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As Editor-in-Chief of **Journal of European and Balkan Perspectives** I am delighted to announce the new issue for ending this third year of issuing our scientific journal. The focus of this number is the Balkan region in the contemporary world. Namely, the scientific fields in this number as such are part not only from the international security, but also are factor in every state's domestic policies, law and humanities. Besides the Balkans the topics of the articles in this issue are related to the economics, development and business policies in the Balkan states. I honestly hope that this number of the Journal will become a new perspective for the young generation of researchers and academia members.

Prof. Mitko Kotovchevski PhD,
Editor-in-chief of the
Journal of European & Balkan Perspectives

Contents

ANALYSIS OF THE PRO-POOR GROWTH IN THE CESEE COUNTRIES – FOCUS ON THE MACEDONIAN ECONOMY Dejan Stankov	6
INVESTMENT ODDS OF SMALL AND MICRO TEXTILE COMPANIES IN MACEDONIA Anastas Djurovski	28
INSURANCE LAW IN THE REPUBLIC OF NORTH MACEDONIA AND DIRECTIVE (EU) 2016/97 OF THE EUROPEAN PARLIAMENT AND COUNCIL of 20 January 2016. "ON INSURANCE DISTRIBUTION" - OBSERVATIONS, ANALYSIS AND COMPLIANCE GUIDELINES Darko Jankulovski	39
FAKE NEWS AS PART OF THE INFORMATION OPERATIONS Igor Gelev, Biljana Popovska.....	55
ILLEGAL LOGGING AS A THREAT TO HUMAN SECURITY IN THE WESTERN BALKANS Jovanka Kuvekalović-Stamatović, Marko Filipovic.....	72
CRIMINAL TRAFFICKING OF NARCOTICS AS A SECURITY ISSUE Natasha Georgieva.....	94
POST COLONIALISM OR GLOBALISM? Anita Dimitrijevska Jankulovska	113

***Modern approach
to the business, economics
and the business law
in the Balkans***

**ANALYSIS OF THE PRO-POOR GROWTH IN THE CESEE COUNTRIES
– FOCUS ON THE MACEDONIAN ECONOMY**

Dejan Stankov PhD Candidate

Abstract

Transformation of the economic growth in decreasing poverty requires a deeper analysis of the pattern of growth, income inequality and the nature of poverty. Trends of economic growth, national income, income distribution and poverty rate as well as disparities in living standards among CESEE countries are analysed through descriptive statistics. The paper explores the concept of pro-poor growth using two different approaches: the absolute approach and relative approach. The total sample is divided into two sub-samples according to the sign of the changes in growth and inequality. According to the absolute approach, the study finds that growth is pro-poor in the CESEE countries in almost half of the analysed periods. The Macedonian economy shows better performance according to this approach whereupon the growth is pro-poor in two thirds of the analysed data. The relative approach shows partially weaker results. The growth is relatively pro-poor in 42% of the periods in the CESEE countries, while pro-poor growth in the Macedonian economy is observed in one third of the cases. The sign of growth is an important predictor for pro-poor growth, while at the same time progressive distributive changes increase the possibility of pro-poor growth.

JEL classification: O40, I32, O10, N10

Keywords: pro-poor; absolute approach; relative approach; descriptive statistics

Introduction

In recent years, different terms have been used to describe the different types of economic growth: inclusive growth, pro-poor growth, green growth, beyond growth, etc. One of the most important concepts developed in the last years is the concept of pro-poor growth (for example, Ravallion and Chen, 2003; Son, 2003; Kraay, 2006; Kakwani and Pernia, 2000; Duclos, 2009). For growth to be considered as pro-poor, the income growth rate of the poor should be higher than the average growth rate. In that case, relative inequality will fall (Lopez, 2012). Another version of the definition for the pro-poor is that the share of poor in income is higher than their population share, which means that absolute inequality declines. Kakwani and Pernia (2000) proposed a third version of the pro-poor definition where poverty reduction is based on growth along with constant inequality and decrease in poverty, taking into account reduction of inequality. With this approach, the ratio of poverty and inequality as the pro-poor index should be higher than one, i.e. inequality should decrease. These three versions of the definitions for pro-poor growth were criticised in the past. Ideally, pro-poor growth combines high growth of average income followed by reduction of inequality and maximum impact on poverty. Even if everyone agrees that this version of the definition is the most appropriate option, there is still debate on the issue to what extent growth is still pro-poor when one of the two conditions is met, the rise of growth and the reduction of inequality. The weakness of this debate is the fact that these definitions are focused only on the income aspect of poverty. Many countries have achieved growth of average income, while at the same time, other countries have achieved aggregate contraction. An important question is the distribution of growth or contractions to the different quintiles. It is possible for distributional changes to be “pro-poor” without absolute benefit for the poor. Furthermore, “pro-rich” distributional changes can be accomplished with absolute benefits for the poor. (Ravallion and Chen, 2001). Another approach is to analyse growth rates for the households below the poverty line. It is useful to compare mean incomes beyond the distributional change in the quintiles according to the income (called “Pen’s parade”). To determine the pro-poor growth, it is important to calculate the mean growth rate of the poorest quintile. Ravallion and Chen defined a "growth incidence curve", analysing how the growth rates for given quintiles diversify between different quintiles. They assume that the following conditions should be satisfied when defining a measure for pro-poor growth:

- First condition. The measure should be consistent when the level of aggregate poverty is measured, and a registered poverty reduction must have a positive rate of pro-poor growth. Kakwani (1997) noted that the growth rate should be consistent with an aggregate welfare function defined on mean incomes over time.
- Second condition. Poverty measure presented through the measure of pro-poor growth shall follow a few general axioms for poverty measurement. According to the focus axiom, the measure is invariant to non-poor income changes. When income growth of the poor reduces poverty, it is followed by the monotonicity axiom. As stated by the transfer axiom, poverty declines as a result of inequality-reducing transfers among the poor.

The distinction between pro-poor growth and general growth is crucial for a poverty reduction strategy. Therefore, it is believed that relative poverty would decrease with growth whenever growth is pro-poor. Pro-growth measures and policies created for directly targeted poor populations in many cases are commonly strengthened. The more this complementarity is applied, poverty can be reduced as a result of more effective growth (Lustig, N. at all 2002). An increase in the pro-poor growth and income share held by the poor “will generate necessarily a poverty reduction which is higher than the income of the poor even though there is a slow increase for the rest” (Turunc, 2009 cited in Smida M. and Chemili L., 2013). This analysis of the influence of growth on poverty reduction is facilitated by the fact that one of the main analytical tools for determination of pro-poor growth is the so-called “growth incidence curve” (Ravallion and Chen, 2003). This curve shows, for all quintiles during income distribution, how much the income is changed during the observed period. By comparing the growth incidence curve with the average income growth rate, it is possible to determine, in a normatively robust manner, whether the growth in the observed period was pro-poor. (Ravallion and Chen, 2003; Duclos, 2009).

The conceptual framework for analysis of the impact of economic growth on poverty is based on the conceptual framework for the decomposition of changes in poverty over some period on the part which comes from changes in the average income without changes in the distribution of relative income – the growth effect – and the part which is a result of the changes in the distribution of relative income without changes in the average income – the redistribution effect. Different

approaches for analysis of the effect of growth on poverty arise from different understandings of this effect. Nevertheless, there is consensus in the theory that for growth to be characterised as pro-poor, the poor population should benefit from the growth. In the broadest sense, it can be said that the poor benefit from growth, regardless of its sign, if they are as a group among the “winners”. However, the status of “winner” can be understood in different ways. Different views give rise to different criteria that must be met in terms of the impact of growth on the poor to determine whether the poor are winners or losers. One of the understandings affecting growth of the poor is the approach according to which the poor are “winners” in the process of growth if in the observed period poverty is reduced. The name of this approach in the theory is “absolute approach” (Ravallion and Chen, 2003; Kraay, 2006) For growth to be pro-poor, the poverty rate through the observed period should be decreased.

Another approach is the so-called relative approach (Kakwani and Pernia, 2000). According to this approach, the growth is pro-poor if the changes in the distribution of relative income have an effect on reducing poverty. Even if poverty is increasing, growth can be characterised as pro-poor if it is accompanied by changes in the distribution of relative income which, observed in isolation, reduce poverty. The third approach is the strong absolute approach (Klasen and Misselhorn, 2008). According to this approach, for growth to be characterised as pro-poor, changes in distribution of absolute income should be registered during the observed period which have an influence on poverty reduction. Similar to the relative approach, the absolute approach allows growth to be characterised as pro-poor even if an increase in poverty is registered in the observed period.

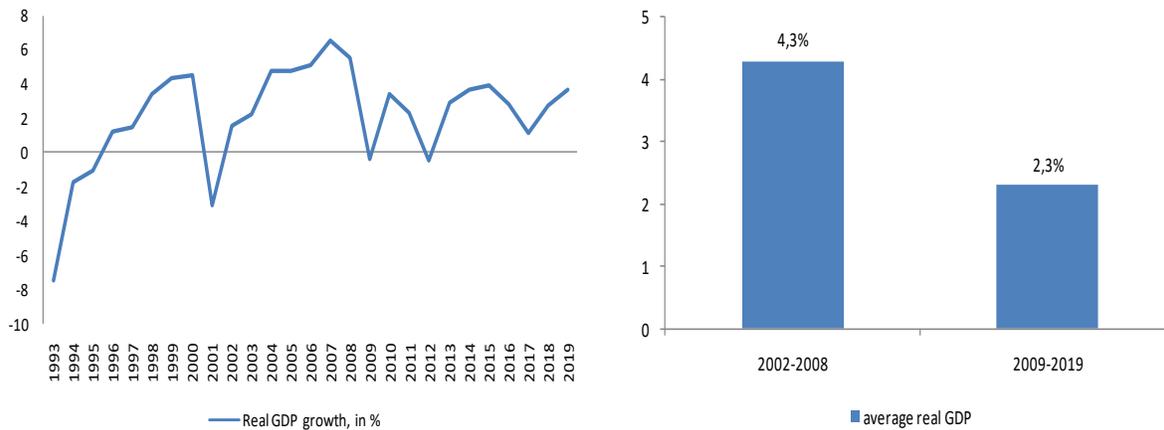
Stylised facts

Long-term sustainable economic growth is broadly recognised as the most significant factor influenced at the level of household income and, therefore, it is considered to be the most powerful instrument for poverty reduction. However, some types of economic growth have a greater effect on poverty reduction than others. Furthermore, it is remarkably hard to determine how growth has been distributed across the population. As average income grows, income distribution can become more or less equal, influencing differences in poverty.

The Macedonian economy is characterised by moderate economic growth, with frequent cycles. In the period from 1993 to 2019, the economy grew at an average annual rate of 2.1%. In the first years after the country's independence in 1991, as a result of the process of social transition and ownership transformation as well as losses of the former markets, the growth rates were negative. The first year of positive economic growth was 1996. After a few years of positive economic growth, in 2001, as a specific year because of political and military factors, a negative economic growth of -3.1% was recorded. From the next year, 2002, a revival of the economy began and continued in the next few years, reaching the highest growth rates of 6.5% in 2007 and 5.5% in 2008. After 2002, for the first time, the Macedonian economy registered a slowdown of economic activity in 2009, when real GDP fell by 0.4%. The main factor for the declining domestic economic activity in 2009 was the imported negative effects of the global economic crisis. After achieving moderate economic growth in 2010 and 2011 (3.4% and 2.3%, respectively), a slight decline of the economy was registered in 2012 (-0.5%). The reasons for the negative economic growth in 2012 were uncertainty of the external environment and decelerated economic activity of the most important trading partners, as a result of the European debt crisis. The average economic growth of 4.3% in the period 2002-2008, years without domestic or external shocks, was significantly higher in comparison with the period 2009-2019, when the economy was under the influence of two external shocks in 2009 and 2012 and prolonged political uncertainty in 2017. In the period from 2013 to 2019, economic growth was volatile with moderate growth (average rate of 2.7%). In 2017, the economy stalled as a result of the influence of the protracted political crisis in the domestic economy which affected the investment cycle, and confidence suffered due to the political uncertainty. After stagnating in 2017, the economy returned on track with positive growth in 2018 and 2019, whereby real GDP growth accelerated to 2.7%, mainly as a result of the influence of the positive performance of the external sector and stabilised domestic environment. In 2019, the economy was further strengthened, when annual growth reached 3.6 per cent.

Real GDP growth, Macedonian economy

Chart 1



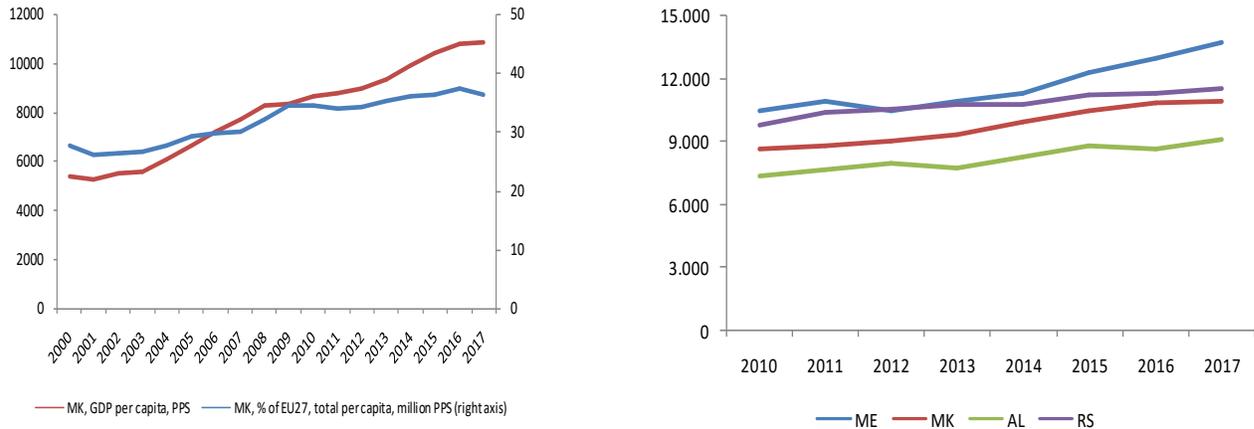
Source: National Bank

If we analyse GDP per capita as a measure of the standard of living, we will see a continuous increase of this indicator. GDP per capita has increased from EUR 2000 in 2000 to EUR 5150 in 2018. Analysed as a percentage of EU GDP per capita, real GDP per capita has increased slightly, from 34.5% of the EU-28 average in 2010 to 36.5% in 2016. Convergence with average income levels of the EU 28 remains slow and insignificant. Compared with the CESEE countries¹, only Albania has a lower GDP per capita as a percentage of the EU 28 total. All other CESEE countries and the countries in the European Union have higher GDP per capita.

GDP per capita, PPS

Chart 2

¹ Region of Central, Eastern and Southeastern Europe



Source: Eurostat

Historically, the Macedonian economy has faced a high level of poverty. The high poverty rate is a result of the fall in aggregate consumption during the 1990s and increased inequality as a result of the inefficient distribution. According to the analysis in that period, the reason for the increased poverty is the decline of economic activity by an average of 1.6 percent of real GDP in the period from 1993 to 1997.

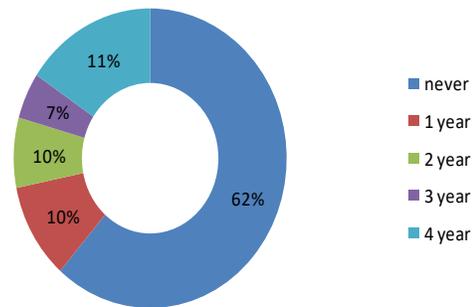
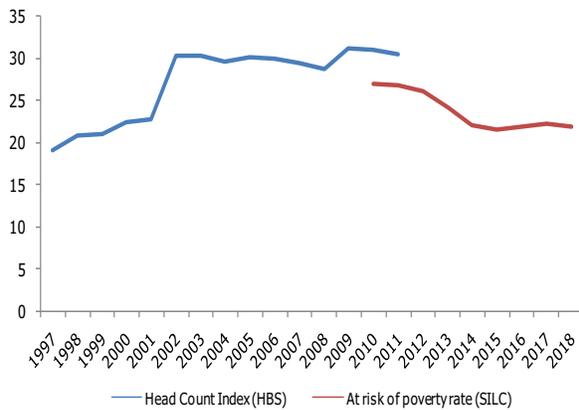
Before introducing the European Statistics on Income and Living Conditions survey (EU-SILC) in 2010, the poverty rate in the country was measured with the Household Budget Survey (HBS). According to the HBS methodology, the poverty rate in 1996 was estimated at 18.1 percent of the population, and rose to 20.7 per cent in 1998. In the next years, the poverty rate increased, reaching 30.2% in 2002 and 2003. According to the HBS data, the highest poverty rate of 31.1% was registered in 2009, a year with negative economic growth. After picking up in 2009, poverty decreased in the next years, according to HBS and EU-SILC. Despite the methodological differences in HBS and EU-SILC, the trend of the poverty data is the same. In 2010, 27% of the population lived under the poverty threshold, while the at-risk-of-poverty rate in 2015 was 21.5%. This declining trend was stopped in 2016 and 2017 when an increase in poverty was recorded (by 0.4 pp and 0.3 pp on a yearly basis, respectively). In 2018, the trend of poverty reduction continued, whereupon 21.9% of the Macedonian population lived below the poverty line. Data according to

the distribution of the population within four years, from 2014 to 2018, show that, on average, around 38% of the population transit into and out of poverty in four years.

Estimated relative poverty rates in the Macedonian economy are among the highest in the CESEE region over a long time period. In 2018, a higher at-risk-of-poverty rate was estimated only in Serbia and four EU countries – Bulgaria, Romania, Lithuania and Latvia. The lowest poverty rate among CESEE countries is recorded in Czechia. Comparative analysis with the average at-risk-of-poverty rate of the European Union shows that the Macedonian economy is faced with significantly higher poverty rates. However, in the last decade, the differences between the at-risk-of-poverty rate of the Macedonian economy and the average rate of the EU (EU-27 from 2020) were narrowed, dropping from 11.4 pp in 2010 to 3.5 pp in 2015. In the next three-year period, the poverty gap between the Macedonian economy and the EU (EU-27 from 2020) widened again, reaching 5.1 pp in 2018.

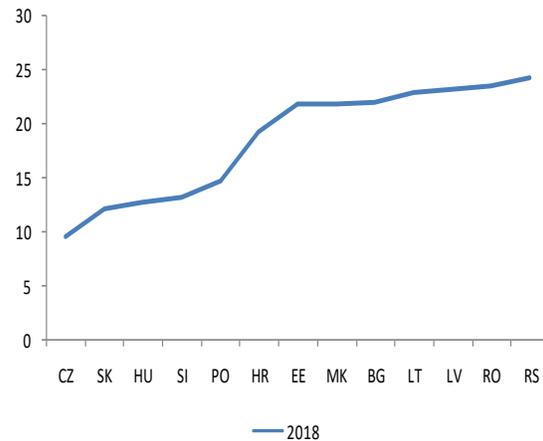
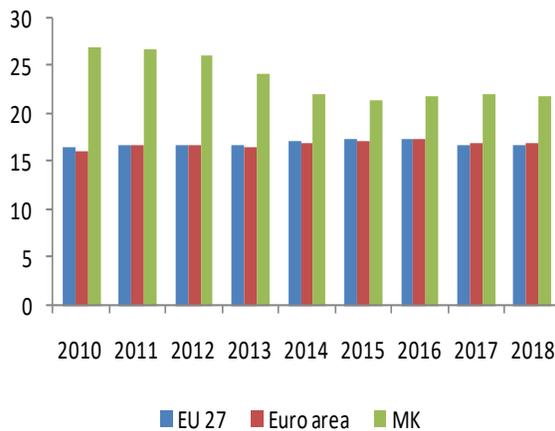
Poverty indicators

Chart 3



Poverty rate, Macedonian economy

Distribution of population by years spent in poverty within a four-year period, 2018



Poverty rate, comparison with EU/Euro area

Poverty rate in CESEE countries

Source: SSO, Eurostat

While GDP data are the most often discussed by academics and the general public, there is increasing consensus among modern economists that GDP does not provide a suitable measure of overall economic performance and it is not a good measure of the standard of living. Determination of the changes in income distribution and analysis of the distribution pattern of income growth can be crucial for the influence of growth on poverty. Analysis of the data on the Macedonian economy from the EU-SILC survey shows that the average household nominal income has continuously grown in the period from 2010 to 2018. If we analyse real growth rates (deflated with Consumer Price Index), we can conclude that in the last years the annual growth pace of household real income is larger in comparison with real annual GDP growth, except in 2011 when a negative rate of household income was registered. In the analysed period, the average real growth of annual household income was 4.1%. At the same time, moderate real GDP growth averaged to 2.2%, growing at a slower pace in comparison with household income growth. With the moderate acceleration of real GDP growth, an increase in disposable income in all quintile groups was recorded. Even in the year with negative GDP growth rate, the annual average disposable household income in all five quintile groups has increased. Income growth is positive in all quintile groups in almost all years (negative income growth was registered only in 2011, in quintile 1 and 5, and 2014 in quintile 5), irrespective of the level of GDP growth. The level of income growth is

highest in the first quintile group continuously in all analysed years and conversely, the level of income growth is lowest in the fifth quintile group. Starting from 2012, income growth in the first quintile is significantly higher than the average income growth. Similarly, considerable income growth is registered in the second quintile group as well, with higher growth rates than the average household income growth, except in 2016, when average household income was slightly higher. The household disposable income grows at the faster pace at the bottom of the distribution. Of the total disposable household income, 37% is concentrated in the fifth quintile group. Nevertheless, in the highest quintile group, income growth generally increased at the slowest pace (except in 2012), or negative income growth was registered (in 2011 and 2014).

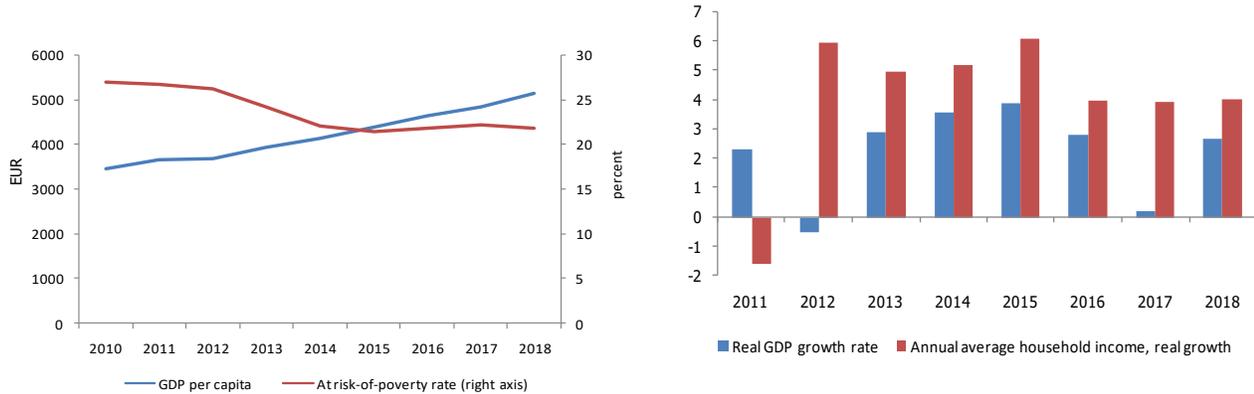
Analysis of the distribution pattern of the total growth shows that growth has some positive distribution, i.e. the income growth rates at the bottom of the distribution are generally higher than the average income growth. Correspondingly, income grows at a faster pace in the lower quintiles (first and second) than the higher quintiles (fourth and fifth quintiles). Theoretically, higher income growth on the bottom of the distribution has a positive influence on the poverty level, which is the case in the Macedonian economy in the analysed period. Despite the weaker economic growth, the Macedonian economy has made progress in reducing relative poverty. Pro-poor growth of the income of the poor households is closely tied to the overall poverty rate. The at-risk-of-poverty rate declined in the period 2010-2015. Before 2016, robust income growth at the bottom of the distribution translates into poverty reduction despite the fact that real growth of average household income decreased in 2011 and negative GDP growth was registered in 2012. The higher sensitivity of poverty is elaborated with a higher degree of income growth at the bottom of the distribution, growing at a faster pace than the average income growth instead of improvements through the whole income distribution.

