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INTERNATIONAL FAIR "MEDICINE 2003"

The 24th International Fair of Medical, Dental and Pharmaceutical Equipment, Instruments, Disposable Materials and Medicines "Medicine 2003" was held in Skopje on April 1 - 6, 2003. Health Minister Rexhep Selmani opened the Fair, emphasizing that through the fair's rich program the visitors would get to know the latest achievements in medicine and dentistry as well as the new pharmaceutical products.

Around 200 exhibitors from Macedonia, Germany, France, Italy, Japan, Greece, Netherlands, Serbia and Montenegro, Great Britain, Spain, Slovenia, Bulgaria, Austria, Hungary, Czech Republic, and Sweden participated at the fair. Besides the commercial aspect, "Medicine 2003" also had an educational part with lectures and presentations.

MACEDONIAN-SLOVENIAN ECONOMIC FORUM

The Macedonian-Slovenian economic cooperation is not moving in the mutually wanted direction," Macedonian Minister of Finance Petar Gosev said at the Macedonian-Slovenian economic forum that took place in Skopje. This assessment, as Gosev explained, is based on the information that ten years ago the overall trade between Macedonia and Slovenia was US\$ 263 million, or 11.7 percent of Macedonia's total foreign trade. In 2000 it dropped to US\$ 151 million, i.e. 4.9 percent of Macedonia's total foreign trade. Ten years ago Macedonia's export to Slovenia varied between 8 and 9 percent of the total export, and in 2002 it dropped to 1.9 percent.

Both Macedonian and Slovenian Presidents, Boris Trajkovski and Janez Drnovsek attended the Forum. Trajkovski recommended the Macedonian and the Slovenian businessmen to make efforts in enhancing the cooperation, expressed belief that their contacts today would result in concrete business engagements tomorrow. Drnovsek said that Macedonia was very important political and economic partner to Slovenia, adding that new ways for enhancement of the cooperation between the two countries ought to be

found. "This, however, demands political and security stability, but also a strong legal framework. The implementation of the Framework Agreement is important not only for Macedonia, but for the entire region," he said.

US BANKS TO RELEASE FORMER YUGOSLAVIA DEPOSITS UNTIL APRIL 15

The deadline for releasing the former Yugoslavia deposits in US banks is April 15 this year, Vice-Governor of the National Bank of Macedonia Dusanka Hristova said at a press conference. Hristova is a member of the Macedonian delegation within the Committee for division of the former Yugoslavia assets and liabilities, which met in Skopje on April 2. "Macedonia should get 7.5 percent of US\$ 226 million," Hristova said. The Committee also discussed about the deposits in the joint venture banks and the remaining unregulated clearing arrangements with countries such as Mongolia, Egypt, Albania, etc.

MACEDONIA BECOMES WTO MEMBER

Macedonia officially became member country of the World Trade Organization (WTO) on April 4, 2003. The Minister of Economy Ilija Filipovski said that with the official accession in WTO all prerequisites for getting closer to the European Union and therefore realizing the country's long-term goals are fulfilled.

WTO negotiations produce general rules that apply to all members aimed at liberating the world trade. WTO membership will offer equal treatment of domestic and imported products on the market and the quality will be the main criterion for placing the products on the domestic and international markets. In order to experience the benefits from the membership, Macedonian businessmen should offer quality and competitive products and should launch an offensive marketing campaign.

The average customs rate according to the new customs tariff is 14.2 percent at this moment, with a tendency to be reduced to eight percent after the transition period of eight years. However, the customs can be amended in order to protect the products, but all member countries should be notified about the changes. The implementation of Free Trade Agreements with Bulgaria, Turkey, Romania, Serbia and Montenegro, Bosnia, Albania, Croatia, Slovenia, Ukraine and EFTA countries will continue and the country will have the right to use WTO mechanisms for resolving the disputes.

