

INVEST IN MACEDONIA – NEW BUSINESS HEAVEN IN EUROPE

NEW ENERGY EFFICIENCY SUBSIDIES

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“MAKEDONSKI SUMI” TO BUILD PELLET FACTORY

Public enterprise “Makedonski sumi” launched the process of building a factory for pellets, briquettes and wood chips, announced director Zarko Karadzovski.

– In 2017 we expect to present concrete documents and launch the process for building a factory, as well as for public-private partnership for wood pellet production due to the huge interest, said Karadzovski. Macedonia doesn't have domestic production, and imports from Serbia and Bosnia and Herzegovina.

This energy product, which is used for heating of housing and business facilities, is recommended because of its energy and environmental value. Pellets are renewable sources of energy, and come at favorable prices. That is the reason why the City of Skopje allocated a budget of 5.8 million denars for subsidizing the procurement of pellet stoves.

The preferential tax rate for pellet stoves entered into force at the beginning of 2017, with which the value added tax will reduce by 5%.



Photo: BBRG at UBC



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NEW ENERGY EFFICIENCY SUBSIDIES

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This year again, the granting of subsidies for this purpose will be performed with a public draw. 2016 included, a total of 14,785 households applied for solar thermal system subsidies, 4,237 of which were granted.

THE REPRESENTATION OF GERMAN CHAMBERS MERGED INTO A DELEGATION

The representation of German Chambers in Macedonia merged into a Delegation at the beginning of 2017 after operating in Macedonia for 17 years. The decision was adopted by Berlin after a detailed assessment of the work of the representation of German Chambers in Macedonia in the past years, stress from the association.

They recall that in 2000, when this representation was opened, a total of 15

German companies operated in Macedonia in the form of trade representations. In the meantime this figure increased ten-fold as the number of direct German investments increased. German companies operating on the Macedonian market employ around 20,000 persons.

Patrick Martens was appointed Director of the Delegation of the German Chamber of Commerce in Macedonia, taking over the function of former direc-

tor Martin Knapp. This Delegation will hire an expert on dual education, who will share the German experience in the education system in Macedonia. This initiative is supported by the Ministry of Economy of the Federal Republic of Germany.

In 2015, the trade exchange between Macedonia and Germany was 2.5 billion, and Germany remains the most important trade partner of Macedonia.

REASONS TO INVEST IN MACEDONIA

SUBSIDIES FOR BRANDING OF NATIONAL RESTAURANTS AND INNS — With the subsidies in the catering industry, Macedonia started branding the national restaurants and inns. Namely, subsidies are granted for adaptation and redecoration, and 60% of the expenses, not higher than 120,000 denars, are covered by the Ministry of Economy.

TAX EXEMPTION FOR INVESTING IN RURAL DEVELOPMENT ZONES — The project on Rural Development Zones aims at reducing unemployment and reviving rural areas. According to the announcements, it is estimated all villages and cities with population of under 10,000 inhabitants to receive same or better business conditions from those applied in the free economic zones.

NEW MEASURES FOR EMPLOYING PEOPLE YOUNGER THAN 29 — The self-employment loans total 7,000 euros and the loan for every other newly created job is 4,000 euros. Since loans of 4,000 euros can be approved for up to four newly created jobs, the whole borrowing may reach 23,000 euros. The grace period is 1.5 years, the repayment period is seven years and the interest rate is only one percent.

LEAD GENERATION — This is the process of developing buyers' interest in foreign markets for Macedonian products or services. Typically, leads are developed through research and contact with potential buyers. This function will be conducted through the network of Invest Macedonia's economic promoters.

GOVERNMENT STAY COMMITTED TO LOW TAXES — As a government we stay committed to the policy of low taxes and the policy by which the private sector will have most of the funds at its disposal. The main goal of the tax exemptions for reinvested profit is making sure most of the money invested in new technology returns again to the companies it came from, said Finance Minister Kiril Minoski.

FREE HEALTH ZONES TO RECEIVE SAME TREATMENT AS ECONOMIC ZONES — The money from leasing or selling state-owned building land for construction of a free health zone will be distributed by the model that applies for the free economic zones. Of the money to be paid into a special treasury account, 20 percent will be for the state and 80 percent for the Directorate for Technological and Industrial Development Zones.

FINANCIAL HELP FOR EMPLOYMENT OUTSIDE THE PLACE OF RESIDENCE — Financial help for workforce mobility is one of the measures with which Government supports employment and creates new jobs through the Employment Agency. This measure is intended to boost the mobility of unemployed persons according to the local needs on the labor market. This support is anticipated to encourage and motivate these persons to engage outside their place of residence as their accommodation and transport expenses will be compensated.

MACROECONOMIC POLICY — Macroeconomic policy of the Republic of Macedonia in the coming period is aimed at fulfilling the strategic commitments of the Republic of Macedonia to long-term and sustainable economic growth, boosting competitiveness of the economy and job creation, as well as better living standard of the population.

AGRO-BUSINESS ZONE TO BE ESTABLISHED — An integrated agricultural zone will be established in Macedonia,

gathering in one place warehouses, traders, companies and other representatives of the chain of supply of fresh and processed farming products.

OVER 12,000 PEOPLE YOUNGER THAN 29 EMPLOYED — Over 12,000 jobs have been created in 5,500 companies with the measure for hiring people young than 29, carried out since 2014. Most of the firms that used the government measure, or 450, are small businesses with up to 10 employees, about 100 are medium-sized enterprises and 26 are large companies.

SOON, NEW READY-MADE HOUSE PLANS AVAILABLE FOR FREE — New, ready-made house plans with different square surface will soon be at the disposal of citizens who show great interest in the Ministry of Transport and Connections.

ROAD INFRASTRUCTURE — The overall road network of the country totals 13,278 km of roads, with continuous investment in roads in accordance with the National Road Transport Strategy, prepared by the Ministry of Transport and Communications with assistance from the EU. The backbone of the country's road network consists of the two Pan-European corridors VIII and X.

IT AND FREE HEALTHCARE ZONES — Government adopted laws that anticipate creation of IT zones within the technological industrial development zones, separated with a fence, and regulated with special projects. Certain steps are being undertaken and projects are being prepared for developing the IT zones given the increased interest.

