



ЦЕНТАР ЗА СТРАТЕГИСКИ ИСТРАЖУВАЊА „КСЕНТЕ БОГОЕВ“ при
МАКЕДОНСКАТА АКАДЕМИЈА НА НАУКИТЕ И УМЕТНОСТИТЕ

Република Северна Македонија
Министерство за финансии



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МИНИСТЕРСТВО ЗА ФИНАНСИИ
НА РЕПУБЛИКА СЕВЕРНА МАКЕДОНИЈА



СЕКРЕТАРИЈАТ ЗА ЕВРОПСКИ ПРАШАЊА НА ВЛАДАТА
НА РЕПУБЛИКА СЕВЕРНА МАКЕДОНИЈА

**НАУЧНА КОНФЕРЕНЦИЈА
ЗАБРЗУВАЊЕ НА ПРОЦЕСОТ НА ПРИСТАПУВАЊЕ
НА СЕВЕРНА МАКЕДОНИЈА ВО ЕУ: КЛУЧНИ ПРЕДИЗВИЦИ
И ПРИОРИТЕТИ**

КНИГА НА АПСТРАКТИ

МАНУ, 22 јуни 2023 (четврток)

АГЕНДА

Почеток: 10:00 часот

Кафе пауза: 11:45 до 12:00 часот

Пленарна седница: 13:30 часот (Амфитеатар на МАНУ)

Коктел: 14:30 часот

Тематска област: Право и политика МАНУ – Мали сали

Автор	Наслов
Владо Камбовски	Значењето на владеењето на правото за забрзаната евроинтеграција на Северна Македонија
Бојан Маричиќ	До каде е Северна Македонија во процесот на интегрирање во ЕУ – перспективи, можности, предизвици
Александар Спасов	„Трка со пречки“ - Патот до пристапните преговори на Северна Македонија со Европската Унија
Светомир Шкариќ	Слово за Уставот
Рената Тренеска Дескоска	Уставните амандмани како предуслов за пристапување на Република Северна Македонија во ЕУ
Јетон Шасивари	Уставна нормативна контрола на меѓународни договори во Северна Македонија
Гордана Лажетиќ	Правни и институционални рамки за заштита и поддршка на жртвите од кривичните дела
Борче Давитковски	Оптимизација на јавната администрација како предуслов за нејзината реформа во Република Северна Македонија
Ана Павловска-Данева	Начелото на одговорност во работата на Судскиот совет
Нано Ружин	Проширување на ЕУ: С. Македонија помеѓу геополитичките и политичките премии
Беса Арифи	Казнено-правната одговорност на носителите на јавни функции во Република Северна Македонија
Јадранка Дабовиќ Анастасовска	Предизвиците на имплементацијата на новото потрошувачко право на Европската Унија во нашата држава

Александра Максимовска
Стојкова
Елена Нешовска Ќосева

Оценка на состојбите во Република Северна Македонија во Поглавјето 16: Извршени реформи во областа на директното оданочување од поднесување на кандидатурата за членство во ЕУ до денес и резултати

Денис Прешова

Судските реформи помеѓу европските стандарди и остатоците од социјалистичката правна традиција: Судската култура како клучен фактор за одржливоста на реформите

Љубомир Гајдов

Кој и зошто е против Македонија во ЕУ?

Малинка Ристевска Јорданова

Индивидуалните услови во преговорите за членство во ЕУ

Тематска област: Економија МАНУ – Амфитеатар

Автор	Наслов
Таки Фити	До каде е Република Северна Македонија со исполнувањето на клучните економски критериуми за интеграција во ЕУ?
Глигор Бишев Александар Стојков Фатмир Бесими	Фискалните предизвици и европските интеграции
Гоце Петрески	Ограничувањата на растот – опаѓачки долгорочни изгледи
Абдулменаф Беџети Уран Радониќи	Фискална конвергенција и фискална одржливост – Перспектива на Западен Балкан 6
Анита Ангеловска Бежовска Ана Митреска Султанија Бојчева Терзијан	Multiple crisis and the real convergence of the Macedonian economy – Threat or opportunity?
Изет Зеќири Рилинд Адеми	Competitiveness of labour market – a comparison of North Macedonia and other countries
Владимир Филиповски	The reform of the European Union Economic Governance Framework – implications for the Fiscal Policy of the Republic of North Macedonia
Ванчо Узунов	Етапно пристапување, регионалната интеграција и внатрешниот пазар на ЕУ
Ѓорѓи Гоцков	Доходна и ценовна конвергенција на македонската економија на патот кон ЕУ - детерминанти и предизвици

Драган Тевдовски Катерина Тошевска Трпчевска Елена Макревска Дисоска Виктор Стојкоски	Why is it important for the European Union to gradually open the Cohesion Fund for the Western Balkans during the prolonged integration process?
Дарко Лазаров	Дали ЕУ интеграциите може да ги подобрат извозните перформанси и да го забрзаат растот на македонската економија?
Силвана Мојсовска	Придвижување на ЕУ интеграцијата на Северна Македонија преку ССА
Борче Треновски Весна Гарванлиева Андонова	Factors Shaping Municipal Own-Source Revenues in the Western Balkan Countries: A Focus on Governmental Transfers and Public Investment
Билјана Ташевска Сузана Макрешанска-Младеновска	Социјалните расходи и фискалната одржливост
Александра Наќева Ружин	Реформите на даночната политика како инструмент за фискална консолидација насочена кон долгорочна одржливост на јавните финансии и забрзан економски раст
Јетон Мазлами Изет Зеќири	Фискалните предизвици на Република Северна Македонија на патот кон ЕУ: со децентрализирани или централизирани локални финансии
Александра Ивановска-Дациќ	Циркуларната економија како дел од Зелената агенда за Западен Балкан со акцент на текстилот и пластиката

Трудови без презентација ќе достават следните учесници:

Автор	Наслов
Hank Addink	Paper about the practice of good governance
Ивица Јосифовиќ	Постапката по претходно одлучување пред судот на правдата на Европската Унија: Предизвик во најава за македонското судство
Александра Деаноска	Кластерот 1 „Темелни вредности“ и предизвиците на системот на казнена правда во борбата со организираниот криминал и корупцијата
Марица Антовска-Митев Татјана Дранговска Елена Мујоска Трпевска	Економски и правни придобивки и предизвици од членството во ЕУ

ТЕМАТСКА ОБЛАСТ

ПРАВО И ПОЛИТИКА

Владо КАМБОВСКИ*

ЗНАЧЕЊЕТО НА ВЛАДЕЕЊЕТО НА ПРАВОТО ЗА ЗАБРЗАНАТА ЕВРОИНТЕГРАЦИЈА НА СЕВЕРНА МАКЕДОНИЈА

Европската Унија е заедница заснована врз правото, што сосема природно како приоритет имплицира барање за конституирање на РСМ како држава во која владее правото. Како најсилен гарант за демократијата и остварувањето на еднаквите слободи и права на сите нејзини граѓани и рамноправноста на македонскиот народ и деловите од другите народи кои живеат во неа, владеењето на правото е битен услов за нејзиното постоење и развој како плуралистичко, мултикултурно и мултиетничко општество.

Доследното остварување на овој базичен постулат претпоставува: јуридизација на политичките партии и нивно подредување на владеењето на правото, департизација на државните и јавните институции и нивна функционалност, воспоставување на баланс на властите, ефективна заштита на човековите права, независност на судството и реформа на јавната администрација и ефективна борба против ендемската корупција и организираниот криминал.

