

CENTER FOR RESEARCH AND POLICY MAKING

C R P M



INTRODUCTION TO MACEDONIA-BASIC INFORMATION ON THE MODERN REPUBLIC

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CENTER FOR RESEARCH AND POLICY MAKING (CRPM)



The Center for Research and Policy Making (CRPM) is an independent, non-profit research and policy institute, created in recognition of the pressing need for independent, in-depth analysis of the complex issues involved in promoting stability and prosperity in Macedonia and South Eastern Europe. CRPM consists of experts from the country, working as researchers in the organization, as well as external consultants in close contact with the organization. It seeks to offer timely, provocative policy analysis on the most pertinent issues in the region and has no 'hidden agenda', but seeks to promote democratization and economic transformation in the country. CRPM wants to influence policy makers and public opinion to accept certain solutions as to how to resolve the key issues in the country. It has no party, political or any other organizational affiliation.

The Organization aims at filling an important gap in the regional civil society environment, which lacks institutions directed at monitoring and critically viewing the policy-making process and its output from an informed and educated point of view, while at the same time offering a forum for discussion and publishing of works dealing with this subject matter. The standpoint from which it approaches certain issues is principled. The organization considers peace and stability as the first principles that should reign in the Balkan countries, and believes that the major political goal of Macedonia is the integration with the European Union.

CRPM's experienced and multidisciplinary team is committed to provide policy makers with relevant and timely analysis anchored in political and institutional realities. CRPM's research and analysis is directed towards ensuring that international strategy is based on a sound understanding of the complex political, economic and social environment in Macedonia, and the real impact of international programs. The practicality of the organization's recommendations is guaranteed by its close attention to empirical research. CRPM's think-tank's research is undertaken in the field by analysts with experience in participatory research and knowledge of the local languages. (Albanian, Macedonian, Serbian) Focusing on local research, its policy recommendations will be equally directed at international and domestic political actors. Seeking to develop a common vocabulary, CRPM promotes discussion and debate among the policy community. CRPM's efforts depend on the contributions of governments, corporations and private individuals to fund its activities.

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Introduction to Macedonia-basic information on the modern republic

Introduction: Geography and General Background

Republic of Macedonia lies in the south-central region of the Balkan peninsula, bordered by Bulgaria, Greece, Albania and Serbia and Montenegro, including Kosovo/a. Having the geographic coordinates of 41.50 N, and 22.00 E, the republic lies within the geographic and historic region known also as Macedonia. This region was at the center of the Balkan power struggles as the Ottoman Empire retreated from Europe at the end of 19th and the beginning of the 20th century. During the Balkan wars in 1912/1913 Macedonia was divided between Greece, Serbia and Bulgaria. Serbia's part of Macedonia was incorporated into the Kingdom of Yugoslavia established in 1918. Modern Macedonia came into existence in 1945 as one of the six constitutive republics of Socialist Federal Republic of Yugoslavia (SFRY). When Yugoslavia did violently disintegrate in the second half of 1991, Macedonia chose to assert its independence rather than remain in a truncated Yugoslav state likely to be dominated by Serbia without the counterbalancing influences of Croatia and Slovenia declaring independence on November, 21st, 1991. Macedonia is slightly larger than the US state of Vermont, with 25,713 square kilometers, out of which water surface is 477 square kilometers, and land surface of 25,236 square kilometers. The boundaries of Macedonia total 766 kilometers out which the border with Albania is 151 km, with Bulgaria 148 km, with Greece 246 km, and with Serbia and Montenegro 221 km. Macedonia is a landlocked country with three larger natural lakes, Ohrid, Prespa, and Dojran, with a combined coastline of 850 kilometers.

