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LABOR LAW DRAFTED

Minister of Labor and Social Policy Stevco Jakimovski stated that the new Labor Law is prepared, pending certain consultations, before its entrance in government procedure. According to him, the law should provide greater flexibility of labor, while disputable issues regarding holidays, maternity leave and overtime work had been appropriately resolved.

"The law must provide greater flexibility of labor and should not be considered it is aimed to those that work on machines and with shovels. The law also encompasses doctors, professors, teachers and administration, and we should seriously ask ourselves whether there is working discipline in our state, whether there is lack of it, workers that act irresponsibly at their working places, and at the same time ask ourselves whether there are employers that irresponsibly treat their workers, misusing their rights", Minister Jakimovski said. He announced that adoption would develop in two stages, while the preparation was carried out in most transparent manner.

MACEDONIA - WORLD BANK TO RESUME TALKS ON PDPL, HEALTH IN FOCUS OF DISCUSSIONS

In the first half of April, the World Bank Mission, led by Bruce Courtney, had discussed with the GOM the programs and policies that it could support within the Programmatic Development Policy Loan (PDPL). "We are satisfied with the program's progress, hoping to support the reforms in the next three years," Courtney said on April 12 after the closing meeting with the Minister of Finance Nikola Popovski.

He added that different sectors and policies would be supported, such as the business climate, improvement of the public sector management, and especially health. "We are here to ensure that reforms will enable greater transparency in the financial trends of the health department", Courtney said. He announced that the focus would be put on introducing harsher monitoring system of the financial transactions in the health sector.

However, cutting of health care services was not on the agenda of negotiations between Macedonian Ministry of Health and the WB. "It is early to talk about possible cutting of the health services, as the process requires collection of numerous data. However the package of services will have to meet European standards," Courtney said after a meeting with the Minister of Health Vlado Dimov. Despite the fact that GOM and citizens spent a lot of money each year for health care, patients were not satisfied with medical services, Courtney said.

Dimov agreed on the need of health reforms, saying they are aimed at offering high-quality care to all citizens. Referring to forthcoming financial control reforms, Dimov said the process would also include IT equipping of larger medical institutions, supported by WB loan of US\$ 10 million.

According to Courtney, the program is not to be defined during this round of discussions. The mission will come back in May, focusing on the business climate, while the program is to be arranged by the end of June, followed by its approval by the WB Board of Directors in October 2005.

In regard to the PDPL, the World Bank should annually provide US\$ 25-30 million for reforms in judiciary, labor market, financial sector, improvement of business competitiveness and public administration. PDPL is an instrument for support in the efforts for EU accession. It is aimed at supporting mid-term policies and structural reforms, which Macedonia undertakes in order to increase economic development in the preparations for EU membership.

FIRST PRIVATE GENERAL HOSPITAL TO OPEN IN SKOPJE

On occasion of World Health Day - April 7, the first private general hospital in Macedonia "Re Medica" was opened in Skopje. The clinic is located at a 5,000m² space, with 56 beds for patients. The investment is worth approximately US\$ 10 million. "This is a strong contribution in the qualitative improvement of health services and the citizens' standard. It will employ more than 100 expert personnel, as well as non-medical modern management", manager Georgi Trenkovski said at the opening.

The clinic is equipped with the most contemporary medical devices, using modern technologies for diagnostics and

treatment of citizens. It includes a laboratory, X-ray, echo, endoscopy, gynecology, pediatrics, general and labor medicine, surgery (abdominal, vascular, urology, aesthetic medicine), anesthesiology and reanimation, internal medicine, nephrology and physical therapy. "Re Medica" is the only hospital in Macedonia that fulfills the ISO 9001 standard and also has an integrated ICT system. The clinic will cooperate with renowned foreign hospitals - two from Switzerland, as well as Austrian and U.S. ones. The clinic would soon expand its services for citizens from South Serbia and Kosovo.

DIALOGUE BETWEEN GOVERNMENT AND PRIVATE SECTOR FOR PROMOTION OF EXPORT

The establishment of a dialogue between the GOM and the private sector for setting a dynamic foreign-trade policy is the aim of April 11 Conference on Promoting Export of Macedonia. The conference was organized by the Ministry of Economy, supported by the USAID - funded WTO Compliance Activity project. .

"Macedonian Government supports these initiatives aiming at boosting exports and creating opportunities for its improvement", Prime Minister Vlado Buckovski said at the opening of the Conference. According to him, the GOM, through systematic measures and free trade agreements, has enabled increasing of export and improvement of market possibilities for Macedonian companies. "We all have a mutual aim: to build a prosperous Macedonia - and you, as exporters, have very responsible task, i.e. to become more competitive, more efficient and more productive", he pointed out.

Minister of Economy Fatmir Besimi said that the increased competitiveness and boosting the exports is one of the crucial prerequisites for preparing the private sector for participation at foreign markets. According to the General Manager of "Granit" Straso Nelkoski, the GOM should create an ambience to help the businesses. He said that monetary stability is not the only prerequisite for economic development, but the role of diplomacy is also an important factor for boosting the country's export.