Во тој контекст треба да се посматра и исполнувањето на условите за забрзување на процесот на интеграција, вклучително и претстојните уставни промени со внесување на Бугарите, Црногорците и други заедници кои живеат во Републиката во Уставот (Преамбулата и нормативниот дел). Не може да се негира нивната принципиелна основа, затоа што тие не колидираат со мултиетничкиот профил на македонското општество отсликан во неговата Преамбула. Но од друга страна, на реалната можност од провокации и обиди бугарските спорења на историските и културните корени на македонскиот народ, неговиот идентитет, култура и јазик да се имплантираат како малигно ткиво во македонската општественост, треба и може да се спротивстави исто така принципиелниот и бескомпромисен одговор на функционалната правна држава во која владее правото. Сите граѓани на Републиката, кои живеат во неа, имаат еднакви слободи и права, но и должност да ги почитуваат Уставот и законите на Републиката, како и идентитетот, јазикот, културата и историските корени на македонскиот народ и на сите други заедници, и во случај на нивно непочитување да се соочат со забраните за политичко делување или какви било однесувања кои се состојат во предизвикување национална, етничка, верска или друга нетрпеливост и омраза, или пропагирање на фашистички, шовинистички, ксенофобични и слични идеологии или нивна одбрана.

Забрзувањето на процесот на евроинтеграција на Републиката ја зајакнува улогата на владеењето на правото и на принципот на уставен патриотизам и лојалност во спротивставувањето на какви било негативски или деструктивни тенденции.

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Bojan MARICHIKJ*

**NORTH MACEDONIA IN THE EU INTEGRATION PROCESS:
PERSPECTIVES, OPPORTUNITIES AND CHALLENGES**

Euro-Atlantic integration has been a strategic goal of the Republic of North Macedonia since it declared its independence in 1991. To date, notable milestones have been achieved on the road to the EU, including the signing of the Stabilization and Association Agreement in 2001, acquiring candidate status in 2005 and officially starting EU accession negotiations in 2022, committing itself to join the EU by 2030. This year, we mark two decades since the signing of the Declaration of Porto Carras in which the EU and the Western Balkan countries agreed that the future of the region is within the EU. After spending eighteen years in the waiting room and demonstrating preparedness and maturity to make difficult and often painful decisions, such as the signing of the historic Prespa Agreement, we are one step closer to membership by concurrently successfully conducting the screening process and the comprehensive domestic reform process. The opening of the first cluster "Fundamentals" and the holding of the second Inter-Governmental Conference (IGC) is conditioned upon Constitutional changes that arose from a bilateral protocol formally signed between North Macedonia and Bulgaria as a compromise to ease the dispute and avoid yet another long-standing neighborly issue on the path of North Macedonia to fully-fledged EU membership. The unjustified and unprovoked Russian aggression against Ukraine and the new geopolitical reality, has further amplified the dire need of redefining the EU's enlargement strategy, making accelerated accession unequivocally a high-priority instrument. The European Commission's efforts in this and the upcoming mandate must be focused on equally advancing the processes for enabling integration of North Macedonia in the Union along with the Eastern Partnership countries (EaP) Ukraine and Moldova. To overcome the slow but steady rise of Euroscepticism, the EU integration process implies interoperability, i.e. the fulfillment of the requirements on our part and at the same time valorization of our work and achievements, as well as more courage and determination in fulfilling what was promised by the EU.

Keywords: European integration, accelerated integration, North Macedonia, regional cooperation, European Union.

* Government of the Republic of North Macedonia, Secretariat for European Affairs

Aleksandar LJ. SPASOV*

**“RACE WITH OBSTACLES” – THE ROAD TOWARDS THE ACCESSION
NEGOTIATIONS OF NORTH MACEDONIA WITH THE EUROPEAN UNION**

The aim of the paper is twofold. First goal is to explain the process that preceded the opening of the accession negotiations of North Macedonia with the EU. Second goal is to analyze the tasks and challenges during the accession talks as part of the first cluster “Fundamentals”.

In the first part the paper analyzes the process of preparation of the Negotiation Framework for North Macedonia’s accession negotiations with the European Union in light of Bulgaria’s objections regarding the position of the Bulgarian ethnic community in North Macedonia. The analysis focuses on Bulgaria’s attempts to transform bilateral issues into criteria for membership in the EU and how the EU and member states reacted to the above mentioned attempts including the reached “compromise” stated in the conclusions of the European Council. Furthermore, an analysis of the current state of affairs regarding the necessary constitutional changes is included in the paper.

In the second part, the paper analyzes the major challenges of the country regarding the first cluster “Fundamentals” which focus is on the rule of law. The paper will identify possible problems that may lead to new obstacles and objections by certain member states in the process of the accession having in mind the new methodology of “staged accession”.

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Светомир ШКАРИК*

СЛОВО ЗА УСТАВОТ

Зборот „устав“ се слуша како ретко кога во подолгата историја на македонската уставност (1880-1919). Вниманието е насочено кон Преамбулата, посебно кон прашањето дали Бугарите треба да влезат во нејзиниот текст како дел од бугарскиот народ, заедно со Хрватите, Црногорците, Словенците, Евреите, Египјаните и Ерменците. На виделина е длабок судир за перспективите на македонската држава: мултиетничка или транснационална држава, изолација или интеграција во ЕУ како заеднички дом на европските народи. Во дебатата се судруваат два поими за уставот: уставот како состојба и уставот како процес. Последниот има потенцијал супранационалноста да ја афирмира како нова вредност која во постојните геополитички услови може да се покаже позначајна за одржливоста на македонската држава од економскиот развој и од армиските сили. Во исто време има и потенцијал постојниот „анархичен“ и нечитлив устав да го трансформира во правна архитектура и естетско и литературно дело.

Клучни зборови: устав, преамбула, македонска уставност, македонска држава, Бугарите, мултиетничка држава, транснационална држава, ЕУ, супранационалност, анархичен устав, естетско дело.

2 јуни 2023, Дојран

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Renata TRENESKA DESKOSKA*

**THE CONSTITUTIONAL AMENDMENTS AS PRECONDITION FOR EU
ACCESSION OF THE REPUBLIC OF NORTH MACEDONIA**

In 2020, the European Union (EU) formally introduced new rules for the accession negotiations for the fourth time, which in the Republic of North Macedonia was met in an extremely polarized atmosphere, with pronounced Euro-skepticism because of the Bulgarian demands, which are perceived as unprincipled, blackmailing and offensive for essential elements of Macedonian identity. We can see that polarization in the drama called "opening the process of constitutional change", which is not an authentic internal process, but imposed.

This paper will analyze the challenges arising about the constitutional changes - firstly, the way of conducting the process, and then the possible variants within the framework of the agreed changes, as stated in the bilateral Protocol signed with Bulgaria, as well as possible points for achieving the necessary majority for constitutional changes. The content and formal legal questions for the technique for changing the preamble will be analyzed. The paper will also refer to possible changes to Articles 49 and 78 of the Constitution, while analyzing the meaning and impact of the changes to the composition of the Committee for Relations between Communities. The paper will also analyze the legal consequences of the constitutional changes, as well as of the constitutional law that is expected to be passed in accordance with the bilateral Protocol with Bulgaria. At the end, the paper will refer to the proposal for using the preamble to the Constitution of Croatia as a model for changing the preamble to our constitution.

Keywords: European Union, North Macedonia, Constitution, Preamble, Committee for Relations between Communities.

