



COMMISSION OF THE EUROPEAN COMMUNITIES

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Annex to the :

**European Commission Opinion on the application from the former Yugoslav Republic
of Macedonia for membership of the European Union**

IMPACT ASSESSMENT

{COM(2005)562 final}

I. The enlargement process and impact assessments

Enlargement policy is outside the realm of the Commission's right of initiative and therefore not a policy which the Commission can, strictly speaking, propose on the basis of policy options and impact assessments. The Treaty on European Union and the Copenhagen criteria set the framework for the entire enlargement process and narrow down the assessment criteria that can be used to assess the present or future impacts of the implementation of this policy.

On the other hand, important impact assessment elements have been built into the enlargement process since its inception. In particular, the Commission Opinion on a country's application explores, within the framework of the applicable criteria, the likely and foreseeable impacts for the country and the Union.

Therefore, the accession process is underpinned by a permanent impact assessment loop, whereby the Commission identifies gaps, and evaluates commitments made and measures taken by the country to fill them. In the run-up to the Accession Treaties this process culminates in the final Commission opinion, and Council decision, on the country's readiness for accession, including a date and any transitional measures and safeguard clauses.

II. Problem definition

On 22 March 2004 the former Yugoslav Republic of Macedonia presented its application for membership of the European Union. The General Affairs and External Relations Council on 17 May 2004 "*decided to implement the procedure laid down in Article 49 of the Treaty on European Union.*" Accordingly, the Commission was requested to submit to the Council its Opinion on this application. Article 49 of the Treaty on European Union states that "*Any European State which respects the principles set out in Article 6(1) may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members.*"

III. Policy objectives

At the request of the Council, the Commission gives its Opinion on the application from the former Yugoslav Republic of Macedonia in the same way as it did on past applications for membership, i.e. in accordance with the three criteria defined by the European Council of Copenhagen in 1993. The latter concluded that:

"The associated countries in Central and Eastern Europe that so desire shall become members of the Union. Accession will take place as soon as a country is able to assume the obligations of membership by satisfying the economic and political conditions.

Membership requires:

- *that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;*
- *the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union;*

- *the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.*

The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries".

This declaration spelled out the political and economic criteria for examining the accession requests from applicant countries.

The European Council in Madrid in December 1995 referred to the need *"to create the conditions for the gradual, harmonious integration of the application countries, particularly through: the development of the market economy, the adjustment of their administrative structure, the creation of a stable economic and monetary environment"*.

The Stabilisation and Association Process conditionalities were defined by the Council on 29 April 1997 and included co-operation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) and regional co-operation. These conditions are a fundamental element of the Stabilisation and Association process and are integrated into the Stabilisation and Association Agreement signed with the former Yugoslav Republic of Macedonia.

In its Opinion and the accompanying Analytical Report, the Commission therefore analyses the application from the former Yugoslav Republic of Macedonia on the basis of the country's capacity to meet the criteria set by the Copenhagen European Council of 1993 and the conditions set for the Stabilisation and Association Process, notably the conditions defined by the Council in its Conclusions of 29 April 1997.

The structure of the Opinion and the accompanying Analytical Report takes account of the conclusions of the European Council in Copenhagen. It:

- describes the relations up to now between the former Yugoslav Republic of Macedonia and the Union, particularly in the framework of the existing Stabilisation and Association Agreement;
- analyses the situation in respect of the political conditions mentioned by the European Council (democracy, rule of law, human rights, protection of minorities), including the fulfilment of the Stabilisation and Association Process conditionalities;
- assesses the former Yugoslav Republic of Macedonia's situation and prospects in respect of the economic conditions mentioned by the European Council (market economy, capacity to cope with competitive pressure);
- addresses the question of the former Yugoslav Republic of Macedonia's capacity to adopt the obligations of membership, i.e. the *acquis* of the Union as expressed in the Treaty, the secondary legislation, and the policies of the Union;
- provides a general evaluation of the former Yugoslav Republic of Macedonia's situation and prospects in respect of the conditions for membership of the Union, and makes a recommendation concerning possible accession negotiations.

On all these points, the Analytical Report (SEC document) contains the detailed analysis on which the Opinion is based.

