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INVEST IN MACEDONIA – NEW BUSINESS HEAVEN IN EUROPE

NEW EMPLOYMENT MEASURES PROMOTED

All the unemployed with no means of livelihood and companies that wish to employ such people can apply for subsidies. A notice has also been published for granting of loans to firms creating new jobs and for granting of loans for self-employment through starting a private business, said Labor and Social Policy Minister Ibrahim Ibrahim.

Employers will be offered three types of assistance. Since the implementation of the measures of this Program began, 167 agreements have been signed with employers who have taken on 213 people. Of them, 56 percent are young people of up to 29 years of age and 32 percent are women.

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PEKABESKO WITH A NEW INVESTMENT OF OVER 1.4 MILLION EURO

Pekabesko, one of Macedonia's leading producers of meat and dairy delicatessen products and leader for logistics and distribution, invested in new equipment from well-known global producers in 4 production lines. "The total investment is over 1.4 million euro and we expect it to boost the production and export capacity of Pekabesko, as well as to increase the number of employees in our company", stated Slobodan Kutrevski CEO of Pekabesko.

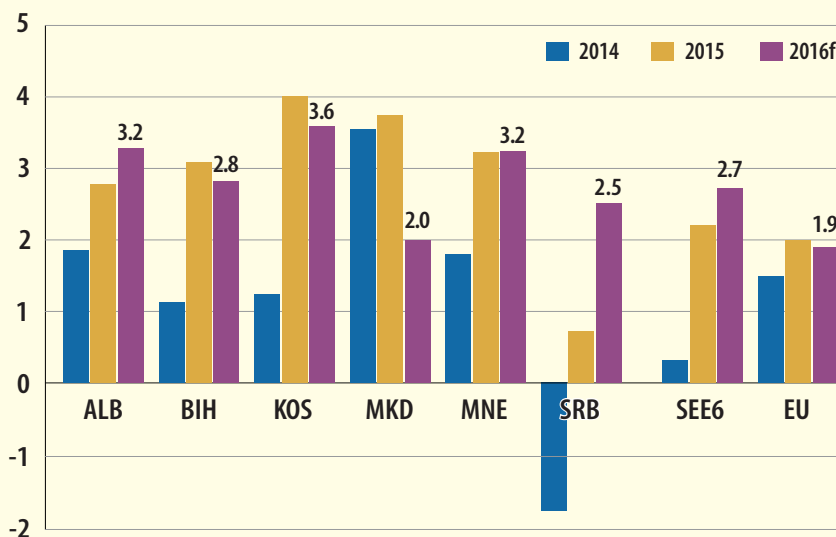
According to Kutrevski, their expectations are to double increase the capacity of the range of tin cans as well as increase the production of fish paste by fifty percent. Moreover, this investment will increase the number of employees in company's production process by at least 50 persons, and the boosted efficiency and productiveness will then contribute for higher export, i.e. better price competitiveness on the markets where Pekabesko products are placed.

In 2012, Pekabesko opened a new production and logistics base in Kadino, Ilinden Municipality an investment worth 13 million euro. The most recent investment included, "Pekabesko" has invested around 18 million euro in the last 4 years.

Pekabesko exists for almost 40 years and currently counts more than 450 employees.

SEE6: Growth performance strengthens

Real GDP growth, 2014, 2015 and 2016f, percent



Sources: Data from central banks and national statistical offices, World Bank staff projections.



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NEW EMPLOYMENT MEASURES PROMOTED

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All the unemployed with no means of livelihood and companies that wish to employ such people can apply for subsidies. A notice has also been published for granting of loans to firms creating new jobs and for granting of loans for self-employment through starting a private business, said Labor and Social Policy Minister Ibrahim Ibrahim.

Employers will be offered three types of assistance. Since the implementation of the measures of this Program began, 167 agreements have been signed with employers who have taken on 213 people. Of them, 56 percent are young people of up to 29 years of age and 32 percent are women.

Minister Ibrahim also promoted the Program for approving loans to firms creating new jobs. Beneficiaries can be micro and small enterprises that were registered at least a year before the notice was announced, that have at least one employee and that haven't reduced the number of their employees in the past six months.

The program for self-employment through loans for starting a private business was also promoted. For activities of smaller scope, 3,000 euros per newly created job will be approved. Projects will be funded with not more than three jobs, with up to 9,000 euros.

MOST FDI IN 2016 COME FROM GERMANY AND TURKEY

Foreign direct investments in the Republic of Macedonia in the nine months of 2016 totaled 199.45 million euros. Direct investments, according to the statistics of the National Bank of the Republic of Macedonia, totaled 105.45, while the non-allocated-reinvested profit and part of the debt instruments amounted to 93.63 million euros.

Most investments came from Germany, 23.20 million euros, Turkey, 23.14 mil-

lion euros, Italy, 12.46 million euros, Bulgaria, 11.72 million euros, and Luxembourg, 11.48 million euros. By sector, most investments in the nine months of last year went to industry, 38.25 million euros, financial and insurance activities, 15.35 million euros, mining, 15.08 million euros, electricity, gas, steam and air conditioning supply, 11.02 million euros, construction, 10.79 million euros, art, entertainment and recreation, 8.20



million euros, and sporting and other recreational activities and betting, 7.92 million euros.

Foreign investments in all of 2016 totaled 358.5 million euros, which is an increase of 141.7 million euros from the year before.

REASONS TO INVEST IN MACEDONIA

SUBSIDIES FOR CONVERTING OLD RURAL HOUSES INTO TOURIST FLATS — The country will subsidize households that decide to convert old rural houses into tourist flats. Landlords will receive 60 percent return of investment, but not more than 3,000 euro per household. The facility will have to be decorated and furnished in the traditional spirit of the region it presents, as well as serve the traditional food for that area.

NEW ENERGY EFFICIENCY SUBSIDIES — This year, the Ministry of Economy introduced a new energy efficiency measure for households, i.e. subsidies for installing PVC or aluminium windows. The open call will be published by the end of this month and will last by the end of August.

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 ONES — 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 4,500, 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.