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CONSTITUTIONAL NORMATIVE CONTROL OF INTERNATIONAL TREATIES IN NORTH MACEDONIA

The main goal of this paper consists in a theoretical, comparative and practical analysis and synthesis of the constitutional normative control of international treaties with special reference to North Macedonia. Although, in the constitutional theory, the prevailing view is that international treaties can be both the basis and the subject of this control, however, this issue is not correctly defined in Article 110 of the Constitution of North Macedonia, because this constitutional provision does not result in a clear competence of the Constitutional Court to controls the compliance of ratified international treaties with the Constitution, hence this constitutional gap has influenced the Constitutional Court during these 30 years of its judicial practice, according to its findings, to interpret if it is competent to control the compliance of ratified international treaties with the Constitution. In this regard, the Constitutional Court does not take into account the very purpose and spirit of the Constitution in relation to the constitutional normative control of international treaties because when everyone expected that from the only case since 2002 when the Court repealed a law on the ratification of an international treaty, its judicial activism would increase (similar to the German constitutional jurisprudence) and a coherent jurisprudence would be established, however, such a thing did not happen in the last 20 years, because the Court remained hostage to the restrictive interpretation of Article 110 of the Constitution although, through the extensive and teleological interpretation of this provision, the Court can easily come to the conclusion that the constitutional normative control of international treaty is a necessary tool for fulfilling the basic task of protecting the constitutional order of North Macedonia and establishing the rule of law as a fundamental constitutional value, because if international treaties are under the constitution and must be in accordance with it, the intention of the constitution maker is not to allow the implementation of unconstitutional provisions by refusing the constitutional normative control of international treaties by the Constitutional Court.

Keywords: constitutional normative control, international treaties, rule of law, judicial practice, prior control (ex-ante), subsequent control (ex-post).

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**LEGAL AND INSTITUTIONAL FRAMEWORK
FOR THE PROTECTION AND SUPPORT OF VICTIMS OF CRIMINAL
OFFENSES**

The protection and support of victims of crimes is one of the priorities of the EU. The EU Report for North Macedonia for 2022 within the framework of fundamental rights specifically emphasizes the need to make additional efforts to ensure adequate support and services in the community for vulnerable categories of children, especially children victims of violence, Roma children and children with disabilities. Apart from the transposition of the relevant EU directives in criminal procedural law and in the legislation regarding justice for children, the real challenge is the realization of the strategic goals for the full implementation of the National Strategy for ending violence against children (2020-2025). It is also necessary to monitor the effects of the application of the new Law on the prevention and protection of violence against women and domestic violence, bearing in mind that in April 2022 our country for the first time submitted a Report to the Group of Experts on Action against Violence against women and domestic violence (GREVIO). The readiness of the state to really provide protection and support to victims of crimes of violence will be seen through adequate provision of financial and material conditions for the work of the Commission that should apply the Law on monetary compensation to victims of crimes of violence. At the same time, following the recommendations of GRETA, the focus of attention remains on the victims of human trafficking and child trafficking, with a particular emphasis on labor exploitation.

Keywords: child victims, victims of domestic violence, victims of human trafficking, victims of crimes of violence.

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OPTIMIZATION OF THE PUBLIC ADMINISTRATION AS A PREREQUISITE FOR ITS REFORM IN THE REPUBLIC OF NORTH MACEDONIA

The reform of the public administration is one of the biggest challenges for every country, including the Republic of North Macedonia (Macedonia). It is a continuous process, i.e. a process whose end cannot be precisely defined, bearing in mind that the public administration should be constantly improved – to be more efficient and service-oriented and to better satisfy the individual needs of the citizens, but also to protect the public interest. One of the components of the public administration reform is its reorganization and optimization. In other words, for the public administration in Macedonia and in any other country to be reformed, it is necessary, first of all, to organize it according to the needs (reorganization), i.e. to match the number and type of organs and organizations and to (re)allocate human resources according to actual needs (optimization). In that direction, each of the previous Macedonian strategies for public administration reform (starting from the Strategy adopted in 1999 until the one adopted in 2018) paid attention to this. Attention is also paid to the reorganization and optimization in the Draft Strategy for Public Administration Reform 2023-2030, expected to be adopted soon. More specifically, one foundation of this strategic orientation document is the creation of a coherent and optimized public administration. It is planned to adopt a new law that will determine the organizational structure, competences, working principles, responsibility, etc. of the organs of the state, but also in which it should be arranged how the organs of the administration will be founded/dissolved and changed. This law should completely replace the existing Law on Organization and Operation of State Administration Authorities. In addition, several other essential measures have been foreseen in order to optimize the public administration, which currently consists of 16 ministries with 5,037 employees (according to the Report from the Register of Public Sector Employees for 2021), and a total of 1,346 institutions with 132,088 employees.

The purpose of this paper is to pay attention to the measures foreseen in the Draft Strategy for Public Administration Reform 2023-20230 and to highlight the basic challenges for their implementation, in order to contribute to the general discourse around the reform of public administration in Macedonia.

Keywords: reform, optimization of public administration, reorganization, Law on organization and work of state administration bodies.

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Ana PAVLOVSKA DANEVA*

PRINCIPLE OF ACCOUNTABILITY IN THE WORK OF THE JUDICIAL COUNCIL

The latest developments in the Judicial Council of the Republic of North Macedonia (Judicial Council) placed the topic for implementation of the accountability principle in this state authority under the spotlight again. This topic raises several questions for which, unfortunately, the legislative powers provide no answers: is collective accountability of the Judicial Council allowed, or is it the case that only individual accountability for each of its members is allowed; does the law prescribe accountability for the President of the Judicial Council for the way he/she manages this state authority, for the Judicial Council's transparency and efficiency, for the strengthening of its integrity and the integrity of its members, for the prevention of conflicts of interests within the Judicial Council, for the efficiency of the Judicial Council's administration etc., or does the law provide that the President of the Judicial Council can be held accountable only in the capacity of a member and not as a managing person of the Judicial Council; who can initiate the procedure for accountability of a member/the members of the Judicial Council which is different from the disciplinary accountability which can also be political one bearing in mind that the members of the Judicial Council are proposed and elected by the Assembly of the Republic of North Macedonia (Assembly), and the Head of State as political authorities; can the judges who elected their representatives within the Judicial Council recall them if they are not satisfied with how transparently they are representing their rights and interests, and in which procedure would this be possible; when is a decision of the Judicial Council final and, last but not least, what are the general procedural rules the Judicial Council should respect when adopting its decisions.

The topic of the Judicial Council's accountability, especially when speaking of the lack of accountability (regardless of whether as a result of *lacunae legis* or as a result of not complying with the law), is organically related with the topic of the judges' accountability, having in mind that the judges can only be held accountable before the Judicial Council. If the legitimacy of the Judicial Council is disputed at any moment, the legitimacy of its decisions for appointment, promotion or dismissal of judges shall be jeopardized as well. The current state in Macedonia is characterized by an extremely low level of trust in the judiciary, regardless of which assessment of the public perception is taken into account. In addition, the experts and the international community have been vocal for the illegitimacy of the Judicial Council following the long list of irregularities in its work, as well as the lack of transparency.

The dissatisfaction with the judiciary and the Judicial Council's work led to popularization of the vetting as mechanism to improve the current state. However, it seems that those who are supporting the idea of vetting in the Macedonian judiciary do quite understand what this term means. There has not been much of a debate on the types of vetting which exist in the political and legal theory, nor on the experience of the countries

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which have enforced some type of vetting in the judiciary (including the positive or negative consequences of the vetting).

