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Macedonia (FYROM): Post-Conflict Situation and U.S. Policy

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Summary

In early 2001, an eight-month conflict between ethnic Albanian insurgent forces and Macedonian police and security forces threatened to derail the country's fragile stability and lead to another extended conflict in the Balkans. Later that year, U.S. and European intervention led to the signing of the Ohrid Framework Agreement, which outlined a package of political reforms to expand the rights of the ethnic Albanian minority while rebel forces were disarmed and disbanded under NATO supervision. Macedonia's current multi-ethnic government remains committed to the Ohrid process and seeks eventual membership in NATO and the European Union. Prospects for economic development remain modest and compromised by organized criminal activity. Some extremist political sentiment, mainly among opposition parties, point to ongoing risks to security and stability. However, an oppositionsponsored referendum on November 7, 2004, intended to halt plans for decentralization and local governmental reforms called for under the Ohrid accords, failed due to low turnout. The unresolved status of neighboring Kosovo has affected perceptions of regional stability and any final outcome of the status issue in Kosovo is likely to have significant consequences for Macedonia.

The United States continues to support multilateral efforts to stabilize Macedonia, but has increasingly looked to the European Union to play a larger international role in the Balkans, starting with Macedonia. In March 2003, the European Union launched its first military mission in Macedonia, taking over from a small NATO presence. The EU military mission, which has also served as a test case for the EU's ability to carry out its own defense policy, concluded its operation on December 15, 2003. The EU maintains a police training mission in Macedonia. The EU takeover of NATO military operations in Macedonia has been echoed in Bosnia, on a larger scale, beginning in December 2004.

Macedonia's long-term goals, shared by the United States and the international community, include full membership in NATO and the European Union. NATO has pledged to uphold its "open door policy" for NATO candidate countries such as Macedonia, Albania, and Croatia. At the EU's Thessaloniki summit in June 2003, EU member states reiterated their commitment to the full integration of the western Balkan states in the union. Macedonia has concluded a Stabilization and Association Agreement with the EU, and formally applied for EU membership in early 2004. EU and U.S. officials urged Macedonian voters to stay on track with reforms consistent with the Ohrid agreement, and praised them for endorsing Euro-Atlantic integration with the widespread boycott of the November 7 referendum. On the eve of the referendum, the United States announced its decision to recognize Macedonia by its constitutional name, the Republic of Macedonia, rather than its interim name, The Former Yugoslav Republic of Macedonia, as an expression of support to a multiethnic and democratic state.

Related reports include CRS Report RL31053, *Kosovo and U.S. Policy*, and CRS Report RL32136, *Future of the Balkans and U.S. Policy Concerns*. This report may be updated as events warrant.

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Macedonia (FYROM): Post-Conflict Situation and U.S. Policy

Most Recent Developments

Many landmark events in Macedonia took place in 2004. President Boris Trajkovski, a key proponent of the power-sharing deal that ended the inter-ethnic conflict in 2001, was killed in a plane accident in early 2004. Former Prime Minister Branko Crvenkovski won direct presidential elections to succeed him in April.

In early November, the United States formally recognized Macedonia under its constitutional name, the "Republic of Macedonia." The decision was announced a few days before Macedonia was to hold an opposition-sponsored referendum on halting the decentralization process. The U.S. decision was portrayed as an expression of support to the multi-ethnic Macedonian government and to the Ohrid peace process. Greece, a party to the longstanding dispute with its northern neighbor over the name "Macedonia," lodged an official protest. U.N.-sponsored talks on resolving the dispute have continued.

With the government and ethnic Albanian parties calling for a boycott, the November 7 referendum brought out only 26% of the electorate and failed due to low turnout. The package of laws on decentralization and local government reform constitutes the final parts of the 2001 Ohrid Framework Agreement to be implemented.

Shortly after the referendum failed, Prime Minister Hari Kostov unexpectedly resigned on November 15 and charged his ethnic Albanian coalition partner, the Democratic Union for Integration (DUI), with obstructionism and corruption. However the governing coalition remained intact and Social Democratic leader Vlado Buckovski replaced Kostov as Prime Minister. Buckovski pledged to accelerate reforms, consolidate peaceful inter-ethnic relations, and secure candidate status for Macedonia in NATO and the EU by 2006. Macedonia formally applied for EU membership in March. NATO did not issue new invitations to candidate countries at its Istanbul summit in June 2004, but alliance members commended Macedonia's progress in defense reforms and said the door remained open to future enlargement.

¹ The Former Yugoslav Republic of Macedonia is a provisional name coined by the United Nations pending settlement of a disagreement with Greece over the name of the country. This dispute has yet to be resolved. For abbreviation purposes only, FYROM shall be referred to in this report as "Macedonia." See section on name dispute, below.

Introduction

Macedonia is a small, land-locked country in southeastern Europe, formerly part of Yugoslavia. Its population of about 2 million people includes approximately 64% Slav Macedonians, a large ethnic Albanian minority (representing about 25% of the population, according to the 2002 census), as well as some ethnic Turks, Roma (Gypsies), and Serbs. For nearly a decade after gaining independence in 1991, Macedonia managed to avoid the kind of bloody ethnic conflict that engulfed other former Yugoslav republics, and even appeared to serve as a sort of model for ethnic co-existence in the region. Nevertheless, the international community remained concerned about the possible consequences of any "spillover" of fighting into Macedonia, since it was feared that conflict once sparked in Macedonia could spread beyond its borders and lead to a regional war.

In early 2001, an ethnic insurgency threatened to derail Macedonia's fragile stability and lead to another extended conflict in the Balkans. Ethnic Albanian guerrillas calling themselves the "National Liberation Army" (NLA, many with ties to the former Kosovo Liberation Army) claimed responsibility for a series of attacks on Macedonian police units. The incidents sparked an eight-month armed conflict between the insurgents, who claimed to be fighting for improved rights for the ethnic Albanian community, and Macedonia's police and armed forces. The conflict spread from the border region with Kosovo to areas around the capital, Skopje.