“INVEST MACEDONIA” RECEIVED A PRESTIGIOUS AWARD

The Organization for best investment locations - “Site Selectors Guild” on a conference held in Tucson, Arizona in the United States of America, awarded this year’s international “2017 International Best Practices Award” to “Invest Macedonia” for the great contribution to the economic development and best practices in the past decade of operation.

“It is a great honor and pleasure to be nominated and awarded for the past ten years. Moreover, this global award comes from the hands of the renowned World organization for selection of the strategic locations for investment, which is an additional incentive to continue in the same direction with the implementation of the national strategy to attract foreign companies in the country by creating relevant and credible value offer for investment in our country, said the Deputy Director of the Agency for Foreign Investments and Export Promotion, Ivana Nikolik.

Roel Spee, one of the consultants and board member of this Organization, highlighted the main criteria and factors why “Invest Macedonia” was chosen the Agency for best practices in 2017, welcoming the intensive and dedicated promotion through the years which placed

Macedonia on the map of many foreign investors, and interested the consultants who help foreign companies to select the best strategic location for investment.

“Among other criteria is the positive experience of the consultants who have been cooperating with this Agency in years throughout all the phases of investment project realizations for which we were engaged by potential foreign investors during

their selection of the best strategic location for investment, and of course the high level of efficiency in attracting foreign companies to the Republic of Macedonia in both types of investment projects – the new green-field investments and the existing companies that expanded their capacities, said Spee.



MACEDONIA AND QATAR TO DEEPEN THE ECONOMIC COOPERATION

Minister of Transport and Communications, Vlado Misajlovski voiced gratitude to Ambassador Zaid Al Mahmoud for Qatar’s support in an attempt to strengthening the potentials for economic cooperation and to introduce a direct flight linking Doha and Skopje

Minister of Transport and Communications, Vlado Misajlovski had a work meeting with Qatari Ambassador to Macedonia Hassan Bin Abdullah Zaid Al Mahmoud and discussed ways to heighten the business ties between the two countries and to inaugurate a new Doha-Skopje flight.

Minister Misajlovski voiced gratitude to Ambassador Zaid Al Mahmoud

for Qatar’s support in an attempt to strengthening the potentials for economic cooperation and to introduce a direct flight linking Doha and Skopje.

Qatari Ambassador informed the Minister that “Qatar Airways” will officially launch Doha-Skopje flight three times a week as of 17 July 2017.

In order to enhance the economic cooperation and bolster tourism, Min-

ister Misajlovski said opportunities for increasing the number of flights should be examined in order to enable as many citizens as possible from the two countries to feel the benefits from a direct Doha-Skopje flight.

The interlocutors vowed that the two countries would make efforts to boost economic cooperation in the future.

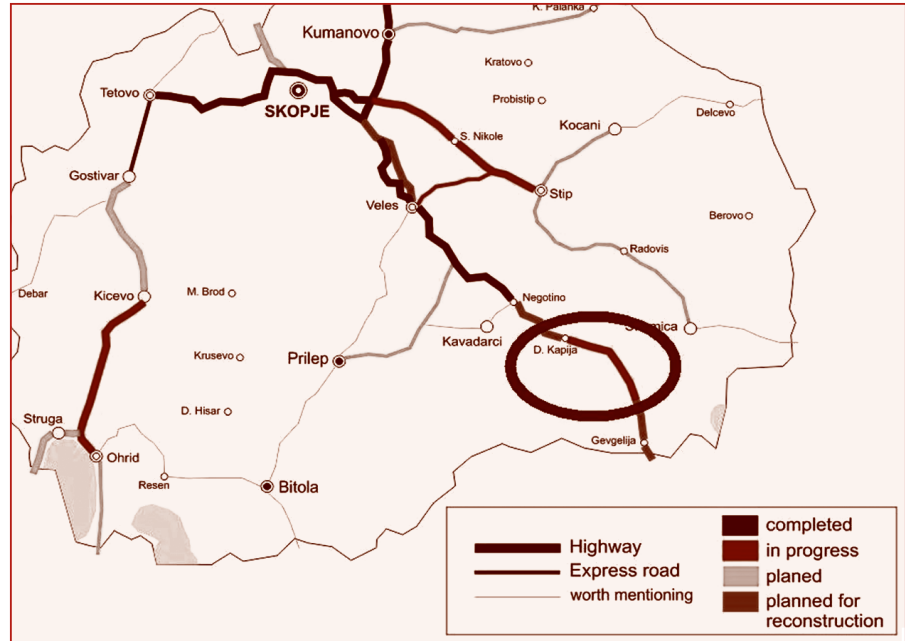
AZESKI: INFRASTRUCTURE IS OUR HIGHEST PRIORITY

The technological development eliminates national economy that is why we must focus 100 percent on the region and on the world, stressed Chairman of the Economic Chamber of Macedonia, Branko Azeski on the 24th edition of Kopaonik Business Forum

The Macedonian economic policy developed outside country's borders with the investments in global trade chains and the construction of hotel capacities which would demand our production on the regional market. There are only competitive and non-competitive economies in the world. The technological development eliminates national economy that is why we must focus 100 percent on the region and on the world, stressed Chairman of the Economic Chamber of Macedonia, Branko Azeski on the 24th edition of Kopaonik Business Forum. Infrastructure continues to be our highest priority, because it is the pillar for regional growth and development, and in that aspect we have done very little, stressed Azeski.

-We have contributed much in highways and less in rail infrastructure, and gasification has to become our highest priority as well. Another issue is the rule of law and its harmonization in the region, because we are thrown into legal chaos, underlined Azeski.

-The Government of the Republic of Macedonia invested a lot of money through agricultural subsidies, and that



is a good thing because the purchase increased, the production was modernized, but our economic policy must expand outside the borders of Macedonia by investing in global trade chains and construction of hotel capacities which would demand our production on the regional market. The Economic Chamber of Macedonia works towards attaining

this goal. The technological development eliminates national economy that is why I believe that this chapter is over and we must focus 100 percent on the region and on the world. There are successful Macedonian companies that work towards attaining this goal and they have our full support, added Azeski.