Climate

Almost the entire territory of Macedonia lies between latitudes 40' and 42' and is a transitional region between the Mediterranean and continental climates. In the Southern parts of Macedonia the climate is temperate Mediterranean while the interior has a moderate continental climate with warm and dry summers and cold and wet winters. The openness of the Aegean Sea river basin and the high mountains reaching 2,700 meters bring about an influence of the Mediterranean and continental climates, as a result of which there is insufficient rainfall (about 500-700 mm annually), badly distributed throughout the year. The temperature range also has huge oscillations. Maximum summer temperatures in the majority of the agricultural areas reach up to 40°C, and the lowest winter temperatures drop to about -30°C, while the average annual temperatures are above +10°C almost everywhere, which is a characteristic of semi-arid areas. The warmest region is Demir Kapija, in the region of Gevgelija on the border with Greece, where temperatures in July and August exceed 40°C.

Macedonian Transition

Among the Eastern European countries Macedonia experienced a distinct, yet successful transition from authoritarian rule to democracy. Unlike most of the former communist nations, Macedonia experienced a reformatory path to democracy.^[1] The peaceful transformation of the Macedonian society in the early 1990's was, however, preceded by an uneasy period of democratic consolidation. The combination of the

Greek diplomatic pressure and the economic embargo imposed on Macedonia (1992-1995), and the difficulties stemming from the observation of the UN sanctions against the Federal Republic of Yugoslavia significantly impaired the Macedonian democratic stabilization efforts. Due to Greek objections the admission of Macedonia to membership in the United Nations in April 1993 required the new member to be “provisionally referred to for all purposes within the United Nations as ‘the former Yugoslav Republic of Macedonia’ pending settlement of the difference that has arisen over the name of the State.”^[2] Although the reference to the former Yugoslav past was to be used within the UN as a result of Greek pressure other international institutions have kept refereeing to Macedonia as a ‘Former Yugoslav Republic’. Despite recent warming up of relations between Skopje and Athens, a Greek approval of Macedonia remains absent. Besides the “name issue”, during the democratization period the interethnic relations and the question of minority rights were on the forefront of the political issues on the domestic agenda. Following the warlike crisis in early and mid 2001, and the signing of the Ohrid Framework Agreement, Macedonia made a number of amendments to the 1991 constitution that clarified the position of the national minorities in the legal system.

Ethnic Profile of Macedonia

According to the 2002 population census, Macedonia has 2,063,122 inhabitants of whom Macedonian 64.18%, Albanian 25.17%, Turkish 3.85%, Roma 2.66%, Serb 1.78%, Boshniaks 0.84% (17018) Vlachs 0.48% (9695) and others 1.04% (20993)^[3]. The

vast majority of ethnic Macedonians are Slavic- speaking and Orthodox, as are the Macedonian Vlachs and Serbs. On the other side, most of ethnic Albanians, Roma, and Turks are Muslims. While Macedonians populate the whole country, ethnic Albanians are predominantly concentrated in the Northwestern corner of Macedonia, along the border with Albania. Macedonian Albanians also reside in the capital city of Skopje and the towns of Northern Macedonia along the border with Kosovo. Except Skopje, Macedonian Serbs also populate the region around the town of Kumanovo. The other ethnic groups are dispersed throughout Macedonia. It is worthwhile to mention that since the end of the Second World War, Macedonia's population has grown steadily, with the greatest increases occurring in the ethnic Albanian community. From 1953 through the time of the latest official census in 2002, the percentage of Albanians living in Macedonia rose by 313%. Life expectancy at birth for the total population is 74.5 years.

Macedonian Political Scene

The unicameral Macedonian Assembly (*Sobranie*) is comprised of 120 members. According to the new electoral laws adopted in June 2002 (the Law on Election of Members of Parliament of 2002; the Law on the Voter List, and the Law on Election Districts) the parliamentarians are elected for a four-year term by those aged 18 and over, in six electoral districts. Each district has about 275,000 voters and elects 20 members by proportional representation subject to a 5% threshold. Each voter votes for a list and seats are distributed on a proportional basis, according to the D'Hondt formula. The nomination lists may be submitted by parties, coalitions of parties or groups of at least

500 voters. At least 30 per cent of the candidates on each list must be of different gender. The Macedonian political system is semi- presidential akin to the French model. The prime minister is the head of government and is selected by the party or coalition that gains a majority of seats in parliament. The president represents Macedonia at home and abroad and is the commander in chief of the armed forces. He is elected by general, direct ballot and has a term of 5 years, with the right to one re-election.

