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PROGRAM ON SUPPORT OF ENTREPRENEURSHIP AND COMPANIES' COMPETITIVENESS

Macedonian Minister of Economy Ilija Filipovski said at a press conference that the rule of law, high efficiency of the judiciary, respect of the property rights and obligations and overcoming of the gray economy and disloyal competition are the main preconditions for realization of the government's draft program for support of the entrepreneurship and the competitiveness of the small and medium-sized enterprises. He added that the draft-program aims to boost the economic growth and to lower the poverty rate.

The program's goal is to create institutional infrastructure for support of the entrepreneurship and the competitiveness, to provide favorable economic environment and to promote non-financial and financial forms for development of the entrepreneurship. The government authorized the Ministry of Economy to fully implement the program by developing draft-laws for small businesses and for establishing an Agency for support of entrepreneurship and guarantee funds. The Coordination Entrepreneurship Council, composed of representatives from the government, the entrepreneurs and the banks, will have very important role in this process because it should open a dialogue between the public and the private sector.

ABOLISHING OKTA'S MONOPOLY

Regarding the elimination of the monopoly of OKTA refinery, minister of Economy Filipovski said that the government ought to inform the European Union Commission on the agreement made with OKTA and to ask from the Commission to influence on Greece to terminate the discriminatory clauses in the forthcoming negotiations. As he said, joint committee with OKTA investors would be soon established. The main task of this committee will be to study the agreement and to submit an opinion in February.

WORLD BANK TO GRANT CREDIT TO MACEDONIA FOR DEVELOPMENT OF MUNICIPALITIES

Macedonian Ambassador to the US Nikola Dimitrov and World Bank Director for Macedonia Christian Portman signed an agreement on January 9, 2003, in Washington on US\$ 5 million credit for development of the municipalities. The credit conditions include payment period of 20 years and a grace period of 10 years. Additional funds for this project, worth US\$ 9.6 million are to be provided by foreign donations, the country's and municipalities' budgets.

The project's main goal is to support the Government's efforts for economic development and integration of population in areas affected by the crisis in 2001. The Ministry of local self-government, local population and authorities are to take active part in realization of the project, aimed to strengthen the local government institutions as prerequisite for the decentralization process.

PRELIMINARY RESULTS SAY THAT MACEDONIA HAS 2,038,059 RESIDENTS

The total number of residents in Macedonia is 2,038,059 persons, the preliminary census results revealed on January 15, 2003. According to Blagica Novkovska, director of the State Statistical Bureau, 1,991,893 persons reside in Macedonia, while 46,000 citizens are currently abroad. The number of foreign citizens residing in the Macedonia for less than a year and the sheltered persons is 23,741.

Total of 557,254 households and 690,762 buildings have been registered with the Census carried out last November. The Census did not include the Macedonian citizens who are staying abroad for more than 12 months, the personnel of diplomatic offices, the foreign military personnel and the foreign citizens that are in a foreign country due to an official visit, holiday etc. The final results considering different features will be announced successively until June 2004.

Director of the European Union Statistics (EUROSTAT) Fotis Nanopoulos, EU special envoy Alexis Brouhns, head of the European Commission's Delegation, Ambassador Donato Chiarini, US Ambassador Lawrence Butler as well as OSCE and NATO Ambassadors Craig Jenness and Nicholas Biegan welcomed the publication of the preliminary results. "There is no doubt among international observers that

both data gathering and data processing have so far been conducted in an orderly manner, largely meeting international and European standards," reads the joint statement. "Today's results do not contain information regarding the ethnic composition of the population, so any statements regarding the ethnic composition of the population is at this stage mere speculation and should not be taken seriously," the international representatives say.

FARMERS SUFFER LOSSES OF EURO 44 MILLION IN 2002

The direct damage that the Macedonian farmers suffered in 2002 amounts Euro 44 million. However, having in mind the indirect losses in 2003, such as the low production, lack of raw materials for the canned and wine processing capacities, the damage will be much larger.

