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SO FAR, 445 VEHICLES OLDER THAN 10 YEARS LEGALIZED

So far, total of 445 persons have used the opportunity for legalization of the vehicles older than 10 years with foreign registration plates, imported in the country by December 31, 2001. At a press conference held on Monday, the Customs Administration reported that by February 24, when is the deadline for legalization of these vehicles, the number of legalized vehicles should increase.

Legalization of the vehicles is done only in the Skopje Customs Department, and the taxes that the vehicle owner has to pay are 15% customs, 7,5% excise and 19% VAT, or cumulatively 47% of the catalogue value of the vehicle. Officials from the Customs Department explained that determining of the value of the vehicles, both those older than 10 years, and those that are produced after 1992 and which can be still imported, is done according to a German catalogue "Eurotax." The revenues from customs fees in the first month of this year amounted up to 385 million denars.

ANNOUNCEMENT BY THE MINISTRY OF FINANCE

Significant progress has been achieved in the ongoing negotiations between Macedonia and the World Bank in Washington on the public administration reform (PSMAC), the Macedonian Finance Ministry said in a press release. The Macedonian Minister of Finance Nikola Gruevski, accompanied by the Vice-Prime Minister Zoran Krstevski and the Minister of Economy Besnik Fetaj, discussed the FESAL 2 - arrangement with World Bank Executive Director Pitter Steck and World Bank Vice-President Johannes Linn.

The World Bank officials gave credit to the Macedonian Government for its significant results in resolving the problems with the loss-making companies. However, as the press release from the Ministry of Finance reads, the World Bank categorically rejected the suggestion from the Macedonian Government for returning to the old legislation, according to which the workers from bankrupted companies with 25 years of service could be

early retired. It was underlined that if the government still decides to apply this solution, it should forget about the cooperation with the World Bank. One of the conditions for Macedonia to receive the second tranche of the FESAL 2 is the successful resolving of the "Jugohrom" enterprise status.

In the framework of the visit, Gruevski and Portman signed two projects on IDA terms, the first of which is intended for the development of the communities and culture, worth \$5 million, and then second is a project for development of children and youth, worth \$2,5 million.

MINISTER BEDREDIN IBRAIMI ON LOSS MAKING COMPANIES

"The problem with the loss making companies remains, and the only solution is liquidation or bankruptcy," assessed the Macedonian Minister of Labor and Social Policy Bedredin Ibraimi. According to him, the World Bank did not accept the conditions offered by Macedonia for resolving the status of 40 loss making companies i.e. to bring back the old decision to retire the employees who have worked for more than 25 years. The World Bank has also limited the funds for severance payments to around 37,000 employees in these companies.

Ibraimi said that the Government should provide funds for the social packages in order to retire the employees who meet the legal requirements and to re-employ the other employees after the losses of the companies are cleared out through the bankruptcy or liquidation procedure. "The workers and the labor unions should be aware of what they can expect in the future," Ibraimi said, adding that "the social dialogue should be enhanced in the future in order to find joint solution for these companies and their employees."

FOUR BIDDERS FOR "SASA MINES" STOCKS, NOT ONE FOR "ZLETOVO"

"Stanmed" from Nicosia, "Baroner Medencilik" from Istanbul. MHK DOO from Skopje and "Mineral Research Management" from London are the companies interested to buy 180,151 shares, or 60.72% from the mines Sasa in Makedonska Kamenica. The bidding for these mines was opened by the Privatization Agency of Macedonia.

The tender for sale of the Zletovo mines near Probistip was opened simultaneously with the tender for "Sasa",

however not one offer was submitted in the specified time limit.

BANERJEE RECALLED FROM POSITION CHIEF OF IMF MISSION FOR MACEDONIA

Biswajit Banerjee has been recalled from position Chief of International Monetary Fund mission for Macedonia, Macedonian Television reported on February 8, 2002. IMF appointed Franek Rozvadovski from Poland, who was on the same position in Bosnia and Herzegovina, to replace Banerjee. Banerjee led the negotiations with the Macedonian Government for the budget and macroeconomic policy since 1998.

€ 20 MILLION FOR SME'S

By passing the Law on Indebtedness, the financial agreement signed between the GOM and the EIB in amount of € 20 million came into force, for financing small and medium sized enterprises and infrastructure projects from the local government. The loan will be implemented through Stopanska banka and Komercijalna banka, while the final approval of the projects will be given by the EIB. The sub-loans will be approved in compliance with the credit policy of commercial banks in the repayment period not less than five years, including grace period dependable on the nature of the projects.