In August 2001, European and U.S. peace envoys achieved an agreement among Macedonia's main political parties — both Slav and ethnic Albanian — to resolve the crisis. The Ohrid Framework Agreement outlined a package of political reforms to expand the rights of the ethnic Albanian minority that was to be implemented as the rebel force disbanded and disarmed under NATO supervision. Key aspects of the agreement are outlined above. Implementation of the framework agreement at first progressed slowly and unsteadily, but consistent international support and pressure have encouraged greater stability and political normalization.²

Macedonia's current multi-ethnic government remains committed to the Ohrid process. Its surrounding region has remained relatively calm, with all western Balkan states seeking closer association with and membership in NATO and the European Union. At the same time, since September 11, 2001, U.S. and international attention and resources have shifted away from the Balkans and toward other troubled regions of the world, especially in the Middle East. The United States continues to support multilateral efforts to stabilize Macedonia, but has increasingly looked to the European Union to play a larger international role in the Balkans, starting with Macedonia. The growing EU role includes both operational elements and a broader integration strategy.

² For additional information about the 2001 conflict and aftermath, see CRS Report RL30900, *Macedonia: Country Background and Recent Conflict*, March 28, 2002.

Ohrid Framework Agreement - Summary

The Ohrid framework agreement was signed by Macedonia's four main political parties on August 13, 2001, and provides for a staged reshaping of inter-ethnic relations and power-sharing arrangements.

The document lists some basic principles of the Macedonian state and includes provisions on: the cessation of hostilities and the voluntary disarmament of ethnic Albanian armed groups; devolving centralized power to local administration; and reforming minority political and cultural rights. Among other things, the provisions create a "double majority" requirement in parliament (including a majority of representatives from minority populations) for passage of certain constitutional amendments and laws affecting minority rights. Local governments are granted enhanced competencies, including the right to select local heads of police, but with some centralized controls. The agreement names Macedonian as the official language of the country, but says that any language spoken by 20% of the population is also an official language. State funding for university-level education in minority languages is to be provided where that language is spoken by 20% of the population.

Annexes to the agreement outline fifteen detailed amendments to be made to the constitution and several legislative modifications to be adopted by the national assembly, some within designated deadlines (most of which were not met). Another annex invites the international community to assist in the implementation of the framework agreement, help to train and restructure the police, organize a new census, observe parliamentary elections, and convene a donors' conference.

Full text of the agreement can be found at [http://faq.macedonia.org/politics].

U.S. Interests

The United States has long maintained that peace and security in the Former Yugoslav Republic of Macedonia is important for Balkan stability and U.S. interests. During the 1990s, the United States remained actively engaged in multilateral efforts to prevent the spread of ethnic conflict to Macedonia, bolster Macedonian independence and state viability, and manage bilateral disputes between Macedonia and Greece. U.S. and other international leaders feared that any prolonged violent conflict involving Macedonia could swiftly become internationalized and implicate neighboring states, including NATO allies. They therefore frequently expressed support for Macedonia's sovereignty and territorial integrity. The multi-year deployment of a small contingent of U.S. military forces to Macedonia as part of a U.N. mission in the early 1990s — the first engagement of U.S. military ground forces in the Balkans — further demonstrated the U.S. commitment to the Macedonian piece of the regional stability puzzle. When violent inter-ethnic incidents threatened to embroil all of Macedonia in early 2001, U.S. representatives played a key role in international efforts to defuse the conflict, formulate the Ohrid Framework Agreement for peace, and oversee post-conflict stabilization and peace implementation.

The United States and its European allies share the same broad goals for Macedonia, which foresee its full integration, along with other western Balkan states, into Euro-Atlantic institutions and a whole and free Europe at peace. Toward this end, successive U.S. Administrations have worked to achieve sustainable peace in the region and have promoted the open-ended enlargement policies of NATO and the European Union. At the same time, the United States has supported the gradual but steady process of shifting greater international responsibility for the Balkan region to the European Union. The EU and its member states have provided the bulk of international financial assistance to the former Yugoslavia and currently account for most of the international military forces in the region. The Bush Administration has given greater emphasis to accelerating and supporting this process, especially with U.S. attention and resources intensely focused on the global war on terrorism, Iraq, and other Middle East issues. In addition, overall steady (if slow) progress in building sustainable peace has generally kept the conflict-ridden Balkan region below the crisis-management threshold.

Unfinished Business

Notwithstanding these significant changes to the global environment, the fate of Macedonia is of ongoing U.S. interest for several reasons. First, the United States remains committed to following through on processes underway in Macedonia that have come about in part due to substantial prior U.S. engagement and investment of political, economic, and military resources. The United States shares with the rest of the international community an interest in preventing a reversal of progress in Macedonia, a relapse into conflict, or weakening of the state's long-term viability. A related goal is to stem illicit trade in drugs, armaments, and persons through the region. While a downturn in developments in Macedonia may not pose any strategic threat to the United States — as compared to global terrorism or weapons proliferation — it would run counter to U.S. goals for greater stability in the region and its peaceful integration into the rest of Europe. Current U.S. policy aims to consolidate peace and stability gains since 2001 and encourage progress toward full membership in Euro-Atlantic institutions.³

Until irreversible progress in Macedonia is secured, the United States will likely remain involved in closely monitoring developments and facilitating progress in Macedonia in conjunction with the international community. The United States continues to enjoy unparalleled influence and credibility throughout the Balkans, even as its share of international responsibilities there is steadily reduced and its visible role diminishes. Recognizing this, U.S. officials have repeatedly rejected the notion that the United States might "cut and run" from the Balkans, lest the perception of U.S. disengagement have a destabilizing impact. The United States has also solicited and received political and military support from the Macedonian government for U.S.-led operations in Iraq and Afghanistan.

³ FY2005 Congressional Budget Justification for Foreign Operations, released February 10, 2004.

Kosovo's Future

A second reason why Macedonia continues to be relevant to U.S. interests is that its fate is widely perceived to be integrally tied with that of neighboring Kosovo, whose final political status has remained unresolved since the 1999 Kosovo conflict. Kosovo represents a focal concern of strategic interest in the region and beyond. At present, U.N. offices established under U.N. Security Council Resolution 1244 retain ultimate authority in the province. The international community is expected to begin to engage in final status deliberations in 2005. Whatever outcome eventually emerges, resolution to Kosovo's final status is likely to have a major impact on the entire region. During a trip to the region in late 2003, Undersecretary of State for Political Affairs Marc Grossman asserted that "getting Kosovo right is key to having the Balkans integrated into European and Euro-Atlantic structures." The outbreak in March 2004 of widespread inter-ethnic violence in Kosovo added greater urgency to the question of Kosovo's current situation and future prospects.