The Economic Chamber of Macedonia believes that this situation is result of the weak autumn sowing season due to the harsh weather conditions, the draught followed by massive rain showers. According to the latest data, the wheat production has decreased by 29,000 tons, and only half of the planned quantities of grapes have been collected. The rise production will be lower by 1,600 tons due to a disease hitting the plants.

PRESENTATION OF NATIONAL SYSTEM FOR COORDINATION OF FOREIGN ASSISTANCE

Macedonia will improve the coordination of the foreign assistance and by appropriate directing the foreign and domestic funds it will maximize the effects from donations. This was said at January 17, 2003 presentation of the National system for coordination of the foreign assistance.

"The donors often criticize Macedonia's low absorption power, the direct users and assistance seekers object to the slow and complicated procedures, delays in the allocation of funds and donors' inflexibility, while the media say that great amount of money is spent and not much of the money remain in the country," Radmila Sekerinska, Vice Premier and National Foreign Assistance Coordinator, said in her address. According to her, in order to change this situation the donors should trust us, and the country should make changes in order to provide the following principles: the objectives of the foreign assistance to be complementary with the governmental policies and harmonized with the general strategies of the donors' community; long-term planning

of the projects depending on the strategic goals; increase of the absorption power for utilizing the assistance; promoting the coordination and flexibility.

The foreign representatives welcomed the initiative for increasing the coordination in utilizing the foreign assistance, as that was the only and best way for maximizing the effects from these funds. According to the data presented, out of 833 projects in kind of grants, loans and credits, 376 have been completed, 316 are still ongoing and 141 projects are planned in the future.

GOVERNMENT'S SESSION ON MACROECONOMIC POLICY

At one of its regular sessions, the GOM reviewed a draft-text on Macedonia's macroeconomic policy for 2003. Final version of the document will be prepared after closing off negotiations with the International Monetary Fund (IMF), government spokesman Saso Colakovski said. He said that this document includes three segments: macroeconomic policy, measures for stimulation of the export, employment and flexibility of labor market. The macroeconomic policy main goals are increasing of employment rate and poverty reduction.

"The program on employment and labor market will become operational in the first six months of 2003, along with the poverty reduction strategy. In addition, there will be an aggressive promotion of Macedonia's investment potential by attractive export projects in cooperation with the Project on Competitiveness of Macedonia," Colakovski said. The stimulation of the export will be realized in cooperation with the Macedonian Bank for Development Promotion. Priority in granting credits will be given to export oriented companies. The plan also foresees export insurance from non-commercial, political risk on short, middle and long term, production certificate, establishment of a coordinate council for entrepreneurship, revision of free trade agreements and simplifying customs procedure for imports and exports.

PRICES OF INDUSTRIAL PRODUCTS HIGHER BY 0.1 PERCENT

Prices of the industrial products in December 2002 compared with November 2002 were higher by 0.1 percent. Compared to 2001 average, they decreased by 0.9 percent, while they were by 1.1 percent on annual (December 2002 / December 2001) basis.

TURNOVER ON MACEDONIAN STOCK EXCHANGE IN 2002 DECLINES BY 12.6 PERCENT

The total turnover on the Macedonian Stock Exchange in 2002 was Euro 46.4 million, falling by 12.6 percent in comparison with 2001. The average daily turnover was Euro 233,000. Total of 13,846 transactions were executed, which is an increase of 37 percent in comparison to 2001. The state sold 160 residual shares, amounting to Euro 15.7 million and offered 15 block transactions worth Euro 4.8 million. The average discount of the state owned shares was 72.6 percent. Macedonian Stock Exchange Index (MBI) was 1,094 at the end of 2002, increasing by 12 percent in comparison to 2001.

