied and support what the government is trying to make through its policies, but for now say that they do not feel the effect and even in some segments they feel worse. Regarding whether the economic situation is better or worse compared to last year, 36.5% say that it is worse, while 26% that it has improved. From the political aspect, 43% of the polled feel that it has gone worse, 27% do not see any change, while 18% that it is improving. About 48% of the respondents

think that standard showed no change, 34% say it has gone worse than before and 17% that there is improvement. Whether there is more corruption positively replied 35% of the polled, 24% say that it is the same and 18% that there is less corruption than before.

The poll from the Institute for Sociological, Political and Juridical Research made on December 2007 on a representative sample of 1200 respondents, showed the following party rating: SDSM 11.30%, VMRO-DPMNE 20.90%, LDP 1.10%, DUI 9.50%, DPA 6.50%, PDP 0.60%, NSDP 1.70%, other 1.30%, shall not vote 20%, have not decided yet 27%.

9. FUTURE POSSIBLE DEVELOPMENTS

9.1. Prospects for Early Elections?

In Macedonia 2007 is leaving just the way it started: by tension among the political leaders, arrests, scandals, betrayed expectations, lost hopes. This year the country shall either make a big step forwards towards the Euro-Atlantic integration or shall be stuck in an endless process of a limbo situation. The government shall continue its battle against organized crime and corruption, and through cleaning the police, customs, and state administration. Opposition thinks that this battle is selective and does not comprise the VMRO supporters.

Although Prime Minister Gruevski at the beginning of January 2008 denied, rumors are that Macedonia might be looking at early elections this year. At first, this idea has been going on in the media all through 2007, backed by the impossibility of achieving a fruitful position-opposition political dialogue (resulting in serious delay in introducing the projects of which depends the country's Euro-Atlantic integration processes). The second alternative date for early elections which is circulating presently is mid-year in 2008, after obtaining the expected NATO invitation, due to which the ruling coalition would try its luck, and profit from the current level of rating which is facing the possibility to go down later on. Still, the Government denies these rumors, stating that what it does is merely realizing its pre-electoral program.

In spite of that, some analysts say that this is possible, if one takes into account the moves the Prime-Minister recently made: promoting tax reducing measures, offering benefits to certain target groups (as agriculture producers' subventions, lowering medications' prices, ex-patriots vote, pensioners' and administrative workers' salaries raise, offering computer vouchers for students etc), are seen as an instrument of positively preparing the masses for early elections. The Government widely advertised the decisions for raise of the pensions and salaries in the public sector, for decrease of 15% to the taxes for medicaments, public transportation and computers, buying buildings for 15 embassies, introducing a program for building 1.000 apartments in 14 cities and renovating 1.500 contact-windows in the state administration. Opposition accuses that the government is preoccupied solely with its rating (its "reflection in the mirror") and forgets its state obligations.

There are indications that the government (or VMRO-DPMNE more concretely) would like to have early elections by the summer of 2008. The idea apparently is regarding the current support for the party at the polls to gain a stronger majority in the Assembly (potentially over 50%) and to rearrange the government. However, in the public many comment that early elections as a decision will be very hardly achievable and it is not expected that they will change anything. First of all, it will be very difficult to persuade the MPs to vote against their position (to vote against themselves, as by the Constitution of the Republic of Macedonia only the Assembly may dismiss itself) as no one is sure whether he/she shall be put again on the party list on the next elections; potential persuasion of the parties may occur but only if the parties manage to heavily compensate MPs, which at present is considered impossible; small parties may generally count on their disappearance, so any votes coming from those MPs should not be considered as a voter of support for the idea; ethnic Albanian parties shall not be happy (especially DPA which at the polls is gains less support than DUI) to be put on mutual confrontation immediately after the Kosovo declared independence, as they will have to test each other on “major regional policy issues burdened with radicalism”; even the in-field VMRO-DPMNE activists would not be so eager to be involved one again in an election race out of which the party membership believes that it didn’t gain anything, while coalition parties and other satellites did much more than it was necessary. There are even ideas instead of having early elections a new catch-all government majority to be constructed, for dealing with the upcoming regional turbulences that the Kosovo independence shall provoke.

Opposition parties state that early elections would be our greatest obstructionist in the process of Euro-Atlantic integrations and that would signify only loss of precious time.

In the next period, the following trends are expected:

- difficult relations and hardships among the Government coalition partners, especially between DPA and VMRO-DPMNE
- severe rivalry between the ethnic Albanian political parties , especially after the estimations that DUI’s rating is advancing, compared to DPA
- political turbulences due to the return of the Hague cases in Macedonia, for processing in the domestic courts
- possible turbulences in the ruling coalition due to the issue of the Kosovo status and the relations with Serbia
- enduring problems in introducing the EU legal agenda, as the process demands constructive political dialogue and position-opposition coordination, elements which are not always conducted in a constructive atmosphere
- expected NATO membership invitation, which will significantly influence in a positive way the country’s stability and economic growth
- it is not excluded the possibility of early elections
- Government ministerial reshuffle is expected with certainty