Macedonia's leaders have neither played nor sought a direct role in Kosovo's governing situation or final status deliberations; nevertheless, many observers believe that what ultimately happens in Kosovo could have a particularly strong impact on Macedonia. Certain scenarios for Kosovo's final status instill concerns about Macedonia's security and viability. Some observers fear that independence for Kosovo, for example, may inspire breakaway aspirations by Macedonia's ethnic Albanian communities and lead to the creation of a "greater Albania/greater Kosovo." Others are concerned that proposals to partition Kosovo could be echoed in Macedonia and lead to the country's dismantling. There is also the concern that compromise proposals on Kosovo's status may prompt dissatisfied ethnic Albanians to turn to extremist militant groups in Kosovo, southern Serbia, and Macedonia. An inability to resolve Kosovo's status in the next few years, or at least prolonged uncertainty about any final outcome, could have the same effect. The fact that all possible outcomes in Kosovo theoretically remain on the table contributes to an unsettled and insecure security environment. Macedonia is also deeply affected by day-to-day events in Kosovo on account of its shared borders, cross-border ethnic Albanian community ties (including links with ethnic Albanian insurgent groups), and commercial and illicit trade routes.

Test Case for European Defense

A third area of interest for the United States has been the role Macedonia has played as a test case for the development of the European Union's Common Foreign and Security Policy (CFSP) and European Security and Defense Policy (ESDP). To date, Macedonia has served as an example of constructive U.S. - European partnership in the Balkans. U.S., NATO, and EU coordinated diplomatic activity helped to bring about the 2001 Ohrid agreement. U.S. and European officials continue to advance shared goals of stabilizing Macedonia and promoting its integration into Euro-Atlantic institutions.

⁴ AP newswire, November 5, 2003.

Beyond foreign policy, Macedonia became the first setting for operationalizing the EU's defense goals. Once issues regarding NATO and EU institutional and operational links were resolved (see section on international security presence, below), the United States strongly supported the handover of the NATO military operation in Macedonia to the EU in March 2003. Administration officials lauded the transfer of responsibility — occurring around the same time as the U.S. - led invasion of Iraq — as a welcome division of labor and the "right mission" in the "right place" for NATO to hand off duties to the EU.⁵ It should be kept in mind, however, that the Macedonia mission remained small and limited, not involving an open-ended commitment of forces or a high-intensity security environment. NATO and NATO contributing countries (including the United States) have also kept a presence on the ground in Macedonia in support of NATO's KFOR mission in neighboring Kosovo.

Post-Ohrid Political and Economic Developments

Political and Economic Landscape

Macedonia's first post-conflict elections were held on September 15, 2002, in a generally peaceful process. The leading incumbent governing party of former Prime Minister Ljubco Georgievski (VMRO-DPMNE) fared poorly, while the tenparty opposition alliance called Together for Macedonia (led by the Social Democratic Alliance - SDSM, which had governed until 1998) secured 40% of the vote. Together for Macedonia formed a majority coalition with Ali Ahmeti's new ethnic Albanian Democratic Union for Integration (DUI) party, thus bringing about the second successive peaceful transfer of power from one group of parties to another. The inclusion in government of the DUI also symbolized the transformation of Ali Ahmeti from political spokesman of the former rebel National Liberation Army to governing party leader. The new bi-ethnic government led by Prime Minister Branko Crvenkovski took office on November 1, 2002. It holds a solid majority in parliament and includes the largest Slav and ethnic Albanian parties. Crvenkovski had previously served as Macedonia's Prime Minister from 1992 to 1998.

Governing party leaders have repeatedly expressed their commitment to improving inter-ethnic relations and implementing the 2001 Ohrid agreement. In contrast, opposition leaders from both the Slav Macedonian and ethnic Albanian parties have expressed far less optimistic assessments and have sharply criticized the government's performance for different reasons. Leaders from both groups of opposition parties have expressed more extremist positions on inter-ethnic issues for

⁵ Nicholas Fiorenza, "EUFor begins on diminutive note," *Armed Forces Journal*, June 2003, p. 14.

⁶ The Organization for Security and Cooperation in Europe (OSCE) reported that the elections largely met international standards for democratic elections.

their respective communities, with some even calling for an ethnic partition of the country.⁷

In February 2004, President Boris Trajkovski was killed in a plane crash over Bosnia. Given his role as chief architect of the Ohrid agreement and political voice of compromise, some observers became concerned that Trajkovski's death might derail post-Ohrid developments. Prime Minister Crvenkovski decided to run for the office of the presidency and emerged victorious after two rounds of voting in April 2004. In the second round, Crvenkovski soundly defeated the candidate of the opposition VRMO-DPMNE party, Sasko Kedev, by 62.7% to 37.%. The ethnic Albanian parties backed Crvenkovski in the second round. Turnout barely surpassed the 50% threshold for validity of the process, but opposition calls for a boycott also did not succeed. Crvenkovski pledged to represent all citizens of Macedonia and to work toward Macedonia's entry into the EU and NATO.

After the presidential election, former Interior Minister Hari Kostov (unaffiliated) replaced Crvenkovski as Prime Minister. In November, Kostov unexpectedly resigned, citing frustration with the lack of progress in economic reforms and blaming the ethnic Albanian DUI party for obstructionist and corrupt practices. The multi-ethnic coalition held together nevertheless and former Defense Minister Vlado Buckovski replaced Kostov as Prime Minister. He also became leader of the Social Democratic Party. Buckovski pledged to reinvigorate economic reforms, consolidate peaceful inter-ethnic relations, and bring Macedonia closer to EU and NATO membership.

The state of the Macedonian economy is a major area of concern since it plays a crucial role both in the country's post-conflict recovery and the successful implementation of the Ohrid accord. However, political instability and inter-ethnic issues have dominated much of the government's agenda to date, and the economy is likely to represent the next major national challenge in 2005. Former Prime Minister Kostov cited the lack of progress in implementing reforms as a primary factor leading to his resignation in November 2004. Macedonia's economic outlook foresees steady but only limited GDP growth in the near term. GDP levels declined by over 4% during the 2001 year of conflict, grew a scant 0.7% in 2002 and reached only 3.0%-4.0% growth in 2003 and 2004. Rising unemployment (around 37%) remains a significant problem and disproportionately affects the minority and youth populations. Fighting corruption remains a major priority of the governing parties.

