

MACEDONIA:
TOWARDS DESTABILISATION?
The Kosovo crisis takes its toll on Macedonia

Table of Contents

EXECUTIVE SUMMARY

I.	INTRODUCTION.....	1
II.	THE REFUGEE SITUATION IN MACEDONIA.....	2
	1. The Bigger Political Picture.....	2
	2. The Camps.....	4
	3. Tension between the Macedonian Government and International Organisations.....	6
III.	MACEDONIA HIT BY KOSOVO ECONOMIC FALL-OUT	7
IV.	INTERETHNIC RELATIONS IN MACEDONIA.....	8
V.	CONCLUSIONS AND RECOMMENDATIONS.....	10

Annexes:

- ABOUT THE INTERNATIONAL CRISIS GROUP
- LIST OF SELECTED ICG REPORTS
- LIST OF BOARD MEMBERS



EXECUTIVE SUMMARY

Since NATO bombing of the Federal Republic of Yugoslavia began on 24 March 1999, Macedonia has been in an extremely vulnerable frontline position, facing an unmanageable influx of refugees from Kosovo, the prospect of economic collapse and volatile domestic interethnic relations.

This report, prepared by ICG's field analyst in Skopje, gives a candid assessment of the current situation in Macedonia and pinpoints the threats to the country's stability that have arisen out of the Kosovo conflict.

At the most immediate level, the burden of having to cope with more than 200,000 Kosovo refugees is taking its toll on Macedonia. Macedonia must at all costs keep its border open for Kosovo Albanians seeking refuge from atrocities committed by Serb security forces and paramilitaries. But the international community must do everything in its power to provide Macedonia with the necessary financial aid and logistical assistance to handle a humanitarian crisis of this proportion.

Ideally, refugees expelled from Kosovo should stay in the region, as close to their home province as possible, in order to be able to return swiftly once the conflict is over. But meanwhile their sheer numbers are threatening to destabilise the neighbouring countries that have taken them in, which is a frightening scenario in a region as highly charged as the Balkans. In Macedonia, worsening socio-economic conditions are already being blamed on the unwanted presence of the refugees. Leaving large numbers of refugees in this country for an extended period of time is likely to result in friction between the refugees and the local population. It will also lead to the deterioration of relations between the country's ethnic Macedonians and the sizeable ethnic Albanian minority. Third countries must therefore be willing to speed up their intake of Kosovo refugees in order to ease the pressure on Macedonia as soon as possible.

The bigger political picture aside, the situation in the refugee camps in Macedonia is getting increasingly tense and complicated. Tents are overcrowded and sanitary conditions appalling. As a rule, refugees are not allowed to leave the camps. Most spend their days with nothing to do and in uncertainty about their future, which causes widespread frustration. There have also been widespread complaints about the treatment of refugees by the Macedonian police guarding the camps.

As summer approaches, more attention must be paid to sanitary conditions in the camps, which endanger not just the refugees and aid workers in the camps. There are concerns that the waste from the camps is already contaminating drinking water and water used for agriculture. As temperatures rise, the danger of epidemics increases. The number of refugees in the camps must therefore be

reduced as soon as possible, and sanitary installations and other infrastructure must be upgraded. If the refugees are still unable to return by September or October the camps must be made winter-proof.

Relations between the Macedonian authorities and international aid organisations have been strained in recent weeks. The government says foreign organisations operating in Macedonia fail to take into account the toll the refugee crisis is taking on the country, and accuses them of promoting destabilisation through their insistence on an ever-increasing intake of refugees. Government officials also complain about the "arrogance" and "hypocrisy" of UNHCR and NATO in particular. They have threatened to impose customs duties on imported international aid should NATO and UNHCR continue to "Boycott" Macedonian products. Given the grave state of Macedonia's economy, international organisations should buy Macedonian products whenever possible. This would not only have a positive economic effect but also represent a psychological boost. At the same time, co-ordination between the various humanitarian organisations working in Macedonia must be improved.

