



## Doing Business In Macedonia: A Country

### Commercial Guide for U.S. Companies

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# Chapter 1: Doing Business In Macedonia

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## Market Overview

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- Macedonia, a small, centrally located Southeast Europe country, is undertaking substantial reforms in its economic, legal and political systems that should improve its attractiveness to foreign investors.
- The European Union has granted Macedonia candidate status, and the country is implementing additional reforms to meet the requirements of EU membership.
- Macedonia hopes to receive an invitation to join NATO during 2008.
- Macedonia's political and security situation is stable.
- Macedonia has maintained a sound macroeconomic foundation for several years. Inflation is low, the Government budget deficit target for 2008 is only 1.5% of GDP, and the currency is stable and pegged to the euro.
- Macedonia received country credit ratings of "BB+" in foreign currency and "BBB-" in local currency from Standard and Poor's, and "BB+" for both from Fitch Ratings.
- Macedonia is open to international trade, with total 2007 trade (imports plus exports) reaching US\$8.58 billion, or 115.4% of GDP. In 2007, U.S.-Macedonia trade in goods totaled approximately \$95 million.

## Market Challenges

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- There are no legal barriers to foreign businesses entering Macedonia. In fact, the law provides incentives for foreign investment, and the Government is actively promoting Macedonia as a desirable investment location. However, challenges to doing business in Macedonia remain, including:
- The country's weak judicial system and significant levels of corruption present challenges. There are visible efforts to combat corruption, but it is early to assess their effectiveness. While significant reforms of the legal system are underway, the courts are slow, inefficient, and subject to political pressures and corruption. This makes it difficult in some instances to enforce contracts.
- There is excessive "red-tape" in the public administration. The Government recognizes this is a barrier to investment and is working to ease the regulatory burden.

- Enforcement of intellectual property rights is weak and inconsistent.
- The cadastre system of real estate property titles is poorly maintained and incomplete. An ongoing reform program is addressing this challenge.
- Some markets remain uncompetitive due to powerful incumbents and weak enforcement of sanctions for anti-competitive activities.
- There are limited air transport links and an uncompetitive airline transportation market. Macedonia has ratified the European Common Aviation Agreement, which should help liberalize the market.

## Market Opportunities

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- The most successful U.S. trade products in Macedonia have been frozen meat products, computer hardware and software, pharmacological products and equipment, and specialized technology.
- **Energy** – The Government has privatized some energy assets and intends to provide concessions for other energy opportunities. The private electricity distribution company is making substantial infrastructure investments.
- **Transportation** – As Macedonia upgrades its transportation infrastructure – roads, railway, and airports – there are opportunities in this sector.
- **Information Technology and Computers** – This growing sector continues to provide opportunities for US companies.
- **Construction** – There are both export and investment opportunities available for U.S. companies in the construction and building materials sector.
- **Tourism** – The country's geographical location, scenic areas, and historic and religious sites provide favorable conditions for investment and development of the tourism industry.
- **Agriculture** – Agriculture is an important segment of the economy, and there are opportunities for trade and investment in agricultural and food processing equipment.

## Market Entry Strategy

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The decision on how to enter the Macedonian market can have a significant impact on results. Depending on product, services, and long-term strategy, U.S. companies may choose direct exports to an end-user, various distribution models, licensing, joint ventures, or direct investment.

To discuss market entry options, please see <http://www.buyusa.gov/macedonia/en/> ; or contact Mr. Arben Gega, Commercial Specialist at the U.S. Embassy in Skopje, via [gega@state.gov](mailto:gega@state.gov) .

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## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/26759.htm>

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## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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U.S. companies seeking to market and distribute their goods will find a considerable number of merchants, agents, middlemen, wholesalers and retailers available in Macedonia. In fact, all of the typical distribution channels are available, although they often lack the sophistication of distribution networks found in western markets. The most significant marketing area in Macedonia is its capital, Skopje (population over 600,000), where most business activity is based. Other major business centers include Bitola (population 75,000), Prilep (population 67,000), and Tetovo (population 51,000).

Macedonia's retail sector is dominated by small shops. Retail outlets vary from roadside shops and open air markets to city storefronts and shopping centers. A few malls and department stores can be found in the larger cities. While many stores specialize, it is still common to find stores with an unusual mix of merchandise (bicycles sold next to paper products and small appliances, for example). Fruits and vegetables are typically sold at open-air public markets.

There are two main shopping malls in Skopje and many shops carry Western goods. The Greek supermarket chain Veropulos ("Vero"), which entered the market in 1998 with two stores in Skopje and one in Tetovo, has since added three more in Skopje, one in Bitola, and one in Tetovo, and has plans for expansion into other parts of the country. The Turkish supermarket chain "Ramstore" has one store in Skopje and one in Tetovo. "Germanos Telecom Skopje," a subsidiary of the Greek GERMANOS Group, has been operating in the country since February 2002. It is now a leading supplier of telecommunications goods and services, with over 40 stores.

Consumer-oriented trade shows are an important part of the retail scene. Frequent sector-specific shows such as food shows and consumer electronics shows attract regional and local participants and exhibitors.

## **Establishing an Office**

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As specified by the Company Law (Official Gazette No. 28/2004); the following forms of business can be established in Macedonia: general partnership, limited partnership, limited liability company, joint-stock company, and limited partnership by shares. We strongly suggest that anyone interested in opening a business in Macedonia review the Company Law at ([http://www.economy.gov.mk/WBStorage/Files/Macedonian%20Company%20Law\\_Fin\\_Ver\\_2004.pdf](http://www.economy.gov.mk/WBStorage/Files/Macedonian%20Company%20Law_Fin_Ver_2004.pdf) ) and work with a reputable local business consultant or attorney.

As of January 2006, the single window system for registering a business started functioning within the Central Registry, eliminating the lengthy procedures that had been an obstacle to establishing business entities.

According to the World Bank Doing Business report (<http://www.doingbusiness.org/ExploreEconomies/?economyid=116>), the current steps in establishing an office in Macedonia include:

- Check the uniqueness of the company name and pick up a company registration form
- Deposit the legally required initial capital in a bank and pay the registration fee; obtain deposit and payment evidence
- Notarize the company deeds and other documents
- Procure extracts of the criminal record of the first directors
- Obtain letter of intention from bank
- Register with the Central Registry
- Make a company seal
- Notarize the company registration certificate
- Register with the Social Security Office
- Inform the Employment Office before hiring employees

Total initial cost of establishing business office is approximately \$200.

## **Franchising**

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McDonald's has opened five successful restaurants since 1997, and the franchisee plans to expand further. Holiday Inn opened a popular hotel in downtown Skopje in 2000, and the Best Western Plaza opened in 2002. Office 1 Superstore USA operates several retail office supply stores. Other U.S. franchises in Macedonia are Diners' Club and Western Union. Some European companies, such as Big Star, Diesel, Benetton and Mango, have established outlets in Macedonia.

The best prospects for franchising opportunities are in restaurants, hardware stores, specialty retail stores, printing and photocopying services, and equipment rental centers. Consumers in Macedonia are looking for retailers who can provide a consistent selection of quality products at reasonable prices. Entrepreneurs in Macedonia are also eager to obtain technology and management expertise.

Although franchising is a relatively new concept for the business community in Macedonia, the legal system in Macedonia accommodates franchise agreements. Franchises have some advantages over domestic companies due to tax breaks and incentives.

## **Direct Marketing**

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Direct marketing is not well developed in Macedonia. Direct marketing techniques need to be refined and legislation for consumer protection strengthened. A style of mail-order catalogs unique to Macedonia has begun to enter the market. Rural mail deliveries are sometimes unreliable, however and rural people generally prefer to deal with local vendors. AVON has reported success in the direct sale of cosmetics. Currently, at least one business is using the television home shopping channel, "Teleshop," to sell sports equipment, kitchen tools, household cleaning products and health and beauty supplies. Internet marketing is insignificant. Telemarketing has not caught on in Macedonia.

Direct marketing through catalogs, telemarketing and the internet from the United States to Macedonia is still quite difficult. Credit card use in Macedonia still lags behind other countries in the region. With increased confidence in the banking system, debit cards are now becoming increasingly popular. Due to low purchasing power, the high cost of shipping, and lack of security for parcels and mail at most homes, catalog shopping and internet shopping from the United States is in its infancy. However, e-commerce is expected to grow in Macedonia over the long term.

## **Joint Ventures/Licensing**

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Existing legislation at ([http://www.economy.gov.mk/WBStorage/Files/Macedonian%20Company%20Law\\_Fin\\_Ver\\_2004.pdf](http://www.economy.gov.mk/WBStorage/Files/Macedonian%20Company%20Law_Fin_Ver_2004.pdf)) permits joint ventures, mixed ownership investment, and both foreign and domestic investment. Because many large firms have undergone privatization, joint ventures are common. Often, a local company will team up with a foreign company providing equipment and merchandise, while the local company provides buildings, warehouses, office space and personnel.

In November 2007, the new Law on Public Procurement was adopted (Official Gazette 136/2007 – [http://javni-nabavki.finance.gov.mk/ppwww/en/ppPolicy/ppLaw/mainColumnParagraphs/01/document/Zakon%20za%20javnite%20nabavki\\_oficijalen\\_ang.pdf](http://javni-nabavki.finance.gov.mk/ppwww/en/ppPolicy/ppLaw/mainColumnParagraphs/01/document/Zakon%20za%20javnite%20nabavki_oficijalen_ang.pdf)) to help increase the transparency of the Government's tendering procedures, to provide consistency with other legislation and to strengthen the legal protection of bidders. The Law on Public Procurement was prepared with U.S. Agency for International Development (USAID) assistance.

Some tenders are restricted to domestic companies, and foreign companies are ineligible to participate (especially in the areas of defense). By law, both local and foreign potential providers are supposed to be treated equally. However, experience has shown that the tendering process is not consistently transparent. Requests for assistance regarding the tendering process can be directed to Mr. Arben Gega, Commercial Specialist at the U.S. Embassy in Skopje, via [gegaa@state.gov](mailto:gegaa@state.gov).

The central government, municipal institutions and agencies, or any entity receiving budgetary funds must use public procurement procedures. The intended contract can be for the purchase, supply, transportation, rent, lease, manufacturing, assembly or maintenance of personal property or real estate. It can also be, for the provision of services, or for the study, design, construction, or improvement of property. A simple tender, a two-phase tender, a silent auction, or negotiations with three or more potential contractors (one in exceptional cases) must precede the contract to ensure competitiveness, equal opportunity and fairness. Companies should review tender specifications closely to ensure that they are not written to limit competition ("lockout" specifications).

Tenders financed by the World Bank and other international financial institutions must be conducted pursuant to the respective organization's procurement guidelines. This means that the tendering process is conducted in an open and transparent manner, with the emphasis on meeting tender specifications and price competitiveness. Requests for assistance regarding the World Bank tendering process can be addressed to the U.S. Executive Director's Office at the World Bank in Washington DC.

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Although Macedonia is a small market, and there are no major distribution or warehousing operations, it may well serve as a unique gateway to the markets of Central and Eastern Europe by virtue of its advantageous location.

Retail trade is still quite fragmented with a large number of small independent outlets that include specialized shops, supermarkets, kiosks, street vendors, open-air markets and wholesale centers.

Specialized shops have developed rapidly, and are usually located in the capital city and a few other larger cities. The modern retail system appeared in Macedonia during the late 1990's when the foreign Veropoulos "VERO" supermarkets opened. In June 2005

the Ramstore Shopping Mall in Skopje opened with a number of foreign retail stores. In addition to these foreign chains, newly-established domestic supermarkets and retail chains, such as TINEX, also have attracted consumers.

Stricter application of customs and tax administration regulations over the past few years, and rapid modernization of the domestic distribution sector, have significantly reduced illegal cross-border imports, which previously flourished.

## **Selling Factors/Techniques**

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Disposable income in Macedonia remains relatively low when compared with Western European countries. Most consumers purchase goods primarily based on price. The focus on price is reflected in the relatively poor quality of merchandise in traditional shops. Shops often carry counterfeit brands, which indicates the importance of brand image to consumers. The importance placed on quality is growing, however, and more and more people are willing to pay a higher price for quality goods.

Many consumers prefer monthly installment payments for purchases. Financing and payment terms play a key role in successfully achieving sales. Local firms also are beginning to focus on quality and support services to attract customers. Domestically produced products sometimes offer exceptional quality.

Market size statistics are unreliable in predicting market responses. While low official disposable income statistics might initially discourage market entry, the size of the unofficial economy and inferences from observing actual sales activity paint a brighter picture. First-hand observation on the streets and in the shops is essential for gauging the amount of actual economic activity in Macedonia.