⁷ "Macedonia politics: Societal divisions slow to heal," Economist Intelligence Unit *Viewswire*, October 23, 2003.

⁸ The candidacy of a key nationalist personality, former Interior Minister Ljube Boskovski of the VMRO-DPMNE, was rejected for not meeting residence eligibility requirements. See International Crisis Group. Macedonia: Make or Break, August 3, 2004. Available at [http://www.icg.org].

⁹ The OSCE reported some serious irregularities but said that the elections were "generally consistent" with democratic standards.

¹⁰ Upon becoming President, Crvenkovski resigned as party leader of the Social Democratic Alliance of Macedonia.

Increasing foreign investment in Macedonia is another expressed priority, and is tied to Macedonia's progress in implementing privatization. Macedonia is dependent on trade routes connecting Greece and Serbia, and is developing further east-west routes between Bulgaria and the Adriatic Sea. Macedonian authorities have concluded stand-by arrangements with the International Monetary Fund and is scheduled to begin negotiations in early 2005 on a new IMF arrangement that focuses on reform targets. If successful, a new IMF deal could pave the way for a multi-year agreement with the World Bank on a lending package to promote structural reforms and job creation.

Ohrid Implementation

Census. A prominent element of the Ohrid agreement was the holding of a national census that would provide a critical basis for determining ethnic representation in public sector positions and the application of minority rights. Earlier census proceedings and results had been disputed by the ethnic Albanian community, which felt that its numbers were misrepresented. After a delay, a new census was held in November 2002. International monitoring reported a successful process with limited irregularities. Delays in processing census data postponed the release of final results until December 1, 2003. A joint U.S., EU, OSCE, and NATO statement lent full international support to the census results as published. Some nationalist opposition members on both the Slav Macedonian and Albanian sides have disputed the results.

Decentralization. Fulfillment of the last requirement of the Ohrid accords has involved a package of laws to devolve governing power from the center to local authorities and redraw administrative boundaries at the local level. This effort reflected a critical element of the Ohrid process since it would address the ability of ethnic Albanian communities to exercise greater rights in local areas where they are concentrated. However, the decentralization process also involved base territorial issues that would affect power balances at the local level, and revived ongoing fears about possible ethnic partition.

Over the summer of 2004, the government proposed, and parliament passed (after protracted debate), legislation on reforming local self-government. The government proposals would gradually reduce the number of municipalities in Macedonia from 123 to about 80 and establish new boundaries for them. Local governments would gain greater authority over education, policing, social welfare, financing, and other policies. Ethnic Albanians would become the majority in over a dozen municipalities. Opposition parties on both sides of the ethnic divide criticized aspects of the law, and nationalist Macedonian groups predicted greater ethnic divisions to result. Especially contentious were redistricting plans for the towns of Skopje, Struga, and Kicevo, which under the new municipality boundaries would merge with surrounding ethnic Albanian villages and, in the case of Struga,

¹¹ State Department press release, December 1, 2003. Official results of the census reported that ethnic Macedonians comprised 64.18% of the population; ethnic Albanians, 25.17%; ethnic Turks, 3.85%; Roma, 2.66%; Serbs, 1.78%; Bosnian Muslims, 0.84%; Vlachs, 0.48%, and others, 1.04%.

revert to an Albanian majority. Supporters countered that, in addition to supporting the Ohrid process and the country's aspirations for NATO and EU membership, the new plan would produce a greater number of ethnically mixed municipalities than before. Other groups criticized the lack of transparency exercised during government negotiations on the specifics of the law, including territorial boundaries.

2004 Referendum. In response to the government's plan, Macedonian nationalist groups organized popular protests in Skopje and Struga, which brought out tens of thousands of demonstrators and which turned violent in Struga. In addition, opposition parties and the World Macedonian Congress launched a citizens' initiative to hold a referendum on the decentralization plan with the intent to revoke it. Gathering more than 180,000 signatures on a referendum petition, well over the required limit, the initiative forced parliament to schedule a date for the referendum.

The referendum was held on November 7, 2004. It presented a single question that asked voters if they favored an earlier law on the territorial organization of local self-government. The measure would be considered passed if a simple majority approved it, provided that a majority of voters turned out. A successful vote would have imposed a one-year moratorium on the government's decentralization plans. Government officials and the ethnic Albanian parties¹² urged voters to reject the initiative through a boycott. International officials called on Macedonian voters to reject a "turn to the past" and support the Ohrid process. On November 7, only an estimated 26% of the electorate turned out, and the referendum failed due to low turnout. Of those who voted, a large majority voted against the government's decentralization package. Opposition groups claimed fraud, but the OSCE said the referendum was "generally consistent" with democratic standards. U.S. unilateral recognition of Macedonia's constitutional name on the eve of the referendum (see section on name dispute, below) is credited by some as a factor contributing to the vote's defeat.

Local elections to the new municipalities have been repeatedly put off as this process has unfolded, and are now scheduled for March 13, 2005. The results may lead to new political alliances at the local level.

Inter-ethnic Outlook. Many international observers welcomed the referendum's invalid results and believe that Macedonia would have suffered serious setbacks on many fronts had it succeeded. Even with the failed referendum, some observers believe that the recent debates over decentralization revealed ongoing political and societal fissures, not yet healed after the 2001 insurgency, that could hinder further development and reforms. On the other hand, the defeat of the referendum may point to new opportunities for dialogue on inter-ethnic issues and forward progress in reforms. President Crvenkovski has called for all political parties to declare their support for Macedonia's strategic goals of entry into the EU and NATO.

¹² Opposition Albanian parties supported the boycott but also opposed the new law on local self-government.

Political stability in Macedonia is enhanced by the governing coalition's formal strength in parliament, even though it remains fraught with internal divisions. Meanwhile, the opposition parties continue to have no stake in supporting the government's agenda and have proven willing to fan nationalist sentiment for political gain. Ahmeti's DUI party has the burden of demonstrating that it can advance ethnic Albanian interests inside the government lest it lose support to the other ethnic Albanian parties. Inter-ethnic tensions may also resurface in the context of a deteriorating economic situation.

