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Dr. Natasha Gaber-Damjanovska

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DEVELOPMENTS ON THE “NAME ISSUE”

The six month period until year-end showed no official signs of progress regarding the long pending name issue dispute between the Republic of Macedonia and Greece. Several meetings of the parties under the mediation of Mathew Nimetz took place, coupled with the obvious media bidding on details of the possible agreement. Still, the decisive move towards final resolution of the problem has not been achieved yet. The public however, through the media reports, got a glimpse of the elements of the agreement that has been under preparation for a longer period of time, focusing on details for which there is difference in the position of each of the parties.

1.1. Nimetz Visits in Macedonia and Greece by end-July

The UN mediator in the name dispute between Macedonia and Greece, Matthew Nimetz, stated he expects substantial progress from his summer visit to Skopje and Athens. The visit came ahead of a NATO summit in September in Cardiff as it was unclear whether there will be much progress on enlargement with any of the four would-be members: Macedonia, Montenegro, Bosnia and Georgia. As known, in 2008 Greece blocked Macedonia's accession to NATO and stands on this position ever since. Same position is taken on Macedonia joining the EU, as the country obtained EU candidate status back in December 2005 and European Commission reports have recommended a start to membership talks each year since 2009. The last round of UN-sponsored name talks took place in April in New York but no significant progress was made. Considering that the dispute lasts already for over two decades, Nimetz stated that it was time for both sides to “seriously” reconsider ways to resolve the bilateral dispute, having in mind “the situation in the world and safety concerns”.

At this meeting, name talks involved Macedonia's new negotiator - Vasko Naumovski, who replaced Zoran Jolevski after the latter became Macedonia's Defense Minister. Naumovski (34) was Vice Prime Minister in charge of European Affairs from 2009 to 2012 under PM Nikola Gruevski. Commenting on his appointment, former Ambassador to NATO Nano Ruzin said he doubted the appointment of a new negotiator would bring any new impetus to the stalled talks, describing his function as strictly formal.

Before arriving in Skopje, the UN mediator stated that this time he expected “substantial progress” in the stalled search for a resolution to the matter. During his visit he admitted that he had not come with any fresh proposals for a solution, but rather old ideas that were worth considering further. As said, Nimetz’s statements were optimistic and in the direction of increasing the communication and intensifying the dialogue in order to boost opportunities for a solution. “This is encouraging for us and we will use this period to put wind in his sails,” - he said. Foreign Minister Poposki in turn called the statement encouraging and asked for greater international involvement so that talks could move forward.

1.2. Germany Included in Finding a Resolution for the Name Issue

“Unsolved name issue and identity between Macedonia and Greece is burden for us” - said the German Chancellor Angela Merkel in front of the participants of the leader’s meeting of the “Brdo-Brioni Process” held in Dubrovnik. The German Chancellor expressed optimism that a solution may be found for that issue as well. “I think that we may and must resolve that matter in some way. I was personally included in that and I was considering for all possible combinations about the name, but I sometimes think that there is nothing more than can be invented...Germany is ready for a constructive cooperation in solving this issue but without compromise that is not feasible. In Germany we say a compromise is when all included are equally dissatisfied. Through compromise you cannot expect that will end happily for all. But fair compromise is when all are equally dissatisfied. There must be a way to achieve Macedonia to become a NATO and EU member” –she said.

The Italian Foreign Minister and new representative for EU foreign and security policy Federica Mogherini said that it is necessary to put greater effort in solving the long-standing issue between Greece and Macedonia, warning that if soon it is not going to happen, internal conditions in Macedonia are possible to be disturbed.

“Greece has neither desire nor interest to deal with the name problem, but sometimes there is need one to have time for everything”-estimated President Ivanov, emphasizing that “as time passes by, other countries became aware on what Greece is doing to Macedonia... Greece from its side does not suffer consequences due to the unsolved matter.” According to him, Macedonia has no enemies in the EU, but its enemy is the way decisions are brought. Still, various analysts believe that time is not working in favor of Macedonia and that slowly the country loses all friends in the EU due to numerous unfavorable trends that are taking place internally (democracy backslide being one of them). Others disagree, saying that time maybe works in favor of Macedonia in the sense that are clarified arguments the country has in the dispute, but it also works negatively due to the blocked Euro-Atlantic integrations and its consequences.

Opposition leader Zoran Zaev (SDSM) stated that recently have been arriving signals for a possible solution of the name dispute so he would not like to be an additional reason for solving or non-solving of the matter, so he avoids commenting further. Risto Nikovski, a former diplomat, stated that regarding the name nothing substantial happens, on the contrary. “There are various initiatives including the one with Merkel to keep the issue alive, but there is nothing substantial not shall be in the near future” - he stated.

1.3. November Meeting and its Echo

The UN mediator Mathew Nimetz called up a new round of talks for November 12 in New York. At the meeting were present again the Macedonian ambassador Vasko

Naumovski and the Greek diplomat Adamantios Vassilakis. After the meeting, estimations were that agreement has not been reached.

Following the event, in mid-November the Greek Minister of Exteriors Evangelos Venizelos stated that “what Greece was supposed to do regarding the name, did it in 2008 by decision of a government committee and since then expected are adequate steps from the other side”. He stressed that the Greek position is unchangeable without any chance to withdraw the red lines for a composed name with a geographic determinant for all use. Demands are: change of the constitutional name and erga omnes use of the new name, so the new name shall be in use for international and domestic use, in international relations and international organizations, in bilateral and multilateral relations. Venizelos also accused the Macedonian side that “there is no advancement in the name issue as there is no movement from the other side”, stating that Greece in NATO and EU “explains” that regarding Macedonia behind the name problem “there are problems in relations of position with the opposition, with democracy”.

Opposition SDSM reacted on the Venizelos statement, pointing out that it is unacceptable for the Minister of Exteriors Evangelos Venizelos to abuse membership of his country in EU and from that position to allow himself to condition Macedonia in relation with the imposed dispute. “Erga omnes is an illogical request by Greece which does not lead to solving the problem-the party states. By such positions the Greek minister once more confirmed that instead of following 21st century European policies which understand integration, dialogue and mutual respect, Greece unfortunately still lives in the past.”, the party stated, adding that “Nikola Gruevski’s wrong policies for control of the media space, the judiciary, state institutions, open a space for abuse from the side of the Greek politics and by every not-well-intentioned politician towards the Republic of Macedonia”.

Commenting the current name dispute momentum, former negotiator from the Macedonian side and Ambassador Nikola Dimitrov, stated that the issue has been further complicated for several reasons. Viewed theoretically the projection of a modern nation by seeking roots in the antique times is non-credible and dubious - and that refers both to Macedonia and Greece, as nations are categories of the 19th and 20th century, eventually the 18th. He claims that historically maybe the territory was the same so there is certain heritage, but he believes that there are bad repercussions and certain confusion at home as there is some change of position in the recent history textbooks. He believes that there is bad influence in Greece as well, which helps those political forces who nurture special chauvinism towards Macedonia, as they are fed and given arguments. The matter also influences third countries, the public, the international factor which is getting discouraged and confused, looking at what “antiquization” trend has produced. “All this takes us far from what we want to be and that is- a European country, which knows where it is what it is, knows how to define

itself in time and space, deserves to start negotiations with EU and share European values”- Dimitrov stresses.

On the journalist question whether retrograde democratic processes in influence international support for Macedonia on the name issue, he confirms the position, adding: “What can we do to make Athens’ work harder, meaning those political elites there which are for a blockade? If we have problems on freedom of media, on the rule of law, of separation of the party and the state, blockade will be simpler and there will be no pressure over other country-members to do something. Such a pressure was for example in 2012 when there was felt an increased pressure of a serious group of countries which were fighting in the conclusions of the EU Council to be created some chance for advancement in spring the following year. Events of December 24 ruined this enthusiasm and directly influenced the previous-in the sense of atmosphere and support. And the other way around, if political elites are not able to deliver a result on reforms due to the blockade, then they are forced to make alternative political stories and the goals in front of the electorate shall be posed differently. At the same time the pro-reforms political forces are weakening, as the context is such - in that sense for our situation and our status quo responsibility is shared absolutely with the EU” - he says.

1.4. Nimetz’s Agreement Proposal Revealed

BIRN revealed the official name that the UN mediator suggested for Macedonia in April 2013 plus his other proposals for resolving the years-long dispute offered to both sides. The document is dated April 9, 2013, which corresponds to the date of the mediator’s meeting with negotiators from Macedonia and Greece at UN headquarters, after which it was announced that Nimetz had revealed a fresh name proposal. The document that BIRN has obtained refers to the name “Upper Republic of Macedonia”. This matches Greek and Macedonian media reports of the time, as well as statements by the head of Macedonia’s junior ruling party, the Democratic Union for Integration, DUI, Ali Ahmeti. The proposal has never been published before in its integral form.

This was the first formal written proposal coming from the UN mediator since the 2008 NATO summit in Romania, where Greece blocked Macedonia’s NATO accession. It excludes the so-called October package of 2008 and its subsequent modified version, from July 2009, which Nimetz himself named a “working paper”. The proposal formed part of a broader international plan to end the logjam over Macedonia’s Euro-Atlantic integration process, which the then EU Enlargement Commissioner, Stefan Fule, was informally coordinating. In autumn 2012, Fule proposed to the EU member states that Macedonia should start EU membership talks; the solution of the “name” dispute would then be left to the early stage of the talks, within one or two years. The proposal that BIRN obtained is the same one that should therefore have led to a solution of the name dispute in the early phase of the Macedonia’s EU accession talks. However, Fule’s proposition was already undermined even before the “events” in the Macedonian parliament in December 2012, when opposition legislators and journalists were expelled

from the chamber minutes before the ruling parties adopted the budget for 2013. The expulsion led to a political crisis in Macedonia, after which most EU member countries lost their enthusiasm for Fule's plans for Macedonia.

One of the agreement elements for which the two parties disagreed was the place of the adjective "Upper" in the composite name of the country. Greece wanted the adjective placed immediately before the word Macedonia, as in "Republic of Upper Macedonia", while Nimetz's proposition put the adjective before the word Republic, as in "Upper Republic of Macedonia", which made it more acceptable to the Macedonian side. In the part of the proposal linked to the issue of national identity, Nimetz proposed that the Macedonian language be named "Macedonian/Makedonski". He gave an example of how this would work in practice: "The document will be translated into English, French, Macedonian/Makedonski and Russian." Nimetz's coined phrase for the language was a compromise between Macedonia's insistence on use of the term "Macedonian" and the Greek stance, which was that "Macedonian" is unacceptable, and that the most they could accept was "Makedonski" - which is the pronunciation of the word for the Macedonian language, in Latin transliteration.

Nimetz proposed an even more complicated solution when it came to determining "nationality". In Macedonia, this term is translated as "nacionalnost", and is more associated with ethnicity than with the more common international association with the idea of citizenship. The European Convention on Nationality, which the Macedonia has ratified, thus defines "nationality" as "the legal bond between a person and a State and does not indicate the person's ethnic origin". To meet this difference in perception, Nimetz offered a parallel use of two phrases: "Upper Republic of Macedonia" and "Makedonsko/Macedonian". The practical example for this, contained in Nimetz's proposal was the following sentence: "She is a citizen of Upper Republic of Macedonia; alternate: She is Makedonsko/Macedonian citizen."

The use of the adjective in Nimetz's latest proposal, like Macedonian/Makedonski for the language or "Makedonsko/Macedonian" for the nationality, is a consequence of the Greek standpoint that "there should be a way for third parties to differentiate the separate Macedonian identities that exist within Macedonia and Greece, and how Macedonians from Macedonia and Macedonians from Greece will be designated in other languages". The ideologist of this strategy is the Greek historian and former advisor in the Greek Foreign Ministry, Evangelos Kofos. On the political level, this approach was promoted by Dora Bakoyanni, Greek Foreign Minister from 2006 to 2009. According to Kofos, the Macedonian language should be designated in English as the "Makedonski language" while ethnic Macedonians should be described as "Makedontsi". Applying the same rule to Greek Macedonians, Kofos says that in English they should be translated as "Makedones" with an adjective "Makedonikos" (derived from the Greek Μακεδόνες).

The proposal also defined the scope of use of the new compound name and of the references to language and nationality. It said that they would be used “erga omnes (towards all) in all multilateral official contexts, including treaties, agreements and official documentation”. The announcement of the Greek Foreign Ministry from September 29, 2014 is an official document of the Greek authorities that most directly reflects Athens’ standpoint. “Greece’s position in favor of a compound name, with a geographical qualifier before the word ‘Macedonia’, and not before the word ‘Republic’, to be used in relation to everyone (erga omnes), for all uses, domestic and international, has been thus formulated for many years now and has been stated repeatedly in the Hellenic Parliament as well as internationally, in multilateral and bilateral meetings,” the announcement reads. “We assume that it is obvious to everyone that the provisional name (The former Yugoslav Republic of Macedonia), under which our neighboring country joined the UN in 1993, and with which it participates in a large number of international organizations, actions and meetings, is a compound name with qualifying modifiers before the word “Republic” and not before the word ‘Macedonia’.

However, while the term “erga omnes” soothed some Greek concerns, the definition substantially differed from the one that the Greek side insisted on. Greece wants the new compound used at home in Macedonia as well as in its relations with other countries. “This compound provisional name is not used in relation to everyone (erga omnes), but in the international organizations and in the meetings and actions that they organize bilaterally with a large number of countries, but unfortunately not domestically, not in passports, and not bilaterally with those countries that have recognized FYROM under its so-called constitutional name. “This is a state of affairs that violates international law and must change. The responsible and clear Greek stance is the only one that leads to the changing of this state of affairs. The proposal further envisaged the UN Secretary General informing all UN members about the compromise name and recommending them to use it in all official contexts. Adoption of obligatory documents regarding usage of the compound name in bilateral relations was not envisaged. This allowed for the possibility of some countries continuing to use Macedonia's constitutional name in direct communications. The name "Република Македонија" (Republic of Macedonia), according to the proposition, could also continue to be used within Macedonia. Usage of the new name in Macedonia’s passports was not explicitly noted in the proposal so it remained unclear whether this was implied in the phrase “official documentation”. The new name would be obligatory in the UN, the EU and NATO, while Greece would not object to the integration of the country under the name “Upper Republic of Macedonia”. Concerning commercial use of the term “Macedonia” and “Macedonian”, the proposal urged both sides to reach agreements based on non-exclusivity. For example, there could be a “Macedonian wine, produce of Greece” and a “Macedonian wine, product of Upper Republic of Macedonia.” The mediator did not suggest, directly or indirectly, that Macedonia make any constitutional changes during the phase of implementation of the solution. He implicitly rejected the idea of a Macedonia staging a referendum on this issue.

Macedonia would need only to take “binding, definitive and irrevocable national processes, including parliamentary and executive action,” the proposal noted.

2. EU and NATO INTEGRATION PROCESSES

2.1. Council of Europe Delegation Visits Macedonia

In mid-July a Council of Europe delegation visited Macedonia and met both with position and opposition representatives. General conclusion from the visit was that at the last elections there were serious shortcomings coupled with political crisis and interethnic tensions. “It is necessary to calm down the current interethnic tensions, which although are not directly connected with the election process, seriously undermine the deeply polarized along ethnic and political lines society cohesion” - was stated. Stephan Shenah previously stated that he visits Macedonia in order to mediate around the opposition boycott, since this political conflict may endanger the country’s road to EU and to put Macedonia behind Bosnia & Herzegovina (which is anticipated as non-functional). “The situation is much entangled” he stated, estimating opposition protests but also DUI’s boycott of presidential elections. Still, the delegation believed that the parliament is the adequate place for political confrontation and called all political parties to work together in order to overcome all obstacles for its effective functioning. “Serious shortcomings noted at the last elections may and should be solved in the newly elected parliament” they said. Still, their calls were proven unfruitful as SDSM and the opposition stated that they do not believe anymore in what shall be agreed with PM Nikola Gruevski. Prove for that is the Agreement concluded after the December 24 events (Black Monday) signed in the presence of the international community, which VMRO-DPMNE declared it as “toilet paper” not respecting further the things agreed in the Election Codex for the last elections. “Our primary demand remains an agreement to create a firm technical government, which will guarantee application of all which will be agreed and organizing free, fair and democratic elections” opposition leader Zoran Zaev stated.

2.2. Berlin Conference of Western Balkan States

On August 28, 2014 in light of the celebration of the 100th anniversary of the beginning of World War I, the German chancellor Angela Merkel initiated a conference of heads of states and governments of Western Balkans region. Invitation for participation was sent to all the countries of South Eastern Europe including Croatia and Slovenia that are already members of the European Union. Ahead of conference, Merkel said that the idea of her government was to bring together representatives of the region to show that we had come a long way from an “against each other” to the “with each other” situation today. Merkel expressed confidence that Europe had played a crucial role on that road

to unity. The German Chancellor believes the only possible way has been to give all these countries a common European perspective. It means they all have the chance to become members of the EU, if they fulfill the accession requirements - Merkel said.

The conference brought to the same table top-ranking politicians from Germany, the EU and the Balkans. The summit has consisted of three parts. While regional economy ministers met Sigmar Gabriel, German Economy Minister, and Günther Oettinger, the European Commission Vice President, foreign ministers met Frank-Walter Steinmeier, German Foreign Minister, together with Stefan Fule, the European Enlargement Commissioner. Merkel and José Manuel Barroso, the European Commission President, held a meeting with the heads of state of Albania, Bosnia, Croatia, Kosovo, Macedonia, Montenegro, Serbia and Slovenia on structural reforms, rule of law and the fight against corruption. At the Conference, Macedonia was represented by Prime Minister Nikola Gruevski, Foreign minister Nikola Popovski, Economy minister, Bekim Neziri and deputy prime minister for economic affairs, Vladimir Pesovski.

“Germany is interested to see the process of integration moving forward, because it’s now clear for chancellor Merkel and German diplomacy that the continuation of the status quo for Macedonia, with pointless delays of the start of talks with the EU and accession in NATO, is not good for the region. Therefore, German diplomacy wants this issue to be solved and they know that the main problem is Greece’s blockade”, declared Popovski. However, experts of foreign policies say that this event taking place in Berlin will not offer any concrete solutions to the name dispute. The official agenda of the Summit doesn’t contain the topic of the name dispute or other pending issues in West Balkan. “I don’t think that the name dispute will be discussed, but we’re expecting for all countries to be asked to finalize all pending disputes and find compromises, as the symbolic of this summit is reconciliation and positive perspective”, declared the expert from the Center for European Education, Bojan Maricic. According to him, this meeting is not expected to come up with conclusions as to the solution of serious issues, such as the name dispute. Last month, in a meeting with Balkan leaders in Dubrovnik at the “Brdo-Brioni Process”, the German chancellor said that Germany is ready to engage in constructive cooperation for the solution of the name dispute, as the unresolved name dispute between Skopje and Athens “is a burden for us”, but added that this cannot be done without compromise.

Barroso told at a news conference held jointly with Merkel and Albanian Prime Minister Edi Rama that the EU wanted Western Balkan countries to become members, but that further EU expansion would not happen overnight. He said regional integration and cooperation were key for European integration, adding that the participants of the Berlin conference had discussed overcoming the numerous practical stumbling blocks in the region caused by a lack of regional cooperation. Merkel said the Western Balkans' nations had a real prospect of EU membership, pointing out that joint infrastructure projects would lead to better understanding among Balkan states. European Commissioner for Energy Gunther Oettinger stressed at the conference how important

energy sector investments were, especially those that shored up energy infrastructure between EU members and the Western Balkans, but the power grid within the region too.

At the press conference, Barroso outlined the shared interests between the EU and the Western Balkan region. "Our common goal is clear: We want to see the Western Balkan countries ultimately join the European Union. This is in our joint political, economic and geo-strategic interest. This is the right way to defend the long term prosperity of all the citizens in our European family and also to defend European stability," he said. He emphasized that further EU accessions, "depend on our partners' own speed of reforms. But they will happen over time. We don't want to leave any doubt about it". All participating countries hope the accession process will move forward quickly, Merkel said. But it is up to the individual countries, the Chancellor pointed out, to fulfill the high expectations of their populations. Most of all, the people hope for "economic advancement and measures tackling unemployment", she said. The process initiated in Berlin is expected to continue and be converted into a longer working process. The next host is expected to be Austria in 2015.

At the end of the West Balkan leaders' summit in Berlin, the German Chancellor praised leaders for working together more closely - and said their countries are on the right track in terms of eventual EU membership. "The fact that all eight prime ministers, foreign ministers and ministers of economy sat down together is proof that great progress in the region has been made in recent years, and the European Commission and EU members wish to continue their assistance," she stated. Regional leaders left Berlin saying they also felt reassured that both Berlin and Brussels are willing to increase their engagement in the region. "There is a clear will in Germany and in the European Commission to increase their influence and get engaged in solving the different problems that the countries from the region face," Nikola Gruevski, Macedonia's Prime Minister, stated.

LDP leader and mayor of Centar municipality Andrej Zernovski criticized PM Gruevski for his lack of virtue in sincerely addressing the issues raised at the Berlin Conference, as he only commented on the readiness of Brussels and Berlin to help us for the name issue, viewing it as the sole problem in the country's Euro-integration process. As Zernovski claimed that he had information, he said that Gruevski was asked for a clear position for confirmation of seriousness for full membership of Macedonia in EU, because of his and government's ambivalent comportment towards EU due to the continuous policies and legal solutions which are in contradiction to the Stabilization and Association Agreement, and that also he was unconditionally asked to give up the establishment of free financial zones by the propose constitutional amendment, including making available all the documents of the blurred and publicly non-accessible agreements especially in the energy domain, like the one for "South Stream". Zernovski claims that his information is that unless this time Brussels, now Berlin is included, requests are not met at the June EU summit in 2015 not only the candidate status of

the country is in danger, but it is announced termination of the Stabilization and Association Agreement of Macedonia with the EU.

Participants of the Conference pledged commitment to regional cooperation and stressed the importance of joint infrastructure projects. A declaration was passed at the conclusion of the congress reading that the Western Balkans, which follows in its entirety:

Final Declaration by the Chair of the Conference on the Western Balkans

A hundred years after the outbreak of the First World War, the heads of government, foreign ministers and economics ministers of Albania, Bosnia and Herzegovina, Croatia, Kosovo, the FYR of Macedonia, Montenegro, Serbia and Slovenia, as well as representatives of the European Commission, the future host Austria, and France, met in Berlin on 28 August 2014 for the first Conference on the Western Balkans.

2014 – 2018: four years of real progress

1. We agree that today's conference should provide a framework for a period of four years, during which we will further our endeavors to make additional real progress in the reform process, in resolving outstanding bilateral and internal issues, and in achieving reconciliation within and between the societies in the region. We are also united in the aim of enhancing regional economic cooperation and laying the foundations for sustainable growth.
2. We have jointly decided to meet in the same format each year during the next four years in order to implement the agenda agreed at today's meeting and to support this aim through other specific projects. The Federal Chancellor of Austria has offered to host the first follow-up conference in his country in 2015. This will provide an opportunity to evaluate the initial results. We plan to continue our work on questions of key importance to the future of the Western Balkans on an ongoing basis during further conferences to be held until 2018.