Strong local contacts are important for success in Macedonia. U.S. companies pursuing the market should be prepared to spend time cultivating relationships and find a local representative to provide product support. Typically, one agent or distributor can cover the entire country effectively. When selecting an agent, companies are encouraged to consider the potential partner's marketing reach, contact base, and ability to do business with the entire country and in surrounding countries.

## **Electronic Commerce**

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E-commerce transaction volume in Macedonia is low, both for internet merchants, who sell products online, and consumers, who shop online.

There are several reasons for the small size of the market. On the merchant side, the main obstacle to e-commerce growth is the fact that no Macedonian bank offers merchant services for e-commerce. With relatively few merchants interested in e-commerce, none of the banks have seen a return sufficient to justify fixed infrastructure investments. Without domestic merchant accounts, online merchants have had to use an offshore payment option, which charges as much as 10% of the transaction.

On the consumer side, the biggest issues are relatively low internet penetration and the low penetration of e-commerce enabled credit cards. In addition, due to security concerns, internet transactions originating in Macedonia have been blocked on several major e-commerce sites, such as eBay and Paypal.

Credit card usage in Macedonia is experiencing a dramatic increase. The number of new credit and debit cards issued by the Macedonian banks just in 2007 nearly doubled the total number of cards issued so far. At the end of December 2007, 716,611 cards were issued, 71 percent more than a year before. Other indicators have soared as well, demonstrating improved acceptance of credit cards. The number of trade companies accepting credit cards rose up from 7,196 at the end of 2006, to 14,243 by the end of 2007. The number of installed ATMs has increased from 297 in 2006, to 529 in 2007. Also the number of POS terminals and card readers grew significantly. At the end of 2007, the total number of sale points where one could use a credit card for payment reached 17,884, versus only 9,546 sale points at the end of 2006.

## Trade Promotion and Advertising

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Advertising is one of the fastest growing industries in Macedonia. Both consumers and companies are beginning to understand the effectiveness of advertising and the importance of marketing products. All forms of media are widely used: newspapers, magazines, television, radio, outdoor billboards and other signs. The following advertising media are preferred by companies in Macedonia (in descending order): printed media, newspapers and magazines, radio, outdoor billboards/signs, trade shows, sales promotion literature, event sponsorship, and television. Commercial television airtime is too expensive for many Macedonian companies and the cost is rising. As a result, the leading users of television advertising are mainly foreign-affiliated companies, especially those specializing in consumer products. It may be necessary for a U.S. supplier to assist its agent or distributor in Macedonia to cover the cost of television commercials.

**Broadcast Media** - There is growing competition between the state-owned broadcast company, the national television and radio stations and numerous small, local independent stations. Approximately 110 radio and television stations are currently broadcasting in Macedonia, with six nationwide TV stations and three nationwide radio stations. Cable and satellite TV are also very popular.

**Print Media** - Newspaper advertising continues to dominate local markets. The market is characterized by a large choice of newspapers and magazines. There are currently two daily newspapers distributed free of charge (*Shpitz* and *Koha*) and one (*Vreme*) that costs only about 10 cents per issue. Magazines are generally considered costly given low wages and therefore lack wide public readership. There are eleven daily newspapers, and the most popular are *Dnevnik*, *Fakti*, *Utrinski Vesnik*, *Lajm*, and *Vest*. There are four popular weekly magazines, including *Kapital*, which specializes in economic reports and analyses.

Dnevnik (Macedonian language)

(Marketing Services)

Tel: 389-2-308-9241 and 308-9242

Fax: 389-2-308-9254  
Website: [www.dnevnik.com.mk](http://www.dnevnik.com.mk)

Fakti (Albanian language)  
(Marketing Services)  
Tel: 389-2-324-5031 and 324-5028  
Fax: 389-2-324-5029  
E-mail: [fakti@mol.com.mk](mailto:fakti@mol.com.mk)  
Website: [www.fakti.com.mk](http://www.fakti.com.mk)

Utrinski Vesnik (Macedonian language)  
(Marketing Services)  
Tel: 389-2-323-6900  
Fax: 389-2-323-6901  
E-mail: [marketing@utrinski.com.mk](mailto:marketing@utrinski.com.mk)  
Website: [www.utrinskivesnik.com.mk](http://www.utrinskivesnik.com.mk)

Lajm (Albanian language)  
(Marketing Services)  
Tel: 389-2-323-0572  
Fax: 389-2-322-8923  
E-mail: [lajm.sk@gmail.com](mailto:lajm.sk@gmail.com)  
Website: [www.lajm.info](http://www.lajm.info)

Kapital (Macedonian language)  
Tel: 389-2-306-2709  
Fax: 389-2-306-2710  
Website: [www.kapital.com.mk](http://www.kapital.com.mk)

Business Directories, or “yellow pages,” have been introduced to the market. Their popularity and usage is increasing and they are becoming more effective.

- [www.yellowpages.com.mk](http://www.yellowpages.com.mk)
- [www.zlatnakniga.com.mk](http://www.zlatnakniga.com.mk)

Outdoor Advertising - Quality outdoor advertising as an organized marketing effort is new to Macedonia and limited to larger cities and main roads/highways. Most outdoor advertising is limited to billboards, buses, large signs and some electronic displays.

Direct Mail - With improved postal service, direct mail advertising is slowly increasing.

Retail/Point-of-Sale Advertising - Point of purchase promotions are not common, but are growing in popularity. Retail stores often treat retail and/or point-of-purchase advertising as a secondary activity. Likewise, merchandise is stocked on shelves with little consideration of appearance. Unless there is assistance from a producer or distributor, retailers will rarely make an effort to enhance point-of-sale advertising. Coca-Cola, for example, has pursued a visible point-of-sale (shops, bars, restaurants, hotels, gas stations) marketing campaign that involves posters and coolers with company logos. The campaign has won Coca Cola significant market share.

Trade Events/Fairs - Trade fairs are particularly good promotion channels for industrial products in Macedonia. Local and foreign firms rely on trade fairs to build business connections, gain market visibility, and learn about new technology. A list of upcoming fairs and events appears in the appendices. An updated list can be found at [www.skopjefair.com.mk](http://www.skopjefair.com.mk).

Sponsorships and Special Promotions – Special events offer an excellent avenue to launch new products. Because event promotion is new to the country, they offer an opportunity for a company's products or services to stand out.

Advertising Agencies - Advertising and marketing agencies have developed over the past several years and offer a full range of services. Read under: Local Professional Services.

## **Pricing**

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Officially, per capita monthly income in Macedonia is 15,320 denars (according to official November 2007 data - approximately \$360). Since consumers are extremely price sensitive and consistently seek bargains for their purchases, companies must pay close attention to price. Imported products are priced substantially higher than locally produced goods. As mentioned earlier, favorable financing may be a critical selling factor for big-ticket items. An 18 percent value added tax (VAT) is charged on most goods and services.

## **Sales Service/Customer Support**

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Although service and customer support are relatively undeveloped as marketing tools, more local distributors are attempting to provide quality service to their customers. In the past, customers often have cited price as the determining factor in the purchase of a particular product. Customer service and support have been secondary considerations. Firms selling capital equipment or technology should emphasize customer service and product quality.

Companies in Macedonia may demand full service and support from the U.S. exporter when purchasing imported products. Since foreign prices are generally higher and buyers' limited budgets are already stretched, value-priced/low-cost service and support by U.S. suppliers are important. Emphasis on customer support is an initial step in developing customer loyalty.

American companies seeking to operate in Macedonia may want to consider providing training to their distributors/agents to communicate the firm's distinctive corporate policies, behavior and standards.

## **Protecting Your Intellectual Property**

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### **IPR Climate in Macedonia**

Intellectual Property Rights are covered by the Law on Industrial Property, enacted in 2002 and amended in 2006; the Law for Authors and Common Rights, enacted in 1995 and amended in 2005; and the Law on Customs Measures for Protection of IPR, enacted in 2006. The State Institute for Industrial Property governs patents, trademarks, service marks, designs, models and samples. The protection of author's rights (music, film and television, books, software, etc.) is administered by the Inspection Service within the Ministry of Culture, established in 1999. In addition, the State Market Inspectorate is responsible for monitoring and controlling establishments that sell or rent counterfeited or pirated goods. The Ministry of Interior also enforces the sale of intellectual property, as it relates to significant organized crime cases. The Customs Administration has the authority to investigate cases involving the importing or exporting of counterfeit goods, and has the right to seize suspect goods.

The penalties for IPR infringement depend on the seriousness of the violation. In order of severity, the penalties can include: 30 - 60 days closure of businesses caught selling counterfeited or pirated goods, monetary fines of up to 5,000 euros, a prison sentence up to 5 years. IPR cases are not handled by specialized courts. Parliament passed new amendments to the Criminal Code which expanded the IPR violations subject to criminal charges to bring Macedonia in line with the relevant international conventions on intellectual property and related rights protection.

Macedonia joined the World Intellectual Property Organization (WIPO) in 1993, and in 1994 became a member of the Permanent Committee of Industrial Property Protection Information of WIPO. As a successor to the former Socialist Federal Republic of Yugoslavia, Macedonia is a party to international conventions and agreements that the former Yugoslavia signed prior to Macedonia's independence.

Macedonia's accession to the WTO in April 2003 underscored the urgent need for the government to prevent copyright infringement. The first step in that direction was taken in 2002 when the Government reached an agreement with Microsoft to legalize all government software. Over the past few years the Government has seized and destroyed some counterfeit items and taken some legal actions against those who produce and sell counterfeit goods. Nevertheless, overall enforcement remains weak, and counterfeit goods remain common in shops and markets in Macedonia.

As an EU candidate country, Macedonia is obliged to harmonize its IPR laws and regulations with EU standards, and to demonstrate adequate enforcement of those laws. The Government's Secretariat for European Affairs is coordinating this effort.

### **General Principles**

Several general principles are important for effective management of intellectual property rights in Macedonia. First, it is important to have an overall strategy to protect IPR. Second, it is important to understand that IPR are protected differently in Macedonia than in the U.S. Third, rights must be registered and enforced in Macedonia, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The Economic/Commercial Office of the U.S. Embassy can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Macedonia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights in the mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, negligence, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be counterfeiters. Projects and sales in Macedonia require constant attention. Work with legal counsel familiar with Macedonian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Macedonia or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- American Chamber of Commerce in Macedonia
- Economic Chamber of Macedonia
- Union of Economic Chambers in Macedonia

## **IPR Resources**

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **[www.StopFakes.gov](http://www.StopFakes.gov)**.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.

- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

## Due Diligence

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While very few Macedonian companies have Dunn & Bradstreet or other internationally recognized business ratings, information on some potential Macedonian companies or partners may be found at <http://www.buyusa.gov/macedonia/en/>. However, the best source of in-depth analysis of a Macedonian partner is through one of the professional associations or companies listed in the next section. This should not be considered an exhaustive list. U.S. companies selling to Macedonian companies for the first time should consider using instruments such as irrevocable letters of credit until a solid relationship of mutual trust is established. Recent judicial reforms have improved the efficiency and speed of enforcement of court judgments on contracts, and further improvements are expected. Nevertheless, collecting delinquent payments from Macedonian companies remains difficult due to the lack of collection services and a still inefficient and overloaded court system.

## Local Professional Services

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### Law Association:

Macedonian Business Lawyers Association  
Bul. Krste Misirkov, BB  
1000 Skopje, Republic of Macedonia  
Phone/Fax: 389-2-313-1084  
E-mail: [mia@mia.org.mk](mailto:mia@mia.org.mk)

### List of Attorneys:

The US Embassy List of Attorneys  
[http://skopje.usembassy.gov/general\\_information6.html](http://skopje.usembassy.gov/general_information6.html)

### Consulting:

ETTEA Consulting  
Mrs. Elizabeta Kocovska – Iceva, BEc  
Lermontova Str.3/4

1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-4862  
Fax: 389-2-311-8825  
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AAG – Analysis and Advisory Group  
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Mr. Georgi Chuchuk, Managing Partner  
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1000 Skopje, Republic of Macedonia  
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**Web Resources**

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[http://skopje.usembassy.gov/general\\_information6.html](http://skopje.usembassy.gov/general_information6.html)

<http://www.mbla.org.mk>

<http://javni-nabavki.finance.gov.mk/ppwww/en/homepage.html>

<http://www.gti.org>

<http://www.deloitte.com/macedonia>

<http://www.ey.com>

<http://www.kpmg.com.mk>

<http://www.pwc.com.mk>

<http://www.publicis-mk.com>

<http://www.aag.com.mk>

<http://www.amcham.com.mk>

<http://www.sojuzkomori.org.mk>

<http://www.mchamber.org.mk>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

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- [COMPUTERS AND INFORMATION TECHNOLOGY EQUIPMENT](#)
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## ENERGY

### Overview

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Changes in the Macedonian energy market are largely shaped by the liberalization of the energy market, regional cooperation and the restructuring of energy production.