EXPORT OF TEXTILE PRODUCTS — The garment industry in Macedonia exports mainly to EU countries. 93 percent of the production is organized by the CM or CMT (Cut, Make & Trim) system for foreign markets. Full production and own brand production is partly exported and the rest is placed in the domestic market.

THE PROJECT FOR LAND PURCHASE — As of 2009, is possible for the land purchase to be realized under favorable conditions with a discount of 30% if the companies pay it in cash at affordable price. So far, more than 2,500 companies have used the opportunity for land purchase under the Government Project launched in 2009, and such support and assistance to the business community will continue.

AGRICULTURAL LAND – INVESTMENT OPPORTUNITY — The Ministry of Agriculture, Forestry and Water Economy as an authorized body has intensively been distributing agricultural land of good quality which is in state ownership, that is granted under lease (for use during the period of several years) to the interested investors, including foreign entities with established branch offices in the Republic of Macedonia.

TEXTILE INDUSTRY — With a long, rich tradition in clothing and textiles, this sector is the second largest export industry in Macedonia. The competitive export advantages include short delivery periods, flexibility of delivery size together with exceptional value for money. In addition to garments, there is manufacturing potential for cotton thread and fabric, wool yarn, fabric and knitted fabric.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT — The Constitution of the Republic of Macedonia guarantees an investor's right to property. No person may be

deprived of his/her property or the rights deriving from it, unless the use of that property affects the general welfare of the public.

WHY INVEST IN AGRIBUSINESS IN MACEDONIA? — Challenges Opportunities the agriculture production and agribusiness sector are the most important economic sectors of Macedonia. Almost 435,500 people, out of a population of 2.1 million, make whole or part of their income from agriculture activities. The great natural preconditions and an existing tradition enriched with newly developed skills create a variety of opportunities in agriculture, from high mountain pastures of over 2000m high, to the rich water valleys with a Mediterranean climate.

CONSTRUCTION COSTS — Numerous Macedonian construction companies can build factories quickly to international standards and at the most competitive prices in Europe. The average cost of constructing a factory building shell is between €170/m² – €210/m². The sale price of state-owned construction land for industrial and production facilities varies depending on the location, from €5/m² to €40/m².

MACEDONIA – A BUSINESS SUPPORTIVE ENVIRONMENT — Given the need for speed in today's global marketplace, Macedonia is fast becoming a major European service and distribution hub. You can set up a company here in just four hours! The World Bank "Ease of doing Business 2014" report shows that Macedonia is a regional heavyweight and 25th country in the World. Macedonia has also had a positive Forbes review coming 36th in a ranking of "Best Countries for Business."

EXPORT PROMOTION STRATEGY — In the process of preparation for the exports, the companies need to conduct a research that will help them choose a market which will contribute to the maximization of the benefits and minimization of the risks. The same research will also help the managers decide not only on the markets to enter but also on the modes of entry.

EXCELLENT INFRASTRUCTURE — Macedonia is at the crossroads of South Eastern Europe, which makes it an ideal transit and distribution center for products for European markets. The developed road and railway infrastructure, in combination with the small area of the country enables access to every inhabited place in Macedonia in less than 3 hours. The railway infrastructure in the Republic of Macedonia has been put in place since 1873, when the first Railway Track from Skopje to Thessaloniki in Greece has been constructed. Macedonian railway network system is connected north-south with the railway network systems of Serbia and Greece.

LABOR LEGISLATION — The recently enacted new Labor Law, prepared in accordance with the EU standards, provides increased flexibility of the labor market by offering and promoting flexible and different employment contracts and flexibility of working time. Also, reforms in this sphere have introduced training programs, support for entrepreneurs, as well as improvement of the overall business climate. The average gross monthly salary in 2013 is €502. This amount includes the net salary, personal income tax and social contributions for pension and disability insurance, health insurance and employment insurance. The minimum salary for each professional branch is defined by Collective agreements.

FREE HEALTH ZONES — Health tourism, attracting foreign capital to introduce new health methods and procedures, transfer of new technology, increased competitiveness, employment and quality of the higher education offer in the field of medicine are part of the benefits expected from the establishment of free health zones. The whole concept is designed to establish a health zone over a greater territory which is likely to be in Skopje on 15–20 acres for hospitals founded and built by foreign companies.

INCREASED SUBSIDIES FOR TOURISTS FROM SERBIA, BULGARIA AND BOSNIA AND HERZEGOVINA — The Government decided to increase the amount of subsidies for attracting tourists from Bosnia and Herzegovina, Serbia, and Bulgaria from 25 to 35 euro per tourist. Subsidies for tourists from 6 other states i.e. the United States, England, Germany, Kazakhstan, Azerbaijan and Qatar are announced for 2015.

THE SOFTWARE INDUSTRY HAS EMERGED AS ONE OF THE MOST DYNAMIC SECTORS — In recent years, the software industry has emerged as one of the most dynamic sectors of the Macedonian economy. With a growth rate of 7.7% in 2009, the Macedonian software industry outran the development pace of the overall economy and became an engine for growth, innovation and competitiveness. Like several other transformation countries in South East Europe, Macedonia has discovered the strategic importance of the software industry and its enormous potential for exports.

MODERN DIGITAL TELECOMMUNICATIONS NETWORK — The Macedonian Information Technology market has marked another significant growth in 2009 of 7.7%, reaching \$164.5 million. Over the five-year forecast period, the country's IT market is expected to expand at a compound annual growth rate (CAGR) of 5.2%, and reach \$212 million in 2014. Hardware is the largest and most dynamic segment of the Macedonian IT market, with a striking yearly growth of 84.7%, taking up nearly 62% of the total IT market.

FREE MARKET ACCESS — Duty-free access to a market of over 650 million customers through three multilateral (SAA, EFTA and CEFTA) and two bilateral (Turkey and Ukraine) Free Trade Agreements.

EUR 500,000 IN STATE AID FOR INVESTORS IN INDUSTRIAL ZONES — Up to €500,000 can be granted as incentive towards building costs depending on the value of the investment and the number of employees. Land in a TIDZ in Macedonia is available under long-term lease for a period of up to 99 years.