Bearing the aforesaid in mind, reforms in the work of the Judicial Council are necessary. Reforms are also necessary in the appointment of the Judicial Council's members, the evaluation of the judges and the work of the courts altogether. Yet, for these reforms to be successful they must be well thought out. The scientific community and the experts have to (be asked to) provide their own views on the optimal reform measures and model(s) which would bring about societal progress. Moreover, broad political consensus that the reforms shall be aimed towards the independence, efficiency and accountability of the judiciary is a prerequisite for a successful reform process.

Keywords: accountability principle, Judicial Council, vetting in the judiciary.

Нано РУЖИН*

ПРОШИРУВАЊЕ НА ЕУ: С. МАКЕДОНИЈА ПОМЕЃУ ГЕОПОЛИТИЧКИТЕ И ПОЛИТИЧКИТЕ ПРЕМИИ

Долго време еврократите ја форсираа политиката на стабилноста наместо демократизација и реформи на државите-кандидати за членство во ЕУ. Во такви околности популистите на Западен Балкан можеа да си дозволат контрола на медиумите и правосудството, апсење на новинарите, прислушувања на опозицијата, организиран криминал и корупција, изигрување на владеењето на правото. На таквите авторитарни инциденти Брисел молчеше, се во полза на стабилноста на државите-кандидати. Во последните години стана јасно дека политиката на ЕУ за поддршка на „стабилнократијата“ на Западен Балкан пропадна. Процесот на пристапување претрпе застој, регионалната безбедносна средина се влоши и не беше постигнат голем напредок во реформите за владеење на правото. Иако одговорноста лежеше во локалниот политички естаблишмент, европскиот пристап обезбеди совршени услови за такви случувања. Сето ова доведе до сериозна криза на кредибилитет кај локалното јавно мислење и влошување на европското влијание во регионот. И Северна Македонија беше жртва на таквата политика. Воедно, Северна Македонија беше блокирана и од двете соседни држави Грција (уставното име) и од страна на Бугарија заради непризнавањето македонскиот јазикот нација. Дека на Балканот, политиката е понекогаш полна со иронија покажа и овој чин на Бугарија. За време на бугарското претседавање со Советот на ЕУ во 2018 година, проширувањето на ЕУ беше примарна цел. Една година подоцна Софија порача: „Забавете го проширувањето“, „Бараме внесување на бугарското малцинство во Уставот на С.Македонија!

До 1980 проширувањето на ЕУ се поимаше преку економските резултати на државите-кандидати. Во деведесетите, примарни елементи на проширувањето беа политичките, економските и монетарните критериуми, со посебен акцент на „стабилнократијата“. Во 2020 геополитиката влезе во преден план како критериум за проширувањето, што се виде и со доделувањето на кандидатскиот статус на Украина и Молдавија. Какви се позициите на државите на Западен Балкан, особено на Северна Македонија во однос на членството во ЕУ?

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КАЗНЕНО-ПРАВНАТА ОДГОВОРНОСТ НА НОСИТЕЛИТЕ НА ЈАВНИ ФУНКЦИИ ВО РЕПУБЛИКА СЕВЕРНА МАКЕДОНИЈА

Длабоката криза на правосудните институции низ која проаѓа РСМ во последните години придонесе да испливаат на површина повеќе дилеми околу казнено-правната одговорност на носителите на јавни функции. При анализа на ваквиот вид на казнено-правна одговорност, неопходно е да се земаат предвид одредени работи:

- Прво и основно, многу е важно да се дефинира начинот на гонење на кривичните дела кога за истите се осомничени носители на јавни функции. Притоа, важно е да се одреди дали тие лица ќе се сметаат за службени лица, за одговорни лица или ќе се зборува за комбинирање на овие два поими како што тоа се истакнува и во Кривичниот законик;
- Второ, од големо значење е определувањето на казнено-правната одговорност на правните лица кои се појавуваат како извршители на кривични дела. Посебно е важно да се нагласи казнено-правната одговорност на политичките партии како правни лица, особено заради фактот што Кривичниот законик истото го предвидува, сепак изостанува судската пракса во овој контекст;
- Трето, мора да се воспоставуваат границите помеѓу индивидуалната казнено-правна одговорност како основно начело на казненото право како и облиците на колективна казнено-правна одговорност кои понекогаш се појавуваат во врска со одговорноста на правните лица, одговорните лица на разните одбори и совети, и другите облици кога казнено-правната одговорност ги преминува границите на индивидуалната и допира до колективната одговорност.

Овој труд ќе се обиде да даде одговор на горенаведените дилеми во врска со одговорноста на носителите на јавни функции, анализирајќи ја нивната положба како индивидуални сторители на кривични дела, како одговорни лица во смисла на членување и работење на управни органи на правните лица како и облиците на одговорност за правните лица и можните начини на нивното казнување. Трудот ќе даде заклучоци и препораки за потребни измени во казнено-правното законодавство на РСМ во насока на подобрување на условите за гонење на ваков вид на криминал особено кога истиот е сторен во име и од страна на политичките партии како правни лица.

Клучни зборови: носители на јавни функции, правно лице, одговорно лице, индивидуална одговорност.

Jadranka DABOVIĆ ANASTASOVSKA*

THE CHALLENGES OF THE IMPLEMENTATION OF THE NEW CONSUMER LAW OF THE EUROPEAN UNION IN OUR COUNTRY

The European Union has the most developed regional consumer protection law. The aim of the New EU Consumer Law is to ensure that consumers enjoy equal legal protection regardless of whether they buy digitally or physically, goods, services or digital content. However, globalization and the rapid development of new technologies are a challenge for the legislator and require constant raising of standards and adjustment of legal regulations in order to achieve a high degree of consumer protection. Our country should ensure constant harmonization of our law with the legal framework of consumer protection of the European Union. The modernization of legal regulations and ensuring the implementation of consumer protection are a key factor for the economic integration of our country in the EU and the integration of our traders in the single market. In our country, a new Consumer Protection Law was adopted in 2022. In this Law, 15 European directives are implemented, including three from the New EU Consumer Protection Agreement. However, the fact is that we do not have full harmonization of consumer law. Our consumer law needs to be harmonized in several areas: the alternative resolution of consumer disputes; package travel arrangements; mortgage housing loans; protection and compensation with representative lawsuits, which changes the concept of protection of collective interests. As challenges for the implementation of the European consumer law in the national law, we would indicate: the frequent changes of the regulations; the fact that these are regulations with maximum harmonization; the different Nomo technique with which the laws are written; the problems of cooperation of the competent authorities in the implementation of the protection of consumer rights; not implementing continuous education, raising the awareness of consumers, traders, supervisory authorities and all involved in the implementation of consumer protection.

Keywords: consumer law, consumer rights, consumers, traders, digitization, globalization.

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**ASSESSMENT OF THE SITUATION IN REPUBLIC OF NORTH
MACEDONIA IN CHAPTER 16:**

**REFORMS IMPLEMENTED IN THE FIELD OF DIRECT TAXATION
SINCE THE SUBMISSION OF THE APPLICATION FOR EU MEMBERSHIP
UNTIL TODAY AND RESULTS**

Four years before the Macedonian authorities submitted the request for membership in the European Union, they have started the process of tax harmonization with the EU law. Therefore, in 2000 the legislator adopted the Law on the Value Added Tax that was completely established on the basic principles of the VI VAT directive, considered as the *raison d'etre* for VAT in every EU member states.