The path to a future in Europe

3. Just fifteen years ago, the news from the region was dominated by war, expulsions and destruction. It is now apparent that the region has already made great achievements as regards creating stability, developing good neighbourly relations, and modernizing government, society and the economy.
4. The European Union's enlargement policy has played a crucial role in these achievements. All of the countries in the Western Balkans firmly believe that their future lies in the European Union.
5. The German Government expressly underlines its support for the prospect of European integration for the countries of the Western Balkans. All of the countries of the Western Balkans will have an opportunity to join the European Union if they meet the conditions for accession. Germany is aware of its responsibility for a peaceful, stable and democratic future based on the rule of law, and will continue to support the region on its path to this future.

Intensifying regional cooperation as an essential basis

6. All of the participants underline the need to resolve outstanding bilateral questions as quickly as possible in the interests of good neighbourly relations and increased stability in the region. The prime ministers of Serbia and Kosovo reiterated their determination to revitalize the process of normalizing relations. The naming dispute between the FYR of Macedonia and Greece is one of the outstanding bilateral issues. The participating States agreed that this dispute must urgently be resolved by willingness to compromise on all sides. Where possible, the countries should make use of the positive influence of regional neighbors on overcoming internal political challenges. This applies in particular to the revitalization of the reform process in Bosnia and Herzegovina.

7. The countries of the Western Balkans therefore stress their willingness today to increase their cooperation among one another. Regional organizations such as the Regional Cooperation Council will play an important role in this.

8. Regional cooperation shall also include the civil society level. In this context, the participating States underlined their unanimous wish to expand transnational exchange, particularly among young people

Strengthening good governance

9. Further improving governance remains a particular challenge for the young democracies of the Western Balkans.

10. The participating States agree that further measures must be taken to tackle corruption and organized crime. The countries of the Western Balkans reiterated their willingness to carry out further reforms aimed at increasing legal certainty in their countries, to uphold and reinforce the independence of their judiciary, and to work more intensively together across borders in regional and bilateral structures.

11. In a pluralistic democracy, the opposition must also be able to play its role in the parliamentary framework, and it must also want to do so. A politically active civil society can also provide constructive support as regards the further strengthening of democratic communities in the countries of the Western Balkans, thus also bringing these states closer to the EU. The prerequisites for this include a pluralistic media landscape, independent trade unions, and an economy that can fulfill its role as part of the community, free from political interference. Germany remains committed to fostering freedom of the media in the region. To this end, the Federal Foreign Office is holding a workshop for twelve leading journalists from all countries of the region as part of the conference framework programme.

Increasing prosperity via sustainable economic growth

12. Sustainable economic growth and thus the sustainable increase of prosperity for the good of citizens will only be possible via open markets and foreign investment. A positive investment climate is particularly crucial to the activities of small and medium-sized enterprises. Legal certainty and a zero-tolerance policy on corruption are vital in this context. The participating States aim to improve cooperation among the investment agencies, as well as the way they communicate with Germany Trade & Invest

13. The countries of the Western Balkans shall reinforce their endeavors to overcome their current account deficits. German business will support the enhancement of the

region's export strength by launching a purchasing initiative for the Western Balkans in 2015.

14. Competitiveness must be further increased via regional value chains. In this context, the initiative by the German business community to hold a regional conference in Montenegro in September 2014 and the activities by the Regional Cooperation Council in this area will make a concrete contribution.

15. The participating States agree that European energy policy is of increasing importance to the countries of the Western Balkans. Regional cooperation within the framework of the Energy Community for South East Europe is an important component, particularly as regards energy security, energy efficiency targets and climate protection. The countries of the Western Balkans will continue to work intensively on further developing the Energy Community and on overcoming shortcomings in implementation.

16. The participating States share the view that a transport community for the Western Balkans could provide a positive impetus for economic development by improving the region's logistical connections to the European markets where demand is high. This is also the case as regards the expansion of information and communications technology infrastructure under reliable conditions.

17. The participating States believe that needs-based academic and vocational training is essential in order to reduce youth unemployment. Projects by the German business community to support vocational training in the countries of the Western Balkans are helping to meet this aim.

18. Germany is willing to carry out further measures within the framework of existing programmes on economic cooperation and development in order to support the region's countries in making the most effective use of European measures for bringing them closer to the EU via the Instrument for Pre-Accession Assistance (IPA). German development cooperation has provided reliable support to the countries of the Western Balkans for 25 years and is an integral part of German endeavors to bring the countries closer to the EU and European standards.

2.3. Balkan States Expect No Breakthroughs at NATO Summit

At the NATO meeting in the Welsh city of Cardiff, Montenegro, Macedonia and Bosnia and Herzegovina were praised for their progress towards NATO but the Western military alliance's summit in Wales didn't see any new members named. NATO has already made it clear that there will not be an 'enlargement summit' but the three Balkan aspirants are hoping that they will be offered some encouragement in their quests for membership.

Macedonia will again not be offered an invitation to join because of its long-standing and unresolved 'name' dispute with Greece, although the country is expected to be praised for its participation in NATO-led missions. Macedonia has downgraded its presence at the summit, as although invited, Prime Minister Nikola Gruevski didn't go. Instead, the country was represented by Defense Minister Zoran Jolevski and Foreign Minister Nikola Poposki. "Being invited to join NATO is very important for us and

Macedonia remains dedicated to this goal, although, as the public knows, this will not be an enlargement summit,” Jolevski told the media.

2.4 EU Commission Estimates: There is Uneven Progress in Balkans

Most Balkan countries have made some progress on their EU path, but key areas of concern remain organized crime, corruption, the rule of law, the courts, politicized state administrations - and giving a free media room to breathe. Presenting the annual Enlargement Package in Brussels, Commissioner Stefan Fule said EU enlargement policy was delivering concrete results through reforms that gradually transform Balkan countries. “Five years ago, we set out to strengthen the credibility and the transformative power of enlargement policy. Today, this approach is bearing fruit,” Fule said. At the same time, the reports that European Commission has published show that progress in Balkan countries has been uneven, and some will have to work harder than others.

A senior EU source said the European Commission Progress Reports for 2014 on the Western Balkans, would mainly highlight failings in the fields of the rule of law, corruption, fundamental rights such as freedom of expression as well as threats to the independence of the media. Each of the countries concerned will have a lot of work to do in order meet the EU criteria and so continue on the path to membership, he said. “Stefan Fule’s successor will have a lot of things to do in his mandate” he said, referring to the outgoing Enlargement Commissioner and his successor, Austria’s Johannes Hahn. Each year, the Commission issues individual reports on the Western Balkan states alongside its Enlargement Strategy Paper, which charts the way forward for the coming year.

The Commission continues to recommend that Macedonia be allowed to start membership talks with the EU, noting, however, that the country has recent slid backwards in terms of freedom of expression and the independence of the judiciary. “There is indirect state control of media output through government advertising and government-favored (and favorable) media outlets,” the report noted. The report remarked that the functioning of parliament continued to be hindered by the lack of a constructive political dialogue and deep divisions between the main parties. “The absence of most opposition MPs from parliament hampered its work on adopting new reforms, and its ability to provide the necessary checks and balances on the activities of government,” it recalled. “Government and opposition should take steps to restore political dialogue in parliament,” the Commission wrote. The report stated that the politicization of government at both central and local level remains of concern. “Confidence in the independence of state institutions is low due to widely-held perceptions that the public administration is politicized and lacks transparency,” the report said.

Diplomatic sources say that regarding Macedonia the upcoming Progress Report will not suggest that Brussels withdraw the Commission's longstanding recommendation that Macedonia start membership talks with the EU, as some have predicted. However it was said that, "this was a bad year for Macedonia", referring to the opposition boycott of parliament among other matters. Another EU official, noted that none of the western Balkans countries was seen as a likely member in the short term. "None of the countries have made enough progress to join the EU in the next five years," he said.

"Until for what is the European Commission worried about does not receive adequate attention in Macedonia, as it is the media freedom or the political dialogue, it is very hard to help the country to progress, unless itself does not want to progress", said Peter Stano the enlargement Commissioner spokesperson. "European Commission and commissioner Fule are still making efforts for the country to progress in European integrations, while the best prove for our dedication is the recommendation given for the fifth time for start of negotiations with the EU"- added Stano. However, according to him, the access dialogue is blocked also due to the political problems in the country, so the new Commissioner should decide whether he will proceed with HLAD (High Level Accession Dialogue).

The French Ambassador in Macedonia Laurence Auer for the portal Factor.mk stated that the inclusion of West Balkan countries in EU has not been interrupted. Regarding Macedonia, she believes that a compromise solution for the name should be found, without tackling the identity, language and history and in the frames of the UN mandate. "As Nimetz said on July 29 during his visit there are no issues opened on the identity, language and history but the point is to be found a compromise in an exact determined framework. There should be a distinction between what internal politics is and what can be discussed in other frames. We all hope that parliamentary democracy, which is necessary for the state functioning will be able to start functioning again with the presence of the opposition"- she said. EU inclusion should be done in a precise frame, while opposition presence in this step but also in the Assembly is necessary for the sake of democracy as well.

2.5. Newland Issuing a Message to Leaders of the Region

Victoria Newland, the assistant to the USA Secretary of state for Europe and Euroasia, from Washington directed a warning message to the leaders of the region. According to her, western values are exposed to attacks from outside but also from inside in the borders of the Western world. All around the region there are two cancers, - democratic backsliding and corruption which endanger the dream for which realization were working many since 1989- she said on the occasion of the strategic Forum for Central and Eastern Europe. She asked in a critical manner: "How can you sleep at night under the shelter of NATO Article 5 and at daytime to promote neoliberal democracy, to promote nationalism, to limit free media and to demonize the civic society? I also ask those who protect corrupt officials from judicial investigations, who evade the parliament when they find it suitable or who strike dirty deals by which they increase

the dependency of their states from one source of energy although they are bounded for diversification on a state level?”.

“Unfruitful were all Gruevski efforts through media he controls to justify the commonly expressed position of the international community that his government is the most responsible for the complicated circumstances in the country on political and interethnic level” -stated SDSM, reacting on the pro-government media news regarding the message conveyed by Victoria Newland. Opposition analysts interpreted her comment as a “slap” to PM Gruevski, noting that “he does not understand it, or what is more likely, does not want to understand the message”.

The USA Ambassador in Macedonia Paul Wohlers on the occasion of marking 100 years from the First World War, stated that politicians in Macedonia lead a policy of ruining the country, and not for surpassing the conflicts. “Unfortunately, in many countries, and with regret I must say that in this country as well, I see leaders who see politics as a short term game for self-enrichment and for their own party, which causes a conflict in the country, instead of working for overcoming conflicts. I think that this is a recipe for ruining of the state-he said.

2.6. European Commission Progress Report 2014 Issued

At the beginning of October the European Commission issued the new Progress Report for Macedonia. This time Brussels directed the homework only in one address, as this is the most critical report in the last six years for the country. Tasks are to be solved by the beginning of December, when the European Council shall decide whether and when negotiations will start, while according to relevant sources, from that it depends whether Macedonia will at all remain on the way that leads to EU and NATO membership. For the European Commission, this conditioned recommendation is a “decisive step to be solved issues of growing politicization and shortcomings in the judiciary independence and freedom of expression, in order to make the recommendation sustainable for the next years”. The report stated that due to cumulative progress in the past, the country still fulfills the Copenhagen criteria. At the end of Fule’s mandate, the EC believes that the condition in Macedonia is persistently worsening and is convinced that solving the name issue may bring progress in the country.

Opposition media comment that now blame for the slow decisions related to the EU cannot be anymore persistently shifted to the opposition or to the neighbors. Estimations are that Macedonia is entering a critical period in which it should clearly show understanding and political will with concrete decisions and activities which will be undertaken by the government and which solutions will be offered as acceptable for all political parties and institutions in the system. These are considered as serious reasons for brave decisions and efficient activity not only to the Government but to all the partners in power, including the opposition for creating a setting and favorable

climate that time has come for solutions. Still, Brussels mostly points its finger at the two ruling parties.

Media point out that the most frequented political manipulation is that Macedonia has fulfilled all obligations and preconditions for commencing negotiations with the EU. Closer to the truth is the opinion that pragmatic and hypocritical Brussels is ready to make a blind eye for its criteria if Greece and Macedonia find a mutual acceptable solution for the name of the state. In that way can immediately start negotiations with the EU and automatically be received Macedonia as NATO member. But this surely will not mean that by the very start of the negotiations will not be again the European fundamental values in the part of democracy, human rights, freedom of media, rule of law and interethnic relations, and then of course all other chapters.

Follow the most important highlights of the *European Commission 2014 Progress Report on Macedonia*:

Political Criteria: Since independence in 1991, democracy has been consolidated. Inter-ethnic relations, which remain fragile, continue however to pose a challenge for the country. The Ohrid Framework Agreement, which brought to an end the conflict of 2001, provides the framework for preserving the multi-ethnic character of the society. There continues to be a lack of trust between the communities, however, and further initiatives to proactively promote an inclusive multi-ethnic society are needed. In recent years, an increasingly divisive political culture has resulted in two political crises and a breakdown in political dialogue. Parties in government have also blurred the line between the state and party, thus eroding trust in public institutions. There are serious concerns about government control over public institutions and the media. Issues — which also feature in last year's report — about freedom of expression and the media, independence of the judiciary and quality of justice need to be addressed.

Regarding constitutional issues, the report states that in July 2014, the government proposed to the parliament a package of seven constitutional changes in a broad range of areas. However, the package of amendments was prepared in a very short time and without the necessary implementing legislation. Moreover, European Commission states that any amendments to the Constitution need to be based on broad consensus.

In November 2013, a majority of the Constitutional Court judges elected a new President from among their number, following the retirement of the incumbent President. The Court's work remains hampered, however, by inadequate human resources, in particular a shortage of expert associates. The number of constitutional challenges received and handled annually remained on a par with previous years, but there have still not been any steps taken to improve legal certainty as regards legislation which has been annulled due to unconstitutionality, and this often creates gaps in the legal framework. The executive and legislative branches need to ensure a more systematic follow-up procedure to address this. There are also concerns that changes in

the composition of the Constitutional Court in recent years have affected its independence, and that it has started to delay and compromise on decisions. In January 2014, it rejected an initiative to examine the constitutionality of the controversial 2013 budget, only after considerable delay and on technical grounds. In April 2014, the Constitutional Court rejected an initiative to examine the constitutionality of the controversial Lustration Law, despite having already asked for, and received, the opinion of the Venice Commission.

Regarding both presidential and early parliamentary elections held this year, the Report states that the results increased the number of seats for both VMRO-DPMNE and DUI, which again formed a coalition. This reinforced mandate came against the backdrop of observations by the Organization for Security and Cooperation in Europe's Office for Democratic Institutions and Human Rights (OSCE/ODIHR) that both elections were efficiently administered, that candidates had been able to campaign without obstruction and that freedom of assembly and association had been respected. They noted, however, that the governing parties did not provide for a level playing field due to a lack of adequate separation between the party and state and that allegations of voter intimidation persisted throughout the campaign. OSCE/ODIHR media monitoring showed that the majority of monitored media, including the public broadcaster, was biased in favor of the ruling party, and that the media often failed to distinguish between the coverage of officials in their capacity as ministers and as candidates. The State Election Commission met almost all of its obligations and held regular sessions, but continued to be divided along party lines on contentious issues. Concerns were also raised about the management and accuracy of the voters' list. During summer 2014, two working groups tasked with the implementation of recommendations of the OSCE/ODIHR resumed their activities.

Overall, remarks are that the functioning of Parliament continued to be hindered by the lack of constructive political dialogue and the ongoing deep divisions between the political parties. The absence of most opposition MPs from parliament hampered its work on adopting new reforms, and its ability to provide the necessary checks and balances on the activities of government. It is said that the responsibility of both government and opposition is to ensure that political debate takes place primarily in parliament and to contribute to creating the conditions for its proper functioning. The recommendations previously made by the Committee of Inquiry should be implemented.

Regarding the functioning of Government, estimation is that the coalition government needs to work in a more integrated, coordinated and transparent manner, in order to take proactive measures on national, inter-community and EU- related issues. Actions should be taken to address OSCE/ODIHR concerns about the blurring of state and governing parties. Adequate resources are needed to complete the process of decentralization of government and to support local development.

Public administration has showed numerous deficiencies which have been noted in the

report. Politicization at both central and local level remains a serious concern. Confidence in the independence of state institutions is low due to widely-held perceptions that the public administration is politicized and lacks transparency. As reported by OSCE/ODIHR, credible allegations have been made that pressure was exerted on public sector employees during the April elections.

With regard to public service and human resources management, employment in the public sector continued to increase, in particular in public enterprises. The routine practice of creating new posts on social or political grounds has artificially inflated the public service, undermining the principle of merit and the overall goal of an efficient public administration. Prior to the 2014 elections, the ruling party announced plans to fill a number of vacant posts at all levels, including managerial, in municipal and public offices and enterprises. Some improvement has been seen in the representation of minorities, but smaller minorities continue to be under-represented. Efforts to meet targets for equitable representation must also take account of institutions' real staffing needs. There continue to be concerns about the transparency of the staff dismissal and mobility procedures, and about the methodology of the testing phase in the selection process.

The essential elements of the legal framework for public financial management are in place, but progress in implementation has been limited and patchy. There is not yet a public financial management reform programme to address more systematically the necessary reforms in the different parts of the public financial management system. A public finance review is under way and could be used as a starting point for preparing such programme. Strategic planning and budgeting needs to be strengthened and a medium-term budgetary framework established.

The Law on financial discipline, dealing with late payments, was amended to extend its scope to the public sector. However, outstanding arrears from the delayed payment of VAT refunds and obligations for public contracts still exist. There is a lack of transparency around the full extent of public debt. The legal framework for awarding public contracts is relatively advanced but uses lowest price as the main criterion for selection, as opposed to best value for money, which may have a negative effect on the quality of public spending. The procedure for awarding contracts needs to be made more transparent. Implementation of public internal financial control is still at an early stage. The State Audit Office performs all types of audits, and performance audit is gradually being developed. Its resources are not sufficient to fully cover its mandate.

Overall, estimation is that public administration remains fragmented and subject to political influence, despite progress on legislation. Additional efforts are needed to ensure that the principles of transparency and accountability, merit and equitable representation are applied. The basic structure and processes of a public financial management system are in place, but fiscal transparency needs to improve. There are also weaknesses in the implementation of public financial management systems, and a more comprehensive approach to reform is needed.

Regarding the judiciary system, position is that the country is now in an advanced phase requiring more complex and challenging improvements. These relate to the need to secure not only structural but functional independence of judges, improving the quality of justice and standards of service to the citizen, increasing the cost-effectiveness and value of the court system, better strategic planning, increased use of non-judicial remedies and alternative dispute resolution and improved access to justice for more vulnerable members of society.

One of the main challenges is the growing concern voiced about the selectivity of, and influence over, law enforcement and the judiciary. The basic rule of law principle, that justice must not only be done but must also be seen to be done, is not fully understood or respected by the authorities in terms of law enforcement actions targeted at specific persons or sectors. Questions continue to be raised both inside and outside the country about possible political influence over certain court proceedings. Although the court structure is formally independent from external influence of the parliamentary and executive branches, individual judges must also appear to be acting independently of any form of pressure, otherwise public trust will be lost and the rule of law called into question. Systemic improvements to the quality of justice are also needed, notably clearer reasoning and transparency of court judgments (to increase public trust and address concerns about independence); greater and more consistent use of superior court and ECHR case law (to improve the predictability and legal certainty for individuals and businesses using the courts) and more widespread implementation of the existing Codes of Ethics. Strengthened safeguards are also needed to ensure that judicial appointments and promotions are merit-based.

Fight against Corruption demands more concrete results to be seen in practice, both in terms of reduction and deterrence of corruption. The human and financial resources of the various enforcement bodies and supervisory agencies remain weak and their powers, status, independence and visibility need to be strengthened in order to engage in effective operations. Inter-agency cooperation and communication still needs to improve further and data exchange and sharing is limited. Problems include the lack of IT interconnectivity between the courts and the prosecution service and the absence of a central register of public officials, which hampers the supervisory work of the State Commission for the Prevention of Corruption. The lessons learned from past anti-corruption policies and measures need to be put to use much more effectively. There is currently little strategic planning in this area, and future policies should be better targeted towards the real problem areas, including public procurement, political corruption and high-level corruption. Claims of selective enforcement and political influence in this area persist, and a more proactive stance is needed to eliminate these serious concerns. Public trust in anti-corruption bodies remains low. As is the case elsewhere in the region, corruption remains prevalent in many areas and continues to be a serious problem.

Regarding human rights and the protection of minorities it is said that the overall

framework for the protection of fundamental rights is in place but more focus needs to be placed on its effective implementation.

The situation as regards freedom of expression continues to be highly problematic. This is in spite of the introduction of comprehensive new media legislation at the end of 2013, following extensive public consultations and advice from international organizations. Reasons for this situation are: there is indirect state control of media output through government advertising and government-favored (and favorable) media outlets; the public broadcaster does not fully play its role as the provider of balanced and informative media content, and its political bias was noted by OSCE/ODIHR during both this year's and last year's elections; there is scarcity of truly independent reporting and a lack of accurate and objective information being made available to the public by the mainstream media; poor journalistic standards and ethics contribute to the situation.

A positive development has been the establishment of a self-regulatory body, set up in December 2013 by media actors themselves. This should be supported in order to become operational as soon as possible. In September 2014, the government made data on government advertising, including partial figures, publicly available; however it is still unclear which media outlets are the primary beneficiaries of such campaigns and according to what criteria public funds are disbursed. Defamation actions continued to be raised by journalists against other journalists (highlighting the low level of solidarity within the profession), by politicians against journalists (creating a chilling effect on the freedom of expression) and by politicians against other politicians (in the place of open public debate). Court judgments upholding claims of defamation have been relatively low in number and have been relatively conservative in their award of damages; however there are exceptions, including cases involving public figures. This sends a damaging message, both as regards the freedom of expression and the impartiality of the courts. Non-judicial means for resolving such cases should be developed and strongly promoted by the government and by journalists and public figures should lead by example.

Progress on the protection of minorities continues to be hampered by insufficient financial and human resources and inadequate cooperation between the authorities concerned. A more proactive approach is needed to guarantee the ethnic, cultural and linguistic identities of all communities.

The main priorities of the Ohrid Framework Agreement continued to provide a basis for inter-community relations. There is room for improvement in the areas of non-discrimination, fair representation, and the use of languages and education. The Law on Use of Languages and the Law on Use of Flags of the Communities have still not been properly implemented. Local committees for relations between the communities are suffering from a lack of resources. A review of the implementation of the Ohrid Framework Agreement is still incomplete and the resulting recommendations have not yet been published. The budget of the Secretariat for the implementation of the Ohrid Framework Agreement has been increased, mostly to take account of the salaries of

around 1 700 civil servants who are yet to be assigned to the state administrative bodies. The Secretariat and the Secretariat General continued recruiting civil servants from non-majority communities, but without specifying defined posts or job descriptions, often at the expense of the principle of merit.

Economy: The Report notes that due to strong external sector and foreign direct investment drive, the economic recovery progressed and external imbalances declined somewhat. Yet, structural rigidities continue to impede the proper functioning of the labor market, and fiscal discipline and transparency suffer from being driven by short-term, ad hoc concerns. While the involvement of the state in the economy remains moderate, in terms of its share in productive capital and its intervention in price setting, the development of a competitive private sector is hampered by difficult contract enforcement, frequent legal changes without adequate consultation of stakeholders, and uneven enforcement of regulatory compliance requirements. Implementation of reforms to improve the business environment remains sluggish. The development of the domestic economy depends on building better linkages between foreign investment companies and local businesses which, in turn, requires government and local businesses to work on better skills-matching and investment in higher-productivity activities.