The economic fall-out from the Kosovo conflict is another serious threat to Macedonia's stability. Instead of experiencing modest growth as projected for 1999, the Macedonian economy is now set to shrink by as much as 10 percent of Gross Domestic Product. Trade with Yugoslavia, its main trading partner, has collapsed, causing Macedonia to lose one of its most important export markets and a vital source of raw materials. Consequently, a number of factories had to close down, adding to already high unemployment. At the same time, the main transit route for Macedonian exports to most of Europe has been closed, increasing costs for exports. State coffers, almost empty before the outbreak of the crisis, are now practically exhausted. This means that there is hardly any money left for unemployment benefits, pensions, and health care provisions.

In order to avoid an economic meltdown and reduce the danger of social unrest, Macedonia needs swift and straightforward financial assistance from the international community. This assistance must be sustained until Macedonia has recovered from the effects of the Kosovo conflict and is no longer teetering on the edge of total collapse.

Finally, the combination of the refugee crisis and the worsening socio-economic situation seriously threatens the delicate balance of interethnic relations in Macedonia. The situation to date is still stable, but tense. Politicians in Macedonia must exercise extreme caution and moderation. Any initiative to improve inter-ethnic relations should be encouraged and supported by the international community. At all costs, the situation must not be exploited to pit one ethnic group against the other.

Macedonia's future depends to a large degree on developments in Kosovo and a swift resolution of the refugee crisis. The sooner the Kosovo conflict is over and refugees can return, the less significant the consequences for Macedonia will be. But as long as the conflict continues, Macedonia will need all the assistance it can get. The alternative is another downward spiral of instability in the Balkans.



MACEDONIA: TOWARDS DESTABILISATION?

The Kosovo crisis takes its toll on Macedonia

I. INTRODUCTION

The Kosovo crisis has had dramatic consequences for Macedonia. Since NATO air strikes against the Federal Republic of Yugoslavia began on 24 March 1999, Macedonia has been in an extremely vulnerable frontline position, facing an unmanageable influx of refugees, the prospect of economic collapse and volatile domestic interethnic relations.

This report, prepared by ICG's field analyst in Skopje, gives a detailed assessment of the current situation in Macedonia and pinpoints the threats to the country's stability that have arisen from the Kosovo conflict.

The burden of having to cope with over 200,000 Kosovo refugees is taking its toll on Macedonia. Macedonia must at all costs keep its border open for Kosovo Albanians seeking refuge from atrocities committed by Serb security forces and paramilitaries. But the international community must do everything in its power to provide Macedonia with the necessary financial aid and logistical assistance to handle a humanitarian crisis of this proportion. Third countries must be willing to put up considerable numbers of refugees in their territory in order to ease the pressure on Macedonia, despite the possible disadvantages of such an approach. This is particularly true if the current conflict is not resolved soon. Leaving large numbers of refugees in Macedonia for an extended period of time is likely to result in a further destabilisation of the country and the region as a whole.

The economic fall-out from the Kosovo conflict is another serious threat to Macedonia's stability. Macedonian trade with its main trading partner, Yugoslavia, has collapsed, causing Macedonia to lose one of its most important export markets and a vital source of raw materials. The Macedonian economy is set to shrink this year, and the knock-on effects of economic decline are potentially disastrous for the country. The international community must be prepared to grant Macedonia swift and non-bureaucratic financial assistance to keep the economy and with it, the state institutions, from total breakdown.

Finally, the combination of the refugee crisis and the economic fall-out from the Kosovo conflict threatens the delicate balance of inter-ethnic relations in Macedonia. Macedonian politicians and the international community must work hard to keep interethnic relations in Macedonia stable and avoid a situation where ethnic groups are pitted against each other.

II. THE REFUGEE SITUATION IN MACEDONIA

1. The Bigger Political Picture

According to figures released on 17 May by the United Nations High Commissioner for Refugees (UNHCR), there are currently circa 229,300 Kosovo refugees in Macedonia. Approximately 78,900 of these live in refugee camps; 120,432 registered refugees live with host families; and 30,000 are believed to be staying with host families without having registered. The number of refugees currently in Macedonia equals roughly 11 percent of that country's population.

