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By
Fatmanur KIZILTAŞ

2023

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1.Introduction

At first, the thesis examines the historical reasons for the establishment and development of the European Union and the conditions that are required to join its family. Becoming a member of the EU is a complex procedure, because once an applicant country meets the conditions for membership, it must implement EU rules and regulations in all areas. These conditions are known as the "Copenhagen criteria" and include a free-market economy, a stable democracy and the rule of law, and the acceptance of all EU legislation. Countries that have the status of candidates for EU membership are North Macedonia, Turkey, Serbia, Montenegro and Albania. However, the Master thesis focuses only on two candidate countries, North Macedonia and Turkey and the main research questions are:

1) What are the similarities and the differences between North Macedonia and Turkey in their processes for EU accession?

2) What are the biggest challenges, from economic aspects, of the two EU candidate countries on their way to EU?

3) Is there a mutual pattern of obstacles and outstanding issues that the two countries are facing with regarding the EU accession?

4) Assessment of the willingness and readiness of both countries to join the EU!

When analyzed separately, in many EU official documents, **Turkey** is described as a key partner for the European Union. Turkey has been linked to the EU by an Association Agreement since 1964 and a Customs Union was established in 1995. The European Council granted the status of candidate country to Turkey in December 1999 and accession negotiations were opened in October 2005. Within the framework of accession negotiations, 16 chapters have been opened and one of these was provisionally closed. The General Affairs Council conclusions of June 2018 stated that under the currently prevailing circumstances, Turkey's accession negotiations have effectively come to a standstill, no further chapters can be considered for opening or closing and no further work towards the modernization of the Customs Union can be currently foreseen. The Turkish government's repeated commitment to the objective of EU accession has not been matched by corresponding measures and reforms since then, and the EU's serious concerns on continued negative developments in rule of law, fundamental rights and the Judiciary have not been addressed.

However, Turkey and the EU developed their cooperation in the areas of energy, transport, economy and trade. There was a High Level Transport Dialogue in January 2019 and a High Level Economic Dialogue in February 2019. Technical discussions started for the mutual recognition of a few Geographical Indications of agricultural products. The March 2016 EU-Turkey Statement continues to deliver results, with both parties committed to its effective implementation. Turkey sustained its outstanding efforts to host more than 3.6 million registered refugees from Syria and around registered 370,000 refugees from other countries, which is the largest refugee community in the world.

Regarding **Macedonia**, the Stabilization and Association Agreement (SAA) between the Republic of North Macedonia and the EU entered into force in April 2004. Since 2009, the Commission has recommended to the Council to open accession negotiations with North Macedonia, a candidate country since 2005. In light of the progress achieved in previous years, in April 2018 the Commission repeated its unconditional recommendation to open accession negotiations. In June 2018, the Council set out the path towards opening accession negotiations in June 2019. The Commission has continued to thoroughly monitor the reforms set in the Council Conclusions and EU-related reforms across all sectors. North Macedonia has continued to deepen the reform momentum, delivering tangible results in the key areas identified in the June 2018 Council Conclusions. Good neighborly relations have also been significantly strengthened. The entry into force in February 2019 of the historic agreement with Greece (also called the 'Prespa agreement') was a major breakthrough and sets an example of reconciliation for the region and beyond.

The thesis, also, elaborates on some sub-research questions related to the both countries. These questions are needed to answer in order better to understand the eonomic situation, problems, culture differences, political platforms and habits in both countries.

Before addressing the specific questions about **North Macedonia**, must be noted that during the pre-accession period, all the candidate countries are supported financially, administratively and technically by the European Comission. The EU is the largest provider of financial assistance to North Macedonia. In this respect, in the period 2014-2020 the EU supported the Macedonian following key sectors with 633 million Euros: (European Commission, 2021)

- Democracy and Governance,
- Rule of Law and Fundamental rights,
- Environment, climate actions and energy,
- Transport,
- Competitivness, inovations, agriculture and rural development and
- Education, employment and social policies.

According to the same Report, the EU submitted 1.25 billion Euro for the EU pre-accession policies (2007-2020), 940 million Euroes provided in European Investment Bank loans since 1999, 186.2 million Euro in grants provided since 2009 in Western Balkans Investment Framework to leverage investments of estimated 2.1 billion Euro. The European Union, as the main external aid supplier for the countries of Central and Eastern Europe, including the North Macedonia, through the Instrument for Pre-Accession (IPA) funds, a programme which assists candidate and potential candidate countries, supports them "in their progressive alignment with the standards and policies of the European Union, including appropriate the Acquis communautaire, with a view to membership".

Based on all these financial, but also administrative, legislative, technical support, the main assessment for the North Macedonia is that "it is moderately prepared to cope with competitive pressure and market forces within the Union." Also, "North Macedonia is moderately prepared in most of the areas covered by **Cluster on Internal market**, namely the free movement of goods, services and capital, intellectual property and competition policy." Overall, North Macedonia is moderately prepared in most of the areas such as competitiveness and inclusive growth, including in information society and media, taxation, enterprise and industrial policy, education and culture, and economic and monetary policy. (European Commission, 2021).

So, the sub-research questions related to the North Macedonia are:

- The Republic of North Macedonia should contribute positively to EU accession due to its political and economic reforms,
- The resolution of the name dispute with Greece has positively affected the EU membership process of the Republic of North Macedonia,
- The willingness to settle the historical issues with Bulgaria will contribute to its accession to the EU,
- The EU membership process of the Republic of North Macedonia is carried out through the Social Constructivist paradigm,
- If the Republic of North Macedonia continues its integration process in line with the Social Builder paradigm of the EU, EU membership will take place in the near future.

According to the theoretical background of North Macedonia's EU membership process, it can be said that is based on the Social Constructivism theory. This is important in terms of understanding the historical formation of European integration, how the enlargement policy developed and what stages it went through.

Turkey is a key partner for the European Union in essential areas of joint interest, such as migration, counter-terrorism, economy, trade, energy and transport. Dialogue and cooperation with Turkey increased in 2021. Turkey is the EU's sixth largest trading partner. Approximatelly 42% of Turkish exports go to the EU, while the EU share in Turkish imports stands at 33%. The EU's Foreign Direct Investment stock in Turkey reached 58.2 billion Euro in 2018. (European Commission, 2021). In the period 2014-2020 the EU supported the Turkish following key sectors with 3.2 billion Euros: (European Commission, 2021)

- Democracy and Rule of Law,
- Education and employment,
- Agriculture and rural development,
- Environment, climate actions, energy, competitivness, inovations and
- Transport

According to the same Report, under the Intrument for Pre-accession Assistance, EU assistance to Turkey amounts to 3.2 billion Euro over seven years (2014-2020).

Based on all these financial, but also administrative, legislative, technical support, the main assessment for the Turkey is that "the Turkish economy is well advanced. Turkey made limited progress and has a good level of preparation in achieving the capacity to cope with the competitive pressure and market forces within the EU. Turkey has achieved a good level of preparation for the free movement of goods." (European Commission, 2021)

The question of Turkey's membership in the EU is in line with European psychology and culture. In other words, the real question is whether the Turkish citizens are ready to accept the democratic values of Western Europe?

The following three research sub-questions related to Turkey are:

1. How would Turkey's prospective membership in the EU affect both Turkey and the EU?
2. What are the advantages that would make Turkey's EU membership beneficial to both sides?
3. What are the potential disadvantages to Turkey's EU membership that have raised concerns in Turkey and the EU?

Given its geostrategic position at the intersection of three key regions (Europe, the Middle East, and the Caucasus), young dynamic population, substantial military capacity, and growing market, Turkey is an important country for the EU and its future global plans. Considering its relationship with European institutions since 1963 and also its efforts in the reform process intended to gain EU candidacy status, the EU is also important for Turkey. Turkey's EU membership prospects thus constitute a popular topic of discussion and analysis. As noted previously, the future of the relationship, including the outcome of Turkey's membership negotiations, is significant for both sides. The history of the relations indicates that the two sides can not do well without each other. The EU can not become a more powerful actor in the international arena without Turkey's membership, while Turkey can not disregard the reality of how important membership it is for its development.

2.Literature review

The primary sources for the economic advancement of both countries, the North Macedonia and Turkey, towards the EU are the official documents of the EU in addition to the national documents of both countries (Statistical Offices, National Banks, Ministries, EU representations in countries, etc.).

According to the European Commission (Explaining the Change in Turkey's Identity Question in the European Union Accession Process: A Levels of Analysis Approach: 2011), the trade Picture between the EU and Turkey is as follows:

- Turkey is the EU's 6th biggest trade partner, representing 3.6% of the EU's total trade in goods with the world in 2020,
- The EU is by far Turkey's largest import and export partner, as well as its main source of investments. In 2020, 33.4% of Turkey's imports came from the EU and 41.3% of the country's exports went to the EU.
- Total trade in goods between the EU and Turkey in 2020 amounted to $132.4 billion. The EU's imports from Turkey were worth $62.6 billion and were led by machinery and transport equipment ($24.1. billion, 38.5), clothing ($8.3 billion, 13.3%), and agriculture and raw materials ($5.3 billion, 8.5%). The EU's exports to Turkey totaled $69.9 billion. They were dominated by machinery and transport equipment ($30.6 billion, 43.8%), chemicals ($12.9, 18.5%) and fuel and mining products ($6.4 billion, 9.2%).
- Two-way trade in services between the EU and Turkey in 2019 amounted to $26.5 billion, with EU imports of services representing $13.9 billion and exports $12.6 billion.

This data shows that over several decades, Turkey's economy has become closely integrated with the European Union. The EU-Turkey Customs Union and accession negotiations have played a pivotal role in facilitating this integration, which goes beyond the elimination of customs duties and other restrictions on industrial and processed agricultural products. The EU supported Turkey's alignment with the technical elements of the acquis, encouraged the vertical integration of Turkish firms into European production networks, and stimulated the modernization of Turkey's custom administration. Additionally, the ongoing accession negotiations have provided a framework by which Turkey has been able to pursue economic reforms.

According to Yioselli (2014), Turkey's accession to the EU will also bring major changes into the economical life of the EU. According to World Bank Report on Gross domestic product (2012), with 789,257 million dollars GDP, Turkey is the seventeenth largest country in the world. Even though, Turkey's economy and politics were instable in the past, after the 2001 economic crisis, Turkish has entered a transition period. During the transition period, Turkey became more open to foreign investment and created more international trade. But the most important is that Turkey achieved sustainable growth and macroeconomic stability and became a stronger country. Another economic effect that Turkey will have on Europe is the increase of trade between Turkey and other Member States. Since 1995, Customs Union had restrict trading on industrial goods between Turkey and Member States. Thus this will lead to accession to the Internal market and will increase trade and investment between them. The EU will have access to markets that previously it was difficult or maybe even impossible to enter and will attain new economic potentials. Through cheap and reliable flow of raw material, consistent source of energy and trained workforce the EU's economy will change rapidly. "Cheap and skilled Turkish workforce, the flexible Turkish business approach, and the lower rates that Turkey can maintain in production costs can enable the EU to stand competition from markets such as China." (Bal I, Özcan M. and Laçiner S, 2005). Although, it is difficult to estimate the impact that a candidate country will have on the EU budget in the future, the Commission stated that "Turkey would qualify for significant support from the structural and cohesion funds over a long period of time". (European Commission, 2004). Turkey's accession will lead to Turkey becoming one of the largest net beneficiaries. An important issue of Turkish membership is the possible consequences of migration from Turkey into other Member States. Until now, migration from Turkey to other Member States is still restricted, but if Turkey becomes full member of the EU then this will mean a free movement of goods, capital and people. Turkey's accession to the EU will lead to a new era for the European Union.

Because Turkey's membership in the EU would have important effects on both the EU and Turkey, studies in the literature have examined the implications from various perspectives. From the EU's perspective, there are two main schools of thought about the probable effects of this membership on the EU (Turkey's membership in the European Union: Analyzing Potentıal Benefits and Drawbacks; 2008) contribute positively to the EU in several ways, including security matters. According to Meltem Müftüler Baç, a professor at Sabancı Unıversity in Istanbul, in the new international system, the EU will arise as an international actor with new roles. The EU has to enhance its capabilities in coping with new security threats and performing new roles. From of view Turkey's possible accession to the EU becomes crucial in affecting the future of the EU's security role" and Turkey's impact on European security is one of the main benefits for the EU of Turkey's membership." For example, the membership of Turkey would be an important factor in advancing the EU's Barcelona Process and Euro-Mediterranean partnership dialogue. Moreover, EU's foreign policy would be supported by Turkey's contributions to the EU's Neighborhood Policy. "Turkey could play a buffer role between Europe and the Middle Eastern countries." In addition, Turkey with its military bases and substantial military capacity would make valuable contributions to the EU's operational potential and help to close the EU's military gaps.

Energy security is another factor that would make Turkey's membership beneficial for the EU. According to Katinka Barysch, the deputy director of the Centre for European Reform in London, Turkey as a "European energy hub" is "one of the world's biggest energy markets in the west." Because the EU is currently worried about its dependence on Russian gas and trying to find alternative energy resources and transit corridors, Turkey's membership in the EU would contribute to fulfilling the EU's energy security goals.

The Republic of North Macedonia has been involved in the European integration process since 1991. Namely, the wider context of the Macedonian political scene shows that EU integration is one of the driving aspirations of the Macedonian foreign policy since its independence in 1991. Diplomatic relations with the EU were established in 1995 and were followed by the Agreement of wide-ranging cooperation in the fileds of trade, financial operations and transport in 1997. The North Macedonia has reaffirmed itself as a reliable partner and strong ally of the EU, while signifying its determination and readiness to take on the comprehensive, dynamic and complex process of EU integration. The clear prospect for EU membership has been and continues to be the main driving force for the reforms in the country and is of the utmost importance for the political stability and the common goal of the country's political actors in North Macedonia.

North Macedonia was the first country from the region that signed a Stabilization and Association Agreement (SAA) with the EU in 2001 and the first country in which an SAA entered into force on 1 April 2004. The SAA provided a framework for political dialogue and strengthened regional cooperation. It strengthened economic relations among parties and established grounds for technical and financial support. The SAA has made a tremendous impact in the process of policy harmonization, legislation and promotion of European values among Macedonian institutions and citizens. The European Council awarded the country candidate status in December 2005 and in February 2008, the Council adopted the revised Accession Partnership with the country. After the candidate status was granted, Macedonian foreign policy has been focused on achieving a date for the start of negotiations with the EU.

Since then, the country has undergone a tedious reform process, which had been favorably assessed by the EU, with the notable exception of the prolonged period during which the country underwent a political crisis. However, North Macedonia has recently made significant progress and moved forward in the EU reform agenda as the current reform-oriented government has taken steps to strengthen rule of law and democracy, while the country is undergoing fundamental changes in a more inclusive and open political atmosphere. These achievements were welcomed by the EU, whereas they acknowledged that the country is well-prepared for accession negotiations and emphasized that they remain firmly committed to fully supporting and accompanying North Macedonia towards achieving its common strategic goal of EU integration.

However, North Macedonia faced a complex political reality: The Prespa Agreement was expected to accelerate the development of relations with the Union after the name dispute with Greece had been closed, but the EU responded by postponing the date for start of negotiations and "raising the threshold" with the new methodology. This generated Euroscepticism among different forces at the national level. A public opinion survey published in February 2020 shows that 31.9% of the citizens responded positively to the question: do you expect that the country will be granted a date for opening of the negotiations in 2020. 57,8% of the Macedonian citizens did not expect this to happen in 2020. (Nikolovski, 2020). A milestone in the country's EU integration process was expected after the name dispute with Greece was resolved and the Prespa Agreement was signed. Macedonian citizens had high expectations that after the painful change of the constitutional name, the EU membership process would be advanced and the accession negotiations would be opened. But the EU failed to launch negotiations in June and October 2019. The leading opponents for further enlargement, France and the Netherlands, sounded criticism over reforms in the fields of democracy and fighting corruption. They were both skeptical of allowing in new members at a time when the EU's cohesion was already affected by the UK leaving the Union.

When examining the relations between Macedonia and Turkey, the efforts of the governments of the two countries are evident. Countries have positive attitudes as a result of the current developments as well as the strong historical, cultural, and demographic reasons between the two countries. The common goal of both countries is accession to the European Union. Apart from that, Turkey has given support under all circumstances for membership in the organization.

3.Research methodology

This study analyzes the benefits of the EU membership for both countries, Turkey and North Macedonia, especially from the economic point of view. It includes a review of the history of Turkey and North Macedonia's relations with European integration institutions. The turning points in the relationship are important to understand the current situation. Possible advantages and disadvantages are analyzed and the possible effects of Turkey and Macedonia's EU membership are examined. In addition, potential impacts on Turkey and Macedonia are also addressed in the same way. The thesis ends with an assessment of these potential outcomes.

Secondary and primary data will be used for the research in this master thesis. Secondary data will be collected through official EU reports on Macedonia and Turkey, the website of the European Commission, state documents of both countries (Statistical offices, National Bank, ministries, EU representations in countries, etc.). Primary data will be collected through questionnaire which will be distributed in order to determine the willingness and economic readiness of the countries to join the EU. The historical and comparative analytical methods will also be used.

4.Disccusions and Results

This master's thesis aims to analyze in more depth the economic situation, problems, barriers and future prospects of the two countries, Turkey and North Macedonia, for entry into the European Union. The paper will analyze the advantages and disadvantages, especially disadvantages of the delay of countries to join the EU. With each delay, the population's Euroscepticism for joining the EU increases. Of course, countries also need to meet various criteria, including economic ones, in order to be better prepared to join the European Union, in order to be able to withstand the economic pressure from the developed European countries. Hard work awaits the candidate countries, but also increased political will and motivation from the EU.

In addition, each country will be treated in more detail, in terms of historical relations with the EU, the fulfillment of economic criteria, obstacles on the road to the EU, future prospects and expectations of EU membership.

4.1 Part 1: North Macedonia on its European path

This part elaborates in detail the path of North Macedonia to the European Union, with all its advantages, disadvantages, expectations, obstacles. It tries to explain how and whether Macedonia fulfils the economic criteria required by the European Union.

4.1.1 Timeline of relations between the Republic of North Macedonia and the European Union

The most important events in the relations development between the Republic of Macedonia and the European Union are listed below: (Government of the Republic of North Macedonia):

- **October 1992,** the Republic of Macedonia appointed its representative in Brussels;
- **December, 1995**, the Republic of Macedonia and EU established diplomatic relations when EU opened negotiations with Republic of Macedonia aiming at signing the Agreement of wide ranging cooperation in the fields of the trade, financial operations and transport;
- **March, 1996**, the Republic of Macedonia became a full partner in the PHARE Programme;
- **June, 1996**, in Brussels, the Cooperation Agreement between the Republic of Macedonia and the European Communities and the Transport Agreement were concluded;
- **March, 1998**, in Skopje, the first meeting of the Common Cooperation Council was held. The Council was established for the purpose of monitoring realisation of the Cooperation Agreement, achievements and development of the structural reforms as well as providing suggestions and instructions relating to certain specific issues;
- **January, 2000**, the European Commission Directives proposed to the EU Council were adopted, concerning the elevation of the cooperation level between the Republic of Macedonia and EU as well as commencing the official negotiations for prospective EU membership;
- **April, 2000**, pursuant to the Lisbon Decision of the European Commission, the first round of negotiations between Republic of Macedonia and EU officially commenced relating to the SAA. Negotiations on the SAA were realised in significantly short period (April – November 2000) through 3 rounds of main negotiations and 5 meetings on expert level, i.e. technical negotiations;

- **November, 2000**, on the margins of the Zagreb Summit the SAA was initialled;
- **February 2001** Interim Agreement on Regulating SAA Trade Provisions was initialled;
- **April, 2001**, in Luxemburg, the SAA was signed. At the same time Interim Agreement on Trade and Trade-related Matters between the European Communities of the one part, and the Republic of Macedonia, of the other part was signed, entering into force on 1 June 2001;
- **June, 2003**, the Member States leaders adopted 'Thessaloniki Agenda for Western Balkans', thus verifying the European perspective of the countries from the region. This document has defined the accession instruments in the Stabilisation and association process;
- **April, 2004**, following the ratification by all EU Member States, the Stabilisation and Association Agreement entered into force;
- **March, 2004** on formal ceremony in Dublin, Republic of Ireland, the Government of the Republic of Macedonia submitted the application for EU membership;
- **September, 2004**, the Government of the Republic of Macedonia adopted the National Strategy for European Integration;
- **October, 2004,** the European Commission President, Romano Prodi submitted the Questionnaire to the Government of the Republic of Macedonia;
- **February, 2005** in Brussels, delegation of the Republic of Macedonia submitted to the European Commission President Jose Manuel Barroso, the Answers to the European Commission Questionnaire;
- **November, 2005**, the European Commission published the opinion on the candidacy of the Republic of Macedonia for European Union membership. The opinion recommends granting candidate status for EU membership;
- **December, 2005**, the Presidency of the European Council in Brussels granted candidate status to Macedonia for European Union membership;
- **October, 2007,** Financial Agreement for 2007 National Programme within the Instrument for Pre-Accession Assistance (IPA) and the Framework Agreement were signed between the Republic of Macedonia and the Commission of the European Communities on cooperation for financial assistance. The Republic of Macedonia was the first country in the region whose projects were approved by the EC and the first country in the region to sign the Financial Agreement thus enabling use of IPA funds;
- **February, 2008,** the Council adopted the Accession Partnership for Republic of Macedonia, identifying key priorities for progress and areas where efforts are required in the accession process;
- **Since October, 2009** - Following the progress made in achieving full compliance with the Stabilisation and Association Agreement, the progress in fulfilling the political criteria, the progress in the implementation of the acquis, as well as the progress made regarding all areas covered by the visa liberalization dialogue, the European Commission has recommended start of the accession negotiations for full-fledged membership of the Republic of Macedonia;
- **October, 2009**- the Commission made a proposal on the transition to the second stage of the Stabilisation and Association Agreement;
- **December, 2009** - In the framework of the visa liberalisation dialogue process, following the significant progress made in the areas of justice, freedom and security

and the fulfilled roadmap benchmarks, the visa obligation for citizens of the Republic of Macedonia was lifted on 19 December 2009;

- **March, 2012** - was created the High Level Accession Dialogue led by the Prime Minister of the Government of the Republic of Macedonia and the Commissioner for enlargement Stefan Fule. The dialogue brought dynamic in the reform process for accession to the European Union by strengthening confidence and increasing the European perspective of the country, and it is focused on the key challenges on these 5 areas: freedom of expression in media; rule of law, reform in public administration, electoral reform and strengthening of the trade economy
- **October, 2012** - Fourth recommendation to open accession negotiations.
- **October, 2013** - Fifth recommendation to open accession negotiations.
- **October, 2014** - Sixth recommendation to open accession negotiations.
- **July, 2015** - Pržino agreement, facilitated by Commissioner Hahn and three Members of the European Parliament, reached between the four main political leaders.
- **November, 2015** - The Commission stated that it was prepared to extend its recommendation to open accession negotiations.
- **June, 2018** - The Council sets out the path towards opening accession negotiations.
- **February, 2019** - The EU is notified about the entry into force of the Prespa agreement.
- **March, 2020** - The Council decides to open accession negotiations.
- **July, 2020** - Presentation of the draft negotiating framework to the Member States.
- **October, 2020** - Commission proposes Economic & Investment Plan to support and bring the Western Balkans closer to the EU.