FACILITATING CROSS BORDER MOVEMENT OF GOODS

During the blockage of Evzoni cross border around 130 thousand tones of goods were stuck on Thessaloniki harbor for days

Railway liberalization, enabling full cross border trade, legal provisions and one-stop shop customs system following the example of Albania and Montenegro, these are just some of businessmen's proposals for free movement of goods. Experienced from the unfavorable situation in the region, given the blockages of Macedonian railways and of cross border Evzoni, Macedonian businessmen consider that these proposals will make

sure they don't face work stoppage in the future.

Domestic businessmen believe that the situation will improve after Piraeus port and Greek railways are privatized. During the blockage of Evzoni cross border around 130 thousand tones of goods were stuck on Thessaloniki harbor for days. However, from the Economic Chamber of Macedonia stress that it is good that authorities met their demands and didn't charge for storing.

Given the blockages of Macedonian railways and of Evzoni cross border, domestic businessman suffered massive damages. In order to avoid this problem in the future, they are giving proposals and looking for alternatives. Greece is the fourth biggest trade partner of Macedonia. Last year the trade exchange with Greece accounted for 660 million dollars.

MACEDONIAN COMPANIES PROFIT IN TIMES OF CRISIS

Construction companies ended 2016 with positive outcome as projected. Granit increased its profits from 3.57 million euro in 2015 to 3.8 million euro in 2016. Last year was very successful for banks

Macedonian companies work successfully in times of political crisis and contribute for the economic growth. The financial report of almost every bigger company registers profits in 2016 and some of the companies also decided to pay dividends.

Construction companies ended 2016 with positive outcome as projected. Granit increased its profits from 3.57 million euro in 2015 to 3.8 million euro in 2016. Beton-Skopje had less profit in 2016 compared to 2015, but stands at solid 1.44 million euro, while Beton-Stip registered profits of almost 380 thousand euro. Still this amount is double less compared to the accrued profit in 2015. Factory Karpos, which builds the new Skopje Municipality Aleksandrija, registered profit of 377 thousand euro.

Last year was very successful for banks. The so-called big bank three-some - Komercijalna banka, NLB banka and Stopanska banka earned over 70 million euro. Smaller banks also marked positive results, and TTK banka in-



formed that it will pay dividend in gross amount of 82 denars per share.

USJE cement plant and Makedonski Telekom also marked positive successful balance and profits of 20 million euro. Telekom will pay dividend in September. Oil companies mark vast profit growth. OKTA marked profit of 5.5 million euro, Makpetrol of over 6 million euro, and OILCO of 1.15 million euro.

Pharmaceutical giant Alkaloid continues to mark positive results - last year's

profit was almost 12 million euro, and Replek marked profit of 1.8 million euro.

Makedonijaturist registered profit of almost 2 million euro.

Companies publish their financial reports and their decisions to pay dividends and that increases the interest in their shares. In the next two months it is expected the demand and price of shares from companies listed on the Macedonian stock market to increase.

NEW INVESTMENT FUND IS BEING ESTABLISHED FOR INVESTING IN EQUITIES WITH MBI-10 INDEX

For the first time in the twenty-year long history of trading securities in the Republic of Macedonia a new investment fund will be established and invest in the ten most active equities traded on the Macedonian Stock Market known as MBI-10 index. KB Publikum Index which was established in 2009 will manage this investment fund and currently manages three open investment funds.

The fund will start operating as soon as it provides the minimum necessary

standard means, stated Goran Markovski CEO and member of the Board of Directors at KB Publikum.

"The fund is intended to replicate the Macedonia Stock Market Index MBI-10. This means that the proprietary securities of domestic issuers will encompass most of the fund's property", explains Markovski.

The domestic investment public welcomes the move of KB Publikum for establishing and managing this investment

fund which will invest in the ten most active equities traded on the Macedonian stock market. Domestic investors who trade with equity shares on our stock exchange market have a positive outlook for this investment fund and expect it to contribute for strengthening the Macedonian capital market and improve the position of small stakeholders in exercising their rights.

HIGH DEMAND FOR CONSUMPTION LOANS

Companies are precarious. They keep 2 billion euro in banks and took loans of 2.8 billion euro. Businessmen stress that the low credit activity is a result of the low solvency ratio of companies, and, mainly a result of the political crisis

Banks are loaded with money, citizens have installment loans to pay, and companies are reserved and precarious. According to the National Bank, consumption loans increased by 13 percent in February compared to the same period of last year, and so did housing loans. Citizens live on installments for daily necessities for which they loaned 2 billion euro. They say that loans aren't favorable but that they are a necessary evil.

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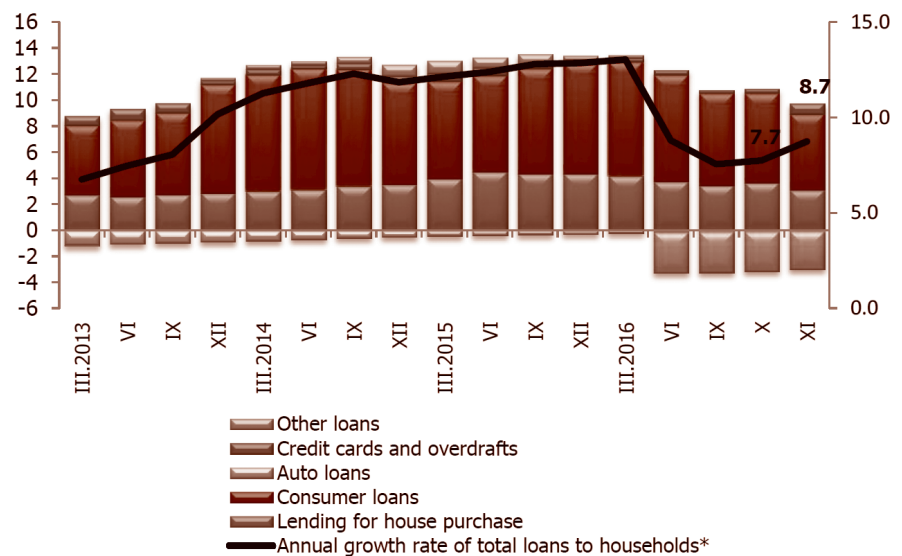
the low solvency ratio of companies, and, mainly a result of the political crisis.