Ever since the beginning of the refugee crisis, the numbers of refugees arriving in Macedonia (and in other countries neighbouring Kosovo) have tended to fluctuate wildly. From one day to the next, streams of refugees would give way to virtually no cross-border movement at all, and vice versa. These vicissitudes can largely be explained by Yugoslav President Slobodan Milosevic's tactics, i.e. whether it suited his interests at a given point to drive refugees out of Kosovo or whether he preferred to have them wandering around within the province as Internally Displaced Persons (IDPs).

For instance, while some 11,100 Kosovars crossed into Macedonia on 4 May, the numbers fell to 8,100 on 5 May and 2,600 on 6 May. There were hardly any new arrivals between 7 and 14 May¹. Over the past few days the figures started going up again. On 15 May, some 350 Kosovars crossed into Macedonia, followed by around 1,050 on 16 May and several hundred on 17 May. What remains unclear at the moment is whether this development heralds a new wave of refugees, as indicated in a *Voice of America* report, which claimed that around 100,000 Kosovars were waiting to cross into Macedonia.²

There have been allegations that the sharp drop in refugee arrivals was not caused by Belgrade's doing alone. Humanitarian aid workers in Macedonia suspect that some form of deal was struck between Belgrade and Skopje at the request of the Macedonian authorities for Belgrade to redirect refugees towards Albania, rather than allowing them to cross into Macedonia.³ Kosovar refugees for their part claimed that when the train in which Kosovar leader Fehmi Agani tried to

¹ On 7 May, UNHCR reported no new arrivals, while the number of newly registered refugees over the next days was a mere 98 on 10 May, seven on 12 May, and 11 on 13 May.

² *Dnevnik*, 18 May 1999.

³ *Dnevnik*, 12 May 1999, citing a Reuters report.

leave Kosovo for Macedonia was turned back at the border, the explanation given by Yugoslav police was that Macedonian authorities refused entry.⁴

However, an explicit deal to this effect between Belgrade and Skopje seems rather unlikely for a number of reasons. Given Milosevic's repeated reversals on the refugee issue, it would not make much sense for the Macedonian government to rely on Belgrade honouring such an arrangement. If Milosevic decided that it was in his interest to destabilise Macedonia further by sending in another flood of refugees, there is nothing Macedonia could do to stop him. Furthermore, such an agreement (or even allegations that it exists) would seriously jeopardise Macedonia's standing with the West, on which it relies not only for short-term assistance but also for long-term good will. Finally, if the existence of any such deal was ever proven, it would tear apart the Macedonian government, since the Democratic Party of Albanians (DPA), one of the three coalition partners, would never tolerate such a move. This would lead to a serious deterioration of interethnic relations in Macedonia, since ethnic Albanians would lose what little trust they have in ethnic Macedonian politicians. Still, it can not be ruled out altogether that some individuals —not necessarily at top level— approached Belgrade with such a request without the knowledge of their superiors, although even that seems unlikely.

While the number of refugees arriving in Macedonia has decreased significantly, humanitarian evacuation (i.e. relocation to third countries) has gathered pace. Currently, between 1,000 and 2,500 refugees per day are flown out of Macedonia to asylum elsewhere. As of 17 May, the total number of refugees who had left Macedonia for third countries under the Humanitarian Evacuation Programme amounted to 48,508 people. Another 208 refugees had left for Albania under the Humanitarian Transfer Programme.

But refugee transfer out of Macedonia is still too slow. The plan to transfer 6,000 refugees to Albania (and up to 60,000 more, once additional camps have been set up) has thus far failed, because most refugees in Macedonian camps are surprisingly reluctant to go to Albania and very few volunteer to do so.