The government remains committed to growth and employment-enhancing policies focusing on foreign investment and the development of the domestic private sector. The labor market situation improved somewhat, but unemployment remains persistently high, in particular among the young. Fiscal discipline and transparency deteriorated further, affecting growth-enhancing capital spending. In January 2014, the authorities submitted the eighth Pre-accession Economic Programme (PEP), outlining key economic, fiscal and structural reforms for the period 2014-2016. Its macroeconomic and fiscal framework is somewhat optimistic with gradually increasing growth averaging close to 4 %, driven by domestic demand, and a gradual reduction in the general government deficit ratio to 2.6 % in 2016. The country would need to step up its efforts, in line with the Conclusions of the Ministerial Dialogue between the Economic and Finance Ministers of the EU and the Candidate Countries from May 2014, in order to strengthen medium-term budget planning and execution and to improve the employability of workers. Overall, the political consensus on the fundamentals of a market economy was maintained, but economic policy and public expenditure management remain driven by ad hoc concerns rather than the long-term requirements of the economy.

The government's medium-term strategy for 2014-2016 foresees a gradually declining general government deficit, to reach 2.6 % in 2016. However, the government's stated goal of current expenditure-based consolidation is not sustained by policy measures. Pensions and agricultural subsidies were raised in spring 2014, and increases in public wages are planned. Deficiencies in public financial management led to a marked decline in fiscal transparency and fiscal discipline in recent years. To address these shortcomings, government budget users have been required, since January 2014, to

record multi-year liabilities and to respect multi-year expenditure ceilings. In July, the government proposed the introduction of constitutionally-anchored ceilings on the central government deficit and on public debt, but did not provide adequate implementation details ensuring a sound, rules-based application of these provisions. An amendment to the Law on Financial Discipline, dealing with late payments, extended the law's scope to the public sector, which could possibly alleviate the problems of government payment arrears to the private sector. Overall, fiscal discipline needs to be improved, and there is significant scope for enhancing fiscal transparency. The government's fiscal consolidation plans need to be underpinned by concrete measures.

The general government debt ratio, still comparatively moderate, has been rising continuously since 2008, mainly on account of increasing primary budget deficits. Central government debt stood at 40,8% of GDP at end-July 2014, before the launch of the Eurobond compared to 34,1% at end-2012 and 20,6% at end-2008. Debt accumulated by public enterprises, and related contingent government liabilities due to debt guarantees – estimated at some 8 % of GDP — are a particular concern, as the government has shifted a large share of its spending on road construction off-budget to a new public enterprise. Hence, total public debt stands at close to 50 % of GDP, and is likely to rise further in the short- to mid-term, given the considerable financing needs related to planned investment projects. Overall, the continued increase in the levels of government and public debt gives rise to concern about its long-term sustainability. The government needs to take steps to stabilize debt levels. The legal system for a functioning market economy is largely in place, but inefficiencies arise in practice from lengthy procedures hampering enforcement of laws. Frequent changes of laws create legal uncertainty.

Financial system remains stable, and supervisory capacities have been further strengthened. However, access to finance continues to be difficult, and the non-banking segments of the market need to be further developed, with a view to widening funding opportunities for the private sector. Measures should continue to be taken to repair the bank lending channel, including by fostering the clean-up of non-performing loan portfolios.

Regarding public procurement, there are concerns about the overall quality of implementation of the laws. Greater efforts need to be made to ensure that the use of public funds is efficient and transparent. From a legislative point of view, preparations remain at an advanced stage.

Some progress was made in the area of agriculture and rural development, especially in the fields of integrated administration and control systems, rural development, organic production and quality protection. Improvements in the structure of farms and in the provision of advisory services are necessary to increase competitiveness. The inefficient implementation of the pre-accession rural development programme is an area of serious concern. Overall, preparations remain at a moderately advanced stage.

Judicial system: The main reforms in this area are considered to be largely completed,

but improvements are needed to ensure the correct implementation of European standards relating to independence and quality of justice.

Defects in the current career-system for judges have still not been addressed, despite the potential threat they pose to judges' independence. Security of tenure needs to be more robustly safeguarded by amending the legislation relating to discipline and dismissal, which is overly complex and insufficiently precise and predictable. The practice of the Judicial Council in relation to discipline and dismissal proceedings needs to be more proportionate and transparent. Poor performance by judges should be addressed through remedial measures such as organizational improvements and training, rather than resulting in dismissal. Dismissal should be limited to serious and persistent misconduct and should only be imposed following recourse to less severe disciplinary penalties, such as warnings and salary reductions, which are rarely used at present.

In the area of impartiality, the provisions relating to conflicts of interest contained in the civil and criminal procedure legislation continue to function smoothly. The Judicial Council received 77 complaints from parties alleging biased court proceedings, but none were sufficiently well founded to trigger a disciplinary procedure. Claims of indirect political influence on the conduct and outcome of high-profile court proceedings persist, especially in respect of organized crime and corruption prosecutions, as well as cases involving political personalities and the media.

As regards professionalism and competence, amendments to the Law on Courts, which entered into force in 2013, have not in practice led to any significant strengthening in the merit-based recruitment and promotion of judges. In 2013, the Judicial Council failed to comply with the legal requirement that all new first instance judges must have completed the training of the Academy for Judges and Prosecutors, by appointing numerous candidates who had not. The legal requirement for higher court judges to have prior judicial experience was also circumvented by a number of appointments being made immediately before the amendment entered into force and even ignored in some appointments made after its entry into force. This continues to cast doubt on the commitment to merit-based recruitment. The appointment process of the Judicial Council, in particular the evaluation of candidates' respective merits, needs to be made more transparent.

The annual evaluation procedure for judges requires urgent review, as it is having a detrimental effect on both the independence and the quality of justice. It is used primarily as a tool for monitoring the productivity of judges rather than their competence and integrity, the quality of their work, and their service to the citizen and to the profession. It acts as a precursor to either dismissal or career advancement, based on purely quantitative criteria. The system places unnecessary pressure on judges and deprives them of the autonomy to manage their caseloads in the optimal way, indirectly fostering negative working methods. Evaluation should be separated from the disciplinary and dismissal system, and should focus more on appraising judges' core

competencies, such as legal drafting and reasoning, organizational skills, participation in training activities and level of specialization.

As regards the efficiency of the court system, 23 out of the country's 27 basic courts maintained a positive clearance rate (meaning that they managed to process more cases during 2013 than they received) as did the four appeal courts, the Administrative Court and the Supreme Court. In terms of cash-flow management, there are no backlogs to speak of. However, the equally serious issue of lengthy court proceedings still needs to be addressed. Whereas individual stages of the court procedure are generally concluded within the legal deadlines, the overall length of proceedings from initiation to final judgment remains one of the main causes of complaints and requests for compensation by citizens. The robust steps taken in recent years to address court backlogs, including the imposition of monthly targets and heavy emphasis on productivity in the annual evaluation process, risks a deterioration in the quality of justice, as a result of judges' limited ability to devote appropriate time and attention to preparing sound, fully reasoned judgments based on all available evidence.

The overall capacity of the courts to deal with corruption cases remains weak, in particular as regards high-level cases, where proceedings are lengthy and inefficient. The need for further improvements to the criminal procedure should be considered, in particular to counteract deliberate delay tactics by accused persons and their representatives. The fact that amendments, aimed at preventing repeated remittals of cases by appeal courts to lower courts for re-trial, are only applicable to new cases significantly hampers their effectiveness.

As regards political party and election campaign funding, shortcomings persist in both the legislation and its implementation. The powers and resources of the State Audit Office need to be enhanced to enable effective control of the origin of donations. Rules on expenditure verification should be further strengthened. The closure of campaign bank accounts and the treatment of campaign debts are yet to be regulated to prevent abuse. Penalties for breaches of the relevant legislation have started being imposed in practice, but a credible track record has yet to be developed in this field and the lack of transparency and accountability of political parties in relation to party funding remains a concern.

The Law on Public Procurement was amended to include criminal penalties (imprisonment) for violations of tender procedures, however their positive impact on the integrity of the procurement system, as well as their proportionality and enforceability, have yet to be demonstrated in practice. No administrative penalties are yet foreseen for milder violations of the law. There is still no institution assigned to ensure effective and timely control and supervision of public procurements, concessions, public-private partnerships and the execution of contracts. Corruption in public procurement remains a serious concern.

The Law on Free Access to Public Information and its implementation remain deficient.

The enforcement mechanism for breaching this law is inefficient and penalties are not imposed in practice. Political parties remain excluded from the list of holders of information, releasing them from the enforcement regime. Public awareness of the National Commission for the Protection of the Right to Free Access to Public Information remains low. Transparency and accountability of public institutions and enterprises, and of public expenditure, continue to be insufficient.

Fundamental rights: During the reporting period, the European Court of Human Rights (ECtHR) found that the country had violated the European Convention on Human Rights (ECHR) in 6 cases, mainly concerning the right to fair trial and equality of arms, procedural rights relating to arrest and deprivation of liberty, as well as the reasonableness of pre-trial detention. In the same period, 407 new applications were allocated to a decision making body. A draft Action Plan for implementation of the judgment in the *El Masri* case was submitted to the Committee of Ministers of the Council of Europe. The Bureau for Representation of the country before the ECtHR developed an Action Plan for execution of some 50 older judgments against the country, mainly concerning the excessive duration of court proceedings. However, a total of 92 judgments finding violations have still not been executed. The staff of the Bureau continued to provide training in the framework of the Academy for Judges and Prosecutors' training programmes. More attention needs to be paid to safeguarding procedural rights connected to arrest, detention and fair trial, in accordance with the country's obligations under the ECHR. Orders for pre-trial detention and extensions thereof need to be fully reasoned, in line with the case law of the ECtHR. The new amendments to the Criminal Code, providing for chemical castration of repeat offenders convicted of child sex abuse, should be accompanied by appropriate safeguards ensuring that treatment is given on a purely voluntary and informed basis, in accordance with the prohibition on inhuman or degrading treatment or punishment.

In the area of freedom of expression and the media, a new Law on Media entered into force in December 2013, regulating basic obligations, protections and freedoms relating to the media. The widespread use of defamation actions continues to impinge on the freedom of expression. Since the decriminalization of defamation in late 2012, around 580 civil defamation claims have been raised in the courts, including against journalists and by politicians against other politicians, sending a negative message to the public and media alike. Many court actions are initiated and then subsequently dropped, raising concern about defamation actions being used as a means of exerting pressure. Both the Law on Civil Damages for Insult and Defamation and the new Law on Media contain negligible provisions for non-judicial remedies such as the right of reply or correction. Alternative mechanisms for solving these kinds of disputes need to be developed and promoted, in order to improve the media culture. Labor rights are still inadequately enforced in relation to media outlets, also contributing to the continuing problem of self-censorship. As regards public advertising, the transparency provisions in the Law on Audio and Audio-visual Media Services should be respected in full and greater care needs to be taken to ensure that public funds are used to provide information of

genuine public interest, rather than to promote government activities. A self-regulatory body was established in December 2013 by media actors themselves, in the form of the Media Ethics Council, run by a seven-member board with broad representation of the media, media associations and the public, but it has yet to become operational and start considering complaints from the public. Investigative reporting is still weak and needs to be fostered through continuous education and training of journalists, including exposure to best practices in other countries. There were no reported incidents of violence against journalists in the reporting period. The media currently plays a negligible role in investigating and exposing corruption and organized crime.

Inclusion of the socially vulnerable and/or persons with disabilities has not improved. Almost one third of the population are facing poverty. The national coordinating body set up to monitor the implementation of the UN Convention on the Rights of Persons with Disabilities has not met in 2014. Communal housing units for people with disabilities, which form part of the de-institutionalization process, currently accommodate over 70 people. Implementation of the 2010-18 national strategy on equal rights for people with disabilities remains inadequate.

In the area of anti-discrimination policies, a review carried out by the Ministry of Labor and Social Policy confirmed the need to amend the anti-discrimination law. The professionalization of the Commission for protection against discrimination, including the establishment of its technical secretariat, and the shifting of the burden of proof were identified as the most pressing issues. The Commission received 84 complaints in 2013. It made findings of discrimination in 4 cases on the grounds of ethnic origin, political affiliation, personal and social status and belonging to marginalized groups. The ongoing lack of funding and staff shortages continues to hinder its effectiveness. The Commission's work on processing complaints should be complemented by awareness-raising activities aimed at prevention and protection against discrimination and promoting better understanding of its work and of anti-discrimination policy in general.

In the area of fundamental rights, conclusion is that the country has already completed the majority of reforms and has established the necessary legal and administrative structures in this area. However, there is a risk of back-sliding in some areas, including the judiciary and the fight against corruption. Further efforts are needed to safeguard the independence of judges, to improve quality of justice and to facilitate access to justice. Far more focus needs to be placed on effective implementation of the existing fundamental rights framework, notably as regards funding, staffing, awareness raising, inter-agency cooperation and strategic planning, in particular in the areas of prisons, children's rights, anti-discrimination, LGBTI rights and the Roma. The situation as regards the freedom of expression remains problematic and greater efforts are needed to improve the media culture.

In the chapter concerning justice, freedom and security conclusion is that the country has already reached a high level of legislative alignment in this area, and the

administrative and judicial structures are at an advanced stage. Further improvements were made in the areas of police cooperation and combating organized crime and human trafficking. However, in some sectors progress remains slow as regards improving the infrastructure, capacity and strategic planning needed for full and effective implementation of existing policies. These include, in particular, migration and asylum. The absence of an independent system for external oversight of the police also needs to be addressed.

2.7. Dutch Ambassador: Macedonia Tolerates Violence to “Shut People up”

The outgoing Dutch Ambassador to Macedonia, Marriët Schuurman, tells “Balkaninsight” of her concerns about the rule of law in the country. As she readies for her next post as NATO representative for women, security and peace, Ambassador Schuurman says she is sad to leave a country where she acquired many friends and enjoyed the wonderful scenery. She is also sad that, during three years in the country, she was not able to help more in terms of contributing to change and helping the country move forward towards joining the EU and NATO. “To a certain extent, maybe I am leaving the same country that I found in 2011 and maybe that’s part of the problem,” she says. “I could have loved to have been able to do more. Is the country (now) very different? No! But I would have loved to see it more different,” she adds.

In Macedonia, Schuurman built up a reputation as an advocate of human rights, especially those of marginalized groups. She was one of the main supporters of the opening of the LGBT centre in Skopje, which has been repeatedly attacked. Schuurman says it is “disappointing” that the authorities failed to prosecute those responsible. She says it is hard to understand why the government is pushing for constitutional changes that aim to define both marriages and non-marital unions as strictly heterosexual, especially when the opposition is boycotting parliament.

“The discussion is not about the merit of the issue, the discussion is not whether or not to open marriage to homosexuals. It seems that the discussion is more about what can we do to divide society and demonstrate power,” she says. “The constitution is meant to... guarantee the rights of individual citizens. And these are amendments that limit the rights of citizens,” Schuurman adds. Schuurman says Macedonia faces a serious problem when it comes to the rule of law: “Citizens no longer feel protected by the authorities who, under the constitution, should protect their rights, and particularly those minorities. “Here we rather see the opposite, where a majority tries to impose itself on the minority. That is a concern.” Owing to her critical views, the ambassador has been the object of sexist remarks from talk show hosts who back the government. She says the remarks did not touch her personally because, as a foreign diplomat, she represents the standpoint of her country. It does not matter if someone does not like them. “You can shoot the messenger but you can never silence the sender and you cannot silence the message,” she says. “That is maybe also the reason why I was not really touched by these kinds of attempts by people who call themselves journalists.” Schuurman is

concerned about the verbal attacks and hate speech directed against Macedonian citizens, and by the fact that such acts are not punished. "I have my government to protect me," she says. The problem is "protecting people here that have no one else to protect them. "There are many attacks that are not innocent and that incite violence and that often have an ethnic or racist tone. That cannot be tolerated and action has to be taken, ex officio, by government officials, and we don't see that happening," she says. The failure of authorities to react, she adds, creates a perception "that this is sponsored, or tolerated in the best case, by the government and used as an instrument to make people afraid and try to shut people up."

During Schuurman's term, the Embassy of The Netherlands focused much attention and money on projects supporting media freedom. The ambassador says freedom of the media must remain a priority if the country is serious about embracing common European values. "From 2011, the lack of a free media and an independent judiciary has been the key issue in the (European Commission) progress reports," she recalls. "The government itself made this its priority in, at that time, the high-level accession dialogue - in the roadmap that they agreed with the European Commission. So, we have been looking for ways to support this national agenda. It's about access to justice and promoting quality access to information."

Schuurman also says it is a pity that there is so little real debate in Macedonia on important issues that concern all citizens, such as ethnic relations, pollution or education. "In general, there is no public debate at all, not on television, not in parliament but also very little in civil society," she notes. "That is costing the country because many problems do not disappear by not discussing them." The ambassador also believes Macedonian politicians often put their party interests before national interests and that this "is a real threat to the wellbeing of people and the survival of society as a whole." The ambassador is confident that Macedonia's place is in the EU and NATO but says it is hard to predict where the country will be in five years. Much will depend on the political decisions of Macedonia's leaders.

"In the long run, Macedonia will be a full member of EU and NATO, I have no doubt about that," she says. "It is just a matter of when. In five years' time, we know that Macedonia will not yet be a full EU member and it depends a bit on the decisions that are made now, the political, basically strategic decision of the leadership... whether they really want to join and are ready to find solutions for the issues both internally and externally, or whether they gave up on the EU agenda." She says that if Macedonian lives up to shared European values on personal freedom, democracy and the rule of law "that would greatly help us to help Macedonia to also solve the other external issues... where, I recognize, it does need international support", such as the dispute with Greece over its name. The ambassador is meanwhile not convinced that the government's plan to set up a so-called "free financial zone", in effect a tax haven, is the right step. "If a country wants to become an attractive destination for investors, the entire country should be attractive to investors, not only to foreign investors but also to local

investors,” she says. “When you want to prepare for full EU membership you have to focus on competition and competitiveness, and on providing a level playing field, not on making islands, where a privileged group of privileged companies or interested persons get privileges that no one else gets.”

3. ECONOMY

3.1. Unchained Borrowing Continues

Macedonia keeps piling up debt, ignoring ever-more frequent expressions of concern from key international financial institutions. Macedonia's foreign debt has continued to rise this year to a record 71.6 per cent of GDP, the latest Central Bank data reveal. In the second quarter of 2014, Macedonia owed a total of €5.741 billion to creditors outside the country. This was an increase of €117 million compared to the first quarter of the year. The debt includes the debt owed by central government, municipalities, state enterprises, banks, private companies and households. Most of the external debt - €1.6 billion - is owed by the state, which includes government, the municipalities and state enterprises. The debt owed by companies is €1.2 billion. The central bank itself owes €378 million abroad, and commercial banks owe another €607 million. The graph “other sectors”, which among others includes pension funds, insurance companies and brokers, comes to almost €1.9 billion. Of the €5.7 billion that Macedonia owes abroad, €4 billion are listed as a long-term debt while €1.7 billion will have to be repaid in the short term. The size of the foreign debt, worth 71.6 per cent of the country's GDP, is the biggest in years. According to the central bank, in 2013 the foreign debt was worth 63.3 per cent of GDP, while in 2012, it was 69.4 per cent. In 2008, before the world economic crisis began, Macedonia's foreign debt was far lower, equivalent to only 49.1 per cent of GDP.

“We have significantly increased our debt in the past four or five years but did we accordingly boost our economy or the GDP? No! The question is whether the Macedonian economy stand it,” an economics professor at the South East European University in Tetovo, Abdulmenaf Bexheti, told Balkaninsight. The size of Macedonia's overall government debt, which includes external debt and money owed to domestic creditors, has long been a source of contention. The opposition has accused the government of concealing the real figure. In absence of official government data, the IMF recently estimated general government debt by the end of 2013 at 42.1 per cent of GDP while the debt owed by the central government was set as 35.9 per cent. General government debt includes money owed by central government, municipalities, many public enterprises companies in central and local ownership and the central bank. The IMF forecasts that by the end of this year, general government debt will reach 44.8 per cent of GDP while central government debt will be 36.8 per cent. The IMF estimates that general government debt will reach 55.2 per cent by 2018, when central government debt will be 39.4 per cent of GDP.

The former Governor of the National Bank Petar Goshev stated that the Eurobond the Macedonian government obtained, has a real interest of 5,1% and not of 3,9% as it was officially said, for the 500 million Euros loan. He said that the published interest rate is nominal, while the Ministry of Finance did not come out with the information what is the effective interest rate which includes all expenditures. He believes that the public must know the overall expenditure of the Eurobond borrowing. Goshev estimated that for a credit of 500 million Euros expenditures amount to over 173 million Euros. On the country's account shall not be deposited the whole sum, instead, creditors will immediately be deducted the insurance premium of 32,5 million Euros, so Macedonia will get only 467,5 million Euros. On the other hand, the Finance Minister Zoran Stavreski stated that he achieved a historically low interest rate for the Eurobond.

At a press conference, SDSM stated that with the last in-debt of 500 million Euros Macedonia has reached its historical public debt amounting to 4 billion and 200 million Euros, or 52% of GDP. As the party says, the Government has managed to achieve a couple of other records, only for the first 6 months of 2014: up till June, it created the highest half-year deficit to the incredible 240 million Euros, which means a 3% GDP deficit for a half year, which is the allowed maximum for one year in the EU countries; ironically, the same government suggests as constitutional change limitation of the allowed budget deficit of 3% on a yearly basis; also, the government has collected 178 million Euros less than planned for 2014. Now is clear, says SDSM, why there are new legal changes for additional honorariums' taxation, why VAT is introduced for the smallest firms as well, why prices for car registration augmented, same as the highway pay-tolls. For these changes warnings come synchronized not only from the opposition, but from IMF, USA, Great Britain and Germany.

Fact is that according to EU parameters, in the total debt of the country are included the borrowings of the municipalities, of the state funds and agencies, public enterprises. So, if public debt of the state is about 34-36% of GDP as much as the government admits, then the absolute figure the government is not mentioning is about 2,8 billion Euros. When here will be added the remaining debts of the municipalities, road funds, health, pension and other insurance, state agencies, public enterprises and much more state institutions, then the debt is increasing rapidly. The two Chinese loans for building the highway are about 100 million Euros by 2% interest and it is said that the realistic price per kilometer is dubious. Municipality debts are further burdened with interests made in the last 7-8 years which some estimate that are about 30% of GDP. Then we arrive to a conclusion that the total debt of the country is larger than 60%, which is over the red line. Opposition appeals that figures must not be held secret, and the Government must go public with them, since it is of primal public interest. What's more, after the events of December 24 2012, the real issue is when Macedonia will start spending as much as it may manage, meaning that it should decrease the budget deficit under 3%, as EU rules indicate. What's more, there is no transparency whatsoever where money are spent.