Since 1994, electricity consumption in Macedonia has grown by an average of three percent annually. It is expected that electricity consumption will continue to rise, due to increased use by households and industry and services sector users.

In April 2006, Macedonia's state owned electric power distribution company – ESM (Elektrostopanstvo na Makedonija) was acquired by the Austrian utility company EVN, for over 200 million euros, with an obligation for ESM to invest an additional 96 million euros in the following 3 years. Following are key figures for ESM – EVN Macedonia for 2006:

- customers:	appr. 720,000
- supply:	4,618 GWh
- electricity lines:	appr. 24,000 km
- employees:	3,531
- sales revenues:	EURO 215 mil.
- total assets:	EURO 205 mil.

The electric power production system in Macedonia consists of three thermal power plants with a total of 1010 MW installed capacity and six hydro power plants with 434 MW installed capacity. There are two open pitch lignite mines with a total capacity of 7 million t/year. The total annual production of electricity in the country is approximately 6,400 GWh, which satisfies about 75 percent of the total domestic energy needs. Macedonia is a full member of the Union for the Coordination of Production and Transmission of Electricity European Interconnection (UCPTE), which ensures interconnect compatibility with European electric power systems.

An oil pipeline with a capacity of 2.5 million tons per year connects oil storage facilities at the port of Thessaloniki with Skopje's OKTA refinery. The OKTA refinery, which was originally created to meet the needs of all of southern Yugoslavia, has the capacity to meet not only the country's needs of approximately 1 million tons of refined products per year, but to export refined products to neighboring areas as well. OKTA has plans for construction of a pipeline from Macedonia to Kosovo and Serbia.

In addition to the Skopje-Thessaloniki pipeline, which follows European Transport Corridor 10, the U.S. consortium AMBO (Albanian-Macedonian-Bulgarian-Oil) has proposed a pipeline that would follow the east-west Corridor 8 route, linking the port of Burgas, on the Black Sea coast of Bulgaria, with the port of Vlore, on the Adriatic coast of Albania. The pipeline would transport oil from the Caspian region to markets in Western Europe and the United States. If this project is implemented, there could be substantial export and subcontracting opportunities for U.S. companies.

A natural gas transportation pipeline has been constructed to carry Russian gas from the Bulgarian border to Skopje. This pipeline currently supplies primarily industrial users, but several pilot projects are planned to promote the gasification of urban areas. The government has also discussed the possibility of extending the pipeline to other Macedonian cities.

## **Opportunities**

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Following the privatization of ESM – Distribution, the Government has liberalized part of the electricity generation market. The Government is offering concessions for investment in hydropower facilities and other new energy generation opportunities. The law on energy is available at

[http://www.erc.org.mk/Uploads/Zakon%20za%20energetika%20-%2063-2006\[1\].pdf](http://www.erc.org.mk/Uploads/Zakon%20za%20energetika%20-%2063-2006[1].pdf)

[Note: at the time of the drafting of this report the Parliament was considering proposed amendments to the energy law.] There are also opportunities to promote more efficient use of electricity, through home insulation and installation of more efficient heaters and electromechanical devices. Also, liberal legislation provides opportunities for small projects and Individual Power Plant (IPP) construction and operation.

## **TRANSPORTATION**

### **Overview**

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Macedonia is situated in the center of the Balkan Peninsula at the intersection of several key road and railway links. Macedonia has 8,200 kilometers of roadways (60 percent are paved and well maintained) and 700 kilometers of railways. Two Pan-European Transportation Corridors, Corridor 8 (east-west) and Corridor 10 (north-south) pass through Macedonia. Corridor 8 consists of the E-65 highway from Durres, Albania to Varna, Bulgaria via Skopje, Macedonia and Sofia, Bulgaria. Corridor 10 consists of the E-75 south-north road from Athens, Greece via Skopje, Macedonia, Belgrade, Serbia, and Zagreb, Croatia to Munich, Germany.

Improvements in the past few years have focused primarily on the elimination of “bottle necks” and the completion of the infrastructure on both corridors.

### **Opportunities**

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U.S. companies can participate in infrastructure development in the areas of construction equipment and materials, tollbooth equipment, electronic data processing equipment, traffic monitoring, project management services, and telecommunications equipment.

With its centrally positioned geographical location, Macedonia can serve as distribution center for the U.S. vendors operating in the Balkan region, and beyond.

Several foreign airline companies (Austrian Airlines, Malev, JAT, Adria Airways, Croatia Airlines, Turkish Airlines) fly into Macedonia's main airport near Skopje. Foreign carriers fly to Skopje from Vienna, Zurich, Budapest, Belgrade, Ljubljana, Zagreb, and Istanbul. U.S. companies have bid for contracts in the field of air transportation services, airport equipment and construction, and air navigation and control systems.

## COMPUTERS AND INFORMATION TECHNOLOGY EQUIPMENT

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The computer and information technology (IT) sector in Macedonia is a promising area for U.S. IT companies. The IT sector is involved in many areas, including assembly, sales and maintenance of personal computers and main frames. Other areas include networking, systems integration, software development, internet service providers, web design, multimedia, consulting, and training. In June 2002, Parliament passed the “e-Declaration,” a statement of commitment by the government to fast-track electronic commerce. IT revenues for 2007 were close to \$100 million and are projected to exceed that in 2008.

Most of the world’s largest IT companies, such as Microsoft, Cisco, IBM, Compaq, Hewlett Packard, Dell, Sun Microsystems, Apple, and Lotus, are present in Macedonia via branch offices, distributors, dealers, resellers, solution providers, and business partners.

### Opportunities

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Several software development companies are creating applications for Western markets. These include banking, air traffic control, digital animation, and website development.

With the liberalization of the telecom industry in February 2005 (the Law on Electronic Communications; <http://www.aec.mk> ), many opportunities exist to sell products and services in this market.

## CONSTRUCTION AND BUILDING MATERIALS

### Overview

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The Macedonian construction industry is recognized for its skilled personnel and use of modern technology in some sectors, especially in the area of civil engineering and hydro-construction. For this reason, Macedonia has been a major supplier of construction services, with local firms working on small and large-scale projects in Central Europe, the Middle East and Russia. Macedonian firms have good access to Russian markets and also have won contracts for EU projects in Germany and Italy.

According to data compiled from building materials manufacturers, building construction continues to grow rapidly. Macedonia also exports building materials, primarily to Kosovo and Albania. The construction industry has a turnover of 400 million US dollars annually, 20 – 25 % of which is spent on imported products, equipment and fixtures.

The construction industry has accounted for between five and eight percent of annual GDP for over a decade. Construction companies in Macedonia are versatile and skilled, designing and building roads, civil and military airports, bridges, high-rise buildings, industrial facilities, dams, tunnels, irrigation systems, water-supply systems, waste-treatment systems and purification facilities. Macedonian construction companies also provide expert studies, investment programs, and engineering and expert technical supervision of domestic projects.

### Opportunities

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There are both export and investment opportunities available for U.S. companies in the construction and building materials sector. Buildings in Macedonia are energy inefficient and heavy, and take a relatively long time to build. Wood and steel frame buildings are almost unknown, though builders in Macedonia are starting to examine American-style platform-frame wood construction and prefabricated housing. This situation offers many opportunities to promote high-tech American building materials based on advanced U.S. technology. U.S. building products that may have good market prospects include wood and vinyl windows, doors, flooring and kitchen cabinets, suspended ceilings, insulation, adhesives, cements, roofing shingles, heating and ventilation equipment, air conditioning, refrigeration and cooling systems. The domestic market in Macedonia offers primarily cement and cement products, and gypsum products.

## **HOTEL & RESTAURANT EQUIPMENT/TOURISM**

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The tourism sector offers export and investment opportunities and has significant potential for future development. The country's geographical location, mild climate, and historic and religious sites provide favorable conditions for the development of the tourism industry. Macedonia has about 100 hotels, 10 campgrounds, 2 tourist settlements and in total, over 80,000 tourist beds. Macedonia has many tourist attractions, including three natural lakes (Lake Ohrid, Lake Prespa and Lake Dojran), and high mountains suitable for camping, hiking, and winter sports. The most popular tourist destination, with almost 80 percent of Macedonia's tourist revenues, is Lake Ohrid. The town of Ohrid, in an area of great natural beauty, also enjoys the protection of UNESCO as an historical/cultural heritage site. Numerous hotels need major repair and modernization, especially along the coast of Lake Ohrid, in Skopje, and at the winter ski resorts of Mavrovo, Mt. Shara, and Mt. Pelister. Tourists mainly come from the countries of the former Yugoslavia, Bulgaria, Greece, Germany, Holland, and Italy.

US franchise hotels, Holiday Inn and Best Western, are present in Skopje.

### **Opportunities**

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Since there has been very little investment in tourism, legacy hotels need repair and upgrading. There has been an increase in construction of smaller hotels, more suitable to the Macedonian market, in areas around Lake Ohrid. There are no golf courses in Macedonia, nor do the three largest lakes, Ohrid, Dojran and Prespa, have any significant watersport centers.

**Agricultural Machinery and Equipment**

The food and beverage industry is one of Macedonia's most promising sectors, based on previous performance and potential. Most of the food-processing facilities are in private hands. Agribusiness in Macedonia, including agriculture and food processing, accounts for 12 per cent of GDP and for 16.8% of the total number of persons employed in the country.

In 2007, the government increased its agriculture budget by almost 40%, to \$49.3 million (exchange rate 1\$ = 41 MKD). The government has promoted agriculture as one of the most important sectors for the development of Macedonian economy, and adopted and amended several agriculture related laws to comply with EU requirements. In June 2007, the Government adopted the National Agriculture and Rural Development Strategy (2007 – 2013) to strengthen the ability of the Macedonian agriculture to compete in EU and regional markets.

Exports of agriculture and food products continue to increase, and constitute 17% of Macedonia's total exports. The top three export - import markets for agriculture and food products are the EU, Serbia, Kosovo, Croatia, Bosnia, and Bulgaria.

The main export products from Macedonia are tobacco (23% of total agricultural exports), wine (11.3% of total agricultural exports), fresh and processed vegetables and fruits, beverages and lamb meat. Main import products remain meat (beef, poultry and pork for 50% of the total agriculture imports), sugar, beverages and grains.

Food and beverage processing are significant industries in Macedonia, as well as fresh fruits and early vegetables. Processed foods include both semi-finished products (including frozen, dried, and concentrate) and finished products (canned and preserved). Over 75 per cent of the processed foods are exported, mostly to the EU and to neighboring countries.

According to the Law on Veterinary Health and the rule book on sanitary and hygiene conditions for food production, an establishment that is involved in production and/or trade of food products, has to adopt HACCP standards by January 1, 2009, in order to be able to obtain approval and registration for operation.

**Opportunities**

Macedonia needs agricultural machinery and equipment, meat and dairy equipment, and veterinary equipment and supplies to expand the quality and quantity of its production. Domestic production of agricultural machinery is minimal, and the market relies on imports. There are substantial opportunities for U.S. companies in the agribusiness area for equipment that will add value to the food processing sector, such as bottling,

packaging, and refining equipment. For additional information on marketing opportunities, one may consult: <http://www.buyusa.gov/macedonia/en/> .

In 2006, Macedonia produced approximately 1 million hectoliters of beer, mostly for domestic consumption, and approximately 0.9 million hectoliters of wine. Though Macedonia exports much of its wine in bulk to be bottled in other countries, the pattern is changing, with an emerging number of smaller private wineries, oriented to producing quality wines. Out of 38 wineries in Macedonia, 25 are focused on export markets. Over 40% of domestic wine production is exported, mainly to the EU, former Yugoslav countries, Japan, Australia and the US. Export opportunities exist for U.S. companies for equipment that will increase the volume of wine bottled in Macedonia, and technology and supplies that will stimulate grape production.

Organic farming is an area of expected development and interest both by domestic and foreign markets. In 2006, the number of organic producers doubled compared to 2005. For 2008, the Macedonian government announced increased support for organic production.

The key weaknesses of the agriculture sector are the lack of modern equipment and lack of compliance with EU standards. Experts have also identified problems in waste treatment and waste disposal, hygiene, animal welfare and in meeting environmental standards.

The Macedonian government considers agriculture a target area for future investments, growth and development, including increased foreign direct investment (FDI).