HIGHER EMPLOYMENT RATE AND POVERTY REDUCTION - MAIN PRIORITIES OF THE GOVERNMENT

Increasing the employment rate and reducing the poverty are the main priorities for the Macedonian government in 2003, Finance Minister Petar Gosev said at a press conference on January 21, 2003. He added that these two main pillars were also included in the draft-text for the macroeconomic policy for 2003 adopted by the Government, which also represents platform for the negotiations with the International Monetary Fund.

As Gosev said, the main difficulties are cutting the budget expenditures and resolving the social issues concerning the workers from the loss-making companies. "Some spectacular results cannot be expected this year," he said, adding that the Government would have to continue working on these issues in the next few years. The Government will soon develop a plan composed of short-term and long-term measures aimed to enhance the employment.

He pointed out that GOM would undertake measures for improving the exports, but also for bringing down the interest rates. The high interest rates, as Gosev said, are the main reason why many of the credit lines are not being used. Minister Gosev also said that the Government would launch measures to establish fiscal discipline among the budget users as a pre-requisite for stable economic policy in terms of de facto fixed exchange rate.

NEGOTIATIONS WITH IMF FOR NEW ARRANGEMENT STARTED

The negotiations of Macedonia with the International Monetary Fund (IMF) mission at the level of technical

mission have begun on January 22, 2003 and are expected to end on February 7. Macedonian Finance Minister Petar Gosev said that the negotiations are expected to finish with signing a stand-by arrangement whose amount is still not defined. Besides IMF credit, signing the arrangement would enable withdrawal of the second tranche from the FESAL 2 arrangement with the World Bank in the amount of US\$ 20 million plus pledged funds at the donors' conference held in Brussels last April.

Regarding the recommendations for lowering the budget deficit, Gosev said that the budget revenues and expenditures ought to be coordinated, but also savings of about six to seven billion denars need to be found. Minister Gosev pointed out that main issue in the negotiations would be the budget and the macroeconomic policy, which should provide sustainable fiscal framework in the country.

RESTARTING A FORMER LOSS-MAKING COMPANY JUGOHROM

A ceremony took place in Jegunovce on January 22, regarding the restart of former loss-making company Jugohrom, now called Silmak. "This company is very significant for Macedonia. It employs 1,000 people, and expectations are that Silmak's annual export will be at US\$ 40 million, thus helping Macedonia to cut its foreign trade deficit," Minister of Economy Ilija Filipovski said at the ceremony. The first 1,100 tons of ferro-silicium, aimed for the German market, were produced last week. Strategic investor in Silmak - the French company SCMM, is to invest Euro 10 million in the company and to reemploy 1,000 former workers of Jugohrom.

REQUEST FOR BANKRUPTCY OF A1 TV

A loan of US \$1.4 million that the U.S. Media Development Foundation (MDLF) granted to A1 TV five years ago was not used by the TV station owner Velija Ramkovski for procurement of new equipment, but he used it for procurement of frozen chicken meat, MDLF's legal representative said at a press conference. After unsuccessful negotiations, the American court decided that A1 TV should return the loan. At the press conference, MDLF's representative said that the court order was not realized yet due to non-existence of formal reciprocity between Macedonia and the USA regarding the recognition of court decisions. The legal procedure is still ongoing, and the American party submitted a request for declaring of bankruptcy of A1 TV.

PETROV: BUYERS OUGHT TO MAKE COMPROMISE REGARDING THE TOBACCO QUALITY

Companies ought to buy out the agreed quantities of tobacco in the foreseen timeframe and to give higher price from the price currently offered at the buyout posts, Minister of Agriculture, Forestry and Water Supply Slavko Petrov said. "The individual producers are revolted from the buyers who due to the low tobacco quality are trying to drastically lower the price," he said. The Ministry of Agriculture will enhance the control on the buyout posts and will insist to the buyout companies to respect the previously determined norms. Petrov said that sanctions would be implemented against the companies that fail to respect the standards.