As it can be seen from the timeline, the North Macedonia, from its independence in 1991, emphasizes the European Union membership as one of its strategic aspirations. Fulfilling this commitment, Macedonia has been legitimized as a reliable partner and ally of the European Union, which has passed through several stages in the EU's relations. EU membership has served as a catalyst for political and economic transformation for the Republic of North Macedonia and has been an external factor contributing to the country's transformation and reforms. Although the democratic conditions in Southeastern Europe are insufficient for the EU, the structural and economic supports realized in the Association Process and the concrete incentives that accelerate the membership process have contributed to this process.

Even though, according to the EU requirements, the Republic of North Macedonia, met the values and standards such as human rights, minority rights, the rule of law, it has been asked to make additional reforms in a lot of fields. The good will of the European Union was shown in early 1992, when the Arbitration Commission was established under the chairmanship of Robert Badinter, President of the European Union Constitutional Court that confirmed that the Republic of Macedonia met the requirements for international recognition and that the name issue (name issue with Greece) did not pose a territorial threat. Years later, the European Council decided at the Brussels summit on December 16, 2005, that the Republic of Macedonia should achieve the status of a candidate country for EU membership.

However, the opening of the accession negotiations delayed due to the "irrational" conflicts with neigboring contries. It was evident that North Macedonia had not only the "name problem" with Greece, but also the historical and language problem with Bulgaria.

4.1.2 Early years of relations between the Republic of North Macedonia and the European Union

Why the Republic of North Macedonia wants to join the EU? Joining the EU will bring a lot of benefits for Macedonian citizens. It is very important to be part of this great European famiy, having in mind that since 1957, the European Union has achieved great things for its citizens and the world, like: (European Commission, 2021)

- **A continent at peace:** The EU has delivered over half a century of peace, stability and prosperity. It also plays an important role in diplomacy and works to promote these same benefits, as well as democracy, fundamental freedoms and the rule of law, across the globe. In 2012, the EU was awarded the Nobel Peace Prize for its achievements in this field.
- Freedom for its citizens to live, study or work anywhere in the EU
- **The world's biggest single market:** The EU's main economic engine is the single market. It enables most goods, services, money and people to move freely throughout most of the continent. The EU is the largest trade bloc in the world. It is the world's biggest exporter of manufactured goods and services, and the biggest import market for over 100 countries. Free trade among its members was one of the EU's founding principles. This is possible thanks to the single market. Beyond its borders, the EU is also committed to liberalising world trade.
- Aid and development assistance for millions of people worldwide

In this respect, the following approach of Heather Grabbe ("the Republic of North Macedonia in the European Union Integration process") is remarkable: "As a dynamism for countries, the EU has a transformative role. There is an asymmetrical power relationship between the EU and third parties. The EU sets the rules of the game and provides a conditional transformation in the internal dynamics of countries for the membership, in other words, the EU determines the rules of the game here, becoming the ineffective element". As a response to this statement, Dr. Daskalovski from Kliment Ohridski University positevely evaluated Macedonian's EU membership in the context of EU conditionality. According to him "The goal of EU membership has served as a catalyst for political and economic reforms in the Western Balkans and of course in Macedonia as well. The EU, whose discourse on democracy will be insufficient in this geography, provides concrete incentives that accelerated the membership process with the structural and financial aids it created during the Stabilization and Association Process". So, even though there is an asymetric relationship between the EU and the third countries, it is more than beneficial for the third countries to join the EU.

With the EU help, the human rights, minority rights, conflict resolution, rule of law, liberal democracy, and good governance accelerate the structural development in norms and values of Macedonian society. So, in the period between **1992 and 1995**, with the participation of the EU Humanitarian Aid Foundation (IHH) in the Aid program, Macedonia's relations with the EU improved, and the official Office of IHH was opened. This early period was important for opening the diplomatic relationship between the European Union and the Republic of Macedonia. However, the international recognition process and the establishment of diplomatic relations with the EU were delayed due to Greece's opposition to recognizing the Republic of Macedonia under its constitutional name. Full diplomatic relations between the Republic of Macedonia and the EU were established in December 1995 when the Republic of Macedonia opened its mission to the EU.

Later, between **1995 and 2000**, European Union admitted the Central and Eastern European countries to receive funding from the PHARE programme. In 1996, the first Macedonian-EU formal cooperation agreement was signed and Macedonia became an official PHARE beneficiary country. PHARE is an abbreviation for "Poland and Hungary Assistance for the Restructuring of the Economy", the program prepared by the EU to assist the reforms of Central and Eastern European countries aimed at joining the EU. On 7 October 1997, the first official diplomat from the EU was accredited to Macedonia and on 19 March 1998, he appointed his representative to the Macedonia who started EU relations. In addition to the Cooperation agreement signed between the Republic of Macedonia and the European Union in April 1997, a Transportation agreement and a Textile agreement were signed.

In March 1998, the first meeting of the newly established Common Cooperation Council was held in Skopje. The Council was meant to control the implementation of the Agreement, the accomplishments, and progresses of the structural reforms, and to suggest solutions to particular problems (European Commission, 2013c). In 1998, the EU opened the EC Office in Macedonia (since 2000 the EC Delegation). In 1999, while the Commission was busy in defining its regional approach with the South and Eastern European countries, the Commission together created an innovative model of relations, which merged into a paper that initiated the Stabilisation and Association Process (SAP) for Southern Eastern European Countries. It was the first step towards a possible European future membership. The Stabilisation and Association Process (SAP) is the EU's strategy towards the Western Balkans, in view of the future accession of these countries.

The period **2001-2005** was very important one for accelerating the relationship between the European Union and the Republic of Macedonia. In 2001, Macedonia became the first country in the Western Balkans to sign the Stabilization and Association Agreement (SAA). This Agreement went into force in 2004 and gave a positive signal to Macedonians that the EU counts on its accession to the EU. Simultaneously the Interim Agreement on trade and trade-related matters was signed, and it entered into force a few months later, on 1 June 2001 (Gligorov, 2004). As stated in article 1 of the SAA, the aims of the agreement are: to grant a proper structure for political discussion; to sustain the former Yugoslav Republic of Macedonia in its attempts to develop economic and international cooperation, especially through the alignment of its legislation to the European one; to encourage congruent economic relations and gradually create a free trade area between the Community and the country; to promote regional cooperation in all the fields enclosed in the Agreement (Popovski, 2014). Why the SAA was so important for Macedonia? The most important SAA provisions that could be noted are:

- Establishing a political dialogue between Macedonia and EU,
- Strengthening and development of regional cooperation between Macedonia and EU countries, including free trade zones,
- Ensuring free movement of labor, services and capital as well as free trade exchange between EU Member states and Macedonia,
- Harmonization of legislation to encourage investment and trade with Macedonia, and preparing for economic relations with the Internal market.

The main bodies of SAA are the Parliamentary Committee for Stabilisation and Association, the Council for Stabilisation and Association, which is the top forum for dialogue, the SAA Committee, where decisions are implemented, and seven sub-committees divided per area, in which there are also representatives from the State Secretaries of the different ministries. The Secretariat for European Affairs (SEA) has the main role in organizing meetings among the different bodies. Its framework and its common working bodies have established frequent political and economic exchange of information between Skpoje and Brussels, intensifying the collaboration (Szemlér, 2008).

2004 and 2005 were very important and fruitful years for Macedonia in its road to the EU. The Republic of Macedonia applied for EU membership in 2004 as one of the five candidate countries (together with Iceland, Montenegro, Serbia, and Turkey). In the background of the application, there were the decisions taken at the EU Thessaloniki Summit in 2003. Prior to the major enlargement in 2004, the Council formalized its membership perspective and granted potential candidate status to Macedonia in 2003. Following the application made in 2004, the Commission gave its positive opinion on the application in November 2005, and in December of the same year, the European Council granted a candidate status to 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." (European Commission; 2005, Commission opinion on the application from the former Yugoslav Republic of Macedonia for membership of the European Union). During the same year, the EU publicized the initiation of the European Partnership with the Western Balkans, including a catalogue of steps the countries must take in order to proceed in view of the European accession (Ristevska Jordanova, 2012).

The Republic of North Macedonia is one of the important states of the Balkan region, together with its neighbors Bulgaria, Greece, Serbia, Kosovo, and Albania. Macedonia has an important position in ensuring the stability of the EU. It, also, has an important position in the Southeast European integration process.

4.1.3 Relations between the Republic of North Macedonia and the European Union in 2000-es

In **2005**, the Republic of Macedonia gained its candidate status with the EU. The EU's relations with candidate countries are different from its relations with Member states. The EU presents some conditions that need to be completed for the candidate countries by linking them to the conditionality principle. In this context, the EU also provides assistance and technical support, systematically monitors candidate countries, and maintains political dialogue. In addition, important regime changes such as democratic transformation, rule of law, respect for human rights and the establishment of a free-market economy are imposed and these reqirements are known as the bases of "Europeanization". To ensure political, social, and economic changes and transformations in the country, the EU provides significant financial assistance to Macedonia after its independence. Between 1992 and 1996, a financial aid package of $85 million was provided under the PHARE Aid Programme. Between 1996 and 1999, a total of $105 million was given by the European Commission, with $68 million to be used in the "Country Operational Programme" with Greece, and $37 million to be used in the "Cross-Border Cooperation Programme". In addition, during the Bosnian Crisis, was provided with the financial assistance of $45 million EU to contribute to the costs incurred for refugees. (European Commission, 2021). The EU's contributions and assistance to the transformation process in Macedonia are too large and important by providing financial resources. The EU has implemented various policy tools to bring the Western Balkan countries, including into the EU politically and economically, and has shown initiative and willingness to solve the crises in the region.

The period **2006 – 2012** was very turbulent for Macedonia on its road to the EU. In 2006, Macedonia was included in the European Partnership, created to develop political and economic relations between the Western Balkan countries. On 30 October 2007, cooperation rules were signed between the Government of Macedonia and the Commission of the European Community within the framework of the Ohrid Framework Agreement for the Instrument for Pre-Accession Assistance (IPA) and the 2007 National Programme. Regarding financial aid, the Republic of Macedonia is the first country whose projects have been approved by the European Commission and the first to sign the Financial Agreement, which ensures the use of funds in the region from IPA funds.

In 2009, visa exemption with the EU started to be implemented. An important breaking point in Macedonia–EU relations in 2009 was the EU commission's recommendation to the Council to start accession negotiations. Namely, on 15 July 2009, the European Commission approved a decision to allow citizens of Macedonia, Montenegro, and Serbia entry to Schengen countries visa-free from 1 January 2010. On 12 March 2009, The European Parliament adopted a resolution on the Republic of Macedonia, which foresees the start of EU accession negotiations. On 15 July 2009, the European Commission decided to submit a proposal for opening accession negotiations to citizens of the Republic of Macedonia, based on the reforms and the results achieved. According to its report published on 14 October 2009, the European Commission decided to propose the start of the accession negotiations of the Republic of Macedonia to the European Union. The decision was taken as an important result of the great progress made and the fulfillment of key reform priorities known as benchmarking, and in particular the Copenhagen political criteria. At the meeting of the Council of Europe on 30 November 2009, the decision for the citizens of the Republic of Macedonia as of 19 December 2009 was approved.

Accession negotiations are the process by which the EU acquis (the EU legislation) is transposed and put into effect in candidate countries. The acquis in question is classified under 35 headings within the framework of the Accession negotiations chapters. These chapters are opened through separate negotiations, first temporarily closed, then all chapters are re-evaluated, and finally closed. If the agreement is reached on all 35 chapters, the Accession Agreement can be passed. Due to the "name problem" imposed by Greece, Macedonia couldn't open the accession negotiations with the EU.

From 2012 to 2020 Macedonia gained several reccomendations for opening the accession negotiations.

4.1.4 Relations between the Republic of North Macedonia and the European Union after 2010

Although the Republic of Macedonia, since 2005, has been a candidate country for membership in the European Union, it has yet not received the date for the start of accession negotiations. The first precondition for opening the accession negotiations, the implementation of the Stabilisation and Association Agreement, was further expanded with additional conditions such as maintaining the good neighborly relations, including a resolution of the name issue, successful implementation of the Ohrid Framework Agreement of 2001, cooperation with the International Criminal Tribunal for the Former Yugoslavia and the return of refugees. The requirements mainly concerned the security of documents, border management, asylum and migration, public order and security, as well as foreign relations and human rights.

Today, almost 20 years after the first recommendation by the European Commission for starting accession negotiations with Macedonia, the country is still waiting for the beginning of these negotiations.

On 15 March 2012, a High-Level Accession Dialogue (HLAD) was inaugurated in Skopje. It was directed by the Macedonian Prime Minister Nikola Gruevski and the Commissioner for Enlargement Stefan Füle. The scope of the HLAD is to reinforce trust and to strengthen the European perception of the state, offering a new impetus to the process of reforms for European accession. As Commissioner Füle stated, "with it, we are building a bridge which will lead us to the accession negotiations" (Europa Press Releases Database, 2012). The main aim is to try to achieve concrete actions with the assistance of the European Commission in five areas, to help the social and economic growth of the country: freedom of expression and professional standards, rule of law and fundamental rights, public administration, and electoral reform increasing the market economy. The year 2012, despite the political crisis that afflicted the country, was useful for the adoption of laws and action plans linked to the HLAD. Some aims have been accomplished, for example, the decriminalization of insult, the introduction of methodical authentication of declarations of interest, and progress of laws on the interceptions. In the last years, the emphasis has been put on the implementation of these acts and of the other goals.

As commissioner Füle stated at the press conference in Skopje on 15 March 2012, "I am convinced that your future lies within the European family. Together we want to make it sure that real, tangible, and visible progress can be achieved on the path towards European integration." However, the Council has not yet made a decision on the basis of the Commission's fifth recommendation (European Commission, 2014), mainly due to the Greek veto, which has now been joined by the Bulgarian one. For what concerns the unsolved name issue, discussions continue, while both neighboring countries are trying to maintain friendly relations, under the patronage of the United Nations, guided by the United Nations Secretary General's Personal Envoy Matthew Nimetz. Greek and Macedonian experts are bringing advantageous cooperation on different topics, such as commerce, defense, police, and customs, and this type of communication has produced considerable outcomes. Moreover, frequent discussions are held at numerous levels and on many topics, including European matters. For example, meetings have been held in both countries between representatives of the Ministry 33 of Foreign Affairs on matters like environmental protection, sectoral teamwork, and the sharing of EU know-how through, like twinning. Also, the two Chambers of Commerce are building a strong relationship on trade and cross-border matters, such as collaboration on transport, including Corridor X, and discussions on possible supplementary state line crossing sites. Tourism and commerce between the two countries (especially imports from Greece) are improving. However, in spite of these positive aspects, Greece has been continuously vetoing Macedonia's accession to the EU since 2005, the year of the assumption of candidate status, although the European Commission has reiterated recommendations on the opening of negotiations with Skopje. In conclusion, the enlargement process is stalled as a result of the Greek veto, and the Republic of Macedonia is still expecting a date for the start of negotiations (Abazi, A., Cuculoska, K., Gjorgjievski, M., Iseni, D., Ismani, A., Jovanoski, A., Ristevska Jordanova, M., Stojanoska, B., 2012). However, this is not the only reason why the Macedonian accession process is at a halt.

From 2012 to 2020 Macedonia has got several reccomendations for opening the accession negotiations. In March 2020, the General Affairs Council decided to open accession negotiations with North Macedonia and endorsed the Commission Communication on a revised methodology "Enhancing the accession process - A credible EU perspective for the Western Balkans" of February 2020. The decision was endorsed by members of the European Council.

The use of the country name "Macedonia" was the object of a dispute with neighboring Greece between 1991 and 2019, resulting in a Greek veto against EU and NATO accession talks, which lasted from 2008 to 2019. After the issue was resolved, the EU gave its formal approval to begin accession talks with North Macedonia and Albania in March 2020.

However, in November 2020, Bulgaria effectively blocked the official start of North Macedonia's EU Accession negotiations over what it perceives as slow progress on the implementation of the 2017 Friendship Treaty between the two countries, state-supported or tolerated hate speech, and minority claims towards Bulgaria. Although Bulgaria was the first country to recognize the independence of the then Republic of Macedonia, most of its academics, as well as the general public, do not recognize the Macedonian language and nation formed after the Second World War as being separate from Bulgarian proper.

4.1.5 EU Membership criteria for candidate countries – the case of the Republic of North Macedonia

The EU operates comprehensive approval procedures that ensure new members are admitted only when they can demonstrate they will be able to play their part fully as members, namely by:

- complying with all the EU's standards and rules,
- having the consent of the EU institutions and EU member states and
- having the consent of their citizens – as expressed through approval in their national parliaments or by referendum.

The Treaty on the European Union states that any European country may apply for membership if it respects the democratic values of the EU and is committed to promoting them.

The first step is for the country to meet the **key criteria for accession**. These were mainly defined at the European Council in Copenhagen in 1993 and are hence referred to as **"Copenhagen criteria"**. Countries wishing to join need to have: (European Commission, 2021)

- stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- a functioning market economy and the capacity to cope with competition and market forces in the EU;
- the ability to take on and implement effectively the obligations of membership, including adherence to the aims of political, economic and monetary union.

In the case of the countries of the Western Balkans **additional conditions** for membership, were set out in the so-called "Stabilisation and Association process", mostly relating to regional cooperation and good neighbourly relations.

North Macedonia, along with other Western Balkans partners, was identified as a potential candidate for EU membership during the Thessaloniki European Council summit in 2003. Its Stabilisation and Association Agreement, the first in the region, is in force since 2004. It applied for EU membership in March 2004 and the Council decided in December 2005 to grant the country candidate status.

4.1.5.1 Fulfillment of the EU economic criteria by North Macedonia

There are two important **economic criteria** that each candidate country must meet in order to be prepared for the EU membership:

- Existence of a functioning market economy and
- The capacity to cope with competitive pressure and market forces within the Union.

In order to have a functioning market economy, the liberalization of prices and trade and the existence of an effective legal system, especially in terms of property rights, are necessary. A consensus on the fundamentals of macroeconomic stability and economic policy is needed to strengthen the performance of the market economy. It is also important that there is a well-developed financial sector and that there are no significant barriers to market entry and exit. They all contribute to increasing the efficiency of the economy. The existence of a market economy and a stable macroeconomic framework significantly affects the Union's capacity to cope with competitive pressure and market forces. At the same time, there is a need for adequate infrastructure as well as human and material capital. Despite the political conditions to prepare for joining the Union, in the economic and social fields, Macedonia must first fulfill the basic prerequisites for achieving sustainable economic stability and growth.

Macedonian economy will have difficulty adapting to the EU if it does not comply with the following preconditions. (Sezgin Hüseini, 2020).

- Stable institutions of the market economy,
- An independent and efficient system for law enforcement;
- Monetary stability, which ensures stable prices; and
- Lower and stable interest rates.

Fulfilling these prerequisites will lead to rapid economic development and ensure the successful implementation of structural reforms. They are the ones that will guide the development of economic, policy, and reforms in the next period.

Stable institutions that will govern the market economy should be financially independent and unaffected by the political processes in the country. In addition to strengthening capacity, financial and operational independence will need to be ensured for all existing institutions. (eg Monopoly Agency, Energy Regulatory Commission) and those to be established in the coming years. On the other hand, strengthening the law enforcement system, particularly the judiciary and court procedures, is of a paramount importance in providing a safe business environment for market participants that will reduce the country's risk. After reaching an agreement with the IMF, the main objective of monetary policy will continue to be to control inflation, that is, to ensure price stability in the economy, as it was in previous years. Price stability has proven to be the most beneficial measure for long-term sustainable economic development. In fact, this has been proven in the Republic of Macedonia in previous years. Reduced and stable interest rates along with a stable and guaranteed exchange rate are required for normal long-term business planning for market participants. In the near future, the adoption of new legislation in the banking sector, the new payment system, insurance supervision legislation, investment services, and pension system reforms and reforms aimed at completing the financial infrastructure continued.