The break in the poverty reduction pattern in 2016, in terms of moderate GDP growth, signals a possible change in the relationship between growth and poverty. Income growth at the bottom of the distribution was lower in 2016 in comparison with previous years, which contributed to not being translated into further poverty reduction. In times of income growth in all quintile groups

and minimal GDP growth of 0.2%, the at-risk-of-poverty rate increased slightly in 2017 as well. This negative trend stopped in 2018 when the poverty rate decreased.

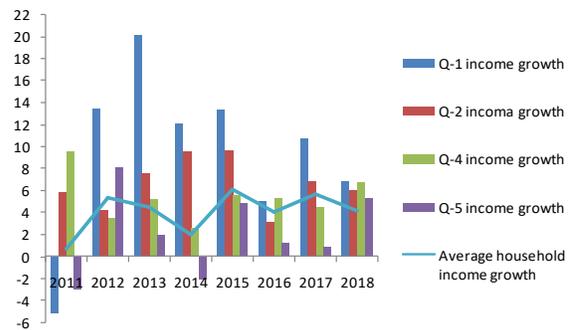
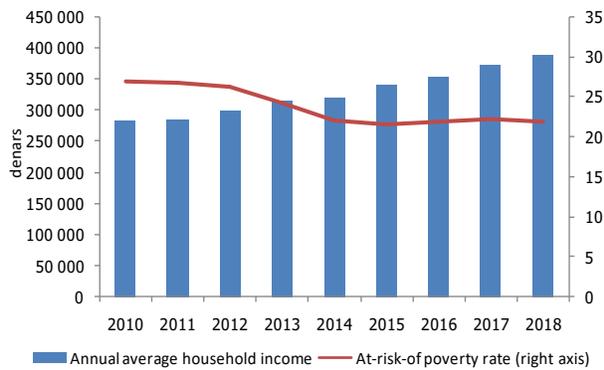
GDP and Income growth and poverty rate

Chart 4



GDP per capita and poverty rate

Income and GDP growth rate



Household income growth and poverty rate

Average household income growth, by quintiles

Source: SSO

Differences in living standards among CESEE countries are visible, although the levels are relatively homogeneous among candidate countries for EU membership². For the analysis, we will use data on national income from the World Inequality Database based on the SNA methodology.

² Candidate countries for EU membership: RS, ME, AL and MK, as well as BA as a potential candidate country.

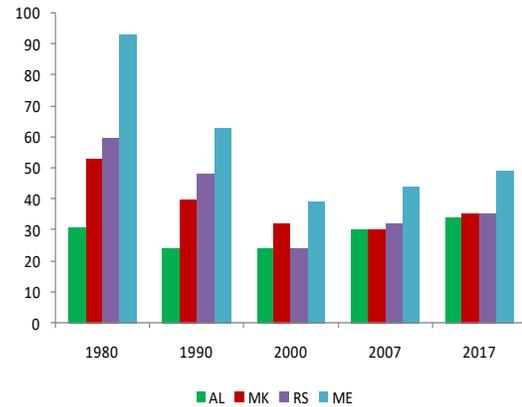
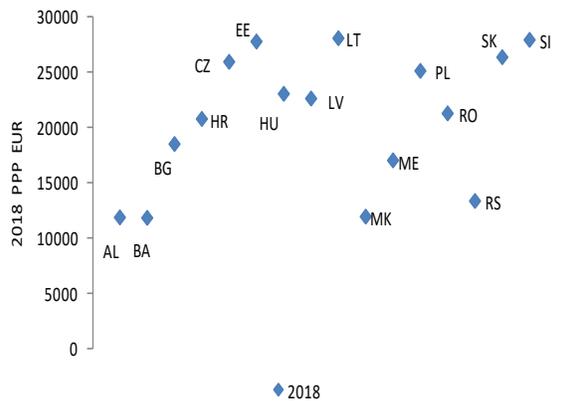
National income in this context is equal to GDP, net of capital depreciation, plus net foreign income received from abroad. The data on national income and other calculated indicators presented are pre-tax data. Pre-tax national income is the sum of all pre-tax personal income flows accruing to the owners of the production factors, labour and capital, before taking into account the operation of the tax/transfer system, but after taking into account the operation of the pension system. The population is composed of individuals aged over 20.

At the level of the CESEE countries, the average national income per adult is EUR 20.780 (in 2018 PPP EUR)³. The average national income per adult in candidate countries is at the lowest level in the CESEE region. Of the countries in the analysed region, according to this indicator, Lithuania, Slovenia and Estonia have the highest standard of living (close to EUR 28 000 average income per adult). The average national income of the Macedonian economy is around 57% of the average level of the CESEE countries. Despite the high-income growth in some countries, Eastern European population still earned about 40% less than the average citizens of the European Union. The average national income of Macedonian citizens in 2017 was 35% of the European average income, which is one of the worst results in the CESEE region, together with Bosnia and Herzegovina, Albania and Serbia (33%, 34% and 35%, respectively). In comparison with 1991, as a specific year when most of the Eastern European countries started introducing market economy, Serbia, Montenegro and Macedonia achieved the lowest income growth (20.2%, 21.4% and 24%, respectively). In the same period, Albania, Poland, Romania and Slovakia achieved income growth higher than 100%.

National income in CESEE countries

Chart 5

³Source: World Inequality Database.



National income per adult in CESEE countries

Per cent of EU average income

Source: World Inequality Database

In 1980 and the period between 1980 and 1990, average national income was slightly higher in the candidate countries for EU membership (MK, ME, RS and AL), with standards of living closer to the European average. In that period, the average national income of Montenegro was 93% of the European average income, while the Macedonian average was 53% of the European average (Blanchet, T. et al.). During the 1990s, average national income rapidly decreased. The economic growth achieved during the 2000s has succeeded in bringing back the income levels close to those that existed during the 1980s, but still, they are not at that level. In 2017, the average national income of the candidate countries was farther from the European average.

Even though the Macedonian national income is at the lowest level in the CESEE region and only 35% of the European average income, the type of growth is generally positive, in terms of reduction of the high level of poverty. With moderate economic growth and progressive distributional change when the income growth rates at the bottom of the distribution are generally higher than the average income growth, we observed economic growth as pro-poor in the last decade. Even pro-poor growth is broadly defined by several international organisations and there is no consensus on the definition, Macedonian growth in the last decade, according to the descriptive statistics, in many cases satisfies the simpler version of this definition.

Results from the empirical analysis

In the introduction we elaborated the three pro-poor approaches: absolute approach, relative approach and strong absolute approach. Changes in poverty during a certain period can be expressed as a weighted sum of absolute changes in income in all quintiles up to the poverty threshold, where the weight of a particular quintile is equal to the derivation of the individual function of deprivation taking into account the quintile income. Therefore, for absolute pro-poor growth, it is necessary and sufficient for the following condition to be met:

$$dP = \int_0^{F(z)} ((d\theta(y(p); z)) / (dy(p))) * dy(p) dp < 0$$

Taking into consideration that the individual function of deprivation is declining income function $(d\theta(y(p); z)) / (dy(p)) < 0$, it is sufficient to register positive income growth rates up to the poverty threshold in all quintile groups: $dy(p) > 0$ for all $p \in [0, F(z)]$.

The definition of relative pro-poor growth (Kakwani and Pernia, 2000) implicates that the redistribution effect must be negative, i.e. to contribute to poverty reduction. Theoretically, a sufficient condition for relative pro-poor growth is for the redistribution effect to be negative:

$$dP \int_0^{F(z)} ((d\theta(y(p); z)) / (dy(p))) v(g(p) - d \ln \mu) dp \\ = \int_0^{F(z)} ((\frac{1}{p} * (d\theta(y(p); z)) / (dy(p))) y(p) d \ln L'(p) dp < 0$$

For this condition to be fulfilled, the growth rate of incomes under the threshold needs to be higher than the growth rate of the average income: $g(p) > d \ln \mu$ for all $p \in [0, F(z)]$. The equivalent of that condition is the Lorenz curve to become closer to complete equality, for all $p \in [0, F(z)]$.

To determine if the growth is pro-poor according to the absolute approach, it is necessary to adopt a different method for the distribution changes, i.e. instead of relative to analyse absolute distribution changes. In other words, for absolute pro-poor growth, changes in the distribution of absolute incomes should have an effect on poverty reduction. For relative pro-poor, it is necessary for relative income to have an influence on poverty reduction. The differences in these two types of distribution changes can be illustrated through an example: if the population consists of only two persons, A and B, and their incomes are $Y_A = 10$ and $y_B = 20$. By doubling their income, distribution income does not change because the income ratio remains unchanged - $10/20 = 20/40$.

This means that the level of relative inequality observed through the Gini coefficient remains unchanged. However, by doubling incomes, the absolute differences between the two incomes are increasing: $20-10 < 40-20$. That means that the level of absolute inequality is increased, i.e. changes in the Lorenz curve are in the opposite direction from the state of complete equality. By replacing the relative view of inequality with an absolute one, the effect of redistribution can be expressed as follows:

$$D = \int_0^{Fz} \frac{1}{p} \left(\frac{d \phi(y(p), z)}{dy(p)} \right) (dy(p) - d\mu) dp = \int_0^{Fz} \frac{1}{p} \left(\frac{d \phi(y(p), z)}{dy(p)} \right) d \ln L_A(p) dp$$

Therefore, a sufficient condition for absolute pro-poor growth is:

$$D = \int_0^{Fz} \frac{1}{p} \left(\frac{d \phi(y(p), z)}{dy(p)} \right) (dy(p) - d\mu) dp = \int_0^{Fz} \frac{1}{p} \left(\frac{d \phi(y(p), z)}{dy(p)} \right) d \ln L_A(p) dp < 0$$

To meet this condition, absolute income growth up to the poverty threshold should be higher than absolute average growth $dy(p) > d\mu$ for all $p \in [0, F(z)]$ (this is sufficient but not required condition). The absolute, relative and strong relative approaches to pro-poor growth are not mutually independent. Their relationship depends mainly on the sign of average income growth. When the average income growth rate is positive, it is the most difficult to achieve strong absolute approach, and at the same time, absolute pro-poor growth is the easiest to achieve. Achieving relative pro-poor growth is between these two approaches.

When positive growth is achieved, the following relation is valid:

Strong absolute \Rightarrow Relative \Rightarrow Absolute.

In the opposite direction, when the average income growth rate is negative, absolute pro-poor growth is the most difficult to achieve, while strong absolute approach is the easiest. Therefore, when negative growth is achieved, the following relation is valid:

Absolute \Rightarrow Relative \Rightarrow Strong absolute.

Absolute and relative approaches are the most commonly used in the theory, while a strong absolute approach is rarely used. Following the theory, we will use only the absolute and relative approaches.

The conceptual framework for determining pro-poor growth presented here assumes the selection of a specific indicator for poverty P and poverty threshold Z . Whether growth is characterised as

pro-poor by one of the three approaches depends on the selection of the indicator for poverty and poverty line. If the growth is pro-poor for specific indicators and poverty threshold, it does not mean that the same result will be obtained if some other indicator or threshold for poverty are selected. The legitimate question therefore arises, how normatively robust the determination of pro-poor growth based on specific indicators and poverty lines is, since each indicator “embodies” a set of normative criteria regarding poverty, which are also reflected in the way poverty is measured. According to Duclos (2009), evaluation is not based on specific poverty indicators, but on a specific class of indicators. The class of indicators is defined as a set of all indicators that meet a certain set of normative principles. In addition to the poverty indicator, robustness is also achieved concerning the poverty line. Namely, the evaluation is not based on some specific poverty line, but on the entire interval. For example, if there is uncertainty or disagreement about which threshold to be selected, but there is agreement about the relevant interval range, it makes sense to evaluate the pro-poor for all thresholds from that interval.

Standards of growth can be absolute or relative. Relative growth standard, $S = S_R$ is equal to some selected reference growth rate, for example, the growth rate of mean or median income, quintile top cut-off point or other selected growth rate, while absolute growth standard $S = S_A$ is equal to some reference absolute value of growth, for example, absolute growth of mean or median income, quintile top cut-off point or other selected growth rate. Relative growth standard is minimal growth by which the incomes of the poor should grow through the observed period in order for the growth to be characterised as relative pro-poor growth. Analogous to that, absolute growth standard is the minimal absolute value for which the income should grow in order for growth to be characterised as absolute pro-poor growth.

Results for the CESEE countries and the Macedonian economy

The analysis contains a constant variable, an indicator for the growth rate of mean income [$\Delta\mu > 0$], top cut-off points in the quintiles⁴ and Gini coefficient as an indicator of inequality. Data on the mean equivalised net income and quintile income (top cut-off point) are expressed in purchasing power standard, to eliminate the differences in price levels between countries. As a

⁴ This indicator for quintile income is disseminated by Eurostat.

poverty indicator, we use at-risk-of-poverty rate, expressed as 60% of median equivalised income after social transfers. The source of data for the analysis is Eurostat.

In the transition countries, for the total sample of 124 observations, for 14 CESEE countries in the period from 2010 to 2019, the growth is absolute pro-poor in 49% of the periods. In other words, poverty is declining at half of the sample in the analysed period. In the periods in which growth is relatively pro-poor, without taking into consideration the results according to the absolute approach, the growth is relatively pro-poor in 42% of the periods. Furthermore, the analysis of the sub-sample of periods with positive and negative growth shows expected results. Namely, according to the absolute approach, the growth is pro-poor when the growth rate is positive in 83% of the analysed periods. At the same time, pro-poor growth is observed in 17% of the cases with negative growth. Certainly, the reason for these results is the high negative correlation between the sign of the growth and the sign of the change in poverty. The sign of the growth is therefore proving as an important predictor for absolute pro-poor growth. There is a similar conclusion when we analyse relative pro-poor growth. According to the relative approach, with registered positive growth, the share of periods in which the growth is positive is slightly higher, 88 per cent versus 12 per cent when the growth is negative.

Table 1: Pro-poor growth according to the absolute approach and relative approach for the group of CESEE countries and the Macedonian economy

CESEE	Absolute approach					
		Total sample	Positive growth	Negative growth	Inequality is growing	Inequality is declining
	At-risk-of-poverty rate	49%	83%	17%	80%	20%
	Relative approach					
	At-risk-of-poverty rate	42%	88%	12%	57%	43%
MKD	Absolute approach					
		Total sample	Positive growth	Negative growth	Inequality is growing	Inequality is declining
	At-risk-of-poverty rate	67%	100%	0%	83%	17%
	Relative approach					
	At-risk-of-poverty rate	33%	100%	0%	100%	0%

Other observed sub-samples are those according to the sign of the changes in inequality. The growth is absolute pro-poor in 80 per cent of the periods in which inequality is declining and 20 per cent of the periods in which inequality is growing. We can conclude that progressive distributive changes increase the possibility of pro-poor growth. Results from the analysis of the distribution pattern of the growth show that incomes at the bottom of the distribution in most cases grow more dynamically than the average income. According to the relative approach, the difference between periods of decreasing and increasing inequality is lower: 57 per cent against 43 per cent. The sign of the changes in inequality is an important predictor for both absolute and relative pro-poor growth.

Overall, distributive changes on the part of the distribution near to the poverty line are progressive/less regressive in the periods with negative growth than in periods with positive growth. One of the reasons can be the fact that the authorities in the period of negative growth conduct social policy measures which influence the poverty rate. Social transfers are one of the measures of social policy which has the greatest influence on the poverty rate. These small transfers are not enough to considerably increase the standard of living, but are sufficient for the households just below the poverty line to “jump” above it.

The Macedonian economy is showing better performance in the absolute type of poverty. Analysing the absolute approach, the growth is pro-poor in 67% of the observed periods, while according to the relative approach, pro-poor growth is registered in 33% of the cases. When the total sample is divided into two sub-samples according to the sign of the growth, in all analysed periods, absolute and relative pro-poor growth are observed when the growth is positive. As expected, the probability of pro-poor growth is higher when the growth is positive. The obtained results show that the sign of the growth is a determining factor for the absolute and relative pro-poor growth. The breakdown of the total sample to sub-samples by the sign of changes in inequality shows that the probability of absolute pro-poor growth is higher in the periods during which the inequality is decreasing. Of the total number of periods with decreasing inequality, poverty is declining in 83 per cent of the total cases. At the same time, the share of periods with registered absolute pro-poor growth in the total number of periods in which inequality is increasing is significantly lower, around 17 per cent. Thus, the sign of a change in inequality proves as an important predictor of poverty reduction, i.e. absolute pro-poor growth. For the Macedonian

economy, inequality is decreasing in all periods when relative pro-poor growth is registered. The sign of inequality changes is a better predictor for pro-poor growth by the relative than in the absolute approach.

Conclusion

After the county declared independence, the Macedonian economy achieved moderate economic growth, with frequent cycles, accompanied by a high level of inequality and poverty. Income growth is positive in all quintile groups in almost all years irrespective of the level of GDP growth. Despite the weaker economic growth, the Macedonian economy has made progress in reducing relative poverty in the last years. Pro-poor growth of the income of the poor households is closely tied to the overall poverty rate. The higher sensitivity of poverty is elaborated with a higher degree of income growth at the bottom of the distribution, growing at a faster pace than the average income growth instead of improvements through the whole income distribution. According to the results from the empirical analysis for the CESEE countries, the growth is absolute pro-poor in 49% of the periods and relatively pro-poor in 42% of the periods. The Macedonian economy is showing better performance in the absolute type of poverty when the growth is pro-poor in 67% of the observed periods, while according to the relative approach, pro-poor growth is registered in 33% of the cases. There is a high negative correlation between the sign of the growth and the sign of the change in poverty. The sign of the growth and the sign of the changes in inequality are an important predictor for both absolute and relative pro-poor growth.

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**INVESTMENT ODDS OF SMALL AND MICRO TEXTILE COMPANIES
IN MACEDONIA**

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Abstract

Investments in textile production in Macedonia are one of key elements for survival of such labor-intensive business. Sources of funding should be provided for business model shift of the Macedonian textile businesses. It can be done with institutional support after economic policy will recognize this sector as one of the high priority sectors for governmental support. There is a need for evidence through case studies whether investments in technology in textile business are providing increased profitability or not – which is making the rationale for governmental support. We are analyzing the impact of technology advance within the embroidery sector doing financial analysis of a textile SME to obtain evidence whether technology change can increase profit and therefore increase chances for survival of textile companies and especially textile SME's in Macedonia.

Textile business in Macedonia

Textile business in Macedonia is characterized by minor or no investments even in all business processes including machinery and technology. The same case is in other Eastern Europe countries.⁵ As an issue this situation is even most intensely present within the textile SME's. Reasons for it can be found within small profit margins of the textile SME's. Going out from such and odds for businesses means to invest (and hence to improve profit margins) through state support funds or through bank loans. Otherwise, they are more deep entering into disinvestments and for SME's such processes are meant bankruptcy and closure- on a short run.

Identified alternative sources of funding

- Innovations are highly important for such business and are welcomed in under investments industry such as textile. ⁶Under the State Fund for Innovations and Technological Development - investments (in various types of innovations such as : new products development, new product lines development, new technology implementation , new product design development) while eligible costs are those made in R&D, experts and project staff hiring, employment workers, new equipment provision as well as marketing and project administration costs), can be subsidized up to 40% and innovations up to 70% but not more than 370000 USD per project (with maximum amount to be returned back to the government of 120% from the money lended within the period of 5 years but only if business went profitable after the government funding) ;
- Under the Law on financial support of companies - investments can be refunded with the amount of 50% but not more than 1,200,000.00 USD. The definition of investment as per the law is divided into six eligible types such as:
 - Investments for new employment creation;
 - Investments for cooperation with suppliers;
 - Investments for R&D;
 - Investments for projects of national economic interest;
 - Investments for capital investment projects and revenue growth;

⁵ Jure Kovac Bruno Završnik, Brane Semolič, Restructuring the Textile and Clothing Industry Using Modern Business Models – A Slovenian Case Study, FIBRES & TEXTILES in Eastern Europe 2009, Vol. 17, No. 3 (74)

⁶ EURATEX – the European Apparel and Textile Confederation –, Study on Innovation and Technology in the European and Mediterranean Textile and Clothing Industry Innovative cross-border approaches for Textile and Clothing Clusters co-development in the Mediterranean basin“, ENPI CBCMED Project , 2015, p 10 -20.

-Investments for assets procurements from companies with financial problems.⁷

- Under the Ministry of Economy announcements – investments for SME's that are to be granted on first come first serve basis for investments in equipment (physical equipment and machines the most) are supported with no more than 10,000 USD;

Banks are not willing to support textile companies and in particular SME textile companies due to high volatility of the textile business, low profit margin and disruptive revenue projections. Unfavorable, all the other above-mentioned sources are demanding pre-investments to be made and cash flow as well as profit on disposal which is hardly case within the textile SME sector that is usually operating with low profit margins.

A) Still there is an opportunity for SME textile services to develop in three main directions:

-Full capacity use for the LOHN system;

-Start of own brand where higher value added can be obtained;

-Execution of various parts of the production process for other local companies.

Such services can include adding of specific production processes such as garments embroidery, ironing, bleaching, dyeing and washing services mostly.

Many LOHN system producing textile companies in the moment are using outsourcing service among which mostly embroidery services are demanded to be executed by the outsourcing partner. Despite the fact that embroidery business produces a lot of defects even with new technology still it is one of the most profitable parts of the LOHN system business model.⁸

Another identified source of funding for such an industry is through introduction of new models for textile waste management⁹. Still Macedonian textile businesses are not familiar with nor institutional support exists for this kind of business models.¹⁰

Embroidery small business in Macedonia and opportunities for textile SME's

Adding embroidery to the garments by outsourced company for the LMTC companies can mean better specialization in at least five areas:

⁷ Law on financial support of investments article 12 (OG 83/18)

⁸ A study on the recognition and classification of embroidered textile defects in manufacturing [Chung-Feng Jeffrey Kuo, Yun Juang](#), Textile Research Journal, Sage Publishing 2015;p 16-25

⁹ Enter, Expert Network on Textile Recycling “*STRATEGIC AGENDA ON TEXTILE WASTE MANAGEMENT AND RECYCLING*, Interreg Central Europe, 2018p 1-5

- In terms of skilled labor force development since there is no need for Lead partner to shift workers among two or more specific organizational tasks since usually for large companies there is no need of permanent use for in-house purposes of embroidery machines;¹¹
- In the terms of production process since better specialization is optimizing the use of other machines and there is minimum time lag and equipment underuse;
- In terms of financial gain and savings- since orders are produced with higher productivity
- In terms of better-quality achievement that is complementary with specialization for lesser extent of processes;
- In terms of depreciation of assets since there are outsourced processes and thus machines that are not owned by the company.