Experts agree that the political crisis disabled lending activities to take a full swing. On the other hand, there is no financial institution that could store the surplus of 488 million euro of Macedo-

nian banks, which are collected in the National Bank. Still, NBRM believes that citizens' lending activities will increase.

On average, Macedonian households are 3,800 euro in the red.

LOANS OF BANKS AND SAVINGS HOUSES EXTENDED TO HOUSEHOLDS
(contribution to the annual change of loans to households*, in percentage points)



*Total loans to households do not include loans to self-employed individuals.

Source: NBRM.

NBRM ENABLED CROSS-BORDER EURO PAYMENTS

Macedonia linked with the EU's payment gateway. The system for cross-border euro payments started operating in the National Bank of the Republic of Macedonia-NBRM. It regards linking the Macedonian Interbank Payment System-MIPS with the Target 2 Eurosystem which created alternative channel for payments in euro.

"Business banks that obtained licenses to operate with payment operations with abroad and have opened euro bank

accounts in MIPS of NBRM will be enabled to perform cross-border euro payments for their clients, natural persons and legal entities, through the fastest and safest payment system in Europe", stress from the National Bank of the Republic of Macedonia.

This will reduce the expenses for cross-border payments, from which both companies and households will benefit.



THE MOST COMMON SECTORS WHERE MACEDONIANS WORK

In 2016, there were 225,049 unemployed persons in Macedonia, and more than half of them i.e. 63.8 percent were aged from 25 to 49 years

Most of the employees in Macedonia work in the food processing industry, agriculture and trade. The food processing industry counts 137,615 employees, trade counts 104,514 employees and agriculture counts 120,303 employees. Civil engineering counts 52,140 employees, and there are 53,969 employees in public administration, defense and compulsory social insurance. These data were published by the State Statistical Office for 2016.

Out of the total of 723,550 employees, half are employed in these three sectors. On the other hand, the least number of employees is in real-estate and mining engineering, 1,615 employees in real-estate and 6,416 in mining.

In 2016, there were 225,049 unemployed persons in Macedonia, and more than half of them i.e. 63.8 percent were aged from 25 to 49 years. The youngest employees are aged from 15 to 24 years, 18.4 percent of which are unemployed,

while the group with the lowest number of unemployed persons is aged between 50 to 64 years, i.e. 17.7 percent.

According to the most recent data of the State Statistical Office, there were 948,599 active, work capable persons in 2016, and the unemployment rate was 23.7 percent. Out of the total number of unemployed persons, 62.9 percent are men and 37.1 percent are women.

THERE ARE 130,000 EMPLOYEES IN THE PUBLIC SECTOR

Most of the employees in the public sector have 45 years of age and account for 30 percent of the total number of employees

There are 129,653 employees in the public sector, and over 50 percent of the state budget is spent for their salaries. In 2016, the number of employees in the public sector increased by one percent compared to 2015 in the fields of education, healthcare, social security, and in the Ministry of Internal Affairs. On the other hand, the number of employees in the Army of the Republic of Macedonia declined, as well as in administration and public enterprises established by municipalities.

The increased number of employees in 511 institutions is a result of the full implementation of the law on transformation into full-time employment which encompassed 4684 persons, September 2016 included, whose part-time employment contracts and volunteer contracts were transformed into full-time employment contracts.

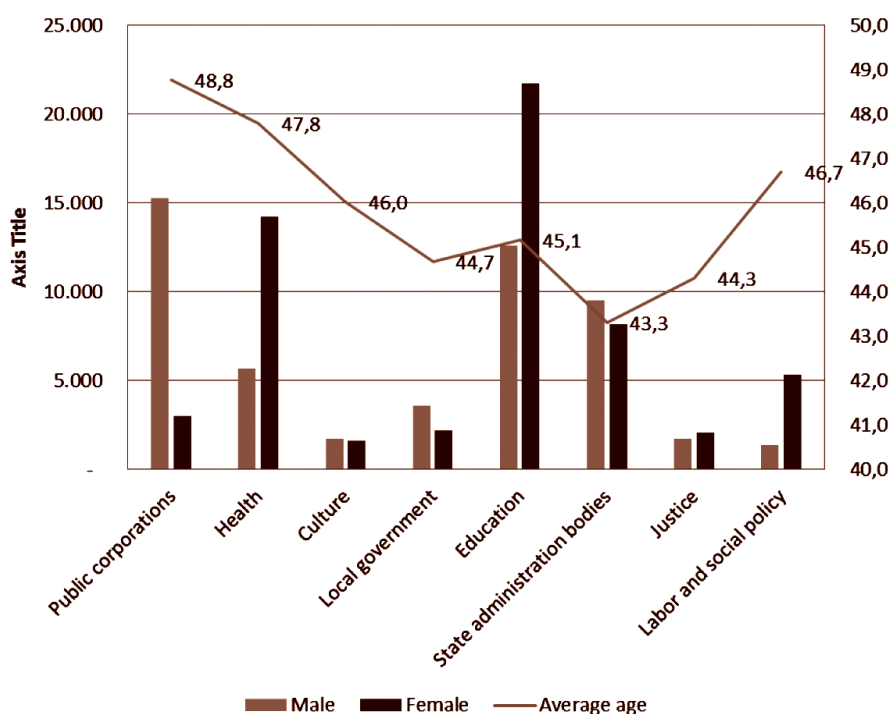
During the presentation of the annual report from the registry of employees in the public sector in the Republic of Macedonia it was noted that framework employments are on the rise, increasing from 10 percent employees in the public sector to the present 20 percent. Most of the

employees in the public sector have 45 years of age and account for 30 percent of the total number of employees.

The goal of this report is to provide data both for the institutions and for the

country which will then serve for the purposes of human resources for preparing the next strategy for public administration in the period 2017-2022.

