The evolution of EU accession requirements for North Macedonia

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Abstract. Since Republic of North Macedonia has been a candidate country for European Union membership for almost two decades, the goal of this article is to shed a light on the conditions and requirements that were set before Macedonia and their evolution for this time period. For that purpose the article, annual reports of the European Commission on Macedonia’s progress were reviewed. Further on, analysis of the development of Macedonia’s macroeconomic indicators was carried out which was followed by a comparative analysis of the state of the economic development of the Central and Eastern European countries — member states of the European Union, at the moment of their accession. It was established that the EU enlargement process have undergone significant changes since its foundation. Over time, the changed political environment within the EU has led to a significant strengthening and tightening of the rules and criteria. The inefficiency of the latest accessions provoked the EU once again to change the accession negotiation process and introduce new accession process that is significantly more political than economic. In Macedonia’s case, it was political and not economic requirements that led to the country becoming stuck in its EU accession process. The economic results achieved by Macedonia during the researched period, even though lower than the average for the union, were still higher that the results shown by some Central and Eastern European counties at the time when they became members of the EU. Therefore, is no doubt, that Macedonia’s path to the EU was conditioned by political obstacles, the same situation continues today. But the major question that still stand unanswered is weather this kind increased politicization of the process is contradictory to the merit-based system the EU prides itself on.

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Эволюция требований к вступлению Северной Македонии в ЕС

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Аннотация. Поскольку Республика Северная Македония уже почти два десятилетия является страной-кандидатом на вступление в Европейский союз, цель исследования — пролить свет на условия и политику, которые были поставлены перед Македонией, и их эволюцию за этот период времени. С этой целью были проанализированы ежегодные отчеты Европейской комиссии о прогрессе Македонии. Далее был проведен анализ развития макроэкономических показателей Македонии, за которым последовал сравнительный анализ состояния экономического развития стран Центральной и Восточной Европы — государств — членов Европейского союза, на момент их вступления. Было установлено, что процесс расширения ЕС претерпел значительные изменения с момента его основания. Со временем изменившаяся политическая обстановка внутри ЕС привела к значительному усилению и ужесточению правил и критериев. Неэффективность последних присоединений побудила ЕС в очередной раз изменить процесс переговоров о вступлении и ввести новый процесс присоединения, который является значительно более политическим, чем экономическим. В случае Республики Северная Македонии именно политические, а не экономические требования привели к тому, что страна застряла в процессе вступления в ЕС. Экономические результаты, достигнутые Македонией за исследуемый период, хотя и были ниже средних показателей по Союзу, все же были выше результатов, показанных некоторыми странами Центральной и Восточной Европы в то время, когда они стали членами ЕС. Таким образом, нет сомнений в том, что путь Македонии в ЕС был обусловлен политическими препятствиями, такая же ситуация сохраняется и сегодня. Но главный вопрос, который все еще остается без ответа, заключается в том, противоречит ли такого рода усиленная политизация процесса системе, основанной на заслугах, которой гордится Европейский Союз.

Ключевые слова: ЕС, Македония, критерии вступления, интеграция, членство, требования

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Introduction

Since gaining independence, Macedonia has made membership in the European Union one of its strategic goals that influenced the trajectory of the country’s development through the years. Fulfilling this goal, with each stage passed, the country has shown itself as a reliable partner and ally of the European Union and today is a candidate for EU membership.

There is no denying that Macedonia has faced numerous challenges on its path to EU membership making its accession process the most unique one so far. In 2001, Macedonia became the first country in the Western Balkan region to sign the Stabilization and Association Agreement — a document that enabled trade liberalization, and provided a foundation for substantial integration in many areas. The country was assigned membership status in 2004, and soon after received its first recommendations to begin the negotiation process.

Since then, the Macedonia had to overcome multiple vetoes from different member states, in order to be able to start the accession process in 2022, 18 years after being recognized as a candidate for EU membership.

Literature review

The problems of the influence of integration on the socio-economic development of countries have been reflected in the works of international scientists throughout the years. In regards to the EU integration process of the Republic of North Macedonia, various aspects of the integration process have been reflected in the works of both Macedonian and international scientists. Issues of the potential future and current crisis of the EU are considered in the papers K. Archick (Archick, 2018), Z. Lefkofridi, P. Schmitter (Lefkofridi, Schmitter, 2015), R. Maher (Maher, 2021), E.R. Jones, D. Kelemen, S. Meunier (Jones, Kelemen, Meunier, 2021), F. Schimmelfennig (Schimmelfennig, 2017), L. Warlouzet (Warlouzet, 2014), A. Zablocka, A. Yaghi (Zablocka, Yaghi, 2019).