The threat posed by residual armed ethnic Albanian extremist groups persists but appears more remote than in 2001-2002. The most prominent extremist group in the post-conflict scene has been the so-called Albanian National Army (ANA), a radical group claiming to seek the unification of ethnic Albanian lands. Splinters of the old National Liberation Army (NLA) are also thought to be active. Such groups and individuals appear to enjoy little broad-based public support, but are funded by criminal activity and diaspora support. They overlap extensively with crime gangs involved in cigarette smuggling, kidnapping, and trafficking in arms, drugs (mainly heroin), and persons.¹³ In 2002-2003, the Albanian National Army claimed responsibility for a series of targeted terrorist attacks in Macedonia, Kosovo, and southern Serbia, prompting the U.N. Mission in Kosovo to label it a terrorist Some unidentified Albanian militants were spotted during the organization. November 2004 referendum. The prevalence of small arms throughout Macedonia. despite international efforts to encourage disarmament, remains a concern. However, the fact that the outbreak in March 2004 of violent inter-ethnic riots in neighboring Kosovo, mainly against ethnic Serb communities, did not spill over into Macedonia has been seen as a positive sign that extremist violence can be contained.

In late 2004, armed ethnic Albanian militants briefly claimed control over Kondovo, a suburban town outside of Skopje. The paramilitaries took up arms reportedly in protest of the ongoing treatment of ethnic Albanians and limited amnesty granted to former militants. The situation in Kondovo was defused in December without a major military response by the government. Instead, negotiations with leading ethnic Albanian political leaders led the rebels to disband and de-militarize the town.

International Policy

International Security Presence

Macedonia has had experience with foreign forces on its territory for nearly its entire existence as an independent country. Compared with Bosnia and Kosovo, the international military presence in Macedonia remained small in scale, under a varying succession of mandates. During the wars of Yugoslav secession in the 1990s, the United Nations sent its first "preventive deployment" mission of international peacekeepers to Macedonia to boost stability in the country and to discourage conflict

¹³ Neil Barnett and Jeta Xharra, "Macedonian clashes spark Ohrid fears," *Jane's Intelligence Review*, October 1, 2003.

spillover. The small U.N. mission, which included a U.S. military contingent, was in place from 1993 until 1999. In advance of and during the 1999 Kosovo conflict, NATO deployed thousands of troops to Macedonia in support of Operation Allied Force and in preparation for the deployment of KFOR, NATO's peacekeeping force in Kosovo. KFOR has retained a rear headquarters in Macedonia for logistical and communications functions. Some KFOR participating nations have also kept national support elements in Macedonia.

In response to the 2001 conflict in Macedonia, NATO first carried out Operation Essential Harvest, a limited mission of about 4,000 troops to supervise the demilitarization and disarmament of ethnic Albanian rebel forces. As a follow-up mission, NATO launched the smaller Operation Amber Fox to provide a monitoring presence and security for international civilian personnel overseeing implementation of the framework agreement. An even smaller mission, Allied Harmony, took over for Amber Fox in December 2002, providing continuity in NATO's military presence and contributing to a stable environment in Macedonia. The United States did not contribute forces to the post-Ohrid NATO missions in Macedonia, but did provide them with logistical and other forms of support.

Beginning in 2002, the European Union developed plans to take over the military mission in Macedonia from NATO, under the EU's nascent European Security and Defense Policy (ESDP). Unresolved issues on general principles of security cooperation between NATO and the EU held up further movement on the EU plans for several months. In late 2002 – early 2003, NATO and the EU formalized principles for establishing institutional links, including EU access to NATO assets and support, under an arrangement dubbed "Berlin Plus." Thereafter the Macedonian government invited the EU to assume responsibility for the follow-on force to NATO's Operation Allied Harmony.

On March 31, 2003, NATO formally handed over the Macedonia military mission to the European Union's Rapid Reaction Force. Operation Concordia represented the EU's first military operation and first demonstration of the Berlin Plus arrangement. The operation comprised about 350 troops from over two dozen EU and non-EU countries, with France contributing roughly half of the force. German Admiral Rainer Feist, NATO's Deputy SACEUR, was the operational commander. EUROFOR, the European Operational Rapid Force, ¹⁴ assumed operational command of Concordia from France on October 1, and Portugese General Luis Nelson Ferreira Dos Santos became the force commander. Operation Concordia drew upon support from NATO command facilities at the Supreme Headquarters Allied Powers Europe (SHAPE) and NATO operational reserves already located in Macedonia. Concordia's mandate was limited at first to six months, but was later extended to December 15, 2003. NATO, meanwhile, retained a separate military and civilian advisory role in Macedonia as part of its NATO Headquarters Skopje mission. NATO closed out its civilian office in June 2004; a

¹⁴ Eurofor was established in 1995 and is comprised of French, Italian, Portuguese, and Spanish troops. It is a separate body from EUFOR, the EU's 60,000 strong Rapid Reaction Force.

military advisory team remains at NATO Headquarters Skopje to assist in security reforms and provide logistical support to forces in Kosovo.¹⁵

The European Union described Operation Concordia as one component of its larger and multi-faceted commitment to Macedonia, which includes economic assistance and EU-association benefits. Beyond Macedonia, the EU's ground-breaking Concordia operation served as a test case for other EUFOR operations. Notably, the EU assumed military peacekeeping duties from NATO in Bosnia in December 2004. As the EU builds its military capabilities and considers additional missions beyond EU borders in the future, it will draw on its initial experiences in Macedonia.

Proxima. In advance of Operation Concordia's December 15, 2003 termination date, the EU and the Macedonian government considered options for a new EU presence. They agreed to establish an EU police mission (EUPOL), called Proxima, in Macedonia consisting of about 200 civil police officers and resembling the EU police mission in Bosnia. The new mission is focused on training local police forces rather than on enforcing policing, border security, or other law enforcement duties. EU police experts "monitor, mentor, and advise" the Macedonian government and local Macedonian police and support their development as an efficient, well-trained, professional, and multi-ethnic police service. ¹⁷

The EU formally approved of the Proxima police mission on September 29, 2003, which began on December 15, for a period of one year. In October 2004, the EU Council extended Proxima's mission for a second year, or until December 2005. The Proxima mission was first led by Mr. Bart D'Hooge, a police officer from the Netherlands, who was replaced by German Brigadier General Jürgen Paul Scholz in December 2004. The mission is comprised mostly of unarmed police officers and civilian staff from EU member and candidate countries, as well as staff from the host nation. The EU mission supplements the police development activities of the Organization for Security and Cooperation in Europe (OSCE), which has been actively involved in a range of peace implementation tasks. NATO continues to provide support to the EU mission, but moved into a "minimum presence" in Macedonia, reflecting the end of international military operations in the country. ¹⁸ The EU also maintains a Special Representative in Skopje.