### **Trade in Agricultural products**

Frozen chicken: Frozen U.S. chicken leg quarters and livers are sold primarily to meat processing facilities. Unlike past years, only small quantities are sold for retail consumption. Buyers are usually wholesaler/importers, and price is paramount. The National Veterinary Service accepts USDA certification.

Soybean meal: Some layer and broiler operations have their own feed mills, but most U.S. origin soybean meal is purchased from Greek crushers by large farms and concentrate producers. Higher protein meal is in demand, but the market is price sensitive.

Red meat: Sausage and variety meat processors are increasing demand for frozen pork, and especially beef offal, for use in local manufacturing. The National Veterinary Service accepts USDA certification.

Specialty flour: The larger bakeries and mills have purchased specialty flours (high quality, high gluten) for use in blending. Small quantity lots are generally preferred.

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## Chapter 5: Trade Regulations and Standards

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### Import Tariffs

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Macedonia became the 146th member of the World Trade Organization (WTO) in April 2003 and is liberalizing its customs regime in accordance with WTO guidelines. As a WTO member, Macedonia has committed itself to the three basic rules of trade conduct: transparency in laws, equal rights and privileges for foreign and domestic firms and citizens, and most-favored nation treatment. Macedonia is constantly harmonizing its customs' laws with EU laws and regulations.

Customs duties generally apply to most products imported into Macedonia. Special tariffs apply to countries with which Macedonia has signed a bilateral Free Trade Agreement, as well as to countries participating in multilateral trade agreements, such as the Central European Free Trade Agreement (CEFTA). In 2007, tariffs ranged from 0-75 percent, with an average rate on agricultural products of 16.50 percent and on industrial products of 7.02 percent. The average rate for all products decreased to 9.29 percent in 2007 from 9.78 percent in 2006, due to Macedonia's obligation as a WTO member to reduce tariffs on many products. In accordance with WTO regulations, further tariff reductions are expected in 2008, with the average rate expected to drop to 9.25 percent. There is no duty on raw materials for the textile and apparel industry. Excise taxes apply to wine, beer, cigarettes, mineral oils, tobacco, and vehicles. The only difference from last year is the exemption of coffee from the excise tax. Excise taxes are determined by the type and quantity of the product and are levied in addition to the customs tariff. Custom tariffs on new automobiles range from 5 to 10 percent depending on the engine capacity, and a rate of 10 percent is applied while importing used automobiles. However, there are preferential rates on new automobiles coming from the EU countries, ranging from 2.5 to 5 percent, depending on the engine capacity. There are variable levies for agricultural and food products as well. Other products, like tobacco, wine, and various fruits, are subject to import quotas. Import as well as export quotas are provided on a first-come-first-serve basis.

A Value Added Tax (VAT) of 18 percent is applied on most products and services. Only food, potable bottled water, some printed materials such as newspapers, magazines and educational books, and as of September 2006 raw materials for agriculture production, and as of August 2007 medicines, medicine and orthopedic equipment, public transportation, computer hardware and software, and solar systems, are taxed at the preferential rate of five percent. For imports into Macedonia, the VAT is assessed on the CIF value of the goods plus the duty.

## **Trade Barriers**

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A number of products are subject to quality control by market inspection officials at customs offices. These officials are employed by the Ministry of Economy to ensure that imported goods are in compliance with domestic standards. The products subject to quality control include most agricultural products, cars, electrical appliances, or products in which poor quality may pose a health risk to consumers. When applicable, products also must pass sanitary, phytopathologic or veterinary control. (Additional information on sanitary requirements can be obtained from the Ministry of Health, and phytopathologic and veterinary requirements can be obtained from the Ministry of Agriculture, Forestry and Water Resource Management.)

Import regulations are generally numerous and are not always available in English. In order to learn about customs duties, taxes and quality requirements for a specific product, U.S. exporters can consult the Customs Administration web page: <http://www.customs.gov.mk>, or contact freight forwarders or business consultants in Macedonia.

## **Import Requirements and Documentation**

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An importer/exporter in Macedonia is responsible for providing the required import/export documentation, which consists of common trade, transport and customs documentation, as well as certificates of origin and certificates of quality control and licenses. Service providers are not subject to customs regulations, but foreign trade transactions are subject to a documentation fee of one percent.

## **U.S. Export Controls**

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Most technology can be exported from the United States to Macedonia under general export licensing guidelines, but some equipment requires validated export licenses from the Bureau of Export Administration (U.S. Department of Commerce and/or Department of State). Generally, defense products and equipment such as optical equipment and software that may have a dual use require an export license. Export licenses can be obtained from the Bureau of Export Administration (BXA at the US Department of Commerce). BXA coordinates the licensing process with the Departments of State and Defense.

The need for an export license depends on the product's Export Commodity Control Number (ECCN), available from the manufacturer, or from BXA by calling (202) 482-3332 or -4811.

## **Temporary Entry**

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Products may be imported into Macedonia on a temporary basis. The rules on temporary imports are contained in the Regulation for Application of the Law on Customs (Official Gazette No.39/2005).

Products allowed temporary import status include raw materials processed in Macedonia and re-exported, infrastructure equipment produced by foreign contractors, and office equipment for foreign firms.

Macedonia is a party to the Customs Convention on Carnet (ATA) for Temporary Import of Goods. Presentation of an ATA carnet, or TIR carnet, facilitates the process. An entry carnet may be obtained from a local chamber of commerce in the United States. Carnets are usually valid for 1 year and list the products to be imported on a duty-free basis. The carnet must be presented upon entry into Macedonia. Customs will stamp the carnet, thereby validating it. Upon departure, the carnet must again be presented for validation, confirming that the product is being transported out of Macedonia. Failure to re-export the goods results in application of the corresponding duties.

## **Labeling and Marking Requirements**

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Labels must contain the following information: quality, ingredients, quantity, manner of storage, transport, use, maintenance, country of origin and a "best before" date. The above information must be in Macedonian.

## **Prohibited and Restricted Imports**

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Chemicals, weapons, ammunition, pesticides, agricultural products and some other categories of products may require import licenses from the responsible ministry. See the Customs Administration website for details.

## **Customs Contact Information**

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Macedonian Customs Administration  
Lazar Licenoski 13, 1000 Skopje  
Republic of Macedonia  
Phone: +389 2 322 4342  
Fax: +389 2 323 7832  
[www.customs.gov.mk](http://www.customs.gov.mk)

## Standards

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- [Accreditation](#)
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## Overview

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The process of developing, certifying and enforcing standards is undergoing reform in Macedonia, and many of the Government's standards bodies are new or recently reorganized.

## Standards Organizations

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Standards are regulated and developed by the following institutions:

### 1. Regulatory functions:

- Ministry of Economy, acting as a coordinator;
- Other Ministries for specific topic areas.

### 2. Controlling functions:

- Customs Administration;
- State Market Inspectorate.

### 3. Certification functions:

- Standardization Institute of the Republic of Macedonia;
- Bureau of Metrology;
- Accreditation Institute of the Republic of Macedonia;
- Laboratories, certification and controlling offices.

## Conformity Assessment

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Macedonia's main testing and conformity assessment bodies are:

- Standardization Institute;
- Accreditation Institute;
- Bureau of Metrology.

## Product Certification

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Product certification requirements are specified in the laws listed in Section Overview.

The Law on the Protection and Improvement of the Environment and Nature (official Gazette No. 69/1996) regulates safety standards for import/export purposes. The Law on Accreditation and the Law on Specifying Technical Regulations are being amended. The Law on General Safety of Products was adopted in 2006.

## Accreditation

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The Parliament of the Republic of Macedonia adopted the Law on Accreditation in July 2002 ([www.sep.gov.mk/tr\\_zakoni/zakoni\\_doc/Law%20on%20Accreditation%204%20July%202002.MAIL.doc](http://www.sep.gov.mk/tr_zakoni/zakoni_doc/Law%20on%20Accreditation%204%20July%202002.MAIL.doc)), prepared on the basis of European law. Based on that legislation, the Government has established the Accreditation Institute (AI) as an independent legal entity. The AI performs the accreditation of:

1. Laboratories for testing and calibration;
2. Organizations issuing product certifications;
3. Organizations issuing certificates for systems for quality;
4. Organizations issuing certificates for systems for protecting the environment;
5. Organizations issuing certificates for persons;
6. Organizations conducting supervision.

AI participates at meetings with European and other international organizations for accreditation, and also acts as an advisory body to the Government on issues of accreditation.

The Accreditation Institute can be contacted at the following address:

Accreditation Institute of the Republic of Macedonia  
Mr. Trpe Ristoski, Director  
Vasil Glavinov, bb, Blok X, Mezanin  
Tel: 389-2-329-6685  
Fax: 389-2-329-3089  
1000, Skopje, Macedonia

## Publication of Technical Regulations

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Each of the standardization and accreditation organizations issues bulletins on its procedures. Also, sector-regulating laws are published in the Official Gazette as adopted or amended.

## Labeling and Marking

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Labels must contain the following information: quality, ingredients, quantity, manner of storage, transport, use, maintenance, country of origin and a "best before" date. The above information must be in Macedonian.

## Trade Agreements

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Macedonia became a member of the Central European Trade Agreement (CEFTA) in 2000 (<http://www.cefta.org/>). In December 2006 CEFTA expanded to include Albania, Bosnia and Herzegovina, Croatia, UNMIK/Kosovo, Macedonia, Moldova, Montenegro, and Serbia. Currently, Macedonia has additional Free Trade Agreements (FTA) with Turkey and Ukraine. In February 2001, Macedonia signed a Stabilization and Association Agreement (SAA) with the European Union, and in December 2005 the European Union granted candidate status to the country. A critical component of the SAA is a preferential trade agreement that allows products from Macedonia to enter the European Union duty free. The agreement also provides for a gradual (10 to 12 years) reduction of duty rates for European Union products entering Macedonia.

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Ministry of Economy - <http://www.economy.gov.mk>

Ministry of Finance - <http://www.finance.gov.mk>

Ministry of Internal Affairs - <http://www.mvr.gov.mk>

Macedonian Customs Authority - <http://www.customs.gov.mk>

Secretariat for European Affairs - <http://www.sep.gov.mk/portal/eng/default.asp>

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### Openness to Foreign Investment

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As a small, open economy, Macedonia continues to take active steps to attract foreign direct investment (FDI). The country has enacted legislation that not only ensures an equal footing for foreign investors vis-à-vis their domestic counterparts, but also provides numerous incentives to attract such investment. Even before gaining full membership in the World Trade Organization (WTO) in April 2003, Macedonia consistently provided national treatment to foreign investors. The country has concluded a number of bilateral investment protection treaties and other multilateral conventions that impose stricter protection standards for foreign investors.

The Constitution of Macedonia, as the supreme law of the land, guarantees the equal position of all entities in the market, and provides for free transfer and repatriation of investment capital and profits for foreign investors. Macedonia's privatization process is almost complete. Under Macedonian law, foreign and domestic investors have equal opportunities to participate in the privatization of remaining state-owned capital. There is no single law regulating foreign investments. Rather, the legal framework is comprised of several laws, including: the Trade Companies Law; Securities Law; Profit Tax Law; Customs Law; VAT Law; Law on Trade; Law on Acquiring Shareholding Companies; Foreign Exchange Operations Law; Payment Operations Law; Law on Foreign Loan Relations; Law on Privatization of State-owned Capital; Law on Investment Funds; and the Banking Law.

The legal system in Macedonia is undergoing substantial reform. However, it is still often slow, inefficient, lacking in adequate resources, and sometimes subject to political pressures and corruption. Enforcement of the law and upholding of contracts is inconsistent and not always impartial.

#### **- The Trade Companies Law**

This is the primary law regulating business activity in Macedonia. It defines the types of companies allowed to operate in Macedonia, as well as procedures and regulations for their establishment and operation. As all foreign investors are granted national treatment, they are entitled to establish and operate all types of private or joint-stock companies. Foreign investors are not required to obtain special permission from state-authorized institutions other than what is customarily required by law.

#### **- Law on Privatization of State-owned Capital**

According to this law, foreign investors are guaranteed equal rights with domestic investors when bidding on tenders for company share packages owned by the government. There are no impediments to foreign investors participating in the privatization process of domestic companies.

#### **- Foreign Loan Relations Law**

This law regulates the credit relations of domestic entities with those abroad. Specifically, it regulates the terms by which foreign investors can convert their claims into deposits, shares or equity investment with the debtor company or bank. The Foreign Loan Relations Law also enables rescheduled debt to be converted into foreign investment in certain sectors or in secondary capital markets.