Transfer to other countries has also been slow, as many countries have only taken in a fraction of the number they promised to take, and some have taken in none at all. As a matter of fact, the number of refugees in Macedonia is only decreasing because there have been so few new arrivals in recent days. But if the situation on the border changes were to change significantly, the relatively small impact of the humanitarian transfers so far could be wiped out in a day or two.

It is obvious that third countries —and the wealthier and more developed nations in particular— need to take in refugees at a higher pace than they currently do. Many argue that it is in the interest of the Kosovars and the international community if the refugees stay close to Kosovo, in a familiar cultural surrounding and with the prospect of swift return once the conflict with Yugoslavia ends. Such an argument, however, fails to take several factors into account. Many refugees, although they want to stay close to Kosovo, are fed up with conditions in the refugee camps and

⁴ *Dnevnik*, 12 May 1999.

want to leave for third countries, regardless of the geographic distance from their homes. Also, Macedonia was reluctant to accept the refugees in the first place, and their presence is already being blamed for worsening socio-economic conditions inside the country. The longer the refugees are forced to stay in Macedonia, the more likely there will be friction between refugees and the local population. This could also lead to a deterioration of relations between the country's ethnic Macedonians and the sizeable ethnic Albanian minority. The threat to Macedonia's stability is thus very real.

Although the situation is currently stable, both the Macedonian government and the international community must be prepared for a complete reversal at any time. If Milosevic for some reason decides that it is once again time to drive tens of thousands of Kosovars out of the province, there is little Macedonia or the international community can do to stop him. The Macedonian government needs to keep the border open for all refugees who are forced to leave Kosovo, regardless of the numbers. The international community, for its part, needs to step up the transfer of refugees from Macedonia even before the next big wave arrives, and must be prepared to promptly and significantly increase the number of transfers if necessary. At the same time, international organisations and foreign governments have to provide Macedonia with financial aid, expertise, and the necessary infrastructure so that it can cope with the effects of the refugee crisis.

Thus far, considerable amounts of money have been pledged to Macedonia to deal both with the refugee crisis and the other effects of the Kosovo conflict. Governments, the European Commission (EC) and other international institutions have promised to help Macedonia with considerable sums, but in practice, aid has been slow in arriving. The European Commissioner for Humanitarian Affairs, Emma Bonino, claimed during a recent visit to Skopje that EC money had not arrived because the Macedonian government had failed to provide the Commission with the necessary paperwork.⁵ The government, on the other hand, keeps putting the blame on the international community. Although it is becoming increasingly obvious that the new government is inexperienced after of this magnitude, international donors should be more flexible in providing aid swiftly and without too many bureaucratic obstacles.

In an encouraging development, an international donors' conference in Paris on 6 May pledged to give Macedonia financial aid worth \$252 million (235 million Euro): \$102 million (95 million Euro) in grants and \$150 million (140 million Euro) in long-term loans at preferential interest rates. Again, it is of the utmost importance that this money arrives in Macedonia as soon as possible in order to avoid a financial collapse.

2. The Camps

As the Kosovo conflict continues, the situation in Macedonian refugee camps is getting increasingly tense and complicated. Currently, refugees are put up in eight camps throughout the country. The number of refugees in individual camps differs

⁵ European Commissioner Emma Bonino in a speech at a reception for international aid workers in Skopje, 8 May 1999.

significantly, from just 400 in the Radusa Collective Center, 800 in the Radusa camp, and 2,400 in the Senokos camp, to 15,600 in Stenkovec I, 17,500 in Stenkovec II, and 30,700 in Cegrane.⁶

Virtually all camps are tent cities. People usually live 10 to 20 to a tent, depending on the camp. Sanitary facilities are appalling at most camps. As a rule, refugees are not allowed to leave the camps. Recently, the government also restricted outsider entry into the camps to persons accredited to international organisations or bearing special government permits. While refugees are obviously safe in the camps, the vast majority spend their days with nothing to do and in uncertainty about their future fate, which causes widespread frustration among them.