Different from the obligation to harmonize the national legislations with the EU rules in the area of indirect taxation, countries still preserve their tax sovereignty regarding the direct taxes. However, contemporary supranational tax problems and challenges, such as the issue of transfer pricing, aggressive tax planning, hybrid tax mismatches etc., require cross-border cooperation, mutual coordination and implementation of the measures adopted on EU level. In this context, the most important is the EU Anti-Tax Avoidance Directive of 2016, which is a set of minimum standards and rules that aim to create a business environment with fair conditions for all EU members.

For this entire pre-accession period, the Republic of North Macedonia has undertaken series of reforms in the area of income taxes, although all the changes and amendments were or still are in direction of “relaxing” the tax policy. This is one of the reasons why the country is included in the EU’s list of non-cooperative jurisdictions for tax purposes. In order to overcome this situation and to improve the assessment of the country as “moderately prepared”, Macedonian authorities should intensify the activities for prevention and fight against tax evasion by incorporating the rules from the Anti-Tax Avoidance Directive in the Law on Profit Tax.

Keywords: tax system, profit tax, tax evasion, EU Anti-Tax Avoidance Directive.

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СУДСКИТЕ РЕФОРМИ ПОМЕЃУ ЕВРОПСКИТЕ СТАНДАРДИ И ОСТАТОЦИТЕ ОД СОЦИЈАЛИСТИЧКАТА ПРАВНА ТРАДИЦИЈА: СУДСКАТА КУЛТУРА КАКО КЛУЧЕН ФАКТОР ЗА ОДРЖЛИВОСТ НА РЕФОРМИТЕ

Во изминативе нешто повеќе од 30 години од независноста на државата, Северна Македонија помина низ бројни циклуси на реформи во судството кои воедно вклучуваа измена на Уставот, промена на законодавството, генерален реизбор и комплетна реорганизација на судството. Исходот од сите овие реформи се чини дека е далеку под очекувањата за остварување одржливи промени кои ќе обезбедат вистински независно и непристрасно судство. Константно се повторува од домашни и меѓународни фактори дека правната и институционалната рамка на државата е во голема мера усогласена со европските стандарди, но она што отсуствува е имплементацијата, односно соодветна институционална практика во примената на правните правила. Која е причината за ваквата состојба со судството? Која е причината за отсуство на соодветна имплементација?

Во овој труд одговорот на овие прашања се лоцира преку еден поим кој ги поврзува формалните правила со неформалните практики, а тоа е судската култура. Најчесто судската култура се дефинира како вградените карактеристики на конкретниот правен систем од кои зависи начинот на кој се остварува и вреднува работата на судиите. Овие карактеристики можат да бидат од формална или неформална природа. Поради тоа увидот во судската култура обезбедува посоодветно дизајнирање и обмислување на судските реформи, што за жал често отсуствува. Имено фокусирањето исклучиво на промена на формалните правила, кој пристап го забележуваме и кај нас, без при тоа паралелно да се менува менталитетот и културата на судиите најчесто резултира со негативен исход. Поради тоа соодветната контекстуализација на судските реформи во Северна Македонија треба да оди преку прецизно мапирање на доминантните карактеристики на судската култура, особено оние кои се сметаат за остатоци од социјалистичката правна традиција и кои се одржуваат преку правничкото образование, иницијалната и континуирана обука на судиите и судската социјализација.

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КОЈ И ЗОШТО Е ПРОТИВ МАКЕДОНИЈА ВО ЕУ

Геополитиката и геоекономската меѓу САД, ЕУ, Русија и Кина на „Западен Балкан“ со вакцините продолжуваат околу проширувањето на ЕУ. Ако не ги вметне во ЕУ шесте земји од „Западен Балкан“, САД би ја загубиле доминацијата врз ЕУ, потврдена со руската инвазија во Украина.

Против Македонија во ЕУ се и значајни бугарски лидери и партии, очигледно под влијание на Кремљ не само од историски причини и емоции.

И за улогата на Кина. Со шест милијарди евра на делот од геоекономската програма *Појас и пат*, Кина подигна важни инфраструктурни објекти на „Западен Балкан“. Така придонесе за економскиот пораст и во овој регион. Ама, поради непочитување на принципот на ЕУ за транспарентност ја продлабочи корупцијата и во Македонија (2015), главниот проблем на патот кон ЕУ, покрај отсуство и на другите принципи и вредности на доброто владеење!

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ИНДИВИДУАЛНИТЕ УСЛОВИ ВО ПРЕГОВОРИТЕ ЗА ЧЛЕНСТВО ВО ЕУ

Во процесот на интеграција за ЕУ, рамката на условеност за државите од Западниот Балкан е значително проширена во однос на претходните проширувања така што, покрај Копенхагенските критериуми ги опфаќа и условите од процесот на стабилизација и асоцијација, но и индивидуални, специфични услови за секоја држава.

Во трудот се прави компаративна анализа на индивидуалните услови за преговорите за членство во ЕУ за државите од Западниот Балкан: Црна Гора, Србија, Македонија и Албанија.

Се анализираат политичките, меѓународно-правните и институционалните аспекти на посебните услови за секоја држава, при што се утврдуваат сличностите и разликите. Покрај тоа, се анализираат и различните модалитети кои Европската унија ги користи во разрешувањето на прашањата кои се суштествен дел на поставените индивидуални услови. Конечно, се разгледува значењето и влијанието на овие услови во целиот преговарачки процес – на кој начин и во која мерка тие досега влијаат врз кредибилитетот, динамизирањето и предвидливоста на процесот, кои се дефинирани како цели на новата Методологија за проширување од 2020 година.

Основни извори за анализата се примарните извори во кои се дефинирани и разработени индивидуалните услови за преговорите за членство во ЕУ: заклучоците на Советот на Европската унија, преговарачките рамки, но и други релевантни документи.

Клучни зборови: преговори, Европска унија, индивидуални услови, проширување, Македонија, Црна Гора, Србија, Албанија.

ТЕМАТСКА ОБЛАСТ

ЕКОНОМИЈА

Taki FITI*

HOW FAR HAS THE REPUBLIC OF NORTH MACEDONIA ADVANCED IN FULFILLING THE KEY ECONOMIC CRITERIA FOR EU INTEGRATION?

The key economic criteria for EU membership - establishing a functioning market economy and the ability to cope with competitive pressures and market forces within the EU - cannot be analyzed independently of the other Copenhagen criteria (political and administrative criteria), since the three criteria make an unbreakable organic whole. Namely, without fulfilling the most important political criteria (in particular the judiciary reforms and fighting corruption) as well as the most important sub-criteria within the area of administrative and institutional capacity to effectively implement the *acquis* and ability to take on the obligations of membership (in particular the free movement of goods, capital and labor, economic and monetary policies, competition policy, taxation, energy, environment, science and education, statistics and etc.), are not possible without establishing a functioning market economy. At present, instead of a functioning market economy, we use more often the term sustainable market economy, which effectively make distinction between economic growth and economic development. This paper especially elaborates on the situation in the Republic of North Macedonia regarding the three most important qualitative criteria for a sustainable market economy: capacity for competition, good governance and green (ecological) transition. The paper particularly addresses those areas important for establishing a functioning (sustainable) market economy in which the Republic of North Macedonia has achieved little progress. In this context, some recommendations for the policymakers are proposed aimed at improving the situation and accelerating the integration process of the country.

Keywords: economic criteria, functioning market economy, sustainable market economy, competitive pressure, good governance, green transition, varieties of capitalism.

