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FREE TRADE AGREEMENT SIGNED BETWEEN MACEDONIA AND ALBANIA

Macedonian Minister of Economy Besnik Fetai signed in Tirana the Free Trade Agreement between Macedonia and Albania, initialed January 11 in Skopje. According to him, in accordance to the principles of the World Trade Organization, the agreement envisages gradual liberalization of the trade with industrial products in the next six years after its enforcement. Significant concessions have been mutually granted regarding the trade with agricultural products.

The signing of the Agreement is further step towards the liberalization of the trade between Macedonia and the European countries, as well as the countries in the region. Macedonia is a leading country in the region considering the number of the signed free trade agreements. It has already signed eight other agreements with Slovenia, Croatia, FR Yugoslavia, Bulgaria, Turkey, member-countries of European Free Trade Association (EFTA), Ukraine and Interim Treaty with the European Union.

MACEDONIA WISHES TO RAISE ITS EXPORT RATE OF BOTTLED WINE

"The Macedonian economy goal is to enhance the export of bottled quality wine, as the current export rate is insignificant", the Macedonian Deputy Minister of Economy, Aljosa Begovski, said at the press - conference of the Wine Summit in Dusseldorf, expressing satisfaction with the export rate for Germany. Begovski, who paid an official visit to Germany on March 23-28, met with the Managing board of the duty - free shops specialized company "Helia" in Bremen, at which meeting he arranged an export of several types of Macedonian quality wines.

AVERAGE WAGE IN JANUARY INCREASED BY THREE PERCENT

According to the State Bureau of Statistics of Macedonia, the average monthly wage in January 2002 amounted to Denar 11,027, which is a nominal growth of 4.1 percent, and real growth of 3 percent, compared to December 2001. In comparison to January 2001, the average wage in

January 2002 nominally increased by 5.2 percent, and in real values by 1 percent.

GDP HIGHER BY 4.5 PERCENT IN 2000 COMPARED TO 1999

According to the Macedonian State Bureau of Statistics, the Gross Domestic Product in 2000 amounted to Denar 236.4 billion, and realized nominal growth of 13.1 percent, and real growth of 4.5 percent compared to 1999. The growth of value added in the processing industry, in the electricity, gas and water supply and in the construction sector amounts 13.8 percent.

MACEDONIA REDUCED ITS FOREIGN DEBT BY 0.5 PERCENT

At the end of February, the foreign debt of Macedonia was reduced by 0.5 percent in comparison to January, amounting to US\$ 1,337 billion. The main creditors of Macedonia are the London Club (US\$ 288 million) and the International Development Agency (US\$ 254 million), the Finance Ministry reports. Cutting off the debt is a result of reduced usage of credits and loans and regular foreign debt service.

MEETING OF MINISTERIAL COMMITTEE FOR COORDINATION OF FOREIGN ASSISTANCE

The Ministers' committee for coordination of the foreign assistance held a meeting in the Macedonian government on Thursday, April 4, presided by Zoran Krstevski, national coordinator for foreign assistance and Vice Prime Minister of Macedonia. Representatives of the institutions involved in the coordination and realization of the foreign aid also attended the meeting.

At the meeting an attempt was made for realization of the assistance granted to Macedonia at the Donors' conference held in Brussels on March 12. Macedonia is due to receive €172 million as macro-financial assistance, €85.86 million for rehabilitation and reconstruction of the crisis impacted areas and €50.38 million for implementation of the Framework Agreement, i.e. total of €308.83 million. Additional €273.94 million were approved to Macedonia as support to its development.

Over €66 million have been already realized for macro-financial support, and the activities for reconstruction and rehabilitation of the crisis-affected areas are underway. Mr. Krstevski reported that through these activities the institutional structure in Macedonia would be enhanced, adding that separate Department for

coordination and implementation of the Framework Agreement would be opened.

MACEDONIA AND BOSNIA INITIALED A FREE TRADE AGREEMENT

Macedonian and Bosnian delegations initialed on April 4, a free trade agreement, which would be signed on April 17 or 18. The agreement would contribute to more intensified trade between both countries, Macedonian Minister of Economy Besnik Fetaj said after the ceremony. The trade between Macedonia in Bosnia in 2001 was US\$ 20 million, i.e. only 30 percent of the trade in 1992.

