

## **NEWSLETTER** "Thinking Laboratory"

## Can EFTA/EEA membership become a medium term solution for Macedonia?

In the absence of more intensified approach towards settling the name dispute between Greece and Macedonia, the EU is risking back pedaling the EU integration process and witnessing a deadlock in the period to come. Granted with a candidate status in 2005, only a year after Croatia acquired the same status, Macedonia's road to EU membership is not as smooth as the Croatian one. This Adriatic country is at the very end of its accession negotiations and expects to conclude them by the end this year. The Greek veto on the other hand blocks the opening of accession negotiations with Macedonia, thus halting the formal and visible EU membership progress of the country.

If the accession process remains to be blocked for a longer period as suggested in couple of occasions by both sides, the country will start to look more like typical EFTA/EEA member state. This is mainly because of the continuous implementation of the Stabilization and Association Agreement and the harmonization with the Acquis.

EEA and EFTA are constructed to accommodate by and large the Nordic countries (Norway and Iceland) together with Lichtenstein and Switzerland and to act as a deep and comprehensive link between the EU and these countries. The core of their function is that these countries get a full access in the EU's Single Market but first must harmonize big chunk of their legislation with the one of the European Union. Moreover, EFTA/EEA countries are in the Schengen Area as well, as part of the overall freedom of movement concept.

Ten years ago the EU has launched its biggest, most synced and at the same time tangible policy towards the countries of the Western Balkans also known as Stabilisation and Association Process (SAP). The idea behind the SAP is to align the country closer to "EU's way" of doing things and its successful implementation has become a pre condition for membership. Macedonia has been the first among all Western Balkans countries to sign this agreement back in 2001. Several days ago businessmen and politicians have silently highlighted the fact that as of January 2011 there is free flow of goods between the EU and Macedonia, condition steaming from the SAA provisions. Macedonian exports reached nearly 2 billion USD in 2010 (EU27), compared to 950 million in 2004 (EU 25).

In addressing the different segments from EFTA/EEA membership it is important to highlight that Macedonia has been given visa free access to the Schengen Area two years ago. It is making further efforts to comply with Schengen rules as noted in the last EC report. In this regard unilateral recognitions on Schengen visas and residence permits have been introduced.

When speaking of harmonization with the EU Acquis, Macedonian Government is annually working on harmonizing Macedonian legislation with the one of the EU through the "National Program for the Adoption of the Acquis". The first one has been introduced in 2007 and the process has up until now reached a mature phase.

When it comes to the other areas of EU's single market: free movement of capital, services and people as well as the customs union, the EC reports note moderate progress in all areas, outlining the challenges that the country needs to tackle in the period to come.

It is evident that Macedonia is doing everything it can in order to assume the obligations of eventual EU membership. The completion of the provisions from the Stabilisation and Association Agreement is expected to be in 2014, ten years after its entering into force. If it does not start the accession negotiations in the following period, the EU might need to come up with another mechanism in order to framework its relations with Macedonia and fill in the gap.

This text does not argue that Macedonia should quit its efforts to become fully fledged EU member state. On the contrary, it provides the reader with a different perspective of what the country might consider aiming at if the name dispute, in a long run, remains to be the major blockade in the process of EU accession.

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