JAPANESE MEDICAL GRANTS

The Japanese Government donated to the Medical Center in Kumanovo medical equipment worth about US \$600,000 on February 11, 2002. The donation comprises of X-ray tube, two ultrasound scanners, two dentist's chairs, EKG apparatus, entire set of laboratory equipment and an ambulance. This aid aims to improve and modernize the primary health care system in Kumanovo and is one of the first donations from Japan for the crisis regions in Macedonia.

In addition to that, on February 20, the Japanese Government donated medical equipment and ambulance, worth € 550,000, to the Medical Center in Debar, too.

RETAIL PRICES INCREASED BY 0.4% IN JANUARY

According to the State Statistical Office data the retail prices in January 2002 increased by 0.4% relative to the previous month. The biggest increase is registered in the agricultural products by 4.7% due to the higher

prices of the vegetables by 6.7%, the fruits by 5.2%, the eggs by 2.9% and the fish by 0.5%. Retail prices index in January is higher by 1.5% in relation to the same month last year. The costs of living in January 2002 are higher by 1.1% than the previous month, and compared to January 2001 they increased by 4.2%.

TURNOVER AT THE MACEDONIAN STOCK EXCHANGE IN JANUARY IS 2.3 TIMES HIGHER

Macedonian Stock Exchange in January 2002 realised a turnover of 168.6 million denars, which is 2.3 times higher than in December 2001. The turnover of bonds increased twice amounting to € 2.9 million and the total number of executed transactions in January is 1,142, which is twice as much as in December 2001. The trading with shares on Macedonian Stock Exchange lasted 14 days in which the average number of daily transactions is 82 and the average daily turnover is 12.4 million denars.

NEGOTIATIONS FOR MACEDONIA'S ENTRY IN THE WTO

In the framework of the negotiations for Macedonia's integration in the World Trade Organization, a Macedonian delegation led by Minister of Economy Besnik Fetaj met with delegations from Canada and the European Union in Geneva on February 18, 2002. The meeting was focused on the policy of import and goods regime, manner of issuance of licenses, the agricultural policy and the policy in the services sector.

On February 19, the Macedonian delegation met with representatives of Australia, Latvia and the U.S., and later with delegations of Switzerland and Japan. As the announcement from the Ministry of Economy reads, the intensive negotiations aimed to speed up the process of Macedonia's integration in the WTO will continue in March, when talks concerning the agriculture are expected to take place.

SEAF MACEDONIA INVESTS US\$ 500,000 IN COMPUTER COMPANY "LOGIN SYSTEMS"

On February 20, SEAF/Macedonia development venture capital firm announced its most recent investment of US\$ 500,000 in the information technology company from Skopje "Login Systems". Director of "Login Systems" Venko Gligorov said at a press conference that "this investment will enable realization of the company plans, i.e. purchasing of new equipment and additional training of employees in the country and abroad. "Part of the

company's activities will be focused on accelerated legalization of the software, used in Macedonia, contributing to faster integration of the country in many international organizations, such as the World Trade Organization and the European Union," SEAF/Macedonia Director General Vladimir Pesevski said.

So far, SEAF/Macedonia has invested in several companies, such as "Pilko", "Tinex", "Fonko" and the newspaper "Dnevnik". The US Ambassador in Skopje Lawrence Butler, welcomed the investment, saying that an economic development is necessary for peace and stability of the Southeastern Europe. He also announced US Embassy's economic program titled "Macedonia Matters". The program will include several economic initiatives and a finance conference in Ohrid.

ROUND TABLE "ITALY - DESTINATION FOR MACEDONIAN LAMB" HELD IN SKOPJE

The Italians are interested in buying out lamb from Macedonia throughout the year and not only during the Easter holidays, was concluded at two-day round table "Italy - destination for the Macedonian lamb," which was held on February 19-20, in Skopje. The representatives of the Italian companies - importers that participated at the seminar said that there was relatively good placement of the Macedonian lamb in Italy.

Producers of lamb and sheep products in Macedonia, the representatives of the slaughter houses, the export companies as well as the representatives from the state institutions that support the sheep breeding in the country participated at the round table organized within the program for developing the market of lamb and sheep products in Macedonia, as part of the "Land O'Lakes" project for marketing of the agricultural business.

The meeting aims to present the exporting potential of the Macedonian meat and milk sector, to develop the cooperation between the Macedonian producers and the export companies on one hand and with the Italian companies that import lamb on the other hand, as well as to create business climate through active involvement of the governmental institutions as a guarantee for the quality of the produced meat. The seminar was financed by the US Agency for International Development (USAID) and the Italian Institute on foreign trade.

MEINL BANK FROM VIENNA - CONSULTANT IN THE PRIVATIZATION OF THE ESM

The Macedonian Government signed an agreement with the consultant house "Meinl Bank" from Vienna, Austria for providing consultant services in the process of restructuring and privatization of the Macedonian electricity company ESM. The privatization process will proceed in several stages and in the final stage part of the electricity infrastructure, excluding the high-voltage and dispatch systems, will be privatized.