The agreement is based on the signed memorandum for free trade of SEE countries. Macedonia has signed such agreements with all SEE countries, except with Romania, which is to be done in the near future. Macedonian and Bosnian businessmen held a Business Forum in Sarajevo today, expressing interest in fostering export and finding model for joint presentation of products in third countries.

MEETING ON REALISATION OF NATIONAL PAYMENT CARD

A meeting, which included presentation of the activities for realization of project "National Payment Card", was held in the Ministry of Finance today. The meeting, chaired by Finance Minister Nikola Gruevski, was also attended by the representatives of Shareholders' Association National Payment Card (NPC) and the directors of the business banks in the Republic of Macedonia.

It was emphasized that since the foundation of NPC in October 2001, all preparatory activities for successful functioning were carried out until March 2002. The test-ATM has been installed, and it is expected that another 55 of these machines will arrive by the end of the month.

As a result of these activities, the Macedonian Government reached a decision for privatization of the state capital of NPC in an amount of €7,991,442, with the participation of the business banks from Macedonia proportionally to their scope of activities. The payment deadline will be 90 days after the signing of the agreement, and one share will cost €1. Prior to the privatization, there will be a capitalization in amount of 35 percent of the value, i.e. €2,797,000, with the participation of international financial organizations, such as the European Bank for Reconstruction and Development (EBRD) and the International Financial Corporation (IFC), as well as foreign switching and

processing-centers that have a turnover of at least €5 million and positive financial results in the past three years. One buyer cannot buy more than 51 percent of the emission. The Italian switching and processing center Banca C, EBRD and IFC have already shown interest.

FOREIGN TRADE OVER US\$ 447 MILLION IN JANUARY AND FEBRUARY

The Statistical Bureau says that Macedonia's foreign trade exchange in January and February exceeded US\$ 447 million, i.e. export rate of 33.6 percent and import rate of 66.4 percent, presenting a deficit of US\$ 146.6 million. In the first two months of 2002, 53 percent of Macedonian products were exported in the EU member countries, and 27.5 percent in the former Yugoslav countries. Most of the imported goods, came from the EU, Central, Eastern Europe and former USSR.

ANNOUNCEMENT BY PUBLIC REVENUE BUREAU

With the new organizational setup of the Public Revenue Bureau the largest economic entities in the country would be controlled each year, the Bureau announced. "The controls have already began in the first quarter of 2002 in the following companies: 'Makpetrol,' 'OKTA,' 'Pivara,' public enterprise 'Macedonian posts,' 'Radobanka,' 'Makosped,' 'Toplifikacija' and 'Orka' all from Skopje," the announcement reads.

The Bureau also informs that the last control in Skopje was organized by inspectors from throughout the country and was part of the fight against gray economy in order to enable all entities to work under equal market conditions. "The last control showed that large number of the controlled entities sold good without certificate of origin, what means that the goods have been imported and sold illegally," reads the announcement.

WORLD BANK GRANTS A CREDIT OF US\$ 15 MILLION TO MACEDONIA

The World Bank Board of Directors granted a credit of US\$ 15 million, the Macedonian Finance Ministry says in a press release. The credit, aimed at reform of the public administration, is granted under IDA terms, i.e. payment period of 35 years with 10 years of grace period. The Macedonian Government has started the public administration reform in 2001. Reforms, which will be supported by this credit, are aimed at maintaining of long-term macro fiscal and financial stability of the country and at establishing professional administration.

DUTCH FINANCED BOP WITH US\$ 4.7 MILLION

The Ministry of Finance reported that the Kingdom of Holland transferred the last tranche from the non-refundable assistance to the Macedonian balance of payment, in amount of US\$ 4.7 million. With this assistance Holland co-finances the credit for urgent economic recovery approved by the World Bank. This is the last part of the US\$ 25 million that Holland pledged at the Donors' Conference for Macedonia, by which the assistance from this country is completely realized.

NEGOTIATIONS FOR TRANSFORMATION OF THE MACEDONIAN POSTS CONTINUE IN MAY

The negotiations between the representatives of the "Canadian Posts" and the Macedonian Ministry of Transport and Communications for joint participation in the transformation of the public company "Macedonian Posts" ought to take place on May 10, when a Canadian delegation is due to arrive in Macedonia.