Finally, it can result in increased company competitiveness as an overall effect even for the large companies that have higher level of financial, human and equipment resources than small and micro companies.

For micro and small companies referred as Small partners, adding their own embroidery service for outsourcing means:

- Viable opportunity for growth and success;
- Above the textile industry level amounts of financial revenues;
- Doing business in highly automated manner since embroidery technology is developing faster than technologies for other textile production processes;
- Higher productivity and competitiveness.

With regards to the Macedonian specific environment for LOHN and Full package textile production specialization in many cases cannot be obtained due to the several sets of reasons such as:

- Lack of financial, human and equipment resources;
- Lack of physical communication infrastructure in order costs in time and money to be decreased to minimum;
- Lack of last generation technology that allows production process to be more efficient and productive.

¹¹ . The future of work in textiles, clothing, leather and footwear, International Labor Organization working series nr. 326, International Labor Organization 2019 p.20-31

Despite the fact that most of competition is coming from the underdeveloped countries from Asia and Africa transport and logistics cost are making Eastern Europe countries attractive for such business.¹²

Many of the small textile companies conducting LOHN production system garments have capacity from 1000 to 3000 pieces per month depending on the:

- Available labor;
- Available machine park;
- Complexity of the final garment and the type of garment (jeans, jackets, skirts, blouses, trousers and other). Usually, price of the embroidery service per item costs from 0.7 USD to 2.5 USD depending on the complexity and costs for embroidery application job to be done.

Most of the embroidery machines from the third generation are usually characterized by low power consumption (below 300 watt per hour) and high productivity of up to 1000 garment pieces per head per shift of 8 hours. Also, there was high-cost decrease of embroidery machine prices due to the technological advance:

Table: Three generations of embroidery machines main benefits

Generation	Embroidery machine type	Energy efficiency per head	Productivity per head
First	Embroidery only	Low above > 500 watt/hour	500 pieces /shift
Second	Embroidery and sewing combo machine	Medium <500 watt/hour	800 pieces/shift
Third	Computerized embroidery and sewing combo machine	Low <300 watt/hour	1000 pieces/shift

Most effective machines for small and medium textile companies producing LOHN system in Macedonia can be identified as computerized embroidery or computerized embroidery combo machines from 2 to 4 heads due to the optimal balance between the needs for embroidery application quantity and frequency, low operating costs and low purchase costs. Below are

¹² Muhammad Usman Khan, A comparative study on distribution channels of textile and garment industry in Pakistan and Vietnam: The roles of Intermediaries, Karlstads universitet Sweden 2010, p 10-15.

affirmative and negative reasons regarding the decision to obtain embroidery machine within the textile SME:

Table 2: Procuring embroidery machine and in-house finalization of the embroidery application process

Pros	Contras
Decrease of operating costs	Long periods of non-usage
Possibility to outsource services to other companies and huge companies	Servicing costs
Lower logistics and manipulation periods	Experienced operators needed
Probability for better planning of the shipment	Errors are on the account of the producer
Lower logistic costs	Technological depreciation of the machine

There are smaller inconsistencies from image to final look of the embroidered part but advances in the technology for embroidery are evident.¹³

Case study: procurement of embroidery machine for the textile company Jojo in Kriva Palanka

Company JOJO was established in 1992. This company is categorized as small company and the number of full-time employees is 40.¹⁴ They are many times outsourcing the services for embroidery since they are producing garments with embroidery application. For them as small company outsourcing of such service is causing organizational, logistic, financial and quality burdens. Many times, lines are waiting unnecessarily because embroidery processes are finished in Shtip where specialized company for embroidery is usually overcrowded with orders.

¹³ Svetlana Radaviciene , Milda Juciene, Zaneta Juchneviene , Lidna Cepukone , Ausma Vilumsone, Ugis Briedis, I Baltina, Analysis of Shape Nonconformity between Embroidered Element and Its Digital Image, Materials Science, Lithuania 2014

¹⁴ Under Macedonian law company categorization takes into account at least one of three criteria: number of employees, annual revenues and or asset value. Micro companies should have 1to 9employees, small from 10 to 49 employees, medium from 50 to 249 employees and large more than 250 employees. Respectively revenue thresholds are 1 USD,60K USD 2,5M USD and 10 M USD. The same applies to the asset value. Such categorization is applied in many other EU countries and since within the Macedonian economy there are only few large textile companies and relatively good standing medium enterprise for the purpose of the project it was decided many medium enterprises can partner SMTC and hence synergy to be obtained.

Sometimes that can also jeopardize product quality which is the case rarely but the previous situation of lines waiting happens more frequently and partners from abroad are quite rigorous regarding the deadlines.

Company is producing woman garments for recognized brands. Monthly capacity is estimated at 3000 pieces (mostly skirts and pants). Around 1/3 of garments (depending on the model design) require application of embroidery. Due to not having embroidery process finished in house there are three resource ineffective elements:

- *Costs for logistic organization* of the garments sending to other company to be finished. Usually, it takes at least one worker to be hired for the process and 12 USD as per shipment. In order delivery dates to be matched usually shipment of 100 pieces is sent to the embroidery application company which means that for each shipment of 100 pieces 12 USD are paid only for logistics-transport as well as loading and unloading of orders.
- *Costs for embroidery application*. Usual cost of embroidery application is 0.7 USD up to 1.1 USD for light apparel (skirts, pants).
- *Additional cost* due to delays out of mismatching the production deadline. Usually finishing takes in complete with transport at least one day while if there are largest series of more than 2000 pieces it can be endured to two or more days. Such delay can postpone the agreed shipment data for the garments if other processes of production were done with no time savings which causes uncertainty for the partners. Also, the important thing is not middle phase of production many times production lines are waiting that causes fixed costs to raise above the value added for the period concerned. There are above than 10 days during the year when such situation happens and manager have to deal with it. Below we are giving breakdown for the costs for one series and one piece of production:

Calculation -cost breakdown for embroidery application for the textile SME JOJO in Kriva Palanka:

Series of 1000 garments per month
12 USD of logistics
12 USD for 1-day worker daily allowance (half day dispatching /half day receipt of the garments)

700 USD for application of embroidery for garments

724 USD in total per series

Total for the annual outsourced services for series of 12000 garments amounts 8,688 USD (12 months x monthly cost of 724 USD).

In the area of North East statistical region of Macedonia there are more than 15 SME textile producers doing business on the similar manner as JOJO as it was identified within the previous progress reports. That means that such SME's are potential users of possible outsourcing services if embroidery machine is to be purchased. Usually, capacity of the software guided embroidery machine is 1000 pieces for one head for one shift. For the two head machine full capacity is 6,000 pieces per day that is much above the needs of such companies. Usually, such companies produce from 10,000 to 30,000 garments on annual basis or in the average of 20,000 units. If those companies require at least 1/3 of their production apply embroidery it means that on annual basis there is a need for at least 99,990 units to be embroidered (1/3 is 6,666 garments multiplied with 15 SME textile producers from the region). In financial terms if lowest price for single unit service is 0.7 USD it means that local market potential amount 69,993 USD or around 70,000 USD on annual basis. If the company gains 5% market share (that means only one company start using embroidery outsourcing service) than an extra revenue of 3,500 USD shall be created on annual basis.

Costs per one shift (1,000 pieces) are as follows:

- 12 USD for labor;
- 0.4 USD for electricity (around 2 KW of electricity with the price of 0.2 USD);
- 5 USD miscellaneous costs (servicing, premises etc.);

That gives total of 17.4 USD for 1000 pieces or 0.0174 USD per piece that is favorable cost structure for the business. It can be concluded that net revenue for single application of embroidery at lowest price for service agreed within the current market trend (0.7 USD) is 0.6826 USD per piece.

Reasons for not entering such business for the SME, textile producers are as follow:

- Lack of knowledge of the embroidery application process;

- Lack of management interest due to full dedication to other processes within the LOHN production;
- Lack of financial resources since most of the textile SME are working with the edge profit margins due to the high competitiveness of the market both on international and domestic level as well as market entrance ease for the newcomers in comparison with other industries.

Mostly due to the third reason many textile SME's in Macedonia cannot afford to invest and encircle in-house embroidery process.

Below we are giving the short-term calculation for 1 year of the embroidery machine financial effects in a SME textile business environment of Macedonia, assuming that operator will both use machine for own purpose and to outsource it to other companies:

Table: Earnings of the textile small company JOJO due to procurement of embroidery machine (in USD)

A. Estimated costs for outsourcing per unit (savings)	Price/piece	Annual production in units	Annual embroidery costs
	0.7240	10,000.00	7,240.00
B. Estimated revenues from the outsourcing services (if machine is used for outsourcing to other companies)	Net revenues per unit	Annual production in units	Annual net revenues
	0.6826	5,000.00	3,413.00
C. Total amount of earnings			10,653.00
D. Discount factor - opportunity cost of 10% (10,653 less 10%)			1,065.30
Total annual earning			9,587.70

Below we are showing breakdown of earnings for the 5-year period of the normal use of the machine:

Table: Earnings of JOJO through the realization of the project

	Net earning	Discount factor of 10%	Earning for 5 years
Investment			-7,500.00
Net earning	10,653.00	1,065.30	9,587.70

	9,587.70	1,171.83	8,415.87
	9,587.70	1,289.01	8,298.69
	9,587.70	1,417.91	8,169.79
	9,587.70	1,559.71	8,027.99
Total Earning for 5 years			35,000.04

Net present value is 35000.04 USD which means that if company invests 7500 USD within the business of procurement of double head embroidery machine for the period of 5 years will return that amount and on top of that will have profit of 35000 USD (for the full period in total) .

Conclusion

Evidence through case studies whether investments in technology in textile business are providing increased profitability or not – which is making the rationale for governmental support shows that textile business can survive through technology investments even if company is producing through LOHN system. Analysis of the impact of technology advance within the embroidery sector doing financial analysis of a textile SME shows that technology change can increase profit and therefore increase chances for survival of textile companies and especially textile SME's in Macedonia. Net present value of the JOJO Kriva Palanka textile SME investment in technology shows is 35000.04 USD which means that if company invests 7500 USD within the business of procurement of double head embroidery machine for the period of 5 years will return that amount and on top of that will have profit of 35000 USD (for the full period in total).

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**INSURANCE LAW IN THE REPUBLIC OF NORTH MACEDONIA AND
DIRECTIVE (EU) 2016/97 OF THE EUROPEAN PARLIAMENT AND
COUNCIL OF 20 JANUARY 2016. "ON INSURANCE DISTRIBUTION" -
OBSERVATIONS, ANALYSIS AND COMPLIANCE GUIDELINES**

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Abstract:

The subject of this paper is a comparative review of the Macedonian Insurance Law and Directive (EU) 2016/97 of the European Parliament and Council of 20 January 2016. "On insurance distribution", in order to provide guidelines for harmonization of our law with the relevant European directive, which would contribute to legal certainty and economic progress of our country. If we look at the above acts, it could be seen that our Insurance Law in relation to Directive (EU) 2016/97 covers a wider range of legal relations related to the insurance business, while Directive (EU) 2016/97 applies only on one aspect - the distribution of insurance, from which two categories arise more specifically: insurance distributors and competent bodies. These two categories are not more specifically regulated in our Law, so it could be said that the relationship between these two acts - the Law and the Directive, is a relationship of a general and specific one, i.e., *lex generalis* and *lex specialis*.

In this paper, through analysis and comparison of the above acts, we will provide an overview of the factual situation as well as guidelines for harmonization of the Insurance Law with Directive (EU) 2016/97 on insurance distribution.

Keywords: *insurance, distributors, competent bodies, insurance distribution*

Introduction

The harmonization of our national legislation with the law of the European Union is of a special importance for the European integration process of our country. Regardless of the dynamics of this process, as well as the political obstacles that our country faces in it, the harmonization of our legal system with the systems of the member states of the union, in any case would bring benefit to our country, especially when it comes to insurance. as an area that is closely linked to economic progress, but also to the freedom of movement of capital as a precondition for this progress.

Whether and to what extent the Macedonian Insurance Law is harmonized with the Directive (EU) 2016/97 - "on insurance distribution", is probably not a difficult question given the fact that the law was adopted in 2001 (published in Fig. Official Gazette of the Republic of Macedonia No. 35 of 07.05.2001, last amended on 25.01.2002), and the subject directive of the European Parliament and Council is even from 2016. Whether it is useful to compare and then harmonize these two acts, and what application this could find in improving the relevant legislation, is primarily a matter of competence, expertise and professional engagement of staff who would work on such an important task, as well as their practical knowledge in the specific field. This paper is just an attempt by the author to make a personal contribution to this alignment, regarding the fact that the author is a lawyer with work experience of about one and a half decades, including in matters related to insurance in many respects. However, having in mind on the one hand the complexity of the task but also of the insurance activity itself, as well as its importance for the legal system on the other hand, this presentation is only one aspect, only one point of view on the way to the final solution, which point of view is independent of opinions. and the observations of experts in the field of insurance and its distribution to end users, but also in the field of legislation, as well as comparative observations and analyzes. The fact is that the mediation in insurance and / or reinsurance contracting is one of the activities of the insurance companies according to the subject Law on Insurance. However, the distribution of insurance as a separate activity, which would be performed by separate intermediaries - distributors of insurance and reinsurance and subsidiaries, organized as a separate field independent of insurance companies, with a special competent body with powers over them and their activity - which are subject to Directive (EU) 2016/97 - "On the distribution of insurance" is not regulated in more detail by the Law on Insurance, nor by any other law in the

Republic of Northern Macedonia. Exactly solving this gap, through harmonization of the stated issues, is the subject of this research.

Further in this paper, through analysis and comparison of the above acts, we will provide an overview of the factual situation as well as guidelines for harmonization of the Insurance Law with Directive (EU) 2016/97 "On insurance distribution".

The insurance law (official gazette of the Republic of Macedonia no. 35 of 07.05.2001) and directive (EU) 2016/97 of the European parliament and the council of 20th January 2016 "on insurance distribution"

At the beginning, if we look at the introductory provisions of the two regulations that are the subject of this observation, it can be noticed that the Insurance Law is a broader act and covers a larger scope of legal relations that are regulated by it, while Directive (EU) 2016 / 97 refers to only one aspect - the distribution of insurance. Namely, in the Basic Provisions of the Law on Insurance, Article 1 stipulates that "This Law regulates the conditions under which life insurance and non-life insurance and reinsurance activities can be performed, establishment, operation, supervision and termination of operation of insurance and reinsurance companies (hereinafter: insurance companies) and insurance brokerage companies, as well as compulsory insurance ".¹⁵ Furthermore, according to Article 3 of the same law, "The company can only perform insurance and / or reinsurance activities", which are concluding and fulfilling life insurance and non-life insurance contracts, co-insurance contracts, passive reinsurance contracts, *as well as mediation in insurance and reinsurance negotiation*, risk recording, recording and assessment of claims, sale of remnants of insured damaged items, providing legal aid in insurance and reinsurance, providing other intellectual and technical services related to insurance and reinsurance activities and introducing measures for prevention, reduction and elimination of harmful risks that pose a danger in non-life insurance. So, in this legal provision, mediation in reinsurance insurance contracting is only exhaustively listed as one of the activities of insurance companies, without a more detailed explanation of who, how and under what conditions could perform this activity. Article 4 stipulates that "reinsurance activities are the conclusion and fulfillment of reinsurance contracts by insurance

¹⁵ Law on Insurance Article 1 (Official Gazette of the Republic of Macedonia no 49/97, 79/99, 13/01, 26/01 и 04/02)

companies registered for active reinsurance, of excess risks above the level of maximum coverage of insurance companies. ¹⁶

From the above it can be seen that mediation in insurance and reinsurance contracts is only one of the activities of insurance companies, but the law does not indicate intermediaries as a separate category and activity in the insurance process, nor does it refer to competent bodies that would have competencies in the business activity of the intermediaries in the home Member State and in the host Member State - foreign country where the intermediary would carry out his business venture.

Unlike the law, Directive (EU) 2016/97, in turn, gives intermediaries a central place - as the title of the directive suggests, pointing to the fact that insurance intermediaries play a central role in the distribution of insurance products and reinsurance in the Union.¹⁷ The main purpose of this Directive is the harmonization of national provisions relating to the distribution of insurance and reinsurance, as well as the harmonization of national regulations relating to access to insurance distribution and reinsurance activities.¹⁸

At the outset, Directive (EU) 2016/97 points to the need to amend Directive 2002/92 / EC of the European Parliament and of the Council and, in the interest of clarifying it, to amend it. With regard to its validity, in accordance with Article 45 of this Directive, this Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. concluded that 23.02.2019 is the deadline, for intermediaries in Member States which have already registered in accordance with Directive 2002/92 / EC, to comply with and comply with the provisions of national law relating to the professional and organizational requirements laid down in Article 10 of this Directive. Directive 2002/92 / EC should be repealed 24 months after the entry

¹⁶ Law on Insurance (Official Gazette of the Republic of Macedonia No. 49/97, 79/99, 13/01, 26/01 and 04/02) Article 3 and Article 4

¹⁷ Directive (EU) 2016/97 of the European Parliament and of the Council - On the distribution of insurance, (4), 20.01.2016.

¹⁸ Directive (EU) 2016/97 of the European Parliament and of the Council - On the distribution of insurance, (2), 20.01.2016.

into force of this Directive, with the exception of Chapter III.A of Directive 2002/92 / EC which should be deleted on the date of entry into force of this directive (p.74). Regarding the deadlines for transposing Directive (EU) 2016/97 into national law, ANNEX II PART B is relevant. It is important to emphasize that member states should adopt laws and other regulations necessary to comply with this Directive by 23.02.2018 (Article 42, paragraph 1 of the Directive). The revision of Directive (EU) 2016/97 should be carried out five years after the date of its entry into force (p.73).

Directive (EU) 2016/97 seeks to define which entities may and may not be distributors of insurance products, and advocates an equal level of consumer protection regardless of the channel of this distribution. According to point 5 of the Directive, consumers should receive an equal level of protection regardless of the differences between the distribution channels through which they would receive the service. This directive should apply to distributors of insurance products, and such persons and institutions can be such as: insurance brokers, insurance intermediaries, bank insurance sellers, insurance companies, travel agencies and car rental companies. Pursuant to point 14, this Directive should not apply to persons engaged in any other activity, such as tax experts, bookkeepers and lawyers, i.e. persons who only occasionally provide insurance advisory services.

According to point 15, this Directive should not apply to persons engaged in the distribution of insurance as an ancillary activity, provided that the premium does not exceed a certain amount and only certain risks are covered. Such insurance may be in addition to goods or services, train travel, gym membership or a seasonal theater subscription, as well as other travel-related risks such as cancellation or loss of luggage.

On the other hand, if you look at the Law on Insurance, although it does not explicitly use the phrase "insurance distributors / distributors", from its content it could be seen that in our country only the Insurance Companies and / or reinsurance and Insurance brokerage firms, as well as the National Insurance Bureau as a specific entity. Thus, the directive covers greater diversity, ie diversity of entities that would perform the activity of insurance distribution.

For a clearer definition, and then harmonization of the subject contents, in the following we will give an overview of the parts and chapters regulated by the two acts.

INSURANCE LAW	DIRECTIVE (EU) 2016/97 - "For insurance distribution" 2016/97 –
Part one: BASIC PROVISIONS	Introduction (explaining the objectives of this Directive)
Works on insurance and reinsurance	CHAPTER I: SCOPE AND DEFINITIONS
Reinsurance	Article 1 - Scope of application
Part Two: ESTABLISHING AN INSURANCE COMPANY	Article 2 - Definitions
Establishment of an insurance company	CHAPTER II: CONDITIONS FOR ENROLLMENT IN THE REGISTER
License for establishment and operation of the insurance company	Article 3 - Entry in the register
Getting started	CHAPTER III: FREEDOM TO PROVIDE SERVICES AND FREEDOM OF BUSINESS ACTIVITY
Requesting consent	Article 4 - Exercising the freedom to provide services

Acts of business policy	Article 5 - Violation of the obligations when exercising the freedom to provide services
Registration in the trade register	Article 6 - Exercising the freedom of business activity
Part Three: OPERATION OF AN INSURANCE COMPANY	Article 7 - Division of competences between the home Member States and the host Member State
Assets covering technical provisions	Article 8 - Violation of the obligations when exercising the freedom of business activity
Assets that cover the mathematical reserve	Article 9 - Powers in respect of national provisions adopted in the interest of the common good
Liquidity management	CHAPTER IV: ORGANIZATIONAL CONDITIONS
Part Four: INSURANCE COMPANIES NECESSARY	Article 10 - Professional and organizational conditions
Part five: MANDATORY INSURANCE	Article 11- Publication of general good rules
I. Types of compulsory insurance	Article 12 - Competent bodies
II. Accident insurance for public transport passengers	Article 13 - Cooperation and exchange of information between the competent authorities of the Member States

III. Insurance of owners, i.e. users of motor vehicles from liability for damages caused to third parties	Article 14 - Objections
IV. Insurance of the owner, i.e. user of an aircraft user from liability for damages caused to third parties	Article 15 - Out-of-court settlement of disputes
V. Insurance of the owner, i.e. user of a ship, i.e. a motor-powered boat from liability for damages caused to third parties	Article 16 - Restriction of the use of the services of the mediator
VI. Insurance of owners, i.e. users of rail vehicles from liability for damages caused to third parties	CHAPTER V: INFORMATION CONDITIONS AND BUSINESS CONDUCT RULES
Part Six: TRADE BOOKS AND ANNUAL REPORT	Article 17 - General principle
Audit of accounting reviews	Article 18 - General information provided by the insurance intermediary or the insurance company
Account plan and account framework	Article 19 - Conflict of interests and transparency
Part seven: CONTROL, SUPERVISION AND AUDIT OF INSURANCE COMPANIES	Article 20 - Tips and standards for sale if no advice is given

I. Control of the legality in the operation of the insurance companies	Article 21 - Information provided by the secondary insurance intermediaries
II. Internal supervision and audit	Article 22 - Exceptions regarding information and flexibility clause
Part Eight: TERMINATION OF INSURANCE COMPANIES	Article 23 - Conditions for submission of information
I. Rehabilitation measures	Article 24 - Cross sale
II. Opening a bankruptcy procedure Termination of insurance contracts	Article 25 - Conditions for product supervision and management
Curator	Article 26 - Scope of application of the additional conditions
Informing the Ministry of Finance	Article 27 - Prevention of conflict of interests
Termination of insurance contracts	Article 28 - Conflict of interests
III. Special provisions related to the collection of receivables arising from those classes of insurance for which a mathematical reserve must be set aside	Article 29 - Consumer information
Application of the provisions	Article 30 - Assessment of the expediency and appropriateness of consumer reporting

The right to a special refund from the funds that cover the mathematical reserve	CHAPTER VII: SANCTIONS AND OTHER MEASURES
Special account for cash in bankruptcy	Article 31 - Administrative sanctions and other measures
IV. Order of claims	Article 32 - Publication of sanctions and other measures
V. Liquidation procedure	Article 33 - Violation of the provisions and sanctions and other measures
Exclusion of forced administration	Article 34 - Effective application of sanctions and other measures
Part Nine: NATIONAL INSURANCE BUREAU	Article 35 - Reporting violations
Part Ten: Insurance Brokerage Company	Article 36 - Submission of information to EIOPA on sanctions and other measures
Part Eleven: PENALTY PROVISIONS	CHAPTER VIII: FINAL PROVISIONS
Part twelve: TRANSITIONAL AND FINAL PROVISIONS	Article 37 - Data protection
Continuation of the work of the Bureau	Article 38 - Delegated acts
	Article 39 - Execution of delegations
	Article 40 - Transitional period
	Article 41 - Review and evaluation

	Член 42 – Пренесување
	Article 43 - Amendment of Directive 2002/92 / EC
	Article 44 - Withdrawal
	Article 45 - Entry into force
	Article 46 - Addressees
	ANNEX I: MINIMUM PROFESSIONAL KNOWLEDGE AND CONDITIONS FOR EXPERTISE (in accordance with Article 10 paragraph 2)
	APPENDIX II PART A: The Directive is repealed with an inventory of its additional amendments PART B: Deadlines for transposition under Article 44
	APPENDIX III: Correlation table

If we look at the above contents of the two acts that are the subject of this comparative analysis, it could be concluded that the Insurance Law in relation to Directive (EU) 2016/97 covers a wider range of legal relations related to the insurance business, while Directive (EU) 2016/97 refers to only one aspect - the distribution of insurance, from which more specifically two categories arise: insurance distributors and competent bodies.