Macroeconomic stability and price stability, required preconditions for accelerating economic development, can be achieved by further expanding and intensifying structural reforms. Price liberalization is largely completed. In addition to the commercial sector, however, formal privatization follows, often followed by the modernization, management, and technological development of privatized businesses that suffer from a lack of competition and low or negative profitability. Considering all these, it is necessary to take action in the short and medium-term. It will focus on reform measures aimed at strengthening the competitiveness of privatized enterprises and creating conditions for their continued profitability and development. At the same time, the privatization of the state and remaining enterprises needs to be completed in whole or in part. Businesses that suffer from socially and financially acceptable conditions, and especially, a major loss of business, are state-owned. Reform reforms will include measures to support the new private sector, particularly for new and medium-sized enterprises, and to provide favorable conditions for new entrants, particularly through foreign investment.

Also, the success of restructuring will depend on the existence of the necessary macroeconomic stability, including appropriate fiscal and social policies to support such reform policies. In the short and medium-term, the privatization and restructuring of some social activities envisaged in privatization in the public enterprises' sector of the countries (e.g., Macedonian Electric Power Authority, etc.). Privatization and restructuring have proven to be difficult processes, especially for workers who are at risk of losing their jobs and have no hope of finding another formal job. The current situation also applies to workers who will remain in employment. However, they will have relatively low and unstable earnings due to the uncertain profitability of their businesses.

In addition, there are problems of extremely high unemployment. The economic growth projected in the coming years can be expected to increase employment, but the reforms will fail unless supported by appropriate social policies, including special social programs and retraining programs, on the other hand, the reforms of the social security system initiated will need to continue in the medium and long term. A poverty reduction strategy has already been developed, setting out guidelines for tackling poverty and related problems in the long, medium, and short term. The National Employment Plan has been published according to European guidelines and standards.

According to the last **Report of the European Commission (2021),** on the economic criteria, North Macedonia has made some progress and is at a good level of preparation in developing a functioning market economy. As whole the world, North Macedonia as well severely was hit by the pandemic and the economy slipped into a recession in 2020. A gradual recovery set in as of spring 2021. The Macedonian government implemented a strong fiscal response to mitigate the crisis impact on households and firms. The fiscal deficit rose to 8.2 % of GDP in 2020 while the public debt level rose sharply to 60.2 % of GDP, as additional financing needs had to be covered. Capital expenditure was cut in a budget revision to create space for crisis-related transfer payments, yet it was still heavily under-executed. The authorities took some additional measures to improve fiscal transparency, although a fully operational state aid registry is yet to be developed. There has been little progress made in improving revenue mobilisation and collection, as well as public investment management, including through a stronger framework for public-private partnerships. The new organic budget law, which is expected to significantly improve fiscal governance, is yet to be adopted by Parliament, and its implementation is delayed. Bolstered by regulatory easing, the financial sector remained strong and lending to the private sector constant. The business environment continued to be impeded by the large size of the informal economy.

North Macedonia has made some progress and is moderately prepared to cope with competitive pressure and market forces within the Union. Integration with the EU in trade and investment remained entrenched also during the pandemic. The level and structure of trade and manufacturing output were affected by lockdowns and supply chain disruptions, domestically and in trade partner countries. The structure of the industry is continuously improving. The deterioration in labour productivity and price competitiveness in 2020 reflects to a large degree the economic impact of the pandemic and the government's job-retention measures. Vocational Educational Training (VET) curricula has improved. Still, skills shortages, reflecting shortcomings in education curricula, capital investment gaps, and limited integration of domestic firms in global supply chains are restricting potential growth. Digitisation of the economy is progressing.

As regards its ability to assume the obligations of membership, North Macedonia is moderately prepared in most of the areas covered by Cluster 2 on Internal market, namely the free movement of goods, services and capital, intellectual property and competition policy. Meanwhile, the country has a good level of preparation on company law, although it is still at an early stage on freedom of movement for workers. Also, North Macedonia made limited or no progress in all areas, except on free movement of capital, company law and intellectual property where it made some progress. Overall, more progress is needed in the coming year in the areas covered by this cluster as it is relevant for North Macedonia's preparations to meet the requirements of the EU's internal market and for the development of the Common Regional Market.

Overall, North Macedonia is moderately prepared in most of the areas covered by Cluster 3 on competitiveness and inclusive growth, including in information society and media, taxation, enterprise and industrial policy, education and culture, and economic and monetary policy. However, additional efforts are needed to bring these areas to a higher degree of preparedness. It has a good level of preparation in the areas of science and research and customs union. Some progress was made in most of these areas. More efforts are needed, particularly in areas where limited progress was made, such as information society and media, science and research as well as education and culture.

On Cluster 4 on the Green Agenda and sustainable connectivity, North Macedonia has a good level of preparation in trans-European networks. It is moderately prepared on transport policy and energy and as some level of preparation on environment and climate change. North Macedonia is actively participating in meetings of the Transport Community and Energy Community. It has a high level of compliance with the Energy Community Treaty, notably on electricity. As all Western Balkans, North Macedonia endorsed the Green Agenda for the Western Balkans at the Sofia Summit in December 2020. This year, some progress was made in the energy sector, notably with the progress made towards the adoption of the National Energy and Climate Plan. However, limited progress was made in transport, environment and climate change. The country needs to substantially step-up its ambition to properly implement the acquis of chapters 14 and 27. These efforts will increase the efficiency of the Economic and Investment Plan and speed up the implementation of the Green Agenda for the Western Balkans. Administrative capacities need to be strengthened in all sectors. In addition, strategies, action plans and legislation in these sectors need to be coherent with the principles and priorities of the Green Agenda and to ensure consistency between relevant sectoral documents.

North Macedonia is moderately prepared in most areas of Cluster 5 on resources, agriculture and cohesion. It has a good level of preparation in the area of food safety, veterinary and phytosanitary policy and is at an early stage of preparation in financial and budgetary provisions. Good progress was made in food safety, veterinary and phytosanitary policy and some progress was made in agriculture and rural development. However, further efforts are needed, in particular in areas where limited or no progress was made such as fisheries, regional policy and the coordination of structural instruments as well as financial and budgetary provisions.

North Macedonia is moderately prepared in the areas covered by Cluster 6 on external relations and has made some progress during 2021. In its common commercial policy, North Macedonia continued its efforts to coordinate its positions and closely align its commercial policies with those of the EU, including within the WTO. However, no progress was made in development policy and humanitarian aid. North Macedonia is moderately prepared in the area of common foreign, security and defence policy. The country has increased its alignment with the EU common foreign and security policy to 96% and its participation in EU crisis management missions and operations.

4.1.5.2 Fulfillment of the EU other criteria by North Macedonia

Acquis Communautaire criteria: means that the candidate country must undertake and implement in whole the EU legisltation in its own national legislation. In terms of the last far-reaching enlargement of the European Union, it is clear that a candidate country must do more than copy EU legislation in its legal order. First, the formulation of legislation and policy in all areas in which the Community operates or plans to operate must fully understand the strengths and weaknesses of its current system. Differences between the administrative and legal system in the North Macedonia and Community legislation should be identified and priority actions should be defined to address the most pressing and important issues.

For this domestic task, the current candidate countries are provided technically, administratively and financially by the European Commission. It is necessary to fully understand the details of how Community policies work, what their interactions are, and how they are implemented within various administrative and legal traditions of existing member states. Once the various options for implementation have been identified, the most effective method will be selected and drafts will be prepared in a form acceptable to national legal practice. However, this does not mean that the process is completed. Each element of the legislation requires a precise analysis of the institutional and procedural requirements it has set before ministries, other authorities, or local public authorities and whether they have the necessary capacity to undertake them. In almost all cases, training and promotion will be needed, but in most cases, a formal institutional strengthening program and perhaps the direct establishment of entirely new officials should be initiated. These activities will depend not only on assistance and cooperation from the EU, on the various cooperation philosophies described in the Stabilization and Association Agreement as well as in Community Support for the Reconstruction, Development and Stabilization Programme, but also on bilateral assistance and support. Between jointly mandated ministries and/or government agencies should be achieved. Such coordination should be intensified and be as effective as possible on issues related to European integration. Before preparing the general methodology and new legislation for conducting a needs analysis, its implications should be better understood and appropriate training should be provided in all bodies of government policy.

Maastricht Treaty criteria: The Maastricht Treaty, which was accepted on 7 February 1992 in Maastricht, the Netherlands and entered into force on 1 November 1993, the stages of the Economic and Monetary Union i.e. the monetary and economic policies to be carried out in candidate countries, and the appropriate institutional change necessary for the implementation of these policies were prescribed. The "Maastricht Criteria" are known as the "Convergence criteria" and they set the principles for the implementation of the EMU, on the basis of the achieved required macro aggregates. The Maastricht Treaty aims at harmonious and balanced development of economic activities, growth with sustainable, non-inflationary policies and at the same time protecting the environment. It aims to bring the economies of the member countries closer together in harmony and to become a stronger

Union for Europeans. The agreement also emphasized the principles of transparency and economic and social convergence.

Unity can be schematically compared to a structure set on three legs (Rejhan GJul, 2000). While each leg strengthens the Union, it also provides independence in terms of the powers attributed to the institutions of the Union. First leg - ıt consists of the European Community established by the Treaty of Rome and Paris. Monetary union, citizenship and the aforementioned powers are also included in this column. Second leg - it includes the Common Foreign and Security Policy (CFSP) and aims to initiate a Europe–wider defense policy. The third leg - covers Justice and Home Affairs and aims to develop closer cooperation in the field of law and cooperation.

- The "Convergence Criteria" for the Member states that want to be included in the European Monetary Union within the framework of the Maastricht Treaty are as follows: (Sezgin Hüseini, 2020).
- **Inflation rate**: The annual average inflation rate of a country should not be more than 1.5 percentage points above the average inflation rate of the 3 members with the lowest inflation rate in the EU,
- **Budget deficit**: The level of budget deficits of the Member states should not exceed three percent of GDP.
- **Interest rate**: In the long run, the government bond the interest rate of one of the Member states should not exceed the average interest rate of the three lowest inflation members by more than two percentage points.
- **Public debt**: Any Member's debts to the government must not exceed 60% of GDP. States, where these values are exceeded, require consistent efforts to bring the rate down.
- **Exchange rates**: The currencies of the Member countries should be included in the "European Monetary System Exchange Rate Mechanism" and the exchange rate of the national currency should be left to the normal fluctuation course and value change of the last two years.

The main purpose of these Convergence criteria, which are expected to be implemented by EU Member states, is the implementation of meaningful and sustainable public fiscal policies. At this point, public deficits will be reduced by 3% of GDP within the framework of a medium-term plan. Regarding public borrowings, the main aim is to reduce this amount to sixty percent of GDP; then to include it in a decreasing trend. At the Maastricht Summit, it was approved that Member states could be included in the Economic and Monetary Union until the beginning of 1999 at the latest, in which they would comply with the determined criteria. Despite the reaction of some member states to the decisions taken at the Maastricht Summit, all states accepted the agreement and took joint decisions and made a compromise.

Amsterdam Treaty criteria: The Amsterdam Treaty constitutes all of the practices made until 1997 and all of the founding Treaties of the EU. In short, the European Coal and Steel Community Agreement adopted in 1951, the Rome Agreement adopted in 1957, the Single Act adopted in 1986 and the Maastricht Agreement adopted in 1992 are inclusive. Along with the Amsterdam Summit, a significant part of the infrastructure for the implementation of the Common Currency has also been concluded. Again, with the fourth article of the Amsterdam Agreement, it is stated that the main purpose of the Monetary union is to ensure price stability and that monetary policies should be carried out in a way that does not contradict this purpose.

Pursuant to the decisions taken at the Amsterdam Summit, the last stage of the EPB was passed on 1 January 1999, and the use of the Euro, which was accepted by the Member countries was started instead of the ECU, which is the official currency. Between January 1, 1999, and January 1, 2002, there was a "Transition period" for the EURO, and this non-physical currency was used as the

"Unit of account" in this process, and national currencies continued to be used for payments. As of January 1, 2002, the EURO came into circulation as a physical currency. After this process, national currencies remained in circulation together with the EURO for six months. After 1 July 2002, the national currencies were removed from circulation and the single currency of the EU, the EURO, remained in circulation. Denmark, England, and Sweden did not join this monetary union in line with their own monetary policies.

The Amsterdam Treaty, unlike the previous founding Treaties and Maastricht aims to regulate and correct the existing one rather than introducing a new rule. In this context, it can be said that the radical changes in the Amsterdam Treaty are especially related to the functioning and acceleration of the decision-making processes.

Nice Treaty criteria: In the Amsterdam Treaty, the solution of some problems related to institutional reforms was left to the next stage by the EU members. Although the Amsterdam Treaty contained reforms, it was insufficient in terms of Institutional building. The EU aims to progress slowly but surely, even though there are roughnesses in the road map it has determined. For this purpose, an additional protocol was made in the Amsterdam Treaty to be brought to the agenda at the next stage. On the planned new Conference of Governments, at the end of 2000, the following institutional issues were discussed: the size of the Commission and its distribution power according to the Member states, their determination of the weighted vote rates in the Council of Ministers, the content of the qualified majority principle and closer cooperation, the preparation of the EU Charter of Fundamental Rights.

As a result of long negotiations, the Treaty of Nice was signed at the end of the Human Rights Summit in 2001. Since the Nice Treaty was rejected in a referendum held in Ireland at the ratification stage, it was only possible to enter into force in 2003.

As a result of the discussions on the number of members in the Commission between the small and large states of the Union, a two-option agreement was reached. Accordingly, as of January 1, 2005, until the number of Members of the Union reaches 27, there will be 1 member from each Member state in the Commission. If it exceeds 27, the rotation system will be applied. In order to strengthen cooperation between states, it abolished the veto power, tied it to less strict conditions that is, to more flexible rules, and created new application areas for cooperation. One of the important innovations brought by the Nice Treaty was seen as expanding the scope of the qualified majority system. Looking at the changes here, it is seen that the Treaty is mostly based on the revision of the Amsterdam Treaty. However, the extent to which the Union is prepared and how it will absorb a new enlargement wave, within the scope of provisions on institutional changes and enlargement projections, has been seriously discussed. However, the Amsterdam and Nice Treaties failed to meet expectations. Also, the post-Nice process presented a new opportunity for integration. At the Laeken Summit in December 2001 the "Communique on The Future of the Union" was published. In summary, the focus is on four issues. These are the separation and observance of powers between the EU and its Member states; Status of the Charter of Fundamental Rights; The simplification of Treaties for clarity was agreed upon as the role of national parliaments in European architecture. In addition, legitimacy and transparency issues were also discussed in this Summit.

4.1.6 Factors impending North Macedonia's path towards the European Union

The Republic of North Macedonia has a long way to go on the road to the EU. In addition to the demanding conditions of political and economic character set by the standards and values of the EU, the Republic of North Macedonia has faced additional obstacles on the road to EU membership.

At first, the "name" dispute with Greece has emerged on the agenda, immediately after the independence of Macedonia in 1991. In June 2018 Macedonia reached a deal with Greece to change its name to the Republic of North Macedonia and put an end to almost three-decades-long disputes. According to the "Prespa Agreement" the new name will be used for all purposes (Internationally, bilaterally, and domestically), meaning that even countries that have earlier recognized the name "Republic of Macedonia" will also have to adopt and use the new name – The Republic of North Macedonia. After Macedonia completed the necessary constitutional changes, Greece agreed to stop blocking its bid to join the EU and NATO. However, a bilateral name dispute with Greece was not the only factor that impeded Macedonia's path towards the EU.

Secondly, there was also a conflict with Bulgaria, related to conflicting views about the 19 and 20 century shared history of the two countries as well as the ethnic distinction of the two nations. Namely, when in October 2012, the European Commission recommended the opening of accession negotiations with Macedonia, Bulgaria has in addition to Greece, used its right to veto. It should be mentioned that immediately after Macedonia declared independence in 1991, Bulgaria recognized the newly created state but refused to acknowledge that there is a legitimate fear of encouraging secessionist tendencies among the inhabitants of the Bulgarian many of whom have rejected a Bulgarian identity in favour of a Macedonian one. A positive breakthrough came in 1999 with the joint Declaration that established the bilateral process of resolving the ongoing political and historic dispute and at the same time opened the doors for new stages of political, economic, and cultural cooperation. After Bulgaria's full membership in the EU, the two countries in 2011 signed the Memorandum of Cooperation in the field of EU integration that provided access to lessons learned from Bulgaria's accession process with the goal of strengthening the administrative capacity in Macedonia. Finally, in August 2017 the newly elected government of Macedonia signed a friendship accord with Bulgaria in an attempt to improve links with its Balkan neighbors and revive efforts to join the EU and NATO. Nevertheless, nowadays when Macedonia is anxiously awaiting the Council's decision on the eventual start of accession negotiations, Bulgarian representatives have clearly warned that "Bulgaria will not allow the EU integration of the Republic of North Macedonia to be accompanied by European legitimization of an anti-Bulgarian ideology".

Third, in addition, to these, two impeding factors related to bilateral disputes with Greece and Bulgaria, there were other internal and external factors that have stalled Macedonia's progress towards the EU.

Internally, one must admit that Macedonian economy is not prepared to withstand the pressure of competition and market share of developed Western European countries. The Macedonian economy is weak, unproductive and will not be able to fight with the productivity and the strength of the developed economies. There are also a number of EU economic legislations that must be incorporated and implemented in national legislation.

Externally, similarly to other countries of the Western Balkans, Macedonia has suffered the consequences of the so-called "Enlargement Fatigue" and other internal problems of the EU. Since the enlargement waves in 2004 and 2007 when 12 new countries joined the EU, some Member states have become increasingly skeptical about further enlargement of the Union. Consequently, once the unquestionably positive overall assessment of enlargement gave way to skepticism and the official assessment of enlargement as a success story shifted to an emphasis on enlargement fatigue (Rejhan Gjul, 2020).

Even Member states that once used to be champions of the EU's enlargement are lately becoming much more cautious and avoid too enthusiastic expressions. In addition to the enlargement fatigues, the EU has recently been facing a set of internal problems such as the departure of the United Kingdom (Brexit), democracy and rule–of–law concerns in Poland, Hungary, and some other EU Member states, increased migration, and related societal integration concerns as well as heightened terrorism threats.

Although in its Communication in February 2018 the European Commission reaffirmed the firm, merit-based prospect of EU membership for the Western Balkan its enlargement policy paper also refers to the need for the Union to be "stronger and more solid, before it can be bigger." (Communication from the European Commission, 2018). These additional factors became visible after the signing of the Prespa Agreement with Greece and the bilateral friendship agreement with Bulgaria. The resolution of the name dispute was supposed to unblock North Macedonia's path towards the EU. Expectations were very high among the political elites that the country will get a green light in October for beginning the accession negotiations. However, though most of the EU Member states have openly supported this step, a few countries, France and the Netherlands most notably, are still hesitant to grant Macedonia a date for starting the negotiations. In defense of its position, France has mentioned both external and internal factors highlighted above. Namely, France believes that the EU currently faces too many challenges itself, and should not let in two more states from the Balkan region (Rejhan Gjul, 2020). Paris insists that the EU first needs to reform internally and achieve vigour and unity for dealing with more important challenges such as climate change and migration. On the other hand, it points out that North Macedonia and Albania are still not fully prepared to start the accession negotiations. Together with the Netherlands, it insists that Macedonia needs to show progress on accession reforms. Judicial systems, proper investigations, and verdicts of high-level corruption cases, as well as public administration. It remains to be seen whether in the coming months Macedonia will receive a date for starting negotiations after obvious progress in overcoming bilateral problems with Greece and Bulgaria.

4.1.7 The EU financial support to the Republic of North Macedonia

The Republic of Macedonia was a **PHARE** beneficiary from 1996 until 1999 when the European assistance in the country was replaced by CARDS. Through National programs operating from 1996 to 1999, the Republic of Macedonia implemented projects in various fields, totaling 60.96 million euro. Besides the National programs there were projects implemented through the Cross-border program amounting to 36.83 million euro.

Table 1: Total PHARE funds, 1990-1999 in Million EURO for the Republic of Macedonia

Year	1996	1997	1998	1999
Million EURO	16.72	16.8	12.64	14.8

Source: Government of the R. Macedonia, "Information on monitoring the implementation of the recommendations given by the European Commission for the course of implementation of the national programs, financed through PHARE, for the period 1996-1999", Skopje, January 2001.

The Phare programme is one of the three pre-accession instruments financed by the European Union to assist the applicant countries of Central and Eastern Europe in their preparations for joining the European Union. Originally created in 1989 as the Poland and Hungary: Assistance for Restructuring their Economies (PHARE) programme, Phare expanded from Poland and Hungary to cover ten countries. It assisted eight of the ten 2004 accession Member States: The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia, as well as those countries that acceded in 2007 (Bulgaria and Romania), in a period of massive economic restructuring and political change.