Other analysis show that for only five years, from 2009 till August 2014 the public debt rose for almost 2,5 billion Euros. Portalb estimates that according to the data from the Ministry of Finance summed in accordance with the new domestic definition of what is a public debt, total debt has been raised to 3,9 billion Euros, or 46,8% of GDP which is historically the highest level up till now. Apparently the government prognosis as stated in the Fiscal Strategy until 2016 in which it is planned public debt to decrease to 37,6% of GDP is not valid anymore, as the trend of borrowing and debt is further growing. Structure is as follows: public debt 3,9 billion Euros, Central government 3,3 billion Euros, municipalities 17,2 billion Euros, public enterprises 617,6 billion Euros). According to Petar Goshev the state debt is over 50% of GDP, and he believes that data are not complete, because is excluded the Macedonian Bank for Development Support, through which are given foreign loans to Macedonian firms. He also thinks that public enterprises debts are higher, having in mind that in the official figures are not included debts for which there is no state guarantee. According to Goshev, with the so far borrowing rhythm Macedonia is near the border limit of 60% of GDP, which directs to the fact that it will be very hard to meet the Fiscal Strategy government projections. At the same time, the gross foreign debt reached its highest level of 5,7 billion Euros or 71,66%.

3.2. Fall Budget Rebalance

Budget rebalance for this year entered into parliamentary debate through the committee for budget and financing. The government suggests a rebalance which will cut 2% of the total income and expenditures, while the deficit will increase. According to the suggestion, total income will decrease from the previously planned 2,57 billion Euros to 2,52 billion Euros, while expenditures from 2,87 billion Euros to 2,84 billion Euros. Budget deficit is increased from 297 million Euros to 318 million Euros. By this draft-balance the government anticipated the economic growth from 3,2 to 3,5%. Tax income decrease is 33 million Euros, making the new total sum 1.409 million Euros. Non-tax income is short for 4 million Euros and should amount to 239 million Euros. Salaries decrease for 1,2 million Euros, after which they are projected to 383,8 million Euros. It is interesting that there are cuts for almost 21 million Euros on capital expenditures, reaching the figure of 343 million Euros. Previously the Minister of Finance announced that through the rebalance shall be secured additional money for infrastructure objects in the sum of 1,43 million denars for the construction of the highway Demir Kapija-Smokvica of the Corridor 10. According to the suggested there shall be reallocation of part of the money among the budget beneficiaries in the already set sum for salaries, while with the rebalance must be secured money for the increased pensions, social care and for overcoming the consequences from the natural disasters in some municipalities. Social transfers are increased as well, for 1,7 million Euros, becoming 1,28 billion Euros.

“The suggested 2014 budget rebalance will in fact bring new debts for Macedonian citizens as it is at the same time a rebalance of economic paradoxes of the policies of

this government. The pension fund is not working and by the rebalance shall obtain from the Government incredible 374 million Euros. The Government continues with the merciless increase of the budget deficit. This automatically means new borrowings with which shall be covered the budget “hole”-stated SDSM on the draft 2014 budget rebalance.

Here is the first paradox: while the government from one side praises itself that cancels the debts of the citizens, in order to cover the deficit from the other side, puts in new debts for all Macedonian citizens. The new budget hole of Gruevski’s government which will be cover by the citizen’s money is 22 million Euros. If one takes under consideration the total 2014 deficit this government will indebt all citizens of Macedonia for 320 million Euros. Second paradox: The government justifies increase of part of the budget deficit with the need for money for construction of the capital project Corridor 10. But on the other side, with the rebalance decreases the money aimed for capital investment projects for the large sum of 21 million Euros. When introduced the 2014 Budget, the government had announced capital investments and now it cuts money for them, - by which act manipulative politics are confirmed. We call Gruevski’s government to say sincerely what is the reason for the budget deficit? Is main reason the holes in the pension fund?- SDSM experts asked.

From one side it is said that unemployment decreased for 4,5% annually, while the number of employed increased for 2,6% in relation to the first quarter last year. However, under the “income” part in the rebalance is shown as decreased for 7,3 million Euros. At the same time, with the rebalance the government transferred to the pension fund new 9,5 million Euros. This means that for the whole 2014 total funds that will be obtained from the government in the Fund will raise to the incredible 374 million Euros. It is important to point out that the government manipulates with economic growth as well. The government continuously claims that economy and exports are growing but this is not indicated by the rebalance figures, as there is decrease of 44 million Euros. The cruel truth is that by this Rebalance the only things increased are the state debt and citizen’s poverty, said Marjanco Nikolov SDSM MP.

From its side, VMRO-DPMNE stated that with the rebalance are secured additional 17 million Euros for the Corridor 10 due to intensifying of its construction. At the same time, in this period of the year have been realized many projects for infrastructure improvement in the fields of education, health, municipality infrastructure, reconstruction of health capacities, etc. VMRO-DPMNE adds that the government previously increased pensions and social aid for 5%. “We are working on creating new values while SDSM instead of talking in vain better get to work; its MPs whose place is in the parliament are sitting at home and take money for nothing”-VMRO DPMNE says.

3.3. Macedonia at Bottom of Regional Wage Table

Slovenes and Croats earn the highest average wages in the former Yugoslavia, while Macedonians earn the least, according to Turkey's Anadolu Agency. A report on average wages in former Yugoslavia countries and Albania, compiled by Anadolu news agency, says Slovenes earn most in the region per month, with average wages of 1,002 Euro. This comes as no surprise, as the country has been a member of the EU for almost 10 years and was the wealthiest republic in Yugoslavia. Croatia, also a member of the EU, since 2013, is second in line, with average monthly salaries of 728 Euro. Countries in the middle of the group are Montenegro, where salaries average 473 Euro, Bosnia and Herzegovina, where the figure is 423 euro, and Serbia, where 381 Euro is the average monthly wage. Albania is close to the bottom of the table with average salaries of 377 Euro and Macedonia comes last with average monthly salaries of 352 Euro.

Other statistical trends regarding Macedonia are even more unfavorable. 38% of the young who finished high school, are unemployed, while 52% with a university degree who are up to 29 years of age wait a productive employment and every day they seek to move out from the country. The figures presented by the government that unemployment rate is 28% is a figure that has come out of deleting those who have grown old while waiting for employment and now they meet the legal conditions for obtaining a pension. Thus, Macedonia cannot plan its future development because it does not have human resources to plan with, as only 5-6% of the students are inscribed on technical sciences.

Macedonia is on the 11th position according to the "misery index" measured every year by the Cato University from USA. Macedonian misery index currently is 35,7. On this list are ranked 89 countries of the world while their "misery index" which is a sum result of unemployment, inflation and interest levels in the banks, minus the percent change of the real GDP per capita. From the region worse are only Serbia which has index 44,8 and Greece which is on the tenth position by having index 36,4.

3.4. Macedonian Economics Analysis, Critiques, Issues

The opposition Social Democrats, SDSM, urged the government to start publishing a so-called 'civil budget' each year, which would be a simplified and more understandable version of the country's annual financial plan. As part of its ten point proposition, the opposition also proposed a publicly-available internet application that would contain detailed information on all ongoing public procurement contracts. "This would boost fiscal responsibility and allow people to have an insight into public spending and participate in the discussion on the country's fiscal policy," said Dragan Tevdovski, the head of the SDSM's commission on the economy. The SDSM is demanding that comprehensive data on ongoing budget incomes and expenditures be published twice a year in order to monitor general government debt. In addition, the SDSM wants the government to be legally obliged each month to publish the exact number of civil servants, as well as detailed information about where they work.

In recent years, Macedonia has been widely criticized for not revealing the exact number of civil servants, which according to critics could be a large burden on the budget. The opposition regularly accuses the government of non-transparent spending, although this has been denied. One of the main projects suspected of soaking up large sums of public money without sufficient accountability is the government-sponsored revamp of the capital nicknamed Skopje 2014. Macedonia abandoned its previous practice of releasing data on general government debt on a quarterly basis back in 2010 and is now reporting on the level of public debt once a year. The last government data on the level of debt was revealed in its EU Pre-Accession Economic Programme, which put the overall debt at 40.2 per cent of GDP or at over 3.2 billion euro by last September. But the ruling VMRO DPMNE party of Prime Minister Nikola Gruevski said that the opposition proposal was an attempt to create a false image that the country has trouble with debt. "This was expected from the opposition after the World Bank and the International Monetary Fund in their latest projections deemed Macedonia the best in the region and among the best in Europe with the highest growth rates for 2014 and 2015," the ruling party said.

In the absence of fresh official data on debt, the IMF recently came up with its own estimates, which said Macedonia's general government debt by the end of 2013 had reached 42.1 per cent of GDP, while at the same time central government debt was running at 35.9 per cent. The IMF forecasts that by the end of this year, general government debt will reach 44.8 per cent while that of the central government will be 36.8 per cent. The so-called Maastricht Criteria define general government debt as sustainable up to a maximum level of 60% of GDP. However, many financial experts say that for a country like Macedonia, because of its weak economy, alarm bells should ring when the limit reaches 40 to 45% of GDP, as it has now. The opposition is also proposing the formation of a so-called Fiscal Council in parliament in order to foster discussion about the budget.

Macedonian authorities campaigned to get companies to wipe off the debts of the poorest consumers in the country. They say that during the two-month application period, some 40,000 households applied for their bills and debts to be written off. Eligible for writing off their debts (for long overdue bank loans and heating, water, television and electricity bills) were the unemployed, welfare beneficiaries and others. "Our expectation of a massive response has been met. This measure is well suited and will help those who are most in need," Finance Minister Zoran Stavreski said. The government urged banks and utility companies to join the one-off scheme to help the poor in August. In return for cancelling consumer debts, the government has been offering participating companies tax breaks. The authorities say up to 100,000 unemployed workers, pensioners, welfare recipients, single mothers and others stand to benefit from the scheme. Writing off debt in Macedonia was one of the campaign pledges of Prime Minister Nikola Gruevski's VMRO DPMNE party for the April general election, which it went on to win. The debt write-off was welcomed by people on low incomes. Some economists have criticized the scheme for adding to the burden of

companies, however. They say the government should provide social relief through the state budget.

SDSM vice-president Vanco Uzunov stated that the government proposed 2015 Budget shall not make not a single small step in the direction of stopping the growing poverty in the country. Instead, what will grow for sure is only the debt. The whole Budget projection is made upon unfounded suppositions and anticipations, with great illogic elements. Firstly, the Macedonian economy cannot hold a budget of 3 billion Euros, since this is proven by the previous years. Second, this government has no capacity for realistic and sustained capital projects which will move the economy, in order to have positive moves in the citizen's standard. Uzunov estimates that facing bad economic trends, the Government returns again in the practice of anticipating relatively high growth rate for GDP for next year, which later cannot be realized. "So for next year is anticipated a 4% GDP growth, an inflation of 2% which means a nominal growth of 6%. When this is not going to happen who will be to blame? In the Budget there is no reasonable explanation for the anticipation how budget income will grow for 5% in 2015. And if that doesn't happen from where will the government get more money from this year? If the government expects as growth generator for 2015 to be the gross investments which will grow on 8% rate (due to private foreign and capital investments) how can that be that anticipated for next year for only 0,6% rate? With this year's rebalance the government shows that not even the planned income can be secured. Thus, which explanation will be given for next year, when for this year are executed only 49% of the planned? Illogical is the expectation for industrial growth of 4,4% in conditions when there is no foreign demand and there is no growth of the domestic demand due to the citizen's low standard. For the agriculture is expected growth of only 2,5%. This means that agriculture with all the subsidies it obtains, shall grow less than the industry for which the government does not plan a special support. Lastly, GDP growth for next year is planned for 4% in absolute sum lower budget deficit, but same level of participation of 3,5% in GDP as this year." - he adds.

3.5. Not so Many Foreign Investments as Promised and Expected

Regarding the foreign investments in Macedonia, in spite of the government advertisements and road shows figures are not encouraging. Data from the National Bank of Macedonia show that in the first eight months in Macedonia came 176 million Euros foreign direct investments (FDI). Compared to last year there is a fall of 11 million Euros. Economy university professors state that investors are usually attracted by the legal stability and security as well as the favorable business climate in which companies are working. "Frequent incident change of laws or of the working conditions always brings insecurity among foreign investors and leads them to abstain from investing." They also say that the capacity for Macedonia for attracting foreign investments annually is about 400 million Euros, as it usually is 10% of GDP of the country.

These unfavorable figures appear despite being ranked as the region's top country for doing business, FDI is down this year in Macedonia compared to the same period in 2013. Macedonia attracted only €251 million in FDI in 2013, which was the worst score in the region, below Kosovo, which attracted slightly more - €259 million. By contrast, Montenegro, which has a population one-third of the size of Macedonia's, attracted almost €350 million in FDI in 2013. Albania attracted €920 million in foreign investment, Serbia €780 million while Bosnia and Herzegovina ended the year with €300 million. The disappointing data come only one week after the World Bank's latest "Doing Business" report ranked Macedonia the region's leader in terms of ease in doing business. It was ranked in 30th place overall, moving up one place from last year. The government used the ranking to boast about its focus on attracting FDI. However, economic experts say that such rankings are an unreliable guide to a country's ability to attract foreign investment. "We are mostly attracting investors thanks to the government subsidies we offer. In the long term, this is potentially dangerous because these investors might leave the country once the subsidies run out," economic analyst Slobodan Najdovski observed. In the last few years, Macedonia has offered investors various benefits, ranging from tax cuts and tax exemptions to subsidies for employees' wages, social and healthcare costs. Macedonia also offers investors who spend more than €400,000 and employ at least ten people the right to obtain citizenship. The latest legal change allows foreign investors to purchase the land where they have started factories in the free economic zones, which is now in state ownership. "This issue of FDI is complex. It depends on many different circumstances other than reports, roads, trade agreements and the ability to export," Najdovski noted.

3.6. Any Hope for the Young in Macedonia?

Marjan Zabrchanec of the NGO Youth Educational Forum recalled the results of recent studies: 45% of young people do not see their future in Macedonia, 60% of students in Macedonia do not see their future in the country. "Even the capital Skopje is no longer attractive to young people from other towns planning to leave", said Zabrchanec. Agim Selmani of ZIP Institute testified with his personal example as a student of a European University, saying that "in Macedonia one cannot find a job with a CV (personal and professional biography)".

A representative from the Ministry of Education and Science, Bardil Tushi addressed the four phases of emigration from Macedonia. "The first period is from 1945 to the '60s when most of the population migrated to Turkey. The second phase from the '60s to 1975 when there was migrating to the United States and the third phase to the '90s leaving the state for temporary work abroad. Macedonia is in the fourth phase which was intensified after 2000, and began with the independence that is specific for emigration of highly educated class", said Bardul Tushi. Referring to figures from the last census in 2002, he noted that 500,000 Macedonians have left the country, representing 22% of the total population.

All panelists agreed that without accurate figures on how many young people have left the country a strategy for their return back home cannot be built. It is worrying that intellectual migration has been more intensified in the recent years. In order to encourage young people to return to Macedonia after they complete their studies, the Government of RM is in the process of preparing a special strategy for implementation of projects that will create better conditions for the return of young people, as well as greater activation of Emigration Agency, they inform from the Ministry of Education and Science.

According to the results of a CRPM survey, even 95% of respondents said that after returning from study abroad in their country they found no help from any center, then only 38% of them started a process of nostrification of the diplomas. Two thirds of them got employed, and a third is still actively looking for a job mostly in research centers, international organizations and NGOs. Returnees, as Simonovski noted, in their responses said that there is no interest at all in their knowledge so they are discouraged and accept to work for lower wages. The reasons for this situation, according to this research, are the economic situation in the country, then the political, as the impossibility of further qualification. However, the figures say nearly half responded positively, and half said they were not satisfied with the return to Macedonia. There is no exact figure what percentage of students outside Macedonia return back home Lulzim Haziri from the Association for Democratic Initiatives noted that after 20 years of crisis the authorities must have a broader approach to solve this problem. "Emigration of young Albanians has been lasting for three decades, how many Albanians play in foreign football clubs, meaning 2-3 generations live abroad. Although MES provides scholarships to 200 prestigious universities in the world, modernization of our education is necessary", said Haziri, who asked why no player returns and plays in Macedonia.

The problem for young people is politicization of society and false patriotism, said attendees at the debate, who indicated that at the job interview in the ministries they were asked whether they had a party membership card. The ministry representative said that such situations should not be silent, but the media should be informed about that.

3.7. Macedonia World Bank Country Manager Interview

In her interview for the portal Inbox7, Ms.Tatiana Proskorykova World Bank Country Manager for Macedonia stated that in the World Bank terms Macedonia is not at all a poor country, as WB considers it a middle income country and higher middle income country. So globally speaking Macedonia is doing quite well, in the region of South East Europe Macedonia has about &4800 per capita in national income and that puts Macedonia just behind Serbia and Montenegro but ahead of countries like Albania, Kosovo and BiH, so it's in the middle of the park, in the sub region. As of course Macedonia wants to join the EU and be compared to the EU, Macedonia still has ways to go and has been converging in terms of incomes in 2002 the national income of

Macedonia per capital was 25% of the average EU income and by 2009 it has reached 36%. Conclusion is that it still has time to develop.

She estimated that WB programs in Macedonia have been implemented really well. There is agreement with the government that the economy is growing, and that by the end of the year the growth will be about 3.3% and in 2015 the estimated growths shall be 3.50% and of course there are risks to this outlook and in particular growth in the euro zone does not pick up it may affect growth in Macedonia, however so far due to large programs of public investments and also to success of the foreign direct investments in Macedonia the growth has been a fairly robust. In order to improve the welfare of people, Proskorykova states the WB sees this issue in two parts: "First of all we think that the welfare of the people to improve the country needs to grow and in that sense we are supportive of the governments programs of growth through competitiveness and in fact this is the first pillar of our new strategy it's called "Growth through competitiveness" and we are focusing in areas such as supportive for business development, stable microeconomic environment and infrastructure to support economic growth and competitiveness but we also believe that growth in itself it's not going to be solved automatically because more efforts need to be made in order to make growth more inclusive and for this. We believe that the most important thing to do is to create more and better jobs for the people in Macedonia because this is the mechanism from which people can benefit from economic growth, and this is the second pillar of our strategy. It is skills and inclusion and we think that we need to focus on better skills so that the educational system should be produced skills which are demanded in the labor so that people can get better jobs and that the quality of public services should improve. We focus on valuable groups through the conditional cash projects which we have with the Ministry of Labor and Social Policy but also through municipality infrastructure projects we are focus on the basic infrastructure throughout the country."-she commented.

Proskorykova also mentioned the municipal infrastructure project which is a 75 million loan from the WB, which has been in implementation for a while. In the process of approving is the additional financing from the European commission which will open a separate window which will be focused exclusively in the rural areas. She also believes that the future of Macedonia is bright and that it is linked to the membership in the EU and in fact the cross cutting theme of WB strategy is support for EU integration for Macedonia. More broadly, the future of Macedonia according to her is a sustained growth and inclusions growth, for which should be based greater emphasis on the private sector development. In the future the sustainable growth will have to focus on creating better conditions for private business and for local businesses to take advantage of the foreign direct investment that has already come to Macedonia and by integration to global production change.

It has been announced that the World Bank gives on disposal to Macedonia 400 million USD in the next four years. This is the decision of the Board of Directors after looking at

the new partnership strategy with the country, for the period of 2015-2018. The Strategy aims at poverty decrease and encouraging sustainable prosperity.

3.8. Is the Russian Deal a Risk to Macedonia's EU Funds?

The EU has dismissed concerns that Macedonia's involvement with the Russian-led South Stream pipeline project might jeopardize its access to EU development funds. Macedonia is not in danger of losing over €600 million euro, envisaged as part of the EU's Instrument for Pre-Accession Assistance, IPA funds, the European Union delegation to Skopje has assured Balkaninsight. "There is no direct link between Macedonian government policy on South Stream and the European Union IPA funds," EU delegation to Macedonia spokesman Konstantin Jovanovski said. Questions about future access to the funds were raised by Janez Kopac, head of the Energy Community, a Vienna-based organization dealing with energy policy formed by the EU and eight Western Balkans countries, including Macedonia. Macedonia's involvement with the South Stream gas project was "not in compliance with the Energy Community agreements, which are part of the European Union's common regulations i.e. the *acquis*," Kopac stated. He said it was highly problematic that the deal effectively gave Russia's Gazprom a gas monopoly in Macedonia. "Sooner or later Macedonia will become a member of the EU and sooner or later it will have to re-negotiate its inter-government agreement with Russia," he said. Macedonia should solve this dilemma now before starting building anything because it will be very costly to do it later," Kopac warned. European policy and energy experts say the warning should not be taken lightly, although the possibility of losing IPA funds is clearly far-fetched.

Malinka Ristevska Jordanova, from the European policy Institute, EPI, told BIRN that the risk of losing IPA funds was not immediate, although the EU might use it as a last resort. Ana Stojilovska, an energy and infrastructure expert from the think tank Analytica, said the main problem for the EU in the Macedonia-Russia gas deal was that "Gazprom cannot own the gas network and at the same time own the production capacities. Also, Gazprom cannot ban a third party to use the gas pipeline if it wants to supply gas through it. "If Macedonia fails to align this agreement with EU laws, we would face sanctions and pressure...IPA funds are something else."- Stojilkovska said.

Macedonia is using IPA funds as part of EU's regional development programmes. Most of the money is provided for improving transport infrastructure. Macedonia has so far used some €210 million from these funds and has an additional €600 million at its disposal for the next six years. Macedonia and Russia signed an agreement to cooperate on construction of the Macedonian leg of the South Stream pipeline last July. The European Commission in its last two annual progress reports on the country noted that the agreement was not in accordance with the EU laws.

4. HEADLINES/POLICIES

4.1. Protests for the Lifelong Imprisonment Sentences for the Smilkovsko Lake Murders

In July there have been massive protests organized at first by ethnic Albanian protesters, against the court decision on the accused of the case “Monstrum”, regarding the murder of five young men two years ago (see previous Barometers). Alleged Islamic extremists Alil Demiri, Afrim Ismailovic, Agim Ismailovic, Fejzi Aziri, Haki Aziri and Sami Ljuta were convicted of terrorism over the 2012 killings on June 30. About 1000 persons have been protesting for days and weeks, while protests went out of control a couple of times, having injured protesters and about twenty policemen, while the court buildings were damaged. For quite some time it was publicly unknown who is the protests’ organizer. It was worrisome that in the protests participated children as well. On later occasions, protesters did not wear scarves covering their face, nor had fundamentalist symbols, although some still were trying to hide their identity by covering the face. Among protesters was seen the Struga mayor Zijadin Sela (DPA) too. One of the sentenced detainees’ relatives publicly demanded for the sentenced to be released, to be paid reparations for the time spent in prison, to be released the previously arrested protesters, and demanded the resignations of the prosecutor Gordana Geshkovska and the Minister of Interiors Gordana Jankulovska.

Police was constantly on alert after both ethnic Albanian and Macedonian called for protests. Police spokesperson Ivo Kotevski said that officers were “closely monitoring social networks” ahead of the possible unauthorized protests and warned that “violent outbursts cannot be tolerated”. His statement came after an anonymous flyer with the slogan “Macedonia for Macedonians” was distributed via social networks calling on the country’s majority ethnic Macedonians to rally in front of the government building “to show the government that we are not tenants in our own state”, as a response to calls to the Albanian protesters. The two rallies raised fears of renewed clashes in Skopje.