400,000 EURO INVESTMENT – THE ROAD TO OBTAINING MACEDONIAN CITIZENSHIP — Foreign nationals who are residents of the EU and OECD countries and have purchased real-estate (house or flat) in Macedonia in an amount of over 40,000 euro will get the chance to be immediately granted one-year stay in the Republic of Macedonia.

LOW TAXES — Flat corporate and personal income tax rates at 10%; 0% tax on retained earnings.

EXCELLENT GEO-STRATEGIC POSITION — Goods delivered within a day to Central and Eastern Europe and Turkey, and maximum two days to Western Europe.

FAST COMPANY REGISTRATION — One-stop-shop system for company registration within 4 hours.



THE BUSINESS COMMUNITY SUGGESTS THAT STABILITY IS REQUIRED IN 2017

From the business sector stress that in 2016 companies didn't show interest for commercial loans which were previously used for modernization of production capacities and spreading of business

Companies take loans only if they have debt in arrears to settle, and don't usually use bank assets to make new investments. From the business sector stress that in 2016 companies didn't show interest for commercial loans which were previously used for modernization of production capacities and spreading of business. Given the political and migration crisis that hit Macedonia last year, companies stopped conquering new markets,

stress from the Macedonian Chambers of Commerce.

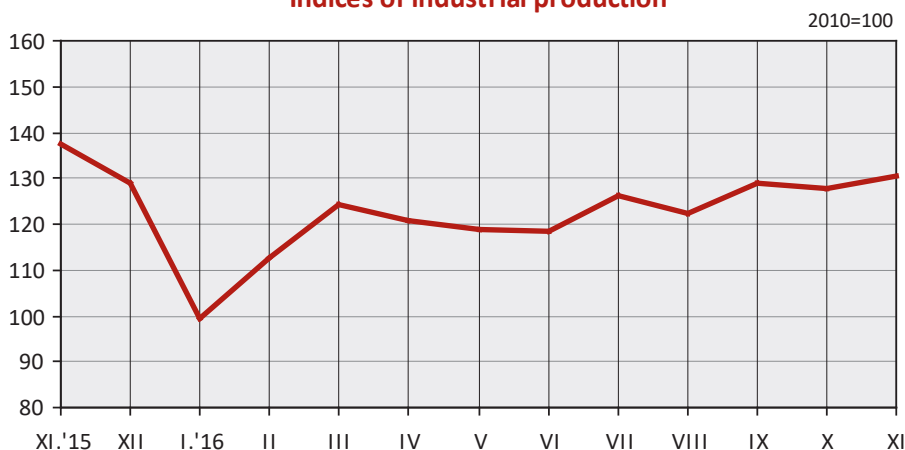
In order to place their products in countries where they haven't placed before, businessmen need to have political stability. They ask for a better functionality of institutions.

"If the political instability continues this year, the profitability of companies will significantly decline, investments will stagnate and won't influence the liv-

ing standard and employment", stressed Daniela Arsovska, President of the Macedonian Chambers of Commerce, adding that businessmen will be forced to cut their expenses.

In a nutshell, the business sector labeled 2016 as a turbulent year, and hope that the overall economy will stabilize in 2017.

Indices of industrial production



FOREIGN COMPANIES MAIN CREATORS OF EXPORT

The latest trade statistics show again that the foreign companies operating in Macedonia's economic zones are the main creators of the country's export

In the eleven months of last year, Macedonia's overall foreign trade totaled 9.4 billion euros and its trade deficit climbed up to 1.6 billion euros, said the State Statistical Office. In January to November, the export of goods was 3.9 billion euros and was up 5.4 percent from the same period of 2015.

Imports increased by 5.2 percent from the same period of the year before. Machines and transport devices accounted for most of the import cost, 1.1 billion

euros. Second was the import of various chemical products that cost 661 million euros and third was the import of food and livestock that amounted to 500 million euros, approximately as much as the import of mineral fuels and lubricants.

Machines and transport devices accounted for most of the exports (1.1 billion euros), followed by chemical products (947 million euros) and food and livestock (290 million euros). The latest trade statistics again shows that the for-

foreign companies operating in Macedonia's economic zones are the main creators of the country's export.

For example, in 2015, goods of 1.5 billion euros were exported from the zones, which is about one-third of the country's total exports. Government said that the export from the zones in 2016 would be even greater.

MACEDONIA HAS THE LOWEST TAXES IN THE WORLD

As it was previously stated and published by high competent international institutions, Macedonia has the lowest taxes in the world according to the ranking of Business insider with an average tax rate of 7.4%. Government economic policies are headed towards that direction, in order to sustain a constant low tax policy

Macedonia has a 99 percent rate of paid taxes as a result of citizens' trust in the system, says Anastasija Ilieska Director of the Public Revenue Office. According to her, this Office charges a realistic tax proportion, registered or non-registered by the taxpayers.

"We must be aware that the tax office is not a repressive body. We are working towards narrowing the gap of tax evasion, as well as the level of grey economy, and introduce a habit of regular registration and payment of taxes. We learn from different experiences and create strategies and policies in order to become more ef-

ficient. We are closely focused on implementing the recommendations presented by the IMF and the World Bank," says Ilieska.

As it was previously stated and published by high competent international institutions, Macedonia has the lowest taxes in the world according to the ranking of Business insider with an average tax rate of 7.4%. Government economic policies are headed towards that direction, in order to sustain a constant low tax policy. The low taxes and simple procedures, the efficient services offered to taxpayers are intended to stimulate

the business, and at the same time to reach higher economic settings. According to the report of Doing Business of the World Bank, which is a report of the most relevant economic industry, Macedonia is ranked tenth worldwide and fifth in Europe for its great business climate. This data is very important and it represents additional reason for attaining even higher results. However, the low tax rate doesn't mean unconcerned behavior and nonpayment of taxes, to the contrary, it stimulates the voluntary payment of taxes and the increase of companies' capital, says Ilievski.