Macedonian officials have expressed satisfaction with the evolution of the EU missions and note that the country's greater need lies in the area of police reform rather than an external military presence. They were pleased to bring to a close the extended chapter of Macedonian dependence on foreign intervention and sought to

¹⁵ "Trump Card up NATO's Sleeve," Nova Makedonija in BBC Monitoring Europe, June 9, 2004.

¹⁶ For further information, see CRS Report RS21774, *Bosnia and International Security Forces: Transition from NATO to the European Union in 2004*, by Julie Kim.

¹⁷ European Council meeting on external relations, Press Release 12294/03, Sept. 29, 2003. See also Proxima home page at [http://www.eupol-proxima.org].

¹⁸ NATO press conference, December 10, 2003.

emphasize the country's return to relative stability and normalcy.¹⁹ After meeting with Prime Minister Crvenkovski in Washington in November 2003, Secretary of State Powell said that Macedonia has reached "a degree of political stability and security" that no longer required an external military force. Nevertheless, some observers expressed concerns about a potential "security gap" between the capabilities of the new EU mission and the remaining security requirements in Macedonia.²⁰

NATO Integration

In addition to NATO's continuing advisory role on the ground, Macedonia maintains ties with NATO through institutional associations such as NATO's Partnership for Peace (PFP), the Euro-Atlantic Partnership Council (EAPC), and the Membership Action Plan (MAP) for countries seeking NATO membership. Macedonia is among the so-called "Vilnius Group" of ten central and east European countries that came together in 2000 to promote their collective entry into the alliance. At the Prague summit in November 2002, NATO heads of state and government extended invitations to seven of the Vilnius Group countries and upheld NATO's "open door" policy to other candidate countries. 21 At the Istanbul summit in June 2004, NATO reaffirmed its Open Door policy and commended the Adriatic Charter countries for their progress in reforms and contributions to regional stability and cooperation.²² However, no new invitations were issued. For their part, Macedonian officials have set 2006 as a target date for NATO entry. Officials from NATO member countries have frequently praised Macedonia's progress in implementing defense-related reforms. U.S. officials have noted that Macedonia's involvement in the Adriatic Charter (see section on regional relations, below) and participation in military operations in Afghanistan and Iraq demonstrate Macedonia's commitment to contributing to international security and would factor into NATO's considerations.²³

European Union Integration

A key strategic goal for Macedonia, as well as for other western Balkan countries, is to intensify ties with the European Union and eventually gain EU membership. In May 2004, the EU welcomed ten additional countries into the union as full members, including Slovenia, a former republic of Yugoslavia. The EU has

¹⁹ In this position the Macedonian government differs with local authorities in Bosnia and Kosovo, who both support a continued external military presence on their respective territory to provide for a secure environment.

²⁰ For example, the non-governmental International Crisis Group recommended that the EU military mission be extended until the EU police mission became well established. "Macedonia: no room for complacency," International Crisis Group Report No. 149, October 23, 2003.

²¹ Prague summit declaration, NATO Press Release (2002) 127, November 21, 2002.

²² Istanbul summit communiqué, June 28, 2004.

²³ U.S. Undersecretary of State for Political Affairs Marc Grossman, Skopje, Macedonia, November 6, 2003. Press availability transcript at [http://skopje.usembassy.gov].

confirmed in principle the prospect of additional countries entering the union in the future.²⁴

At their June 2003 Thessaloniki summit, EU leaders reiterated their "unequivocal support" to the EU aspirations of the western Balkan states and referred to the accession process as "irreversible." At the same time, EU leaders emphasized the primary responsibility of the Balkan states to implement reforms in order to address significant challenges and eventually to meet EU political and economic entry criteria. They highlighted the region's problems of organized crime, corruption, and illegal immigration. EU leaders agreed to increase CARDS (Community Assistance for Reconstruction, Development, and Stabilization) assistance to the region by 200 million euro over three years. Some critics charged that the EU, while delivering a welcoming long-term vision, remained weak on specific incentives or encouragement. Supporters of EU policy counter that the pull of the EU perspective provides a powerful incentive for reforms. They also argue there can be no shortcut to the difficult and lengthy process of comprehensive reforms and alignment that all countries must go through in order to achieve EU membership.

Macedonia was the first country to conclude a Stabilization and Association Agreement (SAA) with the EU in 2001 (the SAA entered into force in April 2004). The EU launched the Stabilization and Association process in 1999 in order to provide a long-term integration strategy, if not a roadmap, for the five countries of the conflict-ridden western Balkan region.²⁵ The SAA (the key component of the initiative) provides for increased access to EU markets and EU assistance, and represents the first manifestation of formal association with the union, but does not mark the start of accession negotiations. In its last Stabilization and Association progress report (from March 2004), the European Commission praised evidence of political stability in Macedonia and urged further progress in implementing remaining political reforms. It noted serious economic weaknesses that pose increasing challenges to the transition process.²⁶

The Macedonian government formally submitted its application for EU membership on March 22, 2004. On October 1, outgoing European Commission President Romano Prodi delivered to Skopje a comprehensive accession questionnaire that will provide input toward the Commission's eventual "opinion," or evaluation of the country's preparedness for EU candidacy. The Macedonian government is expected to deliver its responses to the EU questionnaire in early 2005. New EU enlargement commissioner Olli Rehn has stated that, depending on its level of progress, Macedonia could be granted candidate status by the end of 2005.

²⁴ For additional information on EU enlargement, see CRS Report RS21344, *European Union Enlargement*.

²⁵ The countries are Albania, Bosnia-Herzegovina, Croatia, Macedonia, and Serbia and Montenegro.

²⁶ Report from the Commission. *The Stabilization and Association process for South East Europe, Third Annual Report.* March 30, 2004. COM (2004) 202/2.