#### **- Law on Investment Funds**

A new Law on Investment Funds is expected to replace the existing one in 2008. Until then, the current law governs the conditions for incorporation of investment funds and investment fund management companies, the manner and supervisory control of their operations, and the process of selection of a depository bank. The law does not discriminate against foreign investors in establishing open-ended or closed investment funds.

#### **- Law on Foreign Exchange Operations**

This law establishes the terms for further liberalization of capital transactions. It regulates current and capital transactions between residents and non-residents, the transfer of funds across borders, as well as all foreign exchange operations. All current transactions of foreign entities are allowed. There are no restrictions for non-residents to invest in Macedonia. Foreign investors may repatriate both profits and funds acquired by selling shares after paying regular taxes and social contributions. In case of expropriation, foreign investors have the right to choose their preferred form of reimbursement. While they themselves cannot directly own land, foreign investors may invest in or own fixed assets and real estate. Foreign investors may also establish domestic companies that have the right to purchase land.

## **Profit Tax Law**

Starting in January 2007, the profit tax was reduced from 15 percent to 12 percent. On January 1, 2008, the rate was further reduced to 10 percent. At the beginning of 2006, the GOM amended the Profit Tax Law and introduced a withholding tax on income for foreign legal entities. The withholding tax is applied to income from dividends, interest, management consulting, financial, technical, administrative, research and development services, leasing of assets, awards, insurance premiums, telecommunication services, authors fees, and sports and entertainment activities. Income from all of these activities is subject to a 15 percent withholding tax rate, except for income from interest and leasing of real estate, which are taxed at a 10 percent rate. This withholding tax does not apply to legal entities from countries which have signed an agreement for avoiding double taxation with Macedonia. The USA and Macedonia have not yet signed such an agreement.

### **- Other Legal Considerations**

Foreign investment may be in the form of money, equipment, or raw materials. According to the law, foreign investors have the right to receive the full value of their investment in the case of nationalization. This regulation offers an additional incentive to foreign investors, since it is not offered to national investors.

The privatization process is governed by the Law on Transformation of Enterprises with Social Capital (Official Gazette 38/93) and the Law on Privatization of State-owned Capital (Official Gazette 37/96). To finalize the privatization of remaining loss-making and bankrupted state companies, the government offered large discounts on the nominal value of the shares and did not impose employment and investment requirements. Except for the power distribution company, all other state-owned utilities are yet to be privatized.

Foreign investors are allowed to invest directly in all industry and business sectors except those limited by law. Investment in the production of weaponry and narcotics is prohibited without government approval. Investors in some sectors, such as banking, financial services, and insurance, must meet certain licensing requirements that apply equally to domestic and foreign investors.

## **Conversion and Transfer Policies**

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Macedonia's national currency, the denar (MKD), while fully convertible within the domestic market, is not convertible on foreign exchange markets. Conversion of most foreign currencies is possible on the official foreign exchange market. In addition to banks and savings institutions, numerous authorized exchange offices also provide exchange services. The National Bank operates the foreign exchange market, but participates on an equal basis with other entities. Required foreign currency reserves are spelled out in the banking law. There are no restrictions on the purchase of foreign currency by residents.

Parallel foreign exchange markets do not exist in Macedonia due to the long-term stability of the denar. The National Bank's strategy is to maintain a stable exchange rate by pegging the denar to the Euro and keeping inflation low.

The Constitution of Macedonia guarantees the free transfer and repatriation of investment capital and profits. By law, foreign investors are entitled to transfer profits and income without being subject to a transfer tax. Investment returns are generally remitted within the international standard of three working days.

## **Expropriation and Compensation**

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According to the Constitution of Macedonia and the Law on Expropriation (Official Gazette 33/95, amended Official Gazette 20/98, and 40/99), foreign ownership is exempt from expropriation except during instances of war or natural disaster, or for reasons of public interest. Public interest, as defined by this Law, includes the following:

- Construction of infrastructure;
- Construction of power stations, waterworks, water supply systems, postal and communication systems and all accompanying and supporting infrastructure;
- Construction of buildings for defense and civil protection and regulation of border crossings;
- Buildings and equipment for research of natural resources, education, science, health, culture, social security, athletics or activities; and
- Building settlements following extreme natural disasters and relocation settlements.

The beneficiary of expropriation is the state, especially when it allocates finances for public service, public enterprise, public funding and local government units. Under the Law on Expropriation, the state is obliged to pay market value for any property expropriated. If the payment is not made within 15 days of the decision brought for expropriation, default interest will be calculated.

There have been no expropriation measures taken since the 1950s, nor is there any reason to believe the government will take such action in the future. The government does not impose confiscation taxes of any kind.

In 2002, under the Law on Denationalization, the government pursued an ambitious plan for returning or providing compensation for nationalized property. In 2007, it revived the project by extending another deadline, until the end of 2007, for receiving denationalization claims. Claimants filed a total of about 25,000 claims, out of which 16,200 were positively resolved. About 11,500 cases have been finalized and effectuated, i.e. property was either returned or owners were adequately compensated.

## **Dispute Settlement**

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Under Macedonian law, arbitration of international disputes is distinct from that of domestic disputes. The parties involved in an international dispute may agree to settle through domestic litigation (Official Gazette Number 79/05; September 21, 2005), through mediation (Law on Mediation; Official Gazette 60/06; May 15, 2006), or foreign arbitration tribunal (Official Gazette Number 39/06; March 03, 2006). Ratified international agreements trump domestic legislation.

International arbitration is recognized and accepted as valid by government regulation. The government accepts binding international arbitration on investment disputes and has over 40 internationally-accredited arbiters on the country's arbitration list. The arbitration court applies the appropriate law based on issues determined by the parties. In the event that the parties cannot agree on the issues involved in the case, the court then makes its own assessment of the merits of the case.

International sources of arbitration law consist of bilateral and multilateral conventions, which Macedonia has signed or inherited from the former Yugoslavia on the basis of succession. Macedonia has signed the Convention Establishing the Multilateral Investment Guarantee Agency (MIGA), the New York Convention of 1958 (governing the recognition and enforcement of foreign arbitral awards), and the Geneva Convention on the Execution of Foreign Arbitral Awards. Macedonia is also a party to the Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States, and the European Convention on International Commercial Arbitration. Furthermore, Parliament has instituted legislative changes to administer laws related to foreign investment. With the 1995 enactment of the Law on Courts, the judicial body evolved into a three-tiered court system: the Basic Court (or Court of the First Instance), the Appellate Courts and the Supreme Court. As of 2007, there is also an Administrative Court for handling administrative law cases.

Also, in order to provide better resolution of business disputes and improve the business environment through the use of mediation, the Economic Chamber of Macedonia has signed a memorandum of cooperation with the Alternative Dispute Resolution Program of the World Bank's International Finance Corporation. The agreement is part of an effort by Macedonia to introduce the use of the mediation in the business sphere.

## **Performance Requirements and Incentives**

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Both the Law on Customs and Law on Profit Taxes offer incentives to foreign investors. Foreign investors are eligible for profit tax exemptions in four areas:

- Profits generated during the first three years of operation, in proportion to the amount of foreign investment;
- All profits reinvested in the company (starting January 1, 2008);
- Profits invested in environmental protection; and
- Profits invested in "underdeveloped" regions.

The government amended profit tax law that entered into force January 1, 2007, may be found at: [http://www.finance.gov.mk/gb/laws/zakon\\_danok\\_dobivka\\_139\\_2006\\_en.pdf](http://www.finance.gov.mk/gb/laws/zakon_danok_dobivka_139_2006_en.pdf)

Companies with at least 20 percent foreign capital are exempt from customs duties for the first three years after registration.

Foreign investors are not required to purchase from local sources or to export all of their production. There are also no requirements for the government to be a partner in an enterprise. Commercial agreements determine which entity retains control over the investment revenue. Furthermore, there are no requirements for reducing foreign equity over time or for transferring technology.

With the beginning of 2008, a flat tax for the corporate and personal income with a 10 percent rate was introduced. The previous personal income tax rates amounted to 15, 18 and 24 percent, whereas the profit tax rates amounted to 15 percent.

Geography plays an important role in determining investment incentives. The government places an emphasis on building in underdeveloped regions, and offers tax deductions as an incentive to develop, for example, in mountainous territory, border zones or rural regions.

Macedonia's government has no objections to accepting international monetary assistance or counsel from leading experts in sectors such as the economy, law, and education. When Macedonia receives foreign credit, the government is required to inform the parliament. Once informed, members of parliament decide whether the credit will be accepted. The government may, however, accept donations and irrevocable assistance without consulting with the parliament.

The Law on Residency of Foreign Citizens sets requirements for both working and resident visas. There are some non-discriminatory limitations on obtaining a visa. A foreign citizen working in Macedonia can be issued a multiple entry visa. An employer should apply to the Employment Bureau to obtain a work permit for any foreign employees working in Macedonia on a temporary or permanent basis.

There is no discriminatory export or import policy affecting foreign investors. Almost 96 percent of total trade (export/import) is unrestricted, with some exceptions for textile products. Current tariffs and other customs-related information are published on the Customs website, <http://www.customs.gov.mk>.

## **Right to Private Ownership and Establishment**

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Under Article 30 of the Constitution of Macedonia, the investor's right to own property is guaranteed. Foreign investors may acquire property rights for buildings and rights for other immovable assets to be used for their business activities. They may acquire residential property, but not ownership rights over construction land. Foreign investors are permitted to have only land-use rights, not land ownership rights. Foreign investors may establish a domestic company, which has the right to purchase land. Ownership of property requires preservation of specific rights that serve both the individual and the community. For example, 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. If the property is expropriated or restricted, rightful compensation based on its market value is guaranteed.

At the end of 1999, the government introduced two laws governing competition, a law on restricted competition and an anti-monopoly law. Macedonia still lacks a fair competition law, however. Under current law, state enterprises enjoy special privileges vis-à-vis their private counterparts. This is an area of concern for the country's judicial system; it is not yet clear how Macedonia will address this issue.

Under Macedonian law, foreign and domestic private enterprises have the right to establish and own business enterprises, engage in all forms of business activity, and freely establish, acquire, and dispose of interests in business activities.

While the legal basis for protection of ownership of both movable and real property exists, implementation remains incomplete. In order to improve the registration of real estate through the Government cadastre system, the Government in 2006, prepared a two-year action plan for reform of the cadastre. The first step involved creating a new electronic service that should increase security and speed in real-estate transactions of the citizens, as well as opening an information line for foreign investors and domestic businesses that should shorten the time for providing property information.

Intellectual Property Rights are covered by the Law on Industrial Property, enacted in 2002 and amended in 2006; the Law for Authors and Common Rights, enacted in 1995 and amended in 2005; and the Law on Customs Measures for Protection of IPR, enacted in 2006. The State Institute for Industrial Property governs patents, trademarks, service marks, designs, models and samples. The protection of author's rights (music, film and television, books, software, etc.) is administered by the Inspection Service within the Ministry of Culture, established in 1999. In addition, the State Market Inspectorate is responsible for monitoring and controlling establishments that sell or rent counterfeited or pirated goods. The Ministry of Interior also enforces the sale of intellectual property, as it relates to significant organized crime cases. The Customs Administration has the authority to investigate cases involving the importing or exporting of counterfeit goods, and has the right to seize suspect goods.

The penalties for IPR infringement depend on the seriousness of the violation. In order of severity, the penalties can include: 30 - 60 days closure of businesses caught selling counterfeited or pirated goods, monetary fines of up to 5,000 euros, or prison sentence up to 5 years. IPR cases are not handled by specialized courts. Parliament passed new amendments to the Criminal Code which expanded the IPR violations subject to criminal charges to bring Macedonia in line with the relevant international conventions on intellectual property and related rights protection.

Macedonia joined the World Intellectual Property Organization (WIPO) in 1993, and in 1994 became a member of the Permanent Committee of Industrial Property Protection Information of WIPO. As a successor to the former Socialist Federal Republic of Yugoslavia, Macedonia is a party to international conventions and agreements that the former Yugoslavia signed prior to Macedonia's independence.

Macedonia's accession to the WTO in April 2003 underscored the urgent need for the government to prevent copyright infringement. The first step in that direction was taken in 2002 when the Government reached an agreement with Microsoft to legalize all government software. Over the past few years the Government has seized and destroyed some counterfeit items and taken some legal actions against those who produce and sell counterfeit goods. Nevertheless, overall enforcement remains weak, and counterfeit goods remain common in shops and markets in Macedonia.

As an EU candidate country, Macedonia is obligated to harmonize its IPR laws and regulations with EU standards, and to demonstrate adequate enforcement of those laws. The Government's Secretariat for European Affairs is coordinating this effort.