A couple of weeks later the six previously arrested protesters were sentenced by the criminal court each for three years of imprisonment for participating in violent protests. They were sentenced for “participating in a crowd that was involved in criminal activity” and vandalizing and throwing missiles at the court building during the unrest earlier this month. They were ordered to pay a total of about 26,000 thousand euro for the damage to the criminal court building. The defense complained that the sentences were too harsh and that the protesters were convicted without substantial evidence, and announced its intention to appeal. Some political analysts publicly asked why no one was arrested nor sentenced for similar activities when protests were organized in front of Centar municipality during the municipality Council session when the furious mass was aggressively damaging the municipality property and threatened the councilors.

Among the ethnic Albanian campus, DUI politicians were accusing that the issue was abused by others for the purpose of profiling a new political party, as well as by Islamic radicals. DUI stated that the event is abused at its maximum by some for political interests, unfortunately not by those who are affected by the case, but by others who on account of others' misfortune are looking for gains. These turbulent events reinforced the rumor that soon a new Albanian party will emerge, which has said "will represent the Albanians true requests". It was worrisome that Kosovo and Albania reacted on the judgments, joining the stance that the convicted "are not guilty". Smaller Albanian protests against the terrorism verdict have taken place in the past few days in several other towns in Macedonian and in neighboring Kosovo and Albania. In Tirana, several dozen people rallied carrying banners saying "Skopje - the heart of Albanians" and "Skopje is Albanian". A protest by several hundred football fans in Pristina meanwhile saw the burning of the Macedonian flag. The political leaders of the Albanians in Macedonia demanded an internationally-monitored retrial in the case and a public presentation of the evidence. Ali Ahmeti (DUI), demanded a transparent retrial.

4.2. Ruling Coalition Constitutional Change Initiative

Macedonia's ruling parties, led by Gruevski's VMRO DPMNE, made the first steps towards enacting constitutional changes in July, when a two-thirds majority of MPs in parliament gave a green light for them to proceed. Since then, as there is a political crisis in the country due to the opposition absence in the Assembly, the proposed amendments have not been thoroughly discussed, as serious proposals ought to, in order to be heard all the views and to qualitatively enhance the proposed text. Undoubtedly, having in mind the social fabric of the country, the strength and the legitimacy of any constitutional change that may be introduced lies in its high level of consensus that should be reached in the adoption process. Obviously, this element is seriously absent in this case, as it is seen that the ruling parties are determined even forcibly and speedily to pass the amendments, without any respect for the position of another significant part of the Macedonian society.

One of the proposed changes, which has drawn criticism from human rights activists, is to define marriage more narrowly as a union strictly between one man and one woman. "The vast majority of Macedonian citizens think of marriage this way," an MP from the ruling VMRO DPMNE party, Vlatko Gjorcev, said. The broad goal was to block any future moves towards same sex adoptions of children, he said, adding that inserting this new, stricter definition of marriage into the constitution will make it much harder to make such changes in future, as they would then require a two-thirds majority in parliament. Another change will allow for the opening of an "international financial zone" - in effect a tax haven - aimed at encouraging wealthy companies to move operations to Macedonia. "This will have a double benefit. First, it will establish Macedonia on the international financial map as a destination for international banks, investment funds and corporations, and second, it will create quality jobs," Finance Minister Zoran Stavreski told the parliamentary commission on the proposed changes. He dismissed

fears that creating such a zone would turn Macedonia into off-shore destination for criminal money. PM Gruevski at a press conference only said that there will be a financial zone which in the future shall have separate legal and financial regulation. Still, suspicions are that it can be like the tax paradise of Cyprus, Virgin Islands, or Belize. Another amendment removes the Justice Minister from the Court Council, the body that appoints judges, as a way of reducing political influence on the courts. A further change limits the rate of public debt to 60 per cent of GDP and the budget deficit to 3% of GDP. Another amendment aims to introduce a so-called "constitutional complaint" mechanism whereby people or institutions can file complaints against the authorities, etc.

Critic of the changes say it is wrong to tamper with the constitution when opposition parties are not present in the chamber. The discussion lead in the Macedonian Academy of Arts and Sciences on the draft constitution amendments criticized the amendment regarding the definition of marriage "an exclusive union of only one man and only one woman" and prohibiting certain forms of partnership. Experts were criticizing the meaning of the article which by its own formulation may prohibit two young male students living together in one room, or a handicapped person not being able to be taken care by a man but it must be a woman, for one family that has seven brothers must have as well seven sisters from another family, while two old women widows cannot share their expenses under one roof, etc. As for the idea for financial zones one of the former creators of the Constitution Prof. Vlado Popovski stated that it is something which is legally unseen so far and if that happens it will be created a state in a state in the financial sphere.

Opposition experts believe that the whole process of introducing amendments is in order to blur the real motivation, - and that is to create special financial zones. No one knows what the proposal exactly means, but according to unofficial media information the zone may be part of the Macedonian territory which will be a free financial zone, which will be a state in a state with special laws and judiciary. This, according to connoisseurs will not differ much from a tax paradise with very low taxes and significantly loose working conditions. Former National Bank Governor Petar Goshev stated that through the suggestion of forming financial zone, it will be enabled import of dirty capital in Macedonia, meaning capital from dirty businesses achieved by breach of criminal law, as "the offshore is nothing but conspiracy of the rich against the poor- a conspiracy supported by the governments worldwide". He notes that there is no explanation and the zone is not defined explicitly, which is not accidental. He believes that the Macedonian Assembly will not have a say regarding the laws that will govern the zone. Founding and organizing of the zone, also solving the disputes in it shall be defined by a separate act of the zone, which is a completely separate entity. Also, the public does not know for how long this zone will exist, what are the gains for Macedonia, there will be no taxes to collect ect.

The other constitutional initiatives are named “smoke bombs” which are aimed to cover for the real priorities and engage the public in fierce debates, like the renaming of the People’s Bank (the Central State Bank) to Bank of the Republic of Macedonia, or to include in the Constitution the definition of marriage as union between one man and one woman. Experts say that the initiative itself is a spin, as an imposed dynamics of every authoritarian regime, which due to the lack of real development creates false dynamics. False political and legislative hyper-activity should create an impression that some reforms are always on the run, while the public is on constant alert. It is said that two thirds of the proposed amendments do not belong in a constitution, i.e. it is not a constitutional matter to be stipulated in the Constitution (definition of marriage, financial zones, borrowing). Another “trap” is seen in the idea to master the budget deficit and the public debt through the constitutional change. VMRO-People’s Party already expressed suspicion that this limitation shall be applied to another government in 2017, while up to then this government will take sky high loans. Same goes with the change suggestions for the Judiciary Council, that is to ban the Minister of Justice being member of this body, including in the Constitution the State Audit Commission, although the government has no “sensitivity” or reaction to its current findings anyway, etc.

SDSM member and professor of economics Vanco Uzunov commenting on the constitutional amendment on the possibility of creating free financial zones in Macedonia said that although at the beginning was not clear on what kind of zones is about, publishing the amendment text cleared all the dilemmas. It is clear that the government wants to create a so called tax paradise or off-shore. In fact as the very text says “in the zone shall be applied special legal regulations except the regulations regarding criminal law in Macedonia”. There are many things that are disputable regarding offshore financial centers: possibility of lower taxation or complete tax relief, the possibility of special legal regulation which often represents a way to evade certain “undesired” rules, the possibility of existing secrecy of certain data (for owners of certain money) or for evasion of bankruptcy procedures –says professor Uzunov.

MP Pavle Trajanov (leader of Democratic Alliance and coalition partner to VMRO-DPMNE) at the first assembly session discussing the amendment stated that he will fiercely criticize the government intention to enable forming a tax paradise in the country. “Those zones may become a paradise for laundering dirty money from the drug trade or terrorism, because the state in these zones has no instruments to control the flow of money. It can be of great damage for Macedonia and can endanger our strategic interests to become a member of NATO and EU”-he said.

As the proposed amendments sparked intense controversy, in August, the Macedonian Justice Minister, Adnan Jashari filed a request to the Venice Commission to come out with a report that would tackle all the issues suggested. Follows the opinion of the Venice Commission in its entirety.

Venice Commission Opinion on the Initiated Constitutional Amendments: At the beginning of October, the Venice Commission working group formed upon request of the Macedonian Minister of Justice Adnan Jashari (DUI) for the draft constitutional amendments came up with its expert opinion on the seven constitutional amendments proposed by the government. The opinion N.779/2014 concerned in particular the amendments on the Judicial Council, the competence of the Constitutional Court and the special financial zones and was adopted by the Venice Commission at its 100th Plenary Session in October 2014.

The 2014 Draft Amendments cover different areas: Amendment XXXIII gives constitutional definition to marriage and other forms of personal unions; Amendment XXXIV speaks of an International Financial Zone; Amendment XXXV speaks of the Central Bank; Amendment XXXVI regulates the status of the State Audit Office; Amendment XXXVII introduces a budget rule limiting public spending; Amendment XXXVIII redefines the composition of the Judicial Council; and, finally, Amendment XXXIX expands the jurisdiction of the Constitutional Court.

On 27 June 2014, the Government announced an initiative for amending the Constitution. This initiative was submitted to the Parliament on 1 July 2014. On 16 July 2014 the Parliament by a 2/3 majority vote of the total number of MPs decided to start the amendment process. On 27 August 2014 the text of the draft amendments was debated in the Parliament and adopted by a majority vote of the total number of MPs. The text has been then submitted to a 30-day public debate, as required by Article 131 (2) of the Constitution. Following the public debate, the text of the amendments will be re-submitted to the Parliament for final approval (Article 131 (3) of the Constitution), but a necessary condition is obtaining a support of at least 2/3 of the total number of MPs. It is expected that the procedure for adopting the 2014 constitutional amendments will be completed by the end of October 2014.

The Venice Commission noted that the amendments to the Constitution are proposed in the absence of opposition in the Parliament. Considering that fact, the Venice Commission position is that given the current political situation, it is not the most opportune moment for introducing constitutional amendments. In principle, the opposition should express its views in the parliament and a boycott is justified only exceptionally. On the other hand, the process of amending the Constitution requires the broadest political support. Even if the ruling coalition has the necessary number of votes in the Parliament to pass the amendments, it does not absolve the Government from conducting a genuine all-inclusive debate, as it results from Article 131 of the Constitution. It is regrettable that such a debate does not take place within the Parliament, which would be the best place for it.

As in cases of other countries undergoing constitutional change, the Commission recalls that transparency, openness and inclusiveness, adequate timeframe and conditions allowing pluralism of views and proper debate of controversial issues, are key

requirements of a democratic Constitution-making process. In its opinion, a wide and substantive debate involving the various political forces is an important prerequisite for adopting a sustainable text, acceptable for the whole of the society and in line with democratic standards.

Regarding *concrete comments* on the proposed amendments:

Draft Amendment XXXIII regulates the definition of marriage and “registered cohabitation” or any other form of registered life partnership. It introduces constitutional definition of marriage as a union solely between a woman and a man and the definition of “registered cohabitation” or any other form of “registered life partnership” as a “life union solely between one woman and one man”. As identical definition of marriage is already contained in legislation, the Venice Commission believes that elevation of this definition to the rank of constitutional principles does not seem necessary from the legal point of view. It was also stressed that Article 12 of the European Convention on Human Rights (ECHR) (“Right to marry”), as matters stand, leaves such issues to the regulation of the national law of the member States and that it does not require the States to recognize same-sex marriages, but at the same time it also does not prohibit recognition of such marriages.

As the proposed amendment also covers other forms of personal unions defined as “registered cohabitation, or any other registered form of life partnership”, the Commission mentioned the European Court of Human Rights practice in which the fact that the partnership legislation did not cover same-sex couples was found by the Court to be discriminatory, i.e. contrary to Article 14 of the ECHR, taken in conjunction with Article 8 thereof. It was said that in cases where the State gives legal recognition to an “intermediate” form of personal union (i.e. a status falling short of marriage), it needs very serious reasons not to give same-sex couples access to such a status. During its visit, the Commission found no serious argument why same-sex couples do not deserve some sort of recognition (distinct from the full status of a married couple). Therefore, position is that paragraph 2 of the proposed amendment is problematic, if the authorities decide to introduce “intermediate” forms of recognition of personal unions.

Amendment XXXIV provides for the creation of an international financial zone (IFZ) on the territory of the Republic, which will be governed by a special managing body established under a separate act on the zone. Although the amendment wording is not referring, authorities said that they envisaged, the managing body of the zone to include representatives of private investors and of the Government, where the investors would have the majority in that body. It appears that the managing body will have broad regulatory and even legislative powers in the zone. The amendment stipulates that legislation of the Republic will not be applicable within the zone (except for the criminal law which will remain in force). The amendment also stipulates that regulations adopted in the IFZ will be “in accordance with the highest international standards” and that the IFZ will adopt acts “governing the prevention of money

laundering terrorism financing and supervision under the applicable standards of the United Nations Organization". Finally, special judicial bodies will be created in this zone which will examine disputes pursuant to "a special act of the zone".

Although the Commission recognized that the creation of zones with special investor-friendly regulatory framework is one of possible ways of attracting foreign investment, creating jobs and increasing public revenues, it states that the proposed amendment raises certain serious legal questions. Namely, as the wording of the article is very unclear, the status and the extent of powers of the "managing body" and its special courts are unclear as well. This includes their relation to the Constitution and to constitutional authorities of the Republic, since they are not defined. The Amendment as it is formulated now, appears to give to the Parliament and the Government *carte blanche* for creating a managing body of unknown composition and unclear powers to legislate within the zone and to enforce any such laws. Furthermore, special judicial bodies not belonging to the general court system are to be created to resolve disputes in the zone. Thus, the issue of democratic accountability arises. If all laws (other than criminal laws) are to be enacted and enforced by a managing body rather than the constitutionally recognized lawmaker and executive, this zone becomes a sort of a "State within a State" separate from the existing constitutional structure. This, in turn, endangers the unity of the State which is guaranteed by Article 1 of the Constitution: "The sovereignty of the Republic of Macedonia is indivisible, inalienable and non-transferable".

The Venice Commission thinks that creation of the IFZ should not result in the alienation of State power from the democratically elected bodies of the Republic, nor should it deprive citizens of the country in any part of its territory of their basic rights guaranteed by the Constitution and by the international agreements to which the Republic is a party, in particular rights guaranteed by the ECHR.

In the opinion of the Commission, a body created to govern the zone must be ultimately subordinate to the national lawmaker. Democratically elected constitutional organs of the Republic should define the mandate of the managing body and should be able to change or revoke such mandate if necessary. Even though the managing body of the zone may enjoy certain autonomy, the constitutional organs of the Republic must retain at least residual control over the decisions of the former and assume responsibility for its actions. In the opinion of the Venice Commission only such interpretation is compatible with the constitutional order of the Republic.

Material competence of the managing body to adopt regulations must be described in precise terms. Instead of saying that national legislation does not apply in the zone, the amendment should indicate precisely the areas where the "managing body" has regulatory powers. Legislative powers must remain with the Parliament. The zone may have its own distinct regulations in certain areas (such as tax law, contract law or company law); special courts within the zone may have jurisdiction to hear particular

types of cases (for example, disputes between companies domiciled in the zone), and certain disputes may be submitted to arbitration. However, general exclusion of the zone from the national legal space, proposed in the Amendment, is the source of particular concern for the Commission.

In addition, the Commission believes that arranging the legal context for IFZ may not need change of the Constitution. It is said that the rationale presented by the Government for proposing the Amendment does not explain which part of the scheme for the IFZ requires a constitutional change, and what specific provision of the Constitution prevents the authorities from creating the IFZ by adopting a new law or amending the existing ones. Same goes for the establishment of special adjudicative bodies in the zone as variations in the judicial structure reflecting the needs of special zones are not impossible under the current constitution.

The Commission also states that since the purpose of the IFZ is to provide financial services and /or other economic incentives in the zone, the Government may be tempted to attract foreign investors with more relaxed standards of accounting, less transparency of operations, etc. Consequently, there is a potential risk that the zone becomes a haven for 'dirty money', even if it is not so intended. For that reason, it is stressed that in this respect creation of any such zone does not absolve the Republic from its international obligations, in particular those related to the fight against terrorism, money laundering, tax evasion, etc. The Commission also emphasizes that the willingness of the authorities to respect international standards is welcome and should be reflected in the text of the Amendment, as the formula currently used is too narrow. The Commission proposes to include in the Amendment a special paragraph stipulating that legislation and regulations applicable in the zone will be in compliance with the international obligations of the Republic and, in particular, with the European standards and best practices related to the fight against money-laundering, terrorism financing and tax evasion. This provision should be developed further at the legislative level; in particular the rules developed by FATF, Moneyval, OECD and other competent international bodies may be used by the authorities for standard-setting in the zone. The Amendment should also specify that the authorities of the zone, under the supervision of the constitutional organs of the State, must ensure full implementation of all international regulations, standards and best practices in this field, and take necessary measures to prevent and punish violations of such regulations, in particular measures in the field of international cooperation in criminal matters.

In sum, the Commission is on the opinion that the Amendment on the IFZ is not sufficiently precise and, in places, does not seem compatible with the constitutional order of the Republic. Furthermore, nearly total exclusion of this zone from the legal order of the State is not compatible with the European constitutional heritage. What's more, in the opinion of the Commission, the goals set by the Government can be achieved by a series of legislative changes.

The draft Amendment XXXVII regarding budget deficit and public debt establishes maximum thresholds for the budget deficit (3% of the GDP) and for the public debt (60% of the GDP). The second part of the Amendment gives the Government the right to depart from this rule in the situations of emergency; the departure is subject to approval by the 2/3 majority of the Parliament. Paragraph 2 of Amendment XXXVII is a transitional provision which postpones its effect to January 1st 2017. Maintaining the state deficit below 50% of GDP may respond to a legitimate aim, and the Venice Commission is not well-placed to analyze whether introduction of such rule is opportune in the context of the country and whether the limits set (3% and 60%) are attainable and defensible from the macro-economic point of view. The Commission may only refer the authorities to other expert organization more competent in this field, such as IMF, World Bank, OECD, etc.

However, from the legal point of view, it is unclear how compliance with the budget rule will be ensured in practice. Thus, the Amendment is silent as to whether the acts of the Government and of the Parliament which entail financial liability of the State will be submitted to some sort of control (preliminary or posterior), and which body would be exercising such control. The proposed Amendment, as it stands now, appears to be a sort of an obligation of the Parliament before itself. Since the idea of including budget rules into constitutions is relatively new, the Venice Commission cannot suggest any time-tested legal mechanism for its implementation. It is up to the national legislator to develop and put in place such a mechanism.

The Draft Amendment XXXIX broadens the jurisdiction of the Constitutional Court (CC) to examine complaints from individuals about violations of their human rights (hereinafter – “constitutional complaints”). At present the CC can only consider constitutional complaints related to a certain very limited number of basic rights. The Amendment substantially expands the list of rights, albeit it remains a closed list.

As Article 113 of the Constitution stipulates that “the working methods and the procedures before the Constitutional Court are regulated by an act of the Court” and as a result of that the only legal act regulating activities and powers of the CC is currently the Rules of Procedure of 1992, the Venice Commission finds this situation quite irregular. The Commission thinks that it would be useful to adopt a separate law on the CC that would regulate issues relating to the status of its judges, basic conditions for the institution of proceedings before the CC, legal effects of the CC’s judgments, etc. Reference to such law should be inserted in the Constitution, but the adoption of any such law must not affect the power of the CC to regulate its own working methods and to develop the rules of procedure in the Rules of Court.

So far, the very limited catalogue of constitutional rights listed in Article 110 § 3 of the Constitution together with the procedural rules established in Section IV of the 1992 Rules of Procedure resulted in a negligible number of complaints about human rights’ violations before the CC. Thus, if the new remedy against human rights violations is

introduced at the national level, there is a real risk of a strong growth in the number of cases the CC has to examine. The Commission considers that introduction of a new remedy of that kind requires careful preparation: adoption of procedural rules, development of new working methods, hiring and training law clerks and secretarial assistants, etc. In some other countries introduction of such remedy was preceded by a long preparatory period (up to two years, like in Turkey). The Venice Commission suggests that this welcome amendment should not have immediate effect, so that necessary preparations and amendments at the legislative level can be made.

Regarding the catalogue of rights contained in § 1 of the Draft Amendment XXXIX, the Government did not substantiate the reasons why it enumerates the rights protected by the constitutional complaint instead of choosing a general clause approach. The Venice Commission notes that some very important rights which are universally considered as “basic” are not mentioned in the Amendment (the right on property, the right to vote or the right to strike). Thus, a full constitutional complaint to the Constitutional Court - against all cases of violation of human rights through individual acts – should be introduced.

The Amendment stipulates that constitutional complaint should concern a violation of the freedoms and rights of “the individual and citizen”. However, it should be lodged by a “natural or legal person”. It is understood that individual constitutional complaints may concern not only violation of the rights of citizens *stricto sensu* but also of other private persons, including foreigners and companies. Further, the Amendment should probably explain what “individual acts or actions of a state body” mean. It should be clear that constitutional complaints may be lodged against not only administrative but also judicial acts, including decisions of the Supreme Court. It is also important to state explicitly that the CC has the power to quash individual acts (both administrative and judicial), to order the reopening of the proceedings and to award compensation where necessary. The constitutional complaint can be considered as an “effective legal remedy” by the ECtHR only if the CC has sufficient powers and can restore the rights breached. The authorities should consider whether the CC should be competent to hear complaints about inaction by the State bodies and officials along with their “acts”.

Final conclusions and recommendations on the proposed amendments and of the process itself include:

- The current political situation where the opposition is boycotting the parliament’s work is not the most opportune moment for introducing constitutional amendments. The Venice Commission urges all political forces to enter into constructive dialogue and cooperation during the further consideration of the amendments.
- The Venice Commission notes the diversity of the constitutional changes submitted by the Government to the Parliament in July 2014. Some of the

proposed changes are positive. The Commission welcomes, in particular, inscribing in the Constitution the independent status of the State Audit Office and of the central bank, broadening the scope of constitutional complaint, and removing the Minister of Justice and the President of the Supreme Court from the Judicial Council.

- Nevertheless, as stated above, the Venice Commission considers that some proposals need to be clarified or further improved. The main recommendation by the Commission concerns the following points:
- as regards Draft Amendment XXXIII which defines marriage and different forms of personal unions as a life union between a man and a woman, the Venice Commission recognizes that the States have large discretion in regulating the institution of marriage. However, insofar as the Amendment speaks of other forms of partnerships, it should not exclude providing to same-sex couples the same level of legal recognition as it provides to different-sex couples;
- as regards Draft Amendment XXXIV which provides for the creation of an International Financial Zone governed by a special “managing body”, the Venice Commission considers that there is a risk that this “management body” will receive excessively broad powers and will not be subordinate to the constitutional organs of the State and thus not accountable to the people. Quasi total exclusion of this zone from the legal order of the State is not compatible with the basic provisions of the Constitution and the European constitutional heritage. During its visit to the country the delegation of the Venice Commission understood that the Government was ready to re-draft that Amendment quite extensively. The Venice Commission invites the authorities to revise the Amendment so as to ensure that creation of a special legal regime for foreign investors does not result in the establishment of a “State within a State”, and that all international obligations of the country are fully applicable and enforced within the zone
- finally, concerning Draft Amendment XXXIX which gives the Constitutional Court powers to decide on constitutional complaints from individuals concerning a wide range of basic rights, the Venice Commission welcomes this development. However, this reform will be successful only with careful preparation, which would require the adoption of a law on the Constitutional Court and a clear definition in the Constitution of the scope of basic rights which are protected by this legal remedy.