TAX REVENUES III QUARTER 2016

-amounts in million denars

- relation – Index

TAX REVENUES	COLLECTION 01.01.-30.09.2016	COLLECTION 01.01.-30.09.2015	INDEX: 2016/2015
Profit Tax	8,233	9,592	85,83
Personal Income Tax	9,994	9,017	110,83
Value Added Tax	34,957	30,623	114,15
TOTAL	53,184	49,232	108,03

MINOSKI: BUDGET IS IN EXCELLENT CONDITION AT THE BEGINNING OF 2017

The budget is in excellent condition. Last year ended with an excellent tax collection rate of 99 percent and a budget deficit that didn't overlap with the projection by one percentage point. In 2017, too, the settling of budget liabilities and the payment of salaries and pensions will be performed on a regular basis as has been the case so far, said Finance Minister Kiril Minoski. He also said that budget revenues had attained their target almost one hundred percent despite the

opposition's accusations that they had been unrealistically projected.

"According to the statistics for 2016, in spite of all the scenarios and speculations that some revenue projections are exaggerated, it turned out this isn't the case. Tax revenues have a collection rate of 99 percent, which is truly a remarkable figure," Minoski said.

In relation to 2015, collection of overall revenues went up 5 percent, of tax revenues 7.8 percent and of contributions 5

percent. Minoski stressed that the budget deficit in 2016 would be less than 3 percent, that is, pursuant with the Maastricht criteria and the recommendations of international financial institutions.

"We started the new year with plenty of money that will make sure the budget execution and the settlement of all our liabilities as a state go smoothly," said Minoski adding that the payment of salaries and pensions would be performed regularly as it was the case so far.

STOCK MARKET COMPANIES ARE WORTH EUR 1.88 BN

These firms include both the listed companies and the joint stock companies with special reporting obligations. In relation to 2015, when the market value of all the shares of the listed companies totaled 1.67 billion euros, the companies' market capitalization last year increased by 12.5 percent

On 31 December 2016, the Macedonian companies listed on the stock market cost 1.88 billion euros, or just as much as their owners would earn selling all their shares on the last day of 2016. This is according to the annual report of the Macedonian Stock Exchange for 2016, which reveals an increase in the companies' market capitalization.

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Of the other stock market parameters, last year relative to the year before, the stock market turnover and the stock market index also climbed up. However, the foreign investors' share in the Macedonian companies' fixed assets climbed down. Last year, the stock market had

a turnover of almost 50 million euros, which is an increase of 13.64 percent from the same period of 2015.

The largest turnover of 35.8 million euros, which is 73 percent of the overall

turnover, was realized as usual on the official market. The shares of Komercijalna banka were traded in most - 210,641 shares in 2,124 transactions.



MCC PRESENTED DRAFT-PROTOCOL ON SOCIAL DEVELOPMENT

After this document is adopted by the highest authorities of MCC, it will be submitted to all trade union branches in order for them to start fulfilling the content and goals listed in this protocol

The Macedonian Chamber of Commerce constituted a draft-protocol on social development in Macedonia focused on promoting the social dialogue and improving workers' rights in the country. This document, informed from MCC, will focus on further increasing the minimal wages, as well as find solutions with which the unlimited term contracts, especially in the industrial zones,

won't be lower than 30% of the number of employees. This implies the need to reduce the time of limited term contracts from five to three i.e. two years. This protocol anticipates additional benefits for providing even greater financial security to workers during the time of their unemployment.

In addition, this document anticipates social partner activities towards expand-

ing the regulation for providing beneficiary years of services to those categories of workers in need. After this document is adopted by the highest authorities of MCC, it will be submitted to all trade union branches in order for them to start fulfilling the content and goals listed in this protocol.

EBRD SUPPORTS WOMEN ENTREPRENEURS WITH THREE MILLION EURO

President of the Management Board at NLB Banka AD Skopje, Antonio Argir stressed that the program for supporting women in business will contribute for spreading and expanding the offer of loan products of the Bank and the advisory service we offer to clients

The European Bank for Reconstruction and Development (EBRD) provided a three million euro loan as part of the regional initiative Western Balkans Women in Business framework, focused on supporting the development of women-led small and medium-sized enterprises, via NLB Tutunska banka. An agreement was signed between EBRD and NLB Tutunska banka.

The program is created for supporting women entrepreneurs, by providing women-led small and medium-sized enterprises (SMEs) access to finance and advices, helping them develop and progress. The program combines financing, technical assistance and business advisory services to support women-led SMEs.

The technical assistance and advisory services are jointly funded by EBRD and the governments of Luxembourg and Sweden.

–Strengthening women’s economic empowerment is an important part of the EBRD activities, as prerequisite for prosperity and sustainable economic development in Macedonia and the Western Balkans, said Head of EBRD Skopje Office Anca Ioana Ionescu.

President of the Management Board at NLB Banka AD Skopje, Antonio Argir stressed that the program for supporting women in business will contribute for spreading and expanding the offer of loan products of the Bank and the advisory service we offer to clients.

EBRD has been realizing projects in the Republic of Macedonia since 1993, and has invested over 1.6 billion euro so far, in over 100 projects in Macedonia.

Employers¹⁾ by sex and size of enterprises, 2015

	Total	Women	Men	Participation of women in the total number of employers (%)
Total	30 408	7 556	22 852	24.8
Enterprises with 1 to 10 employees	27 022	6 949	20 073	25.7
Enterprises with 11 to 19 employees	1 687	:	1 377	:
Enterprises with over 20 employees	1 699	:	1 402	:

¹⁾ Employers are persons who run their own business entity or owners who work in their shops, or owners of an agricultural estate, who employ other people

CITIZENS KEEP 3.6 BILLION EURO IN DOMESTIC BANKS

Citizens kept 3.6 billion euro in domestic business banks, estimated at the end of 2016, shows the latest official data of the National Bank of the Republic of Macedonia. In general, statistic shows two things: firstly, a slight and moderate deposit growth, which means that citizens’ trust is gradually restoring following the spring shock when

many of the deposits were removed from banks, and secondly, transferrable deposit growth which citizens prefer to other deposits. Most probably this situation can be psychologically explained that transferrable deposits are better than other deposits because they allow assets to be easily withdrawn in times of need.

The highest percentage growth was marked in denar deposits which are classified as transferrable deposits, whose value started increasing in June and followed that course by the end of 2016.