North Macedonia as a potential member of the European Union is considered in the works of the following authors: S. Mojsovska (Mojsovska, 2018, 2021), K. Olivera, M. Spirovski, M. Ristovska, I. Hristoska (Olivera, Spirovski, Ristovska, Hristoska, 2017), I. Velichkovski, M. Petreski, B. Jovanovic (Velichkovski, Petreski, Jovanovic, 2018).
Research methods

The study was conducted on the basis of an empirical analysis of statistical data from Eurostat, the WTO and the State Agency for Statistics and the Ministry of Finance of Macedonia. Moreover, the author used a graphical method of constructing diagrams, tables and graphs to reflect the results obtained during the study.

Results

The evolution of the political criteria

If we analyze the main stages of Macedonia’s accession process, it becomes clear that the reasons behind the long accession process have political nature. Starting with the fact that the first recommendations to begin the negotiation process were made in 2009, and even though Macedonia continuously got those recommendations from the European Commission, the country only began the negotiation process 13 years later.

The first obstacle Macedonia faced on the path to EU integration was the veto imposed by Greece. From the moment the country gained independence, Greece opposed the recognition of the Republic of Macedonia under its constitutional name, which played a negative role in the accession process.

After 27 years of disputing, Macedonia took a giant leap towards EU membership by signing the “Prespa Agreement” in 2018 and officially changed its name from Republic of Macedonia to Republic of North Macedonia. Expectations that the name change under the Prespa agreement, even though unpopular among the public, would be a game changer were fueled in large part by the international community, as some of the most prominent leaders of the EU member states visited the country prior to the Agreement. Macedonia has fulfilled what the EU has set as the most important benchmark for starting negotiations and it was expected that the EU would also fulfill these promises and decide to start the accession process. Unfortunately, the enthusiasm for resolving the long-term dispute turned out to be baseless, as the start of negotiations on Macedonia’s accession to the EU was further delayed.

In October 2019, France used its veto power to delay the start of negotiations with Macedonia in order to reconsider the accession process. This decision caused great disappointment in Macedonia and the Western Balkans, as it undermined their confidence in the merit-based EU accession process. France’s position that the accession process should be suspended due to the internal unpreparedness of the EU was expressed at a time when Macedonia was not only demonstrating readiness, but also serious activity when it came to rapprochement with the EU. It should be also noted that what was at stake was the “start of negotiations”, and not the actual entry into the EU. Since there is a certain period of time between the beginning of negotiations and accession to the EU, member states would’ve had many opportunities to press for the necessary reforms of the candidate country.
After the adoption of the new methodology in March 2020, it was decided to start negotiations between the EU and Macedonia. The decision stated that negotiations would begin at the first intergovernmental conference of the parties, but unfortunately, the implementation of this decision was once again blocked.

This time around, Bulgaria had chosen to use its position as an EU Member State to enforce and impose its national interests, or rather the current perception/understanding of its national interests by disputing the Macedonian nationality, language and history. Bulgaria’s demands are not only contradictory to the EU core values, but are also contradictory to the principle of equal rights and self-determination, which makes the issue more complex than the dispute with Greece. Even though most EU member states were against Bulgaria’s demands, the consensus-based decision-making mechanism in the EU regarding the enlargement of the Union allowed Sofia to block the start of negotiations.

In the summer of 2022, in order to lift the Bulgarian veto on Macedonia’s EU accession process, France submitted a proposal that was supposed to resolve the main issues. The first version of the “French proposal”, presented at the end of June 2022, was immediately rejected by Macedonia, since it only took into consideration the Bulgarian demands, without taking into account the Macedonian red lines. Not long after, a revised version of the French proposal was submitted. According to the latest version of the proposal, Macedonia should include the Bulgarian minority living in the country in the preamble of its constitution and achieve visible results in the implementation of good neighborly relations and closer regional cooperation. It’s worth pointing out that, it did not go unnoticed that the EU did not demand that Bulgaria comply with the rulings of the European Court of Human Rights regarding the freedom of ethnic Macedonians living in Bulgaria. Despite the numerous protests that took place in Macedonia, the Government of the country accepted it, considering that the proposal was “neither good nor disastrous, but generally acceptable as a basis for progress.” Following the acceptance of the French proposal, the Commission started the screening process.