EMPLOYEES BY ACTIVITY, GENDER AND AVERAGE AGE



MAPAS TO CONTROL SALE OF NLB NOV PENZISKI FOND

NLB Nov penziski fond manages about 370 million euros, part of which has been invested in several Macedonian companies

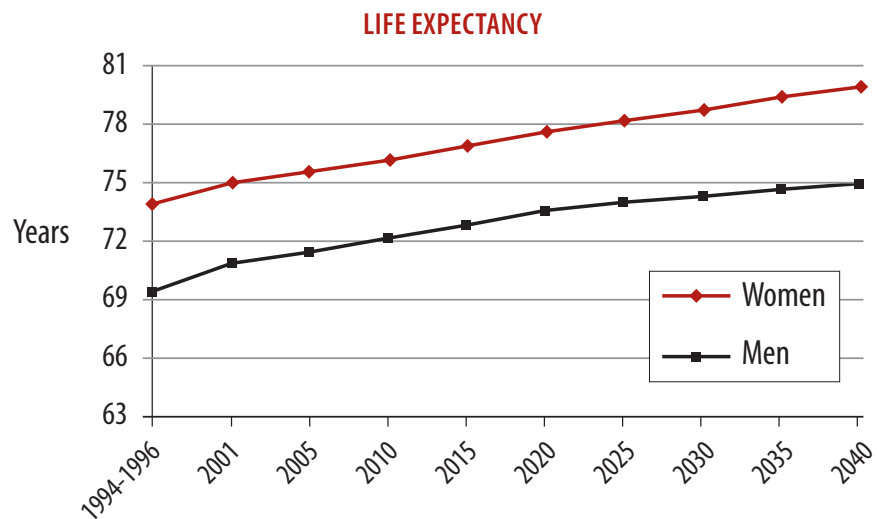
The process of sale of NLB Nov penziski fond's stocks will be overseen by the Agency for Supervision of the Fully-Funded Pension Insurance (MAPAS) in keeping with the Macedonian legislation, said the Agency following the announcement by NLB Ljubljana and NLB banka Skopje that 100 percent of NLB Nov penziski's fond's stocks were about to be offered for sale.

"MAPAS seeks to protect the interests of the working and retired contributors of the pension funds and to encourage the growth of the fully-funded pension insurance," the Agency said.

They reassure that the process of sale won't affect the operations of either the pension company or the pension funds that the company is in charge of.

NLB Nov penziski fond runs two pension funds in Macedonia - the pension fund of the mandatory second pillar and the pension fund of the voluntary third pillar. After having increased by 2.06 percent, the cost of the shares of NLB banka Skopje on the Macedonian Stock

Exchange climbed up by 2.52 percent. NLB Nov penziski fond manages about 370 million euros, part of which has been invested in several Macedonian companies.



Source: The State Statistical Office:

MACEDONIA RANKED 15TH GLOBALLY BY UNEMPLOYMENT

Although unemployment in Macedonia in the past ten years has been steadily dropping, the country is still among the top countries on this list compared to the region and Europe

The Trading Economics indicator of the World Bank ranks Macedonia 15th in the world with an unemployment rate of 23.4 percent. Of the countries of the region, with unemployment rates of 41.8, 32.9 and 23 percent, Bosnia and Herzegovina, Kosovo and Greece are ranked 3rd, 6th and 16th respectively. Greece is in fact the only EU country in the top 20.

The main problem of almost all European and the Balkan countries is the high

unemployment percentage among the young. According to Eurostat, almost half of the young in the Western Balkan countries are jobless. Bosnia and Herzegovina holds the record with 62.8 percent its young population being unemployed. It is followed by Macedonia and Serbia with over 50 percent of their young being jobless.

Although unemployment in Macedonia in the past ten years has been steadily dropping, the country is still among the

top countries on this list compared to the region and Europe. According to the latest statistics of the State Statistical Office, the unemployment rate in the third quarter of 2016 was 23.4 percent, which is a 1.7-point decline from the same period of 2015.

The unemployment rates are the highest among those aged 15 to 24 and 25 to 49 standing at 46.4 and 23.1 percent respectively.

LEAN MANUFACTURING PREVAILS IN THE MACEDONIAN TEXTILE SECTOR

The textile industry export marks over 590,000 million dollars and participates with 13.3 percent in the total export of Macedonia

Only seven percent of the textile production has the Macedonian symbol and the rest is a lean production. According to managers, domestic textile factories work with outdated technology and have lack of personnel. As a result of the political crisis, some companies failed to arrange new contracts with their partners from France and Romania. Another problem is the lack of production of reproductive materials for creating a full Macedonian brand.

From the textile association stress that they are looking for ways to stimulate this sector. The lack of foreign competitors is one of the reasons why the Macedonian textile industry is stuck in an unfavorable situation. Macedonian companies cannot use the European funds for purchasing new machines, and according to managers, young people don't want to work in the textile industry as sewers because it isn't attractive.



All of this reflects on the textile sector so the number of employers in the textile industry drops. According to statistics, the number of employees marked 60,000 in 2010 and is now halved.

The textile industry export marks over 590,000 million dollars and participates

with 13.3 percent in the total export of Macedonia.

Germany, Greece, Italy and Netherlands are our biggest partners. Almost 90 percent of the Macedonian textile is used for lean manufacturing system i.e. orders for foreign fashion designers.

MINING HAS POTENTIAL BUT TAPPING IT TAKES NEW INVESTMENTS

There is vast potent in Macedonia's mining sector and in order to tap it additional capital and new investments are necessary, said Deputy Prime Minister Vladimir Pesevski before about a hundred potential investors from the mining sector at a business forum in Toronto, Canada, organized by the Mining Association of Canada.

"The mining sector in the country has noted a positive trend in recent years. The active mines for metal ore are working full steam ahead and exert a great impact on the local economic growth," Pesevski said.

He added that Macedonia was a country rich in mineral resources, that at the moment nine new metal mines were being opened, and that geological research

was conducted at another nine locations, whereas four potential locations were in a state of preparation for geological research.

"Geological research shows that there are several types of metal ore in the soil: lead, zinc, copper, gold, silver, nickel, manganese, antimony and iron," Pesevski said.

The forum was attended by around a hundred representatives of Canadian companies from the mining sector. Some of them are in the middle of carrying out investment projects in countries of Eastern Europe, Turkey and certain former Soviet republics. Among them is the company Euromax Resources that launched an investment worth over 500 million dollars in the Ilovica mine in Bosilovo Municipality.