MINING INDUSTRY TO HAVE A FRUITFUL YEAR

The Macedonian Mining Association (MMA) warns that "Feni" might gradually cease to exist, and "Ilovica" won't operate this year. The metal prices on global markets are expected to stagnate in the next 12 months

Last year was successful for the mining industry despite of all the challenges, and similar challenges are expected for 2017. All production capacities will be active, "Zletovo", "Sasa", "Toranica" and "Bucim".

The Macedonian Mining Association (MMA) warns that "Feni" might gradually cease to exist, and "Ilovica" won't operate this year. The metal prices on global

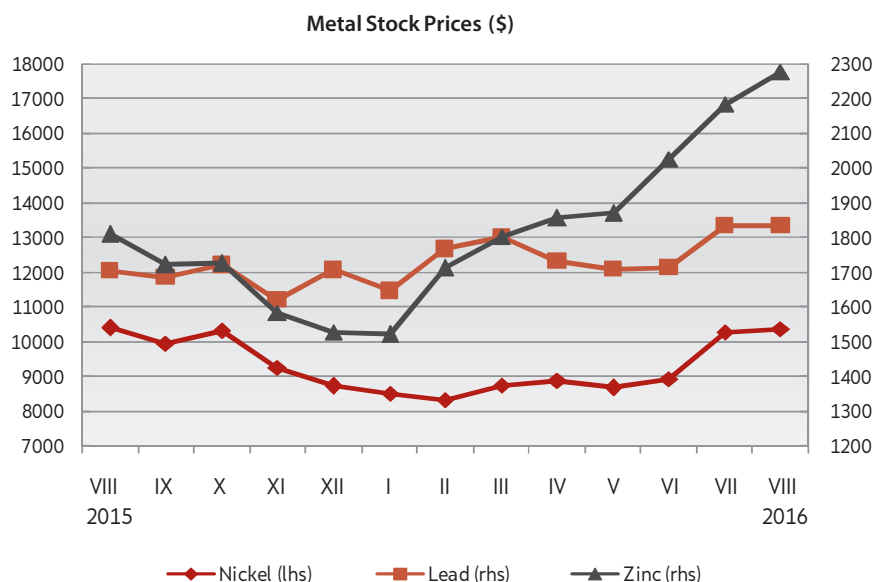
markets are expected to stagnate in the next 12 months.

MMA demands a mining strategy to be prepared by 2025 and the issuing of concession permits for stone-pits to be regulated. President Nikolajco Nikolov considers that national consensus is required for "Ilovica" mine because it is a huge capacity located near Strumicko Pole, and "Feni" mine has extremely low

nickel content and it is unprofitable in current terms.

-This confirms the necessity to prepare a strategy that will be applied by domestic and foreign investors, stressed Nikolov. Macedonia must differentiate what is profitable in the mining industry for which excavations are sustainable and which should be left to next generations.

-We must be more responsible, for example, we have coal and lignite reserves by 2030-2035 therefore we should estimate which qualities should be excavated and which should be left to next generations, i.e. to use alternative sources of energy, stated Nikolov. The spontaneous opening of stone-pits must stop because it has negative impacts on the economy and the environment.



Source: World Bank

EMPLOYEES IN THE AIRLINE INDUSTRY HAVE THE HIGHEST SALARIES

Last year in November, 1.4% of the employees in Macedonia didn't receive a salary

In November 2016, the lowest paid salaries were in the leather industry with an average wage of 11,844 denars, reads the report of the State Statistical Office. Next on the list are the employees in the fishing industry with an average wage of 12,064 denars and textile workers with an average pay of 13,161 denars. Higher above are the employees in transport,

manufacturing industry, trade, tourism workers and others. Airline employees have the highest salaries with an average salary of 96,174 denars.

Employees in the IT sector have an average wage of 47,000 denars, followed by employees in the insurance sector and pension funds with an average wage of 44,000 denars. Employees in pharma-

ceutical, legal and accounting activities receive over 40,000 denars.

In November 2016, the average monthly gross-income per employee was 32,877 denars. The average monthly net-income in the same month was 22,380 denars. Last year in November, 1.4% of the employees in Macedonia didn't receive a salary.

NEW STRATEGY FOR NATIONAL SPATIAL DATA INFRASTRUCTURE

This new two-year strategy for National Spatial Data Infrastructure (NSDI) presented by Macedonia's Agency for Real Estate Cadastre will provide standardized and certified geospatial data from 32 fields in Macedonia, by 2019

The national GeoPortal will standardize and dispose of the data for cadastre land parcels, spatial planning, traffic infrastructure, statistics, hydrography, protected areas, etc. It will provide quicker and easier access for citizens, companies and institutions, and will be especially useful in times of natural disasters, while planning investments and for other business requirements. This new two-year strategy for National Spatial Data Infrastructure (NSDI) presented by Macedonia's Agency for Real Estate Cadastre will provide standardized and certified geospatial data from 32 fields in Macedonia, by 2019.

The strategic activities, prepared with the help of Dutch experts, encompass 18 state institutions, the Economic Chamber of Macedonia and the Chambers of Commerce of Macedonia. According to the Director of Agency for Real Estate Cadastre, Slavce Trpeski this will facilitate the approach, sharing, use and distribution of standardized spatial data and services in an efficient and harmonized procedure. The purpose

is to serve for the needs of the private and public sector, as well as for the citizens, which will contribute for economic growth and sustainable development.

Deputy Head of Mission at the Embassy of the Netherlands in Macedonia Anri Van Mens and project manager Paula Dijkstra announced a continued support for the Macedonian Cadastre for further development of services, both for citizens and businesses.

-It is important that citizens and companies have access to these data or

any other register of data, which is also important for business investments. It is also important to have good cadastral maps in case of floods, earthquakes and other natural disasters, said Deputy Head of Mission Mens.

Project manager Dijkstra announced that Macedonian Cadastre will take part in the new project "Spatial" supported by the Dutch Ministry of Foreign Affairs, in the next two years. The goal is to support the countries from the region in their process for EU membership and providing access to professional data.

Trpeski informed that with the new strategy, Macedonia received recommendations for modernization, optimization and automatic production of topographic maps. Together with Dutch experts, we determined the fields that can be improved with the introduction of new technological changes in the production process and in the preparation of topographic maps.