These categories in the Law are not regulated more specifically, so it could be said that the relationship between these two acts - the Law and the Directive, is a relationship of general and specific, i.e. *lex generalis* and *lex specialis*. Further directions for harmonization of our law with the relevant European directive follow.

Guidelines for harmonization of the law on insurance (Official gazette of R.N.Macedonia no. 35 of 07.05.2001) with directive (EU) 2016/97 of the European Union on 20th January 2016 "on insurance distribution"

If we look at the two acts that are the subject of analysis in this paper, it can be seen that the Directive in several places speaks separately for insurance intermediaries and insurance companies, which indicates the intentions of this directive to promote insurance distributors as a separate fella, independent of insurance companies. On the other hand, it is important to note that the Directive regulates two categories that are not regulated by the Insurance Law, namely:

- 1. Insurance and reinsurance distributors, i.e. insurance and reinsurance intermediaries and ancillary intermediaries (as legal or natural persons independent from insurance companies) and
- 2. Competent bodies (for the implementation of this Directive) which have competencies over the overall internal and external operation of these distributors

Therefore, these two categories could be normatively regulated within the Law on Insurance as a separate chapter, or they could be regulated by a completely new law, such as the Law on Insurance Distribution or the Law on Insurance Intermediaries and the like.

Regarding the distributors, these norms would most correctly define their activity, and further would regulate the conditions for performing the activity of insurance mediation, ie the conditions of establishment, change and closure of these entities. The conditions for entry in the register of these natural and legal persons should be determined, whose records would of course be kept at the Central Register, and probably within the trade register (as is the case with insurance companies).

The same regulation should regulate the conditions and criteria for obtaining and revoking the respective licenses that would be a condition for conducting this entry in the register, and which licenses would be issued by that competent body.

With a regard to the **competent body**, on the other hand, if we look at Article 12 of the Directive, it can be seen that: the competent bodies *can be* either public bodies, or bodies recognized by national law, or bodies authorized by public bodies explicitly for that purpose, but that *cannot be*

insurance or reinsurance companies, or their associations, or insurance or reinsurance intermediaries.

According to the above, through the prism of our legal system, in relation to the competent body and the insurance distributors under its jurisdiction, two solutions or two models of regulation would be possible:

- The first possibility is for this competent body, through amendments to the Law on Insurance, to be regulated as a separate body with delegated competence, perhaps the National Insurance Bureau, which according to our law already has jurisdiction over insurance companies. Such a solution exists for example in the Law on Industrial Property in relation to the Representatives of Industrial Property Rights, where the competent body for the representatives is the State Office of Industrial Property, so it is provided for them to take a professional exam, meet operating standards and receive licenses from SOIP continue (which are intentions of the relevant directive in relation to insurance distributors).

The Office is also responsible for the international activity of the representatives, i.e. they can also file applications for international protection of industrial property rights through the Office. The example is similar with the Private health institutions, which according to the Law on Health Care, receive the decisions for performing the activity from the Ministry of Health, and these decisions are further condition for their entry in the Central Register of the Republic of Northern Macedonia.

- The second possibility (which is probably more correct) would be when, according to a new Law on Insurance Distribution, for example, the competent body would be regulated as a Chamber of Insurance Distributors, ie a Chamber of Insurance Intermediaries, similar to the case with the Chamber of Psychologists in accordance with the Law on Psychological Activity, the Bar Association in accordance with the Law on Advocacy, the Notary Chamber in accordance with the Law on Notaries, the Chamber of Security and others.

This chamber would prescribe all bylaws relevant to the work of insurance distributors, such as Code of Ethics, Rules for taking the professional exam and obtaining a license to practice insurance distribution, Rulebook for work in this activity, Tariff for value of services etc. The Chamber would have competencies primarily in granting insurance distribution licenses to domestic and foreign persons (nationals of another Member State), which would be obtained on the basis of

passed professional exam organized by the Chamber as well, and which would be a basic condition for enrollment. on the establishment of insurance distributors at the Central Registry of the Republic of Northern Macedonia. Consequently, the chamber would have the authority to impose sanctions and other measures, impose administrative fines, revoke licenses and delete the entry in the register in case of unprofessional and unethical behavior of its members (according to the Directive), which would determine The court (of honor) of the chamber upon the application of a consumer or consumer association, as well as in case of changes or deletion of the distributor. This chamber would cooperate with the competent authorities of other Member States in granting or revoking licenses of foreign intermediaries from another Member State, and would be responsible for granting or revoking licenses of domestic intermediaries to operate abroad - another Member State. It would also cooperate and exchange information with EIOPA and the Commission.

Conclusion

From the above, it could be concluded that the Law on Insurance in relation to Directive (EU) 2016/97 covers a wider range of legal relations related to the insurance business, while Directive (EU) 2016/97 refers to only one aspect - The distribution of insurance, from which more specifically two categories arise: insurance distributors and competent bodies, which are not regulated in the law, so the relationship between these two acts - the law and the directive, is a relationship of general and specific, i.e. *lex generalis and lex specialis*.

While the Law contains provisions regarding the establishment, operation and termination of insurance companies, further on compulsory insurance, further control, supervision and audit of insurance companies, and regulates entities such as the Insurance Brokerage Company and the National Insurance Bureau, in the Directive place is given to the distributors or intermediaries in insurance and reinsurance, and the secondary intermediaries, as well as the competent bodies with competencies over them, their registration, professional and educational standards for performing this activity, as well as their mutual or international cooperation, and their cooperation with EIOPA.

Therefore, the harmonization of the law in question with the relevant directive could be done either by adding another chapter in the law, which would refer to the "distribution of insurance", namely domestic and foreign (from other member states of this Directive). insurance and / or reinsurance intermediaries and ancillary intermediaries, and the competent body that would have jurisdiction over them, or all of this could be regulated by a completely different, special law, for example "on insurance distribution", which also in the true sense of the word, it would be a *lex specialis*, which as such would more specifically regulate the activity of insurance distribution.

In the end, we would conclude that the harmonization of these acts is especially important for our country, because insurance is essential for intensifying the international trade of goods, services and rights, in which insurance distributors would have a significant and stimulating effect.

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Directive (EU) 2016/97 of the European Parliament and of the Council - on the distribution of insurance, 20.01.2016.

***the Balkans
in the 21st century
security dilemma***

FAKE NEWS AS PART OF THE INFORMATION OPERATIONS

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Abstract

Countering fake news trend is the latest project around which national governments are uniting to identify fake news as the biggest threat and evil to democratic stability. No country or government is immune to this type of media anomaly, given that fake news, propaganda and even populism (as a benign form of half-truth news) have always existed. Today it is an integral part of every cell in the online media.

Combating fake news is subject to analysis of all security agencies and centers that deal with this issue. In the media chase for fake news related to the US presidential elections, they were presented as a cyber action that made a tectonic shift on the political scene in the largest Western democracy, and everyone recognized the "cherry" from the cake called Western Spring which was allegedly supposed to breakdown. systems and governments in the most democratic states. However, serious analysts believe that this democratic action in an undemocratic version comes at a time when the governments of the great Western countries are not very adept at dealing with the new challenges their countries are facing with. In the period that follows, the governments of the great powers undoubtedly face the growing power of the "uncontrolled media", where non-state actors reign.

Keywords: social media, information warfare, fake news

¹⁹ The research component and reflections in the paper are personal views of the author and are not related to the institution he comes from.

Introduction

In this paper we will talk about online media and fake news as a tool for exercising political, economic and even military influence in times of political and economic crises, with special reference to the US presidential election in 2016. Also, we will mention the INFO operations as an integral part of the strategic concepts for warfare of the armies in the world, nowadays modus operandi for another type of warfare of (non) state actors, i.e. for political and economic warfare. Given that today there are almost 2 billion Internet users and 600 million users of social networks, the role of social media in shaping the opinion of the international and domestic political scene is obviously unlimited.²⁰ Numerous political analysts have devoted time to expose the power of the Internet as a medium with a major political impact over 2016 US elections. Today, there is no doubt that whoever controls the internet media wins the political battle. More specifically, the one who controls social networks has a great advantage in the political struggle. This is evidenced by the fact that in 2016, coincidentally or not, social media determined the victory at the US presidential elections. Certainly, there are many other variables that take place in the election puzzle, but there are still many reasons to believe that social networks, especially Facebook, have played a major role in creating public opinion among the American public that has been crucial to the election results. In the period before the elections and during the elections, a real verbal war was fought on the Facebook network. The political opponent was scandalized while groups' own candidate was favored. Often fights from the cyber warfare were moved on the streets leaving a dark mark on the democratic election process. After the elections and by the initiative of the Commission for the Protection of Citizens' Privacy, Facebook founder Mark Zuckerberg underwent a hearing by the US Senate. He was asked whether he deliberately gave data to 87 million users of the Cambridge Analytica Facebook network, which was politically engaged in the US campaign presidential candidate Donald Trump.²¹

The US-led cyber war later spread to Germany. Theme was "dangerous migration and black Germans". Later it spilled over to France where it began as a truck video (starring a professional truck driver who, unhappy with rising fuel prices, wearing a fluorescent vest and juicy swearing

²⁰ From: F. Hanson, *Revolution&State: The Spread of Ediplomacy*, Sydney, Lowy Institute, March 2012: p. 17

²¹ www.nytimes.com/2018/04/10/us/politics/mark-zuckerberg-testimony.amp.html

at Macron's government), to further the Internet revolution on the streets of Paris with an apocalyptic scenario for the European civilization.²² Images of "yellow vest" protests were spread thanks to social media. It was enough to be caught from the "wrong angle" to look scary, i.e., to reflect a whole new dimension from what was really happening over there.

According to Joseph Nye, Harvard University professor, fight against fake news should be uncompromising and only way to preserve democracy as highest form of today's civilization. This claim is supported by the recent analysis of foreign companies dealing with the budget of social networks where the percentage of funds to deal with these threats has increased. To be more specific, combating fake news is carried out simultaneously in several areas. So, in 2018 Facebook and Twitter began to successfully deal with the spread of fake news by improving the algorithms for checking user profiles and the content released through these media. At the same time, control over media outlets registered in countries outside the United States has increased. Also, the control of VPN services, IP addresses has increased. In addition, the criteria of the marketing companies as the main source of income for those who produce such news have been tightened.²³

According to Raphael Lebel, a former university professor and honorary member of the Conseil d'Etat, the best way to fight fake news is the program of the French President Macron. It provides penal provisions for social networks that allow the spread of these news and educates the readers about the hidden and false messages they carry. The most difficult part to implement it is the blurred line between objectivity and censorship. Thus, politicians are hit by the media accusing them of trying to threaten freedom of speech as a crucial gain of the democracy.

What we do not agree with Professor Rafael Lebel is that fake news is the real reason for the fall or rise of an order. Their existence or production is to be present, that is, to be used by the one to whom they are directed. As paradoxical as it may sound, fake news can be a samurai attempt to "save the victim", i.e., the victim to survive because of them. Otherwise, the effects of fake news are generally short-lived, with a limited effect in a certain population. The genesis of the problem

²² www.aljazeera.com/amp/mews/2018/12/4/the-yellow-vest-movement-explained

²³ Undoubtedly, many of the fake news are created for commercial purposes, i.e., those who produce them make a profit directly from marketing agencies. But, many of those who create or stimulate their creation do so for political or economic purposes.

of fake news lies in three bases. First one is economic, i.e., for commercial use. It is pure earnings from an audience that does not trust its government and uses the psychological moment that helps illustrate the wrongdoings of the great world powers. Second moment (and even a problem) is favoring of certain media (it is about the mega-popular media) that for decades create an opinion about the society and the world and impose a media culture, while being overused by the audience that wants something different. As third, the alliance of powerful media and multinational corporations with own supranational interests are unclear. This will certainly not be the subject of this text. But it is also possible that through these (non)state actors who spread the news, other or third countries to have achieved their own goals.

Rumors, terms and conditions for their spread

Rumors have historically been a phenomenon as old as the first forms of social order. Rumors have a great influence on some events in history. The main examples are the crusades or the migrations of nations. Recent history has also provided such examples like the burning of nearly 200,000 women during the Inquisition in Europe or the outbreak of ethno-national wars in Europe. Considering that thanks to the rumors, situation in the field changes to make them successful, it has been essential to be well organized and planned. Later, news fabrication experts successfully would spread them among the people who are the target group.²⁴

Rumors were most often used during wars but also in conditions of economic and political crises, natural disasters such as earthquakes, floods, fires, terrorist acts and the like. Today, rumors have no state, ethnic or religious boundaries and are successfully used by various actors to pursue political, military or economic interests. Rumors are an instrument for waging a special war against states or other actors, but also means to deal with potential obstacles. Sociologists, psychologists, political scientists, lawyers, analysts, and military experts have done a research, and an acceptable definition of rumor has been reached. Thus, it is accepted that rumors are specific claims based on belief, have the characteristic of rapid transmission and cause general interest, but do not rely on evident factors, i.e., their veracity cannot be directly verified.²⁵

²⁴ Арнаутовиќ Драгољуб, Гласини како едно од оружјата на специјалното војување, Воено Издавачки Завод, 1983 (стр. 8-10).

²⁵ Арнаутовиќ Драгољуб. *Op.cit.*, 10

Psychological operations as part of INFO operations

Psychological operations are defined as selected information and indicators designed for specific audiences to influence their emotions, motives, morals and desires while also affects the behavior of state and non-state actors and individuals.²⁶

Psychological operations are divided into three categories: strategic, operational and tactical psychological operations. Strategic psychological operations are designed in the long run to create a global environment for the implementation of other phases of psychological operations. Operational psychological operations are conducted in the medium term and aim to support regional campaigns and create the space where tactical psychological operations will be performed. Tactical psychological operations are the practical execution of a set of measures, procedures and techniques to achieve an advantage in the theater (field) where the operations are performed.²⁷ All three categories are a cycle that does not end with performing tactical operations but continues with the new creation of strategic psychological operations in the wider area of performing operations.

The media and their role in creating public opinion

Social media as a tool of soft power for creating an opinion in the audience (world public)

Part of the soft power was realized through internet network. It should be borne in mind that the role of non-state actors on internet network during health crises can be really big. Actors who stimulate processes through internet do so in a deductive way to identify the steps to achieve the ultimate goal. Considering that this is a digital age, the beginning of achieving influence and purpose is the cyberspace. Hence, in the part of self-promotion, numerous projects have been made and have been disseminated through social networks. The impact of social networks in crisis situations has a decisive factor in creating public opinion

To this end, actors who use soft power through social networks during the political crises do so in three stages. The first stage is to get acquainted with the type of source of threat.²⁸ At this stage,

²⁶ Joint Pub 3-53

²⁷ Psychological Operations, Volume II, Developed by PSYOP Detachment, B/3/1 SWTG(A), 246-256.

²⁸ A source of threat can be a military actor, natural disasters, virus or other threat that has the potential to threaten the individual and collective security.

the data are generally completely true to ensure the credibility of the source of the information. In the second phase, the problem is exaggerated by its strength, intensity and threat. At this stage, some of the semi-true and untrue information is inserted to identify the cause of the threat. The third stage is the stage when social networks are used as a space for assimilation, expanding their influence, spreading their own values, twisting the truth, but also (de) mystifying the altruistic processes of certain countries during the crisis. At the same time, internet network was used to stimulate fake news from various state and non-state actors as part of the cyber war of the great powers.

Auditorium and recipients of the message

Audience always receives the message individually and differently according to the beliefs, convictions and previous experience. However, the goal of the sender is to create own frame or value code of the message that will be equally received by the audience, i.e., will create an equal value system among the audience. To simplify, we will mention that the main goal would be to create a universal message that will be accepted by the audience. It should be taken into account that each individual reacts differently both physically and spiritually to certain events, sensory stimuli, photographs, events and the like. Therefore, the psychosomatic reaction of individuals should be taken into account by the one who creates the message. The initial message should be intended for the individual (after a study of a particular representative sample is done), and later through the psychological study of mass behavior. As an example, we would cite the behavior of a mass of people at various events. Such is the case when a group of young people are at a football match (team sport) and a tennis match (individual sport). During a football match, aggressive behavior of the mass is noticeable, unlike during a tennis match. It is because of the aggressiveness and stimuli received in the first and the second case.

Another example would be the behavior of a mob protesting for ideological reasons and a mob protesting for economic reasons. In both cases it is about well-motivated crowds. When the crowd protests for ideological reasons, there is much more energy, affect and euphoria among it. Each individual identifies with the masses but also with the higher ideological goals that are the reason for the protest. Many individuals have uncontrollable energy, excitement and passion that can

easily be directed at performing activities that normally an individual would never do on their own. It is a contagious courage, violence or inhuman and irrational behavior. In the other case, the masses, although personally affected by certain economic gains or losses, behave much more rationally, with less energy and fervor in their behavior. The reason lies in the justification of his personal participation. Specifically, in the first case the individual thinks he/she is the defender of what he/she is protesting about (patriotism, etc.), while in the second case he/she thinks that the justification is in personal benefit or for the benefit of a certain group.

Following these examples, it can be concluded that the one who creates the message intended for a certain audience, should take into account all the above elements in order to properly create the message. In principle, the message should stimulate the mass or the individual, i.e., inhibit or channel their energy.

Social networks as a tool in spreading fake news

With the advent of online communication platforms as well as the opportunities offered by these social tools for digital communication, foundation for internet journalism was laid. Thanks to social networks today we easily find out about the intentions, goals and ideas of the individual or even the whole target group, so analogies can be easily drawn. For example, on social networks (Facebook, Twitter, Reddit, Pinterest, etc.) there are groups, events, activities, etc. where with relatively cheap or even free tools and software for analysis and statistics one can predict the results of some activity or even political rating of a political entity. The most characteristic social network is Facebook, which is a labyrinth or ocean of billions of information in a day. Citizens are often unaware of the large amount of information they say about themselves or their immediate environment with their activity or inactivity. Facebook owner Mark Zuckerberg has been accused of influencing the final results of the 2016 US presidential election by favoring one candidate and at the same time demonizing the other. But what actually happened to the affair about the influence of alleged Macedonian hackers on the US elections. At the beginning it was a commercial project of two young boys (brothers) who due to the difficult financial situation of their parents (abandoned from work during the privatization) decide to find an opportunity and a way to earn money online thanks to the Internet audience. So, for a start, they decide to create and create

articles about health, food, beauty and love and share them through social networks, i.e., through fan pages whose owners they pay in order to be given a place to release posts for the audience. Two young men initially were earning a few dollars a month but were not discouraged. On the contrary, they continued to work until they found the right way to share info on their website, which contained ads of the popular Google search engine. This soon became a significant and profitable business where the monthly earnings became several tens of thousands of dollars a month.

Soon other young guys started the same thing. They realized that the best platform for sharing digital content is Facebook, and that the best or most visited are political news. To that end, they started creating own websites whose names often used the prefix news, or USA or patriot, and created groups and fan pages with the names of some of the current politicians. With a lot of hard work (especially due to the different time zone) they successfully shared the news they found most often on some of the official US political sites and made it available to the audience through Facebook in the fans or groups owned by them or they were members of. At first, they used official news source, most often the popular New York Times, or the Washington Post, and so on. But they soon found out that the most frequently shared and most read news would come from a not very well-known source but with a bombastic title. Such news can be shared millions of times, which means (depending on the type of ads) up to several thousand euros in just one day. Soon, due to the lack of new news with bombastic headlines, young creative people started creating their own news in line with the political situation. Examples included several bombastic headlines with hundreds of thousands of shares such as during the tensions between the United States and North Korea, news spread that US President Trump had ordered several submarines armed with nuclear warheads to head to the Korean Peninsula, or completely fabricated news about the gender reassignment of former US First Lady Michelle Obama, or Soros as the creator of a new world order, etc. The latest and most lucrative was the trend of news about anti-Muslim movements, especially after the migration wave in Europe. Thus, news of the rape, beating, and assault of young Muslims throughout Europe (although some of the events did occur) spread "mercilessly" on a daily basis, sparking a resurgence of Nazi movements and a major influence in the victory of right-wing parties across Europe.

Fake news

Fake news has become routine on the Internet and has had a major impact on shaping public opinion.²⁹ The most common fake news was the influence of the Creation of a world government (with the help of the so-called Deep State and Soros), Anti-Muslim and Anti-Immigration movements, and the racial discrediting of African Americans. These were the most exposed news on social networks that covered the topic of the US presidential campaign in 2016 and few months after it.

To this end we conducted a small survey on the social network Facebook in three Facebook groups with over 100,000 members where news about the presidential campaign were shared, in the period from September 5 to December 11 (a period of 3 months before and immediately after the presidential elections in the USA), and we compared the news that was shared in terms of three categories. The first category is the term Creating a world government - Deep state. The second category is Anti-Immigration policy (referring to the population of South American countries) and Anti-Muslim movements in the United States, and the third category is Racial discrediting of African Americans.

A Facebook group is a unit of content analysis. The results are analyzed, semantically linked, and compared by using Semantic Text Analysis Software.

²⁹ Psychological operations Techniques and Procedures, FM 33-1-1, Washington, DC, 5 May 1994 (pg. 9-9)

Chart 1. Creating a world government (Deep state).