Reports from refugees and humanitarian workers alike suggest that corruption is widespread, especially in connection with people's attempts to get on flights out of Macedonia. Refugees allegedly pay considerable amounts of money to get themselves onto the lists for evacuation to third countries.

Refugees also complain about the treatment they receive from the Macedonian police guarding the camps. On 10 May, over 2,000 refugees in Stenkovec protested against what they called abuse by the Macedonian police and demanded that the camps be guarded by NATO troops.⁷ Luckily, the protests remained isolated and non-violent, but more incidents of this kind cannot be ruled out if the situation in the camps does not improve. The Macedonian government rejected the demand that NATO guard the camps, but it agreed to increase the number of ethnic Albanian policemen working there. This might ease some of the pressure and improve the treatment of refugees.

But serious problems remain. As summer approaches, more attention must be paid to sanitary conditions in the camps. Efforts are currently underway to improve facilities by providing more showers and latrines, but the situation is still bad, with many refugees not being able to wash at an acceptable frequency. The appalling conditions endanger not just the refugees and aid workers in the camps; there are also serious concerns that the waste from the camps is already contaminating the drinking water of many cities, including Skopje, as well as the water used to irrigate agricultural land. Once the temperatures reach 40 degrees centigrade, there will be a serious danger of epidemics spreading in the overcrowded camps, with potentially tragic consequences. Therefore, not only must the number of refugees in the camps be reduced urgently, but sanitary installations and other infrastructure need to be upgraded as soon as possible.

Furthermore, measures need to be taken to reduce the level of frustration among the refugees in the camps. UNICEF is in the process of setting up a schooling system for refugee children. But something must also be done for adults who spend their days with little or nothing to do. One positive example in this connection is that of international humanitarian organisations, who, in co-operation with Skopje-based NGOs, brought some 1,000 wind-up radios to Macedonia and

⁶ All figures are as of 17 May 1999, according to UNHCR.

⁷ *Makedonija Denes*, 11 May 1999.

are currently distributing them in the camps.⁸ This will help the refugees to keep in touch with the outside world and developments in the region, and it will also provide some form of entertainment and distraction.⁹ But more can clearly be done, such as encouraging and financing cultural activities in refugee camps.

Preparations must also be made for the next winter. If the refugees are still unable to return to their homes by September or October, it is obvious that at least some of them will stay in Macedonian camps over the winter. The camps must be prepared for the intermediate rainy season, lest they turn into mud fields. They must also be equipped with heating, warm clothes and blankets. Even if the refugees are able to return to Kosovo before winter sets in, any winter equipment will be useful since it will most definitely be lacking in Kosovo.

3. Tension between the Macedonian Government and International Organisations

Unfortunately, relations between the Macedonian authorities and international aid organisations have been strained in recent weeks. Especially the UNHCR and the Macedonian government have ruffled feathers more than once. Three main conclusions can be drawn from developments thus far:

- the government and international humanitarian organisations have yet to find a good way of co-operating;
- co-operation among the aid agencies themselves still leaves quite a lot to be desired; and
- the international community has not been very good at presenting its work, which after all is highly necessary, to the Macedonian public in anything that comes close to a positive light.

The government's main accusation against foreign organisations operating in Macedonia is that they fail to take into account the impact the refugee crisis is having on the country. According to the government, this lack of sensitivity to Macedonia's position, coupled with the insistence that the country should take in ever more refugees, is a seriously destabilising force. Government officials also repeatedly complain about what they call the "arrogance" and "hypocrisy" of UNHCR and NATO in particular. Defence Minister Nikola Kljusev and Deputy Foreign Minister Boris Trajkovski, the two main figures in the government dealing directly with the refugee crisis and international assistance, threatened on 5 May to impose customs duties on incoming international aid if NATO and UNHCR continued to "boycott" Macedonian products.¹⁰ UNHCR reportedly buys only cooking oil, flour and bread from Macedonian sources, while other organisations spend considerably more money on Macedonian products. For example, Catholic Relief Services and Mercy Corps have thus far spent around \$3.5 million (3.3 million Euro) on food products, clothing, and blankets bought in Macedonia. The

⁸ Those radios run without batteries and were initially developed for use in Africa by people who have no access to batteries or can not afford them.