There are no laws, policies, or legal regulations that formally would impede foreign investment in Macedonia. On the contrary, the government seeks to increase the level of foreign investment by enacting legal provisions (i.e. tax incentives) favorable to investors. Such provisions notwithstanding, excessive bureaucratic 'red tape' still poses difficulties in all spheres of government administration, providing opportunities for corruption and dragging out some administrative processes.

In order to ease the regulatory burden, through a process dubbed the "regulatory guillotine," the Government has reviewed business regulations with the intent to eliminate unnecessary and outdated regulations. As a result of the process, and in consultation with the business community and non-governmental organizations, the Commission for Regulatory Reforms has proposed changes to a number of laws to increase the ease of doing business in Macedonia. The Government claims that over 50 percent of existing administrative procedures were eliminated, or the time required to comply with them was reduced by half. In October 2007, the World Bank rated Macedonia in the "Doing Business 2008" report as the fourth most improved state in terms of economical reforms, out of 178 countries. The improvement was due in part to a more efficient regulatory regime.

#### **Efficient Capital Markets and Portfolio Investment**

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There are no legal barriers to the free flow of financial resources and portfolio investments. Financial resources are almost entirely managed through the Macedonian banking system. In 2007, foreign capital was present in 17 out of a total of 19 banks, and was dominant in 10 banks. Officially, at the end of the first half of 2007, foreign investors' share in total banking assets grew by 6.9 percentage points, to 63 percent. According to the Central Bank, at the end of June 2007 the percentage of non-performing loans in the total credit portfolio of the banking system was 6.4 percent. Supervisory monitoring has been further strengthened, enhancing depositors' confidence. Banks enjoy high liquidity but a relatively low intermediation rate. Credit is available on the local market and allocated on market terms. Retail interest rates in 2007 remained at the level of the previous year, ranging between 6 and 24 percent, depending on the type of loan and the bank's policy. The weighted average lending rate of the banking system at the end of October 2007 was 10 percent, while the deposit rate was 5.1 percent.

Domestic companies secure financing primarily from cash flow, due to lack of corporate bonds or securities as alternative credit instruments. Because of the scarcity of private financing, credit demand is high, affecting interest rates. The leasing market expanded in 2007 as more leasing companies entered the market, but that market is still relatively small.

Although showing significant improvement, Macedonia's securities markets are still modest in turnover and capitalization. The establishment of a Stock Exchange in 1995 made it possible to regulate portfolio investments. On March 28, 1996, the commencement of trading operations created a central marketplace for securities trading. This was also the first organized stock exchange in the history of the country. Until 2005, activity on the stock market was extremely limited, but the offer of shares from well-established companies in 2005 attracted both domestic and foreign investors. The Securities and Exchange Commission regulates Macedonia's securities market. The number of companies listed on the Official Market increased in 2006 and in 2007.

Trading picked up, especially in the first half of 2007, although most of the activity still takes place on the Secondary Market, where less transparency and more limited disclosures are required. Foreign investment funds were the driving force of the higher turnover and increased trading in 2007. The lack of domestic investment funds caused individuals to buy and sell stocks on the Macedonian Stock Exchange on their own, rather than through an investment fund. Individual investors therefore accounted for up to 40 percent of the total turnover of the stock exchange. Government paper is present on the stock exchange in the form of denationalization bonds, frozen foreign currency bonds and a few special purpose bonds. In January 2004, the government started issuing treasury bills, and has diversified the terms of maturity, striving to move to longer-term bills. Other government-issued bonds are for frozen foreign currency deposits and denationalization. A fully convertible current account puts no restrictions on portfolio investments, but short-term capital inflows are still relatively low. Full liberalization of the capital account, allowing Macedonians to open foreign bank accounts from Macedonia, is expected in the second half of 2008.

Macedonia has no regulatory defense measures directed against foreign investment. Similarly, there are no private or government efforts directed toward restricting foreign entities from investment, participation, or control of domestic enterprises, consortia or industrial organizations. On the contrary, the GOM in 2007 launched an expansive campaign to attract foreign investors, which included promoting Macedonia in many of the world's leading newspapers and magazines, and visiting many governments, businesses and business associations throughout the world. Macedonia is in the process of harmonizing its legal and regulatory systems with international, primarily European Union, standards.

## **Political Violence**

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The Ohrid Framework Agreement, signed in August 2001, ended the inter-ethnic conflict of that year by granting greater legal and political rights to Macedonia's ethnic Albanian and other minority communities. Since then, significant political violence has ceased, although there have been limited outbreaks of violent clashes in connection with election campaigns. The country has shifted its focus from security and stability to economic development and integration into the EU and NATO. Criminal violence in some areas remains a concern, although the crime rate in the country overall is relatively low. Citing political concerns, an ethnic Albanian former Member of Parliament with very little popular appeal led a small group of supporters in firing on government security forces near a village in northwest Macedonia. That individual was not arrested, but efforts were underway to resolve the standoff peacefully. There was one instance of violence directed specifically at a US investor, presumably to intimidate him during a court case over ownership of a local firm. Local police were unable to find the perpetrators, and the investor left the country. There were no other instances of violence directed at foreign business persons or investors.

## **Corruption**

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Like its Eastern and Central European neighbors, after the fall of communism, Macedonia inherited a government system rife with corruption. A series of laws have been adopted and amended to control crimes ranging from drug abuse to money

laundering, and to create a legal firewall against corrupt practices. In addition to the Law on Criminal Procedure, which criminalizes acts of bribery and the abuse of official position, other major anti-corruption laws include the Law on Money Laundering Prevention and the Law on Corruption Prevention, which provide jail terms of up to 10 years for corruption and allow confiscation of illegally-obtained property.

Macedonia has signed the Organization for Economic Cooperation and Development's (OECD) Convention on Combating Bribery. Macedonia ratified the UN Convention Against Corruption in early 2007, and has ratified the UN Convention against Transnational Organized Crime. Though most of the necessary laws are in place, enforcement is weak and the public is skeptical of the government's willingness to prosecute corrupt officials within its ranks. The public generally views the police, courts, customs agency and the healthcare sector as the most corrupt public institutions. Transparency International gave Macedonia a score of 3.3 (on a 1 to 10 scale where 10 is least corrupt) on the 2007 Corruption Perception Index, a significant improvement over Macedonia's score of 2.7 in 2006.

The Macedonian Government established an independent State Commission for Prevention of Corruption in 2004. Through USAID, the US Government is supporting the commission's development and implementation of a Program for Prevention and Repression of Corruption and an accompanying action plan.

#### **Bilateral Investment Agreements**

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Macedonia has concluded an "Agreement For Promotion And Protection Of Foreign Direct Investments" with the following countries: Albania, Austria, Bosnia and Herzegovina, Bulgaria, Belarus, Belgium and Luxemburg, Germany, Arab Republic of Egypt, Iran, Italy, Serbia and Montenegro, People's Republic of China, Republic of Korea, Malaysia, Poland, Republic of Romania, Russia, Republic of China, Slovenia, Turkey, Ukraine, Hungary, Finland, France, Netherlands, Croatia, Czech Republic, Switzerland, and Sweden.

Macedonia does not have a bilateral investment or double taxation treaty with the U.S., nor have negotiations on such treaties begun.

#### **OPIC and Other Investment Insurance Programs**

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Financing and insurance for exports, investment and development projects are made possible through agencies such as the U.S. Trade and Development Agency (TDA); the U.S. Export-Import Bank (EX-IM); the Overseas Private Investment Corporation (OPIC); the European Bank for Reconstruction and Development (EBRD); the International Bank for Reconstruction and Development (World Bank); the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the Southeast Europe Equity Fund (SEEF). Most of the funding for major projects is achieved through co-financing agreements, especially in the transportation, telecommunications and energy infrastructure development fields.

OPIC and MIGA are the country's chief investment insurance providers. OPIC insurance and project financing have been available to investors in Macedonia since 1996. OPIC's three main activities are risk insurance, project finance and investment

funding. MIGA provides investment guarantees against certain non-commercial risks (i.e., political risk insurance) to eligible foreign investors making qualified investments in developing member countries. MIGA covers investors against the risks of currency transfer restrictions, expropriation, breach of contract, and war or civil disturbance.

Though its primary focus is investment assistance - including direct loans and capital guarantees aimed at the export of non-military items – EX-IM also provides some insurance policies to protect against both political and commercial risks. TDA, SEEF, World Bank and EBRD focus more directly on financing agreements.

## **Labor**

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Relations between employee and employer are regulated by an individual employment contract pursuant to Section II, Articles 13-21 of the Law on Working Relations. Employment of foreign citizens is regulated by the Law on Foreigners. The employment contract, which must be in writing and kept on the premises, should address the following provisions: description of the employee's duties, duration of the contract (finite or indefinite), effective and termination date, location of the work place, hours of work, rest and vacation periods, qualifications and training, salary and pay schedule.

The law is relatively flexible with regard to working hours. Normal working hours for an employee are eight hours per day, five days per week. According to labor regulations, an employee is entitled to a minimum of 20 working days and a maximum of 26 working days paid annual leave during the course of a calendar year. Work permits are required for foreign nationals. There is, however, no limitation on the number of employed foreign nationals or the duration of their stay.

There are two main associations of trade unions - The Union of Trade Unions and the Confederation of Free Trade Unions. Each association is comprised of independent branch unions from the public and private business sector.

Trade unions are interest-based, autonomous labor organizations. Membership is voluntary and activities are financed by membership dues. Almost 75 percent of legally employed workers are dues-paying union members. Due to the difficult economic climate and political infighting, the unions as a rule have not exercised much leverage vis-à-vis employers in recent years.

National collective bargaining agreements are negotiated between the labor unions, representing the employees; the Ministry of Labor and Social Welfare, representing the Government; and the economic chambers and the employer's associations, representing the employers. There are two main agreements for public and private sector on the national level, and separate contracts are negotiated by the branch unions, or at the industry or company level. The primary pressures that unions face are related to high levels of unemployment and the privatization of inefficient state companies.

## **Foreign-Trade Zones/Free Ports**

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There are four major designated Free Trade Zones in Macedonia: Skopje 1 (Bunardzik) and Skopje 2 - an area north of Skopje; an area in the city of Shtip; and an area in the city of Tetovo. Amended legislation (<http://www.f.e.z.bunardzik.com.mk/law.asp>) has been prepared for permitting and regulating such zones, and a Directorate for Technological Industrial Development Zones was established in order to conduct activities regarding the development, establishment and supervision of activities in the free economic zones.

The US company Johnson Controls, an automotive components manufacturer, in 2006 invested in a manufacturing plant in the Bunardzik FTZ and began production operations in mid December 2007. The Johnson Controls factory produces automotive electronic equipment and will employ 150 workers. With planned additional investments, the company will increase its production capacities and the number of employees will grow to 500, by 2013.

## Foreign Direct Investment Statistics

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### 1. Net Annual Foreign Direct Investment by Year:

Year	\$ Millions
1998	150.5
1999	88.1
2000	215.7
2001	446.3
2002	105.5
2003	117.5
2004	321.9
2005	94.2
2006	424.0
Q1-Q3 2007	118.7

(Source: National Bank of Macedonia.)