Open pit Bucim 2

APARTMENT PRICES DROPPED BY 6.5 PERCENT

Building contractors expect this year to be fruitful and the sector to mark a growth of at least 5 percent. They anticipate that the construction boom will continue, especially in Skopje. They are satisfied with the sale

Apartment prices gradually drop. The average apartment price per meter squared dropped by 6.5 percent from last year's 700 euro, compared to 2015, informed from the State Statistical Office. In the last quarterly report, the National Bank published that apartment prices were continuously dropping for 9 months, and the decline accelerated in the last 3 months of 2016.

On the other hand, regardless of the fact that the number of construction permits marks a steep grow, and that the construction of housing buildings increased by 26 percent in 9 months last year, building contractors haven't announced that apartment prices will additionally drop. They stress that regardless of the vast supply and demand, apartment prices correspond with the Macedonian standard, and given the terms of cheap housing credits, it is very favorable to invest in real-estate. In the last couple of years, more quality and

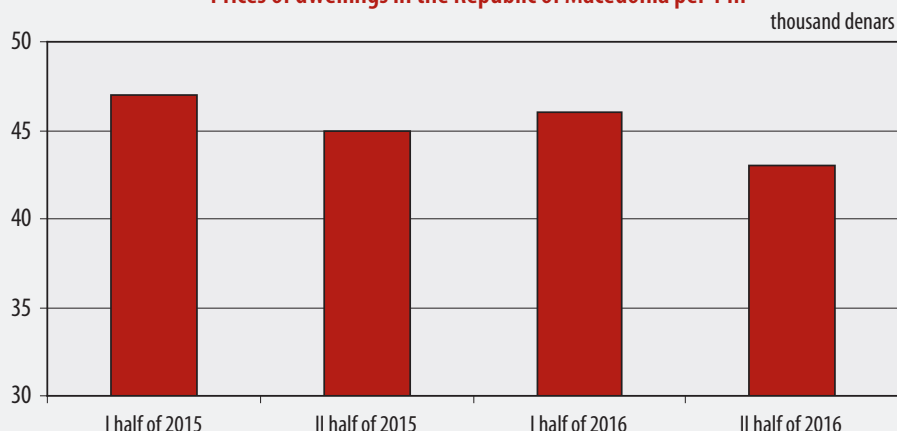
more expensive construction materials were used which was not included in the final apartment price.

Building contractors expect this year to be fruitful and the sector to mark a growth of at least 5 percent. They anticipate that the construction boom will continue, especially in Skopje. They are satisfied with the sale. Citizens are mostly in demand of functional apartments spread on 50 to 60 meters squared. The demand was huge, so some companies sold up to 40 percent of the apartments during the building commissioning.

Otherwise, the average apartment price mostly dropped in the capitol city, Skopje by 3.9 percent, were meter squared is estimated at around 825 euro.

Construction land participates with 235 euro in the total apartment price, construction with 488 and the rest of the expenses are estimated at an average of 102 euro per meter squared.

Prices of dwellings in the Republic of Macedonia per 1 m²



MACEDONIAN CADASTRE REFORMS PRESENTED AT WORLD BANK CONFERENCE IN USA

The Director of the Agency for Real Estate Cadastre, Slavce Trpeski, attended a World Bank conference of land policy agencies in Washington DC where before some 1,700 participants he presented the Macedonian agency's reforms.

"The main preoccupation in the next three years will be to form an address register, make a mass real estate valuation and introduce a 3D cadastre in Mace-

donia. About one million buildings in Macedonia will be registered and their value will be assessed. With regard to the mass real estate valuation, we established great cooperation at the World Bank conference", Trpeski said.

"We had an opportunity of meeting with Richard Grover, an expert from Oxford Brookes University, regarded as one of the best mass valuation theoreti-

cians. We used his influence to establish cooperation with the local authorities of Arlington, Virginia, where we could see how our US administration colleagues make mass valuations," Trpeski said.

During the conference, the Macedonian representatives met with colleagues from counterpart institutions of Great Britain, the Netherlands and several African countries.

MICKOVSKI: MACEDONIA WILL BE FULLY GASIFIED BY 2022

In his opinion, Macedonia's energy sector is more than stable and investments are being made as never before. One of the major projects is the construction of a mine between Delcevo and Pehcevo where large deposits of top-quality coal have been found

The first quantities of gas will reach Macedonia's households by the end of 2018 and Macedonia will be fully gasified by 2022, said ELEM's general manager Hristijan Mickovski. We are working hard on the primary gas supply grid, and the call for bids to construct the secondary and tertiary grid, that is, the grid to supply gas to households and businesses is currently open.

"Interested companies have 120 days to submit documents, before the second stage begins, which we expect to end fairly quickly. In the third stage, interested companies need to submit letters of interest and the best bid will be selected from among them. We expect the first quantities of gas to reach homes by the end of 2018," Mickovski said.

In his opinion, Macedonia's energy sector is more than stable and investments are being made as never before. One of the major projects is the construction of a mine between Delcevo and Pehcevo where large deposits of top-quality coal have been found.

"A 200 MW capacity thermoelectric power plant will be built there. It is a

serious investment with at least a thousand direct jobs and just as many indirect. That means a lot for that region," Mickovski said.

He says that they are not giving up the construction of the hydroelectric power plants Cebren and Galiste, in which several investors are interested, or Boskov

Most, a project from which the EBRD pulled out. That doesn't mean, however, they won't return if additional studies show otherwise.



MOST OF MACEDONIA TO BE CONNECTED TO GAS PIPELINE IN TWO YEARS

In two years, most of Macedonia will be connected to the gas pipeline, said Krste Miladinov, Director of Macedonian Energy Resources, on conducting an oversight of the construction of the pipeline from Skopje to Gostivar with a branch to Tetovo. It will be 86-km long and will cost 28 million euros.

"The construction will be over in two years but since the ground is well pre-

pared, we even expect the gas to reach the region of Polog sooner than that. The project costs 28 million euros. The pipeline from Skopje to Gostivar is 76-km long and the branch to Tetovo is 10-km long. According to our estimates, this region's consumption is expected to be between 80 and 90 cubic meters per year," Miladinov said.

The pipeline is the third part of the project of constructing a national gas

pipeline system in the Republic of Macedonia.