When it became a PHARE receiver, in 1996 it also became beneficiary of the **OBNOVA programme,** a form of European support for the rebuilding also of Bosnia and Croatia. It was aimed at fostering regional teamwork and good neighborly relations, reconstructing facilities ruined throughout the conflict, taking care of the homecoming and reintegration of those forced to escape the war, re-absorbing soldiers into labor, developing democracy and the economic revival of the private and public sector, intensifying both governmental and non-governmental organizations. The OBNOVA funds were limited. In 1999 both European aid programmes, OBNOVA and PHARE, had to face a difficult situation: the Kosovo crisis's spillover effects in the Republic of Macedonia. One of the main problems was the flow of Kosovo refugees in the Macedonian borders, having strong social impacts and changing the ethnic balances. Moreover, investments decreased and commercial exchange saw a slowdown, as exports-imports between the EU and the Federal Republic of

Yugoslavia were damaged. In 1999, in order to alleviate the difficulties deriving from the Kosovo crisis and to help the financial and social renovation, PHARE assigned $15 million and OBNOVA $25 million to Kosovo's neighboring state. Both programmes, OBNOVA and PHARE lasted until they were replaced by the new aid programme which entered into the scenario as the new millennium arrived: CARDS.

After 2000, the assistance to the Republic of Macedonia continued to be conducted through the **CARDS program** (Community Assistance for Reconstruction, Development and Stabilization of the Western Balkans). The key priorities of the CARDS program are: reconstruction, democratic stabilization, reconciliation and refugee return, institutional development and modernization of legislation, including the harmonization of norms and standards of the EU, sustainable economic and social development, promoting closer relations, mutual regional cooperation and cooperation with the EU. This financial package streched for a period of 7 years, from 2000 to 2006. (Council Regulation EC No 2666/2000).

Table 2: CARDS Programme Allocation in the Republic of Macedonia for 2000-2006, in Million Euro

Year	2001	2002	2003	2004	2005	2006
Milion Euro	38.5	37.5	38.5	47.5	34.5	30.5

Source: http://ec.europa.eu/enlargement/archives/ear/fyrom/fyrom.htm (Retrieved in February, 2022)

With Regulation 2666/2000 of the European Council, adopted on December 5, 2000, the distribution of aid to Macedonia was drawn through: National strategy paper (CSP), which covered a period of six years, Multi-annual indicative programs (MIP), covering a period of three years, and annual action programs (AAP). Numerous projects related to: democracy and the rule of law, economic and social development, justice and home affairs and the environment were implemented through the proposed annual programs. CARDS was clearly more structured than previous programmes, comprising both two-sided cooperation, taking care of the particular needs of each country, and regional cooperation. It was the most significant supplier of monetary and technical aids for the renovation of the Western Balkans.

The Pre-accession instrument started its application on 01.01.2007, following the timing of the new Financial perspective of the EU (2007-2013). **IPA** takes the work of the previous five financial assistance instruments (Phare, ISPA, SAPARD, Turkey instrument and CARDS), and thus unite the whole pre-accession assistance given by the Union. The new IPA instrument is introduced in order to ease management of aid by the European Union, however, it does not mean that all countries will have the same treatment – the differentiation to the IPA components is provided with different approaches for different categories of countries. The main objectives of the IPA instrument are: strengthening democratic institutions and rule of law, reforms in public administration, carrying out the economic reforms respecting human and minority rights, promoting gender equality, supporting the development of civil society and advancing regional cooperation; as well as sustainable development and reducing poverty in these countries.

The total amount of funds proposed for IPA Programme for the period 2007- 2013 is about 12 million euro, whereas according to the IPA budget for 2007-2013, calculated by components for the Republic of Macedonia amounted to 507.3 million euro.

Table 3: IPA Budget for the Republic of Macedonia 2007-2013, in Million Euro

Components	**I**	**II**	**III**	**IV**	**V**	**Total**
Year						
2007	41.6	4.2	7.4	3.2	2.1	58.5
2008	39.9	5.3	12.3	6	6.7	70.2
2009	38.1	5.6	20.8	7.1	10.2	81.8
2010	36.3	5.7	29.4	8.4	12.5	92.3
2011	34.5	5.8	35	9.4	14	98.7
2012	32.9	5.9	39.4	10.5	16.9	105.8
Total	**190.4**	**26.6**	**104.9**	**34.1**	**45.5**	**507.3**

Source: http://ec.europa.eu/enlargement/candidatecountries/the_former_yugoslav_republic_of_macedonia/financial-assistance/index_en.htm (Retrieved in February, 2022)

There is no enough information on the criteria and ways of using the five IPA funds whose regulations need to be learnt by the Macedonian companies, civil organizations and other interested institutions, if they want to apply and use the funds. When it comes to using the funds from the EU pre-accession funds, the rules are very strict and precise. There is no improvisation. The IPA instrument provides financial assistance only for sustainable projects. The researches show that local authorities in Macedonia do not always have sufficient administrative capacity and personnel to apply. By all the assistance provided for 2007, which amounted to about 58.5 million, only 42% were actually used and allocated to specific projects (support for implementation of police reform - 9 million euro, Local Infrastructure support for Economic and Social Cohesion - 7 million euro, Local Infrastructure support for Economic and Social Cohesion - 7 million euro, Support to the State Institute of Statistics - 2 million euro, support for implementation of reforms in public administration - 2 million euro, preparatory measures for Lifelong Learning and Action Programmes for the young - 0, 9 million euro, Participation in Community Programmes and Agencies - 0, 95 million euro training project preparation, Audit and Evaluation - 3 million euro) . Unofficially, the reason for poor utilization of assets in 2007 is said to be insufficient capacity of Macedonian institutions to deal with such obligations.

So, at the end the CARDS programme was less effective because, first of all, during the programming phase, targets have not been clearly identified and prioritized, and projects have not been always chosen on the basis of how effective they could be, given a certain amount of money: sometimes CARDS designers were too ambitious. Secondly, the participation of the beneficiary institutions in the discussions on the use of the funds had not been frequent, as they have not always been invited in the consultation process and consequently they have not been adequately questioned on their point of view on the analysis of needs linked to the available resources. This had a number of chained consequences: it turned out into a lack of ownership, which resulted in insufficient political encouragement and dedication to the European cause. The political difficulties, in some cases, delayed the beginning of the implementation phase, consequently postponing also the delivery of the designed outcome. Furthermore, the connection between aid programme and national objectives was weak, turning out to insufficient absorption capacities of the beneficiary. Thirdly, not all projects have been backed by quantifiable impact indicators. This often resulted in the unsustainability of the projects, especially projects on institution building (Relations between the European Union and the Republic of Macedonia: The Analysis of the Instrument for Pre-Accession Assistance; 2013; 2014). From 2007 onwards, all these programmes have been substituted by one single framework: The Instrument for Pre-Accession Assistance (IPA). Now that the EU had gained experience in offering assistance to the Western Balkan countries, IPA's path was already paved, it was just a matter of fixing the broken floor tiles and better defining the destination.

In February 2008 the Republic of Macedonia signed three financing agreements (Transition Assistance and Institution Building in 2008 between Macedonia and the European Commission, the operative programme for cross-border cooperation between Greece and Macedonia, the Program for funding the participation of the Republic of Macedonia in the European Transnational Territorial Cooperation Programme "South East Europe") for the implementation of the Instrument for Pre-Accession Assistance (IPA), and for Macedonia in the coming period are set out 40 million euros.

Under IPA 2, the Republic of North Macedonia will receive an EU financial package of 608.7 Million Euro for 2014-2020.

Table 4: IPA 2 Funding allocation for North Macedonia 2014-2020: € 608.7 million

North Macedonia	2014	2015	2016	2017	2018	2019	2020	Total 2018-2020	Total 2014-2020*)	Of which climate change relevant (%)
DEMOCRACY AND RULE OF LAW	**39.7**	**15.8**	**24.4**	**24.6**	**37.9**	**5.8**	**39.6**	**83.3**	**187.8**	
Democracy and governance	19.7	15.8	9.8	24.594	36.5	4.4	20.2	61.1	130.9	
Rule of law and fundamental rights	20.0	0.0	14.6	0.0	1.4	1.4	19.5	22.3	56.9	
COMPETITIVENESS AND GROWTH	**42.0**	**51.4**	**40.2**	**57.6**	**69.8**	**115.6**	**44.4**	**229.8**	**421.0**	
Environment, climate action and energy	15.0	18.4	11.0	16.6	27.6	10.4	24.2	62.2	123.3	100%
Transport	4.0	14.7	18.2	11.2	29.4	35.4	2.3	67.1	115.2	60%
Competitiveness, innovation, agriculture and rural development	23.0	18.3	11.0	6.0	11.4	49.4	16.5	77.3	135.6	10%
Education, employment and social policies	0.0	0.0	0.0	23.7	1.4	20.4	1.5	23.3	47.0	
TOTAL	**81.7**	**67.2**	**64.6**	**82.2**	**107.7**	**121.4**	**84.0**	**313.1**	**608.7**	

Source: https://ec.europa.eu/neighbourhood-enlargement/enlargement-policy/overview-instrument-pre-accession-assistance/north-macedonia-financial-assistance-under-ipa-ii_en (Retrieved in February, 2022)

The priority sectors for funding in this period are:

- **Democracy & governance:** Reforming the civil service (transparency, accountability, independence) centrally and locally; promoting decentralisation and local governance; implementing key parts of the Ohrid peace agreement,
- **Rule of law & fundamental rights:** Judicial reform; fighting corruption more effectively; respecting human rights (especially freedom of expression and of the media, and protecting minorities (e.g. the Roma and the LGBTI community); improving border management and implementation of visa, migration and asylum policies in line with EU law (acquis); completing police reforms and boosting the fight against organised crime.
- **Environment & climate action:** Creating a cleaner environment; promoting sustainable growth; shifting to a low-carbon, climate-resilient and resource-efficient economy.
- **Transport:** Developing a modern, well-connected transport network to support competitiveness and growth; making transport networks safer; improving mobility in urban areas using green transport.

- **Competitiveness & innovation:** Improving economic competitiveness; increasing productive investment, foreign direct investment; diversifying exports; creating conditions for sustainable economic growth and EU convergence; strengthening the business framework (legal and institutional), including by implementing EU single market law.
- **Social development:** Supporting a more inclusive, effective labour market; increasing access to quality education and training, to better match skills with employers' needs; establishing a modern, flexible social welfare system with greater social inclusion; strengthening professional organisations.
- **Agriculture & rural development:** Encouraging more balanced development in rural areas; improving food safety standards; making the farming and food production sector more competitive.
- **Regional and territorial cooperation:** Encouraging good neighbourly relations; promoting socio-economic development in border areas.

More than 90 percent of these funds remain unused, and the few projects that are financed from IPA were submitted by non-governmental organizations and institutions. Businessmen rarely submit projects, primarily due to restrictive and complicated procedures. The institutional weak capacity, lack of experience with these funds in a private sector, lack of appropriate training for them, are just some of the factors that affect this situation with EU funds in the Republic of North Macedonia.

4.1.8 Other important financial support to the Republic of North Macedonia

The International Monetary Fund (IMF) is an international organization composed of 188 Member states, which join their efforts to promote monetary collaboration, to obtain financial solidity, smooth the progress of international trade, diminish poverty, and encourage a high employment rate and sustainable economic development. The IMF is a specialized agency of the UN, but it is also independent, in the sense that it has its own charter, structure, and finances. The quota system through which its members are represented is based on the relative size of its member states in the global economy. Their quota subscriptions establish the highest quantity of financial supplies that each member state is required to give to the Fund (a part must be paid in Special Drawing Rights-SDRs-the IMF's currency, or in broadly accepted currencies like the dollar, euro, yen, or pound sterling) and determine the voting weight of the country. The IMF also lends, funds, provides technical assistance and training to countries in need to recover or upgrade their economy, depending on the country's quota.

The Republic of Macedonia joined the IMF on December 12, 1992. Policies, in general, have been implemented in line with the IMF suggestions, even though its grip on the management of public finance, especially on payment of debts, has been restricted during the last years. Under Article IV of the IMF's Articles of Agreement, in May 2014, for a couple of weeks, there has been the "Article IV and third Post-Program Monitoring mission, Skopje." The IMF concludes these missions when there has been a request to use /borrow funds. The IMF saw an improvement in the economy and the employment rate, it urged for the preservation of macroeconomic stability, for the improvement of fiscal transparency, for the support of the adequacy of international reserves, for the maintenance collaboration between home and the host countries, for the strengthening of the supply chain connections between foreign and domestic enterprises (International Monetary Fund, 2014b).

The IMF also collaborates with other international organizations, such as the above-mentioned World Bank, which performs a different but a complementary job: on one hand, the World Bank is involved mostly in a long-term view of growth and reduction of poverty, on the other hand, the IMF is concentrated more on macroeconomic and financial sector issues. In the Republic of

Macedonia, the two organizations have kept strong cooperation, which "has resulted in largely shared views of the economic situation in the country, particularly in the context of the latest Public Expenditure Policy-Based Guarantee (PEPBG), for which the Fund provided an Assessment Letter in November 2012." (International Monetary Fund, 2014a, p. 50).

Also for the IMF, the country's relation with the EU and its road towards accession is fundamental. Indeed, in its Staff Report for the 2014 Article IV Consultation and Third Post-Program Monitoring Discussions, the IMF included a statement of the relations between Skopje and Brussels." Uncertainty with respect to EU accession remains. The Republic of Macedonia has been a candidate country since 2005, but a date for the start of accession talks has not been set. In the absence of a negotiation process, the European Commission continues to engage in a High-Level Accession Dialogue (HLAD), looking for progress along with key reform priorities in the areas of media freedom, judicial independence, and electoral legislation, as well as good neighborly relations" (International Monetary Fund, 2014a, p. 5).

The World Trade Organization (WTO) is an international organization that strives for opening of trade, but it also functions as a forum in which governments from all over the world can discuss about commerce, sign international agreements and settle disputes and conflicting interests regarding trade. The WTO is not just about opening markets when facing closed barriers, but also protecting consumers, importers and exporters, organizations. The WTO, although born officially on 1 January 1995, was already existed since 1948 through its predecessor, the General Agreement on Tariffs and Trade (GATT), a de facto international organization, which had already laid down the rules that would have been at the root of the WTO. The Republic of Macedonia became 146th member of the WTO on 4 April 2003. This required a liberalization, so an elimination of restrictions on import and export and an opening its markets for goods and services, resulting in continuous cuts in tariff rates and in the embracing of the harmonized customs system.

In 2005, the country abolished the Export Promotion Fee of 0.1%, and it does not request any taxes or charges, save for customs duties. The country also had to equalize taxes for imported and domestic tobacco, which were different and so inconsistent with the WTO rules. According to the WTO Trade Policy Review, regardless of the intrinsic difficulties due to the small size of the country and its limited supplies, the Macedonian policies have been successful in different topics: supporting development, giving stabilization to the economy, allowing reforms to approach the European Union, making easier the export of Macedonian manufactured goods in the European market, smoothening the progress of access to other markets through accession to the WTO. They have changed the legislation in different areas, including WTO-related ones like registration of companies, customs, public procurement, competition legislation, and IPR, food safety, veterinary and phytosanitary, which are also helping the country to move a step closer to the European Union. Now the country has to try to successfully implement those laws and regulations. The Macedonians, in the fields of homogeneity, official approval, metrology, conformity, evaluation, and market inspection, are also harmonizing the legislation to the EU criteria.

Since the country became a WTO member, it has concluded five Free-Trade Agreements (FTAs), three are multilateral, with member states of the EU, Central European Free Trade Agreement (CEFTA), and the European Free Trade Association (EFTA), while two are bilateral, with Turkey and Ukraine. These FTAs represent the structure for building up regional cooperation and supporting more integration in the European economic and political course of action.

4.1.9 Different scenarios on North Macedonia's aspirations to join the EU

Everyone supports the words of the founder of economics Adam Smith that "No society can prosper if the majority of its members are poor and miserable" (Analysis of Macedonia's Foreign Trade Structure in the EU Accession Process and its Bilateral Relations; 2013. p. 106). The goals of national economies are to produce, distribute and consume goods and services that meet the needs of society and its citizens. Since its independence in 1991, North Macedonia has been struggling to provide and maintain decent living conditions for its citizens. However, the living standard is far from the EU average. Macedonia is performing painful economic reforms for its own prosperity, but also to meet the EU's economic criteria for market liberalization and withstanding the competitiveness and market pressure within the Union. Accordingly, the European Union confirms that Macedonia's basic economic conditions for membership have been moderately met.

However, because of the long "waiting" and delay for EU accession negotiations, people in Macedonia have started to lose their confidence in EU membership. They are more and more disappointed and EU sceptical. In addition, there are some scenarios for North Macedonia's entering the EU family.

- Some people argue that rapid and full integration into the Union will have positive effects on the Macedonian economy. In other words, the country will benefit from EU structural funds and accelerated economic development can be expected. At the end of the day, it is better to be inside the rich EU family than outside.
- Some people argue that rapid economic integration into the Union will negatively affect socioeconomic effects. Although the European Union provides sufficient support and financing in its current candidacy status, the country is still not ready for the strong competition in the union's single market. The market pressure will destroy the weak Macedonian companies and industries that will result with a higher unemployment rate.
- Some people, who declare themselves as Eurosceptics believe in joining other economic unions and associations outside the European Union.

In this content, some questions are risen, such as:

- Should the European Union act fast and integrate the North Macedonia quickly and after that help her in its economic endavours?
- Should the European Union act gradually and wait when the North Macedonia will be really economically prepared?
- Should the North Macedonia abandon its aspiration to join European Union and look for other markets and perspectives?

Despite all the different scenarios, the accession of the North Macedonia to the European Union plays an important role in the country's progress.

4.2 Part 2: Turkey on its European path

This part elaborates in detail the path of Turkey to the European Union, with all its advantages, disadvantages, expectations, obstacles. It tries to explain how and whether Turkey fulfils the economic criteria required by the European Union.

4.2.1 Timeline of relations between Turkey and the European Union

The most important events in the relations development between the Republic of Macedonia and the European Union are listed below: (website: http://turkiyeavrupavakfi.org/chronology-of-turkey-european-union-relations/?lang=en, Retrieved in February 2022):

- **July 1959**, Turkey has applied for association to the European Economic Community.;
- **September 1959**, The Ankara Agreement (The Association Agreement) which would yield Turkey and European Economic Community to the Customs Union and provide full membership was signed,
- **December, 1964,** The Ankara Agreement signed between Turkey and European Economic Community entered into force,
- **November 1970:** The Additional Protocol including the regulations on Customs Union was signed in Brussels.
- **September 1971:** The Additional Protocol's commercial adjudications entered into force with "Temporary Agreement". EU abolished customs duties and quantity restrictions which were applied to industry products imported from Turkey (apart from textile products).
- **January 1973:** Additional Protocol entered into force. Turkey actualized The First Reduction of Customs Duties and Harmonisation of Consolidated Liberation List (EU Customs Union Tariff),
- **May 1973:** Negotiations between Turkey and European Economic Community related to enlargement of European Economic Community concluded with an agreement.
- **June 1973:** The First Enlargement Agreement (Complementary Protocol) was signed in Ankara.
- **January 1974:** Temporary Agreement entered into force which related Complementary Protocol
- **September 1976:** Implementing obligations taking root from Additional Protocol, Turkey actualized Second Reduction of Customs Duties and Harmonisation of Consolidated Liberation List.
- **October 1978:** During the process of the IV. Five Year Plan, Turkey claimed to suspend the obligations of Customs Union and an assistance approximately 8 billion USD.
- **June 1980:** Association Council decided to cancel out the customs duties applied to almost entire agricultural productions in Turkey until 1987. (1/80 Association Council Decision).
- **January 1982:** The relations between Turkey and the European Union were de facto suspended for reason of requirement of the European Parliament to suspend the agreement of Turkey – European Economic Community from the European Council and European Commission.
- **September 1986:** Turkey and EEC Association Council convened. Therefore; relations between Turkey and European Economic Community which were suspended since 12 September 1980 came to life.

- **April 1987:** Turkey applied for full membership of the European Community based on Article 237 of the Rome Treaty, Article 98 of the European Coal and Steel Community and Article 205 of the EURATOM
- **December 1987:** Ad-hoc Committee convened for the second time and Turkey submitted an accelerated schedule to European Community in order to implement the obligations which were suspended in 1978 and brought it into force.
- **December 1989:** European Commission in its "Opinion" about Turkey's application of full membership process mentioned that it couldn't accept a new member before completing process of its own internal market (1992) and necessity provisions in terms of economical, social and political developments should be fulfilled before Turkey's pre-accession.
- **June 1999:** European Commission submitted a "Cooperation Package" concerning precautions which include initiation and acceleration of cooperation with Turkey in every field.
- **July 1994:** Commission of the European Communities ascertained the principles of Customs Union as stated in Ankara Treaty which was signed between Turkey and European Community in1963.
- **December 1995:** Council Decision on Turkey- European Union Association No. 1/95 was approved by European Parliament. (343 Admissions, 149 Nays, 36 Non Committals), Turkey-EU Association Council finalises agreement creating a Customs union.
- **January 1996:** In the integration of European Union, Turkey entered the Final Period in 31 December 1995 by completing "Transition Period" which lasted 22 years and by 01.01.1996 completed the process of Customs Union Period provided in industrial products and manufactured agricultural products.
- **December 1997:** At the end of the Summit of Heads of State and Government in Luxemburg convened by the European Union, Turkey wasn't mentioned among the candidate countries, but it took place in the context of enlargement. Luxembourg Council summit declares Turkey eligible to become EU member.
- **March 1998:** The document titled "European Strategy of Turkey" relating to improve relations between Turkey and European Union was announced by European Commission.
- **November 1998:** The first "Progress Report" including the opinions of Commission for "Regular Progress Report for Turkey" which were recorded in the light of criteria prepared by European Commission for European Union membership was published. Afterwards, they have been published annually in regular periods.
- **December 1999:** The candidacy status was recognized for Turkey in European Council Summit Meeting in Helsinki. Helsinki European Council declares Turkey a Candidate Country.
- **October 1999:** "Regular Progress Report for Turkey" prepared by the European Commission and noted in the light of criteria for membership to European Union, including the opinion of European Commission entered into force.
- **July 2000:** Secretariat General for European Union Affairs was established in connection with Prime Ministry with Law 4587 published on Official Journal on 4 July 2000.
- **February 2001:** "The Framework Code" which constitutes the base of the procedures related to Accession Partnership and the base of the donation that Turkey will receive from the Accession Partnership was accepted in the meeting of Fragment Regulations General Affairs Council.