The Meinl Bank is leading private investment bank from Austria, active in the field of private banking, real-estate management and in the capital investments. The bank has US\$ 3 billion US dollars in capital and has also established the largest Central-European Investment Fund with capital of US\$ 300 million.

The Meinl Bank services will cost €1.8 million - fix part, and 0.72% from the ESM sale - variable part. €200,000 were already transferred to the Bank's account. At a press conference on February 27, ESM Director Lambe Arnaudov said that there is no over-employment in the ESM. "Macedonia is far from the world standards for one employee on every four megawatts produced energy, considering the fact that the Macedonian electricity system produces 1,650 megawatts and we have total of 8,300 employees," Arnaudov said. "The electricity price will be insignificantly increased due to the privatization, from the current 3.75 cents to 4.25 cents, which is the same price for electricity applied in the neighborhood," he added.

Macedonian Minister of Economy Besnik Fetaj stressed the importance of the privatization of the Macedonian electricity system. In his opinion, with the sale, the ESM will be prepared for the open market by 2006. A Macedonian expert's team will work together with the consultant, and working groups will submit reports to the government based on the consultant's work.

NEGOTIATIONS ON SHARING OF FORMER YUGOSLAVIA ASSETS

At the meeting in Zagreb on February 26, the Committee for Financial Affairs regarding the succession of the former Yugoslavia assets focused on sharing cash reserves of the former Yugoslavia National Bank, which according to the Succession Agreement signed in June 2001, amounted to US\$ 645 million. But, as media in Zagreb reported, at this meeting it was confirmed that there are only about US\$ 50 left in the National Bank of Yugoslavia.

Representatives of the five successor-countries asked the National Bank to prepare a report on the shortage of US\$ 590 million. At the meeting, representatives of the National Bank said that the money was spent for humanitarian needs. However, the information says that only an amount of US\$ 45 million was aimed for humanitarian aid. Croatian representative Zdravko Rogic said that without the report, the problem could not be solved by the Committee, but it should be raised to the highest level.

Croatia and Slovenia did not ratify the Succession Agreement only because of this deficit. So far, the Agreement has been ratified by the Bosnian and Macedonian parliaments. The ratification of this document in the Yugoslav Parliament is scheduled for the next month.

The Committee for division of the former Yugoslavia diplomatic property held a meeting in Skopje on February 25, at which according to the Macedonian Ministry of Foreign Affairs significant progress was made. So far, agreement has been reached for five representative offices, i.e. the embassy in Washington now belongs to Slovenia, embassy in Paris-to Croatia, embassy in London-to Bosnia, residence in Paris-to Yugoslavia and the general consulate, also in Paris-to Macedonia. However, there are 103 buildings that should be divided. According to the Succession Agreement, Macedonia is entitled to 8% of the total property value. Accordingly, Macedonia should become owner of 8-11 buildings.

POSSIBLE SIGNING OF PRE-AGREEMENT WITH "NIGGEL GROUP" FOR WORLD BUSINESS CENTER

Negotiations with Swiss company "Niggel Group", which was chosen at the tender for sale of the World Business Center located in the center of Skopje, are going well. Minister of Transport and Communication Ljupco Balkoski announced the possibility for signing a pre-agreement with this company, adding that, "final agreement may be signed after the pre-agreement, if 'Niggel Group' fulfill all the requests". As Balkoski explained, the negotiations were long because the Ministry of Transport and Communication asked for concrete indicators about performance of the complete project. As he informed, "Niggel Group" from Switzerland offered € 10.8 million for the World Business Center, which is close to the starting tender sale price of € 10.7 million.

EUROPEAN AGENCY FOR RECONSTRUCTION TAKES OVER EU ASSISTANCE PROGRAMS

Starting from March 1, the European Agency for Reconstruction (EAR) took over the main EU assistance programs for Macedonia. The priority of the Agency is to realize the EU emergency assistance program amounting to € 26.5 million, aimed for reconstruction of the electric network and restoring of the households in the conflict affected areas. The package for emergency assistance includes confidence building measures as a ground for implementation of the Framework Agreement.

Starting from April 1, the EAR will provide monthly compensation of € 76 for 2,800 families, which have sheltered the displaced persons and for other 600 families, which have sheltered refugees from Kosovo. The payments will be made every three months. The list of users was developed by the International Organization of the Red Cross, the Macedonian Red Cross and UN High Commissioner for Refugees (UNHCR). The Macedonian Ministries of Finance, Labor and Social Policy are also involved in this project.