The funding was provided through a loan from Deutsche Bank and Erste Group. The construction is expected to be over by 2019.

The tender for the construction of the pipeline was announced last year by Macedonian Energy Resources.

STANDARDS – KEY TO QUALITY AND COMPETITIVENESS

The most applied in Macedonia are the ISO 9001 Quality Management System standard and the 14001 Environment Management System standard owned by more than 300 companies

The implementation of international standards, even amidst a political crisis, facilitates the access to foreign markets and the quality of the certified product is then recognized by business partners. However, few are the companies in Macedonia that apply them.

“It’s getting increasingly common for the certificate to be sought and appreciated only as a document for legal safety and easier access to permits and licenses,” experts say.

“Macedonian companies are currently reluctant to take the issue of standardization seriously. They tend to use certificates only for certain purposes and not in

order to improve the overall performance of their companies,” says Mihajlo Evrosimovski, member of the management board of the Macedonian Chambers of Commerce.

The most applied in Macedonia are the ISO 9001 Quality Management System standard and the 14001 Environment Management System standard owned by more than 300 companies.

“The system for management of health and safety at work, a legal responsibility to Macedonian institutions and firms, is getting increasingly popular, too. International standards are most widely spread among export-oriented companies. The



price depends on the size of the company and its workforce yet the benefits are multiple and cost-effective,” managers say.

ECONOMY GREW 2.4 PERCENT LAST YEAR

Macedonia’s economy grew 2.4 percent last year, said the State Statistical Office. A major contribution to the GDP growth rate came from the annual increase in exports of goods and services of 11.5 percent, the increase in

household consumption of 4.2 percent and the increase in public consumption of 1.6 percent.

Gross investments dropped by 4.3 percent, said the State Statistical Office. Imports went up by 7.6 percent. In the

last quarter of 2016, too, GDP climbed up by 2.4 percent. The increase was the highest in the sector of construction, totaling 28.5 percent.

MACEDONIAN STATISTICS RANKS 30TH IN THE WORLD

The Macedonian statistical system has been ranked 30th in the world, 6th in Southern Europe and first amongst EU member states and candidate countries, according to the report of the assessment of the national statistical offices of 173 countries in the world in 2016 made by “Open Data Watch” (ODW) NGO, which conducts research and open data analysis and official statistical data.

Compared to the 2015 rankings, Macedonian statistics has been ranked

higher by 24 positions in the world (54th in 2015) although the evaluation this year for the first time includes developed countries, not just developing countries.

ODW pledges for data openness and works with other NGOs and international agencies in order to promote the benefits from using open data, especially in the developing countries. ODW assesses the coverage and openness of data provided on the websites maintained by national statistical offices (NGOs) in

order to identify the shortcomings, promote the open data policy, and improve the data access and promote a dialogue between national statistical offices and data users.

The State Statistical Office of Macedonia, which is the primary bearer and coordinator of the statistical system of the country, informs that will continue to realize its activity in the future as institution that provides quality, timely and internationally comparable statistical data.

HIGHER PROTECTION FROM FALSE EXPORT DECLARATIONS

The new documents should provide better protection of the domestic vegetable production, and quality and origin of products are also controlled before export and re-export

Starting from June first, merchants, producers and buyers will receive new export certificates. The previous certificates were often forged by foreign merchants who presented their agricultural products as Macedonian.

Last year, 64 forged phytosanitary certificates were disclosed in an attempt

to sale products on the Russian market, which didn't originate from Macedonia, and also double as much were discovered on the Belarusian market i.e. 117 attempts to export false Macedonian products with foreign origin were stopped.

The new documents should provide better protection of the domestic vegeta-

ble production, and quality and origin of products are also controlled before export and re-export.

Last year, 24,000 certificates were issued, 20,000 for export and 4,000 for re-export, for 360,000 tones of various agricultural products and 6,600 cubic meters of woodwork.

MACEDONIA SELLS HIGH QUALITY HONEY

The Food and Veterinary Agency refuted the speculations for low-class honey, claiming that the safety of the imported honey is pursuant all legal requirements for sale in Macedonia.

Authorities stress that every imported jar of honey is controlled, as well as are the bee-keepers and the trade of other bee products. Last year, no irregularities

were found during the quality assurance and honey labeling.

Last year, 190 tones of honey were imported from Moldova, 61 tones from Serbia and small quantities of honey were imported from France. Only one package of 270 kilograms organic honey originating from Great Britain was destroyed because it didn't have veterinary health

certificate, which is mandatory for every package.

Only two consumer complaints were submitted to the Agency, which were reviewed and rejected as ungrounded.

Currently, only 11 facilities are approved for purchasing and packaging of honey in Macedonia.

Milk, wool, eggs and honey production

	Total production of milk, in '000 litres	Cow's milk		Sheep's milk		Wool		Eggs		Honey	
		total, in '000 litres	litres, per dairy cow	total, in '000 litres	litres, per dairy sheep	total, in tonnes	kg per sheep	total, in '000,000 pieces	per hen, pieces	total, in tonnes	kg per beehive
2011	417 236	376 290	2 866	25 381	51	975	2	296	193	1 105	17
2012	403 233	349 769	2 928	38 616	79	897	2	237	166	603	11
2013	429 400	380 736	3 009	34 270	70	841	2	216	174	784	12
2014	436 257	387 008	3 053	35 661	74	829	2	248	173	723	10
2015	417 388	361 072	2 828	40 748	77	955	2	203	150	688	9

"VITAMINKA" PRESENTED AT THE FOOD EXPO IN ATHENS

Vitaminka presented the complete product assortment including its strongest brands on a large exhibition stand for the first time at the Food expo fair in Athens.

-In a time when the food sector is one of the most dynamic areas, it was extremely important to present ourselves successfully and impressively at

the Athens fair, to get a feedback on our products starting from the appearance, the design and of course the taste and to measure the market preferences. "The Athens fair is considered one of the most competitive fairs in terms of the number of domestic exhibitors and foreign visitors", stressed from the company.

With 1.200 exhibitors on an exhibition area of 45.000 square meters, Food expo 2017 is the biggest food and drink fair in Greece and is one of the leading international fairs of this type in the world. This year, more than 46.000 professionals from 88 countries worldwide visited the fair.

