

European Union's Policy of 'Regional Approach'

1996-1999: The Case of Macedonia

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Abstract

This paper analyses the relationship between the European Union and Macedonia in the period 1996-1999. As it is well known, after the Dayton Agreement, in late 1995, the European Union's Institutions created an important policy shift, conceptualized in the 'Regional Approach' toward several Balkan states. Since the beginning, Macedonia has been among the states covered by this regional policy. On the basis of the analysis of the scope of states covered by the 'Regional Approach', as well as its characteristics, the author aims to determine the impact this approach had on the position of Macedonia vis a vis the European Union. The evaluation of this impact is facilitated through comparisons with the case of Central and Eastern European states. The author concludes that, despite the low level of general development of Macedonia in the given period of time, the 'Regional Approach' was not tailored to suit the Macedonian case. However, this policy did have numerous welcome aspects, which are also considered in this paper.

Key words: *European Union foreign policy, Regional Approach, Cooperation Agreement, Western Balkans, Republic of Macedonia*

1. Introduction

The paper is focused on an analysis of the relationship between the European Union and Macedonia in the period 1996-1999. As it is well known, in late 1995, immediately after the Dayton agreement, the European Union's institutions outlined the 'Regional Approach' toward a few Balkan states, therefore creating an important policy shift. Since the beginning, Macedonia

has been among the states covered by this policy. Therefore, in accordance to the concept of the 'Regional Approach', it was involved not only in multilateral initiatives, but also established a specific type of bilateral relations with the European Union.

The first section of the paper provides an overview of the relationship of Yugoslavia and its successor states on one hand and the European Union on the other, in the period before the 'Regional Approach' was formulated. Secondly, the European Union's documents elaborating the 'Regional Approach' are examined, to permit an evaluation of its impact on Macedonia. In a separate section, the processes of establishing bilateral relations between the European Union and Macedonia are observed, in particular with regard to the conclusion of the Co-operation Agreement in 1997. The final part of the paper provides few brief conclusions.

2. Historical Background

In order to evaluate the impact of the policy of 'Regional Approach' in the case of Macedonia, in this section we will provide an overview of few background issues. Firstly, we will look briefly at the history of the relationship between the European Economic Community and former Yugoslavia and, secondly, we will outline the developments in the region in the beginnings of the 1990s, when the dissolution of Yugoslavia posed a challenge of recognizing its successor states. In addition, we will concentrate on the specifics of the case of Macedonia which was one of the Yugoslav successor states.

In the decades before the dissolution of the latter state, the relationship between the European Economic Community and Yugoslavia was quite developed.¹ During the period of Cold War, both of these entities had reasons to establish good relations with the other, vis a vis the states from CMEA (Council for Mutual Economic Assistance or COMECON).² In 1970, the Socialist Federal Republic of Yugoslavia has signed its first non-preferential

¹ For a complete account see: Holmes M, Yugoslavia and the EEC, the Bruges Group, London, 1990.

² Desmon Dinan, Origins and Evolution of the European Union, Oxford University Press, 2006, pp. 253-270.

three-year trade agreement with the European Economic Community³ and, in 1980, Cooperation Agreement was signed between the two parties.⁴ Shortly before the breakup of the Yugoslav federation, concluding an Association Agreement was also envisaged⁵ and, after 1990, the Socialist Federal Republic of Yugoslavia was included in the PHARE program, designed by the European Economic Community to facilitate the economic and political reforms in the states of post-communist Europe.⁶

The dissolution of Yugoslavia, as well as of the massive changes throughout Eastern Europe after the fall of the Berlin Wall, also posed a challenge to the European Communities to outline the criteria for statehood, which needed to be fulfilled before any of these states could be recognized. The European Council, in Brussels, on 16 December 1991 adopted the common position on "Declaration on the Guidelines on the Recognition of New States in Eastern Europe and the Soviet Union"⁷ and the 'EC Declaration on Yugoslavia'⁸. An Arbitration Commission on Yugoslavia⁹ was appointed to provide advisory opinions on all former Yugoslav republics requiring recognition. On the basis of this analysis, the Arbitration Commission recommended that only Slovenia and Macedonia fulfilled the conditions required for recognition. Yet, it was only Slovenia and Croatia that were recognized, while Macedonia was left out.¹⁰

³ OJ 1970 L 58/2; OJ 1973 L 224/2.