- **March 2001:** "Council Decision of 8 March 2001 on The Principles, Priorities, Intermediate Objectives and Conditions Contained in The Accession Partnership with The Republic of Turkey" No. 2001/235/EC was published in Official Journal of European Community No. L 85 in 24 March. Council adopts Accession Partnership for Turkey.
- **March 2001:** "Decision on National Program of Turkey for the adoption of the Acquis Communautaire, application, coordination and monitoring of National Program of Turkey for the adoption of the Acquis Communautaire" was published in Official Journal repeated No. 24352 on 24 March 2001.
- **November 2001:** "Regular Progress Report for Turkey" prepared by the European Commission and noted in the light of criteria for membership to European Union, including the opinion of European Commission entered into force.
- **December 2002:** It was stated in Copenhagen Summit of European Council that the negotiations will be opened if the decisions actualizing Copenhagen criteria are taken.
- **March 2003:** Council adopts revised Accession Partnership for Turkey.
- **April 2003:** EU Harmonisation Commission for Turkey was established in General Assembly of Turkish Republic.
- **July 2003:** Council Decision of 29 May 2003 on the Accession Partnership with the Republic of Turkey No. 2003/398/EC is publisehed in the Official Journal of the European Union No. L51 on 26 February 2008.
- **June 2003:** Council Decision of 23 June 2003 on National Program of Turkey for the adoption of the Acquis Communautaire, application, coordination and monitoring of National Program of Turkey for the adoption of the Acquis Communautaire No. 2003/5930" was published in Official Journal repeated No. 24352 on 24 July 2009.
- **April 2004:** The referendum was conducted in Cyprus. The 69,4 % of Turkish people in Cyprus accepted but the 75,83 % of Greek people in Cyprus refused the Annan Plan.
- **October 2004:** "Regular Progress Report for Turkey" prepared by the European Commission and noted in the light of criteria for membership to European Union, including the opinion of European Commission and the Recommendation Document according to the Progress Report entered into force. Within the framework of this document, Turkey was said to have fulfilled the political criteria and was recommended to begin to the negotiations.
- **December 2004:** In the summit meeting of EU Head of State or Government, it was stated that Turkey has sufficiently implemented the political criteria and it could open the negotiations for EU accession on 3 October 2004. European Council declares that Turkey sufficiently fulfils the criteria for opening accession negotiations in October 2005.
- **June 2005:** Ali BABACAN, State Minister, is appointed as the Chief Negotiator of Turkey in EU accession negotiations. Negotiation Fragment Document and other related documents for Turkey were published.
- **July 2005:** Turkey signed the "Additional Protocol" which extended the Treaty of Ankara, signed in 1963 and constitutes the base of the relations between EU and Turkey, concerning the new ten members on the 1st of May 2004.
- **October 2005:** Made a decision in Luxemburg, European Union started full membership negotiations with Turkey. Constituting first stage of EU accession negotiations, Screening Process started with Detailed Screening Meeting named "Science and Research" and Screening meeting on all chapters were completed on 13 October 2006. "Screening process" begins to determine to what degree Turkey meets the membership criteria and what remains to be done. Council adopts negotiating framework, and negotiations are formally opened.

- **January 2006:** Turkey presented its new plan to the Secretary-General of United Nations Kofi Annan for the solution to the Cyprus issue. In this plan, it was demanded that if Turkey opens its harbors to Greeks, the isolations on Turkish Republic of Northern Cyprus must be removed. Commission Decision of 23 January 2006 on the principles, priorities and conditions contained in the Accession Partnership with Turkey with No. 2006/35/EC was published Official Journal of the European Union No. L 22 on 26 January 2006.
- **June 2006:** Completing screening on the chapter, named "Science and Research" was opened in Intergovernmental Conference held in Luxemburg. It was stated that criteria in required measure of Turkey carried out and this chapter was closed for a temporarily period in the same meeting
- **November 2006:** It was confirmed that Turkey did not open it's harbors and airports to the Greek Cypriot Administration of Southern Cyprus despite the Additional Protocol and Turkey was given time until the 14-15th of December. The Council of the European Union approved that Istanbul holds the European Capital of Culture in the year of 2010.
- **December 2006:** Admitting the Commission Recommendation of 9 December 2006 by the Ministers of Foreign Affairs, which are the members of EU, meeting in EU General Affairs Council, 8 chapters shall not be opened and none of the chapters shall be closed temporarily until confirming the commitments relating to Additional Protocol of Turkey. Taking place in Priority Summit Accession with the Heads of Governments and States of the EU, proposal of General Affairs Council was exactly accepted in Brussels.
- **March 2007:** Negotiations are opened on the chapter of Policies of Enterprises and Industry.
- **April 2007:** Harmonisation Package of Turkey to European Union Acquis was declared.
- **June 2007:** Negotiations are opened on two chapters: Financial Control and Statistics.
- **December 2007:** Chapters on Health and Consumer Protection and on Trans-European Transport are opened.
- **February 2008:** Council Decision of 18 February 2008 on The Principles, Priorities and Conditions Contained in The Accession Partnership with Turkey and abolishing decision with No. 2006/ 35/EC with No. 2008/157/EC was published Official Journal of the European Union No L 51 on 26 February 2008. Council adopts revised Accession Partnership for Turkey.
- **June 2008:** Chapters on Company Law and Intellectual Property Law are opened.
- **December 2008:** Negotiations are opened on two chapters: Free Movement of Capital and Information Society, Media. Decision of 10 November 2008 on National Programme of Turkey with regard to be accepted European Union Acquis and Monitoring, Coordination and Implementation National Programme of Turkey with regard to be accepted European Union Acquis" with No. 2008/14481 was published Official Journal of the European Union on 31 December 2008 with No. 27097 (5.repeating).
- **January 2009:** Egemen BAGIS, Minister of EU Affairs, was appointed as the Chief Negotiator of Turkey in full membership negotiations.
- **July 2009:** Negotiations are opened on the chapter of Taxation.
- **June 2010:** Negotiations are opened on Chapter 12 (food safety, veterinary and phytosanitary policy).
- **May 2012:** Positive Agenda intended to bring fresh dynamics into the EU-Turkey relations was launched.

- **November 2013:** Negotiations are opened on chapter 22 – Reg. Policy and Coordination of Structural Instruments.
- **December 2013:** Visa liberalisation dialogue launched and EU-Turkey Readmission Agreement signed.
- **October 2014:** First implementation report on the visa roadmap.
- **November 2015:** First EU-Turkey Summit held and Joint EU-Turkey Action Plan activated.
- **December 2015:** Negotiations are opened on chapter 17 - Economic and monetary policy.
- **March 2016:** EU-Turkey Statement.
- **April 2016:** First Implementation Report of Statement.
- **June 2016:** Accession conference with Turkey: Talks opened on Chapter 33 - Financial and budgetary provisions.
- **March 2019:** 54th EU-Turkey Association Council held.

4.2.2 Early years of relations between the Turkey and the European Union (1959 – 1989)

The first step in the relationship consisted of Turkey's application for associate membership in the EEC on 31 July **1959**. Its application was accepted by the EEC Council of Ministers on 11 September, the same year.

On 12 September 1963, the **Ankara Agreement** was signed between Turkey and the EEC. The Ankara Agreement entered into force on 1 December **1964**. The main aim of this agreement was, as stated in Article 2, "to promote the continuous and balanced strengthening of trade and economic relations between the parties, while taking full account of the need to ensure an accelerated development of the Turkish economy and to improve the level of employment and living conditions of the Turkish people". The Ankara Agreement established an association between Turkey and the EEC; witch stipulated the ultimate goal, the full membership of Turkey in the Community. According to the Ankara Agreement, the association will be realized in three phases. In this respect, Mr. Ziya Öniş, a professor at Koç University in Istanbul stated that "the first, initial stage would aim to strengthen the Turkish economy and to assist Turkey in the fulfillment of its obligations. The second, transitional stage would progressively establish a customs union between Turkey and the Community, and the third, final stage would furthter coordinate the economic policies between the two parties. After the agreement was signed, in the period between 1963 and 1970, trade relations between Turkey and the EEC began to improve but did not reach the expected level. On 23 November 1970, an Additional Protocol to the Ankara Agreement was signed, and entered into force at the beginning of 1973. The Additional Protocol was about a formation of the Customs Union on industrial products. According to this protocol, the European Community (EC) "will abolish customs duties on imports of industrial products from Turkey". Unlike the EC, Turkey would not abolish customs duties all at once. These positive provisions influenced on the increase of trade and contributed to better economic relations.

The 1980s were important in the development of economic and political relations between Turkey and the European Community. Turkey made several economic reforms in order to strengthen and open more its economy.

The year 1987 was one of the most important years in the history of relations between Turkey and European institutions. On **14 April 1987**, Turkey applied for full membership on the grounds of Article 237 of the Treaty establishing the EEC, which indicates that any European country may apply for membership in the European Community. The Opinion regarding the application prepared by the European Commission, was ratified by the European Council on 5 February 1990. "It basically underlined Turkey's eligibility for the membership, but required additional in-depth analysis of Turkey's application and asked for more time for creating more favorable environment both in Turkey and in the EC itself". It also emphasized the importance of the completion of the Customs Union by 1995, as been planned, and the establishment of political and cultural dialogue between the European Community and Turkey.

4.2.3 Relations between the Turkey and the European Union (1990 – 1997)

After the European Council endorsed the European Commission's Opinion **(February 1990)** regarding Turkey's membership application, it can be argued that a new era started in relations. In 1990es, two important events affected the course of relations. One of them was the completion of the Customs Union foreseen in the Ankara Agreement.

With the decision made on 6 March 1995 by the Association Council, which is the "highest-ranking body of the association process", the Customs Union between Turkey and the EU, which covers industrial goods and processed agricultural products, was completed by **31 December 1995.** The establishment of the Customs Union meant that these goods freely could circulate between Turkey and the EU, without being subjected to customs duties. Additionally, "The Customs Union envisages the harmonization of Turkey's commercial and competition policies including intellectual property rights with those of the European Union." (Turkey's Membership in the European Union: Analyzing Potential Benefits and Drawbacks; 2008, p. 16) In this respect, the mutual trade increased and fostered the economic integration of Turkey into the EU.

The Luxembourg Summit in **December 1997** was another important event that affected the course of relations. After the completion of the Customs Union, Turkey focused its attention on the EU enlargement process. Turkey's aim was full membership, and Ankara wanted to be in this "New European architecture." Before the Luxembourg Summit, the European Commission prepared a report entitled "Agenda 2000." In this report, the European Commission "excluded Turkey from the enlargement process". The Luxembourg Summit decisions were significant in terms of Turkey-EU relations. At this Summit, Turkey didn't get the candidate status that caused a great disappointment in Turkey.

4.2.4 Relations between the Turkey and the European Union (1998-2008)

The European Council at subsequent summits, the Cardiff Summit (June 1998), the Vienna Summit (December 1998), and the Cologne Summit (June 1999), did not propose constructive solutions to rectify the stalemate between Turkey and the EU. Turkish government officials continued to judge that the EU was not treating Turkey in the same fashion as other candidates for membership.

The Helsinki Summit, held on **10-11 December 1999**, was the first positive encouragement for Turkey when it got the candidate status. In the Presidency conclusions of the Summit, it was stated that "Turkey is a candidate state destined to join the Union on the basis of the same criteria as applied to the other candidate states.".

Since the Helsinki Summit, Turkish-EU relations have gained momentum. As envisaged in the Presidency Conclusions, the EU Commission began to prepare "an Accession Partnership Document for Turkey", the first version of which was ratified by the EU Council on **8 March 2001.**

The National Program, envisaged by the Accession Partnership, was submitted to the EU Commission by the Turkish Government on **26 March 2001**. Since gaining candidate status, Turkey has undergone an intensive reform process.

At the Copenhagen Summit held on **12-13 December 2002**, "it was decided to start accession negotiations with Turkey"

At the Brussels Summit on **16-17 December 2004**, the issue of Turkey's starting the accession negotiations became clearer. The European Council made an important decision regarding Turkey's EU membership prospective. The Council "decided to open accession negotiations on 3 October 2005." Within this framework, the EU Commission prepared "the Negotiation Framework Document."

The accession negotiations opened as planned on **3 October 2005**. Today, the accession negotiations, which are being conducted over 35 chapters, are still continuing, and they constitute the center of gravity of Turkish-EU relations. Today, after 16 years of the beginning of the accession negotiations, little has been accomplished.

4.2.5 Current status of Turkish accession to the EU

The relationship between Turkey and the European Union has vacillated between **support for and doubt** over future membership. In general, concerns regarding immigration, jobs, and uncertainties over its Muslim population have continued to cloud European attitudes about Turkey. Many experts suggested that one of the factors contributing to the potential admission of Turkey, was that this country is too large and too culturally different to be admitted into the Union. Some EU countries, such as Germany, France, and Austria, proposed that Turkey could be given a "privileged partnership" instead of full membership. Also, there was a political issue with Cyprus that the EU required Turkey to solve. Matters were further complicated with presidential elections that were scheduled in Turkey parallel in timing with the accession negotiations. Also, the issue of Turkey's membership colided with France's 2007 presidential election campaign, during which conservative candidate and then-Interior Minister Nicholas Sarkozy, in a campaign speech, stated that he felt Turkey should never become a member of the Union (European Union Enlargement: A Status Report on Turkey's Accession Negotiations, 2010, p. 9).

Despite the internal political events in Turkey which slowed the reform process, the EU agreed to **open chapters** of the acquis. Chapters that were opened and some of them closed, so far are: Science and Research (2006), Policies of Enterprises and Industry, Financial Control and Statistics, Health and Consumer Protection and Trans-European Transport (2007), Company Law and Intellectual Property Law, Free Movement of Capital and Information Society, Media (2008), Taxation (2009), Food safety, Veterinary and Phytosanitary policy (2010), Regional policy and Coordination of Structural instruments (2013), Economic and Monetary Policy (2015), Financial and Budgetary provisions (2016).

In early **2009**, Turkey, in a sign of a renewed commitment to the accession process, announced the appointment of its first full-time EU Accession negotiator, State Minister Egemen Bagis, a decision noted as a positive step by the EU Council's December 2009 conclusions. Turkey also has moved forward on a number of reform also noted by both, the Commission and the Council. However, in the middle of 2009, the European Parliament issued three Resolutions that criticized Turkey regarding the reform process and its political will to continue with them, then on solving the Cyprus question and the implementation of the Customs Union agreement.

In **2010** again, the Commission and the Council noted Turkey's shortcomings in the areas of freedom of expression and freedom of the press, respect or property rights, and in other areas. The Council "noted with deep regret that Turkey, despite reported calls, continues refusing to fulfill its obligations regarding the Additional Protocol and normalization of its relations with the Republic of Cyprus.".

"And one day the final step has to be taken. Turkey is to be a full member of the Community. This wish, and the fact that it is shared by us and our Turkish friends alike, is the strongest expression of our community of interest". In 1963, Walter Hallstein, the first President of the European Commission, made the above statement during the signing ceremony of the Ankara Agreement. The Ankara Agreement has been one of the cornerstones of Turkey's relations with European integration institutions. There have been many significant developments between Turkey and European integration institutions since the conclusion of the Ankara Agreement. Turkey and its European counterparts have enhanced their economic relations. Turkey's accession negotiations began in 2005. However, the wish expressed by the President of the European Commission has not yet come true. Today, the accession negotiations continue and the open-ended nature of this process is such that there are no exact answers as to when it will end, and as to whether Turkey will ultimately become an EU member.

4.2.5.1 Fulfillment of the EU economic criteria by Turkey

There are two important **economic criteria** that each candidate country must meet in order to be prepared for the EU membership:

- Existence of a functioning market economy and
- The capacity to cope with competitive pressure and market forces within the Union.

According to the European Commission (2021), related to the economic criteria, the Turkish economy is well advanced. The authorities issued a sizeable and wide-ranging set of measures to boost domestic demand and soften the economic repercussions of the COVID-19 pandemic.

As a result, the economy rebounded quickly from the crisis, reaching pre-crisis levels already in the third quarter of 2020. The macroeconomic policy mix relied too heavily on the credit channel, while direct fiscal support measures were rather limited in view of the magnitude of the social and labour market challenges.

Turkey made limited progress and has a good level of preparation in achieving the capacity to cope with the competitive pressure and market forces within the EU. Despite some progress made in improving access to education, the mismatch between the education system and labour market needs persists. Expenditure on research and development continued increasing at a slow pace, but remained well below the government's target. Supported by favourable financing conditions and concessional lending, investment activity rebounded in 2020. Progress was made with regard to the diversification of energy supplies and the development of the renewable energy sector. The extension of local content requirement practices continued to raise concerns. The relative share of the EU in Turkey's foreign trade slightly increased, despite extensive deviations by Turkey from its obligations under the EU-Turkey Customs Union.

The internal market cluster is key to the good functioning of the Customs Union and to integrating Turkey in the EU's single market. Turkey has achieved a good level of preparation for the free movement of goods. Although it continued to align with technical EU legislation under the 'New and Global Approach', technical barriers to trade remain, which hamper the good functioning of the Customs Union. Preparations in the areas of freedom of movement for workers and right of establishment and freedom to provide services are at an early stage as many professions are closed to EU nationals. Turkey is moderately prepared on free movement of capital notably because of the substantial remaining obstacles for acquisitions of assets and real estate. It improved its legal framework regulating the fight against money laundering and terrorism financing. It has reached a good level of preparation in terms of the legislative alignment of consumer and health protection, as exemplified by Turkey's strong vaccination campaign against COVID-19. However, in both areas, there is a need to strengthen administrative capacity, consultations and coordination among stakeholders. Turkey has some level of preparation in the area of competition policy. There is a continued lack of State aid implementation rules, enforcement and transparency, while the institutional set up remains incomplete. In the cluster on competitiveness and inclusive growth, there has been mostly backsliding on the economic-related chapters. This was notably the case on enterprise and industrial policy, mainly due to Turkey bringing in measures incompatible with EU industrial policy principles, and on economic and monetary policy, reflecting intensified political pressure on the central bank.

There was also backsliding in the area of social policy and employment, linked to the curtailment of trade union rights, the lack of genuine social dialogue and persistent levels of informal economic activity. On taxation, while Turkey is moderately prepared, there is a need for a clear strategy, avoiding frequent changes in tax rates and enabling tax information exchange with all EU Member States. Turkey maintains a good level of preparation for the customs union but made limited progress, including in its implementation. Turkey's deviations from its obligations under the EU-Turkey Customs Union continue, contributing to a high number of trade irritants. Turkey has some level of preparation in the area of information society and media. It continued backsliding, mostly due to inadequate competition, concentration of media ownership and the lack of independence of regulatory authorities. Turkey's preparations in the area of science and research are well advanced and it continued to implement the action plan to boost the national research and innovation capacity and to align with the European Research Area (ERA). Turkey is moderately prepared on education and culture, and needs to further improve inclusive education, with a particular focus on girls and children from disadvantaged groups.

Overall, in many areas further significant efforts are needed on legislative alignment with the EU *acquis.* In all areas, implementation and enforcement needs substantial improvement. Ensuring the independence of regulatory authorities and developing administrative capacity are key for Turkey to achieve further progress.

4.2.5.2 Fulfillment of the EU other criteria by Turkey

Political criteria: EU membership creates a number of political effects for the Member states. Indeed, some of them are felt in the pre-accession period. From the political standpoint, the candidate countries have to meet the Copenhagen political criteria for membership, which require "Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities." The efforts to fulfill these criteria pave the way for the start of the political reform process in the candidate countries. The reforms carried out during this process constitute one of the major political effects of EU membership.

Having in mind that Turkey gained candidate status for EU membership at the Helsinki Summit (1999), comprehensive political reforms have been carried out in the country." Important steps have been taken in the areas of human rights and fundamental freedoms, freedom of thought and expression, non-Muslim religious foundations, and their rights of acquiring and disposal of property, broadcasting, and education in languages and dialects that are traditionally used in the daily lives of Turkish citizens" (Turkey's Membership in the European Union: Analyzing Potential Benefits and Drawbacks; 2008; p. 56). Also, the reform process has contributed to further strengthening of the legal system in the country. Necessary arrangements have been made in the Penal Code, and the new Civil Code became law." Between February 2002-July 2004 with an aim to fulfill the EU's political criteria eight reform packages have been adopted." (Turkey's Membership in the European Union: Analyzing Potential Benefits and Drawbacks; 2008; p. 56). These political and other reforms, played a major role in the EU Commission's Decision "Turkey sufficiently fulfills the political criteria." (Turkey's Membership in the European Union: Analyzing Potential Benefits and Drawbacks; 2008; p. 56)

The European Commission recommended starting Accession negotiations with Turkey on 6 October 2004. Turkey continued to carry out political reforms even after starting negotiations with the EU. All of these political reforms would contribute positively to the political development and modernization of the state institutions in the country.