THE VALUE OF HOUSES AND FLATS TO BE ASSESSED

Cadastre Agency will engage in massive assessment of all the real-estates in Sveti Nikole, Zelenikovo, Gostivar and Kisela Voda as pilot-municipalities for introducing the system for massive assessment, with which every real-estate in the

country will get a market value, informed Slavce Trpeski Director of Cadastre.

The collected data should offer a transparent value for all types of real-estate, housing and business facilities, arable and construction land, infrastructure, which

will be equally offered to citizens, the business sector and investors.

In order to introduce the system for massive assessment, Cadastre formed a special sector for assessment.

ALEKSOV: ACTIVITY IN CONSTRUCTION SECTOR CONTINUES TO RISE

The construction sector is one of the main drivers of the Macedonian economy and contributes for economic growth. All the financial constructions, especially the 438 million euro allocated from the budget for infrastructural projects and capital investments, bring work for the construction sector

We should be optimists, but also be aware and have in mind the serious internal and external challenges that we need to tackle, says Mitko Alekov, CEO of the Macedonian Chambers of Commerce.

"We entered the stage of innovation and sophistication where labor prices aren't the key for a certain company to decide, i.e. to choose Macedonia as a top

destination for expanding its production i.e. invest", stressed Alekov.

He informed that in the past few years, the construction sector was driver of the Macedonian economy and hopes that this trend will continue in the future.

-In the last three years, the construction sector is one of the main drivers of the Macedonian economy and contributes for economic growth. All the

financial constructions, especially the 438 million euro allocated from the budget for infrastructural projects and capital investments, bring work for the construction sector. Civil-engineering stirs up at least 25 to 27 economic branches. We expect this trend to continue in the next two years, at least, because we have financial construction which gives stability in the construction sector, adds Alekov.

LAST YEAR THE NUMBER OF ISSUED CONSTRUCTION PERMITS INCREASED BY 14%

In Macedonia, the offer of flats increased almost by 1,000, most of which will be two-room flats (374) as well as three-room flats (310). The last statistical data shows that in November 2016, the number of issued construction

permits increased by 14% compared to the same month in 2015.

Most of the new flats will be constructed in Skopje (772), most of which in Aerodrom and Karpos Municipalities. According to statistics, almost 15% of

the new constructions are located in this region.

Despite of the increased demand of flats on the market, Cadastre expects a slight drop of prices in 2017.

2,800 FINISHED APARTMENTS WAITING TO BE SOLD, OVER 8,000 UNDER CONSTRUCTION

At the moment, there are about 11,000 apartments for sale in the real estate market, 2,800 of which are finished, said the Director of the Cadastre and Real Estate Agency, Slavce Trpeski, presenting the report of the Register of Sales Prices and Rentals on the third quarter of last year.

This institution expects real estate prices to drop a little in the period ahead, largely because of the increased construction activity and the considerably

reduced demand provided conditions in the market remain the same over a longer period of time.

"Real estate prices are stable with a little drop in certain municipalities as a reaction to the market being saturated with newly built homes," said Director Trpeski.

In his opinion, the number of newly built homes and apartments under construction is at the moment meeting demand and there is also a fairly big reserve

of newly built homes in case demand steps up. In the third quarter, according to the Register, there were 646 sales of newly built homes, which is an increase of 147 from the second quarter, when 499 homes were sold.

According to the Register of Sales Prices and Rentals, out of the total number of registered apartments, 9.28 percent are mortgaged, which is a drop of 0.44 percent.

NEW PROJECTS FOR FREE TYPICAL HOUSE DESIGNS

This is one of the measures, in addition to the housing subsidies and land for typical settlements, which is intended to boost the housing investments. Other than the internet, these projects can be received at the Ministry of Transport

The Ministry of Transport and Connections published free projects for six additional typical house designs. Therefore, if citizens, who are interested in constructing a house, decide for some of these architectural projects, they can save around 900 to 2000 euro in their investment. From the Ministry stress that in addition to the reduced expenses for construction this measure narrows down the period for receiving a construction permit.

According to the data of the Ministry, by the end of 2016, the first six projects for individual housing facilities were downloaded from their website over 10 thousand times. Because of the huge interest, another tender for conceptual solutions was published for six additional typical house designs with various square surfaces. Citizens can choose a free project for houses construction with surfaces from 50 to 200 meters squared.

This is one of the measures, in addition to the housing subsidies and land for typical settlements, which is intended to boost the housing investments. Other than the internet, these projects can be received at the Ministry of Transport.

Otherwise, persons aged 36 and older can receive subsidies for the monthly installment for house construction in a

period of 10 years, with 65% government subsidies for the monthly installment, principal payment and interest rate in the first seven years, and 35% government subsidies for the monthly installment in the next 3 years, for the first model, or 100% government subsidy for loan participation with the second model.



THE NUMBER OF CONSTRUCTION WORKERS TO DECLINE?

In the next three months, the number of construction contracts is expected to rise, and the number of construction workers to decline. According to the estimations of companies' managers in the construction sector the trust indicator in the fourth quarter in 2016 increased by 0.2 percentage points compared to the previous quarter, shows the data of the State Statistical Office.

The assessment of the economic situation in the fourth quarter in 2016 is more favorable compared to the previous quarter, and also move favorable compared to the fourth quarter in 2015. The assessment of the current condition with orders (contracts) of their companies is almost the same as in the previous quarter, and the assessment of the financial situation is less favorable compared to the third quarter of 2016.

In the next period, selling prices are expected to decline, and the number and quality of mechanization and equipment was above normal in the fourth quarter in 2016.

The main obstacles for improving the current construction activity are the following factors: expenses for construction materials (18.9%), interest rates (14.8%), competitiveness (12.5%) and lack of demand (12.5%).

RAILROAD TO ALBANIA DESIGNED BY UNESCO REMARKS

The Macedonian Railway Company - Infrastructure says the construction of the railroad to Albania is set to begin in 2018 and the design of the route from Kicevo to Lin of 63 km should be completed by June this year

The designer of the railroad from Kicevo to Lin, as part of Corridor VIII connecting Macedonia to Albania, will have to take into consideration UNESCO's remarks about the route of the railroad. Tipas of Spain, which needs to finish the western part of the Corridor by the middle of this year, has to stick to the study on this railroad's environmental impact.