⁴ OJ 1983 L41/2.

⁵ For an account and further bibliography, see: PenelopaGjurcilova, *From Cooperation to membership: the development of relations between the European Union and eastern European countries leading to the stabilization and Association Process, with special emphasis on the Republic of Macedonia*, Skopje, 2005, op. cit., pp. 71-84.

⁶ OJ 1990 No 257.

⁷ 31 I.L.M. 1485 (1992).

⁸ 31. I.L.M. 1485 (1992).

⁹ 31 I.L.M. 1488(1992).

¹⁰ For a detailed account of the issue of recognition: Richard Caplan, *Europe and the recognition of New States in Yugoslavia*, Cambridge University Press, 2007, pp. 95-145.

Greece objected to the use of the Macedonian name and this was the reason for these difficulties.¹¹ In order to settle this issue, in the period between January and April 1992 several bilateral meetings were held between Greece and Macedonia, but these failed to produce any result. Therefore, in June 1992, due to the Greek pressure, the recognition of Macedonia, which had already gained diplomatic recognition by few other states, was withheld. However, in October 1992, Macedonia could appoint its representative in Brussels. The European Communities/European Union, as well as some individual Member States allocated finances and humanitarian assistance to this new state. It was only in September of 1995 that an Interim Accord was signed with Greece regulating the use of the provisional reference ‘the former Yugoslav Republic of Macedonia’ (FYROM) until the solution of the name would be reached in the negotiating framework of the United Nations.¹² The Interim Accord also regulated that Greece would not block Macedonia’s entry (under the reference FYROM) in the international organizations. Therefore, despite the fact that Macedonia avoided the violent conflicts, this dispute largely delayed its international recognition and strongly affected its relations with the European Union. An immediate consequence of the Interim Accord with Greece was the establishment of full diplomatic relations with the European Union in December 1995. Macedonia raised the status of its permanent mission in Brussels to an ambassadorial level in February 1996.¹³

Despite of these difficulties, an important element with regard to the position in which Macedonia found itself in the first half of the 1990’s was the stability of its political situation. In the rest of the former Yugoslavia, a series of military conflicts were developing, in which Bosnia and Herzegovina, Croatia and FRY were the most involved.¹⁴ As a result, the Council decided to denounce the existing Cooperation Agreement and the other forms of

¹¹ For an overview of the problem, see: FotisMavromatidis, ‘The Role of the EU in the Name Dispute between Greece and FYR Macedonia’ in: *Contemporary European Studies*, Volume 18, Issue 1, 2010, pp. 47-62.

¹² Interim Accord between the Hellenic Republic and FYR of Macedonia, September 1995. UN Treaty Series Vol. 1891, I-32193.

¹³ GoricaAtanasova, SimonidaKacarska, CveteKoneska, Andrej Pulejkov, MarijaRisteska, *Integration perspectives and Synergic Effects of European Transformation in the Countries Targeted by EU Enlargement and Neighbourhood Policies*. Macedonia, CEUENS, 2008 July, pp.232-233.

¹⁴ See, for example: Ramet S. P, AdamovichLj. S. (eds.), 1995, *Beyond Yugoslavia. Politics, Economics and Culture in a Shattered Community*, Westview Press.

economic cooperation with Yugoslavia.¹⁵ That produced a loss of the privileged status Yugoslavia had in its relations with the European Economic Community. Therefore, the post-Yugoslav states lost an opportunity to obtain a treatment equal to that designed with regard to the Eastern and Central European states which were gradually sliding toward accession.¹⁶ For several years, the conflict situation in the former Yugoslavia was a target of European Union's numerous (and frequently insufficiently successful) stabilization initiatives aiming to pacifying the region.¹⁷

3. The 'Regional Approach' and Macedonia

In this section, the major documents produced by the European Union's institutions that conceptualize the 'Regional Approach' will be examined. Through an analysis of the scope of states covered by this policy, its principal objectives, the profile of the principle of conditionality, its forms and instruments, an evaluation of its impact in the case of Macedonia will be provided.