⁹ There are many Albanian-language radio stations broadcasting in Macedonia. Recently, journalists from Kosovo also started (as yet unlicensed) broadcasts on Macedonian territory.

¹⁰ *Dnevnik*, 6 May 1999.

German army battalion in Tetovo spends 500,000 German marks per month (250,000 Euro or \$267,000) on food, municipal services, and salaries for its local staff.¹¹

According to one aid worker, big international relief organisations, in particular UN agencies, bring in the necessary supplies from their warehouses abroad. These supplies were of course bought in bulk at highly preferential prices that even local Macedonian producers would find hard to undercut.¹² While it may be standard procedure for big humanitarian organisations to rely on the resources already at their disposal, this approach fails to take into account that the Macedonian economy is on the brink of collapse. It would be of great economic help for Macedonia if more products were bought locally, in particular foodstuffs, but also clothing, blankets, and possibly certain kinds of pharmaceuticals. This would ease the tension somewhat, since ethnic Macedonians tend to see the refugees as an unwelcome burden forced upon them by the West, and foreign aid workers as well-meaning people with no understanding of the country and no interest in the fate of the local population.

At the same time, co-ordination between the various humanitarian organisations working in Macedonia must be improved. Many of the NGOs guard their independence jealously, and as a result, there is less co-operation than possible or desirable. UNHCR and the International Office of Migration (IMO), supposedly responsible for co-ordinating the international aid effort, still have to live up to this role, although admittedly things seem to be improving. NGOs active in Macedonia should seriously consider institutionalising a higher degree of co-ordination in order to make the most effective use of existing resources and create a higher level of synergy.

III. MACEDONIA HIT BY KOSOVO ECONOMIC FALL-OUT

Macedonia has been very hard hit by the economic fall-out of the Kosovo crisis. Not only does the country have to accommodate a very high number of refugees, which in itself constitutes a considerable burden (regardless of the fact that most of the associated expenses are covered directly or will be reimbursed by the international community). Equally important are the consequences for the country's economy and social welfare system.

Instead of experiencing modest economic growth as projected for 1999, Macedonia will see its economy shrink this year, possibly by as much as 10 percent of Gross Domestic Product (GDP). The budget deficit will increase, tax revenues dwindle, and the already negative balances of payment and trade will show a gaping deficit.

Before the current crisis, Yugoslavia was Macedonia's most important trading partner. Not only did Macedonia export many of its products to its northern neighbour, it also imported a lot, including raw materials for its own industry. Since

¹¹ *Dnevnik*, 8/9 May 1999.

¹² ICG interview, 7 May 1999.

the beginning of the NATO campaign, Macedonian trade with Yugoslavia has come to a standstill. As a result, a number of factories had to close down, sending their employees on unpaid leave or laying them off altogether. This has pushed up the already considerable number of unemployed people even higher. According to some estimates, factory closures caused by the Kosovo crisis may have driven unemployment as high as 40–50 percent.

At the same time, the traditional transit route for Macedonian exports to most of Europe has been closed. Transport through Yugoslavia was the fastest and cheapest way of getting Macedonian goods to markets in Central and Western Europe. Increased cost and additional transportation time are especially problematic in the case of agricultural products, one of Macedonia's main exports. Increased cost makes them less competitive and offers less incentive to Macedonian businessmen to export them, while the added transportation time increases the risk that fresh produce in particular might reach its final destination in an unmarketable condition.

Obviously, negative economic growth and reduced trade will also affect the state's tax revenues, which were quite low already. This comes at a particularly difficult time for Macedonia. Already before the Kosovo conflict, state coffers were almost empty, now they are practically exhausted. As a result, pensions are being paid late, as are public service salaries. The situation in the health sector is dire, with no money left to keep it going for much longer. Since the beginning of the refugee crisis, hospitals and ambulances have been admitting only emergencies, officially because they need to keep capacities available for refugees. But an equally likely explanation is that this emergencies-only policy also has the desirable side effect of somewhat reducing health-care expenses.