The railroad has been foreseen to pass above the villages of Radolista, Kalista and Radozda and to descend to only about ten meters of the shoreline right before leaving Macedonia. This, according to UNESCO, is a reason for concern and is threatening to put Ohrid on UNESCO's List of World Heritage in Danger.

The Macedonian Railway Company - Infrastructure says the construction of the railroad to Albania is set to begin in 2018 and the design of the route from Kicevo to Lin of 63 km should be completed by June this year. On completing the basic project, the Spanish firm needs to announce a public call to select the company to construct the railway. The construction is estimated to cost 300 to 550 million euros.

The difficult route that combines rugged terrains and flatlands and the need to construct several bridges and tunnels drive up the price of a km of railroad to over 5 million euros. Trains are expected to drive along this route at speeds of about 100 km per hour.

In the meantime, Macedonian railway authorities say, the construction of the eastern part of Corridor VIII to Bulgaria continues. The first route from Kumanovo to Beljakovci of 30 km is expected to be over by the end of the year.

MACEDONIAN RAILWAYS



AGREEMENT SIGNED ON PURCHASING FOUR NEW ELECTRIC LOCOMOTIVES

The investment worth eight million euros is provided from the European Bank for Reconstruction and Development and is carried out as part of the project for renewing Macedonia's railway fleet

Macedonia will buy four new electric locomotives from the Chinese company CRRC Zhuzhou. The agreement was signed by representatives of CRRC Zhuzhou and the Macedonian Railway Company Transport (MZ Transport).

This is a second project carried out by the Macedonian Government and Zhuzhou following the first one of procuring

six new passenger cars. The investment worth eight million euros is provided from the European Bank for Reconstruction and Development and is carried out as part of the project for renewing Macedonia's railway fleet.

Nikola Kostov, the general manager of MZ Transport, said the purchase of the new locomotives would motivate the

company's staff to do their job better. Expressing gratitude for Macedonia's trust, the president of CRRC Zhuzhou, Zhou Qinghe, said Macedonia was an important railway transport zone in Southeast Europe and was always in Zhuzhou's focus.

Qinghe said Macedonia would be approved a discount to help it improve its public transport.

NUMBER OF TOURISTS AND OVERNIGHTS RISING

One of the most important factors for the number of tourists in Macedonia is the tourism subsidies and the financial aid in introducing flights to new destinations. This resulted in a record 1.8 million passengers having passed through Macedonia's two airports in Skopje and Ohrid

The Hotel Association of Macedonia (HOTAM) said that due to the refugee crisis tourists avoided the Balkans in early 2016 but that the summer season went as expected. This has also been confirmed by the official statistics. The State Statistical Office measured that the number of tourists increased by 5 percent in January to November 2016.

The number of home tourists increased by 5.3% and the number of foreign tourists went up by 4.8%. Foreign tourists mostly spent two to three nights in Macedonia mostly as part of the round trips that several travel agencies are organizing through a number of countries in the region.

Raising the number of tourists takes drafting a development strategy, identifying the locations where facilities would be put up, making investments and fighting the enormous illegal competition in the sector, say hotel keepers who are currently preoccupied with attending Western European tourism fairs. They say the

interest is great not only from European but also from Asian agencies.

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aid in introducing flights to new destinations. This resulted in a record 1.8 million passengers having passed through Macedonia's two airports in Skopje and Ohrid.



MACEDONIA PROMOTED AT UTRECHT TOURISM FAIR

The Agency for Promotion and Support of Tourism of the Republic of Macedonia is promoting Macedonia's tourism at the Tourism Fair in Utrecht, the Netherlands. During the fair, the delegation of Macedonia's tourism authority held meetings with numerous tour operators from the Netherlands including Cyclo Travel, NKC, D Travel, Running Tours, Adriatic Vakanties, Fiets and Kras. Some

of them said they would be organizing Macedonian tours as early as this spring.

The largest tour operators which have been bringing tourists to Macedonia for almost a decade, TUI and Corendon, said they were happy with their cooperation with Macedonia and said the number of tourists in early 2017 climbed up by almost 10 percent from the same period of last year.

"The Dutch, who are traditionally visiting Macedonia, are mostly elderly people. However, this year, what surprised many is the interest in travel to Macedonia by the younger generation. They are focused on outdoor activities and adventure, particularly biking, hiking and mountaineering," the Agency said.

MOUNTAIN, BATH, TRANSIT - THE MOST PERSPECTIVE TYPES OF TOURISM IN MACEDONIA

From the Catering Industry and Tourism Association within the Economic Chamber of Macedonia stress that the congress, sports and recreation tourism can be profitable as well

Mountain, bath and transit are the three most perspective types of tourism in Macedonia, according to tourism workers, followed by alpinism, cave, hunting and religious tourism. From the Catering Industry and Tourism Association within the Economic Chamber of Macedonia stress that the congress, sports and recreation tourism can be profitable as well.

-Currently, the most dominant types of tourism in Macedonia are the lake and city tourism, the focus is put on Skopje as a cultural destination. However, according to perspectives and possibilities, the country should focus on the mountain, bath and transit tourism, because they have high potential and aren't exploited enough, says Vice President of this Association, Slave Siracevski.

Macedonia has five to six baths which were active in the past, but now they are left to the tooth of time for deterioration, highlights Siracevski. As for the transit tourism, Siracevski notices that not a single hotel has been built along Corridor X or along any other roads in Macedonia that foreign guests often take. He adds that Solunska Glava and Korab are just

some of the attractive summits in Macedonia, but there are over 20 other peaks over 2,000 meters high.

-Even if there are excellent conditions and possibilities, the hunting tourism isn't developed as well. Macedonia didn't attain the satisfactory level of religious tourism as Serbia and Romania did. Kokino observatory is an attractive destination, but doesn't have an access road,

restaurant, toilet or a decent advertisement, assesses Siracevski.

If Macedonia plans to realize the projections defined in the Strategy by 2021, i.e. tourism to participate with 5% in the GDP, it first has to intensify the cooperation between the state institutions and the business sector towards joint policy-making, stress from the Association.