During the latter part of 1995, the Dayton Agreement ended the war in Bosnia and Herzegovina. It was only at that point that the European Union developed a more coherent approach in its relations with the concerned group of states from the Balkans.¹⁸ The Commission's Communication for the Council on 'Reconstruction in former Yugoslavia' from 27 September 1995¹⁹ initiated the policy shift. It was the policy of 'Regional Approach' which was to replace the previous bilateral approach toward each of the concerned states. The main asset of the new policy was the combination of the multilateral approach and establishing contractual relations with each of the successor states. The proposal involved employment of the principle of conditionality with regard to the envisaged assistance. Clearly, Macedonia belonged to the

¹⁵ OJ 1991 L 325.

¹⁶ Dinan, op. cit., pp. 253-292.

¹⁷ For a complete account of this period see: Giansily Jean-Antoine, 1999, *L'Union Européenne et la crise yougoslave: illusions et réalités*, Paris, Editions Denôel. 1999; Blockmans Steven, *Tough Love. The European Union's Relations with the Western Balkans*, T.M.C. Asser Press, 2007, pp. 111-240.

¹⁸ Heinz Kramer, "The European Union in the Balkans: Another Step Towards European Integration", *Perceptions*, September-November 2000, p. 3.

¹⁹ Bull. EU 9-1995, point. 1.4.40.

group of the Yugoslav successor states which were targeted by the 'Regional Approach' in late 1995, the other states being Croatia, Bosnia and Herzegovina and Federal Republic of Yugoslavia (comprised of Serbia and Montenegro). Yet, the profile of the 'Regional Approach' that was outlined strongly pointed in the direction of post-conflict stabilization policy. Therefore, the Council Conclusions on guidelines for former Yugoslavia from October 30, 1995²⁰ explained the need for concluding bilateral agreements with the concerned states "(a)s a follow-up to the European Union efforts to bring peace and stability to the region..."²¹. This general objective had little to do with Macedonia in late 1995. Nevertheless, the second part of the phrase was clearly desirable for Macedonia: "... the EU seeks to establish, as soon as conditions permit, a long-term relationship with the countries of the region."²² The third of these elements: "These relationships should take the form of agreements in the framework of a regional approach,"²³ gave birth to a bilateral cooperation agreement that we will discuss further on.

The envisaged agreements were to fulfil several objectives, such an improvement of relations with the European Union, reconciliation, establishment of cooperative relations among these countries and their closest neighbours and an overall contribution of the European Union to the peace and stability in the region.²⁴ From the first, the reading of the objectives of the agreements and the importance attached to the "reconciliation" and development of "cooperative relations" leaves the impression that it does not suit Macedonia, which had no paramount obstacles to cooperate with the other post-Yugoslav states.²⁵ It should be recalled that this state had "a name issue" with Greece, but the analysis of all relevant European Union's Institution's documents outlining the 'Regional Approach' does not leave an impression that this was considered while writing them. Among the other objectives, neither "the overall contribution of the EU to peace and stability in the region"²⁶ seems to point to the situation of Macedonia.

²⁰ Bull EU 10-1995, point 2.2.1.

²¹ Ibid.

²² Ibid.

²³ Ibid.

²⁴ Ibid. See also: Council Conclusions Bull. EU 1/2 – 1996, point 1.4.108.

²⁵ Bull EU 10-1995, point 2.2.1.

²⁶ Ibid.

The analysis of the outlined framework of conditionality for the future agreements points to the same conclusion. Already in late 1995 it was stated that:

“The agreements (...) should have an element of clear political and economic conditionality, including in particular respect for human rights, minority rights, the right to return of displaced persons and refugees, democratic institutions, political and economic reform, readiness to establish open and cooperative relations between these countries, full compliance with the terms of the peace agreement and, with regard to the FRY (Serbia and Montenegro), the granting of a large degree of autonomy within it to Kosovo.

The willingness of the concerned States to engage in regional cooperation and to speed the process of economic and political reform will be determining factors in the future relations with the European Union.”²⁷

The General Affairs Council of 26 February 1996 outlined the further requirements: “adopt(ing) reciprocal measures, particularly regarding the free movement of goods and persons and the provision of services, and (...) develop projects of common interest. Through this regional approach, financial aid from the European Union could be oriented towards jointly defined and cross-border projects”.²⁸

Among the envisaged conditions, the respect for the human and minority rights was certainly desirable for Macedonia, as well as the need to establish democratic institutions, political and economic reform. The other group of criteria was clearly unsuitable for the Macedonian case: the right to return of displaced persons and refugees, full compliance with the terms of the peace agreement and, with regard to the FRY (Serbia and Montenegro), the granting of a large degree of autonomy within it to Kosovo. The same applies to the paramount condition on regional cooperation and the humanitarian assistance.

