



**REPUBLIC OF MACEDONIA
MINISTRY OF FOREIGN AFFAIRS**

**Address
by
H.E. Mr. Antonio Milososki,
Minister of Foreign Affairs of
the Republic of Macedonia
at
the London School of Economics**

**The Republic of Macedonia – Tests Passed and
Challenges Ahead**

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Distinguished Mr. (претставникот на Школата)
Excellencies,
Ladies and gentlemen, dear guests,

It gives me special pleasure to stay in London, in the city that today and years in the past has been the leading business and financial centre of the world, in the city that, with its influence in politics, education, entertainment, art, and let us not forget fashion, rightfully enjoys the status of one of the main global cities. Taking this into consideration, I believe that London, that is, the famous and renowned London School of Economics and Political Science, founded in the distant 1895 and the motto of which is "rerum cognoscere causas" (to know the causes of things)¹, is the best place for my today's address "The Republic of Macedonia – Tests Passed and Challenges Ahead "

Distinguished ladies and gentlemen,

On **8 September this year**, the Republic of Macedonia celebrated the 16th anniversary of its independence. On that day in the year 1991, the citizens of the Republic of Macedonia, in a referendum, by overwhelming majority, voted for independent and autonomous Macedonian state. Thenceforth, we have treaded a long and hard road, a road full of numerous challenges. Our guide on this road have always been the basic principles for building modern, democratic society in which human rights and freedoms are respected and rule of law is adhered. I believe that we have achieved great results in this respect.

Nevertheless, the most difficult test for the Republic of Macedonia since its independence has been the ethnic conflict of 2001. Owing to the endeavours of the most influential domestic politicians and the assistance from the international community, especially the European Union, the conflict has been resolved. The Republic of Macedonia ***has translated into a political document*** the centuries-built ***tolerance and mutual respect***, which are not just a *modus vivendi* of democracy in multiethnic society, but our *credo* as well. Therefore, our functional multiethnic democracy is our greatest added value of which we can be proud in Europe. **The Ohrid Agreement**, concluded after the clashes of 2001, when Macedonia was faced with the choice between the past and the future, has made us more stable, more democratic, and stronger. We appreciate the support we were afforded by the European Union in those moments. I believe I will not overstate in saying that today Macedonian society is qualified as small Europe, with diverse cultures, diverse religions, diverse languages and successful togetherness.

Ever since the first days of independence, **NATO and EU integration has been a major challenge for the Republic of Macedonia**. Euro-Atlantic integration has become our top foreign policy priority. We have clearly paved the road to the democratic and freedom-loving associations and on that road we have demonstrated genuine maturity, awareness of our will and abilities and perseverance in our aspirations. Today we can proudly say that for the Republic

¹ Endorsed in February 1922, upon proposal of professor Edwin Cannan.

of Macedonia the Alliance and the EU are no longer merely an optimistic thought and remote perspective, as they become reality with every passing day. Today, my country is a European Union and NATO candidate country, and I, as its minister of foreign affairs, would like to elaborate further in this regard.

As I have mentioned, the Republic of Macedonia is a **Union candidate country**, the same status granted to Croatia and Turkey. The only difference is that we have not started membership negotiations. However, in the past decade we have learned that first we need to do our homework assignments and know how to be patient. On the other hand, we expect the Union to know how to assess our accomplishments and to know that it needs to be swift. In our country reforms are implemented in the areas of judiciary, public administration, the decentralisation process is in progress, serious fight is conducted against organised crime and corruption, and the present Government puts special emphasis on improving the economic situation in the country, which I shall address shortly. We expect that all our endeavours will be valorised in the Progress Report that the European Commission prepares this autumn and that it will send a positive signal for start of negotiations.

I will not be sincere if I do not mention that there is more work ahead. However we have will and zeal, and we are convinced that with the assistance of our European friends we shall respond to the challenges, aiming at becoming as soon as possible part of the European family, where we have always belonged.

The benefits will not be unilateral. With the membership of the Republic of Macedonia the European Union will become more diverse. You must be wondering, what can the Republic of Macedonia offer to the altar of United Europe as an added value?

Above all, it is our **vitality**. Since the days of the dissolution of former Yugoslavia, the Republic of Macedonia has shown such vitality, in the face of all military threats, economic blockades and challenges to its identity, that this fact alone qualifies it for active factor in the integration processes.

This is complemented by our **constructiveness, political reason, social maturity and sense for anticipation of processes**. Just how many times has Macedonia faced a situation of choice between the past and the future? And this is not a simple choice – the developments in our neighbourhood confirm this best. Nevertheless, we analyse the present and look forward to the European future, and we have not failed in our choice, at least when issues of long-term importance are concerned. To the challenges of the past we have sought and responded with European answers.