AGREEMENT WORTH EURO 1.5 MILLION FOR MUNICIPAL DEVELOPMENT SIGNED

Macedonian Minister of Local Self-Government Aleksandar Gestakovski, representative of the UN Development Program Frode Mauring and Finnish ambassador Birgitta Stenius-Mladenov signed today an agreement worth Euro 1.5 million for development of the municipalities in Macedonia. These funds were granted by the Finnish Government and the UNDP will carry out the project. As Minister Gestakovski said, this project represents continuation of the good cooperation between the Ministry and the UNDP in the process of decentralization of the Government.

The deadline for implementation of the project is three years and it aims to enhance the sustainable development of the municipalities. Mauring said that this project would not only meet the provisions from the Framework Agreement, but also provide better public services to the citizens and basis for economic reconstruction of the municipalities.

PARLIAMENT RATIFIED A PROTOCOL FOR MACEDONIA'S ACCESSION TO WTO

The Macedonian Parliament adopted the Protocol for Macedonia's accession to the World Trade Organization (WTO). Accordingly, Macedonia would become full-fledged WTO member in early March this year, Parliament Speaker Nikola Popovski said. "Macedonia's membership into WTO is in favor of the country's economy. It will also bring the country closer to the European Union," Minister of Economy Ilija Filipovski said at the parliamentary session.

PROTOCOL ON COOPERATION BETWEEN MACEDONIAN AND BELGRADE STOCK EXCHANGES

Directors of the Macedonian and Belgrade Stock Exchanges Evgeni Zografski and Gordana Dostavic signed on January 24, in Belgrade a Memorandum on Cooperation. The document foresees enforcing the cooperation between the two stock exchanges and exchange of information in the first stage of their regional connection.

"The foreign investors are very important for the Macedonian Stock Exchange, because the Macedonian market is too small," Zografski said, adding that he expected inflow of foreign capital in Macedonia this year. Pointing out that regional connection has been already established between the Macedonian and Slovenian stock exchanges and that they share their information successfully, Zografski expressed hope that all stock exchanges in the region would establish connections in few years time.

MEETING BETWEEN IMF AND SSM DELEGATIONS

Representatives of the International Monetary Fund (IMF) mission met on January 28, with the leadership of the Macedonian Trade Unions' Federation (SSM) for talks about the current economical and social issues in the country. According to SSM press release, unions' leader Vanco Muratovski briefed the international representatives about the activities carried out after the signing of the Social agreement with the Government. He also emphasized that he would support all activities and reforms, which respect the economic and social rights of the workers.

"For the first time, SSM has an opportunity to be responsible for the future development of the state through active participation in preparing the laws and adopting measures for resolving the problems such as unemployment, poverty and corruption, as well as creating conditions for opening new job positions," reads the press release. SSM hopes that IMF will have an understanding for the problems of the workers, especially for those employed in the loss-making companies.

IMF representatives assessed the talks useful and expressed their readiness to maintain continuous contacts with the trade unions' federation.

FOREIGN TRADE IN THE PERIOD JANUARY - NOVEMBER 2002

The foreign trade in the period January-November 2002 amounted US\$ 2.76 billion. The export participates with 36.4 percent and the import with 63.6 percent. According to the State Statistics Office, the coverage import/export coverage is 57.3 percent, which causes negative balance of US\$ 751.3 million. More than 50 percent of Macedonian export went to the EU member countries and the countries from former Yugoslavia. The EU member countries with 44.9 percent, the Central and Eastern European countries and the former USSR countries with 20.4 percent, created most of the Macedonian import.

AVERAGE NET SALARY IN NOVEMBER - 11,707 DENARS

The average monthly net salary in November 2002 was 11,707 denars. This represents a nominal decline of 0,2 percent and real decline of 0,4 percent on monthly basis. On annual basis, the average net salary is higher by 6.2 percent in nominal and by 4.6 percent in real values. In November 2002, 25,6 percent of the workers did not receive regular salary.