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FISCAL CHALLENGES AND EUROPEAN INTEGRATION: FROM CANDIDATE TO MEMBERSHIP STATUS

The relatively low fiscal burden, at least by European standards, leaves a narrow space for pursuing discretionary fiscal policy, providing sufficient funding of public goods and services, and building buffers for combating future crises. European integration will impose additional costs associated with the transposition of *acquis communautaire*, alignment with the legislation, and institutional capacity building. Strong headwinds will come from the unfavorable demographic developments, including large-scale emigration. In addition to safeguarding fiscal sustainability, authorities should also aim to improve the quality and spectrum of public services, optimize the public sector, and finance resilient and sustainable development. The Debt Sustainability Analysis, a new fiscal framework by the European Commission, would provide a tool for more thorough assessment of public borrowing requirements, especially in financing the long-term development priorities, such as addressing the large infrastructure needs, fostering green and digital transformation, upgrading human capital, improving the social cohesion, etc. The new EU fiscal rules and the pre-accession assistance could facilitate the inevitable fiscal adjustment. However, the main task of the future policymakers is to build a broad political consensus on the key fiscal challenges that go well beyond the election cycles, simultaneously adhering to the fundamental principles of effectiveness, efficiency, sustainability, transparency, and accountability. This will ensure that the fiscal policy acts as a catalyst for sustainable development and European integration.

Keywords: fiscal rules; fiscal sustainability; European integration; sustainable development.

JEL classification: H21; H30; H50; H60; O10.

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GROWTH CONSTRAINTS - A DIMINISHING LONG-TERM PROSPECTS
Secular stagnation, weak fundamentals, structural dysfunctions and deficits in the long run

The aim of the paper is to consider the most critical constraints on economic dynamics that slow down real convergence and to attempt to define a broader conceptual framework for the endogenous transformation of the Macedonian economy. The Macedonian economy operates with multiple imbalances, inadequacies and structural deficits. Growth potential in structurally undefined economies should be sought more profoundly than in conventional macroeconomic analysis.

The past three decades have already outlined the economic pattern and endogenous trajectory of our society in the coming decades. The result is disappointing: inertia, delusions of virtual growth, adverse social stratification, institutional improvisation, unfulfilled reforms, instability, intellectual and moral decline, and persistent poverty. The dominance of intellectual reductionism and simplism, value, cultural, aesthetic, architectural and others, indicate a political and cultural disconnection (exclusion) from the dominant current and future global trends. Demographic imbalances, ageing and migration are ruining the potential in the long run.

The critical constraints to economic growth are political, geographic, resource, infrastructural and institutional. Potential space for export-led growth is lost - resources and time are irretrievably wasted. The fundamental structural transformation of the economy requires investment, new technologies and knowledge - which the country hardly has. The capacity for further borrowing is largely exhausted. The economy is not adequately integrated into the international economy (in terms of resources, technology and science), and regional economic cooperation is largely weak. The poor export structure, low productivity and cheap labour do not provide for necessary structural changes.

The main problems to be solved in the near future are insufficient growth, depopulation, impoverishment and environmental degradation. The weakest segments from a long-term perspective are education, infrastructure and institutional capacity, as well as the external sector - low productivity and international competitiveness, technological obsolescence and a growing technology gap, low export sophistication, current account deficit and balance of payments sustainability.

Thoughtful strategic thinking, a mobilisation of all available resources and profound reforms are indispensable in defying the new challenges of time.

Keywords: economic growth, growth constraints, investment.

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FISCAL CONVERGENCE AND FISCAL SUSTAINABILITY – WESTERN BALKANS 6 PERSPECTIVE

This paper analyses fiscal convergence and fiscal sustainability in the context of the Western Balkans 6 path to the EU Integration. The challenges related to fiscal sustainability have increased a lot recently, particularly in the post COVID-19 times and due to the energy crisis caused by the Russian invasion in Ukraine. Various countries worldwide including European Union countries and Western Balkans 6 Countries have turned eyes into the fiscal consolidation processes as the main solution to face crisis and meantime to move forward their development agendas. Using data for public revenues, public expenditures and public debt this paper aims to empirically argue the link between fiscal consolidation processes, fiscal sustainability and fiscal convergence for the region of Western Balkans 6. Our analysis shows that Western Balkans 6 have unsustainable fiscal policies and are extremely divergent with the EU and even in the cases where numbers presented show a convergent situation, the analysis beyond the numbers leads to other conclusions. The actual situation shows that Western Balkans 6 needs to be oriented in progressive direct taxes, in productive expenditures with a focus in research and development and the utilization of public debt for development investments.

Keywords: fiscal policies, fiscal consolidation, public debt, public expenditures, public revenues.

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MULTIPLE CRISIS AND THE REAL CONVERGENCE OF THE MACEDONIAN ECONOMY – THREAT OR OPPORTUNITY?

The trap of the slow real convergence has been a longstanding issue for the Macedonian economy. While the catching –up was on a fast track before the global financial crisis, amidst globally conducive context, it slowed afterwards. The slowdown brought to the fore many structural impediments that hinder unleashing of the full growth potential of the economy. The diagnostics of this issue in several instances, revealed need for stronger productivity growth, while narrowing gaps in capital stocks, improving the labor quantity and quality, and lifting up the technological profile of the economy. All this for enabling faster, and innovative and efficient growth.

The most recent global turmoil added up to the already existent weaknesses. The pandemic, but the emerging geo - economic fragmentation in particular are threatening the strength of the trade and financial integration. The costs of economic fragmentation might be high, implying higher import prices, segmented markets, diminished access to technology and labor, and finance. For the Macedonian economy, the long-term consequences on the growth potential and real convergence might not be negligible.

In the paper, we make an effort to stock take on the current real convergence stance of the economy, scrutinize the most important obstacles for faster growth, and provide policy guidelines on how to close some of the structural gaps. The paper will also tackle the possible avenues for creating growth opportunities in the new and challenging global economic architecture.

Keywords: real convergence, labor, capital, innovation, productivity.

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COMPETITIVENESS OF LABOUR MARKET – A COMPARISON OF NORTH MACEDONIA AND OTHER COUNTRIES

The level of total output is quite conditioned by many factors, but one of them is the productivity of the labor force, or the ratio of output units to the engagement of work units. Labor productivity is an important economic indicator that is closely related to economic growth, competitiveness and living standards. This economic indicator is quite discussed in microeconomic aspects, but little in macroeconomic aspects, giving a general overview. We try, through the presentation of statistical trends, correlations and other empirical tools, to give a description compared over the years for Macedonia, but also by comparing it with EU countries. We find that the productivity of the labor force in different countries is positively correlated with a higher salary and vice versa. We find that improvements in labor productivity are lacking for Macedonia, while on the other hand, payments to workers have increased significantly in the period that has been analyzed. We also try to find the determining factors of labor productivity, giving focus to the salary and its relation to productivity.

Keywords: productivity, correlation, workforce, North Macedonia, wage.

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**THE REFORM OF THE EUROPEAN UNION ECONOMIC GOVERNANCE
FRAMEWORK – IMPLICATIONS FOR THE FISCAL POLICY OF THE
REPUBLIC OF NORTH MACEDONIA**

The reform of the EU economic governance framework is a reaction to the deterioration of fiscal positions in EU member states due to massive government intervention associated with two global macroeconomic shocks: the Covid-19 pandemic and the Russian invasion on Ukraine. Those increased fiscal deficits and public borrowing led to rethinking the process of fiscal consolidation, within the EU framework of policy coordination and surveillance aimed at dealing with excessive budget deficits and excessive public debts. The reformed EU economic governance framework proposes adjustments to the system of fiscal rules and medium-term fiscal planning which would make the whole system more flexible and more sensitive to the needs for public investments in priority sectors for economic growth: green economy, digitalization, energy independence and cyber-security.