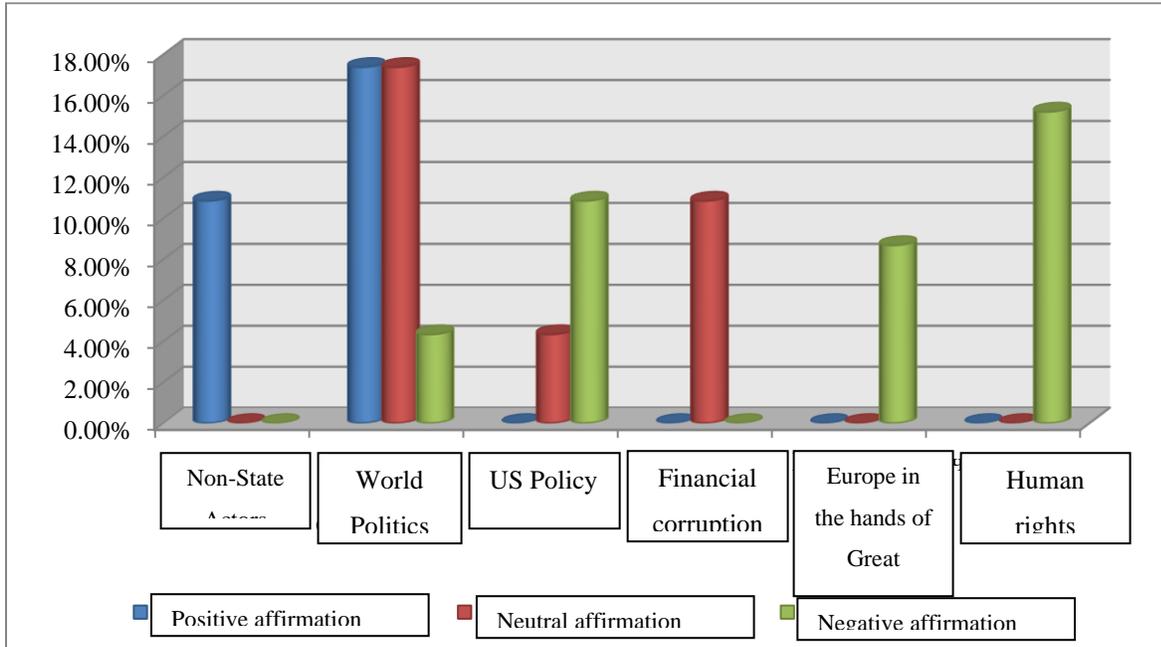


Table 1. Creating a world government (Deep state).

Subcategory	total texts	+	0	-
Total	46 (100%)	13 (28,26%)	15 (32,6%)	18 (39,13%)
Non-state actors	5 (10,86%)	5 (10,86%)	0	0
World politics,	18 (39,13%)	8 (17,39%)	8 (17,39%)	2 (4,34%)
US policy	7 (15,21%)	0	2 (4,34%)	5 (10,86%)
Financial corruption	5 (10,86%)	0	5 (10,86%)	0
Europe in the hands of the great powers	4 (8,69%)	0	0	4 (8,69%)
Human rights	7 (15,21%)	0	0	7 (15,21%)

The data are obtained by use of the analytical software *Tropes* with semantic analysis of certain words in the texts that gravitate around the phrase Creating a world government. Additionally, statistical analysis was performed with Semantic Text Analysis Software.

Analysis includes a total of 46 texts. Whole category is divided into 6 subcategories. Texts were analyzed to see if they had a positive, negative or neutral affirmation. The percentages are given by the total number of analyzed texts and not only by the given subcategory. Thus, when we analyze the term non-state actors in the content of the published texts on this topic, the role of non-state actors in identifying the causes and actors that are part of the so-called world government have had a positive affirmation (out of a total of 5 texts all have a positive affirmation). Next, world politics and the Cold War as a key variable in the fight against the creation of a world government has had an identical percentage of positive and neutral affirmation (out of a total of 18 texts 8 texts or 44.44% had a positive affirmation, 8 texts or 44.44% had a neutral affirmation, and 2 texts or 11.11% had a negative affirmation). The US policy subcategory generally has a negative affirmation (out of a total of 7 posts or text, 5 text or 71.43% of the total number of texts). What is interesting is that for the subcategory financial corruption all the analyzed texts have had a neutral affirmation. By analyzing the content of the text, the term human rights have had an extremely negative affirmation (out of a total of 7 texts, all 7 had a negative affirmation). Also, out of a total of 46 analyzed, texts the subcategory of world politics has the highest percentage of positive affirmation, the subcategory of world politics has the highest percentage of neutral affirmation and the subcategory of human rights has the highest percentage of negative affirmation.

Chart 2. Anti-Muslim and Anti-Immigration movements.

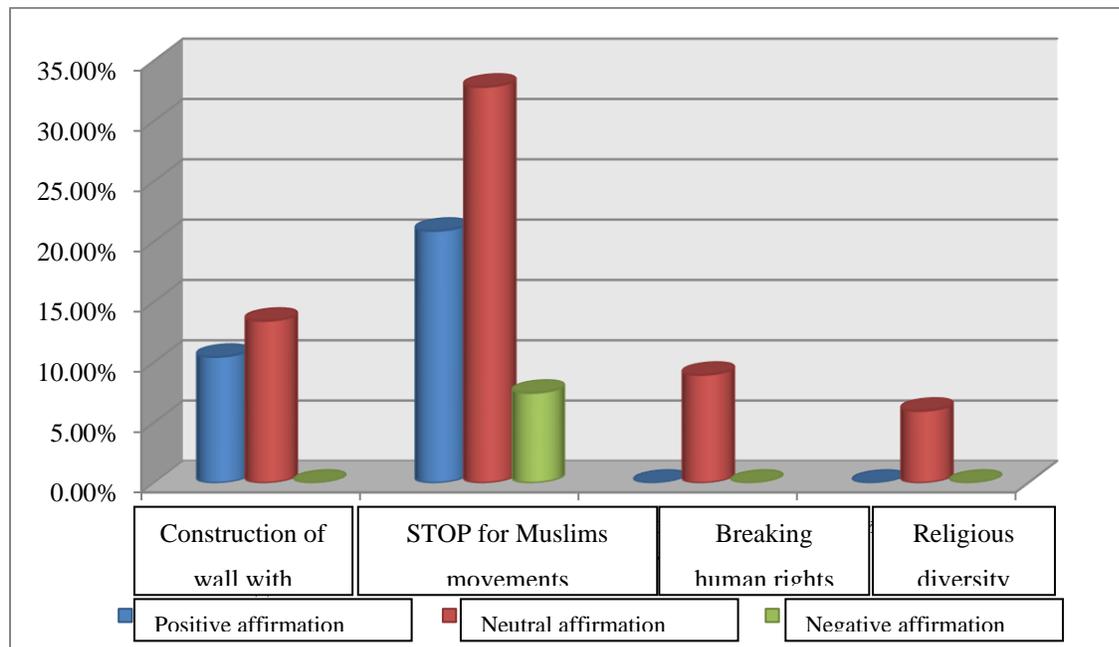


Table 2. Anti-Muslim and Anti-Migration movements.

Subcategory	total texts	+	0	-
Total	67 (100%)	21(31,34%)	41(61,19%)	5 (7,46%)
Construction of wall with Mexico	16 (23,88%)	7 (10,44%)	9 (13,43%)	0
STOP for Muslims movements	41 (61,19%)	14 (20,89%)	22 (32,83%)	5 (7,46%)
Breaking human rights	6 (8,95%)	0	6 (8,95%)	0
Religious diversity	4 (5,97%)	0	4 (5,97%)	0

Analysis includes a total of 67 texts. Whole category is divided into 4 subcategories. Texts were analyzed to whether they had a positive, negative or neutral affirmation. Percentages are given by

the total number of analyzed texts and not only by the given subcategory. Thus, when we analyze the subcategory Construction of a wall with Mexico (meaning a ban on migration from Latin America) in the content of the published texts on this topic (out of a total of 16 texts, 7 texts or 10.44% have a positive affirmation, 9 texts or 13.43% have a neutral affirmation and no text with a negative affirmation). Then, the STOP subcategory for Muslim movements (as a result of religious intolerance) again has the highest percentage of neutral affirmation (out of a total of 41 texts or 61.19%, only 14 texts or 20.89% have a positive affirmation, while 22 or 32.83% are with neutral affirmation, and only 5 texts or 7.46% have negative affirmation). Then comes the subcategory of Human Rights Violation (based on religious intolerance) where all texts have a neutral affirmation.

Next is the subcategory Religious diversity as a key variable. Where all publications or texts have a neutral affirmation.

Chart 3. Racial discrimination.

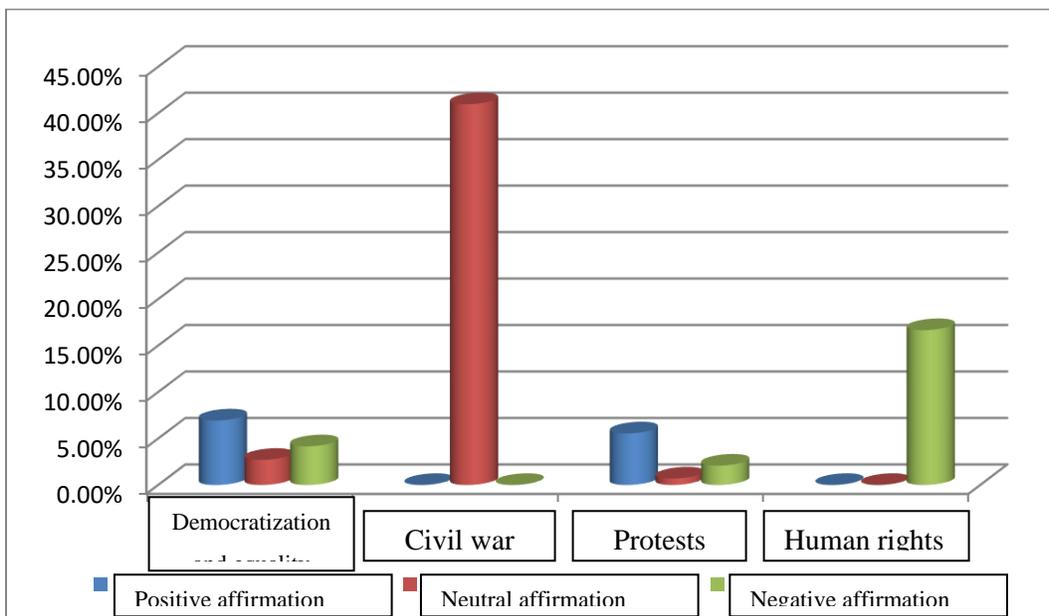
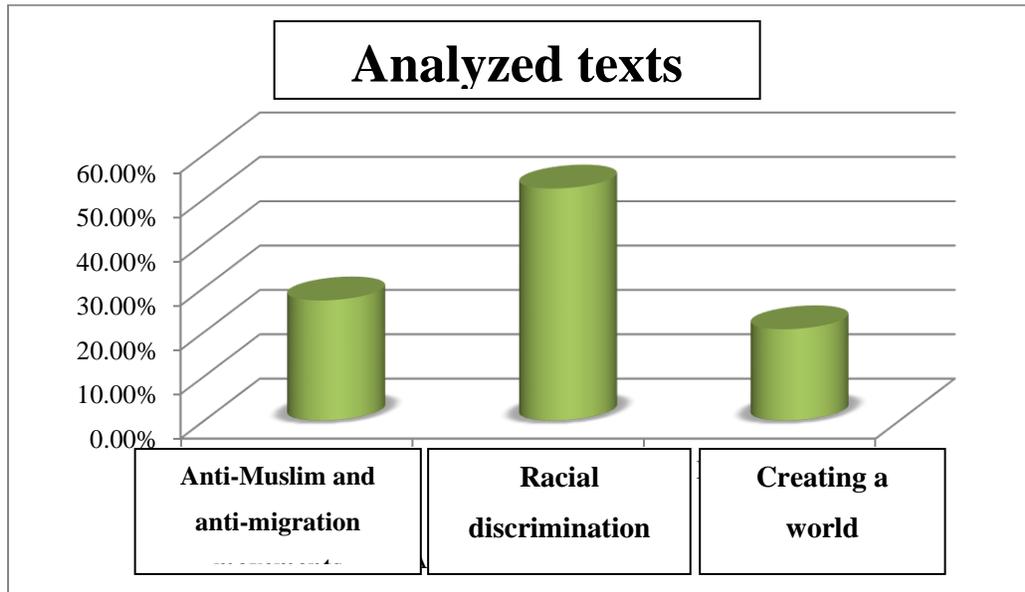


Table 3. **Racial discrimination.**

Subcategory	Total texts	+	0	-
Total	144 (100%)	35 (24,30%)	64 (44,44%)	45 (31,25%)
Democratization and equality	20 (13,88%)	10 (6,94%)	4 (2,7%)	6 (4,16%)
Civil war	59 (40,97%)	0	59 (40,97%)	0
Protests	12 (8,33%)	8 (5,55%)	1 (0,69%)	3 (2,08%)
Promotion of Human rights	24 (16,66%)	0	0	24 (16,66%)
Other	29 (20,13%)	17 (11,8%)	0	12 (8,33%)

The analysis covers a total of 144 texts. Whole category is divided into 4 subcategories. Texts were analyzed as to whether they had a positive, negative or neutral affirmation. Percentages are given by the total number of analyzed texts and not only by the given subcategory. So, when we analyze the term Democracy and Equality of Communities (meaning racial communities) in the content of the published texts on this topic, despite Trump's speech in which he underestimated African-Americans, there was no explicit racial intolerance in the audience (out of 20 texts 10 texts or 6.94% have a positive affirmation, 4 texts or 2.7% have a neutral affirmation and 6 texts or 4.16% have a negative affirmation). Then, the subcategory Civil War (as a result of racial intolerance) all texts have a neutral affirmation. The following is a sub-category: Promotion of human rights as a key variable (out of a total of 24 texts, all have a negative affirmation).

Chart 4. Analyzed texts



According to the graph, it can be seen that the most published texts are for the category of Racial discrimination with 144 texts or 56.03% of the total number of published texts that were subject of analysis. Then come Anti-Muslim and Anti-Immigration publications, published a total of 67 texts or 26.07% of the total analyzed texts, and finally is the category Creating a World Government and a total of 46 which represents 17.89% of the total published content.

Conclusion

Social media create and design various political and socio-economic or security situations with the help of (non)state actors. Fake news play great role in creating public opinion and can imply a number of political and security conditions. On the other hand, social networks and groups have become virtual alliances of like-minded people (regardless of nationality, gender and other type of affiliation) who with a lot of energy convey the message to those on the "other" side. Thus, the Internet has become the most powerful tool of the weak and the victims, the dumb and the blind, the marginalized and the oppressed. Now everyone could hear the voice of the other uncensored. Freedom, the right to choose, and civic activism are practiced as never before. Civic activism has moved from the streets to cyberspace. Cyberspace is the battlefield where (non)state actors fight to control or create public opinion.

Emergence of fake news moved civic activism from Internet onto the streets. In the future, thanks to social networks the ability of small actors to influence a large audience will grow thus it will reduce the power of large actors to create public opinion. But it should not be forgotten that fake news is usually an instrument of actors who by creating them create a climate for their own interest. Hence, for that purpose an uncompromising fight should be waged against fake news.

According to the research, it can be concluded that most of the numerous Facebook groups supported the presidential candidate Donald Trump. At the same time, in those groups there was much more activity of the members than in the groups that were in support of the presidential candidate Hillary Clinton. Analogously, Facebook's algorithm is designed as if there is intensified activity in the group to have a greater reach of the auditorium. That way, a post is more likely to go viral, which increases the impact on the audience. In this case, thanks to the algorithm and the activity of Donald Trump supporters, the published content that was in his favor was much more available in time and Internet space to end users (it does not mean that Facebook deliberately made it possible, because if there was such activity in groups where Hillary Clinton was supported, then that content would have been be much more available to end users). The bottom line is that, coincidentally or not, the great activity of Facebook, the large number of Facebook groups that supported Trump, the daily opening of new support groups, creation of a large number of fan pages, and the development of topics that the American public wanted to hear (enabling countless times to share content from one account, opening countless accounts without any authentication and authorization with a phone number or ID card), determined the victory of the presidential candidate Donald Trump.

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ILLEGAL LOGGING AS A THREAT TO HUMAN SECURITY IN THE WESTERN BALKANS

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Abstract

In this paper authors try to analyze the problem of illegal logging in the case of Western Balkans. Main hypothesis is that the destructive utilization of forests represents a threat to human security in this region. Illegal logging isn't discrete, exclusively environmental issue, on the contrary it has multidimensional implications. They can have reflection on the five dimensions of human security, as it is explained in the paper. One of the main arguments is data disproportion from governmental and non-governmental sources. Even they are obtained from the field with the relevant opinion of some experts, disproportion shows a tendency to hide complex network of criminal activities behind illegal logging (for example corruption). Second argument includes uncovered huge losses to environment, economy, and wellbeing of individuals, societies and states. Eventually, because of the roots of violence, wars and inappropriate political behavior, Western Balkans turned out to be convenient ground for the most of criminal acts. One of them, as it is described in the paper, has environmental character but multiple consequences. Beside it, paper doesn't have only practical, but also theoretical goals. Opposite to some objections given by realist scholars and others, authors found out that one problem can be connected with others in HS concept, as well as they can have direct influence on human being's life.

Keywords: illegal logging, human security, Western Balkans.

Introductory remarks

In this paper authors will try to emphasize problem of illegal logging in the case of Western Balkans countries, since it has multidimensional implications for the human security in this region. It's consequences tackle the environmental, economic, political, personal and community security. As many as it seemed that the illegal logging is exclusively environmental, simple and not so important issue, this paper gives different insights. In the first line we will introduce theoretical concept of human security, and then, following the existing generalities about illegal logging, identify its main implications for the Western Balkans region. After that, there will be highlighted practical difficulties for mentioned five dimensions of human security.

There are several reasons for writing about this topic. As first, Western Balkans represents a region which has deeply implanted roots of violence, wars and deviant political behavior which indicates corruption, nepotism and similar phenomena. Struggle for a decent level of human security lasts for decades, so there is a spectrum of problems which need to be solved. In this paper we analyze one of them, such as illegal logging. It is among the most marginalized, environmental issues, whose negative impact captures human security as a whole, with many of dimensions. Neglecting of illegal logging is partly testified by media, public and political discourse, where cannot be heard almost nothing about destructive utilization of forests. Besides, there is hardly any professional, academic or non-governmental type of debate in the Western Balkans societies, dedicated to such theme. In order to fulfill this emptiness, there is an effort to clarify illegal logging as a serious threat and complex question, not only because of its consequences, but also for actors who are involved. They can be placed on multiple levels, including local communities, government organizations and private companies. Network of their actions impedes every attempt to reveal the whole process from its germs and beginnings. Accordingly, authors suggest that the illegal logging has characteristics of pervasive occurrence whose research requires comprehensive approach. Complexity, devastating trend of low awareness and bad treatment imposes a need for further examination of this problem, with all of its peculiarities, implications, as well as recommendations on how to address it in the future.

Human security – theoretical frame and practical shape

The redefinition of human security was initiated in 1994. Previously, security was considered as a simplified concept consisted mainly of hard, military components of power. Performances that was easy to measure, like as the size of armed forces, distribution of arms, their imports-exports, also were the best indicators of state security, and strength to resist all the problems of Cold War era. For a long time, narrowed view of security articulated through military means, has led to the continued neglecting of basic human needs. Human rights were shaded by the states unrivaled military capabilities, designed to resolve any type of conflict and establish, or maintain peace under questionable democratic conditions. In that sense, traditional security studies were primarily related to a realistic view of state affairs, famous for advocating idea of an anarchic international system essentially based on self-reliance. Since the highest value was physical security, prevailing way of securing peace was by using military tools and winning wars. However, this way of thinking proved to be outdated when non-military threats started to coming from other states, but consisted of gross violations of human rights practiced by the other states, or non-state actors. In such cases most of the countries felt helpless to its citizens, because they could no longer claim that its use of force was legitimate or effective. Under these circumstances, human security approach attempted to transform traditional notions of security, framed in terms of national and regional stability, as well as stability of political and economic systems with focus on human beings. This meant that the primary threats were no longer the exclusive domain of military forces. Primary threats were seen as internal: economic failure, violation of human rights, political discrimination. Hence, the guarantee of national security no longer lay in military power, but in favorable social, political and economic conditions, the promotion of human development, and the protection of human rights.³⁰

Today, it is still unknown what human security exactly represents. Even though in the literature devoted to international relations and to development issues it has been referred to in various terms: as a new theory or concept, as a starting point for an analysis, a world view, a political agenda, or as a policy framework. There is no single definition of human security, which remains an open

³⁰ Tadjbakhsh, S. (2005), “Human Security: Concepts and Implications with an Application to Post-Intervention Challenges in Afghanistan”. In: Les Études du CERI. N°117-118, 4-5.

question. Consensus stays among its advocates that there should be a shift of attention from a state-centered to a people-centered approach to security. Human security deals with the capacity to identify threats, to avoid them when possible, and to mitigate their effects when they occur. It means helping victims with the consequences of the widespread insecurity resulting from armed conflict, human rights violations and massive underdevelopment. Such broadened use of the word “security” encompasses two ideas: one is the notion of safety that goes beyond the concept of mere physical security in traditional sense, and the other idea that people`s livelihoods should be guaranteed through “social security” against disruptions.³¹

Genesis of the human security concept goes back to the end of Cold War period. Respect for sovereignty was shaken by too many examples where states themselves became perpetrators of insecurities, not only failing to fulfill their obligations toward their subjects, but threatening their very existence. At the same time, this era saw a variety of new and often unsuccessful interventions in Bosnia, Kosovo, East Timor and Afghanistan. Even when the conflicts seemed to be settled, peaceful environment didn`t mean at the same time a developed, adjusted system of sustainable politics. Peace denoted ending the state of war, cessation of fire and armed activities, but also a lack of sufficient capacities to deal with rehabilitation and long-term peace building efforts. Other key moment for appearance of new phenomena was the end of bi-polar competition, as a turning point in emerging multipolar world order. New actors dispersed on the global scene: international organizations, private investment companies, NGO-s and non-state entities that play an active role in international relations. At the same time, beginnings of multipolar era marked the rise of new threats to which states were not prepared (ethnic confrontations, terrorism, forced displacement, extreme poverty, HIV/AIDs etc.).³² In this regard, authors like Edward Newman, would also add processes of globalization (marketization of national economies, deregulation, “complex independence”, multilateralism in foreign policy, globalizing problems, etc.) and normative changes (transnational norms) as chief characteristics in a changing context.³³

³¹ Ibid., 5.

³² Ibid., 6.

³³ Newman, E. (2001), “Visions of International Studies Human Security and Constructivism”. In: International Studies Perspectives, 2(3), 241-242.

New idea of security gained attention in the academic and policy-making circles, providing different insights into the roots, causes and solutions to end misery, conflict or under development. Extended use of this concept encouraged one research published in September 2004, in the journal *Security Dialogue*, when 21 scholars were asked to explain what they understood by human security, whether could ultimately find a place in academic studies and policy research organizations. Debate centered on the definitions given the term, its advantages, weak points, and on the changes that would be necessary to develop its theoretical and practical implications. Eventually, results showed that respondents fall in three categories: those for whom human security represents an attractive idea, but one that lacks analytical rigor; those who while accepting the term, insist on limiting it to a narrowly conceived definition; and those for whom a broad definition of the human security concept is an essential tool for understanding contemporary crises. One of the objections was a large number of elements labeled as threats, without connections between them. Disagreement was also made by realist scholars of security studies, in the tradition of Kenneth Waltz.³⁴ They warned that security issues aren't direct threats to human beings. A little more optimistic view is offered by Ian Manners who thinks that human security concept provides enduring and dynamic organizing frame for security, a frame which European union has accepted and practices it through European foreign policy. Thus, human security can be seen as a proactive strategic narrative with the potential to further EU foreign policy integration.³⁵ With this statement converges defining characteristic of human security scholarship proposed by Edward Newman, who highlights policy relevance, engagement with policy, and desire to change security policy in a 'progressive' ways.