MINISTER OF FINANCE GOSEV MEETS HIS SLOVENIAN COUNTERPART

Macedonian Minister of Finance Petar Gosev met in Ljubljana with his Slovenian counterpart Dusan Mramor discussing on possibilities for intensifying the bilateral cooperation, exchange of experiences on tax and other policies that led to economic growth. The ministers signed a Memorandum of Understanding, by which Slovenia will grant assistance to Macedonia in the sphere of public finances. Gosev also had a meeting with the Slovenian Minister of Economy Tea Petrin, focused on both countries commitment to reduce the trade deficit, foster investment of Slovenian enterprises in Macedonia and joint presentation on third markets.

AVERAGE NET SALARY IN JANUARY DENAR 11,760

The average net salary in January 2003 was Denar 11,760, which is a nominal increase of 1.8 percent, and a real increase of 1.4 percent on monthly basis. Compared to the same period of 2002, the average salary increased by 6.6 percent, which is a real increment of 6.4 percent.

MACEDONIAN NATIONAL BANK DECREASES INTEREST RATES

Following the movements in the world economy, the Council of the Macedonian National Bank decided on further decrease of the interest rates. The Bank Council lowered the discount rate from 8 to 6.5 percent, while the interest rate of Lombard credits from 17.5 to 16 percent. With this decrease, the Macedonian National Bank expects the commercial banks to also reduce their interest rates. The National Bank expects this policy to preserve the stability of the exchange rate of the Denar, as well as the inflation level in the projected values up to 3 percent on annual basis.

"MAKTEL" SIGNS NEW INTERCONNECTION AGREEMENT WITH "MOBIMAK"

"Macedonian Telecommunications" signed new interconnection agreement with "Mobimak," identical to the one signed two weeks ago with the second mobile operator MTS. The Agreement gives an option for reducing the charges in the mobile telephony, but that might happen only in a competitive market, i.e. when the second mobile operator becomes operational.

FRENCH COMPANIES INTERESTED FOR INVESTMENTS IN MACEDONIA

"Last year's increase of the foreign trade with France by 46.5 percent is not enough, because we do not yet know the possibilities for cooperation between the French and the Macedonian companies, as well as the joint investments", emphasized Macedonian Minister of Economy Ilija Filipovski referring to the results of the last week's visit to France and the interest of the French companies for investments in Macedonia. The French companies showed interest for realization of several projects, mostly in the energetic sector, privatization of the Macedonian Power Company, as well as Corridor 10. He expected that a group of French experts would visit the country and see the situation in the enterprises, because the French are interested in the loss-making companies.

The economic attaché of France in Macedonia Serge Creps informed that 20 French branch offices would be opened in Macedonia by the end of 2003 to go along with three other larger investments.

FORUM ON COMBAT AGAINST CORRUPTION

The Macedonian Customs Administration organized a forum for combat against corruption in Skopje on April 10. The Macedonian Prime Minister Branko Crvenkovski, the Director of Customs Ljubomir Mihajlovski and the Deputy-Minister of Finance Dimko Kokarovski took part in the forum.

In his introductory address, Mihajlovski emphasized that the Customs Administration was actively engaged in the combat against crime, thus alleviating the trade and protecting the national economy. "The development of the international trade and its globalization is a new challenge for the customs services. We have to be fast and efficient, in order to get closer to the quality in the European countries", Mihajlovski stated. According to him, the high degree of professionalism, integrity, implementation of laws and combat against corruption are the key issues for all customs in the world.

He added that measures such as reorganization of the service, greater hierarchy, establishment of new operative services for education of personnel and establishment of internal control were undertaken to improve the efficiency of the Customs Administration.

Prime Minister Crvenkovski stated that the problem with organized crime and corruption is one of the hardest and most complex. "There is no political stability, economy

and democracy, as well as European perspective in a corrupted state. That is why the combat against organized crime and corruption should have the highest priority not only for the Government, but for the entire society", Crvenkovski added. According to him, the three key elements for permanent and systematic solution of this problem are the existence of truthful, and not politically motivated will in this process, expertise and verified concept for the process, and existence of an institutional capacity, which will enable mechanisms for realization of the process.