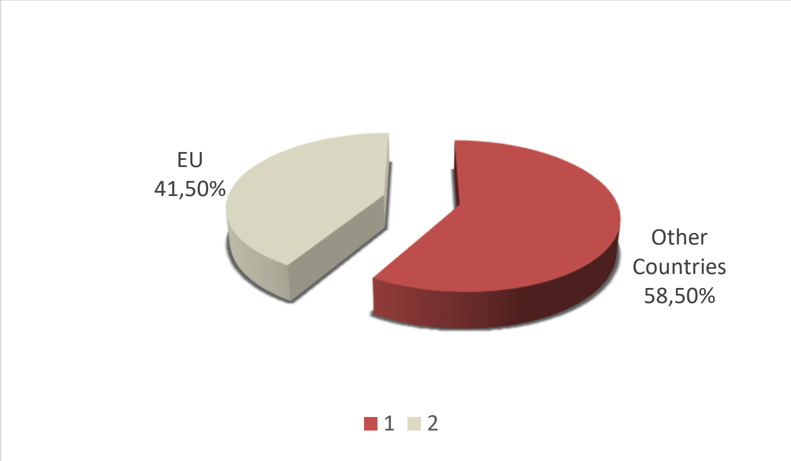
4.2.6 Factors in favour of Turkish accession to the European Union

"Enlargement is one of the EU's most powerful policy tools. It serves the EU's strategic interests in stability, security, and conflict prevention. It has helped to increase prosperity and growth opportunities and to secure vital transport and energy routes." This opening statement of the EU Commission report entitled "Enlargement Strategy and Main Challenges 2007-2008" makes clear the importance of enlargement for the EU. Indeed, this can be clearly understood when the EU's enlargement process is scrutinized. Since its establishment, the EU has experienced six enlargement waves. As a result of these enlargement waves, the number of states participating in this integration process has increased from 6 to 27. The European Commission has described the current situation of the EU with the following statement:" Today's EU, with 27 Member States and a population of close to 500 million people, is much safer, more prosperous, stronger and more influential than the original European Economic Community of 50 years ago, with its 6 members and population of less than 200 million". The current EU enlargement agenda, which includes the Western Balkans and Turkey, shows the EU's intention to be stronger and to have a substantial influence in the international arena. The EU Commission report entitled "Issues Arising from Turkey's Membership Perspective" defines the factors that would make this accession different from the previous enlargements as a "combined impact of Turkey's population, size, geographical location, economic, security and military potential, as well as cultural and religious characteristics". Turkey, with its population of nearly seventy million; 775,000 km total area; geographical borders with the EU, Armenia, Azerbaijan, Georgia, Iran, Irag, and Syria (which not only geographically, but also economically and culturally bridge between the East and West); developing economy; one of the largest military powers of both the region and NATO; and its large Muslim population, is the country whose accession to EU membership has been perhaps the most widely discussed over the years.

From the macroeconomic perspective, EU membership brings important advantages for new member countries. Above all, trade liberalization (including the free movement of people, goods, money, and services in the EU market) enables the country to complete its economic integration with the EU. The abolition of all tariffs between the country and the EU's markets obliges companies to take the measures necessary to survive in a more competitive business climate. This triggers an increase in productivity. Also, increasing competition due to the enlarged internal market encourages technological development and enhances living standards in the country. All of these factors contribute to economic growth and increase foreign direct investments in the country. Consequently, the national income of the country will become higher. EU membership would bring similar consequences for the Turkish economy. It would abolish all the negative effects of being a partner in the Customs Union without EU membership. Also, with full membership, Turkey would complete its integration in the EU's single market. This would increase Turkey's trade with other EU member countries. Turkish companies would gain a chance to compete with those of other member countries in the EU market. According to the study prepared by A.M. Lejour, R.A. de Mooji, and C.H. Capel, the accession to the EU's internal market would cause a 0.8% increase in Turkey's GDP and an 8.1% increase in Turkey's total exports to the rest of the EU and a 12.2 % increase in its imports from the rest of the EU (Turkey's Membership in the European Union: Analyzing Potential Benefits and Drawbacks; 2008, p. 64)

Turkey's entry into the European Union would be economically profitable to the entire Union. The Customs alliance between Turkey and the EU proved that collaboration brings mutual benefits.

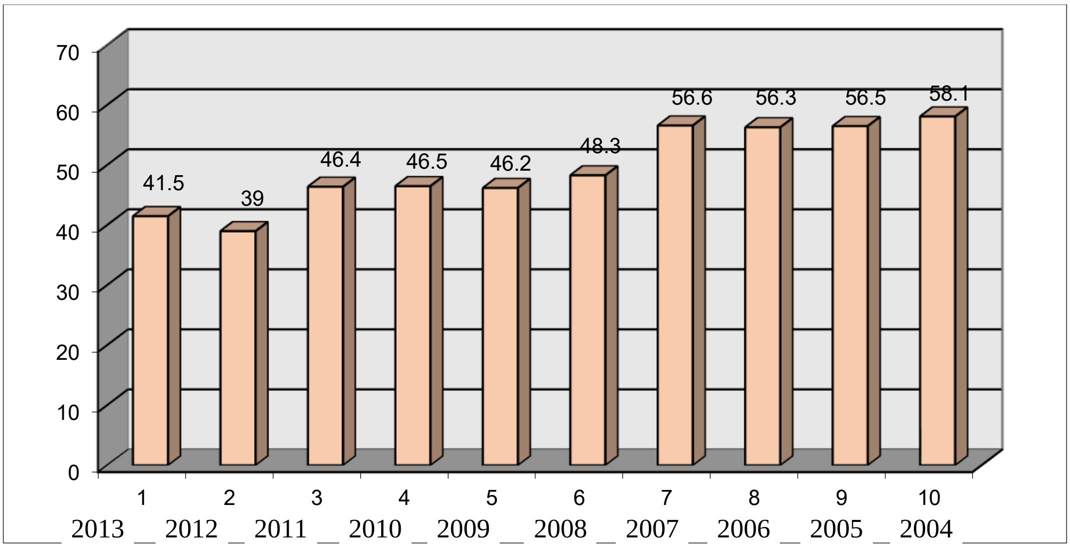
Figure 1. European Union's share in Turkey's exports, as of 2013 (in %)



Source: Turkish Statistical Institute (2014)

Figure 1 shows that the European Union in aggregate accounts for over 40% of Turkey's total **exports.** Such a high share of the EU testifies that it is a major partner ensuring a significant part of Turkey's total income generated from its foreign trade activities. Turkey mainly exports textiles and clothing, and also household appliances, motor vehicles, and other groups of products. Even though Turkey's exports to the European Union are already large as of today, those figures can even further be increased in the case of Turkey's completion of the European integration process. In case Turkey finally obtains membership in the European Union, the country will be granted even larger access to the European markets. Turkish producers of different goods will get greater opportunities to expand their activities to the European market thanks to their lower prices as compared with the average EU level. The low prices combined with high quality are the key competitive advantage that may help promote Turkish goods among European customers. For instance, products of the textile sector or agriculture in Turkey have a high level of quality and therefore can successfully compete with the European ones in case of the total elimination of all barriers. Moreover, Turkish producers would be able to participate in the various economic development programs and sector initiatives promoted within the framework of the European Union's economic development. Also, subsidies granted to European manufacturers would be proportionally distributed among Turkish producers as well. Thus, Turkey's accession to the European Union would provide the local companies with greater access to funds both as subsidies and loans, which would significantly ease the funding process, and would raise the capital of Turkish companies (Tocci, 2011).

Figure 2: Dynamics of the European Union's share in Turkey's exports (in%)

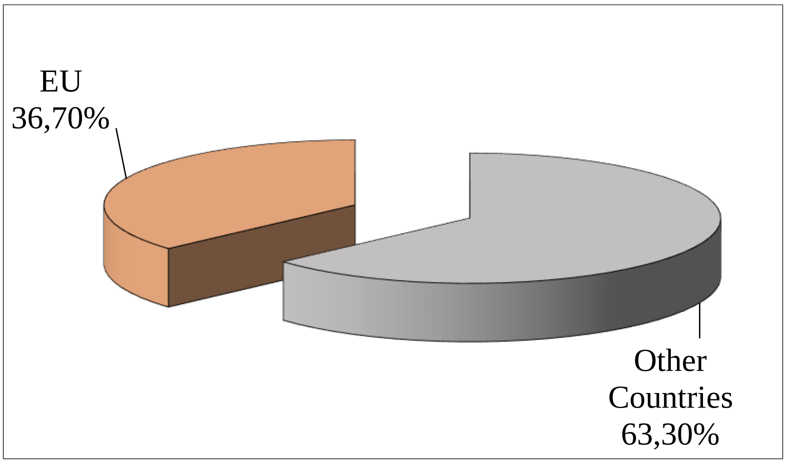


Source: Turkish Statistical Institute (2014)

Figure 2 above illustrates the dynamics of the European Union's share in Turkey's exports in the period from 2004 to 2013. As we can see from the chart, the recent dynamics have shown a decline as compared with previous years. Eventually, such a decline in the European Union's total share in Turkey's exports correlates with the slowdown in the Turkey-EU negotiations for Turkey's accession to the European Union. Still, the share of 41.5% is very high, and therefore it testifies the great prospects Turkey would have in economic terms in case the country officially joined the EU.

An important characteristic of the Turkish economy is the role of the **agricultural sector** in the overall employment and formation of GDP in the country. However, even despite of the sector's crucial role for the Turkish economy, the level of technologies used in agricultural production is rather low and obsolete, due to which the extensive use of resources leads to the deterioration of their quality. There have already been offers from the European Union to provide subsidies to the Turkish state for the purpose of restoring and further raising the quality of arable lands, but they have not yet been implemented (Cengiz and Hoffmann, 2013). If Turkey was a full-fledged member of the European Union, the country's farmerscould would effectively participate in all of the EU's agricultural sector programs, which would allow not only preserving the quality of natural resources, but also further promoting their intensive use. Also, similarly to the industrial producers, companies in the agricultural sector would gain access to finance from the European funds, which would make it possible for them to generate higher profits through the use of new technologies, and thus intensification of production.

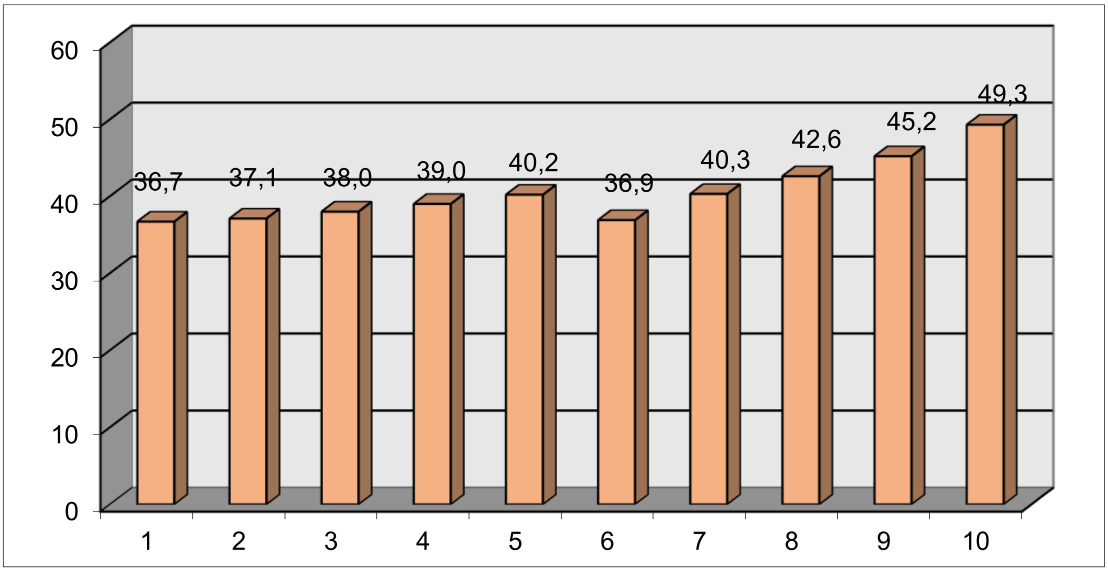
Figure 3. European Union's share in Turkey's imports, as of 2013 (in %)



Source: Turkish Statistical Institute (2014)

Figure 3 shows that the European Union is also a major partner for Turkey in terms of **imports**. Overall, the EU's share in Turkey's imports is 36.7%, which testifies that Turkey is highly dependent on European products. This is predefined by the close geographical location, great logistics, high quality of European goods, and the openness of the Turkish market. On the other hand, Turkey's accession to the European Union would lead to further greater openness of the country's domestic market to powerful European corporations, which would definitely represent a considerable threat for smaller local companies. However, at the same time, this would ensure greater competition, and thus a greater level of customer service (Mulhearn, 2008). In the case of Turkey's membership in the European Union, the local population would gain full-scale access to high-quality European goods at lower prices. This would be a major advantage for the population in terms of the ratio between quality and prices, and people would definitely win from such accession in this respect (See Arikan, 2006).

Figure 4: Dynamics of the European Union's share in Turkey's imports (in %)



2013 2012 2011 2010 2009 2008 2007 2006 2005 2004

Source: Turkish Statistical Institute (2014)

Figure 4 demonstrates how the European Union's share in Turkey's imports changed in the period from 2004 to 2013. These dynamics are very similar to the ones existing in the figure of Turkey's exports to the EU. They decline due to the overall deterioration in the relations between Turkey and the European Union and the slowdown in the negotiations process.

Table 5: Structure of Foreign direct investments to Turkey, as of 2012 (in %)

Rank	Country	Share in FDI inflow
1	United Kingdom	19,80%
2	Austria	14,70%
3	Luxembourg	12,40%
4	The Netherlands	11,70%
5	Germany	5,40%
6	Malaysia	4,50%
7	Switzerland	4,50%
8	The United States	4,30%
9	Azerbaidjan	3,30%
10	Lebanon	3,10%

Source: Turkish Statistical Institute (2014)

The Table above shows the Top 10 countries in the structure of the **Foreign direct investments** in Turkey in 2012. The first five positions in this ranking are held by EU member states, which in aggregate account for 64% in the total FDI inflows to the country. This shows how much Turkey is dependent on the European Union in terms of the investment placed in the country's national economy. It is worth understanding that foreign investment is a prerequisite for the effective functioning of the Turkish economy, as this source of funding allows implementing large-scale projects both in the public and private sectors, significantly raising the level of employment through creating new jobs, and overall boosting the economy through the implementation of innovative projects. In case of Turkey's accession to the European Union, the country's legislation would be fully harmonized with the regulations and standards of the EU, and therefore European corporations would not only get guarantees of their trouble-free activities on the Turkish market but would also get substantially eased conditions of doing business. This would undoubtedly raise their interest in the Turkish market, and therefore would promote a further increase in foreign direct investment flows from the European Union could be expected (Tocci, 2011). So, another economic effect of Turkey's EU membership process would be its contribution to foreign direct investment (FDI) coming to Turkey. Since 2004, there has been a sharp increase in the FDI inflows to Turkey. While the amount of FDI inflows was $2,883 million in 2004, it rose to $9,803 and $20,120 million in 2005 and 2006, respectively.

Turkey's accession to the European Union would be likely to lead to the country's participation in the **Eurozone,** and thus substitution of its national currency with the single European currency, the euro. The Turkish lira itself is much more vulnerable to negative external effects in terms of the exchange rate fluctuations, as all such fluctuations to a large extent depend on the country's powerful economic basis. The euro is backed by the European Union's stable economic background and well-thought financial and economic policies implemented on the level of the EU's governing bodies. Therefore, in case of its accession to the Eurozone, Turkey would be less vulnerable to the financial market shocks, and the stabilization of the national currency's exchange rate would overall contribute to the faster and more stable development of the country's national economy (See Massai, 2011).

Taking into account how hard the 2008 global financial and economic crisis struck the Turkish economy, it is also worth understanding that the country's accession to the EU would provide it with a far more stable ground in terms of its **financial and economic condition.** For instance, the example of Greece shows that, when the country stood on the verge of default due to the disastrous consequences of the 2008 global crisis, the other EU member states in fact saved in thanks to the bailout plans provided by the efforts of all EU countries. In case Turkey hadn't been a member of the EU back then, the country would have inevitably fallen into default and would have faced economic collapse. Therefore, if Turkey, in the long run, joins the European Union as its full-fledged member, the country will be protected against negative economic effects of global crises thanks to the fact that the EU member states implement reallocation of funds depending on each country's current financial conditions and need for assistance. This would be important in order to provide the local economic subjects with higher confidence in the national economy's stability, and thus to promote their more efficient activities on both the domestic and foreign markets (See Wendicke, 2008).

Another particularly important aspect of Turkey's integration into the European Union is the issue of **energy security**. As Turkey's economy is much dependent on energy and has an evergrowing need for power resources, it would be important for Turkey to ensure a stable source of energy supplies. Within the European Union, its Member states tend to implement large-scale policies destined to reach a higher level of energy security. Namely, such policies include diversification of power sources and power suppliers and promotion of the use of alternative energy. Participation in the European Union's energy programs would obviously provide the country with great opportunities to reach a higher level of energy security, thus ensuring uninterrupted energy supplies for both the needs of its manufacturers and population (Boomgaarden and Wüst, 2012).

The entry of Turkey into the EU would exert a positive influence on **energy supply issues**. Europe feels a strong need to bypass Russia in the provision of energy resources, and Turkey might be a possible way out as it the only country having overland route from Central Asia to Eastern Europe. According to Andris Piebalgs, the EU Commissioner on Energy issues, (The Enlargement of the European Unıon and The (NON) Membership of Turkey; 2014; p. 406), the energy sector might contribute to the development of multinational contacts, "The EU membership promotes the establishment of a shared energy system open to investments. Both member and candidate-states are to develop regional markets facilitating effective coordination of energy supply and production and increase of competitiveness.

Membership of Turkey would contribute to the effective realization of the policy of reduction of **climate pollution**. "Turkey as a candidate state of the EU agrees to negotiate the environmental protection issues and is ready to follow the climate protection policy of the EU and to harmonize with it the country economy" (The Enlargement of the European Unıon and The (Non) Membershıp of Turkey, 2014, p. 405). Such determination would strongly improve the present situation in the emission of carbon dioxide, having in mind the goal of the EU by 2020 is to reduce these emissions by 20%.

Also, it is important to note that, by joining the European Union, Turkey would be able to implement its **foreign policy** within the mutual mechanisms of foreign relations applied by all of the EU Member states. This would allow significantly raising the country's levers of impact in the international arena, thus providing it with even higher weight in the eyes of both its partners and competitors. The synergic effect reached through the implementation of such common foreign policies would allow gaining substantial benefits not only in political, but also in economic terms, which would bring significant yield to Turkey's national economy (De Vreese, Boomgaarden, and Semetko, 2008).

The other major political effect of EU membership for Turkey would be Turkey's **representation in EU institutions**. Chapter III examined the possible impacts on EU institutions of Turkish membership and concluded that Turkey's increasingly large population would probably bring some advantages to Turkey in the decision-making process of the EU. However, the advantages of having a large population in the EU decision-making process have been lessened by changes in the decision-making arrangements in the EU over the years. The population is still important in the determination of voting weight in the European Council and the allocation of seats in the European Parliament. Considering that Turkey has a larger population than all EU member states except Germany and that in the following years, its population could be equal with and surpass Germany's, it can be argued that with its voting power, Turkey would have an important position in the Council of the European Union and the European Parliament. This would enable Turkey to play a major role in the decision-making process of the EU.

Thus overall, it can be stated that the advantages of European integration are substantial for Turkey, and therefore it is obvious why the country actively participates in those processes. However, in addition to its benefits, Turkey's completion of its European integration processes would also represent considerable threats for the Turkish state in different respects, which is predefined by the negative aspects and disadvantages of European integration.

4.2.7 Factors impending the Turkish accession to the European Union

The Republic of Turkey is defined in the second article of its Constitution as "a democratic, secular and social state governed by the rule of law, bearing in mind the concepts of the public peace, national solidarity, and justice; respecting human rights, and loyal to the nationalism of Atatürk" (Turkey's Membership in the European Union: Analyzing Potential Benefits and Drawbacks; 2008; p. 47). Ankara has taken important steps to meet the accession criteria. The general view among high-ranking Turkish officials is that EU membership would be an important tool for economic, social, and political progress. Yet, this membership is not a sine qua non for Turkey. Turkey wants to be treated as well as previous and current candidate countries. In this regard, **options other than full membership ("privileged partnership") will not be accepted by Turkey.**

When analysing the disadvantages of the European integration processes for Turkey, one should never forget that, although granting high benefits in all fields of mutual relations, such integration processes also have considerable negative sides. Just as the advantages for the Turkish state, the disadvantages of European integration should be investigated as well from the perspective of the various economic, political, and social aspects, in order to understand the complete possible outcomes of the country's accession to the European Union.

As it has been stated, in the **economic field,** Turkey may significantly benefit from the completion of the country's European integration process. This is mainly preconditioned by the visa liberalization of economic relations with the European Union, and further greater bilateral openness of the markets. Prospectively, such openness allows increasing the overall level of **competition** in the Turkish economic sector, thus promoting the improvement of the goods and services provided to the Turkish customers. However, in reality, the liberalization of Turkey's market for European corporations represents a potential major threat to the country's economy.