Further, he points out that human security approach seeks to securities issues as it broadens its approach to security.³⁶

Mentioned EU applicability is an example how one theoretical concept can be used in the purpose of policy making, even there are some doubts and remarks about its definition. It is clear that human security isn't perfect frame, but it changes perception of problems in a better way, for the

³⁴ Tadjbakhsh, S. (2005), "Human Security: Concepts and Implications with an Application to Post-Intervention Challenges in Afghanistan", *op. cit.*, 6.

³⁵ Kaldor, M., Martin, M., Selchow, S. (2007), "Human Security: a new strategic narrative for Europe". In: *International Affairs*, 83(2), 276.

³⁶ Newman, E. (2010), "Critical Human Security Studies". In: *Review of International Studies*, 36(1), 81.

benefit of individuals and entire community. Human security has appeared partially as a consequence of a situation where the continued prioritization of military concerns at the state level in traditional discourses and practices of security, has served to further individual insecurity and failed to respond adequately to the most pressing threats throughout the world. During the next chapters, we will try to challenge criticism that has been made by realist scholars, and illustrate how illegal logging as a security threat could be connected with other categories in human security concept, as well as how directly influences human beings' life in Western Balkans region. Eventually, broad set of aspects not conventionally connected in theory are often importantly connected in reality. Economic, social, cultural, medical, political, military are not separate systems, and the neither national nor personal security will be secured by military means alone.³⁷ First step in order to dispute the harshest attack from examined groups and realistic stream of thought, is to shortly represent seven dimensions of human security, with remark that five of them are going to be crucial in the paper.

Agenda of human security, which was established by United Nations Development Programme in 1994, addresses issues of human rights, economic inequality and environmental changes as global priorities.³⁸ According to this report, human security includes seven areas: economic, food, health, environmental, personal, community and political security. Economic security represents an assured basic income for individuals, usually from productive and remunerative work, or, in the last resort, from some publicly financed safety net. Food security ensuring that all people at all time have both physical and economic access to basic food. Health security guarantees a minimum protection from diseases and unhealthy lifestyles. Fourth, and for us very important dimension is environmental security, which protects people from short- and long-term ravages of nature, man-made threats in nature, and deterioration of the natural environment. Among these seven categories is also personal security, with task of protecting people from physical violence, whether from the state or external states, from violent individuals and sub-state factors, domestic abuse and predatory adults. In order to protect people from the loss of traditional relationships and values,

³⁷ Gasper, D. (2005), "Securing Humanity – situating Human security as concept and discourse". In: *Journal of Human Development*, 6(2), 228.

³⁸ McDonald, M. (2002), "Human Security and the Construction of Security". In: *Global Society*, 16(3), 278.

and from sectarian and ethnic violence, report also embraced community security. The last is political security, with the purpose of ensuring conditions for living in society that honors basic human rights and freedom of individuals/groups from government attempts to exercise control over ideas and information.³⁹

Illegal deforestation

Illegal deforestation is usually defined as logging, transport, processing, purchase and sale of timber and lumber, national legislation notwithstanding.⁴⁰ It affects ecosystem degradation and loss of biodiversity, hinders economic development, and increases crime and corruption and is present in many regions of the planet (Table 1).⁴¹ According to some estimates, more than 100 million cubic meters of timber around the world are illegally harvested each year (which is about 5 million hectares), with the highest percentage being in Central Africa, Southeast Asia and the Amazon Basin.⁴²

Table 1. Illegal deforestation in selected (most vulnerable) countries

Country	Country Estimated percentage of illegal logging
The Democratic Republic of Congo	90%
Peru	80-90%
Indonesia	60-80%
Laos	35-80%
Republic of Congo	70%
Papua New Guinea	70%
Ghana	34-70%

³⁹ Acharya 2005, 492.

⁴⁰ Pervaze, A. S., Lucas, F. B., Kezee, P. (2019). "International Illegal Logging: Background and Issues". Washington DC: Congressional Research Service, 1; EU FLEGT. (2020). "Illegal logging". <http://www.euflegt.efi.int/illegal-logging> (visited on 28.01.2019).

⁴¹ Pervaze, A. S., Lucas, F. B., Kezee, P. (2019). "International Illegal Logging: Background and Issues", op. cit., 1.

⁴² Lawson, S., MacFaul, L. (2010). "Illegal Logging and Related Trade Indicators of the Global Response". London: Chatham House, 17; Pervaze, A. S., Lucas, F. B., Kezee, P. (2019). "International Illegal Logging: Background and Issues", op. cit., 1; Amadeo, K. (2019, August 24). "How Deforestation Costs You and Steps You Can Take Today". The Balance. <https://www.thebalance.com/deforestations-economic-impact-4163723> (visited on 18.02.2020); Global Initiative. (2018, February 15). "Illegal Logging, Environmental Crime, and Human Trafficking". <https://globalinitiative.net/illegal-logging-environmental-crime-and-human-trafficking/> (visited on 18.02.2020).

Brasil	80-90%
Malaysia	35%
Russian Federation	15% in the Northwest and 50% in the Far East

Source: Pervaze A. Sheikh, Lucas F. Bermejo, Kezee Procita, International Illegal Logging: Background and Issues, Congressional Research Service, Washington DC, 02/26/2019, p. 1.

The Balkan Peninsula also is not spared this criminal activity. As explained by a group of authors led by Nada Dragovic, "the Balkan countries, primarily Bosnia and Herzegovina, (BiH) are the leading source of illegal timber placement on the European Union market, and the problem of illegal logging in these countries is considered to be one of the major issues in Southeast Europe's forestry".⁴³ What are the consequences to the Balkan Region in terms of human security, given the proposed analytical framework?

Impact of illegal logging on environmental and economic security

The negative impacts of illegal deforestation on ecology and the economy are multiple. First of all, illegal logging directly affects the increase of carbon dioxide (CO₂) in the air, the degradation of biodiversity as well as the aggravation of climate change.⁴⁴ Besides, criminals do not pay taxes, fees, and duties, so the state does not generate income. As Duncan Brak explains: "They do not report logging in protected areas or cutting trees beyond the allowable quotas, and they process logs without obtaining the statutory permits and export timber without paying export taxes".⁴⁵ When added to the fall in timber prices in the market due to illegal activities (which is somewhere

⁴³ Dragović, N., Ristić, R., Pilel, H., Volfslehner, B. (2017). "Upravljanje prirodnim resursima u Jugoistočnoj Evropi: Šume, zemljište i vode". Skopje: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), 32.

⁴⁴ Shepherd, K. (2018, February 25). "Deforestation: The Causes and Its Impact on Humans". London: The London Orchard Project. https://www.thelondonorchardproject.org/deforestation-causes-impacthumans/?_cf_chl_jschl_tk_=b45ce853492e7947f7b3dec2fa7aa3ed4fe36f17-1585156186-0AR5tGLhcs8AQZ (18.02.2020); Johnson, T. (2009, 21 December). "Deforestation and Greenhouse-Gas Emissions". Council on Foreign Relations. <https://www.cfr.org/background/deforestation-and-greenhouse-gas-emissions> (visited on 19.02.2020); Lawrence, D., Vandecar, K. (2015). "Effects of tropical deforestation on climate and agriculture". In: Nature climate change, 5(1), 27-36; Greenpeace Australia Pacific. "Fighting against deforestation and illegal logging". <https://www.greenpeace.org.au/what-we-do/protecting-forests/threats/> (visited on 19.02.2020); Thai-EU FLEGT Secretariat Office. "What is illegal logging?". <http://tefso.org/en/1649-2/> (visited 19.02.2020); Forest Governance and Legality. (2009, 16 December), "Illegal logging ravages Albania's forests". <https://www.illegal-logging.info/content/illegal-logging-ravages-albanias-forests> (visited on 25.02.2020).

⁴⁵ Brack, Duncan. 2005. "Illegal Logging." Sustainable Development Programme. London: Chatham House, 1.

between 7 and 16 percent) and the damage caused by the destruction of biodiversity, it is clear that the financial losses that states suffer are enormous.⁴⁶

When it comes to the damage caused by this criminal activity in the Balkans, official data often do not represent the real situation on the ground. According to Dragovic and associates (2017), statistics on the production and use of wood throughout the region do not agree, that is, official reports indicate much lower figures. Also, the methodology used to determine the number of illegally harvested trees is uneven and often inappropriate, and it is therefore very difficult to determine with exact accuracy the precise amount of damage on an annual basis. Nevertheless, an insight into the scale of the environmental catastrophe that is occurring in the region can be anticipated based on the following information.

For example, although official figures from the Albanian authorities estimate the extent of illegal logging at 15 percent of the total deforestation in a year, the exact range is likely to exceed legal logging by a factor of ten. This, as the same authors point out, "is to be inferred from the disagreement between the supply of firewood and actual consumption".⁴⁷ Moreover, according to data from the US Global Forest Watch, the percentage of forest areas in Albania decreased from 36 to 17 percent from the 1990s to 2010, which some have rightly called "environmental massacre".⁴⁸ Besides, the loss of trees in Albania only between 2001 and 2007 is thought to have resulted in the release of 3 megatons of carbon dioxide (CO₂) into the atmosphere.⁴⁹

⁴⁶ Pervaze, A. S., Lucas, F. B., Kezee, P. (2019). "International Illegal Logging: Background and Issues", op. cit., 1.

⁴⁷ Dragović, N., Ristić, R., Pilcl, H., Volfslehner, B. (2017). "Upravljanje prirodnim resursima u Jugoistočnoj Evropi: Šume, zemljište i vode", op. cit., 54.

⁴⁸ Nabolli, E. (2009, 16 December). "Illegal Logging Ravages Albania's Forests". Balkan Insight. <https://balkaninsight.com/2009/12/16/illegal-logging-ravages-albania-s-forests/> (visited on 25.02.2020); Forest Governance and Legality. (2009, 16 December). "Illegal logging ravages Albania's forests", op. cit.; Alikaj, A. (2018, 29 November). "Cahinsaw Gangs: The Plunder of Albania's Ancient Forests". Balkan Insight. <https://balkaninsight.com/2018/11/29/chainsaw-gangs-the-plunder-of-albania-s-ancient-forests-11-27-2018/> (visited on 25.02.2020). The peak was reached in 1997 when more than 500,000 cubic meters of timber was reported to be illegally cut down (Dragović, N., Ristić, R., Pilcl, H., Volfslehner, B. (2017). "Upravljanje prirodnim resursima u Jugoistočnoj Evropi: Šume, zemljište i vode", op. cit., 53-54). According to some studies from 1943, 83 percent of Albania's territory was under forests (Impuls. (2019, 3 June). "Albanija zabranila seču šuma na 10 godina!", <https://impulsportal.info/index.php/zivotna-sredina/19101-albanija-zabranila-secu-suma-na-10-godina>. (visited on 25.02.2020)).

⁴⁹ Alikaj, A. (2018, 29 November). "Cahinsaw Gangs: The Plunder of Albania's Ancient Forest", op. cit.

The situation is no less dramatic in nearby Bosnia and Hercegovina. Moreover, according to research by some non-governmental organizations, the amount of illegally logged timber in that country in 2008 was 1.2 million cubic meters, while official figures from the competent ministries point to significantly lower figures. For example, in 2012, the Ministry of Agriculture, Water Management and Forestry reported that only 38,603 cubic meters were illegally harvested, with a total value of KM 1,902,347 (approximately EUR 950,000).⁵⁰

Ahmet Lojo from the Department of Forest Management at the Faculty of Forestry in Sarajevo agrees with the statement that the actual data on the volume of illegal logging is much higher than registered, but adds that, with economic damage, they are significantly higher in ecological terms. As he explains, on the one hand, illegal deforestation is most often done without the implementation of protective measures against the multiplication of harmful insects on the remaining parts of the trees (as opposed to planned felling), thus creating foci for the development of pests, from where they continue to spread in the forest and cause a kind of "damage coupling". On the other hand, the concentration of logging in small areas, so-called bare felling causes surface erosion, as well as prerequisites for landslides (Obrenović, 2018).⁵¹

Regarding Northern Macedonia, it is assumed that the total amount of illegally harvested timber is in the range of 25 to 30 percent (of the total harvested amount) and, as noted by Marina Malis Sazdovska there has also been a dramatic increase in unauthorized deforestation.⁵² Referring to the data of the Central Bureau of Statistics of Northern Macedonia, the author explains that compared to 2009, when just over 6,000 cubic meters were illegally logged, in 2010 illegal logging took away 11,557 cubic meters of wood (which is an increase from almost 100 percent), while as

⁵⁰ Dragović, N., Ristić, R., Pilcl, H., Volfshner, B. (2017). "Upravljanje prirodnim resursima u Jugoistočnoj Evropi: Šume, zemljište i vode", op. cit., 91. Some recent estimates suggest that as many as 2 million cubic meters of timber were illegally cut down in 2019 (Sarajevo Times. "[Two Million Cubic Meters of Wood stolen from Forests in Bosnia-Herzegovina Annually](https://www.sarajevotimes.com/two-million-cubic-meters-of-wood-stolen-from-forests-in-bosnia-herzegovina-annually/)". (2020, January 19). <https://www.sarajevotimes.com/two-million-cubic-meters-of-wood-stolen-from-forests-in-bosnia-herzegovina-annually/> (visited on 2.02.2020)).

⁵¹ Obrenović, M. (2018, 24 October). "Balkan postaje rekorder po ilegalnoj sječi šuma". Al Jazeera Balkans. <http://balkans.aljazeera.net/vijesti/balkan-postaje-rekorder-po-ilegalnoj-sjeci-suma> (visited on 25.02.2020).

⁵² Malis Sazdovska, M. (2013). "Ekološki kriminal i uništavanje šuma u Bivšoj Jugoslovenskoj Republici Makedoniji". In: Pregled zaštite životne sredine u Jugoistočnoj Evropi 2013, Mesquita B. Monnier C. (eds.). Regionalni centar za zaštitu životne sredine za Centralnu i Istočnu Evropu, 9-40.

many as 25,189 cubic meters of timber was logged in 2011 (which is more than 100 percent in just one year). According to some experts, due to illegal deforestation, the country faces an annual loss of about 10 million euros.⁵³

When it comes to Serbia, some field experts find the situation “alarming”.⁵⁴ According to the Serbian Forests, over 623,000 cubic meters of timber from almost 9,000 hectares have disappeared in the last 20 years due to illegal deforestation in the territory of the administrative line with Kosovo and Metohija alone.⁵⁵ Thus, according to Milivojevic and Vuckovic (2019), the damage to Serbia's budget has exceeded 2.5 billion dinars (about 21.3 million euros), with environmental damage significantly higher. Namely, as they explain, it is considered that the environmental damage resulting from illegal logging is as much as ten times greater than the monetary value of the harvested trees. According to this calculation, Serbia's loss throughout these 20 years amounts to 25 billion dinars (about 213.5 million euros). This includes the quantity of oxygen produced by a hectare of forest, how much CO₂ it binds, affects the land surface and prevents erosion, as well as provides protection against noise and wind. This is very important to point out because the land that is left devoid of woods is prone to erosion and, also, the production of oxygen, ie. absorption of carbon dioxide is reduced. Consequently, in two decades Serbia lost the forest that could have absorbed 623,000 tons of CO₂ because one cubic meter of wood mass absorbs (binds) one ton of carbon dioxide.⁵⁶ Further, the same authors add, rivers (as a source of drinking water) can also disappear over time due to uncontrolled deforestation, and some indications of such a scenario are already being recognized, such as the example of the Bojatin river, whose basin is already visibly endangered. Illegal logging has also reduced water accumulation. Namely, one of the basic functions of forests, creating groundwater through the root of trees gets interrupted, which later affects the formation of springs and streams. The locals claim that sometimes the river almost dries up and fear that it may disappear completely soon.⁵⁷ Also, besides the enormous damage,

⁵³ Ibid., 40.

⁵⁴ Obrenović, M. (2018, 24 October). “Balkan postaje rekorder po ilegalnoj sječi šuma“. Al Jazeera Balkans, op. cit.

⁵⁵ This practically means that between 1999 and 2018, Serbia lost a forest twice the size of Belgrade municipality, Novi Beograd or equal to the surface of the Croatian island of Vis (Milivojević, A., Vučković, I. (2019, 30 December). “Ilegalna seča šuma kod Kosova ugrožava vodu za piće“. Centar za istraživačko novinarstvo. <https://www.cins.rs/ilegalna-seca-suma-kod-kosova-ugrozava-vodu-za-pice/> (visited on 21.02.2020).

⁵⁶ Ibid.

⁵⁷ If one square of forest humus is known to accumulate about 600 liters of water, then it is clear why it occurs (Ibid.).

unauthorized deforestation that is taking place by the rivers can endanger the defense embankments, as is the case near the Tisa River in Senta, where about 10,000 cubic meters of wood are stolen per year from the forests from Martonos to the mouth of the Danube near Novi Slankamen.⁵⁸

The phenomenon of illegal deforestation is also present in other Balkan countries, such as Montenegro, Croatia, Bulgaria and Romania, where it has reached significant proportions. As stated in one report, 678 million cubic meters of timber is cut down all over Romania every year.⁵⁹ According to Gheorghe Feneser, Alba County Mayor: “In addition, another 120,000 truckloads of timber are illegally cut down and smuggled at the annual level. This means that the black market for illegal logging is worth at least \$ 350 million”. Further, he says that the state fails to cope with this problem, that is, the so-called forest mafia has strengthened significantly.⁶⁰ In addition to pointing out the extent of illegal logging in Romania, the last statement points to the fact that besides the negative effects it causes on the ecology and economy of the Balkan countries, this criminal activity has negative consequences to other dimensions of social life, such as political, and personal safety of people, and in some cases community safety.

Impact of illegal logging on political, personal and community security

William Magrat and his associates argue that illegal activity such as illegal logging, in the long run, undermines the legitimacy of the state.⁶¹ They explain their thesis as follows: “When this criminal activity reaches political instances through corruption, the political infrastructure and stability of the state can be jeopardized. Failure to reduce the various impacts of illegal logging

⁵⁸ Blic. (2019, 1 March). “Šumska mafija pustoši šume kraj Tise“. <https://www.blic.rs/vesti/drustvo/suma-seca-stabla-krada/bts5k9q>. (visited on 21.02.2020).

⁵⁹ Dragović, N., Ristić, R., Pilcl, H., Volfslehner, B. (2017). “Upravljanje prirodnim resursima u Jugoistočnoj Evropi: Šume, zemljište i vode”, op. cit., 201; Tomić, S. M. (2015, 23 August). “Zelena mafija”. Vesti Online. <https://arhiva.vesti-online.com/Vesti/Ex-YU/513936/Zelena-mafija> (visited on 27.02.2020); Doncheva, N. (2019, 13 November). “Engaging the Public in the Fight against Illegal Logging“. World Wide Fund For Nature. https://wwf.panda.org/our_work/forests/forest_publications_news_and_reports/?355571/WWF-BG-Forestry-Apps (visited on 26.02.2020).

⁶⁰ Munteanu, M., Ozimec, K., Delova, G., Mysliu, A. (2014, 27 May). “Illegal logging is destroying ancient forests in the Balkans“. Mini Post. <https://www.minnpost.com/global-post/2014/05/illegal-logging-destroying-ancient-forests-balkans/> (visited on 26.02.2020).

⁶¹ Magrath, W., Younger, P., Phan, H. (2010). “CHAINS AW PROJECT: An INTERPOL perspective on law enforcement in illegal logging”. World Bank & INTERPOL.

can lead to dissatisfaction with the population and a loss of confidence in law enforcement agencies and their capabilities, and in the long run, a loss of confidence in national institutions". Further, they point out that, as a form of organized crime, illegal logging can also pose a significant threat to national security by fostering the development of criminal groups and networks. They explain: "Criminals obtain ownership of concession reports with acts of violence, for example, intimidation, death threats or homicides in local communities". As a result, the rule of law in the countries affected by this problem has been undermined, as have the executive functions of the competent government agencies".⁶²

This is exactly the situation in Romania, which is the most affected of all the countries in the Balkan region. Among other things, the recent decision of the Romanian president to declare illegal deforestation as a threat to national security is sufficiently convincing.⁶³ This information should perhaps not be too much of a surprise, given that by early 2020, seven foresters were killed because they did not want to obey the demands of criminal unions, while many were victims of physical violence, blackmail, and threats.⁶⁴

Resorting to violence in this sense does not bypass Northern Macedonia either. As Malis Sazdovska explains, the work of state authorities responsible for combating illegal logging after 2000 has become visibly difficult.⁶⁵ Multiple attacks on forest police have been reported, with serious injuries and even killings. According to her: "In a typical scenario, when forest police officers arrive at a crime scene, the perpetrators will tip over their vehicles and caravans to prevent impounding and then flee the scene. Some perpetrators also keep dogs, to alert them that someone is approaching. If caught on the spot, offenders can attack the organs of law and order with stones or chainsaws".⁶⁶

⁶² Ibid., 15.

⁶³ Roque, S. (2016, 12 January). "Romania: Illegal Logging Declared A 'Threat to National Security'". Organized Crime and Corruption Reporting Project. <https://www.occrp.org/en/daily/4787-romania-illegal-logging-declared-a-threat-to-national-security> (visited on 21.02.2020).

⁶⁴ DW Fokus. (2020, 31 January). "Pogledajte kakvu šumu krče – mafija je uzela sve". <https://www.youtube.com/watch?v=1kYYzO7bToI&app=desktop> (visited on 21.02.2020).

⁶⁵ Malis Sazdovska, M. (2013). "Ekološki kriminal i uništavanje šuma u Bivšoj Jugoslovenskoj Republici Makedoniji", op. cit., 40.

⁶⁶ Ibid., 40.

Such events are also present in neighbouring Serbia, where similar incidents occurred, the most famous being the one occurring in 2014 when illegal loggers killed a member of the Serbian gendarmerie. On that occasion, KFOR representatives (charged with, inter alia, controlling the administrative line that separates Kosovo and Metohija from the rest of Serbia) said: "Illegal deforestation is a huge detriment to the environmental and economic impact of the region and more importantly, generates violence as well as interethnic conflicts".⁶⁷ Attacks on law enforcers have also been reported in BiH and the limit to which the criminals are prepared to go to make a profit off illegal logging is most strikingly presented by the fact that in clashes with state authorities in Romania mountain and Sokolac even hand grenades were used. In one such incident, a member of the forestry inspection lost a foot.⁶⁸

Namely, referring to the data of the Statistical Office of the Republic of Serbia, the daily "Danas" points out that for the last 10 years the crime of "forest theft" has come first in relation to all other detrimental acts against the environment. As "Danas" states: "The number of persons against whom criminal charges have been filed in 10 years has almost doubled – from 1314 in 2007 to 2007 reported in 2016."⁶⁹ Each year, an average of 450 people are convicted of forest theft, but most are suspended sentences.⁷⁰

As Dragovic and his associates explain: "The reason is that criminal offenses in forests are often underestimated in the legal system and are not considered to fall within the same category as violations of other laws. This occurs mainly in abandoned rural areas and judges and prosecutors

⁶⁷ Radio KiM. (2014, 28 August). "Ilegalna seča šume generiše nasilje". Radio KiM. <https://www.radiokim.net/vesti/saopstenja/ilegalna-seca-sume-generise-nasilje.html> (visited on 21.02.2020).