Regional Relations and Kosovo

The Macedonian leadership has actively promoted regional cooperation and regional approaches to common challenges like organized crime, trafficking, and illegal immigration. It has also embraced a regional strategy for achieving economic integration and closer ties to NATO and the EU. At the Prague NATO summit in November 2002, the Presidents of Albania, Croatia, and Macedonia proposed to President Bush the creation of a U.S. - Adriatic Charter, modeled after the U.S. - Baltic Charter (established in 1998). The Adriatic Charter initiative aims to deepen regional cooperation, promote reforms, and thereby improve the collective integration prospects of the three countries. U.S. partnership in the initiative underscores U.S. support for the region's ultimate goal of integrating with NATO and the EU. Secretary of State Powell and the foreign ministers of the three countries met on May 2, 2003, in Albania, to sign the Adriatic Charter. Secretary Powell said that the Charter would serve as a guide toward full membership in NATO and other European institutions.²⁷

During the 1999 Kosovo conflict, tens of thousands of Kosovar Albanian refugees fled to Macedonia. Most returned to Kosovo swiftly after the withdrawal of Serbian forces from the province that summer. Since then, Macedonian governments have consistently expressed support for international efforts to stabilize neighboring Kosovo. Macedonia has endorsed the international community's policy of achieving "standards before status" in Kosovo, with an emphasis on improving stability in the province and surrounding region. Macedonian leaders have vowed to remain neutral in future talks on Kosovo's final status, but have urged that any outcome not become a destabilizing factor in the region. Macedonia's ethnic Albanian parties are supportive in principle of Kosovar Albanian aspirations for independence. Macedonia clearly has national interests at stake in Kosovo's political status and developments in Kosovo in general, especially with international considerations over Kosovo's status expected to begin in mid-2005. Macedonian officials maintain concerns about security on the northern border (neighboring Kosovo and Serbia) and consult regularly with the Serbian government and UNMIK and NATO personnel in Kosovo about border security. According to Macedonian and NATO officials, the border security situation has been generally stable, although a dispute over the demarcation of the border between Kosovo and Macedonia remains unresolved.

Name Dispute²⁸

Macedonia has been in a dispute with Greece over use of the name "Macedonia" ever since it declared independence in 1991. Macedonia has asserted its right to use and be recognized by its constitutional name, the Republic of Macedonia. Greece has objected to its northern neighbor's use of the name "Macedonia," claiming that it usurps Greece's heritage and implies territorial ambitions at Greece's expense.

²⁷ Remarks by Secretary of State Powell, Foreign Policy Association's Annual Dinner, Washington, DC, May 7, 2003. Transcript available at [http://usinfo.state.gov].

²⁸ See also CRS Report RS21855, *Greece Update*, by Carol Migdalovitz.

Macedonia entered the United Nations in 1993 under the provisional name of The Former Yugoslav Republic of Macedonia (FYROM). Overcoming a stretch of tense relations and a Greek trade embargo, Athens and Skopje signed a bilateral agreement in September 1995 that normalized relations and settled all outstanding issues except for the name. Since then, Macedonian and Greek representatives have met periodically under U.N. auspices to continue consultations on the name disagreement, but no mutually acceptable solution has yet been reached. U.S. diplomat Matthew Nimetz has acted as the U.N. Secretary-General's personal envoy in these talks for the past several years.²⁹

During the U.N. General Assembly meetings in September 2004, media reports suggested renewed efforts to reinitiate international negotiations on the dispute. With the completion of certain major events such as the Greek general elections, Summer Olympic games, and the Macedonian presidential election, some observers identified a potentially favorable window for a resolution to this dispute, especially in view of the anticipated international focus on the status of Kosovo in 2005. Ambassador Nimetz expressed confidence about the mutual good will for further negotiations.

On November 4, 2004 (a few days before the scheduled referendum in Macedonia on decentralization), the U.S. State Department announced that the United States had decided to refer to Macedonia officially as the Republic of Macedonia. The State Department spokesman said the decision underscored the "U.S. commitment to a permanent, multi-ethnic, democratic Macedonian state within its existing borders" and U.S. support for the Macedonian government's "courageous decision to carry through with decentralization." He emphasized that the recognition decision was taken without prejudice to the U.N. negotiation process and was not directed against any other country. However, the decision sparked bitter protestations from the government of Greece. After the referendum, the U.S. spokesman praised the outcome and expressed the Department's belief that U.S. recognition contributed to the Macedonian voters' choice to support the Ohrid framework document.³⁰

Despite the lack of a negotiated resolution, the ongoing dispute appeared to have little impact on other aspects of Greek or European policy vis-à-vis Macedonia since 1995. Greece is a key trading and investment partner with Macedonia and has a growing stake in Macedonia's stability. Within the EU, Greece has acted as a proponent of EU engagement in and assistance to Macedonia. During its six-month tenure holding the EU Presidency in the first half of 2003, Greece sought to add impetus to the EU's approach in the Balkans and promote EU efforts to improve Balkan security and stability. The Greek presidency's efforts culminated in the June 2003 Thessaloniki summit of EU and western Balkan leaders, which issued a joint declaration on promoting the security and eventual EU integration of the Balkan states. In the aftermath of the shift in U.S. policy on recognition of Macedonia, however, the Greek government reiterated that a mutually agreeable solution on the

²⁹ The U.N.-sponsored process was mandated by U.N. Security Council Resolutions 817 and 845 (1993).

³⁰ State Department regular news briefing, November 4, 2004 and November 8, 2004.

name dispute must be found before Greece would approve a decision in either the EU or NATO on Macedonia's accession.³¹

Ambassador Nimetz has stated that the U.N. negotiation process with Greek and Macedonian representatives would continue. Official representatives briefly convened in New York on January 14, 2005, and are set to meet again in late February. The Macedonian government reportedly favors a dual formula, under which Greece would use one name in bilateral relations, while the rest of the world would use Macedonia's constitutional name.