Yet, in early 1996, instead of removing Macedonia from this policy aiming toward post-conflict stabilization, the European Union's 'Regional

²⁷ Ibid.

²⁸ Council Conclusions, Bull. EU 1/2 – 1996, point 1.4.108.

Approach²⁹ was widened to encompass Albania, another undeveloped state from the Balkans that was neither among the successors of Yugoslavia, nor a participant in the Yugoslav wars. The only clarification the Council provided was that the European Union's policy of 'Regional Approach' was supposed to concern the states that did not conclude the Europe Agreements (further below).³⁰

The General Affairs Council of 26 February 1996 announced that "the agreements must be consistent, while taking account of the special nature of each country's individual situation".³¹ Nevertheless, it was only in October 1996, one year after the 'Regional Approach' was envisaged, in the Commission's 'Common principles for future contractual relations with certain countries in South-Eastern Europe'³² that the awareness of European Union was revealed on the incompatibility of the two groups of states covered by the 'Regional Approach.' The analytical part of the document begins with the statement that "it is necessary to draw a distinction between Albania and FYROM on the one side and the other three countries concerned on the other".³³ According to the Commission:

"Albania and FYROM were not involved in the war in former Yugoslavia and are not parties to the peace agreements. They have made considerable efforts and have contributed to regional stability. They have an overall positive record on human rights and are, notwithstanding significant setbacks (as for example the recent parliamentary elections in Albania), engaged in an active policy of democracy building and economic reform. Moreover, their relations to the European Union are much more advanced than in the case of Bosnia and Herzegovina, Croatia and the Federal Republic of Yugoslavia (FRY).

Although both countries have important minorities and their internal stability as well as their relations to each other and to their neighbours are crucial for the overall stability in the region, it is justified to differentiate between them and the former Yugoslav republics, which are parties to the

²⁹ Council Conclusions and Declaration on former Yugoslavia, Bull. EU 1/2 – 1996, point 1.4.108.

³⁰ Ibid.

³¹ Ibid.

³² COM (96) 476 final.

³³ Ibid.

peace agreements. In addition to possible variations in the content of these agreements in order to take account of their specific economic situation, this differentiation concerns the institutional mechanisms of their bilateral agreements with the Community as well as the timing of the negotiations which are constrained neither by the same considerations of possible interdependence nor the political conditionality as in the case of the other three countries.³⁴

Apart from a very brief analysis of both Macedonian and Albanian cases,³⁵ most of the document, however, analyses the other states (Bosnia and Herzegovina, Croatia, FRY) and provides guidelines on future agreements to be concluded with each of them and the common principles to be considered.

The analysis of the April 29, 1997 Council conclusions on the application of conditionality with a view to developing a coherent European Union's strategy for its relations to the countries in the region, leads to the same conclusion.³⁶ That is an important document that clarified the profile of the principle of conditionality for the states from the region.³⁷ The document included both the conditions applicable for the entire region and those applicable only for a certain state, attempting to reconcile the criteria required from the individual states and a coherent approach toward the region. From the analysis of this document we may also notice that, while there are separate paragraphs for the states such as Croatia, Bosnia and Herzegovina and FRY (concerning issues such as the return of refugees and compliance with the peace agreements), there is nothing concerning particular issues for Albania or Macedonia. The annexed list of the envisaged elements is interesting to analyze: The democratic principles listed in point 1 include many elements, such as representative government, accountable executive, separation of powers and free and fair elections. The human rights and rule of law listed in point 2 also involve a list of elements such as freedom of expression, right of assembly and demonstration; right to privacy, access to courts and right to fair trial; equality before the law and equal protection by the law. The respect for and protection of minorities listed in point 3 includes right to establish their own educational, cultural and religious institutions and organisations; opportunities for these minorities to use their own language before courts and

³⁴ Ibid.

³⁵ Ibid.

³⁶ Bull. EU 4-1997, point 2.2.1.

³⁷ Ibid.

public authorities; adequate protection of refugees and displaced persons returning to areas where they represent an ethnic minority. The market economy reform listed in point 4 include policies ensuring stable economic environment; liberalisation of prices, trade and current payments; stable legal and regulatory framework; privatisation of State owned enterprises; Establishment of a competitive banking sector.