IV. Policy options

The purpose of the Opinion is to guide the Council in its decision on whether to recognise the former Yugoslav Republic of Macedonia as a candidate country, and on whether or not to open accession negotiations.

V. Assessment of the impact

The outcome of the Opinion will have considerable impact on relations between the European Union and the former Yugoslav Republic of Macedonia, as it provides an assessment and guidance for the Council on whether to recognise the former Yugoslav Republic of Macedonia as a candidate country and on whether or not to begin accession negotiations. The Opinion will also help to identify and encourage key reforms needed in the former Yugoslav Republic of Macedonia.

However, the impact of the Opinion will depend first and foremost not on the recommendations contained in the Opinion itself, but rather on the follow-up given to these recommendations by the Council. It is the Council's decision whether to follow the recommendations made by the Commission, and to what extent.

The Council may decide to grant the country candidate status. Candidate status is a political recognition of an even closer relationship with the country on its way to accession. In practice, it implies that EU assistance can be used in all areas relevant to the ability of the country eventually to assume the obligations of membership, such as preparation for the implementation of the Structural Funds. However, it does not mean any automatic increase in the overall sum of assistance allocated to the country.

If, in addition to granting candidate status, the Council decides to open accession negotiations, the Commission will draw up a Negotiating Framework and will prepare the first stage of the negotiations, the screening exercise.

If, on the contrary, the Council decides not to grant the country candidate status and not to begin accession negotiations, careful follow-up will need to be ensured, aimed at not discouraging the country from pursuing the necessary reforms. In this scenario, the EU would have to consider giving support to the country to overcome any difficulties that may have led to a negative (or conditional) decision by the Council, so that the perspective of future candidate status and future negotiations would remain an incentive for further reforms.

Irrespective of the decision of the Council, the assessment contained in the Opinion and the accompanying Analytical Report marks the starting point for the continuous feedback loop of impact assessment, goal-setting and progress reporting that makes up the accession process itself. Tools used in this process will include a European Partnership with common objectives, a regularly updated National Programme for the Adoption of the Acquis of the Government of the former Yugoslav Republic of Macedonia, annual Progress Reports of the Commission on progress achieved, strategy papers setting out new goals, etc.

Based on its detailed technical assessment, the Commission recommends in the Opinion that the Council should grant the status of candidate country to the former Yugoslav Republic of Macedonia. This status is a political recognition of a closer relationship between the EU and the former Yugoslav Republic of Macedonia on its way towards membership. The Commission considers that negotiations for accession to the European Union should be

opened with the former Yugoslav Republic of Macedonia once it has reached a sufficient degree of compliance with the membership criteria.

VI. Consultation

The process of drafting an Opinion entails gathering relevant information from all possible available sources. To prepare the Opinion and the accompanying Analytical Report, the Commission contacted a broad array of public institutions and non-governmental organisations from the former Yugoslav Republic of Macedonia.

An intensive dialogue was held with the country's authorities over the past year and a half, including notably the following events:

- In October 2004, the President of the European Commission handed over a detailed Questionnaire to the Government of the former Yugoslav Republic of Macedonia. The Questionnaire consisted of more than 100 pages of questions covering all areas of the *acquis* as well as the political and economic Copenhagen criteria.
- In February 2005, the Government handed over more than 15 000 pages of replies to the Questionnaire, which were distributed to all the relevant services of the Commission. On this basis, a large number of additional clarifications were requested and obtained.
- Intensive dialogue was held in the bodies functioning under the Stabilisation and Association Agreement (the SA Council, the SA Committee, the SA Sub-committees and the SA Parliamentary Committee). Three high-level meetings on the political criteria were also organised.

Moreover, the Commission regularly consulted the Member States, international organisations (i.a. the Council of Europe and the OSCE), international financial institutions (i.a. the World Bank, the IMF and the EBRD) and international NGOs on an informal basis.

VII. Monitoring and evaluation

As explained in point V. above, the Commission will ensure regular follow-up of the recommendations made in the Opinion. However, the scale and intensity of this follow-up will ultimately depend on the decisions taken by the Council on whether to recognise the former Yugoslav Republic of Macedonia as a candidate country and on whether or not to begin accession negotiations.