⁶⁸ Some reports from the Italian media suggest that war criminals from the former Yugoslavia are hiding behind the illegal deforestation in BiH (Magrath, W., Younger, P., Phan, H. (2010). "CHAINSAW PROJECT: An INTERPOL perspective on law enforcement in illegal logging", op. cit.; Tomić, S. M. (2015, 23 August). "Zelena mafija", op. cit.

⁶⁹ Between January 2014 and July 2017, the Ministry of Internal Affairs of the Republic of Serbia alone filed nearly 3,000 criminal charges against more than 2,500 people (Danas. (2017, 29 September). "Zbog ilegalne seče godišnje nestane hiljade hektara šuma". <https://www.danas.rs/drustvo/zbog-ilegalne-sece-godisnje-nestane-hiljade-hektara-suma-3/> (visited on 27.02.2020)).

⁷⁰ This is best illustrated by the example of a forester from a Vranje forestry who managed to be sentenced twice between 2010 and 2013: once because he helped forge a report on forest control that never happened, and another time for failing to report illegal logging after the theft of 367 trees of the State Forest, when damages of 207,000 dinars (approximately 1750 euros) were incurred. He was given a suspended sentence both times (Ibid.; Milivojević, Anđela, Pešić Dušan. "Zbog ilegalne seče godišnje nestane hiljade hektara šuma", op. cit.

often do not take measures to protect forests in less developed areas but consider these 'activities' a 'contribution to rural development' of the poor population. In addition, the penalties for illegal activities in the forestry sector are very low and the cases recorded as dismissed by the court are very frequent.⁷¹ Moreover, Reboredo, considers corruption to be the key to the great profitability of illegal logging (and smuggling) of trees and says that these two social phenomena are "twin brothers".⁷² This is, among other things, openly confirmed by the wood thieves themselves. As one Albanian illegal logger explains: "When foresters stop us, we only pay them a bribe of around 1000 lek (8 euros) and they let us do our job and do not disturb us. It's even easier with the police. When we show them a photocopy of the logging permit, no matter the fact that it is for another area, they release us. And if we come across some 'persistent' police officer who wants to look at our papers more thoroughly, we give him money and he lets us go".⁷³

Armando Braho, a lawyer specializing in environmental issues at the International University of Struga in Northern Macedonia, believes it is "more of a political than a legal problem". He argues that there are political interests associated with profits from illegal logging that allow it to take place.⁷⁴ Jovan Mazganski, an expert from the environmental association Eco-Scope, agrees with this assessment and believes that the rise of illegal logging in his country could only happen with the help of the authorities.⁷⁵ A similar opinion is prevalent in Romania, where the government faces widespread allegations of corruption and mismanagement.⁷⁶ However, despite efforts by activists to somehow pressure the government into taking sharper measures to prevent illegal deforestation, it continues to happen, along with the growing dissatisfaction of the population.⁷⁷

⁷¹ Dragović, N., Ristić, R., Pilel, H., Volslehner, B. (2017). "Upravljanje prirodnim resursima u Jugoistočnoj Evropi: Šume, zemljište i vode", op. cit., 33.

⁷² Reboredo, F. (2013). "Socio-economic, environmental, and governance impacts of illegal logging". In: *Environment Systems and Decisions*, 33(2), 299.

⁷³ In this context, it is interesting to note that in the period from 2015 to 2017, the Albanian courts imposed only one fine of 650 euros (Alikaj, A. (2018, 29 November). "Cahinsaw Gangs: The Plunder of Albania's Ancient Forests", op. cit.; Naboli, E. (2009, 16 December). "Illegal Logging Ravages Albania's Forests", op. cit.).

⁷⁴ Alikaj, A. (2018, 29 November). "Cahinsaw Gangs: The Plunder of Albania's Ancient Forests", op. cit.

⁷⁵ Munteanu, M., Ozimec, K., Delova, G., Mysliu, A. (2014, 27 May). "Illegal logging is destroying ancient forests in the Balkans". *Mini Post*. <https://www.minnpost.com/global-post/2014/05/illegal-logging-destroying-ancient-forests-balkans/> (visited on 26.02.2020).

⁷⁶ Lee, L. (2019, 1 February). "Romania government accused of allowing illegal logging in forests". *Al Jazeera*. <https://www.aljazeera.com/news/2019/02/romania-government-accused-allowing-illegal-logging-forests-190201102750923.html> (visited on 28.02.2020).

⁷⁷ To illustrate the fact that the situation in Romania is really desperate and what some activists are prepared to do to prevent further devastation of forests, it is enough to say that members of Greenpeace Romania have hired a person

Concluding remarks and recommendations

When human security has appeared at the end of twentieth century, optimism was at its peak. It seemed that the concept with great potential for explaining and resolving problems finally has been discovered and ready for multidisciplinary implementation. During this time, significantly different international landscape challenged realistic view of the world system and military power, which no longer represented effective tool for facing with non-military problems. The end of bipolar competition and changed context meant performance, as well as greater influence some new actors such as non-governmental, international organizations, non-state actors, private investment companies and others. Timeline of their appearance and domination, supposed to be turning point for traditional security studies. Alternative named as a human security concept was eagerly awaited not only as an intellectual superstructure in academic community, but also as a desperately needed sustainable policy framework that emphasizes equal rights for every world citizen.

Even it is still unclear what exactly represents, analytical tool or theoretical frame, human security agenda unquestionable advocates people-centred approach and broadened meaning of security. Main objections are given by realist scholars and others whose arguments are focused on perception which exclude issues with direct influence on human being's life and extensive projection of threats, without their connection. In order to deny such statements, this paper analyzed problem of illegal logging in the case study Western Balkans. From theoretical point of view, paper presented an example how one environmental problem can be related with other categories of human security, at the same time having multidimensional consequences, on multiple levels.

Exploring governmental and non-governmental data sources, authors discovered disproportion which illustrate tendency of hiding and marginalizing this problem by political representatives,

(who claims to be a witch) to "cast a curse" to illegal loggers and government officials in that country (Turp, C. (2019, 16 November). "Romanian activists turn to witchcraft in fight against illegal logging". Emerging Europe. <https://emerging-europe.com/after-hours/romanian-activists-turn-to-witches-in-fight-against-illegal-logging/> (visited on 28.02.2020); Lee, L. (2019, 1 February). "Romania government accused of allowing illegal logging in forests", op. cit.; DW Fokus. (2020, 31 January). "Pogledajte kakvu šumu krče – mafija je uzela sve", op. cit.).

and other state agencies subordinated to the intertwined corrupted circles. Network of criminal activities in the case of illegal logging is so complex, that includes almost every instance of power and governance. As we could see from the data in the text and statements from some experts, lost for the individuals, community, environment and economy are enormous and long-term, so the first step in approaching this problem is to collect and reveal data which aren't mitigated, contradictory or in a discrepancy with particular interests. Only after the whole state and society gain available base of verifiable and credible information, a system of persistent and timely resistance to this problem can be built. Since the illegal logging threatens to grow into a regional and global problem, steps towards its suppression have to be a part of almost every strategy of national security, and other international documents.

Applying the case study method and content analysis, authors represent evidence of illegal logging impact on environmental, personal, community, economic and political security, confirming main hypothesis that illegal logging represents a threat to human security in the Western Balkans. Because the corruption, nepotism and other accompanying phenomena unfortunately support illegal logging, best way to understand and resolve it, is to manage participation every actor who can be included. Recommendations on how to address this problem in the future mainly should be focused on establishing sustainable development, good governance and rising awareness, not only through government programs, official documents, legal framework, but also through non-governmental incentives and academic engagement.

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Alikaj, A. (2018, 29 November). “Chainsaw Gangs: The Plunder of Albania's Ancient Forests“. *Balkan Insight*. <https://balkaninsight.com/2018/11/29/chainsaw-gangs-the-plunder-of-albania-s-ancient-forests-11-27-2018/> (visited on 25.02.2020).

Amadeo, K. (2019, 24 February). “How Deforestation Costs You and Steps You Can Take Today“. *The Balance*. <https://www.thebalance.com/deforestations-economic-impact-4163723> (visited on 18.02.2020).

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CRIMINAL TRAFFICKING OF NARCOTICS AS A SECURITY ISSUE

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Abstract

The drug phenomenon has been researched from several aspects (criminological, social, medical, etc.), however, the problem related to drug crime and its manifestations, starting from illegal drug production, to the ways of its distribution to the end user, using legal and illegal border crossings is not fully processed. In particular, no research has been conducted on the scope and movement of drug crime in the Republic of North Macedonia, which would provide answers to most questions about it and its impact.

Drug crime detected by the police and the Customs Administration, drug prices on the market in Western Europe, as well as on the Macedonian market, lead to serious consideration of the scope of criminal proceeds from illegal drug trafficking. Criminal groups and individuals involved in this type of crime seek to preserve the profits made in order to continue criminal activities or to incorporate them into the legal economy.

Drug addiction with its specific characteristics has its impact in many segments of social life, therefore there is a need for organized engagement of several entities in its prevention and suppression.

Failure to take appropriate preventive measures and activities by the state in the fight against drug trafficking creates fertile ground and conditions for its development. The reduced degree of prevention and increased use of repression not only creates favorable conditions for the development of drug addiction, but also leads to an increase in the number of detected cases of smuggling and smuggling of this illicit and harmful substance.

Keywords: crime, organized crime groups, drugs, trafficking, drug crime, criminal groups.

Introduction

The term “smuggling” is of Italian origin and essentially refers to the illegal transfer of goods across the border. In recent years, this term is increasingly being replaced by the English term “Illegal transfer”, which means import or export of goods illegally (Bramley-Harker, 2001), a term that is increasingly domesticated in the Macedonian language.

Smuggling is an activity, which is oriented towards the diversion of funds, goods, as well as other values across the state border, in violation of the order and procedures established by state authorities. Smuggling, in all circumstances is an activity that is contrary to the law, which affects the interests of many parties and it is completely oriented towards the economic order of the given countries.

Smuggling is practically a means, ie a mechanism through which other activities of organized crime are realized, such as: illegal trafficking in human beings, weapons, drugs, cultural artifacts, illegally acquired material or transport means.

The purpose of smuggling is to make big profits easily and quickly. To achieve this goal, the participants in these illegal activities, above all, their focus is on the most sought after and most attractive goods, which enable them to make big profits (Николовски, Плавшиќ, 2005).

It follows that smuggling has serious negative implications for the economy of a country, and in the long run leads to endangering national security and violating the sovereignty of one or more countries. Trafficking is increasingly tending to continuous growth, as well as to internationalization and globalization.

A new regularity can be emphasized in this relation, and that is that the more smuggling develops globally, the more the principles of free competition are violated, and thus one of the most important values for freedom and protected trade is violated, or, the possibility of smooth realization of world economic and trade flows (Арнаудовски, 2000).

Smuggling is carried out by persons with extensive international experience and knowledge of smuggling technology. These professionals always act in “symbiosis” with “their representatives” incorporated in the most important state institutions. As a rule, whenever it is difficult (often

artificially done) to supply vital goods of the greatest importance to the population and the state, smuggling becomes widespread (Bramley-Harker, 2001).

The smuggled goods route always passes through well-developed and secured legal and illegal channels. These channels also function with the active support of certain officials and executors in the structures of the customs and border police, as well as with the support of certain party-political structures in the countries in the so-called “infinite transition” (Арнаудовски, 2000).

In the last two decades, the phenomenon of drugs and drug trafficking has been experiencing a trend of “global expansion”, ie mass distribution on a global scale. According to the analysis of the World Drug Report, it can be concluded that drug trafficking undoubtedly grows into a “truly global phenomenon”.

Drug trafficking is the most widespread and basic activity of transnational organized crime. The economic effect of the narcotics business is about 4/5 of the total profit of criminal organizations. This very lucrative activity of organized crime is growing daily, which increases the degree of social danger and endangerment (Николовски, Плавшиќ, 2005).

The danger of this modern “evil” is most often manifested through the negative consequences it has on economic, individual, national and social security, both in the political sphere and in other spheres of everyday life.

At the same time, it is important to point out that the volume, as well as the growth of illicit production and trafficking in narcotic drugs and psychotropic substances, which in any case are a serious danger to human health, negatively affect the cultural, political and the economic foundations of a society. Thus, an invaluable danger is the increasing incidence of drugs in many different social groups, but also the fact that in many parts of the world, children are abused and used as illegal drug users, and are used for their illegal involvement in production, distribution and trafficking in narcotic drugs and psychotropic substances.

From the point of view of security at the national level, it should be noted that there is some connection between illegal trade and other organized criminal activities. They significantly destroy the economy of a country, but also threaten the stability, sovereignty and security of the country. Furthermore, the illicit trafficking in drugs and psychotropic substances itself provides “drug

actors” with enormous financial gain and wealth that allows certain members of transnational organized crime structures to enter the highest institutions of government, the legitimate business and financial world, and society, at all levels and corrupt them (Арнаудовски, 2000).

In the “symbiosis” with the previously emphasized “drug problems”, a significant place is occupied by the activities related to money laundering with the smell of drugs, which when they get legal form, will further multiply their financial power and their ambitions to acquire even greater social power at the national level (Совет на Европа, Европска Комисија, Стразбур, 2007).

Drug trafficking is an activity that involves the importation or exportation of narcotics or raw materials into one or the other country on the territory of certain countries.

There are two types of drug trafficking: internal and external. Unlike legal types of trade, this type of trade is conducted in certain markets by applying measures of strict conspiracy (Bramley-Harker, 2001).

In practice, the path of drugs from manufacturers to end users is long and risky. It includes five instances: producers, purchasers of raw materials, processors, intermediaries and traders at various levels, including drug dealers or “drug distribution agents” to the ultimate users.

International drug trafficking is most often carried out through illegal channels. Depending on the degree of risk of detecting the goods, backup channels are always used.

In essence, all possible means and available means are used to transport drugs, and the ingenuity and insolence of the “couriers” in those “games without borders” often have no limits.

The drug industry is subject to a strict organization, with a special form of well-organized “drug intelligence” which should provide timely and accurate information for their overall safety, but also for successfully hindering the development of competition. Most often in or around the production areas, there are laboratories where the drug is processed.

The drug business is often closely linked to other illicit activities such as arms trafficking, gambling, prostitution and other recent forms of organized crime.

Recently, the production, trade and use of narcotics are gaining global importance and are becoming the basis for the functioning of so-called strategic crime.

The profits of international narcotics organized crime are colossal and amount to hundreds of billions of dollars a year, enabling the financing of many terrorist organizations, insurgent movements and the conduct of a series of minor armed conflicts around the world, primarily in their “zones of influence” (Арнаудовски, 2000).

International drug trafficking is rightly considered today to be the most significant crime phenomenon of this century. But as pointed out before, the problems related to narcotics are also political, social, moral, economic, biological, chemical, environmental and legal, which multiplies the threats to individuals and states from this most dangerous modern evil that charges its daily a huge tax on human lives.

About drug crime

The successful fight against drug crime, both repressive and preventive, depends on the existence of a national strategy to combat this evil, which is associated with the development of an appropriate system of social action, where the role of state bodies is of particular importance.

Organized drug production and trafficking is a global problem with a number of direct and indirect consequences in many areas, from health to organized crime, banking, and global monetary flows. The world “black market” is largely covered by the drug trade and money laundering.

The criminal aspect of the production and sale of narcotic drugs refers to the abuse or use of various psychoactive substances outside their limited and permitted use for scientific and medical purposes, where the subject of that abuse is most often the production, sale, distribution and use of various opiates, most commonly heroin, cannabis (marijuana), cocaine, crack cocaine, and various amphetamine-type stimulants such as ecstasy, amphetamines, and other synthetic stimulants (Ђорђевић, 2007).

The main narcotics market, which stretches from the east to the developed Western European countries and from the Central and South American countries to the United States, Canada and Europe, is intersected by a number of illegal routes. The embezzlement of huge illegal profits enables corruption that encompasses in every country a wide circle of like-minded persons

(customs officers, police officers, prosecutors, judges, etc.). Money laundering is necessarily linked to drug trafficking, through which criminal profits are invested in legal economic activities.

As the most widespread and most dangerous socio-pathological phenomenon, as a consequence of which thousands of dead and seriously ill occur, the international community in terms of criminal law repression seeks to ensure equal penal correction access to all countries in preventing uncontrolled production and trafficking of illicit drugs. To that end, several international conventions have been adopted: the Hague Convention on Opium (1912), the International Convention on the Production, Trade and Use of Opium (1925), the Convention on the Restriction of the Production and Regulation of Narcotics (1931), the Single Convention on Drugs (1961), the Convention on Psychotropic Substances (1971) and the UN Convention against Illicit Traffic in Drugs and Psychotropic Substances - Vienna Convention (1988) (Димовски, 2007).

The United Nations International Drug Control Program (UNIDCP) also operates within the UN, and the EU PHARE - Country Program for the European Union Fight Against Drugs) (Ђорђевић, 2007).

Unauthorized production and distribution of narcotic drugs, psychotropic substances and precursors

Unauthorized production and distribution of narcotic drugs, psychotropic substances and precursors is one of the most profitable activities, involving most of the organized criminal groups. The Republic of North Macedonia is a transit area through which part of the transport channels of drugs pass, but at the same time it is a country where certain types of drugs are produced and consumed. The presence of narcotic drugs on the Macedonian drug market is reflected in the amount of seized drugs, which is dominated by cannabis with its derivatives and heroin.

The heroin market in Europe is experiencing some oscillations. With the entry of several countries from Southeast Europe into the European Union, the northern branch of the Balkan route is becoming more and more relevant. Most of the heroin that enters in North Macedonia from Turkey via Greece and Bulgaria is transported to final destinations in Western European countries, and a smaller part ends up in the local drug market in North Macedonia.

Global cocaine production is generally declining, and the Balkan route is becoming an increasingly secondary route for cocaine smuggling into Europe. The cocaine trade does not pose a serious threat to North Macedonia, and due to the high price of cocaine on the drug market, the demand is low. In North Macedonia, cocaine arrives in small quantities through ports in the region from the countries of South America, the Netherlands and Belgium (Камбовски, 2005).

Expansion of the illicit marijuana trade is most common in the Balkan region. The route for transport of cannabis and its derivatives from Albania moves through the territory of North Macedonia in the direction of Greece, Serbia, Kosovo and Bulgaria. Following the police actions in Albania, the presence of marijuana in the country is decreasing, which leads to a significant increase in its price, which is still rising.

As far as the production of synthetic drugs is concerned, it is continuously increasing globally, and due to the insufficient control of precursors in the region and their easy availability, it poses a serious threat to the Republic of North Macedonia. Synthetic drugs are smuggled into the country from Bulgaria, Serbia and the Netherlands (Ђорђевић, 2007).

In addition to being dominated by ecstasy, new types of synthetic drugs are present on the Macedonian drug market.

In order to make it easier to understand the unauthorized production and distribution of narcotic drugs, psychotropic substances and precursors, a brief description of the terms defined in the Law on Control of Narcotic Drugs and Psychotropic Substances will be given first.

Namely, the term "narcotic drugs" means any substance of natural or artificial origin, which is classified in the list of narcotic drugs in accordance with international conventions on narcotic control or on the basis of a decision of a competent authority (Бошковиќ, 2011).

The term "production" means the preparation, processing, mixing, refining, making and any other activity which is obtained or contributed to the production of narcotic drugs, psychotropic substance or their preparation (Бошковиќ, 2011).

Further, "Narcotic drug abuse or illicit drug use" means the cultivation of plants from which narcotic drugs can be obtained, the possession of means for the production of narcotic drugs, the production, trade and possession of narcotic drugs, psychotropic substances, plants or parts of

plants from which narcotic drugs can be obtained contrary to the provisions of this Law, as well as the use of narcotic drugs outside the therapeutic indications, in overdoses or during a period not covered by the therapy (Бошковиќ, 2011).

Namely, the Law on Control of Narcotic Drugs and Psychotropic Substances is decisive in the part where the cultivation, production, trade, possession and use of substances and plants and their preparations are prohibited except in medical or scientific research or in forensic, teaching or police purposes as determined by the Law on Control of Narcotic Drugs and Psychotropic Substances.

In the criminal law, unauthorized production and distribution of narcotic drugs, psychotropic substances and precursors is classified as a criminal offense in Article 215 of the Criminal Code of the Republic of North Macedonia, and it reads (Камбовски, 2005): “Anyone who unauthorizedly produces, processes, sells or offers for sale or for the purpose of sale buys, holds or transfers or mediates in sale or purchase or otherwise unauthorizedly places on the market narcotic drugs, psychotropic substances and precursors, shall be punished by imprisonment of three years up to ten years”.

According to the above, the essence of the given crime includes two forms, namely (Камбовски, 2005): unauthorized production and unauthorized trade.

From the aspect of the part that refers to the unauthorized production, it follows that that production and processing should be intended for sale, ie placing on the market, and not to satisfy their own needs. On the other hand, the use of narcotic drugs and psychotropic substances is not a criminal offense based on the criminal-political attitude of non-intervention in cases of self-destruction such as impunity for suicide, self-harm and self-immolation.

As a mitigation, the Criminal Code stipulates that if the crime is committed with narcotic drugs, psychotropic substances and precursors of a smaller quantity, the perpetrator will be punished with imprisonment of six months to three years.

In any case, the crime is intentional because the perpetrator should be aware that he produces or processes without authorization, substances or preparations that have been declared narcotic drugs, psychotropic substances or precursors, ie that he in any way participates in the trade in such items.

“Precursor” means any natural or artificial substance that can be used in the production of narcotic drugs and which is classified in the list of precursors in accordance with international conventions on narcotic control and/or based on a decision of a competent authority in the Republic of North Macedonia (Ђорђевић, 2007).

Furthermore, the term “psychotropic substance” means any substance of natural or artificial origin, classified in the list of psychotropic substances in accordance with international conventions for the control of narcotic drugs and/or on the basis of a decision of a competent authority (Ђорђевић, 2007).

A more serious form of this crime is considered if the crime was committed by several persons or the perpetrator of this crime organized a network of resellers or intermediaries, which will punish the perpetrator with imprisonment of at least five years. Here it is enough to have at least two or more people and the organizer of the network of resellers or intermediaries is more severely punished.

Another more serious form of this crime is when someone unauthorizedly makes, procures, mediates or uses equipment, material or substances that they know are intended for the production of narcotic drugs, psychotropic substances and precursors, which carries a sentence of one to five years. prison.

The perpetrator, with the exception of the organizer, who will reveal the crime or contribute to its detection, will be released from punishment.