Among the four groups of criteria, observance of the democratic principles, human rights, rule of law and market economy reform were desirable benchmarks for each of the concerned state. The third principle - respect for and protection of minorities, although generally desirable for all states, including Albania and Macedonia, involves adequate protection of refugees and displaced persons returning to areas where they represent an ethnic minority, which are not applicable for the last two. Therefore, although the general criteria listed in the annex were desirable benchmarks, one may conclude once again that at this stage the European Union was preoccupied by the issues of stabilization after the armed conflicts in the region.

4. Bilateral relations between Macedonia and the European Union (1996-1999)

Although, as we have demonstrated above, Macedonia neither needed a particular stabilization policy, nor did it face the paramount obstacles for regional cooperation. Throughout the 1990's, it was an impoverished and little developed state. Therefore, the second form of the 'Regional Approach' - strengthening its bilateral relations with the European Union was an important and welcome development. In this section the bilateral relations between Macedonia and the European Union will be discussed. The analysis of the instruments on the financial assistance and the bilateral agreements is informed by comparisons with the cases of a few other states from the broader region of Central and Eastern Europe. The evaluation of the cooperation agreement relies on comparisons with the similar agreements with former Yugoslavia, Slovenia and Albania.

In January 1996, the Commission proposed a Council Regulation to include Macedonia in the PHARE program³⁸ and on March 11, 1996, it was

³⁸ Bull. EU ½ (1996), point 1.4.112.

admitted.³⁹ The aims of this program included European Union's aid for development, cross-border cooperation, transportation, encouraging commercial banking, public administration reform, cultural development and environment. This was not, however, a first-rate success, as we have mentioned above that already in 1990, the Socialist Federal Republic of Yugoslavia has been included in the PHARE program.⁴⁰ Due to the dissolution of the latter, this decision was reversed in 1991.⁴¹ Meanwhile, other states from the region were also included in PHARE, such as Bulgaria in 1990,⁴² Romania and Albania in 1991.⁴³ When the Council Regulation (EC) No. 1628/96 (named "OBNOVA") concerning financial assistance for few former - Yugoslav states was adopted on 25 July 1996, apart from Croatia, FRY, Bosnia-Herzegovina, it also included Macedonia.⁴⁴

As early as November 14, 1995, the Commission recommended to the Council to adopt a Decision on negotiation of a co-operation agreement with Macedonia.⁴⁵ The negotiations started in March 1996, but the Agreement was finally signed on April 29, 1997. It was concluded on an indefinite period and it remained in force until 2004. The Macedonian Parliament ratified it on July 31, 1997 and it entered into force on January 1, 1998, together with few protocols and declarations.⁴⁶

This agreement represented an institutionalization of the earlier relationship between the European Union and Yugoslavia. We may recall that when the Cooperation Agreement between SFRY and the EEC from 1980 was denounced in 1991,⁴⁷ a Council Regulation, adopted on December 2, 1991 regulated for the re-establishment of trade-concessions from the denounced Cooperation Agreement with Yugoslavia for those republics that were not considered responsible for the crisis (Bosnia and Herzegovina, Croatia,

³⁹ Council Regulation (EC) No. 463/96 amending Regulation (EEC) No. 3906/89 on the PHARE program with a view to extending economic aid to the Former Yugoslav Republic of Macedonia. OJ (1996) 65. See also: Council Decision 97/471 providing macro-financial assistance for FYROM, O.J. 1997 L 200/59.

⁴⁰ OJ 1990 No 257.

⁴¹ Bull. EC 11/91 (1991).

⁴² Regulation no 2698/90, JOCE, L 257, 21.9.1990.

⁴³ Regulation no 3800/91, JOCE, L 357, 28.12.1991.

⁴⁴ OJ 1996 L 204/1.

⁴⁵ Bull. EU 11(1995).

⁴⁶ Gjurgilova, op. cit., p. 134.

⁴⁷ OJ 1991 No L 315.