MACEDONIA PROMOTES ACTIVE TOURISM

This type of tourism becomes more and more attractive and exploited in Macedonia, especially the mountain bike routes and the European hiking trail in East Macedonia

Macedonia was promoted as new destination on the Conference for Active Tourism and Business in London. This type of tourism becomes more and more attractive and exploited in Macedonia, especially the mountain bike routes and the European hiking trail in East Macedonia.

Numerous tour operators were interested in the European hiking trail, stress

from the Agency for Support and Promotion of Tourism. Of course, wine routes and ethno-culture are imminent part of the offer. One well-known tour operator, that organizes trips in Macedonia for 50+ persons, announced a visit. Another visit will be organized for the specialized company for "wild life" which will present Macedonia as a new destination for observation of birds.

Thirteen British tour operators are interested to meet with representatives of the Agency for Support and Promotion of Tourism in the Republic of Macedonia and include Macedonia in their offer starting from summer 2017.

MACEDONIAN DAIRY PRODUCTS LAUNCHED ON THE RUSSIAN MARKET

So far, the top exported products on the Russian market are from the pharmaceutical and food-stuff industry. By the end of November 2016, Macedonia has exported almost 50% more goods to Russia compared to 2015

Macedonian dairy products were launched on the Russian market. Russians will be able to try the Macedonian cheese, yellow cheese and milk from one Macedonian plant, and two other plants received permits and will soon launch their products as well.

Authorities stress that the ongoing anti-Russian sanctions present a great opportunity for Macedonian producers to become competent on the Russian market. This implies modernization of their level of production and expanding their livestock.

Still, companies in the meat industry cannot export on the Russian market as long as they use raw materials from EU. In the meantime, the export of Macedonian brandy is on hold. Dejan Besliev from the Macedonian-Russian Chamber of Commerce informed that the process of certification is very complex in Russia. On the other hand, Macedonian wine

is already well-known on the Russian market.

So far, the top exported products on the Russian market are from the pharma-

ceutical and food-stuff industry. By the end of November 2016, Macedonia has exported almost 50% more goods to Russia compared to 2015.



VINE AND FRUIT TREES FROZE BECAUSE OF THE POLAR CLIMATE

According to initial estimations, that the cold weather is most favorable for the spring lettuce in Strumica region, 30 to 40% out of the total of 1400 planned hectares have already been planted

The cold weather and low temperatures will have a negative impact on the agricultural production. Experts believe that vine and fruit trees, as well as market gardening, suffer the most. Most resistant plants of the cold weather are the green-stuff planted in the same place for a longer period of time.

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From the Agency for Promoting and Development of Agriculture in Strumica stress that the low temperatures had neg-

ative impact, but also the overall damage will be registered after the weather conditions are stabilized. Unlike the damages registered in market gardening, vine and fruit trees, the agricultural crops survived the cold weather, and the snow was favorable for grain plantations.

EUROSTAT: MACEDONIA HAS THE CHEAPEST FOOD IN EUROPE

The analysis made by the Federation of Trade Unions of Macedonia show that the minimal consumer basket is 32,000 denars, estimated since 2010 referring to a four-member family. According to the calculations, 26,000 out of the total of 32,000 denars are spent on food and bills

Macedonians eat the cheapest food in Europe. According to the data of the European Statistical Service, Macedonia has the lowest prices of oil, fruits, vegetables, non-alcoholic beverages, alcohol and cigarettes out of the 38 European countries encompassed in the survey. Macedonia is second-last according to prices of bread, cereals, milk, cheese and eggs and third-last according to meat prices.

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In order to narrow down the gap between salary and expenses, FTU created a strategy that will be soon presented to employers and to the Government in order to improve the standard of living.

According to Eurostat, the most expensive food in Europe is sold in Switzerland, and beverages and cigarettes are most expensive in Norway.

PRICE LEVELS FOR 3 SUBCATEGORIES OF FOOD, 2015

Name	Food	Oils and fats	Fruits, vegetables, potatoes	Other food
Switzerland	178	183	167	150
Norway	158	145	155	180
Denmark	142	148	133	170
Iceland	132	104	129	141
Sweden	125	128	136	118
Austria	122	125	124	108
Finland	119	95	127	114
Ireland	119	114	136	127
Luxembourg	119	118	114	111
Italy	111	97	105	110
France	111	103	116	104
United Kingdom	110	104	116	115
Belgium	109	113	99	101
Cyprus	107	116	91	118
EA-19	105	101	106	102
Germany	104	103	111	96
Malta	103	124	102	117
Greece	103	115	83	121
Netherlands	98	92	104	90
Slovenia	97	119	91	99
Portugal	93	103	91	132
Spain	93	85	95	101
Croatia	91	100	93	107
Turkey	89	114	85	97
Slovakia	87	129	85	101
Estonia	87	105	88	90
Latvia	86	116	88	100
Hungary	78	107	76	88
Czech Republic	78	99	73	85
Montenegro	77	79	82	90
Lithuania	76	104	77	86
Bosnia and Herzegovina	73	82	72	89
Serbia	69	93	67	79
Kosovo (*)	69	91	72	79
Bulgaria	68	106	66	83
Albania	67	94	66	80
Romania	63	90	49	75
Poland	61	74	62	67
Macedonia	58	66	48	71
Variation coefficients				
EA-19	12.4	10.8	15.6	11.5
EU-15	11.3	14.3	14.3	16.1
EU-28	19.7	13.8	22.8	18.9
All 38	27.2	20.0	28.6	23.7

(*) This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

NEW STATISTICAL RESEARCH ON AGRICULTURE, TRADE AND TOURISM

The results from these analyses will be published in the first half of 2017, informed from the State Statistical Office

Structural research on rural economy, register of trade and catering facilities, survey on foreign tourists in accommodation facilities, and survey on foreign visitors - survey on border crossings, this is the most recent statistical research conducted in 2016. The results from these analyses will be published in the first half of 2017, informed from the State Statistical Office.

– The data on rural economy will be published by the end of January, the data on trade and catering facilities will be published by mid-February, and the surveys on tourism will be published by April, informed Deputy General Director of the State Statistical Office, Dejan Stankov.

The main priorities of the State Statistical Office are modernization and simplification of data collection, and increased use of administrative sources.