4.3. State Department Report on Religious Tolerance in Balkans

Discrimination against smaller religious communities continues in most Balkan countries, even though governments and laws in general respect religious freedoms, - a new US report says. The International Religious Freedom Report for 2013 published by

the State Department says societal discrimination based on religious affiliation, belief, or practice remains widespread in the Balkans. Victims of most abuse, including cases of physical violence and vandalizing places of worship, are usually members of smaller religious groups, it says.

The US report notes that in Macedonia, religious groups complained that the government favoured the Macedonian Orthodox Church (MPC-OA). The report also mentions the fact that the renegade priest, Jovan Vraniskovski, who defected from the MPC, remains in jail. "The head of the self-declared Orthodox Archbishopric of Ohrid, which has links to the Serbian Orthodox Church and does not recognize the MPC, remains in prison for embezzlement and was convicted on separate charges of money laundering," it noted. The State Department says ethnic tensions between the country's Macedonian majority and the large Albanian community negatively affected religious freedom. "The politicization of religious issues appears to be growing and has had a negative effect on religious tolerance," the reports wrote.

4.4. Marginalized Albanian Politicians Declare 'Republic' in Macedonia

Former MP Nevzat Halili supported by a small crowd of ethnic Albanians gathered in front of the Skenderbeg monument in Skopje to proclaim the 'Republic of Ilirida', where he read out a declaration of an "independent republic". Although the event appeared marginal and so far few Macedonians are taking it that seriously, it caused a stir in the media and among politicians. "The declaration of independence is the first step towards full equality of Albanians in Macedonia who have lived here for ages but are still considered a minority," Halili said. He insisted that the new self-styled entity, the Republic of Ilirida, which according to the map takes almost half of Macedonia's territory, would be a "factor of stability in the Balkans". The goal was to reorganize Macedonia into a confederacy between Albanians and Macedonians that would be called Ilirida-Macedonia, or Ilirida-FYROM, he explained. Halili said he was going to demand a meeting with the Prime Minister, Nikola Gruevski, and the speaker of parliament, Trajko Veljanoski, "to urgently call for a referendum on the internal territorial division of Macedonia".

Halili said that the goal was Macedonia's peaceful reorganization into a confederacy and the demilitarization of the entire territory of Macedonia. "Macedonians who live on the territory of Ilirida can rest assured that no harm will come to them," he added. In the 1990s, Halili headed the then leading ethnic Albanian party in Macedonia, the now defunct Party for Democratic Prosperity, PDP. He was the central figure behind an illegal referendum that Albanians held in 1992, demanding political and territorial autonomy. At the time, the organizers claimed that 99.9% of the country's Albanians for the declaration of Ilirida. In 1993, Halili was tried in a high-profile case for "paramilitary" secessionism after the police discovered weapons stashed allegedly for the defense of a self-proclaimed Ilirida state. Although Halili was not jailed, he soon disappeared from the political scene.

Political analyst Saso Klekovski deemed the event marginal but also advised caution: "Similar ideas for 'great' ethnic states exist among all Balkan peoples but do not have support in mainstream politics," he said. "I don't think any of the main parties in Macedonia supports the formation of new state entities and confederacies," Klekovski added. However, "the moves of these marginalized groups or parties should be followed carefully, to see whether they are getting wider public support," he continued. During the ceremony on Thursday Halili insisted that his idea had already won support from two MPs from the junior ruling party, the Democratic Union for Integration, DUI. While the DUI officially issued no reaction, the two DUI legislators, Tahir Hani and Abedin Zimberi, who were mentioned by Halili, were quick to deny it. The main opposition Social Democrats, SDSM accused the government of Prime Minister Nikola Gruevski of creating an atmosphere in which radical movements could re-emerge. This is a result of "(government) policies that lead to divisions, ethnic tensions, the partization of state institutions, delays in Euro-Atlantic integration, impoverishment of the population and a lack of perspective," the SDSM wrote. Gruevski's ruling VMRO DPMNE party condemned "a bad attempt at self-promotion that damages mutual respect and understanding among the citizens. These attempts must be condemned by all".

A couple of months later, a mysterious movement calling itself the National Liberation Army has claimed responsibility for the recent shelling of the Macedonian government building, which hit the roof and walls. Macedonian police told media that they were still investigating a press release published in the media - and whether it is linked with the October 28 attack on the government building in Skopje. "On the evening on October 28 the elite force Hasan Prishtina in a coordinated action hit the government building. The time of the attack was chosen in order to avoid human casualties," the press release in Albanian reads. The document, published by an Albanian-language TV station in Macedonia, Alsat M, is signed by an organization called the National Liberation Army and by "Commander Kushtrim". It reads that the organization is discontented with the implementation of the 2001 Ohrid Peace Accord, which ended an armed conflict between Albanian militants and the security forces. The organization calls on international factor to intervene in Macedonia, stating that only the full European and Atlantic integration of the region can lead to prosperity. The Ohrid Agreement foresaw constitutional changes providing greater rights and institutional integration for the ethnic Albanian minority who make up about a quarter of the population of the country. The accord resulted in the Albanian fighters in the National Liberation Army disarming and later forming a political party, the Democratic Union for Integration, DUI, which today sits in government. In the absence of other clues, speculation had linked the mystery attack with the recent proclamation of the so-called "Republic of Ilirida". Media also published another press release this time by the so-called "Guard of Ilirida", which claimed it was now patrolling areas in Macedonia where Albanians lived. Political analyst Sefer Tahiri said the fuss about the Republic of Ilirida had been blown out of proportion by social media networks. He described the "Republic of Ilirida" as something that existed mostly on the internet. Vladimir Pivovarov, a professor at the Skopje Faculty of Security, told media that the press release does not automatically

mean that “we have a new NLA in Macedonia because it might have been made by anybody. It is indicative that this document is released much later than the actual attacks and that it contains no demands”.

4.5. Macedonia President Voices “Balkan Caliphate” Fears

At his UN Security Council address, Macedonian President Gjorge Ivanov called for the speedier integration of the region into EU and NATO, warning of the risk of a "vacuum" that Islamic radicals will try to fill. He said that Balkan countries could become an arena for Islamist militants as “Sooner or later, a vacuum tends to be filled. The European Union must not forget that the Balkans are part of Europe,” he said. By postponing the integration of the countries of the region, Europe was “creating a problem on its own territory”, President Ivanov added. “There is no more time or excuses to block European and Euro-Atlantic integration and initiatives. Our region is vulnerable,” Ivanov continued, raising the specter of the potential formation of a “Balkan Caliphate”. Ivanov mentioned Greece's blockade of Macedonia's EU and NATO membership hopes as an issue that had to be overcome soon.

In the emergency session of the Security Council, dedicated to the threat posed by radical Islamists and chaired by US President Barak Obama, the US leader noted that 50 heads of delegations chosen to address the session come from countries that are directly or indirectly exposed to the threat of the so-called Islamic State. The Security Council unanimously adopted a resolution that backed making joining such radical terrorist groups illegal. Macedonia is one of several countries that have recently changed laws to introduce jail terms for citizens caught joining or supporting foreign paramilitary organizations. Media reports in the country say at least 11 ethnic Albanians from Macedonia have been killed in the fighting in Syria and Iraq, after joining Islamic militant groups there.

Macedonian Criminal Code was amended, anticipating imprisonment not only for those who recruit and organize our citizens to war, as under the current legislation, but for participants in foreign fronts as well. It is known that Macedonian citizens are involved in fronts in Syria, Iraq and North Africa. In a growing number they return from crisis areas and new recruitment is done. According to the former head of the Ministry of Interior, Pavle Trajanov, there is a real threat to Macedonia and the Balkans, so it is necessary to act preemptively. Interior Minister Gordana Jankulovska said that the current legislation ought to be amended and provided sanctions for the organizers of groups, also for persons going to fight in Syria, Iraq or Afghanistan.

“So far, seven of our citizens have been killed in Syria by the opposition. Estimates are that dozens, perhaps over a hundred are involved in these paramilitary formations, they are trained for combat activities, terrorist activities, they can use resources of mass destruction, they can use explosive devices and other types of weapons. They have some special training, first they are “brainwashed” that they can kill for some higher

goals, including women and children, etc. They commit cruel murders, cruel liquidations. Regardless of that, they are a serious threat to the security of each country located in the Balkans and they are a threat to our strategic, national and territorial interests”, says Trajanov. According to him, after the US intervention in Iraq, in an increasing number they will return from the crisis areas of Syria and Iraq to safe places, and safe is where they come from and where they have their own connections, communications and contacts. “Some of them have already returned to Kosovo and probably to Macedonia and they can all be organized together and start attacks against our strategic interests. It is a real possibility and objective threat in the Republic of Macedonia”, says the former head of the Interior Ministry.

“New recruitment is conducted” says the head of the Islamic Religious Community in Macedonia, Reis-ul-ulema Efendi Sulejman Rexhepi in a statement for VOA in Albanian, highlighting the problem that cannot be hidden – IRC has no control over two mosques. “In mosques “Yahya Pasha” and “Tutunsez”, where although we have our people employed, imams and their assistants, the head is not ours, but imposed. Nevertheless, we are free and he cannot ban us from entering there, but we do not have complete control of these two mosques. We have sought from the competent government authorities to help us respecting the law, but they have not carried out their work, so if something happens in Yahya Pasha mosque and “Tutunzes”, it will happen in the Ministry of Interior, not in our facilities”, said the head of IRC, Rexhepi. According to him, material interest is the main motive of Albanians leaving for Ukraine, Iraq and Syria. “Those people who encourage departure in Syria war stay at home and only see material interest. They do not realize what damage they are doing to us as Muslims and Albanians. I have a message to all those who love peace, culture and civilization: I would like the legal state to function”, Rexhepi appeals.

4.6. Political Crisis Endures

After refusing to take the won MP seats in the Assembly and stating that they are not recognizing the election results due to major election fraud, SDSM stated it will not participate in elections if they are not organized by a technical government, an issue due to which is blocked a political dialogue. From its side, the VMRO-DPMNE party coordinator stated that if opposition MPs lead by SDSM shall not return in the Assembly, it is not excluded the possibility in November to be called early parliamentary elections for the 31 vacancies only. He justified that with the constitutional time limits that have exceeded, due to which an end of the political crisis must be put.

As the SDSM leader Zoran Zaev stated “There is no debate for return to the Assembly as long as are not opened all five requests of the opposition including the one on forming a technical government. The debate on the assembly boycott is planned to be opened only if the government will accept to discuss on all the five point of the opposition demand. There is party unity on this stance”. PM Nikola Gruevski outright rejected the

demand. As a consequence, only one meeting between the party leaders has been held so far to tackle the political impasse.

The SDSM Central Committee of the party unanimously decided to exclude from membership Solza Grceva and Ljubica Buralieva due to disrespect of the decisions of the highest organs and bodies of the party, as they have accepted their mandates. In all discussions at the Central Committee debate was confirmed the firm decisiveness for implementation of the positions decided at the SDSM Congress.

November 10 was the final term after which the Assembly President Trajko Veljanovski was not able to hold the Assembly decision and after that to cease their mandate. By end-November the Assembly started a procedure to revoke the mandates of opposition MPs. "Legally, there should be no problem revoking their mandates because the requirement for such a thing will be met," "I do not exclude the possibility of holding fresh elections at the end of the process for the vacant seats," a source said. According to the parliamentary rulebook, MPs can forfeit their mandates if they are absent from duty for over six months. The opposition, led by the Social Democrats, SDSM, submitted written resignations to parliament in May, alleging that the ruling parties won the general and presidential elections in April by fraud. Still, the Assembly commission in charge at the beginning of December unanimously decided to take the opposition mandates "due to absence from the Assembly sessions". On one side the opposition confirmed that they are demanding for parliament to take action since March this year, but fiercely opposed the reasoning of the decision, stating that they cannot be "absent" from a body they do not wish to participate at all. Media comment that there are modalities under which the president of the Assembly is thinking regarding the opposition mandate. Position is trying to still keep alive the possibility of their returning in the assembly, so if Veljanovski initiates a procedure for taking the mandates due to their absence, it will mean that it is the Assembly that is taking out the mandates so it is irrelevant whether previously they have given their resignations. By doing that, there will be no chance for the political dialogue. But Veljanovski can also play with the lack of quorum for bringing the decision, or he can decrease to 1/3 of the salary for the absence. At present, it seems that SDSM and its coalition partners are firmly enduring with their position.

Boycotting the Assembly however was not only the "privilege" of SDSM and its partners. Violent beating Assembly incident between happened between DPA and DUI MPs. The beating up took place at the session of the Committee for financing and budget, when DPA accused DUI that does not have any influence in the coalition and that does not care for the needs of Albanians. After the event, DPA left the Assembly furthering the political crisis. Later in autumn it came back, apparently by suggestion of the foreign factor, for decrease of the political crisis in the country. SDSM condemned the incident publicly asking PM Gruevski who will be blamed for the shame done to the state and MPs in the Assembly, as this is the second time that such events happen upon discussion on the budget, which is a strong signal showing the nervousness of government when in question is the abuse of money. Other opposition parties say that

the beating is a consequence of the non-accomplished promises for tender gains as counter-favor for “forging the presidential and early parliamentary elections”.

Although the boycott of opposition MPs does not directly affect the work of parliament, the dispute is damaging Macedonia's already stalled prospects of European and Atlantic integration. It is said that the EU diplomat sent to mediate between the Prime Minister and the opposition leader was confused of the audacity by which VMRO-DPMNE pushed forward constitutional change without securing opposition presence. That behavior showed that PM Gruevski had not a sense of political compromise and of arranging a consensus in determining state strategic policies, viewing opposition solely as décor in the Assembly. The opposition insists that the problem is the lack of will on the part of the government to enter a real political dialogue. “If it wants to untangle the problem it created by conducting systematic theft of votes and falsifying the people’s will, the government should reconsider our demands and start a real debate, not threaten us with revoking our mandates,” the SDSM spokesperson, Petre Shilegov, told Balkaninsight. In September, VMRO DPMNE officials gave conflicting statements about the possibility of early elections. The coordinator of the party's legislators, Ilija Dimovski, said his party was considering fresh elections in November, adding that time would tell whether they would only be held for the vacant 31 seats, or for all 123 seats in parliament.

Prime Minister Gruevski immediately denied that he was considering another nationwide general election, turning his attention on other, practical policy matters, like his address to the government, marking its first 100 days. The Prime Minister mainly spoke about ongoing projects that formed part of the party's manifesto in the elections. Insisting that he was delivering on his promises, Gruevski said he and his ministers had launched around 670 projects in the fields of the economy, infrastructure, social policy and investment. His government will focus on attracting more foreign investment, boosting wages and reducing the unemployment rate, which is around 30 per cent, he said.

In the speech that came ahead of the European Commission’s annual report on Macedonia’s progress, due on October 8, Gruevski also addressed some matters of concern to international institutions, such as press freedom. Gruevski said he wished to “strengthen the democratic capacity of the judiciary, media and freedom of expression,” adding that the government was willing to “address all constructive remarks” made on those topics. Gruevski also denied that Macedonia had become excessively indebted. The country was a “mildly to moderately indebted country”, he said. Gruevski mentioned the longstanding dispute with Greece over its name only once, noting that it was the only reason why Macedonia's EU and NATO accession had stalled. Greece prevented Macedonia's accession to NATO in 2008 and it is currently blocking its attempts to join the EU in connection with the dispute over Macedonia's name.

4.7. No Legal Processing of the Alleged Mega Corruption Case

The opposition has accused the Chief Prosecutor Marko Zvrlevski of turning a blind eye to corruption, after his office said claims that the Police Minister received cash donations on behalf of her VMRO DPMNE party will not be probed. SDSM has accused Zvrlevski of deliberately choosing a national holiday to let slip that the Police Minister will not be investigated for corruption. The announcement emerged over the August 2 holiday of St Elijah (Ilinden), when Macedonia celebrates one of its biggest national vacations. In May, the SDSM filed corruption charges against Police Minister Gordana Jankuloska on two criminal accounts of misuse of office and of tax evasion. The SDSM says she illegally accepted a cash donation of €80,000 for her party, VMRO DPMNE, in 2006.

The prosecution said there was no evidence of a crime because in 2006, when the alleged crime took place, she was the party secretary general and thus not in charge of financial transactions. "In order for a criminal act, misuse in office, to exist... the culprit has to be an official who has the authorization within the legal subject, the political party VMRO DPMNE, trusted to him by law or regulation... Jankuloska at that time, for this particular act, did not have that legal status," the prosecution office said. It also refused to further investigate a second allegation of tax evasion because it said "there is no evidence that money was received and illegally retained" by Jankuloska and thus charges of evasion in paying taxes were irrelevant. The opposition insists that the prosecution was influenced by the ruling party and failed to examine all the presented evidence. "Is any official in any party allowed to take €80,000 in cash? In a speedy procedure Zvrlevski discards our evidence in the form of cash receipt with a VMRO DPMNE stamp and a signature on it, without an examination that could have confirmed for sure whether it is Jankuloska's signature and without examining the witness," Damjan Mancevski, the SDSM vice president, said. In the April general and presidential elections, which the ruling party won by a landslide, the SDSM came out with a series of accusations about high-level corruption. Among others, the SDSM produced what it said were cash receipts containing the stamp of the ruling party and Jankuloska's signature. They said the cash was donated by Zagorec Tumbovski, a local businessman who has been convicted of financial crime.

Tumbovski later told the media the claims were true. He told Libertas news portal that the ruling party had extorted money from him and that Jankuloska had been in charge of taking his donations. VMRO DPMNE has denied the claims, saying the evidence was fabricated, and the credibility of the businessman who was offered as witness was compromised. In July, Chief Prosecutor Zvrlevski refused to start a corruption investigation against the Prime Minister Nikola Gruevski as well. The opposition produced documents and a telephone recording that it claimed featured the Prime Minister agreeing to the sale of Makedonska Banka AD to Serbian businessman Jovica Stefanovic, ('Gazda Nini'-'Nini the Boss') in 2004, for a bribe of 1.5 million euro. Zaev presented documents of financial transactions as well as legal papers from Macedonia's Central Bank that approved the sale of Makedonska Banka's shares in support of his

claim that Gruevski allegedly took a bribe of 1.5 million euro to expedite the deal. Zaev's party also released the lengthy recording of the telephone call during which, the opposition claimed, Gruevski's voice, along with those of Stefanovic and of Doncev, could be heard discussing the illegal sale. Zvrlevski then wrote that there were "no legal grounds for opening an investigation" against Gruevski, because more than ten years had passed since the case was reported, which makes the accusations out of date under criminal law. Gruevski robustly denied the accusations and sued the SDSM leader, Zoran Zaev, for the sum of 500,000 euro for slander.

Then, during the trial the Zaev defense criticized the court for rejecting as evidence an audio recording during which, the opposition claims, the Macedonian PM discussed the illegal sale of a bank. It also refused to question Gruevski's former associate Den Doncev, a potentially key witness for the defense, as he was the middleman in the alleged illegal sale of Makedonska Banka in 2004 to Serbian businessman Jovica Stefanovic, whose voice is also on the tape, the opposition alleges. The court did however question Stefanovic, who said that he knew neither Gruevski nor Doncev personally.

Zaev's defense lawyer Miroslav suspected foul play. "Without Doncev... and without the audio recording, Jovica Stefanovic is irrelevant for the [trial] procedure. Having in mind that the key evidence has been rejected, the refusal leaves a blank space and the court will know exactly what to ask Stefanovic," Vujic told media outside the court. During his testimony, Stefanovic (who serves a prison sentence in Serbia, but was brought in Macedonia especially for the case) confirmed he had bought shares in Makedonska Banka some ten years ago but denied any crime, insisting that the sale had been legally conducted through a broker's house. At the end, the court in Skopje ordered the leader of the Macedonian opposition, Zoran Zaev who was found guilty, to pay 50,000 euro (less than the sum demanded) to Prime Minister Nikola Gruevski for falsely accusing him of corruption and provoking "emotional pain" to him.

The court said that Zaev repeated the slander on several occasions at party rallies during the campaign for early general and presidential elections that was ongoing at the time. Zaev must pay the fine 15 days after the verdict comes into force. He however appealed the verdict to a higher instance court.

4.8. Political analysts on the Zaev "Bomb"

SDSM leader Zoran Zaev announced that he possesses information which if made public will force PM Gruevski to resign within three days. He claims he has solid proves, but Macedonia ought to be ashamed from these proves, as they are "sensitive and touch to interethnic relations". This statement provoked reactions of the public and the media, commenting on the possible content of the news "bomb".

Some analysts (Mersel Bilali) believe that there are three reasons why Gruevski must leave power. The first being the fear of the key world players that further tolerance of such a dangerous populism and nationalism will end up in an internal and regional

conflict. The second is the fear that if such a dictatorship is further tolerated, it can become a big threat to the whole region, in the sense that if the little dictators remain unpunished, it will encourage such behavior by big potential regional dictators, turning the whole region to hell. He estimates that before the regime collapse, it shall have to solve the name issue, due to the damage done so far, including the over two billion Euros debt. The third reason is a moral one, as the regime in all these years stepped over all basic human values. His further tolerance seriously damages the Brussels basic moral credibility.

This situation, combined with the procedure for revoking the opposition mandates for which filling by-elections elections will be called, will lead into even more serious political crisis, explains Professor Kadriu. He estimates: "because the opposition, as announcing, will not go to these polls, we will find ourselves in an extremely worrying situation, becoming a single-party system, and the opposition will be eliminated from the political scene".

SDSM Vice-president Radmila Shekerinska is determined: "Without negotiations that will mean serious application and providing the conditions for free and fair elections we are not returning to Parliament. This delay is just a pressure that is made by the government against the opposition. There was no need to wait for six months, the resignations had been submitted", she said. "It is unclear why Veljanovski chose this way to solve the problem with us MPs when resignations were deposited in Parliament long ago. In my CV I do not want to have the fact that I have been revoked. However, it is different when you resign. Hence, this is another attempt by the government to victimize us, SDSM MPs", says for "Inbox 7" Lidija Dimova, a member of SDSM in resignation. Asked if some MPs will return to Parliament, Dimova is decisive that she will not return. "It is unserious to me after 6 months to decide to enter the Parliament especially because now you do not have the excuse that citizens voted for you to represent them. In these six months, if I am sure in anything, it is that the opposition voters certainly do not want us to represent them in this Parliament. And for that I have no doubt. Personally, I do not think anyone would return, because the truth is somewhat different than that reported by the media after each our Executive Board", said Dimova. She thinks SDSM will consistently implement its strategy for action among citizens. "The facts tell us that because of the controlled media scene, citizens are usually misinformed and hence make opinions based on wrong (deliberately manipulated) evidence...Our goal is to spend more time among them and to talk about the countless misconceptions created by the government", Dimova is decisive. "Citizens are now for the first time able to see the rule of DPMNE. Now they cannot blame the opposition for anything! Constitutional amendments, contributions of freelancers outside government organizations, increased costs for companies by buying cash registers from "approved" suppliers, so-called Cambridge textbooks etc. are questions that citizens ask and will have to seek the answers only at the government...Of course, we are aware that this is the harder time for action, but actually there is nothing else we can do. Parliamentary booth is not a channel for addressing citizens in a state that has controlled media", said Dimova.