ONGOING DEADLINE FOR PURCHASE OF AGRICULTURAL PRODUCTS

One month before the beginning, the merchant must also register the location of the point of purchase and the prices of purchase. The sales must be effectuated with a written agreement between the purchaser and the farmer

The deadline for submitting data for purchase of companies that trade and process agricultural products is ongoing. At the beginning of every year, companies must register the quantity of products they plan on purchasing from farmers. The penalties for not meeting this requirement are up to 1,500 euro.

The purchase of agricultural products can be only executed by legal entities registered for trade and processing of agricultural products in the Ministry of Health, and submit the data for their planned purchase for the present year and for the past year, by March 31 the latest.

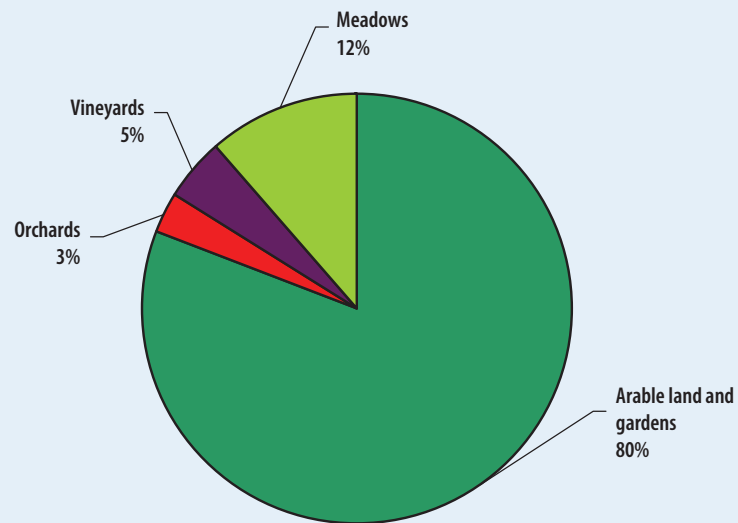
One month before the beginning, the merchant must also register the location of the point of purchase and the prices of purchase. The sales must be effectuated with a written agreement between the purchaser and the farmer.

The purchasing company must have facilities and equipment for taking, sorting,

storing and preserving the agricultural products. If the company doesn't have its own facilities to do so, it can rent or lend.

There are almost 700 legal entities registered for this activity in the Ministry of Agriculture.

STRUCTURE OF CULTIVATED LAND, 2016



PURCHASED 25,000 TONES OF TOBACCO

Tobacco production is a strategic culture and participates with 20 percent in Macedonian agriculture

The tobacco points of purchase in Macedonia are officially closed. A total of 25,000 tons of tobacco from last year's crop was purchased from domestic producers, for an average price of 197 denars. Producers and purchasers are both satisfied.

"I believe that the price is satisfactory, and the crops were successful, so now we will prepare for the tobacco processing", stated Goce Karapeeski from Tutunski Kombinat Prilep (Tobacco Corporation Prilep).

Agro-industrial tobacco production is stable, given the favorable prices and state subsidies. This product is in demand, in times when neighboring

countries reduce their production. Tobacco production is a strategic culture and participates with 20 percent in Macedonian agriculture.

"Tobacco is continuously in demand, especially oriental tobacco which is much appreciated on the global market. Companies with which we cooperate increase their demand which means that oriental aromatic tobacco is in demand", considers Danco Mileski from the Federation of Tobacco Associations of Macedonia.

There are around 150,000 tobacco growers in Macedonia.

MACEDONIA SPENT 500,000 EURO ON ROSES

Last year, Macedonia imported cut flowers in the amount of 998,229 euro, 497,514 of which fresh roses, announced from the State Statistical Office.

Macedonia mostly imports roses from Ecuador, Netherlands and Columbia.

MACEDONIA TO HOST THE GLOBAL INSIGHTS CONFERENCE OF PATA

The conference program will include sessions on sustainable development, aviation and tourist industry trends with an impressive gathering of international expert presenters and panelists. PATA's commitment to support Young Tourism Professionals around the world will be covered in the session "Bright Ideas – Future Trends"

The Agency for Promotion and Support of Tourism of the Republic of Macedonia will host the Global Insights Conference of Pacific Asia Travel Association (PATA) Europe Edition, themed "Building Tourism Bridges" on June 20th, as part of the Macedonia Tourism Summit 2017.

The conference program will include sessions on sustainable development, aviation and tourist industry trends with an impressive gathering of international

expert presenters and panelists. PATA's commitment to support Young Tourism Professionals around the world will be covered in the session "Bright Ideas – Future Trends".

PATA CEO, Mario Hardy believes that taking the successful PGIC format to Europe is a significant step forward.

"Destinations across Europe are seeking to exploit the exponential growth in outbound travel from many influential source markets in the Asia Pacific region

and national tourist organizations are recognizing the important and influential role played by PATA in building bridges between destinations and markets on different continents. This conference reinforces the value of PATA membership for the Agency for Promotion and Support of Tourism of the Republic of Macedonia in seeking to attract more visitors from markets such as China, Korea, Japan and Australasia", stressed Hardy.



PROUDLY PRESENT

Macedonia Tourism Summit 2017

MISAJLOVSKI MEETS MANAGERS OF TURKISH AIRLINES AND TAV TO DISCUSS INTERCONTINENTAL FLIGHTS

Transport Minister Vlado Misajlovski, had meetings in Istanbul with Bilal Ekşi, general manager of Turkish Airlines, and with managers of TAV, at which possibilities of introducing intercontinental flights from Macedonia to the USA and Canada were tabled.

The Ministry of Transport and Communications said Misajlovski elaborated

the need for introducing these flights so that the Republic of Macedonia can be directly connected with the overseas countries and stressed the open cooperation and partner relations of the Macedonian Government toward airlines operating in the Republic of Macedonia.

Introducing such a flight will also increase the number of passengers at

Macedonia's airports and will be a possibility for Alexander the Great Airport to become a leading regional center, the Ministry said.

Regarding the procedures and bilateral agreements, they say Macedonia has signed agreements with Canada and the USA as well as with third countries on establishing air traffic.