Major European transnational corporations are far more powerful than the local Turkish manufacturers in all respects: they have greater funds, more developed technologies, have large customer bases, and so on. Thanks to this, they are able to gain significant benefits from the economies of scale. If such corporations obtain totally free access to the Turkish domestic market, they will have far greater opportunities to conquer it, taking into account the high quality of products offered. Indeed, Turkish products are quite competitive in some fields of the economy such as textiles or household appliances. However, in other industrial sectors, Turkish companies considerably lag behind the European Union's leading transnational corporations. Moreover, even in the industry of textiles and household appliances, in the case of Turkey's accession to the EU, European companies would significantly reduce the share of the Turkish manufacturers on the domestic market thanks to the enlargement of the range of products offered to the population. Potentially, that could lead to the closure of part of Turkish enterprises (Especially in the sector of small and medium enterprises), and thus to the overall deterioration of the economic conjuncture in the country (See Voigt, 2008).

Moreover, it is quite doubtful whether Turkish manufacturers would be able to effectively compete on the European market with major European producers of different types of goods. As of today, only the products of the textile industry manufactured in Turkey indeed look prospectively competitive on the European Union's market thanks to their great quality-to-price ratio. However, products manufactured in other spheres of the Turkish economy are less competitive, and would probably lose in terms of both price and the level of quality. Due to this, Turkish products would be likely to lose the competition to the goods offered by European corporations on both the domestic Turkish market and markets of the European Union's Member states. In this case, this would mean the closure of jobs for the Turkish population and the substitution of local production by imports from the European Union. The Turkish budget would also lose due to the decrease in taxes paid in this case (See Tocci, 2011).

In the **financial sector**, Turkey would be forced to participate in the common financial policies implemented by the European Union Member states. Namely, Turkey would be forced to participate in the bailout plans mutually provided to those European states which are undergoing periods of deep stagnation, and therefore require substantial funds on the part of their EU colleagues. This would be ineffective for Turkey, since, as of today, the country's economy is self-sufficient, and can cover well all its internal needs. Therefore, it would be likely to remain stable, and wouldn't require assistance from the EU. On the contrary, countries such as Greece or Portugal survive harsh times and overcome the consequences of the 2008 global financial-economic crisis, and therefore they would be more likely to demand assistance from other European member states, namely from Greece. The allocation of such resources to other states would be detrimental to the Turkish economy and would make the state spend much more on the bailout plans, without being able to focus such resources on the needs of the local population (Guerin and Stivachtis, 2011).

In the financial sector, the Turkish economic subjects could get access to cheaper borrowed funds, which would seemingly be beneficial to the Turkish companies, but would in fact represent another major threat for its national economy. For instance, cheaper loans which would become available to Turkish companies in the case of the country's accession to the European Union as its full-fledged member would potentially be very dangerous, which is testified by the example Greece. Both the Greek public and private sectors used to overuse loans. The 2008 global financial and economic crisis placed the country on the verge of economic bankruptcy and political default. In the case of Turkey's accession to the European Union, the same risk would also exist in the context of overuse and the subsequent inability to repay such loans on the part of Turkish companies (see Mulhearn, 2008).

In the case of Turkey's accession to the European Union, the **visa-free regime** would be established between Turkey and the European Union for all transborder movements of people. In this case, there would be a threat that Turkish corporations would far more often use the European workforce, namely for high managerial positions, due to their experience and powerful professional background. This would definitely be a negative process for Turkey's **employees** who would thus be forced either to seek jobs in less important positions and with lower wages or even would be left with any job at all. Moreover, **migration processes** from countries such as Greece, Bulgaria, or Romania, i.e. people in those EU Member states which are less developed than Turkey in economic in technological terms, would use the employment opportunities in Turkish enterprises. This would bring to increased unemployment, and therefore not only to the deterioration of the Turkish population's living standards but also to increased state budget expenditures, namely for the payment of unemployment benefits (See Wendicke, 2008; Bilan, 2014).

Also, the opened borders for the movement of people would probably lead to an increase in the **outflow of highly qualified specialists** from Turkey to the European Union, and namely to the so-called "brain-drain" processes. Turkish specialists and experts in different fields would get an opportunity to find better-paid jobs on the territory of the EU, and would therefore seek to leave Turkey for the purpose of gaining higher earnings. This would not only deprive Turkey of qualified professionals but would also lead to an overall poorer situation with scientific development, research and engineering activities run in the Turkish national economy (See Arikan, 2006).

Another major **social problem** is the possible relocation of part of the **refugee camps** from the European Union to the territory of Turkey. This would potentially represent a major threat to Turkey's social sector, as the country would become a site for the inflow of refugees. This would increase the tensions inside the Turkish society, and could also lead to an increase in the level of crimes in the country. Moreover, this would inevitably lead to increased government expenditures directed to the struggle against such crimes and payment of costs associated with the maintenance of the new refugee camps (See Tocci, 2011).

Overall, when evaluating the advantages and disadvantages of Turkey's prospective completion of the integration process with the European Union, it is worth understanding that all and any integration scenarios assume both positive and negative effects, and there are no purely beneficial or disadvantageous integration alternatives due to the very essence of the integration processes. Thus, it is worth comparing the positive and negative outcomes of European integration for Turkey in order to understand the aggregate effects Turkey's accession to the European Union as its full-fledged member could bring to the country.

4.2.8 Different scenarios for joining of Turkey to the European Union

The announcement of Turkey's candidacy provoked different reactions on both sides of the Atlantic. Leading American newspapers such as The Wall Street Journal, New York Times, and International Herald Tribune, as well as the U.S. Administration, strongly supported Turkey's final goal, hoping to ensure that their strategically located partner country will fully integrate into the democratic West. The opinion in Europe was with mixed feelings. Some European newspapers and politicians openly disagreed with the decision taken in Helsinki and Brussels. In Turkey, it was a common view that Turkey's membership was a "conditional offer" with "tough conditions", as the Turkish newspaper Cumhuriyet described it.

As former Prime Minister of Sweden, Göran Persson, stated:" Turkey must decide whether it wants to become a member. We can invite Turkey, but we ask for compliance with certain conditions". In contrast, the former French President, Valery Giscard D'Estaing, said that: "France used to have a grand Project: the political union of Europe… We have allowed two further enlargements, which are obviously going to transform Europe into a large free trade zone: that's what I regret... I learned of the news with sadness and surprise… it was said recently that the wishes of citizens are not taken into account sufficiently. The French people said four months ago, we are against Turkey's entry, and here we are, four months later, and it's happening".

The latest debate covers many of the same points that have raised repeatedly over the years. The language sometimes changes but the arguments remain the same. The main argument against the Turkish membership remains Turkey's "otherness" (Heinz Kramer,"EU-Kompatibel oder nicht?" August 2003, Berlin, 2003), according to its geographical situation, its history, religion, culture, and mentality, Turkey does not belong to Europe."

One well-known politician who is against Turkey's membership in the EU is the former Social Democratic German Chancellor, Helmut Schmidt. (Samuel.P. Huntington, The Clash of Civilization and the Remaking of World Order (New York: Simon and Schuster, 1998). The former Chancellor argued in his Europe's Self Assertion, published in 2000, that Turkey should not be a member of the European Union. He would seem to have been strongly influenced by the thesis of the "clash of civilizations" presented by Samuel Huntington. Schmidt based his arguments on **three main pillars**: (Helmut Schmidt, "Selbstbehauptung Europas," DVA Sachbuch, 2000):

- First, there are cultural differences between Turkey and Europe based on two different religions and their historical background,
- Second, common EU policies could not be realized with Turkey, since Turkey has common borders with and is surrounded by neighbors who are either hostile to Ankara or having various disputes with it,
- Finally, Turkey is not being able to fulfill the preconditions set by the EU summit in Copenhagen in 1993 in any foreseeable future. Therefore, the present association and customs union agreements signed between Brussels and Ankara would be sufficient for the EU to live with its Islamic neighbors.

Another set of arguments deals with the economic, social, and political consequences of membership. Opponents of the Turkish application base their arguments mainly on the status quo and justify the risks and costs, as well as the disadvantages, from the present situation. They suppose that the political, economical, and social situation of Turkey will not change in the near future.

The EU Member states have been divided over Turkey's membership for a variety of different economic and political reasons. The discussion has focused unsurprisingly on the possible consequences of Turkey's membership in the EU rather than the impact of its exclusion from the European integration process. For the time being, some Member states are in favor of Turkey's membership in the EU; others, despite the beginning of accession negotiations, remain against any attempt that makes Turkey's accession into the EU possible. The arguments in favor and against can be summed up in the following main categories: (Heinz Kramer," Turkey and the EU: The EU's Perspective," Insight Turkey 8, 4 October and December 2006).

The main arguments **against Turkish membership in the European Union:**

Turkey is "different." From historical, cultural, and religious points of view, Turkey is not a part of "European Civilization," which is based on ancient Greek and Roman civilizations and Christianity. Therefore, Turkey's membership is not consistent with a "European "identity and the so-called "European Project" and is not eligible for membership.

From a **geographical point** of view Turkey does not belong to Europe; it cannot be considered as an integral part of the European continent and thus should not be included in the EU. N. Tocci argued that (Nathalie Tocci, "Report: Unpacking European Discourses: Conditionality, Impact, and Prejudice," EU-Turkey Relations, 2007) this viewing a European identity through culturalist lenses, geographical borders represent an integral element separating and defining "us" and the "others". The EU borders would be determined based on their functional unity in pursuing the Union's interest, defining a European identity and allowing the European polity to live a comfort zone, protected by friendly neighborhood.", Another aspect that is continuously brought onto the agenda and closely related to European boundaries, is the possible **application of North African countries, Ukraine, Moldova, and Russia for EU membership**. There is a consequentialist argument that if Turkey were to be accepted as a full member of the EU, then the door would be open for other neighboring countries. The argument then continues that such a large number of new member states would negatively affect the functioning of the EU's institutions and decision-making processes in Brussels. In plain language, the further enlargement of the EU to include Turkey will make very difficult any further deepening of the EU in the economic and political fields.

With Turkey's membership the economically poorest country of Europe would be upgraded because of the size of its population to become one of the "**big" member states**. It would be represented in all of the European institutions at the same level as Germany, France, and the United Kingdom, and take a dominating position in institutions and decision-making processes. In other words, Turkey is too big and may thereby gain political ground in order to pursue its own national interests within the EU. One of the main fears is that Turkey's membership would destroy the present political balance between big/small, rich/poor, and North/South countries.

Other important arguments against Turkey's EU membership focus on the **economic and social impacts on the EU**. It is argued that membership will induce a wave of the labor movement from Turkey to EU countries and it will increase the social costs, on the one hand, and lower living standards in the EU on the other, due to differences in Turkish and EU economic development. In countries like Austria and Germany, which already have large Turkish communities, the numbers of new Turkish workers would take off as new employment opportunities. With this argument "Turkish plumbers" would replace "Polish plumbers" working in the EU.

Another important concern of Turkey's membership is that **Turkey is a relatively poor country** with one-third the per capita income level of the EU and would therefore impose costs on the rest of the EU. Although it is not easy to make any predictions on Turkey's impact on the EU's budgetary, cohesion, and agricultural policies for the next twenty years, Turkey would likely be a net recipient due to the stage of economic development and size of land and population. Certainly, it is generally expected to receive significant financial assistance from the structural, regional, and Common Agricultural funds if present policies were to remain unchanged over the next 15-20 years.

Two contemporary EU leaders, the German Chancellor Angela Merkel and the French President Nicolas Sarkozy is clearly following a "double strategy" which aims to allow accession negotiations with Turkey to continue on the one hand, even while they are considering alternative strategies to full membership on the other. The "**privileged partnership"** introduced by Germany and Austria and the concept of a "Mediterranean Union" presented by Sarkozy, into which Turkey might be integrated, would not be acceptable to Turkey. It was made clear by the Turkish governments that options other than full membership is not acceptable to Turkey during the accession negotiations. Turkey's aims have focused wholly on full membership rather than any other uncertain and unclear initiatives.

The main arguments in favour of Turkish membership in the European Union:

One of the most favored arguments put forward by European experts is the positive impact that Turkey's accession will have on the EU's role in **international relations and the global economy.** With Turkey as a member, the EU would be closer to the region in which Turkey has already indisputable geostrategic importance. This would help Brussels to establish political and economic bonds that would bring it a strategic advantage not only with the countries of the Middle East and Eastern Mediterranean region, but also Russia, the South Caucasus, and Central Asia.

The **economic argument** is that Turkey is one of the new emerging markets with a very high economic growth rate. The increasing trade relations with the EU and the neighboring countries and a remarkable inflow of FDI could make a vital contribution to the fulfillment of the EU Lisbon agenda and overcome the pressure of increasing economic challenges from the other emerging economic powers such as China and India. Additionally, Turkey's young and increasingly well-educated labor force could help the EU meet not only the serious demographic problem of an increasingly aging population but also to keep the European economy more competitive in international markets,

Not to be overlooked is Turkey's role as an **energy and transport hub**. Europe's demand for oil and natural gas can be secured and diversified in transit routes through the supply of energy from the Caucasus, Central Asia, and Iran via Turkey to Europe. This will reduce the EU's dependency on unpredictable Russian energy supplies and it will make it easier for European energy companies to be involved in business with the Caspian region and Central Asia. Turkey, as a stable and solid country, which is part of the EU yet at the juncture of Europe, Central Asia, and the Middle East, could represent an important safeguard to European interests in the region.

Another important argument is that Turkey's accession will help to stabilize its economy and strengthen its **democracy** within the EU. A democratic and western-oriented Turkey can make two basic contributions to the EU. First, the EU could no longer be regarded as a "Christian Club", as the former president of the European Commission, Jacques Delors, once said. It will clearly supply evidence that the EU is **a multicultural society**. Secondly, the Turkish case could be taken, as a good example by other Muslim societies that Islamic countries can implement Western-type democracy. **Islam and democracy** can be proved compatible.

5.Analysis of the research questions and hypothesis

On the basis of the secondary data, now the fundamental research questions can be answered:

1)What are the similarities and the differences between North Macedonia and Turkey in their processes for EU accession?

Long ago, the political will and aspirations of both countries were clearly expressed: full membership to the European Union. The Republic of North Macedonia since its independence in 1991, and Turkey since the distant 1959 clearly and unequivocally express their goal: inclusion in the European family. Although the parliaments in both countries have changed, more governments changed and generations of politicians, the basic aspiration to join the EU has never changed. Of course, for both countries there are different alternatives to joining other political and economic alliances, but the main goal has not changed. Both countries have been candidate countries for a long time (since 2005), with the difference that Turkey has also opened accession negotiations and is working on harmonizing the 35 acquis chapters with EU standards and values. Both countries must meet the Copenhagen criteria for EU accession and make painful political, administrative, technical and economic reforms in that direction. But both countries sometimes face “inappropriate” demands from the EU, leading to a rise in Euroscepticism in both countries.

2)What are the biggest challenges, from economic aspects, of the two EU candidate countries on their way to EU?

According to the latest reports of the European Commission from 2021, both countries **moderately** meet the necessary EU economic criteria:

- Existence of a functioning market economy and
- The capacity to cope with competitive pressure and market forces within the Union.

This means that the EU requires more economic reforms from the countries, and also not only rewriting and taking over the European acquis in the national legislation, but also their implementation with appropriate institutional building. Of course, we should not forget or underestimate the financial, administrative, technical assistance provided by the EU in order to implement the required reforms.

3) Is there a mutual pattern of obstacles and outstanding issues that the two countries are facing with regarding the EU accession?

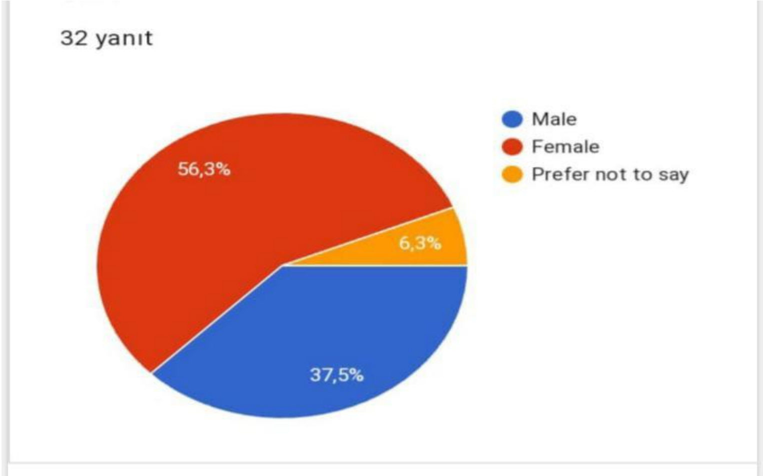
Political and security, and more recently historical reasons, are major barriers to the two countries' path to the EU today. Sometimes it seems that these are illogical, irrational and even unimportant questions for serious EU membership. On the other hand, many EU experts point to the major internal problems the Union has and its unwillingness to face another wave of enlargement. However, any delay in the enlargement process leads to two things: public recognition of the EU's failure to achieve its basic goals and the emergence of Euroscepticism in Turkey and North Macedonia.

4) Assessment of the willingness and readiness of both countries to join the EU!

In order to answer this research question, a survey was conducted on what the ordinary citizen thinks about the country's entry into the EU. The research analyzes people's attitudes and opinions regarding EU integration. Are they becoming skeptical or optimistic about the country's entry into the EU? The research results are presented below.

1.The gender of the respondents:

Graph 1: Gender of respondents in the Questionnaire

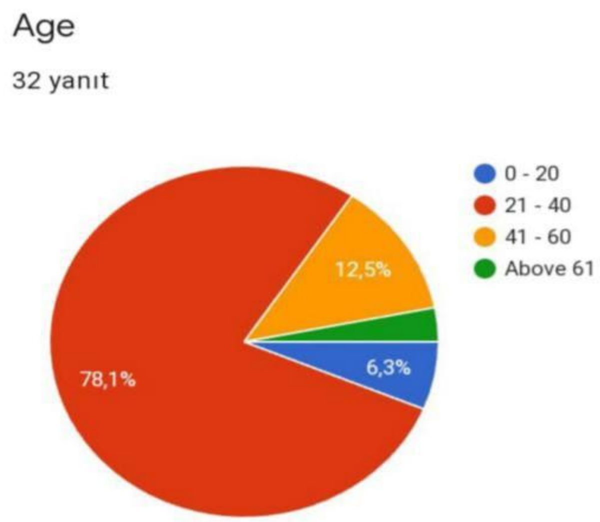


Source: Own research

The questionnaire that was submitted to the respondents electronically, by gender, female respondents mostly answered it by 56.3%, followed by males (37.5%) and 6.3% did not want to answer this question.

2.The age group of the respondents:

Graph 2: The age of respondents in the Questionnaire

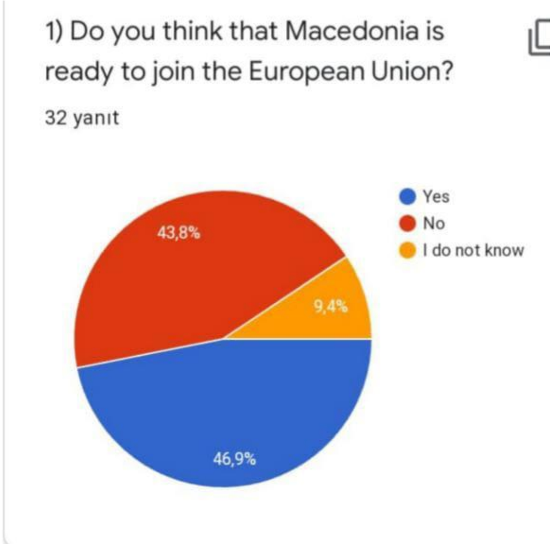


Source: Own research

According to the second demographic question in the Questionnaire, by age, the most answers were given by respondents aged 21-40 years (78.1%), followed by respondents in the age group between 41 and 60 years (12.5%). The respondents over 61 and the very young respondents up to the age of 20 have the smallest share. This demographic data is very important having in mind that the more mature population participated in the research the most, and that is important because of their experience and knowledge of the subject of research.

3.Do you think that Macedonia is ready to join the EU:

***Graph 3:** Do you think that Macedonia is ready to join the EU?*

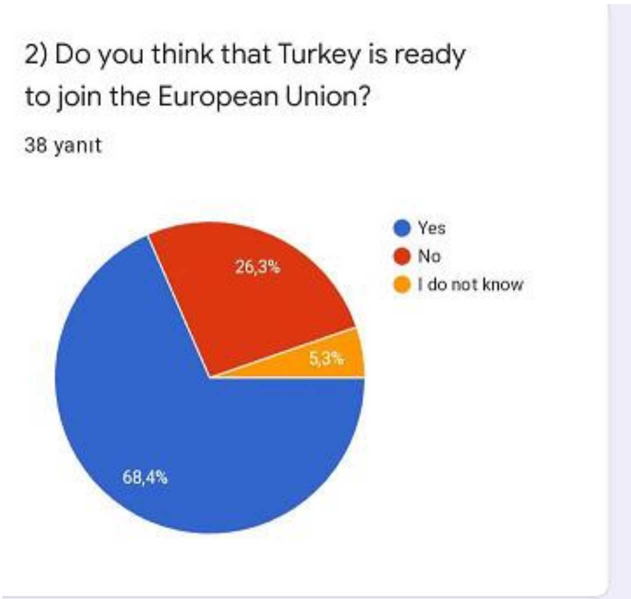


Source: Own research

This research question in the Questionnaire really shows interesting results. Namely, when asked whether Macedonia is ready to join the EU, 46.9% of the respondents answered positively, 43.8% of the respondents answered negatively, and 9.4% of the respondents do not know how to answer, i.e did not decide. Considering the large percentage of undecided of 9.4%, it can be concluded that half of the respondents think that the country is ready to join the EU, and the other half thinks that it is not ready. The number of respondents is equal among those who think that the country is ready or not ready to join the EU.