**The economic criteria**

Despite the political conditions that are put forward to the country, Macedonia continues to aspire to the European Union. Economic development plays an important role in the accession process. From Macedonia, it is expected to achieve a certain level of development, which will allow the country to more easily adapt to the economy of the union. Since the beginning of the accession process, Macedonia’s GDP has increased 3.7 times, from 3709.6 mln. doll. in 2001 to 13825.1 mln. doll. in 2021, despite the fact that the global financial crisis, the euro zone crisis and the Covid-19 pandemic occurred during this period.

GDP per capita increased significantly less than GDP, only 1.7 times. If in 2001 this figure was 9869.5 dollars or 27.9 % of the EU average, then in 2021 it was 164.4 dollars or 37.3 % of the EU average (Table 1).
### Macedonian GDP, GDP per capita and GDP growth 2001–2021

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP, US$ million</th>
<th>GDP per capita, PPP, in constant international dollars</th>
<th>GDP growth, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>3709.6</td>
<td>9869.5</td>
<td>-3.1</td>
</tr>
<tr>
<td>2002</td>
<td>4018.4</td>
<td>10090.0</td>
<td>1.5</td>
</tr>
<tr>
<td>2003</td>
<td>4946.3</td>
<td>10280.6</td>
<td>2.2</td>
</tr>
<tr>
<td>2004</td>
<td>5682.8</td>
<td>10730.5</td>
<td>4.7</td>
</tr>
<tr>
<td>2005</td>
<td>6258.6</td>
<td>11213.7</td>
<td>4.7</td>
</tr>
<tr>
<td>2006</td>
<td>6861.2</td>
<td>11770.2</td>
<td>5.1</td>
</tr>
<tr>
<td>2007</td>
<td>8336.5</td>
<td>12511.7</td>
<td>6.5</td>
</tr>
<tr>
<td>2008</td>
<td>9909.5</td>
<td>13174.9</td>
<td>5.5</td>
</tr>
<tr>
<td>2009</td>
<td>9401.7</td>
<td>13103.5</td>
<td>-0.4</td>
</tr>
<tr>
<td>2010</td>
<td>9407.2</td>
<td>13515.0</td>
<td>3.4</td>
</tr>
<tr>
<td>2011</td>
<td>10494.6</td>
<td>13807.5</td>
<td>2.3</td>
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<tr>
<td>2012</td>
<td>9745.3</td>
<td>13727.8</td>
<td>-0.5</td>
</tr>
<tr>
<td>2013</td>
<td>10817.7</td>
<td>14108.9</td>
<td>2.9</td>
</tr>
<tr>
<td>2014</td>
<td>11362.3</td>
<td>14596.6</td>
<td>3.6</td>
</tr>
<tr>
<td>2015</td>
<td>10064.5</td>
<td>15139.3</td>
<td>3.9</td>
</tr>
<tr>
<td>2016</td>
<td>10672.5</td>
<td>15553.5</td>
<td>2.8</td>
</tr>
<tr>
<td>2017</td>
<td>11307.1</td>
<td>15706.5</td>
<td>1.1</td>
</tr>
<tr>
<td>2018</td>
<td>12683.1</td>
<td>16145.6</td>
<td>2.9</td>
</tr>
<tr>
<td>2019</td>
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<td>3.9</td>
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<tr>
<td>2020</td>
<td>12363.6</td>
<td>15779.7</td>
<td>-6.1</td>
</tr>
<tr>
<td>2021</td>
<td>13825.1</td>
<td>16464.4</td>
<td>4.0</td>
</tr>
</tbody>
</table>


Even though, there is a significant difference in this parameter between Macedonia and the union average, this won’t be the first time a country with notable difference to become part of the EU. For example, when Latvia joined the EU in 2004, its GDP per capita was 25.4 % of the average European, Lithuania’s figure was 24.2 %, Estonia’s — 33.8 %. The situation was even more serious in 2007, when, at the time of accession, Romania’s GDP per capita was 24.8 %, while Bulgaria’s figure was only 17.5 % of the average for the Union.
Another important socio-economic indicator that has played an important role in the country’s aspirations to join the EU is unemployment. High unemployment rate is one of the main problems in Macedonia. At the beginning of the research period, every third person of working age struggled to find a job. To date, this figure has halved and is 15.8 % (Figure 1).