To compound a desperate situation, the defence minister announced that the Macedonian army is faced with bankruptcy,¹³ and unofficial reports suggest that even the government's elite special forces get their salaries with several months' delay. Many of the men have handed in their resignation for that reason.

In order to avoid an economic meltdown and reduce the danger of social unrest, Macedonia needs urgent assistance from the international community. Such assistance should be substantial enough to keep the state and the economy going. It needs to be sustained until Macedonia has recovered from the consequences of the current crisis and is no longer teetering on the brink of collapse. After a return to "normal," such aid should be made contingent on certain conditions, not least economic reform and effective privatisation. But in the current difficult situation, money is needed to simply keep the state and the economy above water. It must therefore be provided as soon as possible, without too much bureaucratic paperwork and red tape. It will be easier and cheaper to assist Macedonia now, rather than trying to remedy the situation afterwards. A breakdown of Macedonia is simply not what the international community can afford to see happen at this point.

¹³ *Dnevnik*, 14 May 1999.

IV. INTERETHNIC RELATIONS IN MACEDONIA

The current refugee crisis has placed considerable strain on relations between ethnic Macedonians and Macedonia's sizeable ethnic Albanian minority. Needless to say, the ethnic Albanians are far more touched by the plight of the Kosovo Albanian refugees. They have advocated maximum relief efforts, while ethnic Macedonians were on the whole reluctant to act in the first place, and, with every day that goes by, find it harder to accept the burden of over two hundred thousand refugees. The longer the refugee crisis lasts, the more divisive it will become for Macedonian society.

Thus far, the ruling coalition — made up of the Internal Macedonian Revolutionary Organisation–Democratic Party for Macedonian National Unity (VMRO–DPMNE), the Democratic Alternative (DA), and the Democratic Party of Albanians (DPA)—has managed to hold together.¹⁴ Before the refugees started flooding into Macedonia, there were a number of encouraging signs that interethnic relations were improving. Several ethnic Albanian politicians were released from prison in early 1999, following an amnesty law passed by the new parliament. Some sensitive positions, such as that of chief of police in Tetovo, were filled with ethnic Albanians. There is serious speculation that the Albanian-language university in Tetovo may be recognised by the state following the presidential elections scheduled for this autumn.

But this progress is endangered by the latest developments. Co-operation between the DPA and the two other parties in the government has been put to the test several times, for example when the government decided on a few occasions to briefly close the border to prevent refugees from crossing into Macedonia. Another such instance was when the government announced that the number of refugees allowed into Macedonia on a given day could not be greater than the number of refugees leaving Macedonia for third countries that same day.

According to sources in the U.S. Department of State, DPA leader Arben Xhaferi stated recently that the coalition was on the brink of collapse. He added that the DPA had only decided to stay on in the government at the urgent request of international representatives and because a decision to the contrary would have been even worse for Macedonia's ethnic Albanians and the refugees. In a recent BBC interview, Xhaferi stated once more that there were serious problems within the coalition and that the government was about to collapse.¹⁵ The DPA has also openly complained that its cabinet members are frequently ignored when refugee-related issues are discussed and decided. But despite these difficulties, there is no indication now that the DPA is inclined to leave the government as long as the government line does not change radically and as long as the party is involved in the decision-making process.

¹⁴ Relations between VMRO–DPMNE and DPA in particular seemed much better than most observers had expected before the government was formed, given the nationalistic track record of both parties.

¹⁵ MILS News, 6 May 1999.

The real risk to interethnic relations comes from the possible economic and social fall-out of the Kosovo crisis. If the economy continues its downward slide, many people can be expected to turn against the government. Certain politicians and media will definitely try to take advantage of such a mood, especially with presidential elections coming up later this year. The situation could arise that the political elite succumbs to the temptation of catering to populist demands for short-term political gains, thus only aggravating the situation.