According to Vice President of SDSM Frosina Remenski, potential individual returning of opposition MPs in parliament are media spins. "By not scheduling the meeting after the resignation that could have been done in the summer, Veljanovski admits that opposition MPs are justifiably absent", says Remenski for "Inbox 7". As it is known, SDSM put on the negotiating table with the government the point of forming a technical government, a proposal that Prime Minister Gruevski dismissed, the other four requirements for political dialogue are: regulation of the media, separation of party and state, conducting census of population and new voter lists.

Some opposition MPs who think that the boycott should be stopped, however decided to wait to see what the "bomb" contains of arguments and evidence of SDSM leader Zoran Zaev, which he said would result in the resignation of Prime Minister Nikola Gruevski. Opposition's acting out of the legislature is harmful, strong criticism is missing for making better laws, parliamentarians consider.

4.9. Prof. Ljubomir Frckovski Interview for Inbox7

In his interview for the portal Inbox 7 Professor Ljubomir Danailov-Frckovski (who was last year lustrated by the Commission and the president of the Commission Tome Adziev puts pressure on the Faculty of Law to fire him-see this Barometer) talks about the totalitarian system built in front of the eyes of foreign diplomats, the treatment of the Framework (Ohrid) Agreement as the "unwanted bastard" of VMRO-DPMNE and DUI, the party employments in the state administration, and the opposition which must accept that there is a problem with a completed dictatorship which by all means should not give blank support for the name.

At the interview, he estimates that there is no possibility of revising the Framework Agreement. He finds talks about revising the document are a political spin with which the two parties on power are trying to explain why agreement realization is not working, making it easier to accuse someone else, to say that the document is the problem, that is overcome and/or in some aspects it is not realized. Both ruling parties the Macedonian and the Albanian one are treating the FA as a bastard for different aspects and reasons. In fact, he believes that the FA is satisfying the basic condition of having both sides "equally unhappy with it". The agreement maintains Macedonia as a unitary state which now makes Albanians dissatisfied but they do not say that openly, instead are trying to have some new requests for a new deal. From the other side, FA gives linguistic rights to the Albanians, for which Macedonians think that they are exceeded or undeserved. So, both sides are in a way dissatisfied. But the problem is that each side does not accomplish truly their side of the agreement in different domains, but they are unable to accuse anybody else but the very Agreement. The whole problem lies in the Agreement realization which has been concluded in the last disastrous meeting which is an empty discussion about the Agreement... otherwise, VMRO-DPMNE does not treat the FA not even as necessary evil, since necessary evil is applied wherever necessary....on the contrary, FA is treated as evil which should be avoided wherever

possible...this is why there are difficulties in realization, as the main cause is the realization policy– Frckovski says.

From the side of DUI, Frckovski says that it uses FA as a symbolic mean for inauguration of its political role, victory, role in Government as carrier of the Agreement although they have not been negotiators at that time, but rebels. But DUI treats its content non-seriously. They are not happy as it defines Macedonia as a unitary state and Albanians having linguistic rights locating them in education and culture mainly, other than the part of regulation in the state administration and the Badenter majority. There is no serious discussion by them on what it means for development of the political system in the spirit of the FA (OA) that they repeat. The party should make a study how the Ohrid Agreement has been developing. Firstly, the part of the supported Badenter laws agreed must be supported with such specialized voting for the budget part referring to education, science and culture - that example would be in the spirit of the Ohrid Agreement. Second, DUI is also not initiating the right to access to the state administration not only where Albanians are a majority, but everywhere their access to administration may be on their language. This is also in the spirit of the OA and here should be constitutional changes as well. What's more, DUI is not initiating real development in the benefit of the Albanian citizens. This is why both sides are treating the document as a "bastard", but he thinks it will survive their incapability and shall work for the benefit of the Macedonian state until the end, until its entrance in the EU. It will further remain a document which is above EU standards for minority and human rights and that is why it shall remain valid- he adds.

He believes that it is OK to make efforts to recruit in the state administration through political agreement, but parties on power politicize the recruitment process, as it is the party filter that is crucial for acceptance and not the quality of people. He finds this is abuse of the Framework Agreement (OA). Unfortunately, Macedonians have been employed in the same manner, partization of the recruitment process is a problem, so the quality of people is problematic. VMRO candidates are three times more numerous than the Albanians received, the figure increased from 90.000 to 160.000. Albanian recruitment process evolves in front of cameras, while Macedonians' process is behind the cameras. There must be criteria and recruitment should be under the surveillance of the international community- he says.

"The foreign factor must understand that by use of their funds, with their carelessness or ignorance in the frames of their diplomatic presence in the country, it was built an authoritarian political system which is completed as such in front of their very eyes. They do not understand that as they do not see the big picture, that the system is seriously powerful. This system is manipulative towards the foreign factor, and the foreign factor is submissive towards such a system. Major part of foreign missions are silent, while the system is getting totalitarian. As a result of this, suffer civic rights, freedom of information, institutions are totally partitized and we come to the problem of technical government. Opposition has a big problem: whether to legitimize such

completely party usurped institutions and legitimize all their future decisions or to try by refraining from participation in such institutions to show where the problem lies. This is risky politics on the opposition account but there is serious crisis in the country. This is why opposition must sustain and to show that we are dealing with a system of completed dictatorship which does not intend to be easily removed and where political crisis must open a gap in this system. First such gap is the “name issue”, as the government will have hard times to solve it on its own so they will seek opposition support. Opposition must play it well and they mustn’t give blank support, as the government was ridiculing itself for 8 years and now they come and say to the opposition- this is what you wanted isn’t it? Opposition must express doubt in the VMRO-DPMNE capability to lead the negotiating process. Second is the complete collapse of the economy. Our prime minister has impoverished us by all accounts, budget salaries have realistically decreased. There is no money in the state this is going to get into crisis. Opposition must point out here as well.”-Frckovski comments.

4.10. General Todor Atanasovski Interview

General Todor Atanasovski, the lucid President of the Fighter’s Association of Macedonia gave an interesting interview in “Utrinski vesnik”. In it, he stated that Macedonia is by “gender” an antifascist country, as it cannot be fascist in any form, by its nature is doomed to be democratic. He stated that founding ASNOM (Antifascist Assembly of the People’s Liberation of Macedonia) 70 years ago, on August 2nd 1944 was a huge event in the Balkans, when with the backing of AVNOJ changed the status of all participators on the political scene, in the middle of Balkans- a new state appeared. “If it wasn’t for ASNOM, we would have stayed a movement” – he says. He believes that Macedonia as a state will not fail, because it is a necessity of a greater dimension than “ours”, it is a necessity of the dominant political factors in the world. Although small, he estimates that Macedonia may create such a complicated situation that will not be able to harness it in a classical way. “Macedonia was passing and passes through various amplitudes: greater Serbian, greater Bulgarian etc now are again in amplitude, which I don’t know if I will name it correctly, but we are now under the strike of this “Eageization” of Macedonia. The government is very open precisely towards this part of the understanding of the Macedonian question....it is a bit hard for me to tie this on personal level but I sometimes feel as we are a minority of our own diaspora, to the economic immigration from the White sea region (meaning the Aegean Macedonia, the part which is now in Greece-my remark) which are now scattered all over the world. What is worrisome is that in the diaspora we emanate a very selective emanation, where the ethnic Macedonian element dominates, and not our reality - which is multiethnic. This is my personal opinion”“It has to do with the partization, in the way the state is run...none of the chauvinisms is aromatic, they all stink” – he concludes.

On the question who is bothered with the former fighters and the antifascist battle, and why Macedonia needs to go back thousands of years back and forgets the close past, for which there are still living witnesses, he says “I understand this as counter-historic

trend. The current situation in Macedonia has no legitimacy. This is not a natural situation and it is not sustainable on the long run. It is not eminent, because Macedonia is by gender an antifascist country. It cannot be fascist in any form, it is domed to democracy. We are the only people which did not want to win its national victory and make a state of its own by occupying anybody... we are a small nation which wanted freedom and did not want to free itself just anyhow. The Macedonian issue is not a single-national one since the Ilinden uprising” – he says.

4.11. Macedonian Messy and Blurry Media Environment Indicating Government Links

According to presentation by Meri Jordanovska, investigative journalist, Fokus weekly in Tirana, on the topic “Media ownership – main patterns and risks for media integrity” Macedonia has a very clear picture regarding media ownership but in a negative sense. Analysis shows that the government pays millions of Euros for advertising and as that money go directly to the media, that is how they buy them and control them. Regarding TV stations and printed media, it is known that the owners were the politicians, mostly members of the coalition of the ruling party VMRO-DPMNE. After the law changed, forbidding a politician to be a media owner, they transferred the ownership to their closest friends! There is a very clear rule in Macedonian media ownership – the owner goes where the money are. And of course, the money is in the hands of the Government.

As for the other media, that struggle to be neutral, objective and professional, who are trying to play the role of a watch-dog, there are different rules. An inspection will come to them, or they may get a lawsuit for defamation, they will have no commercials due to the fear of businessmen to advertize in a “non-desired” media, they will be called a “traitor of the country” etc.

The media ownership in Macedonia is extremely non-transparent regarding the web portals, as there is no editor, no publisher, no registered company, no director, just a couple of names who work as journalists. This is the case with the majority of news portals in Macedonia – on their web pages you can’t see anything related to the media ownership! Web portals that often use hate speech, defamation and offensive words for the other journalists do not have a single text with an author signed. Still, stories from that portal (Kurir) are quoted on every national TV station in Macedonia that is close to the government. The two companies –owners of this web portal have a contact person who is neither famous in Macedonian public nor in the media sector. One of the two firma also owns other three web portals, all following the government policy. All of these portals have many governmental commercials, while the journalists working in these media are also journalists in Sitel TV (the biggest pro-governmental national TV station) and the State Macedonian television – the report states. Similar portals are owned by companies situated in the USA, whose owners also possess a pro-governmental radio called Radio Free Macedonia. There are other examples, like the weekly magazine Republika that is situated in Belize.

This analysis shows that the real media owners in Macedonia do not want to be found, because behind every media financed with the government commercials, a high official is hiding. Thus, the public doesn't know who informs them, how their money are spent and it doesn't get any relevant or objective information.

Another research conducted by the Macedonian Institute for Media, MIM reconfirming the findings stated above, says a range of political and financial pressures are constantly undermining the Macedonian media's freedom, independence and pluralism. It is concluded that state control over the media, censorship, political clientelism and corrupt links between the government, media owners and the media are prevalent in the Macedonian media. The NGO's research says the media in the country are characterized by a deep divide and by clashes between two sharply opposed political camps. It warns of a "long-term tendency towards authoritarianism" owing to the years-long rule of single party, VMRO-DPMNE. Since the collapse in 2011 of the biggest private TV station, A1, which was closed for alleged financial crimes, the party of Prime Minister Nikola Gruevski has enjoyed "complete domination over the entire media sphere", the research says. The research says the growing marginalization of the opposition parties has allowed those in power to amend media legislation to suit their own needs, or even ignore the laws. Another important tool in the hands of the government is the amount of state advertising in the media, when has made them increasingly dependent financially on the authorities. "The government and its ministries accounted for a huge volume of the total advertising expenditure (in the media). This has resulted in the media's continued dependence on the state budget, and has turned competition among media owners into an unscrupulous struggle for state money," the research notes.

The publication concludes that in recent years the mainstream media are used more as "a means of mobilization than a means of information". The research on the media in Macedonia forms part of a wider publication called "Media Integrity Matters", which covers five Southeast European countries. It is being carried out by the SEE Media Observatory, a regional partnership of civil society organizations aimed at enhancing media freedom and pluralism, and influencing media reforms in the countries concerned. The SEE Media Observatory has been supported by the European Union Instrument for Pre-accession Assistance and by its Civil Society Facility. The report notes that Macedonia's two strongest media unions, the Association of Journalists, ZNM and the Independent Union of Journalists and Media Workers, SSNM, have been "systematically and continuously subjected to various forms of pressure". This has ranged from dismissals of trade union leaders to the publishing of a offensive and obscene texts in certain media outlets and to the encouragement of the creation of a parallel journalists association, the Macedonian Association of Journalists – MAN, which is clearly meant to supplant the ZNM, the research says. The text says that "disappointment, apathy and conformism are widespread sentiments among journalists". Another point of concern is the government's proposed Law on Media and

the Law on Audio and Audio-Visual Media Services, which were adopted in December 2013.

The most important area of concern remains the formation of the Agency on Audio and Audio-Visual Media Services, which would have the authority to oversee the so-called administrative supervision of the work of the print media and online publications and initiate misdemeanor procedures. "This has raised a lot of concerns... that the future regulator will obtain 'super powers' and will impose control over the few critical voices now coming from the online news media," the report said. The study calls for the Council of Europe and the European Commission to be more active in monitoring policy development and in encouraging dialogue among all stakeholders in the Macedonian media.

4.12. Media Unions Tell Macedonia to Respect Freedom

Leading international media associations and their local representatives, meeting in Skopje, have sent a list of demands to the Macedonian authorities. Local and international media unions sent a set of 13 demands to the authorities, which they say are necessary to ensure the freedom of journalism in Macedonia. The unions were the European Federation of Journalists, EFJ, the International Federation of Journalists, IFJ, and their local affiliates, the Association of Journalists of Macedonia, ZNM, and the Trade Union of Macedonian Journalists and Media Workers, SSNM. The meeting was dedicated to campaigning for journalists' rights in Eastern Europe. The unions seek the immediate reform of Macedonia's media laws to ensure freedom of speech and transparency in the government's advertising campaigns, which have come to dominate - and some say corrupt - the media generally.

They also called for an independent media regulatory body, an independent public broadcasting service and better training for judges handling slander and defamation cases. "The government controls the parliament, the judiciary and media and in such conditions there can be no democracy," the head of the ZNM, Naser Selmani, told the meeting. "The authorities must free the media, end threats of prosecutions, stop instructing editors and reform the laws to ensure the independence of the public broadcaster and audiovisual regulator," they said. One of the demands is for an end to the prosecution of the investigative journalist Tomislav Kezarovski, who was jailed in 2013 for four-and-a-half years for allegedly revealing the identity of a protected witness. After spending months in pre-trial detention, Kezarovski is now under house arrest, awaiting the decision of the Appeal Court. "The targeting of one journalist for his work is a threat to all journalists. European journalists are behind Tomislav Kezarovski," Mogens Bjerregard, head of the European Federation of Journalists, said. "We need to build social protection for journalists and protect their rights so that they can inform and empower the public," he added. Journalists also called for investigations of all cases in which reporters have been physical attacked as well as respect of their right to freely associate. "Journalists must be allowed to organize in unions without fear of retribution

from employers," Tamara Causidis said. "Too many journalists are threatened with dismissal just for belonging to a trade union and the government does not do enough to protect the freedom of association," she added.

The watchdog organization, Reporters without Borders, has also appealed for Kezarovski to be set free. "Kezarovski made only one mistake, criticizing the Macedonian authorities, and we see nothing wrong in that. On the contrary, we nominated him for the 2014 Reporters Without Borders Prize for his courageous work. The protection of investigative journalists should be a condition for Macedonia's joining the European Union" Christian Mihr, the director of Reporters Without Borders Germany, said. The prosecution in Kezarovski's trial claimed that the publication of Kezarovski's article allowed the murder trial defendants to find out who the protected witness was and influence him to change his testimony. Kezarovski pleaded not guilty. "My texts have revealed a public secret about the work of the courts and breaches of court rules. They are (also) a criticism of the work of the police ministry," Kezarovski told the court during his trial. Since 2011, the European Commission in its annual progress reports has noted "freedom of speech" as one of the key areas that Macedonia needs to work on.

4.13. New Macedonia Lustration Commission Elected and Continued Working In the Same Style

Parliament elected the new Lustration Commission team which will continue to be led by its old chief, lawyer Tome Adziev, and contain five members of the old team which was criticized by the opposition for allegedly blacklisting suspected Communist-era collaborators for political reasons. Law expert Novica Veljanovski, political science expert Vecko Zdravevski, journalist Daut Dauti, and sociologist Spend Vinca remain members of the commission from its last mandate. The new members of the commission are forestry engineer Igor Lazarovski, historian Sasko Janev, law expert Ristana Lalcevska, political science graduate Linko Bejarovski and journalist Predrag Dimitrovski, while Asan Ljuma, the former director of the hospital in Tetovo, was appointed as its new deputy head. The new commission was elected without the presence of opposition parties due to their continuous boycott, claiming electoral fraud. In its first five years, the state-run body looked at over 29,000 personal files and discovered some 130 people who allegedly collaborated with the Yugoslav Communist-era police or ordered surveillance of others for ideological reasons. In its second term, the new 11-member body according to Adziev, will have to check the remaining 20,000 files that are stored in the state archives and in other institutions.

Although Macedonia was trying to undergo the lustration process, calling up on the examples of other countries, fact is that the work of the Commission was estimated as controversial and politically-motivated both internally and externally. The opposition argued that the process has been misused to target government critics and in December 2012, it removed two of its members from the commission in protest. Parliament passed a first lustration law in 2008 and a second one in 2012 after the constitutional

court on two occasions abrogated many key provisions from the original legislation, narrowing its time limits and the range of professions to be subjected to checks. Unlike the first law and the first Lustration Commission, which at the beginning enjoyed wide consensus support, the more recent legislation was adopted only on the basis of votes from the ruling party.

What's more, Tome Adziev announced he hoped that an agreement on the exchange of classified files with Serbia will allow access to the secret files of some prominent Macedonians which are now believed to be stored in Belgrade. "If this deal makes available the dossiers of the former Yugoslav secret services, this would open up a lot of new work for us. We would certainly take a look what's in there and if we determine that someone has been a collaborator, we would make that information public," Adziev said. So far, all files were procured from the Macedonian archives and were produced by the Macedonian communist-era secret police. But many observers insist that the lustration work cannot be considered complete without reviewing the vast quantity of classified data that was collected in Belgrade by the former Yugoslav State Security Service, UDBA and the Counter Intelligence Service, KOS. Macedonian law professor Osman Kadriu said that if the exchange of files works, it might help significantly in shedding more light on former collaborators and correcting past injustices. He warned however that it would still be up to the 11-member body to verify the authenticity of the data contained in the documents, and to assess correctly whether someone had really been a collaborator.

After the court this week upheld many of commission's disputed decisions, followed other activities of the Commission, like sending letters to various institutions informing them of their legal duty to sack people from public office if they have been declared informers, decisions. "Many of the state institutions have not yet dismissed such people, but they will have to," Adziev said, adding that this included professors who work in public universities as well as members of the Macedonian Academy of Sciences and Arts, MANU. "The law is clear; stating that lustrated persons cannot hold public office, (carry out) public activities and have public authorizations. This includes university professors and members of MANU," he said. Experts however criticize this attitude of the Commission, especially the stance of Adziev on the matter, as he interprets and applies the law in an extremely "wide" manner. In fact he includes in the term "public office" even all persons who are practically working in the public domain, who are "public servants" in many domains, and by doing that he breaches their constitutionally guaranteed right to work.

Other persons who are or have been elected as public officials denied the right to hold public office. But the former head of the Constitutional Court, Trendafil Ivanovski, who was pronounced an informer by Adziev's commission and contested the decision in court, said people are being prosecuted for political reasons. He insisted that the demand to sack them from their jobs, especially if they are not prominent public office holders, adds insult to injury. "The goal of this government is to additionally eliminate the public influence of free thinkers and progressive people who are government critics

by removing them from work," Jovanovski said. "University professors cannot be sacked from work because they do not hold high public office, but carry out a public service," he added.

4.14. Changes in the Law on Elementary and High Education

The Assembly in a speeded up procedure brought the changes in the Law on elementary and high education, among which was introduced the possibility of having temporarily employed replacements for teachers which will eventually be on strike. Article 3 defines the obligation of the director of the school in case of interruption of the classes due to strike to secure conditions for continuity of the educational process. The director of the school should previously obtain consent from the mayor, and from the state schools by the minister. The education minister Abdulakim Ademi said that this situation does not include eventual boycott in the school for some reason and that by this the right to strike is not suspended. Ruling party MPs stated that teachers will not lose their jobs and shall not be limited the time for strike, justifying this legal solution with the fact that education is a public interest activity. According to the two opposition MPs who decided not to boycott the Assembly, the constitutional right of the employed to strike has been breached, as they are not able to express their dissatisfaction. At the same time they believe this is breach of the international conventions as well signed by the Republic of Macedonia.

Macedonia's Teachers Union, SONK, says sudden change to the law - allowing schools to replace striking teachers with substitutes - is aimed at undermining and intimidating a planned strike later the same month. They said the changes were a form of overt pressure aimed at discouraging teachers from joining a strike set for September 29. "This measure about 'reserve teachers' is aimed at scaring our colleagues (into thinking) that if they strike, these substitutes may take their jobs," the SONK head, Jakim Nedelkov, said. For several years, SONK has been demanding higher wages for teachers, on the grounds that some earn less than the average wage of about 300 euro a month. They also demand an end to the system of evaluations of teachers, which they see as exerting undue pressure. SONK has meanwhile obtained support from the country's biggest opposition party, the Social Democratic Party, SDSM.

The Macedonian Education Minister, Abdulakim Ademi, who has been engaged in long but unproductive talks with the union about wages and other matters, insisted that his aim was not to prevent the strike. "This does not mean that we will lay off teachers who go on strike," he insisted. "We do not wish to influence SONK's decision on the strike... but we must not allow the education process to suffer for it. We must provide continuity."

"This move shows the government is afraid of the dissatisfaction in education. It is afraid of the disappointed teachers, to whom they have lied for years with promises that remain on paper," SDSM stated. "A year ago, a court ordered curbs to strikes by doctors.

Now, they want a law to prevent a strike by teachers. What's next?" the SDSM wrote in a press release. In September 2012, a court in Skopje, using a speedy procedure, upheld a request of the Health Ministry to ban an announced strike by doctors. The court ruled that the strike was illegal "owing to the specific nature of the medical profession", as it could leave thousands of patients unattended. Finally, as pressures over teachers not to strike have intensified, SONK decided to temporarily postpone the strike.

Followed the Government announcement for legal changes to introduce external testing for university students as well, including both state and private universities, which is to be done after the second and the fourth year of studying. This move was explained with the low quality of knowledge and the high permeability of students in universities in the country, without having them obtaining the real knowledge required, "so high education will not be understood as business, but as science"-as said. Also, this is seen as a reform through measuring the quality of knowledge of the students to control the quality of work of the faculties. This decision resulted in a pretty massive protest organized at first by Skopje state university students, followed by others throughout the country, objecting on the intrusion of the state into the constitutionally guaranteed university autonomy. The government didn't give way, persisting on its decision, but indications are that students will continue the protests unless the "state exam" is cancelled.

Opposition criticized the government for disclosing the number of pupils in the country which decreases daily. This makes the situation alarming-says the opposition. From 2007 to 2013 (seven years of PM Gruevski's rule) the number of pupils decreased for 27.000 - confirmed the State Statistics Bureau. In Shtip classes are halved down, in Ohrid is decreased for 25%, while in Struga for 50%. Same goes with Veles, Kichevo and Drugovo said the SDSM MP Ljubisa Nikolic. He said that the government is trying to hide that fact by reallocating lesser number of pupils in the same number of classes. In high schools trends are similar, as the number of pupils in the same period decreased for 5.000. As usual, VMRO-DPMNE replied that it is SDSM to blame for the current situation due to their previous policies in this domain and in the country as general.