![Figure 1. Unemployment rate in Macedonia for 2001–2021, %](https://www.stat.gov.mk/SoopstenijaPoOblasti.aspx)

Despite progress in reducing the unemployment rate, it remains twice as high as the average unemployment in the EU and one percent higher than in Spain and Greece (the EU member states with the highest unemployment rate). But at the same time, it is necessary to take into account the fact that at the time of accession, some of the countries (that joined the EU last), their unemployment rate was higher than the Macedonian one. For example, in Poland, the unemployment rate in 2004 was 19 %, in Slovakia 18.2 %, and in Croatia, at the time of accession it was 17.3 % (Figures 2, 3).

Based on the fact that Macedonia is expected to adopt the euro as its national currency after EU accession, it is worth considering how it meets the convergence criteria known as the Maastricht criteria. As for the requirement to achieve high price stability, the fight against inflation was one of the priorities of the country’s economic policy. It’s worth noting, that in the research period Macedonia succeeded in decreasing the gap in regard to this parameter with the EU (Table 2).

If we compare the inflation rate of the CEE countries at the time of accession, we will see that the difference was slightly higher for most of them. For example, in 2004, the average European inflation was 2.7 %, while in Hungary, in the same year, it was 5.1 %, in Slovakia — 5.7 %, and Latvia — 7.1 %. But this was not the biggest difference in inflation rates between the EU and the new member at the time.
of accession. In 2007, the inflation rate in the EU reached 3%, while in Bulgaria rose to 11.1%, and in Romania 15.8%. (Figure 4).

* — accession to the EU after 2004 (data of 2007)
** — accession to the EU after 2004 (data of 2013)

**Figure 2.** Unemployment rate in the EU and Macedonia for 2021, %


* — data are presented for 2007 instead of 2004
** — data are presented for 2013 instead of 2004

**Figure 3.** Unemployment rate at the time of accession, in 2004

### Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation rate in Macedonia</th>
<th>Average inflation rate of the EU countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>5.2</td>
<td>3.4</td>
</tr>
<tr>
<td>2002</td>
<td>2.3</td>
<td>2.5</td>
</tr>
<tr>
<td>2003</td>
<td>0.9</td>
<td>2.2</td>
</tr>
<tr>
<td>2004</td>
<td>−0.4</td>
<td>2.7</td>
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<tr>
<td>2005</td>
<td>0.5</td>
<td>2.5</td>
</tr>
<tr>
<td>2006</td>
<td>3.2</td>
<td>2.7</td>
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<td>2007</td>
<td>2.3</td>
<td>3.5</td>
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<tr>
<td>2008</td>
<td>8.3</td>
<td>5.3</td>
</tr>
<tr>
<td>2009</td>
<td>−0.7</td>
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<tr>
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<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>2011</td>
<td>3.9</td>
<td>3.1</td>
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<tr>
<td>2012</td>
<td>3.3</td>
<td>2.6</td>
</tr>
<tr>
<td>2013</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td>2014</td>
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<td>0.6</td>
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<tr>
<td>2015</td>
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<tr>
<td>2016</td>
<td>−0.2</td>
<td>0.2</td>
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<tr>
<td>2017</td>
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<td>2019</td>
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<td>0.7</td>
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<tr>
<td>2021</td>
<td>3.2</td>
<td>2.9</td>
</tr>
</tbody>
</table>


![Figure 4](image-url)  

* — data are presented for 2007 instead of 2004  
** — data are presented for 2013 instead of 2004

* — data are presented for 2007 instead of 2004  
** — data are presented for 2013 instead of 2004
A similar situation is observed in 2021. The inflation rate in some EU member states significantly exceeds that of Macedonia: Poland — 5.8 %, Romania — 5.4 %, Estonia and Hungary — 5.5 %, Latvia and Lithuania — 6.8 % and 6.5 %, Bulgaria — 6.2 %.

Also, it is worth noting that adhering to one of the Maastricht requirements — stable and average inflation of no more than 1.5 percentage points above the level of the three most efficient member states, was a challenge not only for the CEE countries, but also for the “old” countries members. In 2021, only member countries managed to keep their inflation within the established corridor (Figure 5).

![Figure 5. Inflation rate of the EU countries and Macedonia for 2021, %](https://ec.europa.eu/eurostat/databrowser/view/tec00118/default/table?lang=en)

Another parameter that is necessarily taken into account by the European Union is the budget deficit. In relation to the budget deficit, during the research period, Macedonia spent in excess of its funds. It is worth noting that since 2014, there has been a tendency to reduce the deficit, which stopped due to the Covid-19 pandemic. The expenditures that were envisaged to mitigate the effects of the pandemic increased the budget deficit by 6 % (Figure 6).