### 2. Foreign Direct Investment by Country (\$ millions) (for selected countries):

Country	2002	2003	2004	2005	2006	Q1-Q3 2007
Germany	0.8	4.9	6.2	0.8	1.1	0.8
Greece	44.3	6.6	30.1	4.2	7.6	6.3
Netherlands	0.7	31.6	66.2	1.8	4.9	0.6
U.S.A.	4.3	3.5	0.5	1.5	1.7	0.1
Switzerland	2.5	13.6	8.0	14.6	12.7	8.8
Cyprus	4.9	0.2	1.7	1.7	0.5	1.0
Slovenia	3.9	6.1	4.4	6.5	4.7	3.1
Italy	0.5	0.7	7.4	16.1	1.3	2.4
Great Britain	2.3	6.8	0.6	0.1	0.1	5.3
Austria	0.3	2.6	3.5	6.3	278.5	19.3

(Source: National Bank of Macedonia)

3. Top Foreign Investments through Privatization and Post-Privatization:

<b>Name</b>	<b>Country</b>	<b>Investment</b>	<b>Size(US\$m)</b>
Stonebridge	(various)	Makedonski Telekom	346.5
EVN	Austria	ESM Distribution	270.2
National Bank	Greece	Stopanska Banka	46.4
Balkanbrew Holding	Greece	Skopje Brewery	34.0
Hellenic Petroleum	Greece	OKTA refinery	32.0
Société Générale	France	Ohridska Banka	30.4
Titan, Holderbank	Greece, Switz.	Usje Cement Factory	30.0
Balkan Steel	Liecht.	Ladna Valalnica	21.0
QBE Insurance	UK	ADOR Makedonija	14.8
Duferco	Switz.	Makstil	11.5
East West Trade	Austria	Centro	11.0
Milestone	Island	KIB Kumanovo	6.4
KuppBall-Transthandel	Germany	FZC Kumanovo	3.4
SCMM	France	Feni-Kavadarci	2.3

(Source: EBRD Investment Profile for Macedonia)

4. Country's Direct Investment Abroad (Year 2007):

<b>Country</b>	<b>Local currency / MKD</b>	<b>USD</b>
Switzerland	34,518,513	754,833
Bulgaria	24,955,455	545,713
Serbia	14,091,700	308,150
Ukraine	12,479,991	272,906
USA	3,264,893	71,395

(Source: National Bank of Macedonia)

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National Bank of the Republic of Macedonia - <http://www.nbrm.gov.mk>

European Bank for Reconstruction and Development - <http://www.ebrd.com>

Organization for Economic Co-operation and Development - <http://www.oecd.org>

Website of the Government of Macedonia - <http://www.gov.mk>

Ministry of Economy - <http://www.economy.gov.mk>

Ministry of Finance - <http://www.finance.gov.mk>

Ministry of Culture - <http://www.culture.in.mk>

Ministry of Internal Affairs - <http://www.moi.gov.mk>

Industrial Property Protection Office - <http://www.ippo.gov.mk>

Agency for Foreign Investments - <http://www.investinmacedonia.com>

Free Trade Zone "Bunardzik" - <http://www.bunardzik.com.mk>

Macedonian Customs Authority - <http://www.customs.gov.mk>

Macedonian Statistical Office - <http://www.stat.gov.mk>

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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Trade financing options for Macedonian importers are limited. A considerable number of large importers regularly receive goods under a short-term supplier credit agreement. Importers are free to arrange payments through long-term supplier loans when they make larger purchases. For transactions abroad, the most preferred forms of payment are letters of credit or payments made in advance. The Macedonian Bank for Development Promotion (<http://www.mbdp.com.mk/en/index.php>) provides some loans to companies seeking to purchase technology and equipment from overseas.

Open to both the public and private sector, the U.S. Export-Import Bank (EX-IM) serves as a potential source of export financing and insurance for U.S. transactions in

Macedonia. The Small Business Administration also provides financial and business development assistance to aid small U.S. companies in developing export markets.

The Commercial Finance Fund, which was originally established and operated with USAID financing, targets Macedonian companies that need short-term financing to fill a large order. It offers companies working capital at market interest rates against a purchase order.

## How Does the Banking System Operate

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The financial system in Macedonia consists of the National Bank of the Republic of Macedonia (Central Bank), commercial banks, savings houses, exchange offices, the Deposit Insurance Fund, as well as insurance companies and a stock exchange. The banking system itself is two-tiered, based on the Banking Law and the National Bank Law. The Central Bank is the independent money-issuing institution responsible for the stability of the national currency (denar), general liquidity of payments within the country and abroad, and the conduct of the monetary policy and the foreign exchange policy. The Supervision Department at the Central Bank serves as the main regulatory body responsible for the supervision of all banking institutions and savings houses.

The Central Bank is implementing a monetary program whose main goal is to maintain price stability. This objective is being achieved by an exchange rate targeting strategy, whereby the denar is pegged against the euro as a nominal anchor for the economy. The Central Bank prepares annual monetary and foreign exchange projections and reports, which are subject to approval by the Parliament.

The banking system in Macedonia consists of 17 private banks, 12 savings houses and the state-owned Macedonian Bank for Development Promotion. According to the Banking Law, banks observe the principles of profit maximization, liquidity, safety and profitability. With the new Banking law adopted in July 2007, a foreign bank could have presence either as a legal entity or by opening up a branch or a representative office. Savings houses are limited in their banking activities to savings-related services for individuals. They may neither undertake other banking operations nor directly offer services to companies. Non-bank financial institutions are not sufficiently developed and the legal framework for their existence is yet to be created.

A group of large banks, consisting of Komercijalna Banka, Stopanska Banka Skopje and Tutunska Banka, dominate the banking system, by all measures. In the first half of 2007, these banks held 65.9 percent of the total net assets of the banking system, market share of 68.1 percent, 69.9 percent of the total gross credits, and 71.3 percent of the total deposits.

Over the past few years bank deposits have consistently increased, reflecting increased public trust in the banking system. In 2007, total deposits increased by 28.8 percent compared to 2006, while total loans to enterprises and households were 39.1 percent higher. Due to the short maturity of the deposits, banks are reluctant to make longer-term loans, and tend to keep most of their liquidity safe by purchasing treasury bills or keeping accounts abroad.

Few banks in Macedonia faced liquidity or solvency problems. In 2005, Rado Banka had its operating license revoked by the Central Bank. Ownership structure problems in Makedonska Banka have prevented it from overcoming some serious long-lasting problems, despite being under the Central Bank's receivership for a prolonged period of time. An illegal attempt of the dominant shareholder to change the bank's ownership structure within the extended deadline triggered a Central Bank decision to revoke Makedonska Banka's operating license in October 2007. A joint IMF and World Bank team, through the Financial Sector Assessment Program, has assessed the banking system as stable and resistant to various risks (interest rates, foreign exchange, credit risk etc.). The Central Bank occasionally conducts stress tests of the banking system, and no major weakness has been detected so far. Banking supervision is shifting to comply with the new BASEL 2 recommendations.

In the first half of 2007, foreign capital was dominant in 9 banks, while increasing its share in the total shareholders capital of the banking system by 6.9 percentage points compared to the end of 2006. This was primarily due to the take over of Ohridska Banka by the French bank Société Générale. This percentage will likely increase with the new statistics, as the Central Bank in Q4 of 2007 gave permission to one Iceland-based and one Bulgarian-based financial institution to separately purchase three to four smaller Macedonian banks.

The banking sector increased its overall profitability and at the end of June 2007 had net profits of US\$ 49.7 million. Out of the total number of banks, only five banks with a market share of 7.3 percent showed net losses, while all others were profitable. The three largest banks accounted for 64.9 percent of the total net profit of the banking sector. At the end of June 2007, the banking sector employed 5,247 people.

Although considerably improved over the past several years, the Macedonian financial system is still relatively underdeveloped compared to Western standards, as certain elements have not been established yet, including legislation regulating non-bank financial institutions. However, commercial banks are trying to catch up by offering new banking services and products for private businesses. The use of credit cards in 2007 has grown dramatically, and many more companies accept credit cards as a payment instrument. Credit is available to private companies, but it is still rather expensive and subject to significant collateral in the form of real estate, which often is appraised by the banks at lower than the market value. Overall customer service still does not meet Western standards and needs improvement, although there are some bright exceptions, which should serve to increase competition in this area.

The average weighted lending rate of the banking system in 2007 was 10.2 percent, while the average weighted deposit rate was 4.9 percent.

For more detailed information about various aspects of the banking system and its performance, the National Bank of Macedonia publishes annual and semi-annual reports on banking supervision at the following web page: [www.nbrm.gov.mk](http://www.nbrm.gov.mk).

## **Foreign-Exchange Controls**

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Domestic and foreign entities are treated equally when opening bank accounts in Macedonia. Foreign exchange operations are regulated by the Law on Foreign

Exchange Operations (Official Gazette No. 34/2001, No.49/2001 and No. 103/2001), which became effective on October 15, 2002, and was later slightly amended (Official Gazette No. 54/2002 and No. 51/2003.) The main objectives of this law are to:

1. regulate resident and non-resident foreign transfers to and from Macedonia; and
2. supervise and control foreign exchange.

This law also regulates the operations of exchange offices. Foreign currency accounts and foreign currency deposits of domestic and foreign individuals are regulated by the Banking Law (Official Gazette No. 67/2007). Amendments to the National Bank Law, which strengthened the Bank Governor's powers and the Central Bank's independence, were passed by the Parliament in December 2006. A new modern National Bank Law was prepared in 2007, to allow supervision to switch from a compliance-based to a risk-based model, and to further strengthen the authorities and independence of the Central Bank. It is pending approval in Parliament.

## **U.S. Banks and Local Correspondent Banks**

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- There are no U.S. Banks present in Macedonia.

- Major Macedonian banks:

Komercijalna Banka AD  
Kej. D. Vlahov, 4  
1000 Skopje, Republic of Macedonia  
Tel: 389-2-310-7107  
Fax: 389-2-311-1780  
<http://www.kb.com.mk>

Stopanska Banka AD (majority owned by National Bank of Greece – NBG)  
Ul. 11 Oktomvri, 7  
1000 Skopje, Republic of Macedonia  
Tel: 389-2-329-5295  
Fax: 389-2-311-4503  
<http://www.stb.com.mk>

Tutunska Banka  
Ul. 12-ta udarna Brigada, BB  
1000 Skopje, Republic of Macedonia  
Tel: 389-2-316-1114  
Fax: 389-2-310-5600  
<http://www.tb.com.mk>

ProCredit Bank  
Ul. Jane Sandanski, 109 A  
1000 Skopje, Republic of Macedonia  
Tel: 389-2-321-9900  
Fax: 389-2-321-9901  
<http://www.pbb.com.mk>

Macedonian Bank for Development Promotion  
Ul. Veljko Vlahovic, 26  
1000 Skopje, Republic of Macedonia  
Tel: 389-2-311-5844  
Fax: 389-2-323-9688  
<http://www.mbdp.com.mk>

## **Project Financing**

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Financing and insurance for exports, investment and development projects are possible through U.S. agencies such as the U.S. Trade and Development Agency (TDA), the U.S. Export-Import Bank (EX-IM), the Overseas Private Investment Corporation (OPIC), the European Bank for Reconstruction and Development (EBRD), the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the Southeast Europe Equity Fund (SEEF).

Most major project funding is achieved through co-financing agreements, especially for transportation, telecommunication and energy projects.

## **Web Resources**

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

U.S. Trade and Development Agency: <http://www.tda.gov/>

Multilateral Investment Guarantee Agency: <http://www.miga.org>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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## Chapter 8: Business Travel

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- [Telecommunications](#)
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### Business Customs

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There are no specific customary business practices that are distinct to Macedonia. Macedonia's business customs are generally similar to Western business customs.

Business attire for professionals in Macedonia is similar to that in the U.S. Shaking hands is the standard form of greeting and introduction. Establishing a good relationship in Macedonia requires the creation of trust. Meetings over coffee, luncheons and dinners create the opportunity to gain both mutual trust and understanding.

Traditional businesses operate from 8:30 AM until 4:30 PM, but an increasing number of businesses are adopting Western working hours, including weekend hours.

### Travel Advisory

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Prior to travel, U.S. citizens are encouraged to check the Embassy web site <http://skopje.usembassy.gov> or the State Department site at <http://www.travel.state.gov> ; or contact the Bureau of Consular Affairs, Office of Public Affairs, at 202-647-5225 for the latest travel warnings and advisories. Travelers may also contact the Consular Section at the U.S. Embassy in Skopje (phone: + 389-2-311-6180 or fax: + 389-2-311-7103).

Crime in Macedonia is relatively low, but precautionary measures should be taken at all times.

### Visa Requirements

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U.S. citizens wishing to enter Macedonia need a valid passport. A visa for Macedonia is not required for tourist/business purposes for stays up to 90 days.

Macedonian citizens may find information and applications for obtaining a U.S. visa at:

U.S. Embassy – Skopje, Macedonia: <http://skopje.usembassy.gov>

## **Telecommunications**

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Fixed telephony is available in all towns. Visitors may rent a cell phone on arrival. European GSM phones will work in Macedonia. There is cell phone coverage in all populated areas and in most unpopulated areas as well.

Fixed line services are provided by Macedonian Telecommunications (MacTel). There are three cell phone service providers – T-Mobile, wholly owned by MacTel, Greek-owned OTE – Cosmofon, and VIP Operator – a member of Mobilkom Austria Group.

There are several Internet access service providers. See Web Resources.