The Republic of North Macedonia (RNM) is at the start of implementing the new legal framework from September 2023 which introduced explicit fiscal rules and independent fiscal institutions – the fiscal council. This should help the integration of the economic governance system of the RNM with the EU system by upgrading the discipline and sustainability of its fiscal policy and at the same time achieving the objective of sustainable and inclusive economic growth.

As for the tax side of fiscal policy, the two major challenges EU has been dealing with are (i) the taxation of digital services (digital tax) and (ii) the taxation of carbon dioxide emissions (carbon tax). The evolution of the legal frameworks for these two types of taxes will also have important implications for the future tax reforms in the RNM in its efforts to build efficient and fair tax system.

Keywords: economic governance, budget deficit, public debt, fiscal rules, fiscal policy, digital tax, carbon tax.

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PHASED ACCESSION, REGIONAL INTEGRATION AND THE EU INTERNAL MARKET

The accession process of North Macedonia to the EU is a topic of utmost academic, political and pragmatic interest for almost 20 years. In formal terms, the progress in this period was modest, which is not necessarily true in terms of the real progress achieved. On the other hand, in the past two decades we have witnessed persistent (albeit occasional) “new ideas” for boosting of the process which, as a rule, are understood as a “new hope”. But in reality, especially from the formal point of view of the accession process, it was always halted due to political reasons.

This paper has ambition to offer a slightly more detailed analysis of the idea of the so-called “phased accession” of North Macedonia (as well as for the other countries of the Western Balkan region) towards EU, observed from the point of view of the linkages between the regional (economic) integration of the Western Balkan countries and the functioning of the EU Internal market. On one hand, the regional economic integration of WB is based upon the rules of the EU Internal market. On the other hand, it means effective upgrading of the acceptance of the EU rules, which are otherwise concentrated into a single “Cluster” (according to the EU methodology for conducting the accession process). Observed from the aspect of the duration of the overall process, as well as from the aspect of the importance (impact) of the meaning of the accession for the domestic economy, this points to an interesting debate: is the so-called “phased accession” more rewarding? Are we, maybe, captured into the idea of the so-called “all or nothing” accession approach?

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INCOME AND PRICE CONVERGENCE OF THE MACEDONIAN ECONOMY ON THE ROAD TO THE EU – DETERMINANTS AND CHALLENGES

The concept of convergence has many dimensions, while this paper focuses on and analyzes the real convergence of the Macedonian economy, measured through the levels of income and prices. Real convergence, i.e. income convergence, requires less developed economies to grow faster than more developed countries in a sustainable manner. Empirical research confirms that the process of income convergence is always accompanied by the process of price convergence. The paper investigates the two convergences in the case of the Macedonian economy on its way to the EU and tries to answer three key questions: (1) what is the dynamics and level of real convergence of the Macedonian economy over a longer period of time, i.e. why does the Macedonian economy have problem with the sustainability of this process; (2) what are the causes/determinants of poor convergence; and (3) how to accelerate the convergence of the Macedonian economy. In order to answer these questions, an analysis of several key economic and institutional indicators is carried out. By comparing the performance of the Macedonian economy with the EU member states, the paper detects and delineates the areas with positive contributions to the process of real convergence, and especially the areas where there is a lag and which challenge the progress. Also, this analysis tries to identify the factors that determined the rapid and quality convergence in the most successful EU countries. A key area and main challenge for accelerating and sustaining convergence of the Macedonian economy is the enhancing in institutional quality, for which it is necessary to stay on the path to EU membership.

Keywords: convergence, GDP per capita, price level, productivity, institutional quality.

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WHY IS IT IMPORTANT FOR THE EUROPEAN UNION TO GRADUALLY OPEN THE COHESION FUND FOR THE WESTERN BALKANS DURING THE PROLONGED INTEGRATION PROCESS?

Within the European Union (EU) framework, income convergence is regarded as a fundamental economic mechanism and an explicit objective. The Cohesion Fund, integral to the EU's Cohesion Policy, has been used in conjunction with other EU Structural Funds to assist post-transitional EU member countries in achieving significant income convergence with the EU average.

A similar path is envisaged for the Western Balkan countries, although at present their integration appears to be on a much slower trajectory. It's optimistically projected that they may become EU members in the forthcoming decade. Concurrently, EU member countries from this region, including Croatia, Bulgaria, and Romania, are currently receiving and will continue to receive substantial funds from the EU Structural Funds in the next decade. As an illustration, they are slated to receive billions of euros in grants solely for the purpose of economic decarbonization.

In contrast, the Western Balkan countries engaged in the EU integration process cannot access the Structural Funds and are limited to using only the IPA (Instrument for Pre-accession) funds. However, the relative size of the IPA funds the Western Balkans receive is insignificant when compared to the EU Structural Funds.

A central thesis of this paper, therefore, is that this disparity will bolster the competitiveness of the EU member economies from this region against the Western Balkan economies. Consequently, this may result in divergence, rather than convergence, of the Western Balkan economies with the economies of the region that are EU members.

This paper primarily recommends that the EU should gradually start to make Cohesion Funds available to the Western Balkan countries during the integration process.

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**WHETHER EU INTEGRATION COULD IMPROVE THE EXPORT
PERFORMANCE AND SPEED UP THE GROWTH PROCESS OF THE
MACEDONIAN ECONOMY?**

The question of whether EU integration can speed up the country's development path and the convergence process toward the EU standard of living very often arises in public and scientific circles nowadays. The answer to this question is not simple because it is determined by a set of complex processes, and it depends on the results of those processes. The potential economic benefits from EU integration for the country could include access to EU funds for technological modernization, transfer of knowledge and innovations, opportunities for deeper integration into EU supply chains, as well equal treatment for local companies in EU markets. However, these potential benefits depend on the capacity of academia, the private sector, and the local economy to absorb EU funds and use EU programs for competitiveness and innovation, on the capacity of export-oriented companies to penetrate EU markets, and the capacity of local firms to bridge the gap in EU supply chains and establish EU business networks.

The main objective of the paper is to investigate the export performance and economic integration of the SEE countries that are part of EU, and the WB6 countries that aspire to become EU members, with special focus on North Macedonia. To fulfill this objective, we apply panel regression and conduct comparative analysis for SEE and WB6 countries by using several indicators that measure export structure and export quality as important growth determinants.

Keywords: EU integration, SEE and WB6 region, North Macedonia, export performance and economic growth.

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FOSTERING EU INTEGRATION OF NORTH MACEDONIA THROUGH SAA

The Stabilisation and Association Agreement (SAA) between North Macedonia and EU is a legally binding document that laid down the general political, economic, legal and financial principles of mutual relations between the parties. This paper addresses the possibilities for SAA as an instrument for advancing genuine economic integration of North Macedonia with EU, regardless of the political developments of the enlargement process. In economic terms, SAA has already enabled trade liberalisation between the parties and stipulated the national treatment of business entities on the basis of reciprocity in the first phase of its implementation opened in 2001 (trade protocol) and 2004 (general entrance into force of SAA). Furthermore, the second phase of SAA that started in 2018 aims for full liberalisation of capital and financial flows, and also provides other opportunities for integration. The paper focuses on state of affairs in the mentioned areas of SAA, in particular achievements of the first phase and potentials provided by the second phase of the Agreement. The paper also brings in a discussion of the ways for EU integration of North Macedonia to move forward through SAA stipulations and mechanisms for its implementation.

Keywords: EU integration; North Macedonia; Stabilisation and Association Agreement (SAA).