Macedonia's first free elections were held in November 1990. Although the pro-independence Internal Macedonian Revolutionary Organization; Democratic Party for Macedonian National Unity (VMRO-DPMNE) won most of the seats in the national parliament, the reformed League of Communists (SDSM) remained in power by creation a coalition government. Kiro Gligorov was inaugurated as the first Macedonian president. In the 1994 elections SDSM formed a coalition with the liberals and the socialists, while the two leading opposition parties VMRO- DPMNE and the newly founded Democratic Party decided to compete on their own. Since the elections were marred by problems which included inaccurate voter registration lists, gerrymandered electoral districts, and limits on independent media, VMRO- DPMNE and the Democratic Party opted to boycott the second round of the elections, thereby removing itself from the parliament altogether. In the presidential race Gligorov easily defeated the VMRO- DPMNE candidate, the writer Ljubisa Georgievski.

The 1998 elections revealed a growing maturity in Macedonian politics. The main challenge to the SDSM came from an unlikely coalition VMRO-DPMNE, and a newly formed Democratic Alliance (DA) of the politically liberal former communist-era official, Vasil Tupurkovski. The VMRO-DPMNE/DA coalition won 59 seats and SDSM

conceded defeat after winning only 29 seats in the new Assembly. The coalition of Albanian parties won 25, the Liberal Democratic Party four, the Socialist Party won two; and the Alliance of Roma from Macedonia won one seat. After three election cycles and nine years after the beginning of the democratization process, Macedonia's electorate ousted the reformed communist and installed a new government led by VMRO- DPMNE and DA.

Presidential elections are conducted by a clear majority, with provisions for a second round in cases where candidates fail to receive half of the registered vote. This requirement forced the 1999 election to proceed in two rounds since none of the candidates garnered a clear majority. In the controversial presidential elections held on October 31st and November 14th 1999, Mr. Boris Trajkovski the candidate of the main ruling coalition party, the VMRO-DPMNE came second in the first round to Tito Petkovski of SDSM, but managed to beat him in the runoff with 52.9% of the vote. The turnaround was attributed to the switch of Albanian voters behind Mr Trajkovski. At these elections 69.6% of the registered voters cast their votes.

Macedonia's fourth post-independence parliamentary elections were held on 15th of September 2002. Out of the registered 1,664, 296 voters, 1,216,339 or 73%, came out to vote on Election Day. The winners, the coalition "Together For Macedonia" comprised of the Social Democratic Union of Macedonia (SDSM), the Liberal Democratic Party (LDP), and a number of smaller parties representing the ethnic minorities in the country won 60 seats, while their main contenders, the coalition between Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO–DMPNE) and the Liberal Party (LP) won 33 seats. The Macedonian Albanian parties

won 26 seats, the Democratic Union for Integration (DUI), 16, the Democratic Party of Albanians (DPA) 7, Party for Democratic Prosperity (PDP), 2, and the National Democratic Party (NDP), 1, while the Socialist Party of Macedonia, 1. The new government is effectively a coalition between the parties that made up “Together for Macedonia” and DUI, the Prime Minister being the leader of SDSM, Branko Crvenkovski. On February 26th, 2004 President Trajkovski died in a plane crash. Extraordinary presidential elections were held on 14th and 28th April 2004. The turnout was 54% and Branko Crvenkovski was elected president on second-round ballot with a percentage of the vote of 42.47%. The main rival, the presidential candidate of VMRO-DPMNE, Sasko Kedev gained 34.07% of the votes.