Macedonia and Slovenia).⁴⁸ Meanwhile, co-operation agreements were also concluded with the states of Central and Eastern Europe ('first-generation agreements'),⁴⁹ such as with Hungary⁵⁰ or Czechoslovakia⁵¹ and Romania⁵². However, these were quickly replaced by so-called 'Europe' Association Agreements which were supposed to lead to accession to the European Union.⁵³ Among the states emerging from the former Yugoslavia, only Slovenia managed to begin a new type of contractual relations with the European Union⁵⁴ – a development that led to its fast accession to membership. Among the states covered by 'Regional Approach', only Albania concluded its first-generation agreement in 1992.⁵⁵

Therefore, although in the period 1996-1999 Macedonia was the only state that concluded a first-generation Cooperation Agreement with the European Union,⁵⁶ there was little reason for celebrating. This is confirmed by the content of the evolutionary clause, which read as follows: "Contracting Parties desire to strengthen their contractual relations as soon as possible, taking full account of the aspirations of FYROM for an advanced relationship with the European Union".⁵⁷ One may compare it with the evolutionary clause

⁴⁸ Bull. EC 12/1991.

⁴⁹ Ott A. and K. Inglis, *Handbook on European Enlargement*, T.M.C. Asser Press, The Hague, 2002, pp. 349-368.

⁵⁰ Council Decision no 88/595, O.J. L 327 1 Hungary.

⁵¹ Council Decision no 89/215, 1989, 32 O.J. L 88 1 Czechoslovakia.

⁵² Agreement between the EEC and Romania on Trade and Commercial and Economic Cooperation. OJ 1991 L79/13.

⁵³ An account on the European Union's policy toward the states from Central and Eastern Europe: Allan F. Tatham, *Enlargement of the European Union*, Wolters Kluwer, 2009, pp. 71-1116.

⁵⁴ Cooperation Agreement between the European Economic Community and the Republic of Slovenia: OJ 1993 L189/2; Interim Agreement on trade and trade-related matters between the European Community, the European Coal and Steel Community and the European Atomic Energy Community, of the one part, and the Republic of Slovenia of the other part: OJ 1996 L344/3; For the Europe Agreement, see: OJ 1999 L51/3.

⁵⁵ OJ 1992 L343/1. For an account on the relationship between this state and the European Union see: M. Bogdani, J. Loghlin, *Albania and the European Union. The Tumultuous Journey towards Integration and Accession*, I.B. Tauris, 2007.

⁵⁶ Cooperation Agreement between the European Community and the former Yugoslav Republic of Macedonia, OJ 1997 L348/2.

⁵⁷ See the preamble to the Co-operation Agreement and COM(96) 476 final.

inserted in the Cooperation Agreement with Slovenia from 1993 which noted in the preamble the following: "...Conscious that this Cooperation Agreement constitutes a first stage in the organization of relations between the Contracting Parties and that in due time it may be replaced by a 'Europe Agreement', establishing an association."⁵⁸ We may compare this also to the evolutionary clause in the Cooperation Agreement with Albania from 1992, where the clause refers to "the objective of an association agreement, in due course, when conditions are met"⁵⁹.

In addition, according to Article 45 of the Co-operation Agreement between the European Community and Macedonia: "The Contracting Parties shall examine, in due course, when conditions are met, the possibility of strengthening their contractual relations, bearing in mind the aspiration of the former Yugoslav Republic of Macedonia for an advanced relationship towards an association with the European Community." As Article 45 of the Agreement does not specify the nature of the "advanced relationship with the European Union", a unilateral declaration by Macedonia was attached which reads as follows: "Bearing in mind that the Co-operation Agreement constitutes a first step of contractual relations between the European Community and the Republic of Macedonia and that the Contracting Parties desire to strengthen their relations as soon as possible, the Republic of Macedonia declares that its aspirations for an advanced relationship with the European Union refer to the conclusion of a Europe Agreement. The Republic of Macedonia expects that the European Union would be ready to start such negotiations in due course."⁶⁰ This is evidently a lower footing when compared to the provision in the Article 50 of the Agreement with Slovenia: "The Contracting Parties shall examine, at the earliest opportunity, the possibility of concluding a 'Europe Agreement' establishing an association, with the particular aim of achieving a gradual and reciprocal removal of barriers to the bulk of their trade."

⁵⁸ Preamble of the Cooperation Agreement between the EEC and Slovenia, OJ No L 189/2 29.07. 1993.

⁵⁹ See: Preamble of the Agreement between the EEC and the Republic of Albania, on trade and commercial and economic cooperation: OJ 1992 L343/1.