Deputy-Minister of Finance Dimko Kokarovski stated that the combat against corruption is an issue of the highest national interest for integration into the Euro-Atlantic institutions. "The main goal is not only curing the consequences, but disabling the corrupted behavior in its roots", Kokarovski stated. He referred to the prior non-transparent privatization, Government concessions, public tenders and especially the uncontrolled spending of budget funds as the main reasons for the current situation.

MACEDONIA TO OBTAIN US\$ 165 MILLION FROM THE WORLD BANK IN THE NEXT THREE YEARS

In the next three years the World Bank (WB) should release US\$ 165 million for the projects foreseen in the Country Assistance Strategy for Macedonia. The strategy refers to the period from July 1, 2003 until June 30, 2006, and should be approved by WB's Board in June.

Officials from the WB Office in Skopje say that the strategy's objectives refer to promoting the efficient public resources management, countering the corruption, supporting the decentralization, opening new job positions through development of private sector and protection of most vulnerable categories of citizens. The consultations with the Macedonian Government on determining the priority projects are in the final phase. WB Resident Representative to Macedonia Marie-Helene Bricknell says that the strategy is aimed at supporting country's efforts for improving the quality of life of its citizens.

The Strategy is the main document of the World Bank and represents the Bank's activities for a certain period of time, usually three to four years. It focuses on reducing the poverty and stimulating the economic development. The previous strategy referred to the period 1998 - 2001 and contributed in implementing

educational reforms, development of private sector, restructuring of health sector as well as improving the agricultural, the transport and the energy sector.

MEETINGS OF THE MINISTER OF FINANCE GOSEV IN WASHINGTON

During his official visit in Washington in mid-April, Macedonian Minister of Finance Petar Gosev met with high level officials from the International Monetary Fund (IMF) and the World Bank responsible for Macedonia. The interlocutors expressed satisfaction from the economic policy and the reforms of the GOM in the first six months of its functioning. The high officials of these institutions gave their firm promise that Macedonia would receive the financial package from the IMF, the World Bank and the Netherlands in amount of US\$ 80 million in the following two months, followed by the realization of the promises of other bilateral donors and creditors.

The meetings also focused on the cooperation with the IMF and the World Bank in the following three years, resulting in an agreement with the World Bank for financial support in amount of US\$ 165 million. These funds will be intended for the development of education, health, infrastructure, urging of export, reforms in the public administration and other projects. As the announcement from the Finance Ministry states, more dynamic development, new investments and new jobs are the objectives of the IMF's and World Bank's arrangements.

PRICE OF ELECTRICITY WILL NOT INCREASE

Macedonian Power Company (ESM) will not increase the price of the electricity, despite the information published in the media. Although the VAT rate increased from 5 to 18 percent, the company decided will charge the same price and the additional costs of approximately Euro 14 million will be compensated by applying restrictive and savings measures within the company.

MINISTER GOSEV MEETS USG AND IFC OFFICIALS

Macedonian Minister of Finance Petar Gosev in Washington met with the representatives of the International Finance Corporation (IFC), Department of State and the Treasury Department. According to the press release from the Ministry of Finance, the US officials agreed with the economic policy implemented by the GOM in 2003.

At the meeting with the Department of State officials, Gosev reiterated the request for engaging Macedonian

construction companies in the post-war reconstruction in Iraq. With the representatives of IFC, Gosev requested more active involvement of the IFC's experts in the privatization of the loss-making companies in Macedonia.

GOSEV SAYS EXCHANGE RATE OF THE DENAR REMAINS STABLE

The policy of maintaining macroeconomic stability and stable exchange rate of the Denar is our priority, Minister of Finance Petar Gosev said upon arrival from the USA, where he attended the Annual Spring Assembly of the World Bank (WB) and the International Monetary Fund (IMF). He denied the speculations that the meetings with the WB and the IMF officials focused on changing the exchange rate of Denar and increasing the inflation rate, adding that each economy required macroeconomic stability.

"However, I emphasized that the Macedonian public requests the problems of unemployment and poverty to be resolved quickly and therefore the country needs more investments for resolving these issues," Gosev said. He reiterated that the arrangement signed with IMF envisages stable exchange rate of the Denar and inflation rate up to 3 percent.