Economy

Macedonia is a small economy with a gross domestic product (GDP) of USD3.7 billion, with a total trade-to-GDP ratio of 81.3%. Agriculture and industry have been the two most important sectors of the economy, although both sectors provide only a limited number of high-quality finished products. In Yugoslav times, Macedonia was the least developed of the republics, producing a mere 5% of the total federal output of goods and services. After its independence Macedonia experienced substantial economic dislocation as a result of the loss of sizable transfers from the former Socialist Federal Republic of Yugoslavia and the collapse of the common market. With mounting enterprises losses being refinanced by the Central Bank and severe fiscal imbalances arising from large subsidies and social transfer payments, near hyper-inflationary conditions arose. The

stabilization program that was implemented in the early 90's, reduced the inflation, but all other economic performances have stayed generally poor up to now. The Macedonian economy is characterized by the same problems that characterized the former Yugoslav economy in the 1980's and in the 1990's: deficit of the balance of payment, high level of unemployment, wastefulness with the public money, gap in the level of the exports and imports.

The poor economic performance was influenced by an extremely unfavorable regional environment: a UN embargo against the northern neighbor FR Yugoslavia (the main trading partner, today named as Serbia and Montenegro), a Greek trade blockade, the war in Bosnia and, later on, by the Kosovo crisis and the insurgency in Macedonia. The worst impact of all of them was creation of permanent unstable political and economical situation in the Balkans, which destroyed the investor confidence and much of business motivation and activities.

All the above resulted firstly, in the sharp drop of the GDP that was negative till 1996, after that, in poor positive growth, to finish with sharp drop in 2001, becoming negative, again. Growth barely recovered in 2002 to 0.9%, then rose to 2.8% in 2003. This level constitutes an improvement against 2001-2002 but remains insufficient to reduce unemployment and substantially improve living standards. Nominal GDP is USD 4,604 million, while GDP per capita is USD 2,192. The Macedonian GDP in the first quarter of 2004 fell by 3.6% and the projected real GDP growth for 2004 of 4.0% is unlikely to be met. Average annual inflation rate (CPI-based) in 2003 was 1.2%. At the end of June 2004 it was 0.5% and the projection for 2004 is 2.8%. The country's most

significant problem is unemployment currently estimated at 36.7% of the active population (c. 400. 000).

Macedonia was officially accepted as a member of the World Trade Organization (WTO) on October 15th, 2002. Following a 1997 cooperation agreement with the European Union (EU), Macedonia signed a Stabilization and Association Agreement with the EU in April 2001, giving Macedonia duty-free access to European markets and speeding the way for harmonization with the EU legal system and trade liberalization according to fixed deadlines. It applied for membership in the European Union in April 2004. The main challenges that are to be faced by the Republic of Macedonia over the medium term besides maintaining peace and stability and easing inter-ethnic tensions are enhancing the efficiency of the state, alleviating poverty and developing human capital, promoting private sector growth and job creation. Macedonia's foreign trade balance has been in deficit since 1994, reaching -\$849.4 million in 2002. Foreign Direct Investments at the end of March 2004 were USD 42.0 million. The external debt at the end of May 2004 was USD 1,755.5 million; or 34.6% of GDP. On the other hand foreign exchange reserves at the end of May 2004 were USD 871.9 million. Total 2002 trade was USD 3.07 billion, or 82.3% of GDP--imports plus exports of goods and services. Macedonia's major trading partners are Serbia and Montenegro, Germany, and Greece. Macedonia has signed Free Trade Agreements with Albania, Bosnia and Herzegovina, Serbia and Montenegro, Bulgaria, Croatia, Ukraine, Slovenia, Turkey, and the European Free Trade Association countries.

^[1] On the topic in general and the understanding of reformatory change of the regime see Janos Kis "Between Reform and Revolution", *East European Politics and Societies*, Spring 1998 p.323, East

European Politics and Societies, N1., 1998. On the democratic transition in Macedonia see, Daskalovski Zhidas: "Elite Transformation and Democratic Transition in Macedonia and Slovenia", *Balkanologie* September, 1999.

^[2] SC Res. 817, UN SCOR, 48th Sess., Res. & Dec., at 132, para. 2, UN Doc. S/INF/49 (1993); GA Res. 47/225, UN GAOR, 47th Sess., Supp. No. 49, Vol. 2, at 6, UN Doc. A/47/49 (1993).

^[3] Census data published on December, 1st 2003 by *Državen Zavod za Statistika* (State Institute for Statistics). Website: www.stat.gov.mk