⁶⁰ Gjurgilova, op. cit., 133-134. The author has been an employee of the Macedonian Ministry and Foreign Affairs and her account provides many valuable data on the course of negotiations and conclusion of the agreement.

The objectives of the Co-operation Agreement are stated in Article 1, according to which the Agreement should "promote comprehensive cooperation between the Contracting Parties with a view to contributing to the economic development of the former Yugoslav Republic of Macedonia, in particular to the development of a market economy, and to deepening relations between the Contracting Parties. The Community's cooperation with and assistance to the former Yugoslav Republic of Macedonia shall also contribute to good neighbourly relations and the development of regional cooperation and trade. To these ends, provisions and measures will be adopted and implemented in the fields of economic, technical and financial cooperation and trade."⁶¹

Article 1 also underlines the application of the principles of conditionality, where "the good neighbourly relations with the other countries of the region including the promotion of economic cooperation and trade" are emphasized. In addition, according to Article 1, respect for the democratic principles and human rights established by the Universal Declaration of Human rights, the Helsinki Final Act and the Charter of Paris for a New Europe in the internal and external policies, as well as respect for the principles of a market economy as reflected in the document of the Bonn Conference on Economic Cooperation constitute an essential element of the Agreement.

Therefore, this Cooperation Agreement clearly raised the level of the principle of "cooperative and good-neighbourly relations" to a legal condition for the development of relations with the EU.⁶² We can make yet another comparison with the Agreement with Slovenia, where, unlike in the case of the 'Regional Approach' the good-neighbourly relations and cooperation do not figure. Therefore, the second paragraph of Article 1 reads only: "Respect for the democratic principles and human rights established by the Helsinki Final Act and the Charter of Paris for a New Europe shall inspire the domestic and international policies of the Community and Slovenia, and shall constitute an essential element of this Agreement." Article 1 of the

⁶¹ See: Article 1.

⁶² LopardicDusko, 1998, *Revue du Marche commun et de l'Union europeenne*, no 418, mai, p. 326. On the general issue of regional cooperation in the European Union's foreign policy, see: Karen E. Smith, *European Union Foreign Policy in a Changing World*, Polity, 2003, pp. 69-96.

Agreement with Albania has the same wording.⁶³ Through its broadened content, the conditionality as envisaged in the Cooperation Agreement with Macedonia contributes to the 'many faces of EU conditionality'⁶⁴ - a phrase coined by a few specialists. As they have pointed out, this content reflects new trends in the European Union's conditionality concept, as the respect for international law is also involved in other bilateral agreements, such as the Partnership and Co-operation Agreement with Georgia.⁶⁵

The structure of the Co-operation Agreement was as follows: 48 Articles and several protocols and declarations, very similarly to both the Agreement with Slovenia and that with Yugoslavia. The content of the agreement was very broad, comprising of cooperation in several fields: industrial co-operation, science and technology, agriculture, tourism, environment and finances, services, standards, capital movement, information technology, human resources, telecommunications, investments and public procurement.⁶⁶ The provisions on trade co-operation envisaged autonomous trade measures. The Agreement also envisaged that, in a transitional period of 5 years, Macedonia may give preferential treatment to imports from the other states arising from former Yugoslavia without an obligation to treat the European Union Member States in the same way.

The institutional structure of the agreement with Macedonia also followed the model of other first-generation agreements.⁶⁷ Therefore, according to Article 33, paragraph 1 of the Agreement with Macedonia, Cooperation Council is established. The possibility of employing "appropriate measures" is also envisaged in Article 40, paragraph 2.⁶⁸ In addition, Article 41 also establishes a dispute settlement mechanism.⁶⁹

⁶³ Article 1 of the Agreement with Albania. See: OJ 1992 L343/1.

⁶⁴ Lannon E, Inglis K, Haenebalcke T, 'The Many Faces of EU Conditionality in Pan-Euro-Mediterranean Relations' in: Maresceau M, Lannon E, The EU's Enlargement and Mediterranean Strategies – A Comparative Analyses, Palgrave Macmillan, 2001, pp. 97-138.

⁶⁵ Ibid, p. 108.

⁶⁶ Article 11.

⁶⁷ Compare for example with Articles 38-41 of the Trade Agreement between the EEC and Slovenia.