Macedonian media coverage of NATO air strikes, the refugee crisis, and the consequences for Macedonia is often not very balanced, sometimes cynical, and generally does little to raise understanding for the refugees' plight or NATO's objectives. However, there are encouraging signs, too. The NGO "Search for Common Ground" in co-operation with the Macedonian-language daily *Makedonija Denes* and the Albanian-language daily *Fakti* recently published a special supplement on refugees. This initiative was well-received, and according to "Search for Common Ground's" director in Macedonia, Eran Fraenkel, two more papers asked to participate in future initiatives of this nature.

Outside the Albanian community, the general mood of the public, while still subdued, is clearly anti-NATO and wary of the refugees. The police discovery on 17 April of what was described as an arms cache owned by the Kosovo Liberation Army (KLA) caused further concern that the KLA was preparing to use Macedonia as an operational base for attacks on Yugoslav security forces and paramilitaries. There are also reports that the KLA is actively recruiting fighters both among Kosovar refugees in Macedonia and among local Albanians. Some people also fear that once the Kosovo conflict is over, the KLA might turn its attention to Macedonia, especially to the predominantly ethnic-Albanian west.

In short, in order to avoid a massive deterioration of interethnic relations in Macedonia, politicians of all ethnic backgrounds and political parties should exercise extreme caution and moderation. At the same time, it must be insured that the KLA does not destabilise Macedonia, whether intentionally or unintentionally. Any initiative to improve interethnic relations should be encouraged and supported by the international community both financially and otherwise.

V. CONCLUSIONS AND RECOMMENDATIONS

Macedonia's future depends to a large degree on developments in Kosovo and on a swift resolution of the refugee crisis. The sooner the Kosovo conflict is over and the sooner refugees can safely return to their homes, the less significant the consequences for Macedonia will be.

But while the conflict continues Macedonia needs all the assistance it can get in order to cope with the refugee crisis and the economic fallout of the Kosovo conflict. Otherwise, Macedonia faces the very real risk of serious destabilisation and total economic collapse. Economic and financial assistance must continue until Macedonia has fully recovered from the effects of the current conflict.

Given Macedonia's desperate situation to date and the likelihood that the refugees may be forced to stay in Macedonia for an extended period of time, ICG makes the following recommendations:

- Macedonia must at all costs keep the border with Kosovo open and admit as many Kosovo refugees as are forced to leave the province by Yugoslav security forces and paramilitaries. The Macedonian government must also ensure that refugees are treated humanely by local police and other officials.
- The international community must continue to transfer refugees from Macedonia to third countries, if possible at an increased rate, to ease the pressure on Macedonia. Contingents should be raised and bureaucratic procedures simplified.
- Conditions in refugee camps need to be improved in order to avoid the spread of diseases, especially during the summer. If an end to the Kosovo conflict is not in sight soon, measures must be taken to make the camps winter-proof. Regardless of how long the refugees stay, steps must be taken to lower their frustration level and provide them with something to do.
- The Macedonian government and relief agencies active in the country must improve their co-operation. The same is true for co-operation and co-ordination among international organisations.
- International humanitarian organisations and other NGOs should assist the Macedonian economy to a larger degree than they have done so far. To this end, they should buy Macedonian products whenever possible.
- International organisations and foreign governments must provide Macedonia with substantial and long-term assistance to deal with the refugee crisis and the economic fall-out of the Kosovo conflict. It is imperative that this is done in a way that reduces bureaucratic obstacles and red tape. Clearly, economic assistance will have to continue after the end of the conflict.
- Politicians in Macedonia —regardless of nationality or political conviction— must refrain from trying to exploit the refugee crisis for short-term political gains. Any initiative aimed at improving inter-ethnic relations in Macedonia must be supported by the international community.

Skopje–Brussels, 18 May 1999