## **Transportation**

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Airports:

Skopje “Alexander the Great” Airport – Petrovec (20km east from Skopje)

Tel: 389-2-323-5156

<http://www.airports.com.mk>

Ohrid “Saint Paul the Apostle” Airport (12km north-west from Ohrid)

Tel: 389-46-262-503

<http://www.airports.com.mk>

Airlines:

Macedonian Airlines – MAT

Tel: 389-2-329-2300

<http://www.mat.com.mk>

Adria Airways

Tel: 389-2-311-7009

<http://www.adria-airways.com>

Austrian Airlines

Tel: 389-2-312-8177

<http://www.austrian.airlines.com.mk>

Croatia Airlines

Tel: 389-2-311-5858

<http://www.croatiairlines.com>

JAT

Tel: 389-2-311-8306

<http://www.jat.com>

Malev Hungarian Airlines

Tel: 389-2-311-1214

<http://www.malev.hu>

Czech Airlines

Tel: 389-2-329-0572

<http://www.czechairlines.cz>

Turkish Airlines

Tel: 389-2-311-7214

<http://www.turkishairlines.com>

Rent a Car agencies:

AVIS Rent a Car

Tel: 389-2-322-2046

<http://www.avis.com.mk>

BUDGET Rent a Car

Tel: 389-2-329-0222

<http://www.budget.com.mk>

## Language

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Many of Macedonia's citizens speak foreign languages. English is the predominant foreign language, followed by German and French. Although many companies in Macedonia have English speakers among their managers, U.S. business representatives should be prepared to do business through locally hired interpreters.

## Health

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Although many Macedonian physicians are trained to a high standard, and well-equipped private clinics are available, especially in Skopje, most public hospitals and clinics are not equipped and maintained at U.S. or Western European standards. Basic medical supplies are usually available, but specialized treatment may not be obtainable. Travelers with previously diagnosed medical conditions may wish to consult their physician before travel.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC's internet site at <http://www.cdc.gov/travel>.

## Local Time, Business Hours, and Holidays

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Time: GMT + 1 hour

Business Hours: 08:30 – 16:30

2008 Holidays:

January 1	- New Year's Day
January 7	- Orthodox Christmas
April 27/28	- Orthodox Easter
May 1	- Labor Day
May 24	- Saint Cyril and Methodius Day
August 2	- Ilinden Uprising Day
September 8	- Independence Day
September 30	- Ramadan Bajram
October 11	- People's Uprising Against Fascism
October 12	- Ramazan Bajram
October 23	- Macedonian Revolutionary Struggle Day
December 8	- Saint Clement of Ohrid Day

If a holiday falls on a weekend, the government will generally issue a decision shortly before the holiday declaring the preceding Friday or following Monday an official holiday. In some cases, the government may declare an extended holiday.

Consistent with European practices, business activity in Macedonia slows during late July and August, when many people take their extended summer holidays.

## Temporary Entry of Materials and Personal Belongings

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<http://www.customs.gov.mk/EN/DesktopDefault.aspx?tabindex=0&tabid=22>

## Web Resources

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Macedonian Telecom  
Tel: 389-2-314-1411  
<http://www.mt.net.mk>

Mobimak  
Tel: 389-70-6622  
<http://www.mobimak.com.mk>

Cosmofon  
Tel: 389-2-244-1000  
<http://www.cosmofon.com.mk>

VIP Operator  
Tel: 389-2-311-0077  
<http://www.vipoperator.com.mk>

MT Net  
Tel: 389-2-311-4454  
<http://www.mt.net.mk>

ON Net  
Tel: 389-2-310-0800  
<http://www.on.net.mk>

Unet  
Tel: 389-2-306-6505  
<http://www.unet.mk>

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## Chapter 9: Contacts, Market Research, and Trade Events

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### Contacts

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#### U.S. Government:

Embassy of the United States of America  
Economic / Commercial Office  
Mr. Arben Gega, Commercial Specialist  
ILINDEN, bb  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-6180 ext. 2172  
Fax: 389-2-311-7103  
E-mail: [GegaA@state.gov](mailto:GegaA@state.gov) or [Arben.Gega@mail.doc.gov](mailto:Arben.Gega@mail.doc.gov)

U.S. Department of Commerce  
Office of European Country Affairs / Central and Southeastern Europe  
Ms. Silvia Savich, Country Desk Officer  
14th and Constitution, NW, Washington, D.C. 20230  
Phone: 202-482-5277  
Fax: 202-482-4505  
E-mail: [silvia\\_savich@ita.doc.gov](mailto:silvia_savich@ita.doc.gov)

U.S. Department of Commerce  
Office of European Country Affairs / Central and Southeastern Europe  
Ms. Cherie Rusnak, Director  
H-3319, 14th and Constitution, NW, Washington, D.C. 20230  
Phone: 202-482-4915  
Fax: 202-482-4505  
E-mail: [cherie\\_rusnak@ita.doc.gov](mailto:cherie_rusnak@ita.doc.gov)

U.S. Trade and Development Agency  
Ms. Jamie Merriman, Country Manager, Europe & Eurasia  
1000 Wilson Boulevard, Suite 1600  
Arlington, VA 22209-3901  
Phone: 703-875-4357  
Fax: 703-875-4009  
E-mail: [jmerriman@ustda.gov](mailto:jmerriman@ustda.gov)  
Website: <http://www.tda.gov>

U.S. Export-Import Bank  
811 Vermont Avenue, N.W.  
Washington, D.C. 20571

Phone: (202) 565-3946 (EXIM) or (800) 565-3946 (EXIM)  
E-mail: [info@exim.gov](mailto:info@exim.gov)  
Website: [www.exim.gov](http://www.exim.gov)

Overseas Private Investment Corporation (OPIC)  
1100 New York Avenue, NW  
Washington, DC 20527  
Phone: (202) 336-8400  
Website: <http://www.opic.gov>

U.S. Department of Agriculture  
Foreign Agriculture Service  
Trade Assistance and Promotion Office  
Washington, DC 20250  
Phone: 202-720-7420  
Website: <http://www.usda.gov>

### **Business Associations:**

American Chamber of Commerce in Macedonia  
Mrs. Michelle Osmanli, Executive Director  
Mitropolit Teodosij Gologanov, 42 / Floor III  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-321-6714  
Fax: 389-2-324-6950  
E-mail: [contact.amcham@mt.net.mk](mailto:contact.amcham@mt.net.mk)  
Website: [www.amcham.com.mk](http://www.amcham.com.mk)

Union of Chambers of Commerce in Macedonia  
Mr. Venko Gligorov, President  
Prashka Str., 23  
1000 Skopje, Republic of Macedonia  
Phone/Fax: 389-2-309-1440  
E-mail: [info@sojuzkomori.org.mk](mailto:info@sojuzkomori.org.mk)  
Website: [www.sojuzkomori.org.mk](http://www.sojuzkomori.org.mk)

Economic Chamber of Macedonia  
Mr. Branko Azeski, President  
Dimitrie Cupovski, 13  
1000, Skopje, Republic of Macedonia  
Phone: 389-2-324-4000  
Fax: 389-2-324-4088  
E-mail: [president@ic.mchamber.org.mk](mailto:president@ic.mchamber.org.mk)  
Website: [www.mchamber.org.mk](http://www.mchamber.org.mk)

### **Government of Macedonia**

Website: [www.gov.mk](http://www.gov.mk)  
[www.investinmacedonia.com](http://www.investinmacedonia.com)

Embassy of the Republic of Macedonia

Mr. Zoran Jolevski, Ambassador  
2129 Wyoming Ave., NW  
Washington, D.C. 20008  
Phone: 202-667-0501 or Fax: 202-227-2131  
E-mail: [usoffice@macedonianembassy.org](mailto:usoffice@macedonianembassy.org)  
<http://www.macedonianembassy.org>

Government of the Republic of Macedonia

Mr. Vele Samak, Minister for Foreign Investments  
ILINDEN, BB  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-322-3672 or Fax: 389-2-322-3674  
E-mail: [vsamak@gmail.com](mailto:vsamak@gmail.com)

Mr. Gligor Tashkovich, Minister for Foreign Investments  
ILINDEN, BB  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-322-3672 or Fax: 389-2-322-3674  
E-mail: [gligor1@aol.com](mailto:gligor1@aol.com)

Ministry of Transport and Communications  
Mr. Mile Janakieski, Minister  
Plostad Crvena Skopska Opstina, 4  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-312-3292 or Fax: 389-2-312-6228  
<http://www.dtk.gov.mk>

Ministry of Economy  
(Vacant)  
Jurij Gagarin, 15  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-309-3470 or Fax: 389-2-308-4472  
<http://www.economy.gov.mk>

Ministry of Finance  
Mr. Trajko Slaveski, Minister  
Dame Gruev, 14  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-6012 or Fax: 389-2-311-7280  
<http://www.finance.gov.mk>

Ministry of Agriculture, Forestry and Water Resource Management  
Mr. Aco Spasenovski, Minister  
Leninova, 2  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-3045 or Fax: 389-2-321-1997  
<http://www.mzsv.gov.mk>

Ministry of Foreign Affairs  
Mr. Antonio Milososki, Minister

Dame Gruev, 6  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-9190 or Fax: 389-2-311-5790  
<http://www.mnr.gov.mk>

Ministry of Defense  
Mr. Lazar Elenovski, Minister  
Orce Nikolov, bb  
1000, Skopje, Republic of Macedonia  
Phone: 389-2-311-2872 or Fax: 389-2-322-7835  
<http://www.morm.gov.mk>

Ministry of Health  
Mr. Imer Selmani, Minister  
Vodnjanska,bb  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-3429 or Fax: 389-2-311-3014  
<http://www.zdravstvo.gov.mk>

Ministry of Labor and Social Policy  
Mr. Ljupco Meskov, Minister,  
Dame Gruev, 14  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-7787 or Fax: 389-2-311-8242  
<http://www.mtsp.gov.mk>

Ministry of Education and Science  
Mr. Sulejman Rushiti, Minister  
Dimitrija Cupovski, bb  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-7896 or Fax: 389-2-311-8414  
<http://www.mon.gov.mk>

Ministry of Culture  
Mr. Arifhikmet Xhemali, Minister  
Boulevard Ilinden, bb  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-312-7163 or Fax: 389-2-312-7112  
<http://www.culture.in.mk>

Ministry of Justice  
Mr. Mihajlo Manevski, Minister  
Dimitrija Cupovski, bb  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-323-0732 or Fax: 389-2-322-6975  
<http://www.covekovi-prava.gov.mk>

Ministry of Internal Affairs  
Ms. Gordana Jankuloska, Minister  
Dimce Mircev, bb

1000 Skopje, Republic of Macedonia  
Phone: 389-2-322-1972 or Fax: 389-2-311-2468  
<http://www.mvr.gov.mk>

Ministry of Environment and Physical Planning  
Mr. Xhelil Bajrami, Minister  
Drezdenska, 52  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-306-6930 or Fax: 389-2-306-6931  
<http://www.moe.gov.mk>

Ministry of Local Self - Government  
Mr. Abduraman Memeti, Minister  
Dimitrija Cupovski, 9  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-321-1829 or Fax: 389-2-321-1764  
<http://www.mls.gov.mk>

Macedonian Information Agency  
Mr. Zoran Ivanov, Director  
Bojmija K-2  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-246-1600 or Fax: 389-2-246-4048  
<http://www.mia.com.mk>

Agency for Foreign Investments  
Viktor Mizo, Director  
Nikola Vapcarov 7  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-312-6059 or Fax: 389-2-312-2098  
Email: [v.mizo@macinvest.org.mk](mailto:v.mizo@macinvest.org.mk)  
[www.macinvest.org.mk](http://www.macinvest.org.mk)

Customs Administration  
Mr. Vanco Kargov, Director  
Lazar Licenovski, 13  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-6188; 322-4342 or Fax: 389-2-323-7832  
<http://www.customs.gov.mk>

National Bank (Central Bank)  
Mr. Petar Gosev, Governor  
Kompleks Banki, bb  
PO Box 401  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-2177 or Fax: 389-2-311-1161  
<http://www.nbrm.com.mk>

Statistical Office  
Mrs. Blagica Novkovska, Director  
Dame Gruev, 4

1000 Skopje, Republic of Macedonia  
Phone: 389-2-329-5600 or Fax: 389-2-311-1336  
<http://www.stat.gov.mk>

Industrial Property Protection Office  
Mr. Bajram Ahmeti, Director  
Veljko Vlahovic, 11  
1000 Skopje, Republic of Macedonia  
Phone: 389-2-311-6379 or Fax: 389-2-313-7149  
<http://www.ippo.gov.mk>

## **Market Research**

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To view market research reports produced by the U.S. Commercial Service, please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration for the site is required, but its use is free of charge.

## **Trade Events**

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

The Skopje Trade Fair schedule is at:

[http://www.skopjefair.com.mk/e\\_manifestacii\\_next.htm](http://www.skopjefair.com.mk/e_manifestacii_next.htm)

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the links below.

[http://www.export.gov/comm\\_svc/](http://www.export.gov/comm_svc/)

<http://www.BuyUSA.gov/europe>

<http://www.BuyUSA.gov/macedonia>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.