Other U.S. Policy Issues

Several additional U.S. policy priorities relate directly or indirectly to Macedonia. For example, Macedonia has played a small but symbolic and steady role with regard to the global war on terror and evolving situation in Iraq. Prior to the U.S.-led invasion of Iraq in March 2003, foreign ministers from the ten-nation Vilnius Group of NATO candidate countries, including Macedonia, signed a joint statement supporting U.S.- led efforts to disarm Saddam Hussein. Their position contrasted sharply with the opposition expressed by France and Germany to military action in Iraq. In the post-war environment, the United States has sought to increase international participation in peacekeeping efforts in Iraq. Macedonia, along with most countries in east central Europe and Eurasia, agreed to send forces to the U.S.led international coalition. A special forces unit of about 30 Macedonian troops currently serves in Iraq. About 20 Macedonian troops also serve in the International Security Assistance Force (ISAF) in Afghanistan, commanded by NATO. U.S. officials have frequently commended Macedonia's support to the United States in the global war on terrorism, including Defense Secretary Rumsfeld during a visit to Macedonia in October 2004.

Without specifying individual country preferences, U.S. officials have expressed continued support for NATO's Open Door policy with regard to future candidate countries. With NATO's latest round of enlargement in 2004, the western Balkan states are now surrounded by NATO members. The United States has encouraged Macedonia's participation in NATO's Membership Action Plan, which helps candidate countries prepare for NATO membership. U.S. participation in the Adriatic Charter initiative reflects U.S. support for efforts by Macedonia, Croatia, and Albania to advance their integration into NATO.

The United States maintains targeted sanctions against extremist individuals and groups that threaten peace and stability in the Balkans. Executive Order 13304 blocks the assets of 150 designated persons and groups (mostly from Bosnia) and prohibits most transactions with them.³² The list extends to many dozens of individuals identified from Macedonia and other western Balkan countries and

³¹ Athens news agency, November 5, 2004.

³² Executive Order 13304 of May 28, 2003, *Federal Register*, Vol. 68, No. 103, May 29, 2003, p. 32315.

includes the Albanian National Army, which the Administration has labeled a criminal extremist group. The United States also imposes sanctions against countries that fail to take measures to counter transnational trafficking of persons. The western Balkan region is a transit and destination point for trafficked women and children. The State Department's 2004 report on global trafficking in persons designated Macedonia to be a "Tier 1" country, or one whose government fully complied with the minimum standards for the elimination of trafficking.³³ Macedonia, therefore, did not become subject to the limited sanctions under the Victims of Trafficking and Violence Protection Act of 2000 for countries in non-compliance with the Act's standards for combating human trafficking.

The United States continues to provide bilateral assistance to Macedonia under the Support for East European Democracy (SEED) Act. Originally authorized to assist transition efforts of the central European countries, SEED Act assistance is now almost exclusively targeted on countries in the western Balkan region. Macedonia was allocated about \$50 million in SEED Act funds in FY2003, \$39 million in FY2004, and \$34 million in FY2005. The United States also provides security assistance, anti-terrorism assistance, and a Peace Corps program to Macedonia. U.S. programs in Macedonia seek to facilitate and strengthen the reform process outlined by the Framework Agreement, especially in the areas of the economy and democratization. Macedonia has nondiscriminatory trading status (NTR) with the United States and is eligible for Generalized System of Preferences (GSP) benefits.

Another priority for the Bush Administration has been to secure bilateral agreements with countries that are parties to the International Criminal Court (ICC) on exempting U.S. personnel from possible extradition to the ICC. Congress has conditioned the provision of U.S. military assistance to non-allied countries on such exemption agreements (dubbed "Article 98" agreements after a provision in the ICC's Rome Statute). The Macedonian government concluded a so-called "Article 98" exemption agreement with the United States in June 2003; as a result, President Bush waived the prohibition on U.S. military assistance with respect to Macedonia.³⁴ The Administration obligated about \$8 million in Foreign Military Financing and \$0.7 million in International Military Education and Training program funds for Macedonia in FY2004; and \$6.5 million in FMF and \$0.65 in IMET for FY2005. In contrast, the European Union, whose members strongly support the ICC, has opposed the U.S. effort to secure these bilateral agreements and expressed regret about Macedonia's agreement with the United States. Macedonia's actions on this issue suggest to some observers continued strong U.S. political influence over Macedonia's leaders.

The 2004 State Department report can be found at [http://www.state.gov/g/tip/rls/tiprpt/2004].

³⁴ For more information on the Article 98 agreements, see CRS Report RS21612, *East Central Europe: Status of International Criminal Court (ICC) Exemption Agreements and U.S. Military Assistance*, by Julie Kim.

Issues for Congress

Many of the policy issues outlined above are of direct or indirect concern to Congress. Previous Congresses have generally supported, and occasionally insisted on, shifting greater international responsibility for peacekeeping and reconstruction in the Balkans to the European Union. While Members of Congress may be divided on the question of a full withdrawal of U.S. forces from Bosnia or Kosovo, the handover of the Macedonia mission from NATO to EU hands in early 2003 was seemingly uncontroversial. More controversial was the Administration's move in November 2004 to recognize Macedonia by its constitutional name. For example, Senator Sarbanes issued a statement calling the decision inopportune and counterproductive.³⁵

A primary issue of regional interest in Congress is the future of Kosovo. Many Members have gone on record in support of independence for Kosovo, and such an outcome may carry significant implications for neighboring Macedonia. Congress is also interested in the future of NATO enlargement, including NATO's decisions on future candidates and the ability of candidates states such as Macedonia to meet NATO standards for membership and contribute meaningfully to the alliance.

Legislation. In the first session of the 108th Congress, the House passed H.Con.Res. 209, a concurrent resolution commending the signing of the United States-Adriatic Charter, on June 23 by a vote of 381 to 1. The Senate agreed to H.Con.Res. 209 with amendments on July 29. In February, the Senate passed S.Con.Res. 4, commending the support of 18 European nations, including Macedonia, for Iraq's full compliance with U.N. Security Council Resolution 1441, and their expressions of solidarity with the United States. In the second session, the House passed a resolution (H.Res. 558) in March 2004 that welcomed the accession of seven countries into NATO, called for the process of NATO enlargement to remain open, and recommended a NATO summit to review the applications of Albania, Croatia, and Macedonia by 2007. The House and Senate passed separate resolutions (H.Res. 540 and S.Res. 314) in March 2004 expressing condolences for the untimely death of Macedonian President Boris Trajkovski and commemorating his leadership. In November 2004, the House introduced H.Con.Res. 530, which encouraged Greece and Macedonia to continue negotiations to determine a mutually acceptable official name for Macedonia.

³⁵ Press release, November 4, 2004, available at [http://sarbanes.senate.gov].