EU'S AID FOR MACEDONIA

On April 11, the European Commission approved euro 34.5 million financial assistance for Macedonia in 2005, as part of the CARDS program for support of Western Balkan countries. "The financial assistance is aimed at

strengthening democracy and the rule of law, respect of human rights, strengthening the civil society and media, as well as building a market economy", the Commission's press release reads. The assistance within the CARDS program is adjusted according the needs and development of the political situation in Western Balkans' countries, with an emphasis on development of governing institutions and legislation, as well as gradual approximation towards European norms.

ECONOMIC CHAMBER PROMOTES CENTER FOR DEVELOPING SME

Macedonian Economic Chamber promoted an interactive business information system, as well as centers for boosting the development of small and medium enterprises and improving the quality of production and services. "Small and medium enterprises are the driving power of Macedonia's economy, representing 95 percent of the total number of registered companies in the country, thus deserving our full attention," Chairmen of the Economic Chamber Branko Azeski said.

Minister of Economy Fatmir Besimi reiterated the GOM's commitment to support the development of SMEs. "SMEs present a significant segment of the country's economic development. They are to face the challenges of market economy that calls for government's support, which is to be realized by improving the business climate," Besimi said.

MACEDONIA, BULGARIA, ALBANIA, ITALY SIGN DECLARATION ON COOPERATION IN ENERGY SECTOR

Macedonian Minister of Economy Fatmir Besimi, Bulgarian Minister of Energy and Energy Resources Miroslav Sevlievski, Albanian Minister of Energy and Industry Viktor Doda and Italian Minister of Productive Activities Antonio Marzano signed a declaration on cooperation in energy infrastructure in Sofia on April 13. The participants confirmed the common interest for construction of infrastructure for transfer of electricity, natural gas and oil, as well as realization of projects for building of transnational links for their transfer.

The ministers assessed the project for transfer of energetic resources across the route of Corridor 8 is one of the most important for the region and Europe as a whole. The project includes construction of inter-system and electric-energetic links among Bulgaria, Macedonia, Albania and Italy, the gas pipeline from Bulgaria through

Macedonia and Albania to Italy, and the oil pipeline Burgas-Valona (the AMBO project).

"Today's meeting proves that all four countries consider the development of Corridor 8 exceptionally important", Minister Sevlievski said after the meeting. A working group comprised of representatives from the four countries is to coordinate the activities for realization of Corridor 8 projects.

GOVERNMENT ANNULES CONTRACT WITH "GLENDOR ESTATE LTD" ON FREE ECONOMIC ZONE "BUNARDZIK"

Free Economic Zone Directorate notified the Welsh company "Glendor Estates Ltd" that it unilaterally annuls the contract for establishment and development of the free economic zone Bunardzik. As Directorate head Rakip Doci said, the Ministry of Transport and Communication is also to annul the agreement on long-term lease of building land and premises in the zone with the Welsh company. This step comes as a result of investors failure to meet its contract obligations, Doci said.

"Glendor Estates Ltd" has so far paid the bid deposit of euro 50,000, but failed to submit a bank guarantee of euro one million for possible disputes within the 30-day deadline. The contract stipulates that possible disputes are in the jurisdiction of the Macedonian courts.

"Bunardzik remains GOM's priority due to its outstanding location. The GOM will do its best to set the zone into work, considering the fact that such zones are a driving power for fast economic development. However, it will not rush to choose the zone's founder before checking the intentions and capacity of possible bidders," Doci emphasized.

AVERAGE MONTHLY NET-WAGE IN FEBRUARY DROPPED

In February 2005, the average monthly net-wage paid per employee in the Republic of Macedonia was Denar 12,241. This is a nominal monthly decline by 2.3 percent. Adjusted for the CPI index, the wage dropped by 2.8 percent. On annual basis, both the nominal and real average monthly net-wage for February 2005 was by 1.1 percent higher than in February 2004.

FOREIGN TRADE IN Q1 OF 2005

The total Macedonian foreign trade in goods in the period January - March 2005 was US\$ 1,172.9 million. The

exports share is 40.8 percent and the imports account for the remaining 59.2 percent. The import coverage is 68.8 percent, and the trade deficit is US\$ 216.9 million. Compared with the first quarter of 2004, the total exports increased by 30.6 percent, while the total imports by 12.8 percent.

In the period January-March 2005, products with the largest share in the exports were manufactured goods classified by material (38.1 percent), miscellaneous manufactured articles (29.6 percent), and on the imports side - manufactured goods classified by material (31.1 percent), machinery and transport equipment (17.5 percent) and mineral fuels, lubricants and related materials (17.2 percent).

Most of the exported goods went to the EU countries (62.2 percent) and to the countries of the former SFRY (20.9 percent), while most of the imports came in from the EU countries (45.1 percent) and the Countries of Central and Eastern Europe and former USSR (25.8 percent).