Ladies and gentlemen,

This position in responding to internal challenges makes Macedonian society open and the state essentially oriented toward full cooperation in the region. **Regional cooperation and development of good-neighbourly relations** are yet another challenge, another foreign policy priority goal of the Republic of Macedonia, as part of the European integration. In this respect, I would like to briefly address our relations with neighbouring countries. With

Bulgaria and Albania we maintain good political relations. Regretfully, however, the economic dynamics lags behind. Additional problem is presented by the fact that the road infrastructure still bears features from the period of Yugoslavia, when little was invested in opening Macedonia to the East and to the West. However, today there is political will and numerous projects are realized. In addition, the cooperation with Albania is intensive, as Albania, Croatia and Macedonia, with the support from the USA, have together formed the **Adriatic Charter** for joint integration into NATO. These three countries expect NATO membership invitation at the Bucharest Summit to be held in April 2008, which is our second strategic foreign policy goal.

The cooperation with **Greece**, our southern neighbour, is excellent at the economic level. Greece is among the greatest foreign investors in Macedonia, and for the Macedonians Greece is one of the favourite tourist destinations. Only we, the politicians, do badly, and we still waste energy unproductively on some irrational disputes. Such is the bilateral dispute about the name of Macedonia, an absurd dispute in which it is requested that the Republic of Macedonia change its name because in northern Greece there is a province which was officially renamed into Macedonia and Thrace as recently as 1988. According to this reasoning, Belgium should request the Duchy of Luxembourg to change its name owing to the Belgian province of Luxembourg; France should dispute with Great Britain, which bears the name of the province of Brittany; and Germany should challenge the name of France, since the ancient Franks were a Germanic people. Nonetheless, we have understanding for the historical sensitivity of Greece in regard of Macedonia. And as our name is not disputable for London, Berlin, Warsaw, Ljubljana, Washington, Moscow, Sofia, Beijing and other countries in the world, but it is disputable only for Athens, we are prepared to offer a bilateral compromise. It is encouraging, though, that realistic opinions emanate from Athens as well, such as the view of former foreign minister Pangalos, who called the name dispute an “artificial issue”, created during the nationalist policy of Samaras, and pointed out that modern Greek policy is today hostage of this situation.

A colleague of mine had a very constructive proposal for the name which Greece uses for us rather than “former Yugoslav Republic of Macedonia“: instead of former – future, instead of Yugoslav – European; thus, they will call us “Future European Republic of Macedonia“!

The relations with our northern neighbour, **Serbia**, are normal. We lived 50 years in a common state, we know and understand each other well. The economies of the two countries have been complementary since the time of Yugoslavia.

At this point, we arrive at the issue which is imposed in itself: **Kosovo**. The Macedonian government considers that after ten years of difficulties, it is high time for final resolution. The Republic of Macedonia sees the resolution to this issue through the prism of ensuring permanent stability and prosperity of the region. Kosovo is a European issue – a challenge to European perspective and to the implementation of European standards there. Therefore, Macedonia has supported and still supports the plan of Martti Ahtisaari, considering it as a step towards shaping the European future of Kosovo. Any delay in resolving the final

status of Kosovo will only increase the risk of destabilisation of the region and encourage the proposals for partition of Kosovo, which can be heard recently and which are unacceptable for us, because of the potential negative implications for the region and the negative message that would be sent.

We sincerely hope that the new round of negotiations, with the assistance of the Troika, will bring the positions of the two parties closer. Otherwise, in the **post-status period**, we are available for sharing our experiences in the process of municipal decentralization, as well as in respect of the mechanisms for building a multiethnic democracy. As a neighbouring country, our goal is to make constructive contribution to building friendly environment.

The closing of the last outstanding issue in the Balkans will unquestionably have positive influence on the entire region and will increase the trust of **foreign investors**. And the attraction of foreign investment is one of the priority goals of the present Macedonian government. For that purpose, and for the purpose of improving the economic situation in the country in general, a comprehensive programme is implemented: two years ago the Central Registry of the Republic of Macedonia became operational and the one-stop-shop system has been introduced, by which registration of companies in Macedonia takes 3 to 5 days. **Foreign investments are guaranteed**, just like the **repatriation of profit**.

As of 2007, **flat tax** has been introduced, with rates which are among the lowest in Europe, 12% profit and personal tax; in 2008 these rates will be further reduced to 10%. Naturally, the question "How will you manage with the reduced budget revenue?" follows. I must say that that the revenues are better than projected, because with the lowered rates and the enhanced control and fiscal discipline tax evasion and grey economy have been significantly reduced. Our motto is: equal distribution of tax burden, i.e. that all tax payers pay, but pay low taxes, rather than only part of the payers pay, and pay high taxes.

"The Regulatory Guillotine" is aimed at suspending all superfluous, unnecessary and all other rules and regulations that only complicate the operations of investors, while the personnel-strengthened Agency for Foreign Investments should be the first contact and follow the investors during their investing in Macedonia. Inquire and you will find that there are a large number of foreign companies that have operated successfully in the Republic of Macedonia for many years!

I would like to thank the London School of Economics and Political Science for making my address possible and to thank you for your attendance and attention.