4.Do you think that Turkey is ready to join the EU:

***Graph 4:** Do you think that Turkey is ready to join the EU?*

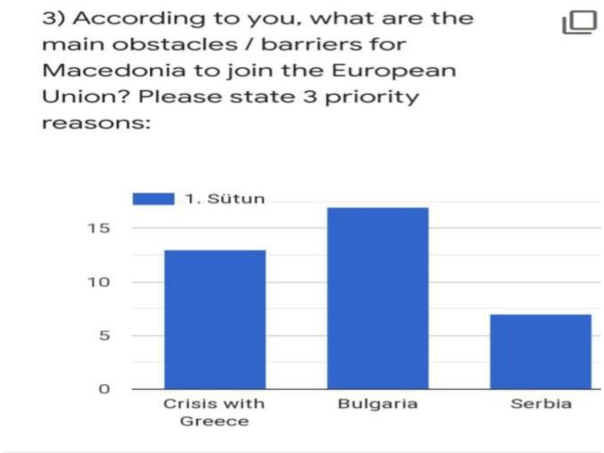


Source: Own research

Contrary to Macedonia's equally divided views on its readiness to join the EU, the situation with Turkey is different. Namely, a large percentage (68.4%) of respondents believe that Turkey is ready to join the EU. 26.3% of the respondents think that Turkey is not ready to join the EU yet, and only a small percentage of 5.3% of the respondents answered with “I do not know”. The answers to this question show that the respondents believe more in Turkey's readiness than Macedonian's to join the EU.

5.According to you what are the main obstacles/ barriers for Macedonia to join the European Union? Please state three priority reasons!

Graph 5: *Three priority obstales / barriers for Macedonia on the road to the EU:*

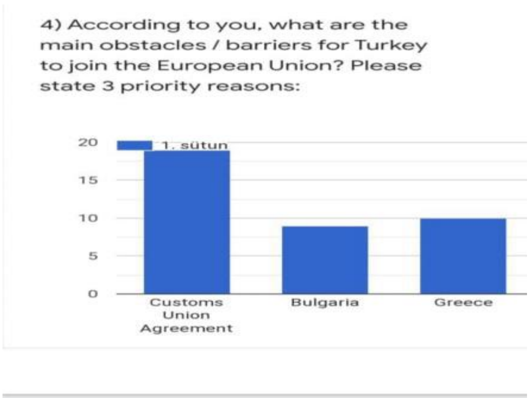


Source: Own research

When asked what are the three most important problems that Macedonia faces on the road to the EU, the highest percentage of respondents answered that it is Bulgaria. A large percentage answered that these are the problems with Greece, and the smallest percentage answered that these are the problems with Serbia. In essence, the biggest barriers to EU entry for Macedonia are neighborly relations. For a long time, the unresolved issue of the country's name with Greece was a problem for joining the EU, but also for joining other international institutions and organizations. These are many lost years for the start of negotiations with the EU. However, with the resolution of that problem and the signing of the Prespa Agreement, which changed the name of the country in the "Republic of North Macedonia", a problem arose with another neighbor - Bulgaria. Bulgaria disputes the country's language, history and identity. According to the respondents, after solving this problem, a problem with the neighboring country Serbia can be expected. Basically, the problems are not of an economic nature, but of a political nature, which are often considered illogical and irrational, as well as unimportant for Macedonia's integration into the EU.

6.According to you what are the main obstacles/ barriers for Turkey to join the European Union? Please state three priority reasons!

Graph 6: *Three priority obstales / barriers for Turkey on the road to the EU:*

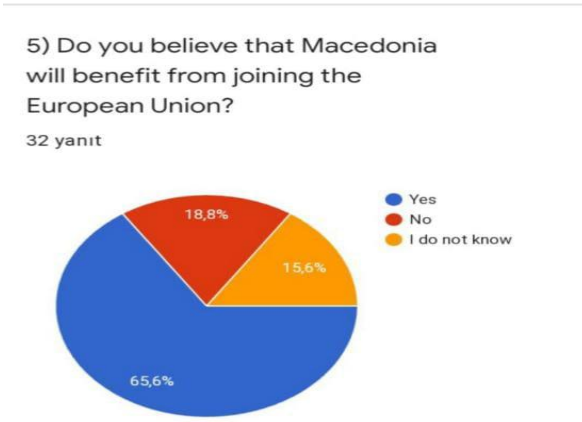


Source: Own research

When asked what are the three most important problems facing Turkey on the road to the EU, the highest percentage of respondents answered that it is the signed agreement on a Customs Union with the EU. Almost an equal percentage answered that these are the problems with Greece and Bulgaria. In essence, the biggest barriers to EU entry for Turkey are political, not economic. According to the respondents, the agreement on the Customs Union with the EU causes only damage, and not the possibility of full membership of Turkey in the EU.

7.Do you believe that Macedonia will benefit from joining the European Union?

Graph 7: *Will Macedonia benefit from EU membership?*

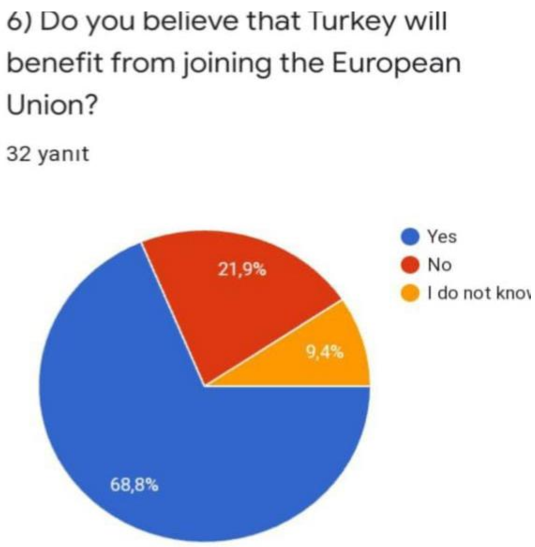


Source: Own research

When asked whether Macedonia will benefit from joining the EU, the largest percentage of respondents (65.6%) answered positively. 18.8% (almost 20%) of the respondents answered negatively. Relatively large percentage of respondents (15.6%) answered that they do not know. However, it can be concluded that a large number of respondents believe that Macedonia will benefit from joining the EU.

8.Do you believe that Turkey will benefit from joining the European Union?

Graph 8: *Will Turkey benefit from EU membership?*

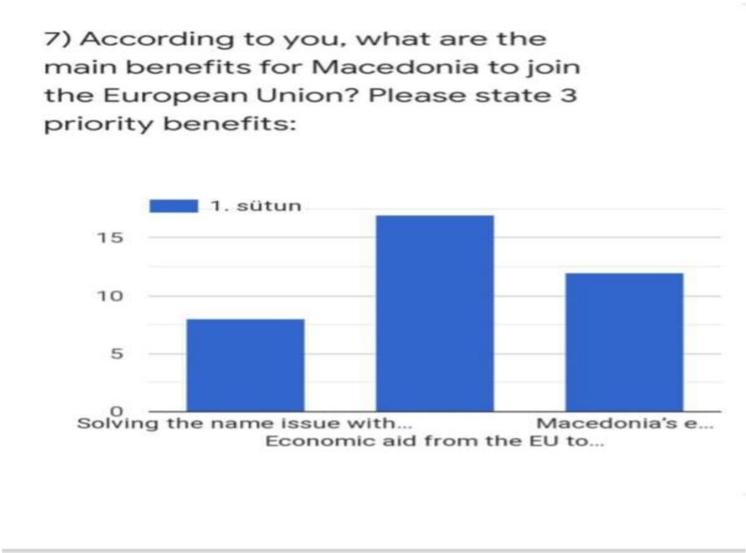


Source: Own research

To the question whether Turkey will benefit from joining the EU, the answers are almost the same as those for Macedonia. Namely, most of the respondents (68.8%) answered positively. 21.9% of the respondents answered negatively. Relatively large percentage of respondents (9.4%) answered that they do not know. However, it can be concluded that a large number of respondents believe that Turkey will benefit from joining the EU.

9.According to you what are the main benefits for Macedonia to join the European Union? Please state three priority benefits!

Graph 9: *Three prority benefits for Macedonia's joining to the EU*

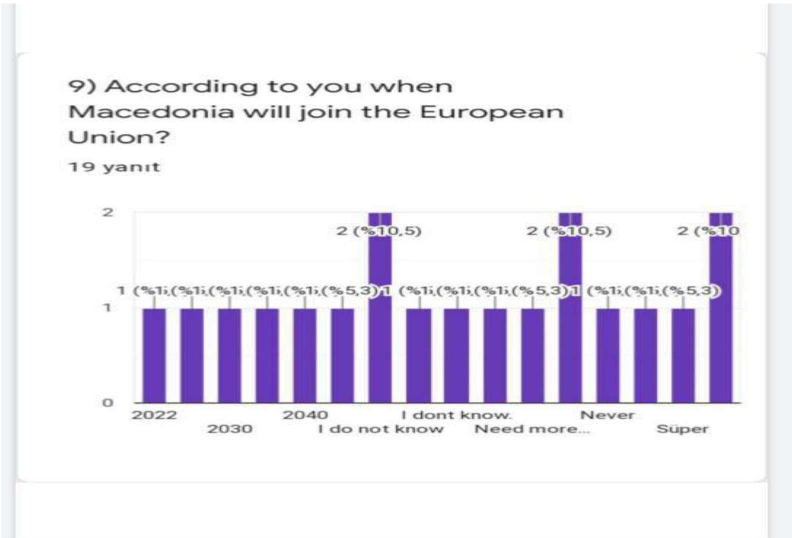


Source: Own research

To this question, the highest percentage of respondents believe that the main benefit for Macedonia's joining the EU is of economic nature. Namely, they believe that the EU membership will bring more financial inputs through financial aid packages.

10.According to you when Macedonia will join the European Union?

Graph 10: *When Macedonia will join the EU*

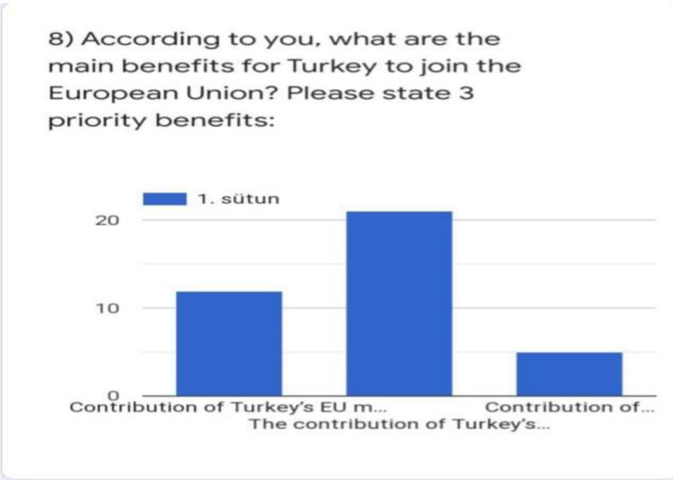


Source: Own research

When asked when Macedonia can be expected to become part of the EU, the largest percentage of respondents answered “I do not know”. However, the fact that a large percentage of the respondents answered with “never” is worrying.

11.According to you what are the main benefits for Turkey to join the European Union? Please state three priority benefits!

Graph 11: *Three prority benefits for Turkey’s joining to the EU*

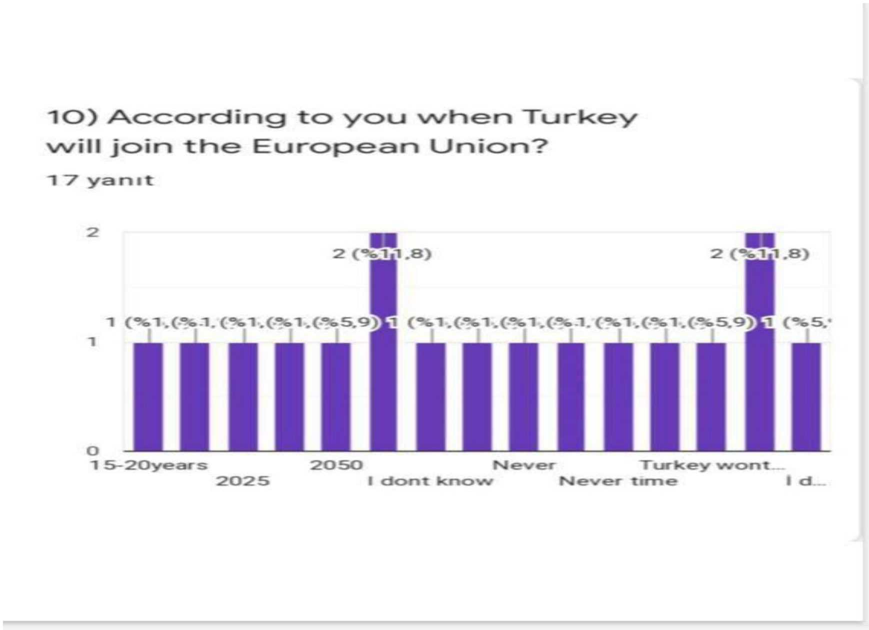


Source: Own research

To this question, the highest percentage of respondents believe that the main benefit for Turkey’s joining the EU is of political nature. Namely, they believe that the EU membership will help Turkey to become a recognized global power.

12.According to you when Turkey will join the European Union?

Graph 12: *When Turkey will join the EU*



Source: Own research

According to the Survey, Turks were undecided about when to join the European Union.

Conclusion

Both countries, the Republic of North Macedonia and Turkey, are on their way to the European Union. Both countries, long ago, showed strong aspirations and desire to join the European family. But each of these countries faces different economic, political, cultural, technological problems and barriers to EU entry. From an economic point of view, the two countries need to meet certain criteria, known as the Copenhagen criteria, as follows:

1. Existence of a functioning market economy and
2. The apacity to cope with competitive pressure and market forces.

In the case of the countries of the Western Balkans additional conditions for membership, were set out in the so-called "Stabilisation and Association process", mostly relating to regional cooperation and good neighbourly relations.

Related to **the Republic of North Macedonia**, along with other Western Balkans partners, it was identified as a potential candidate for EU membership during the Thessaloniki European Council summit in 2003. Its Stabilisation and Association Agreement, the first in the region, is in force since 2004. It applied for EU membership in March 2004 and the Council decided in December 2005 to grant the country candidate status. Regarding the fullfilment of economic criteria, according to the last Report of the European Commission (2021), North Macedonia has made some progress and is at a good level of preparation in developing a functioning market economy. As whole the world, North Macedonia as well severely was hit by the pandemic and the economy slipped into a recession in 2020. A gradual recovery set in as of spring 2021. The Macedonian government implemented a strong fiscal response to mitigate the crisis impact on households and firms. Also, the North Macedonia has made some progress and is moderately prepared to cope with competitive pressure and market forces within the Union. Integration with the EU in trade and investment remained entrenched also during the pandemic. The level and structure of trade and manufacturing output were affected by lockdowns and supply chain disruptions, domestically and in trade partner countries. The structure of the industry is continuously improving. As regards its ability to assume the obligations of membership, North Macedonia is moderately prepared for the EU Internal market, namely the free movement of goods, services and capital, intellectual property and competition policy. Overall, North Macedonia is moderately prepared in most of the areas such as competitiveness and inclusive growth, including in information society and media, taxation, enterprise and industrial policy, education and culture, and economic and monetary policy. However, additional efforts are needed to bring these areas to a higher degree of preparedness. It has a good level of preparation in the areas of science and research and customs union.

Still, the Republic of North Macedonia has a long way to go on the road to the EU. In addition to the demanding conditions of political and economic character set by the standards and values of the EU, the Republic of North Macedonia has faced additional obstacles on the road to EU membership. At first, the "name" dispute with Greece has emerged on the agenda, immediately after the independence of Macedonia in 1991. In June 2018 Macedonia reached a deal with Greece to change its name to the Republic of North Macedonia and put an end to almost three-decades-long disputes. After Macedonia completed the necessary constitutional changes, Greece agreed to stop blocking its bid to join the EU and NATO. However, a bilateral name dispute with Greece was not the only factor that impeded Macedonia's path towards the EU. Secondly, there was also a conflict with Bulgaria, related to conflicting views about the 19 and 20 century shared history of the two countries as well as the ethnic distinction of the two nations.

Different scenarios have emerged regarding North Macedonia's aspirations to join the EU, some of which are as follows:

- Some people argue that rapid and full integration into the Union will have positive effects on the Macedonian economy. In other words, the country will benefit from EU structural funds and accelerated economic development can be expected. At the end of the day, it is better to be inside the rich EU family than outside.

- Some people argue that rapid economic integration into the Union will negatively affect socioeconomic effects. Although the European Union provides sufficient support and financing in its current candidacy status, the country is still not ready for the strong competition in the union's single market. The market pressure will destroy the weak Macedonian companies and industries that will result with a higher unemployment rate.
- Some people, who declare themselves as Eurosceptics believe in joining other economic unions and associations outside the European Union.

Despite everything, the accession of the North Macedonia to the European Union plays an important role.

Regarding **Turkey**, it is defined as an important partner for the European Union. Turkey showed interest to become a member of the EU since 1964 with the Association Agreement. Afterwords, the Customs Union was established. The Council of Europe granted Turkey candidacy status in December 1999 and started accession negotiations in 2005. And accession negotiations came to a stanstill.

According to the European Commission (2021), related to the economic criteria, the Turkish economy is well advanced. The authorities issued a sizeable and wide-ranging set of measures to boost domestic demand and soften the economic repercussions of the COVID-19 pandemic. As a result, the economy rebounded quickly from the crisis, reaching pre-crisis levels already in the third quarter of 2020. Turkey made limited progress and has a good level of preparation in achieving the capacity to cope with the competitive pressure and market forces within the EU. Despite some progress made in improving access to education, the mismatch between the education system and labour market needs persists. Expenditure on research and development continued increasing at a slow pace, but remained well below the government's target. Supported by favourable financing conditions and concessional lending, investment activity rebounded in 2020. Progress was made with regard to the diversification of energy supplies and the development of the renewable energy sector. The internal market cluster is key to the good functioning of the Customs Union and to integrating Turkey in the EU's single market. Turkey has achieved a good level of preparation for the free movement of goods. Although it continued to align with technical EU legislation under the 'New and Global Approach', technical barriers to trade remain, which hamper the good functioning of the Customs Union. Preparations in the areas of freedom of movement for workers and right of establishment and freedom to provide services are at an early stage as many professions are closed to EU nationals. Turkey is moderately prepared on free movement of capital notably because of the substantial remaining obstacles for acquisitions of assets and real estate. It improved its legal framework regulating the fight against money laundering and terrorism financing. It has reached a good level of preparation in terms of the legislative alignment of consumer and health protection. However, in both areas, there is a need to strengthen administrative capacity, consultations and coordination among stakeholders. Overall, in many areas further significant efforts are needed on legislative alignment with the EU acquis.

Different scenarios have been produced for Turkey's accession to the European Union. These scenarios are based on three main pillars:

- First, there are cultural differences between Turkey and Europe based on two different foundations.
- Secondly,"common EU policies" could not be realized together with Turkey.
- And lastly, Turkey is failing to fulfill the preconditions set by the 1993 EU summit in Copenhagen for the foreseeable future.

The main arguments in favor of Turkey's membership in the European Union, one of the most preferred arguments put forward by European experts, is the positive impact of Turkey's membership on the EU's role in international relations and on the global economy. Another argument is the “Economic argument”. Turkey is said to be one of the emerging markets with a very high economic growth rate. And also Turkey’s role as an energy and transportation hub should not be overlooked. Another argument is that Turkey’s membership would help stabilize its economy and strengthen its democracy within the EU. And their aim is to “provide clear evidence that the EU is a multicultural society. Secondly, when Turkey is taken as a good example by other Muslim societies, it can be proven that Islam and democracy are compatible.

In the **research**, observed are the both countries from the aspect of their similarities and differences on the road to the EU. It is a fact that both countries want to join the EU and both have faced obstacles. The desire to become part of the EU is clearly expressed not only by their governments, but also by ordinary people. Even though that the countries are making efforts and painful reforms to enter the EU, in both of them the accession negotiations came to a standstill. The process of accession negotiations in both countries delayed. Also, both countries moderately meet the necessary EU economic criteria. This means that the EU requires more economic reforms from the countries, and also not only rewriting and taking over the European acquis in the national legislation, but also their implementation with appropriate institutional building. Of course, one should not forget or underestimate the financial, administrative, technical assistance provided by the EU in order to implement the required reforms. However, the political, security and recent historical reasons are the biggest obstacles for both countries on the way to the EU today. And lastly, citizens of both countries were surveyed about when to join the EU and both countries are undecided about when they will join the EU, but they believe that one day it will happen.

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Annex

THE QUESTIONNAIRE

On assessment of the willingness and readiness of both countries, The Republic of North Macedonia and Turkey to join the EU

1) The gender of the respondents:

2) The age group of the respondents:

3) Do you think that Macedonia is ready to join the EU?

4) Do you think that Turkey is ready to join the EU?

5) According to you what are the main obstacles/ barriers for Macedonia to join the European Union? Please state three priority reasons!

6) According to you what are the main obstacles/ barriers for Turkey to join the European Union? Please state three priority reasons!

7) Do you believe that Macedonia will benefit from joining the European Union?

8) Do you believe that Turkey will benefit from joining the European Union?

9) According to you what are the main benefits for Macedonia to join the European Union? Please state three priority benefits!

10) According to you when Macedonia will join the European Union?

11) According to you what are the main benefits for Turkey to join the European Union? Please state three priority benefits!

12) According to you when Turkey will join the European Union?

"North Macedonia and Turkey on the Road to the European Union – Economic Aspects"

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BİDGE