⁶⁸ Compare with Article 45 of the Trade Agreement between the EEC and Slovenia where in paragraph 2 the words "except in cases of special urgency" do not exist.

⁶⁹ Compare with Article 46 of the Trade Agreement between the EEC and Slovenia.

Among the attached Declarations, the Joint Declaration on the political dialogue should be underlined. Its aim was to strengthen the democratic principles and institutions in Macedonia, human rights (especially minority rights), market economy, the integration of Macedonia in the community of democratic nations, convergence of the contracting parties on international issues of interest, security and stability of whole Europe, especially in South-Eastern Europe.⁷⁰ A similar Joint Declaration on political dialogue was included in the case of Albania.⁷¹ Evidently, the Political Dialogue was modeled on the Structured Dialogue with the Central and Eastern European states, although without an implication that this sort of co-operation may lead to accession. However, the European Council declared that both the Cooperation Agreement and Political Dialogue form a significant step for the relations of Macedonia with European Union and recognition of its place in the European family.⁷²

The Cooperation Agreement raised the level of exchange between the European Union and Macedonia and its implementation was deemed successful. In the subsequent years, the compliance with the principle of conditionality was closely observed. In its regular report to the Council from 15 April 1998 regarding compliance with the conditions in the Council Conclusions of 29 April 1997 encompassing Regional Approach, the Commission expressed the opinion that progress in Macedonia can be noticed in the fields of human rights, minorities' rights and rule of law.⁷³ In its Communication to the Council of 10 October 1998,⁷⁴ the Commission also observed the Macedonian progress in several fields, underlining the need for further reform in public administration, judiciary and some aspects of minority rights. Therefore, the PHARE program for Macedonia was continued, as well as the implementation of the Co-operation Agreement and the political dialogue.⁷⁵ Other encouraging developments may be noticed in the same period. The Council adopted a Decision concerning an Agreement between the European Community and the former Yugoslav Republic of Macedonia in

⁷⁰ Bull. EU 4(1997), pp. 83-84; See: Press Release Brussels 7742/97 (133).

⁷¹ COM (96) 476 final.

⁷² Bull. EU ½ 1998

⁷³ COM (98) 237, April 15, 1998.

⁷⁴ COM (98) 618, October 10, 1998.

⁷⁵ Press Release: Brussels Nr 7742/97 (133).

the field of transport.⁷⁶ A Textile Agreement⁷⁷ was also concluded and it was in force in the period 1998-2003. In March 1996, Macedonia signed the European Energy Charter.⁷⁸ Therefore, Macedonia was prepared for a higher level of bilateral relations with the European Union and, indeed, as soon as the 'Regional Approach' was abandoned and the new Stabilization and Association Policy launched, it was on its way to sign an upgraded form of agreement.

5. Conclusion

The analysis of the impact of the policy of 'Regional Approach' in the case of Macedonia implies mixed conclusions. Firstly, the analysis of all major documents defining the Regional Approach demonstrates that the essential objective was stabilization of the states that had participated in the military conflicts, an unsuitable objective for the case of Macedonia, which did not face the level of destabilization experienced elsewhere in the region. Secondly, it should be recalled that due to the initial difficulties with regard to its recognition, Macedonia did not progress much in its relationship with the European Union in the first half of the 1990's. Therefore, the progress in the bilateral relations was a welcome development, both with regard to intensified political cooperation and economic development. The same may be said about the inclusion of Macedonia in the instruments on financial aid. The analysis of the Cooperation Agreement implies differences with the provisions of similar agreements with Slovenia and Albania, in particular with regard to the evolutionary clause which is silent on the prospective 'Europe' Agreement and which, (in our opinion unnecessarily) emphasizes the regional cooperation.

Therefore, despite the fact that including Macedonia among the states of 'Regional Approach', instead of involving this country among the Central and Eastern European states (together with Romania and Bulgaria) was a regrettable course, the intensification of the relations to the European Union in late 1990's was a welcome development and, unsurprisingly, in the subsequent years, Macedonia was the first to slide into its new instrument –

⁷⁶ OJ 1997 L348/170.

⁷⁷ OJ 1999 L 344/2.

⁷⁸ Gjurgilova, op. cit., p. 137.

Stabilization and Association Agreement, as envisaged by the new and generally welcomed Stabilization and Association Policy.

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