But spending beyond one’s means is not unique to Macedonia. At the time of EU accession, only Estonia had a budget surplus, while the budget deficit of Poland, Hungary and Croatia exceeded 5 %.

Over the past decade, far from all member countries of the union have coped with the requirement not to go beyond their budgets. On top of that, the Covid-19 pandemic significantly complicated the situation and in 2020 almost all EU states went beyond the budget (the only exception was Denmark, which ended 2020 with a surplus of 0.2 %). A year later, in 2021, the budget deficit began to decline, but it still remained quite high.
Despite the fact that the Macedonian budget deficit exceeds the European average, it is significantly lower than the figure of such member countries as Hungary, Latvia, Romania, Greece, in which it amounted to 7.1% each, Malta — 7.8%, Italy — 9% etc. (Figure 7).

As for the government debt, from the beginning of the study period until 2019, Macedonia maintained the level of its government debt in accordance with the requirement of the union — below 60% of its GDP. But since 2020, the country’s government debt has exceeded this threshold.
The increase in government debt at a level of more than 60 % of the country’s GDP has a negative impact on the development of the country, not only in terms of fulfilling the criteria for joining the EU, but also raises the question of the sustainability of government debt in general. A study by Finance Think, the Institute for Economic Research and Policy, estimates the sustainability of the Macedonian government debt at between 51 % and 59.2 % of the country’s GDP (Figure 8).

The CEE countries that joined the EU in 2004 and 2007, at the time of accession, kept their government debt at a level below 60 %, but it is worth noting that the EU has repeatedly made exceptions in relation to this parameter. It was in 2004, at the time of accession, that Cyprus’ government debt amounted to 64.8 %, and Malta’s reached 71.3 %. But the country with the largest government debt at the time of accession was Croatia with an indicator of 87.8 %.

An interesting situation is emerging regarding the requirement for government debt. On the one hand, there is a requirement for new countries that seek to switch to the euro to fulfill certain conditions aimed at ensuring economic convergence, and on the other hand, the level of government debt in the euro zone is higher than the average for the union. This trend continued in 2021, when the level of government debt in the euro zone was 95.5 %, i.e. not only significantly higher than the established Maachstrich requirements, but also 7.5 % higher than the EU average. I.e. in countries such as Greece, Italy, Portugal, Spain and France, government debt significantly exceeds their GDP.

Figure 8. Macedonia’s government debt in 2002–2021, % of GDP

This trend continued in 2021, when the level of government debt in the eurozone was 95.5%, i.e. not only significantly higher than the established Maachstrich requirements, but also 7%, higher than the EU average. I.e. in countries such as Greece, Italy, Portugal, Spain and France, government debt significantly exceeds their GDP (Figure 9).

![Figure 9. The government debt of the EU and Macedonia for 2021, %](https://ec.europa.eu/eurostat/data/database)

**Conclusion**

It’s safe to say that Macedonia has become a classic example of the shortcomings of the EU’s enlargement policy. Over the last two decades, the process of EU integration of Macedonia has largely been determined by the politics rather than the policy of EU enlargement.

In terms of achieving the economic criteria, Macedonia made a significant progress that unfortunately was overlooked by the EU. Yes, it’s undeniable that, in terms of macroeconomic, in most indicators Macedonia still lags behind the EU. But if we pay closer attention to the Macedonian economy now and compare it with the state of the economies of the countries of Central and Eastern Europe at the moment of their accession to the EU, we’ll notice that Macedonia showed better results than some of them. It is worth noting that in regard to the Maastricht criteria, in 2021 Macedonia performed better than most EU member states. Therefore, judging on the macroeconomic indicators, Macedonia qualifies for EU membership.

While it is understandable that EU countries are seeking to improve their enlargement policies, taking into account the lessons learned from the last accessions and are also focusing on the political aspect of the process, recent policy decisions...
show that the process of enlargement has been understood by some EU member states as an arena for the pursuit of individual rather than common EU interests. The increased politicization, as well as the increasing role of the bilateral disputes contradicts the transparent and merit based process the European Union strives for. On the contrary, settlement of bilateral disputes, which nowadays has become a clear and often emphasized precondition for further expansion, relies on depends on the satisfaction of the member states involved with the outcome of the dispute settlement, and not on any “objective, precise, detailed, rigorous and verifiable” conditions.

References


Bio note / Сведения об авторе

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