The situation with unauthorized production and distribution of narcotic drugs, psychotropic substances and precursors on a global scale

Recent analyzes of the global illegal drug market show uneven changes in its development, with a tendency to decrease over the period covered by this research: Globally, UNODC⁷⁸ estimates that in 2012, between 155 and 250 million people, or 3.5 to 5.7% of the population aged 15 to 64, used illicit substances at least once. Most illegal drug users are cannabis users, estimated at around 129 million to 190 million people (Дончев, 2007).

⁷⁸UNODC is a United Nations body working to prevent drug-related crime.

In Europe and Asia, most of the drugs in demand are opiates. In America, it is cocaine, and in Africa and Oceania it is cannabis. This ratio changes over time. For example, compared to a decade ago, demand for cannabis is growing in Europe, South America and Oceania to an alarming level. During the same period, cocaine demand declined in the United States, especially in North America, and increased in Europe, where opiate levels declined. The situation is similar with regard to these drugs in Asia, especially in Oceania. In contrast, opiate demand in Africa is rising. On the other hand, ATS drugs are considered the leading drugs due to their growing share globally (Шикман, 2011).

Developments related to drugs in third world countries are assessed as the most problematic. The largest drug consumption in the world (rich countries), has been transferred to the field of poor and developing countries (main locations of drug supply and trafficking). These countries have other priorities and fewer resources, so they are not in a position to absorb the consequences of increased drug use. Examples include East African countries with a sharp rise in heroin use or the “cocaine explosion” in West Africa and South America, rising production and abuse of synthetic drugs in the Middle East and Southeast Asia.

The conclusion is that the drug problem in the world can not be solved by changing the site, ie by transferring drug consumption from developed countries to developing countries.

The heroin and cocaine markets in the developed world are considered stable. The stabilization of these markets obscures the growing problem of cannabis drug abuse and amphetamine-type stimulants (amphetamines) in many parts of the world as a result of their widespread and intensified decentralized production. This means, in other words, that global trends in any of these markets are difficult to follow.

Substances from the amphetamine group rank second and are most often followed by cocaine and opiates. According to indicators, the global number of people using amphetamine-type stimulants (ATS) tends to exceed the combined number of opiate and cocaine users. However, the ATS market is more difficult to follow due to the short routes, because the production of these drugs is usually realized near the main consumer markets, but also due to the fact that many of the raw materials for their production are legal and easily available (Ђорђевић, 2007).

Furthermore, drug trafficking is a significant form of organized crime throughout Europe, and especially in Southeast Europe, with the well-known “Balkan Routes”, which were formerly used by Turkish organized heroin trafficking criminal groups, and today, for all types of illicit drugs and in the context of “drug trafficking”, where deliveries are referred to as “cocktail shipments” and which include precursors, chemicals and synthetic drugs.

Narcotics criminal with drug trafficking mainly involves locally organized criminal groups, made up of nationals of countries of origin or transit. However, project areas are increasingly reporting close links between local and non-local organized crime groups, both for drug trafficking and distribution, and there has been an increase in the involvement of drug traffickers and other illegal activities. that is, human trafficking.

Today, Albanian organized crime groups have grown into major suppliers of the cannabis plant (cultivation and trade), supporting Turkish and Colombian cocaine traffickers, who have been trying to gain a foothold in the cocaine market, forcing everything a greater threat globally (Klarin, 2018).

The global increase in the number of heroin users has been observed in Asia, as well as in Western and Eastern Europe, but also in parts of Africa, North and Latin America. The annual prevalence of heroin use is estimated at 0.2% of the population, which is more than the global annual prevalence of 0.14% of the world population (Шикман, 2011).

The largest cocaine market is located in North America, with annual revenues for the cocaine drug mafia in the United States alone (according to US government data) amounting to at least \$ 30 billion. The annual prevalence of cocaine use in North America is estimated at 1.7% of the population, then in Western Europe that estimate is set at 0.35% of the population, in South America 1.2% of the population (Шикман, 2011).

Cannabis abuse is a far more widespread global phenomenon than cocaine and heroin abuse, and estimates show that cannabis products are used by 2.4% of the world's population (Шикман, 2011).

According to UNODC estimates, up to 70% of the total opium produced worldwide is used for heroin production (for heroin production, opium is used in a 10: 1 ratio in favor of opium). So, calculations indicate that out of 3,300 tons of opium, 330 tones of heroin are produced annually.

On average, annual seizures range up to 31.5 tones or only about 10% of the total amount of heroin produced, which would mean that up to 300 tones of high-purity heroin are available annually on the world drug market (Шикман, 2011).

Of the total quantities of seized heroin, almost 40% was seized in the territory of European countries, ie in the territory of Europe, 24-30% in Southwest Asia (Pakistan, Iran and Afghanistan), 19% in Southeast Asia (in China about 12%), in North and South America about 7% (in the United States alone about 6%). The heroin offered on the European drug market is mostly produced from Afghan opium, and through Pakistan, Iran, Turkey and the usual Balkan route, reaches the European drug market. Exactly on those routes, 70-90% of the total quantities of seized heroin in Europe were realized (Klarin, 2018).

The heroin drug market in North America is mainly supplied by the countries of Southeast Asia, Myanmar (Burma), Laos, Thailand, Vietnam, Cambodia, China, but also by Mexico and Colombia.

Although Interpol data based on member states' reports indicate an overall decline in the amount of heroin seized in Europe compared to previous years, it is estimated that Europe is the most profitable drug market, and one of the most stable heroin drug markets.

Of course, it should be noted that in addition to heroin, a significant part of the illegal drug market in Europe is occupied by drugs such as cocaine, amphetamines and cannabis products, the abuse of which is certainly the most widespread in Europe.

Heroin trafficking in the countries of Southeast Europe along the “Balkan route”

The Balkan route, practically runs from Afghanistan through the Islamic Republic of Iran, the Republic of Turkey and Southeast Europe to Western Europe and Central Europe. This time, this route, as well as its various branches, form the only “artery” through which high-purity Afghan heroin is transported to some of Europe's major markets. UNODC estimates that annually, almost 37% of all Afghan heroin, or 140 mt, is smuggled from Afghanistan and Pakistan, through the Islamic Republic of Iran, to European markets. The Balkan route originates from the southern and western provinces of Afghanistan, which are geographically distributed along the Afghan-Iranian and Afghan-Pakistani borders. However, the flow of heroin is more pronounced along the Iranian-

Afghan border. Each year, about 105 mt of heroin is smuggled from these Afghan provinces (Anastasijevic, 2006).

The Republic of Turkey, on the other hand, due to its geographical advantage, remains the main corridor for heroin trade, while the “Balkan route” is the main channel for opiate trade to the European Union. It is estimated that about 95 mt of heroin is smuggled across Turkey every year. Furthermore, about 80-85 mt of heroin flows in several directions to Western Europe. From Germany and the Netherlands, shipments of heroin are shipped to France, the United Kingdom and Spain.

Most of the heroin (approximately 55-60 mt) traded this time through Bulgaria, Serbia, Hungary and Austria, or through Bulgaria, Romania, Hungary, Slovakia and Austria, ends up in Germany and the Netherlands

(http://www.humsec.eu/cms/fileadmin/user_upload/humsec/Workin_Paper_Series/Working_Paper_Anastasijevic.pdf).

From Germany and the Netherlands, shipments of heroin are shipped to major markets in France, the United Kingdom and Spain.

Austria, due to its central position along the Balkan route, ie the Balkan route, plays an important transit role for heroin tied to the German market. In this case, the heroin travels to Austria across its borders with Slovenia and Hungary. However, certain quantities of heroin destined for the German market are transported through Bulgaria, Romania, Hungary, Slovakia and the Czech Republic, bypassing Austria (<http://www.unodc.org/unodc/en/data-and-analysis/WDR-2019>).

About 20-25 mt of heroin is smuggled to Italy and Switzerland. It is estimated that most of this quantity is transported through Bulgaria, Greece, North Macedonia and Albania, and further go to Italy. The shorter route leads, directly from Greece, by sea, to Italy. Certain quantities of heroin are illegally transported through the Republic of North Macedonia, to Serbia, Bosnia and Herzegovina, Croatia and Slovenia and further on north. In addition, an unspecified amount of heroin is traded by sea and air from Turkey to Italy (Anastasijevic, 2006).

Following the Balkan route, it is obvious that heroin shipments need to cross 5 to 10 borders before arriving at their final destination. Drug trafficking along the Balkan route is systematic and the

criminal groups involved appear to have resources and are well organized. This indicates inadequate border controls, high fragmentation and inefficiency, especially in those countries and regions where the unemployment rate is high, wages are low, which creates conditions for corruption.

A new way of acting by drug traffickers, which has been identified by the police of the EU member states, is to process the drugs on the way to the final destination, depending on the availability of precursors in those countries. There, the drugs are finalized in the form and consistency required on the market.

The Balkan market is dominated by Turkish, Albanian and other organized crime groups. Prior to the resumption of heroin transport to Western Europe, heroin was commonly stored in the countries through which Balkan drug routes pass.

Albania is considered one of the most important transit countries for the heroin trade from Afghanistan through Southeast Europe, regardless of the increase or decrease in global trade in it. Albanian criminals import heroin in close co-operation with Turkish, Macedonian and Kosovo traffickers. Usually, transport is organized by trucks, buses and passenger vehicles through the two land routes: Turkey Bulgaria – North Macedonia - Kosovo - Albania or Turkey - Bulgaria - Macedonia Albania (<http://www.unodc.org/unodc/en/data-and-analysis/WDR-2019>).

Most of the heroin reaches Greece and Italy and continues to markets in the northern part of the European Union. For the entire investigation period, Albania cites seizures of medium-large quantities of heroin amounting to about 317 kg.

The most prevalent drug in Kosovo is heroin. U.S. intelligence reports of growing domestic opium being processed in several large heroin laboratories located around the town of Urosevac, although these laboratories are believed to carry raw opium from Turkey or Afghanistan via Turkey (<http://www.sovekosovo.org/default.asp?p=4&leader=0&Sp=42>).

In the Serbian market, heroin is the second most prevalent drug. Most come from Afghanistan, through Albania, North Macedonia, Bulgaria or Kosovo, and are destined for Germany, Switzerland, Spain, Great Britain and the Scandinavian countries. About 10% of heroin remains in the country for local consumers.

Research shows that about 20 to 25 tons of heroin travel through the Republic of North Macedonia to Albania, in most shipments to Italy and Switzerland. Most heroin travels through North Macedonia, to Serbia, Bosnia and Herzegovina, Croatia and Slovenia (http://www.humsec.eu/cms/fileadmin/user_upload/humsec/Workin_Paper_Series/Working_Paper_Anastasijevic.pdf).

Most of this heroin goes to Germany and the Netherlands, and the drug route is: Bulgaria, Serbia, Hungary to the final destinations, Austria, Germany and the Netherlands. The other route of the drug extends through the countries: Bulgaria, Romania, Hungary, Slovakia, through Austria to Germany and the Netherlands (<http://www.unodc.org/unodc/en/data-and-analysis/WDR-2019.html>).

From the consulted annual reports of UNODC, EUROPOL, EMCDDA, it can be concluded that in the last three years, more than 1,000,000 kg of heroin have found their way from Afghanistan through Southeast Europe to the countries of Western Europe. The total seizures of heroin in the Balkan countries in the last three years amount to just over 5,000 kg. Reports show that no more than 0.25% of available heroin could be seized along "Balkan routes" (<http://www.unodc.org/unodc/en/data-and-analysis/WDR-2019.html>).

Conclusion

Illicit drug trafficking is a global black market that includes the cultivation, production, distribution and sale of substances that are prohibited by law. Drug abuse is a problem that can be prevented, treated and controlled.

Drug trafficking not only endangers the lives of many people, but also links to terrorism and other international activities (money laundering, corruption and arms trafficking) and threatens the security and stability of the international community.

The main role in dealing with unauthorized drug trafficking is played by state bodies, organizations and institutions, as follows: Ministry of Health, Ministry of Interior, Customs Administration of the Republic of North Macedonia, Public Health Institutions, psychologists, social workers, school teachers and parents.

According to the paper, narcotic drugs are any substance of natural or artificial origin, classified in the list of narcotic drugs in accordance with international conventions for control of narcotic drugs or on the basis of a decision of a competent authority. Psychotropic substance is any substance of natural or artificial origin, classified in the list of psychotropic substances in accordance with international conventions for the control of psychotropic substances or on the basis of a decision of a competent authority. while precursor is any natural or artificial substance that can be used in the production of narcotic drugs and which is classified in the list of precursors in accordance with international conventions on narcotic control or on the basis of a decision of a competent authority.

In addition to the constant development of new technologies for drug detection, criminals are increasingly developing and perfecting ways and techniques to cover up and camouflage the illicit transport of drugs. The number of those who produce drugs, as well as individuals involved in drug trafficking can not be estimated, and the number of those arrested is very small. The illicit drug trade is considered to be the second largest industry in the world. The realized profit of organized crime of certain criminal groups is higher than the national income of many countries.

The Republic of North Macedonia is a transit country that is on the path of drugs, but at the same time a country where drugs are produced and consumed. The presence of drugs in the Republic of North Macedonia is a reality, and an indicator of that is the large amount of all types of drugs seized at the border crossings from the Republic of Albania to the Republic of North Macedonia and from the Republic of North Macedonia to the Republic of Serbia, Bulgaria and Greece.

The main routes of cannabis and its derivatives are from Albania through the northwest to the southeast in the direction of Greece and Bulgaria. Given Turkey's position as a country between Europe, Central Asia and the Middle East, it is a central transit route for heroin smuggling from Iran and Afghanistan to European countries. About 80 per cent of Afghan poppy heroin goes through Turkey and the Balkans en route to Western Europe. The cocaine is transported by air through Skopje Airport or through ports in Albania, Bulgaria and Montenegro. Synthetic drugs usually come from Bulgaria and Serbia. Cannabis planting is mainly for personal use, found throughout the Republic of North Macedonia. The production of synthetic drugs is growing and is

a serious threat to the Republic of North Macedonia due to insufficient control of precursors in the region and their easy availability.

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Issue's Special

POST COLONIALISM OR GLOBALISM?

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Abstract:

The part of identity and culture is the part that most affected these peoples. The meaning of postcolonial theory is again relevant as the twin sister of Globalism or globalism is just a pseudonym for postcolonial theory. But what does postcolonial theory mean? Postcolonial theory is a heterogeneous mix of discourses that are intertwined with different phenomena that make it difficult to give a simple definition.

People always categorize us and *Others*, with the normative position being me / us as the measure of all things, while *the "others"* deviate from the norm, from the position, and are outside the composition of measurable values by theoretical analysis of Lacan, Freud, Vladimir Biti, Zdenko Lesic, Homi Bhabha, Franc Fanon and Bill Ashcroft, in this paper we will meet the term, mimicry, camouflage, Otherness, cultural hybridity.

Key words: post colonialism, mimicry, otherness, camouflage, cultural hybridity.

Introduction

After the end of the two World Wars, a period of decolonization took place on the world stage, a process that marks the second half of the twentieth century. European capitals are slowly losing their power from the colonized territories around the world. Although at the beginning of the decolonization, the whole process seemed easy and linear, it was proved that the numerous problems that arose then, still persist in all areas of life of colonized societies. The part of identity and culture is the part that most affected these peoples. The meaning of postcolonial theory is again relevant as the twin sister of Globalism or globalism is just a pseudonym for postcolonial theory. But what does postcolonial theory mean?

Postcolonial theory is a heterogeneous mix of discourses that are intertwined with different phenomena that make it difficult to give a simple definition.

The theorist Vladimir Biti⁷⁹ defines it as: a diverse corpus that deals with the history and culture of the formerly colonized countries or examines the colonizing cultures from their perception. (Vladimir Biti, 2009: 389). Thus, postcolonial theory has at its center of interest the relationship between the postcolonial and the colonial in a broader form — considering them in the areas of history, culture, economics, politics, ethics, and aesthetics. Similar to Biti is the view of Bill Ashcroft and his collaborators, who write that postcolonial theory deals with the "procedures of the colonization of culture and society" in a way that includes the study of European territorial conquests, the construction and functioning of European colonial institutions.

People always categorize us and *Others*, with the normative position being me / us as the measure of all things, while *the "others"* deviate from the norm, from the position, and are outside the composition of measurable values. If we look back at all literary periods we will notice dominant positions opposite which form stereotypical notions of: other races, other peoples, marginalized social groups that are mostly women, as Simone de Beauvoir, *the Other Sex*, calls it.

Zdenko Lesic writes that people always see others according to their own established framework of stereotypes and then, in antithesis to them, they build the image of themselves. This phenomenon of the practice of human communication is part of Lacan's observations, according

⁷⁹ . Biti, Vladimir, 2000. *Pojmovnik suvremene književne i kulturne teorije*, Zagreb: Matica hrvatska

to which the establishment of the identity of the subject due to relations with others, the idea of others "as a reflection, in which by looking at others we can see ourselves", became an integral part of contemporary cultural critical thought. (Lesic, 1999). So, according to Lacan, looking at others through the prism of stereotypes, is not actually a matter of choice, but it is our subconscious, i.e. a consequence of the need of our insecure ego that compares with others to build its identity. The subject enters into a relationship with others, from whom he seeks confirmation of himself, creating his own identity and integrity, but at the same time he notices his unwanted side in the other, Truth mechanisms that apply to the creation of the identity of the individual-subject, apply societies, life experiences of the dynamism of their own society.

"Our culture" usually refers to Western Europe, which reached the peak of its development when it conquered the new territories and colonized Eastern cultures. Western European culture elevates its value system to the level of a universal norm which is also the most powerful mechanism for keeping Others submissive and projecting them as the "dark side".

Lesic (1999) recalls Said, arguing that the development and maintenance of any culture requires the existence of another culture, a supernatural alterego, and concludes that: reinterpretation of his difference from us. "Every period and every society re-creates its Otherness."⁸⁰

However, there is no doubt that the most famous postcolonial theory is the *Orientalism* of the American-Palestinian theorist Edward Said, but the first more systematic research on the postcolonial subject is by Franz Fanon, an Algerian citizen and Francophone psychiatrist, who in his work, 1959, introduces psychoanalysis for the first time, pointing to what he considers to be the pathological division So the black man serves the white man as another, against whom he constantly strengthens his Self, but unfortunately that does not happen with the Other, so that relationship is not in balance. To the black man, the white self is "an unattainable longing for which he annihilates his attributes." (Vladimir Biti, 2000: 391), "they negatively determine their black color, which is why they often have a subconscious desire to identify with white oppressors". (Lesic, 1999).

⁸⁰ Lešić, Zdenko, 1999. O postkolonijalnoj kritici, o Edwardu Saidu

As the title of the book itself says, they put a white mask on the black face, which results in a schizophrenic state of colonized identity. But Fanon emphasizes that this condition is not an innate flaw in the inability of individual development or inferiority, but a certain social configuration, which is based on the exploitation of one race by another. Racist unfounded and unobjective ideas about the characteristics of a black or other non-white race were created and continued to impose themselves psychologically on the formation of the individual with cultural pressure, so many people began and continued to behave. That self-perception and self-formation made under social pressure was first noticed by Fanon, so "black and black" began to take on another objective meaning not only in racist behavior and institutional practice, but also very insidiously in the psychological behavior of people so accustomed.⁸¹

Leading postcolonial theorist Homi Bhabha speaks of *cultural hybridity*, the idea that world cultures do not appear fully formed and separate, but are in fact entities, subgroups, that are constantly being shaped. Then comes the term, *mimicry*, his idea that during the imperial period the colonized subject was attracted to imitate the customs of the colonizer. This attempt is always unsuccessful, he writes, but that failure provides an opportunity for protest (the colonized mimicry is, as Bhabha writes, a "resemblance and threat" to the colonizer). Both terms capture the spirit of ambivalence and flux animation of Baba's broad thinking about cultures, diaspora and affiliation. *Mimicry* reveals something different from what might be called the self behind it. The effect of *mimicry* is a *camouflage* It is not about harmonizing with the background, but against the endangered background, becoming a fusion - just like the camouflage technique practiced in human warfare.

If we turn to the Freudian figure to address these themes of colonial textuality, that form of difference which is mimicry - almost the same, but not quite - will become clear. Writing about the partial nature of fantasy, caught inappropriately between the unconscious and the conscious, making the very notion of "origin" problematic, like mimicry, Freud says: Their mixed and divided origin is what decides their fate.

⁸¹ Ashcroft, Bill, Griffiths, Gareth, Tiffin, Helen, 2007. Post-Colonial Studies. The Key Concepts, London: Routledge, 186

We may compare them with people of mixed race, who pass through all sides, look like white people, but who betray their colored origins by some striking feature or other and on that account are not excluded from society and have no privileges. Almost the same, but not white: the visibility of mimicry is always created where it is forbidden.

It is a form of colonial discourse: a discourse at the crossroads of what is known and permissible and which, though known, must be concealed; discourse spoken between lines and as such both against the rules and within them. Therefore, the question of the representation of difference is always a problem of authority. The "desire" for mimicry, which is a "striking feature" of Freud that reveals so little but makes so much difference, is not only the impossibility of the Other who constantly opposes signification. The desire for colonial mimicry - an interdictural desire - may have no subject, but it has strategic goals that I will call the metonymy of presence.

Those inappropriate markers of colonial discourse - the difference between being English and being anglicized; the identity between stereotypes that, through repetition, also become different; discriminatory identities constructed according to traditional cultural norms and classifications, the Simian Black, the Lying Asiatic, the Simian black, the lying Asian - these are all metonyms of presence.

They are strategies of desire in discourse that make the anomalous representation of the colonized something other than a process of "returning the repressed," which Fanon unsatisfactorily characterizes as a collective catharsis. These examples of metonymy are non-repressive productions of contradictory and multi-religious beliefs. They cross the boundaries of the culture of expression through the strategic confusion of the metaphorical and metonymic axes of the cultural production of meaning.

In mimicry, the representation of identity and meaning is re-articulated along the axis of metonymy. As Lacan reminds us, mimicry is like camouflage, not a harmonization of the repression of difference, but a form of similarity that differs from or defends presence by depicting it in part, metonymically.

Conclusion:

At such a time, he argues, we need a new language. In the place of discrimination, a word stuck in the language of "*rights*" which presupposes well-intentioned intervention of the institutions, we should find a less emotional term than the term degradation. "*Degradation*," says Bhabha⁸², "deals with painting; deals with the language of abuse; it deals with incompatibility. " While "discrimination" casts racial violence as a mistake in the system, degradation suggests that in certain hands, it can be a feature.

As a person who lives among the worlds, he is skeptical about the faith we often place in an isolated nation. Countries that are now massively rejecting migrants, he said, have used migrant work for their own economic purposes or waged war on other countries and destroyed their local infrastructure.

At a time when national leaders project muscular narratives of mythical retreat, it is crucial to develop narratives that emphasize the interconnectedness of all national projects. The "majesty" of one nation today, after all, has always been a predisposition for the poor condition of those in others. "According to Bhabha, literature allows us to think outside the language, outside the way of thinking about politics, to open the imagination to ways of thinking about the transformation of life."

The opening of this emotional space, according to him, allows us to think differently, to think about different things. Despite the myths embedded in the slogan "Big Again", he notes that all over the world, people from different cultures have lived well together. Societies see the problems of various inequalities - inequalities of race, culture and existence - as problems they are "proud to deal with".

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⁸² Bhabha, Homi K., 1994. The Location of Culture, London: Routledge.

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