4.15. Opposition Criticizes State of Macedonian Prisons

Macedonia's opposition Social Democrats, SDSM, have accused the government of leaving prisons in a catastrophic condition, alleging that three inmates died of neglect in Macedonia's largest prison, Idrizovo, in the two weeks alone. "Two of the deceased had cancer but they did not receive appropriate medical treatment and that is the reason for their death," Miroslav Vujovic, member of the oppositions' Justice Commission, said. Macedonia's biggest penal institution, Idrizovo, near Skopje, is designed to hold 800 prisoners, but it currently houses some 1,600. "This makes it almost impossible for the prison services, and the prison guards who should take care of and have responsibility for the inmates, to function," Vujovic said. The opposition claims barnyards and other

facilities that have even worse conditions than full prison cells are being used to house inmates. Often they sleep on the floor or share mattresses, Vujovic said.

In the latest annual report on the Prison Administration's work, its head, Lidija Gavrilovska, wrote that they had undertaken "significant activities to improve the re-socialization process of inmates, improve accommodation capacities as well as build up the capacity of prison staff". After many years of delay, last September, the authorities marked the start of a much-needed €11 million facelift of Idrizovo, which has been much criticized for its grim conditions. The renovation is aimed at boosting its capacity and the end of construction has been set for September 2015. For years, reports of the public ombudsman have described conditions in Idrizovo as sub-standard. They have criticized the prison for bad infrastructure, overcrowding and for insufficient health protection as well as for housing many drug addicts who did not receive proper treatment. The EU has also warned Macedonia about the state of its jails repeatedly, describing them as old, overcrowded and understaffed.

4.16. Brussels to Monitor Balkan Economies Each Year

At a conference held in Belgrade, having participating Balkan foreign and economy ministers was agreed for Balkan countries to send their annual "National Economic Reform Programmes" to the European Commission, starting in 2015. These programmes will present the measures that the countries will undertake to ensure macroeconomic and financial stability and include clear timelines and the assessed effects of these measures on respective budgets. Stefan Fule, the EU Commissioner for Enlargement, said greater integration of economic reform plans would "send a strong signal to investors... meaning more investment and more prosperity for... countries in the region". Fule said the new approach to economic governance involved drawing up credible reform programmes and enhanced monitoring by the EU. "This should help your transformation to functioning market economies, able to cope with competitive pressures and market forces within the Union, including boosting competitiveness, growth and jobs,...the advantage over greater EU oversight to countries in the region would be "the benefits of enlargement even before joining the EU", he added. Balkan officials also discussed infrastructure projects, other programmes that could stimulate economic growth and attract foreign direct investment, structural reforms and regional cooperation. The Belgrade conference brought together ministers from Serbia, Albania, Bosnia, Macedonia, Montenegro and Kosovo.

4.17. Macedonia Plans Hospitals for Wealthy Foreigners

In a bid to boost 'medical tourism', Macedonia Health Minister Nikola Todorov said the country plans to open a "health-care zone" to foreign hospitals, for which the country plans to offer subsidies and tax breaks. Hospitals will work exclusively for use of foreign private patients, and as the minister said "serious partners who create new jobs and pledge to stay at least ten years will find Macedonia a generous host...interested

companies will need to have a certain level of experience and meet a certain level of quality". "Macedonia will provide a package of benefits including regional assistance and meeting up to 50% of the investment cost, or the cost of opening new jobs,...the new hospitals and their employees will not be required to pay any income tax for ten years", Todorov explained. Exemptions from VAT and from customs taxes on imported medical and other equipment will also be put in place. If the investors also open medical training facilities, where both Macedonian and foreign doctors can work and be schooled, the state will prolong the package of benefits up to 15 years. However, Macedonians and patients from neighboring Kosovo will not be allowed to use the facilities, the minister warned. The government is also in the process of opening "free industrial zones" in almost every municipality in the country, although most of them have yet to attract investors.

4.18. Macedonian Corruption Commission Still 'Ignoring' Big Players

Similarly as the EU Progress report points out, Macedonian experts say that the State Anti-Corruption Commission (DKSK) is turning a blind eye to important allegations made against senior politicians and focusing only on "small" cases. Corruption experts have criticized the latest report by DKSK, in which it listed its recent achievements in tracking down officials. DKSK said it asked the Revenue Office to check the assets of some 50 former and current office holders' suspected of owning unreported property. A former member of the DKSK, Dragan Malinovski stated that the "big fish" in politics were clearly untouchable as far as the commission was concerned. "They have tackled only some marginal cases of former or low-ranking office holders that the public have never heard off. This is not something to boast about because it is something they should do as part of their everyday job," he said.

The commission said some of the latest cases they tackled involved wrongdoing by two former mayors, two heads of state enterprises and a former head of the Broadcasting Council. However, the commission did not mention allegations made against Police Minister Gordana Jankuloska, Government Secretary General Kiril Bozninovski, ruling VMRO DPMNE party MP Silvana Boneva or secret police chief Saso Mijalkov. All four have been in the spotlight this year after the opposition Social Democrats, SDSM accused them of owning apartments or firms that they had not reported. By law, all elected officials have to submit written forms to the commission listing theirs and their family's property - and they also have to report any significant changes in its status. The commission declined to tell journalists whether any of these senior officials had been subjected to checkups stating only that "DKSK acts non-selectively and according to its legal jurisdictions against any state office holder who fails to fulfill the legal duty of submitting his property form, or notify (the commission) of changes to his property".

5. PARTY DEVELOPMENTS

5.1. SDSM Stands Firm on Boycott

During the summer and autumn of this year, SDSM remained on their firm position that political dialogue is possible only if a so called “technical” government is formed in order to prepare and organize free and fair elections. By July-end all opposition (SDSM and allies) mayors also supported the decision of the party neither to recognize the last elections nor to accept the MP mandates, enduring on the request of forming a technical government. What’s more, SDSM at the party Congress brought a decision not to discuss at all the eventual return to the Assembly, a position that was repeated by the Central Committee, without any thought of revising it. Party leadership was not taken in on the VMRO party spins or to the ideas of some public figures advising their returning, whose goal as interpreted was to show that SDSM is indecisive and hardly waits to return to the Assembly. In reality however, fact is that there was hesitation among some opposition MPs to return to the Assembly, but finally unity prevailed.

This position was repeated countless times by SDSM leader Zoran Zaev at the numerous meetings with the citizens all over the country. At the same time, in-field party activities were getting more intense. The party was emphasizing the five requests for which negotiations between Zaev and Gruevski ought to take place: forming a technical government which will work exclusively on preparation and realization of fair and democratic elections; separating the party from the state; change of media environment which is currently under the iron boot of the government; change of voter’s lists and change of election laws. “The country cannot have a planned future without conducting a census, while the voter’s list must be revised. Regarding technical government we want split responsibility. We know that Gruevski is vain. Let it not be called “technical government” but let four main ministries not to be in the government until free and fair elections are held....we would like to sit and discuss about our demands and to see whether they are well reasoned. So far we accepted talks a few times, but we were cheated and manipulated. So today we seek guarantee for what we are going to agree with Gruevski” - Zaev stated.

He also announced that the party has shocking and scandalous information regarding the top politicians in the ruling party, pointing directly at Gruevski, which he intends to reveal in the near future. “As terminal solution we have instruments which we would not like to use because they will bring to bad consequences for the state, but if we are forced and we face rigid refusal of negotiations and implementation of our demands, we have nothing left but to come out with steps that will be extremely adverse for the government and the country itself.”-said Zaev. We do not communicate them now due to protection of the state interests” said Zaev.

In spite of the opposition stance, the ruling VMRO-DPMNE still expects that the opposition will finally bend and fill the opposition seats in the assembly in September.

So far the ruling party strictly denies the possibility of having a technical government, while offering directly or indirectly, through pressures and possible “accommodations” for the opposition to change its mind and be “constructive”. In an interview, the Assembly President Trajko Veljanovski said that continuation of the blackmailing stance of the opposition and the demand for technical government will mean activating the interrupted assembly session for verification of the opposition MPs’ resignations. At the same time, he expressed hope that there will be found a way for the opposition to return to the Assembly, pointing his finger for responsibility to them. According to him, the announcement for activities out of the state institutions is absurd. He called for dialogue in order to reach commonly the -as he said- “European heights of Macedonia”, emphasizing that it is of state interest the opposition to return to the Assembly.

5.2. SDSM Party Strategy Announced

SDSM leader Zoran Zaev by end-summer announced that after consultations with the citizens, the party membership and local party organizations, unanimously are accepted concrete directions for future party action. “The goal is clear- to draw the country out of the hopelessness that is suffocating all of us, all these years of controlled and manipulated rule. Let’s bring the country back to normal tracks where it deserves to be as part of the European family and NATO. Behind us are two month of serious party work. This was a period of orchestrated but expected critique by part of the public which demands visible and active opposition. We withstood that critique. We do not hesitate to do what we were convinced that is right and necessary to do. We made careful and professional analysis for what is needed for Macedonia. Citizens have every right to demand that from SDSM. We are motivated more than ever, since citizens and the state are in need of SDSM, as with the damaging politics of the current government is endangered not only the existence of millions of citizens, but the country’s future as well, - we are fully focused on what we as a party have obligation to work on. Today I declare the next important step: maximum dedication for realization of the determined directions”-Zaev said.

He informed that the party strategy is founded on four main pillars: First, SDSM will be at all times where it belongs - with the citizens. This strategic pillar is titled “We work together”, as the plan is the party to intensively work together through partnership relation in listening to the citizen’s needs and problems and mutually defining realistic and acceptable solutions. The pillar shall be a fundamental change in relation to the current opposition functioning, as over 5000 teams shall be in contact with each family in Macedonia. People will be offered a chance to say what they think and influence on what is happening in the country. SDSM believes that in Macedonia must be reestablished the rule that realistically everything depends on the people, thus politician’s task is not to dictate, but to listen and serve, to solve people’s problems.

Second, SDSM shall seriously observe the work of the current government. “So far we have discovered numerous corruption affairs linked to the highest top of power, which

brought to a record debt of the country and unthinkable poverty. For such cases, in every normal state governments are falling. But Macedonia is not such a state long time ago. This is the pillar of "honest offer". From this moment, every ministry, organ, institution, on central and local level shall be followed in every decision they make regarding the life of Macedonian citizens, while bad and damaging policies shall be corrected by opposing serious, good quality, realistic and visible offer"... For that purpose we started forming a central committee system. They will be matching the government ministerial structure. Over 1000 professional teams, though their authority and responsibility shall picture them the vision for a different Macedonia for all and to all, a state with equal chances, a state of dignified standard of living and stronger economy"- said Zaev.

The third and the fourth pillar of the strategy are:"Strong SDSM" and "Partnerships for Democratic Macedonia" on which the party is currently working. These are the key elements of the Strategy, which are concrete, with clear timeframes and precisely located responsibility.

The teams that worked on the Strategy in its defining consulted teams of experts coming from sister parties. Over 100 singled out consultations have been made with recognized professionals in various fields, as well as SWOT analysis. Chosen policies and positions were tested on series of focus groups, among the party supporters but also among undecided voters. "We listened, we corrected ourselves. The new Strategy takes under consideration the country's undemocratic conditions under which political competition occurs, and that is the opinion of 70% of the Macedonian citizens and OSCE/ODIHR. We shall continue to fight for return of the Macedonian democracy, by our absence in the Macedonian Assembly. We are aware that a lot work is waiting for us and we are looking forward to it. We are aware that the government will impede us in many ways, but we are not afraid. In this state, major part of the citizens are responsible and honest people, concerned for their future and for the country's future. Dear citizens, you are not alone, for this nice piece of land and for the future of everyone in it"- added Zaev.

Zaev confirmed that there is determination in the party that regardless whether there are going to be negotiations with the government or not, the new Strategy to be realized. "All measures shall be conducted to the end. They will continue when we shall have the honor to form a new government. Final goal is the evil to depart from Macedonia which is this government to leave"- said Zaev. According to him, in the SDSM activities shall be included NGOs civic associations and organizations with which shall be organized meetings and consultations.

"People are living in terrible fear. If opposition is not strong, people will be scared, but if it is strong they will be encouraged to react. We expect citizens to be encouraged, intellectuals above all. We want citizens to talk about their problems. We all who live here are all part of an abnormal society. Therefore we demand sincere democratization

of our state. Until regular elections, even if they are conducted at later date, we want to normalize all conditions in Macedonia for better life in this country” -he said. He explained that the new party strategy is not to create a shadow government, but a central system of committees which will be a corrective to the government and at the same time shall deliver better program for the citizens. “That will be above all our bigger mobilization, and what is more important we shall be able to hear the voice of people in all municipalities in the country. These will be public tribunes, meetings, and close contacts with all citizens in every location” – he said. SDSM Vice-president Radmila Sekerinska said that this will signify that the party has open doors for everyone, as it intends to meet the key critique of the citizens to the opposition that they come to their door only when there are elections. “We do not come now because there are elections. We come because this is what we should do as a responsible party in order to discuss realistically about the problems. New SDSM committees which will be active in field, shall have strictly defined tasks and shall vigilantly follow the work of all state institutions. Then they shall have to offer solutions, and if necessary to hold press conferences and make a parody out of the problem” - she said.

At the same meeting, Zdravko Savevski from the leftist movement “Solidarity” said that “The government firstly decreased the number of cash recipients of social aid, additionally impoverishing them, while now through part of the saved money in the budget shall cover their debts” (meaning the government measure of covering the bills of the most poor households for a certain period of time). But citizens must know that these are their money which have been previously deprived from, while now part of this money are given back to them. This is not mercy, but only an opportunity for the Government to make itself an advertisement as it is concerned for the people in social need, to whom instead of offering social policy that will offer a relieved status, it offers to them one measure” -he said.

The second step in realization of the Strategy for political action announced by Zaev included personal appointments in the central positions of the system of committees, whose task is to carefully follow the work of every ministry, organ and institution on central and local level and to correct the damaging policies by offering a serious, good quality, realistic and visible alternative. The Directorate of the Central system of committees has five executive directors who work through direct consultations with it and coordinate work in 17 commissions. Executive director for committees on financing, economy, local self-government, labor, social policy and energy is the party vice-president prof. Vanco Uzunov. Executive director and president of the Commission for external affairs, in charge also for informatics society, administration and European issues is the party vice-president Radmila Sekerinska. Executive director in charge for the Commissions of interiors, justice and defense is the party secretary Oliver Spasovski. President of the Commission for interiors is the vice president of the party Frosina Remenski, while Professor Stevo Pendarovski (the SDSM presidential candidate) is in charge of the fourth pillar-the Strategy for political action from the program “Partnerships for Democratic Macedonia”. Director of the sector in charge for

committees of agriculture, forestry and water, for transport and communications and for environment and spatial planning is the party vice-president Damjan Manchevski, while executive director in charge of committees of health, education and science, and culture is the party vice-president Aleksandar Kiracovski. Professor Renata Deskoska leads the justice committee, Kire Naumov the finance committee and so on. Zaev announced that in the next period these people will work with equally good quality and professional cadres in the spheres they are in charge with. Follows the creation of committees' secretariats, which will work SDSM MPs, presidents or members of the party councils, members of the party bodies and experts.

On the occasion of the national Independence day (September 8) Zoran Zaev delivered the following messages: "Is this the Macedonia for which yearned the Ilinden and ASNOM fighters?..Did the majority of citizens who 23 years ago said the referendum "yes" thought that will see Macedonia on its knees, humiliated, ashamed, a country without people? From a hopeful country Macedonia became a state for hopelessness. From a free country, liberated long time ago from foreign invaders, Macedonia became a country occupied by domestic occupiers, a country that needs to be liberated again. From a just country it became a country of injustice. From citizens born on their homeland, we entered in other's lists, we became owners of other's passports. Instead of bridges for cooperation and friendship, we see bridges for breakfast for the poor. Instead Macedonia to become a good Balkan example, this country became example for the lavishness of certain people and the other people's misery. In 23 years of independence, full 13 years Macedonia is dependent from the will of quasi-patriots. From a country that stood on its own two feet Macedonia became a crippled country, with economically crippled citizens" said Zaev and promised that it shall not be in such a way in the future. He promised individual independence and economic sustainability, freedom, democracy, perspective, real hope for a better tomorrow.

"With every right, the whole Macedonian public turns its eyes to SDSM. SDSM listens to the voice of the citizens when the other cannot and SDSM is brave when the others cannot and when it's the hardest. We initiated the referendum initiative when others seeked cessation, we built institutions and created a state" he added. He criticized the results of the nine year rule of this as he said "irresponsible government, as 450.000 people moved out of the country, out of which 250.000 are young. Macedonia is in debt for billions of Euros, so not even our grandchildren can get out of them. The country was put in media darkness same as Northern Korea. The country is isolated, internationally disgraced".

Zaev confirmed that SDSM with "honest offer" calls upon citizens to "work together". He stated that there is no dilemma-SDSM is determined to secure the free will of citizens and to return the citizens dignity and democracy in the country. "This time there is no concession due to the obligation of the state towards its citizens, they are expecting that from SDSM. The government should know that if they decide to negotiate, negotiations must secure legal and practical guarantees for fair and

democratic elections. The naming of our requests is not important, but legal and practical guarantees for fair and democratic elections must be secured"...SDSM task is to pull out Macedonia from the hybrid regimes where was pushed by this government and to return it in the normal track where it deserves to be, among developed democracies"- he said.

5.3. Political Analysts Critiques on the VMRO-DPMNE Rule

"Democracy has lost its meaning"- said former EU ambassador Erwan Fouere commenting the VMRO-DPMNE April election victory. Back in 2006 there was enthusiasm for Gruevski who won as he looked like a "reformer", "realist in Skopje", "pragmatic who is western oriented" etc. He was supposed to bring "revival" to Macedonia, as he promised economic growth, better standard of living and most important- NATO and EU membership. However, economy stayed at the same level as eight years before, unemployment is still around 30%, while NATO and EU membership cannot be seen in the near future. Macedonia is now seen as "democratic backward puller". "In its basis there is a powerful and deeply rooted governing elite which accumulated so many resources that now is almost unmovable and which created its own rules of the game, but also managed to change the country's perspective and the society as a whole" says historian Atanas Vangeli.

Western influential media now picture PM Gruevski as the "small dictator". Estimations are that Macedonia turned into a problematic country after the Greek veto in 2008 in Bucharest, as that decision took the moving force of the Macedonian political structure. Since then, it is said that PM Gruevski and his party are riding on the populist wave and ethno-centric narrative finalized in the "Skopje 2014" project. In the meantime he also became arrogant, managed to silence all opposition, securing a rubber-stamping Assembly, mastered all mainstream media and secured continuous election victories. Interethnic relations and the country's stability are at the level same as in the last eight-nine years, while there are increased interreligious and interethnic tensions. Macedonia is also increasingly poorer, with few very rich people close to the government. Democracy is in a much worse level than the 70s and the 80s. In essence, not a single state strategic goal of the country has been achieved. Out of 23 years of independence VMRO-DPMNE is on power 14 years already, while in the last 16 years this party in on power for 12 years.

Other media comment on the "captured state institutions, in particular within the judiciary system, and state resources within the realms of media advertising, government jobs, farmer subsidies, pensioners' benefits and the likes, which serve as tools for distributing political ideologies ahead of elections and in general. Starting with freedom of expression, Macedonia's rank has plummeted on all relevant human rights indexes." It is said that the party created many groups of citizens that are dependent on the state. Their votes of support are gained in three ways: The most popular way of gaining votes is by means of nationalism. Since 2006, the members of The Party have been declaring themselves "patriots" and people who are "always ready

to protect Macedonia and all things Macedonian". They have made countless claims that Macedonia will not change its name, even if it's just to irritate all Greeks, Bulgarians, and every other "enemy" of the country. Second way of winning votes is by employing people in state companies. According to the EU, the administration should not exceed 90.000 employees, and yet, Macedonia has approximately 200.000 employees in this sector. Simply put, The Party has employed too many people in the administration, as well as the state companies, winning many votes in the process. Additionally, the employed are pressured for election day to "guarantee" a certain number of secure voters for the party in order to secure their job in the future. Same goes with the employments in public enterprises. It's an open secret that they are dealing with the issue of over-employment and it's the main reason for their debts. The party is aware of the issue, but it doesn't consider it a problem. A clear example of this is the employment of over 1600 people in "Makedonski Shumi", (not) by random choice. After the whole "lottery" game was over, the party decided to grant "Makedonski Shumi" debt relief of 40 million Euros. The third way, and probably the most efficient of the three, is by making people feel as if they owe everything they have to the ruling party. VMRO-DPMNE has successfully achieved this effect by increasing welfare, providing subsidies and increasing the benefits and pensions for senior citizens. As a result, farmers think that the subsidies are actually paid with money from the party and they get the impression that it is acting in a humane manner. The same opinion is shared among seniors and those eligible for welfare. What these people fail to realize is that the money comes directly from the pockets of every citizen of the Republic of Macedonia.

It is clear that the money for such endeavors the ruling party obtains from the loans taken for Macedonia. During its 8-year rule VMRO-DPMNE has succeeded in making Macedonia owe many millions of Euros, it is said that the country had a gross external debt of 2.2 billion dollars back in 2006 while last year, that same debt was 5.1 billion dollars (source: emagazin.mk). At the same time, the party appears to have obtained huge property all over the country. Opposition parties (NSDP) publicly asked how did VMRO-DPMNE from a 400 square meters building arrived to expensive and luxurious business office space of about 4.000 square meters in the center of the capital city of Macedonia, which understandably is supposed to have very high price.

Human rights activist, writer and producer Xhabir Deralla repeatedly points out that "Macedonia is Paying For Its Rulers' Cynical Games:" Ethnic tension is an endemic problem in Macedonia as it is. Whether it takes the form of fights on buses, in schools, in sports arenas, or on the streets, matters little. What matters is that tensions are high, constant, and can erupt on any occasion. For years, these deep divisions along ethnic, religious and political lines have been used as means of creating a heightened climate of ethnic animosity in the run-up to elections. Such was the case in the local elections held last year. The same atmosphere was created and maintained during the presidential election this May. In fact, ethnic-based policy disagreements between the two ruling parties, VMRO-DPMNE and the Democratic Union for Integration, DUI, were the reason

for the calling the parallel early general elections alongside the presidential polls. VMRO rode into the polls on a wave of nationalism, demanding that people give them an absolute majority in parliament, so that they would not be held hostage by their ethnic Albanian partners. Over all these years, the DUI has played along with this game. This smaller, Albanian version of Gruevski's party, feeds off the same tensions, which boost a climate of nationalism among Albanians. At the same time, the party obediently follows all the key decisions of its government partner.

5.4. Is DUI Having Internal Problems?

Media commented that DUI appears to have internal crisis as various wing of the party are in mutual clash. Analysts say that the clash results from the very forming of the party, as there always was an intellectual and a military wing, among which disagreements and conflicts of interests exist. These differences came on the surface when fierce disagreement was shown by the military wing of the party when Teuta Arifi (the current mayor of the city of Tetovo) was proposed as member of the DUI Coordinative council. Ali Ahmeti as the party leader is also unclear which side he takes. What's more, there is a simmering dissatisfaction due to the submission of DUI as a coalition partner to VMRO-DPMNE. In spite of everything however, factions in the party are not expected due to the fact that the party is currently on power. By November-end the party is to choose new leadership of the party regional branches.