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**FACTORS SHAPING MUNICIPAL OWN-SOURCE REVENUES IN THE
WESTERN BALKAN COUNTRIES: A FOCUS ON GOVERNMENTAL
TRANSFERS AND PUBLIC INVESTMENT**

This paper examines the fiscal dynamics of local governments in the Western Balkan countries, focusing on their dependence on central government transfers and the limited efforts to mobilize revenue from local sources. In addition to central government transfers, several significant factors contribute to the determination of municipal own-source revenues, including central and local public investment, current expenditures, human development index, and population density. The study reveals that intergovernmental transfers have an adverse effect on municipal own-source revenue, indicating a disincentive for local revenue collection. Notably, local capital expenditure emerges as a robust determinant, exerting a stronger influence on municipal fiscal autonomy compared to central government investments. This finding underscores the importance of local capital expenditure in enhancing fiscal independence at the local level. Furthermore, the human development index, as a composite measure, demonstrates a positive impact on municipal fiscal autonomy, in contrast to the traditional measure of GDP per capita.

This research highlights the critical role played by various factors in shaping the fiscal landscape of local governance. It emphasizes the need for a comprehensive understanding of investment allocation, development indicators, and intergovernmental transfers in promoting local revenue mobilization. The findings suggest that enhancing local fiscal autonomy requires a shift in policy focus towards stimulating local capital expenditure and prioritizing human development. By identifying the factors that influence municipal own-source revenues, this study provides valuable insights for policymakers and practitioners seeking to strengthen the financial capacities of local governments in the Western Balkan countries.

Keywords: local public investment, municipal own-source revenues, intergovernmental transfers, local governance, local expenditure structure.

JEL: H71, H72, H77, E62, H54

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SOCIAL EXPENDITURES AND FISCAL SUSTAINABILITY

Social expenditures have been on the rise over the past decades in the developing countries. The average public social spending rose from 11% of GDP in 1970 to 21% of GDP in 2022 across the OECD, with most of the social expenditure devoted to pensions and health care. While social welfare is intended to protect the public against vulnerabilities in life (old age, unemployment, sickness and poverty), social spending is often blamed for the rise in government expenditures and public debt in advanced economies, for dominating public expenditures and crowding-out other productive expenditures. This raises questions about whether existing social welfare programs are sustainable and about the need for adjustments to accommodate the predicted growth of old-age related expenditures amidst adverse demographic trends. However, social expenditures tend to be quite resilient to reduction. One of the most complex challenges is to reconcile the commitments to welfare provision with economic and fiscal pressures that threaten fiscal sustainability. This applies to North Macedonia, as population ageing and the notable emigration of young people pose significant challenges for maintaining fiscal sustainability via rising social expenditures and declining government revenues.

This paper focuses on the size, dynamics and structure of social expenditures in the Republic of North Macedonia and their comparison with social expenditures in the European Union. This will provide some insight into the potential risks to fiscal sustainability from rising social expenditures that can be useful to policy makers in creating future policies for addressing this issue.

Keywords: social expenditures, fiscal sustainability, demographic challenges.

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**TAX POLICY REFORMS AS A FISCAL CONSOLIDATION INSTRUMENT
AIMED AT LONG-TERM SUSTAINABILITY OF PUBLIC FINANCES AND
ACCELERATED ECONOMIC GROWTH**

The persistent imbalances in North Macedonia's public finances over the past decades, which caused a surge in public debt from 23.0% of GDP in 2008 to 59.7% in 2022, to a large extent can be attributed to distortions on the revenue side of the budget. Within the period of 2008 to 2019 the public revenue ratio experienced a decline of 3.5% of GDP, outpacing the decline in expenditures for 1.1% of GDP. These adverse fiscal trends further exacerbated during the Covid-19 pandemic as a result of downsized economic activity and ample budget support provided to businesses and low-income households to overcome the crisis, which contributed to widening the gap between the revenue ratios in the EU-27 and North Macedonia, from 10,7% in 2008 to 13,8% in 2020. At the end of 2022, the revenue ratio is 2.5% lower while the expenditure ratio is 1.3% higher compared to 2008. The continued degradation of budget revenues and disparity between the revenues and expenditures, prompted the Government to undertake reinforced fiscal consolidation measures through further rationalization of public expenditures and enhancing the revenue growth.

This paper offers a comprehensive elaboration of the reasons and rationale underlying the ambitious tax policy reforms the country embarked upon in 2022, which aim to enhance the fairness and overall quality of the tax system and strengthen tax revenue mobilization. It also includes a comprehensive discussion of the proposed policy reform measures, including the fiscal effects over the medium term budget framework, whose ultimate goal is ensuring a long-term sustainability of the public finances, creating fiscal space for supporting country's development priorities and thereby accelerate the economic growth, as well as building fiscal buffers for shielding against future crises.

Keywords: Tax policy, tax reforms, fiscal policy, fiscal consolidation, sustainable public finances, economic growth.

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**THE FISCAL CHALLENGES OF THE REPUBLIC OF NORTH MACEDONIA
ON THE ROAD TO THE EU: WITH DECENTRALIZED OR CENTRALIZED
LOCAL FINANCES**

The Euro integration process was and remains the main strategic political and economic priority of the Republic of North Macedonia. From 2001 until today, this process enjoyed full support from all interested parties in Macedonia, but not from some neighbouring countries that were the main obstacle to Euro-Atlantic integration.

The Republic of North Macedonia is a country with two levels of government, central and local. Therefore, the purpose of this paper is to analyse the challenges of public finances from the perspective of local finances from 2001 (after the signing of the Ohrid Framework Agreement and the Stabilization and Association Agreement with the EU) until today. The focus of our analysis will be the Fiscal Decentralization Indicators (GFS) from the database of the International Monetary Fund (IMF, 2020). In Macedonia, the process of fiscal decentralization, alongside the fiscal character, also has a political character, so our research pays attention with special emphasises to the analysis of possible fiscal effects in and after the years of local and parliamentary elections. The final goal of the research remains to ascertain the trend of local finance having tendencies of decentralization or centralization, during this period.

Keywords: local finance, fiscal decentralization, indicators of fiscal decentralization, LSG, Euro integrations.

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THE CIRCULAR ECONOMY AS PART OF THE WESTERN BALKANS GREEN AGENDA WITH EMPHASISES ON TEXTILES AND PLASTICS

With the adoption of the Western Balkans Green Agenda in 2020, the Western Balkan countries agreed to the key elements of the European Green Deal. They committed to implementing measures and achieving compliance in five areas: (1) cleaning energy sources and protecting the climate; (2) moving to a circular economy; (3) depolluting air, water, and soil; (4) building sustainable agriculture and food systems; and (5) protecting biodiversity and ecosystems. The circular economy as a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products for as long as possible, gives us the tools to tackle climate change and biodiversity loss, while addressing important social needs. The European Union (EU) aims to transition to a circular economy to make Europe cleaner and more competitive. To accelerate this transition, the European Commission adopted the new circular economy action plan in March 2020. Here, a special emphasis will be given to plastics and textiles since their value chains are extractive and linear, resulting in large quantities of resource use, greenhouse gas emissions, pollutants, and waste. The EU Circular Economy Action Plan aims to shift these value chains towards circular models by targeting sourcing, design, manufacturing, distribution, sale and waste management. All this also applies to the Western Balkan countries but, bearing in mind previous market transition experience in the region, there is a high probability that this inevitable process might also be unpopular and face considerable opposition, mainly due to its initial financial costs.

Keywords: circular economy, textiles, plastics, waste and recycling

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