According to the management of the Macedonian Posts, the fact that in the negotiations next month the complete leadership of the Canadian Posts will participate shows that both sides work very seriously on the realization of this project. The models offered by the Canadian Posts are based on investments in the first several years. The amount of investments is to be agreed at the negotiations in May. According to the Minister of Transport and Communications, Ljupco Balkoski, they will firmly stand against any idea for layoffs.

LAW FOR CORRUPTION PREVENTION ADOPTED

With 79 votes in favor, none against and none restrained, the Macedonian assembly adopted the Law for corruption prevention. Its adoption represents commitment for enhancement of the responsibility of the holders of public functions, creation of preventive mechanisms for prevention of punitive activities related with the corruption, as well as returning of citizens' trust in the execution of the public authorizations and establishment of preconditions for full functioning of the legal system and the rule of law.

One of the most significant issues that are regulated with this Law is the establishment of separate body, i.e. mechanism, such as the state commission for corruption prevention, whose goal is to enhance the role of the

preventive mechanisms by launching initiatives, opinions and suggestions for elimination of the corruption. Other significant issues are the financing of the political parties, the prohibition for execution of other activity of duty of the holders of public functions, the obligation for reporting of the existing property and the changes in the property, prohibition for employment of relatives and reception of gifts, as well as the misuse during the public procurement.

MACEDONIA AND BOSNIA AND HERZEGOVINA SIGNED FREE TRADE AGREEMENT

On April 20, Minister of Economy of the Republic of Macedonia Besnik Fetai and Minister of Foreign Affairs and Economic Relations of Bosnia and Herzegovina Azra Hadziahmatovic signed Free Trade Agreement between the two countries. At the signing ceremony Fetai pointed out that this is the tenth free trade agreement that the Republic of Macedonia has signed. "There is only one agreement to be signed with Romania in order to fulfill the obligation from the Memorandum for liberalization of the trade between the countries from South East Europe," he added.

Free Trade Agreement between Macedonia and Bosnia and Herzegovina which has been initialed on April 4 in Sarajevo, is asymmetrical in favor of Bosnia and Herzegovina i.e. all products of this country from the date of its appliance will have zero customs rate except the oil derivatives, cardboard package, milk, cheese and hard cheese.

JAPANESE DONATION FOR ROAD MAINTENANCE EQUIPMENT

The equipment for repairing and maintaining the Macedonian roads, donation from the Japanese Government, was formally delivered on April 22, at the location "Asphalt Base" in Lepenec district. Japanese Ambassador to Macedonia Akio Ixhuin delivered the equipment in the presence of the Macedonian Prime Minister Ljubcho Georgievski, Macedonian Minister of Transport and Communications Ljupco Balkoski and Interior Minister Ljube Boskovski. With this donation amounting to US\$ 6.8 million, the public enterprise "Makedonija Pat" will have 37 new machines, including bulldozers, diggers, graders and complete asphalt base.

SECOND MOBILE OPERATOR OTE TO BECOME OPERATIONAL IN AUGUST

Macedonian Minister of Transport and Communications Ljupco Balkoski confirmed that the second mobile telephony operator OTE would become operational in August of this year. "They are preparing to install the necessary stations and from August they will start to work,"... "They will invest US\$ 100 - 150 million because in August they want to put the operator in use," Balkoski said, adding that the OTE representatives still negotiate with the Macedonian Telecommunications about the necessary inter-connection.

NATIONAL BANK OF MACEDONIA MARKS ITS 10TH ANNIVERSARY

Ten years ago, the Macedonian Parliament adopted several laws, including the Law on National Bank, making the crucial step for the country's monetary independence, Ljube Trpeski, Governor of the National Bank of Macedonia (NBM), said on April 23, at a press conference regarding the Bank's tenth anniversary. Macedonia was the only country in the world that established its own currency without foreign exchange reserves, Trpevski said, adding that ten years ago the bank had only US\$ 16 million, half of it in gold. In that time, the inflation rate per month was at 86 percent and the annual one at 1,198 percent. The difference between an official and "black" exchange rate of the domestic currency was 300 percent.

"By effective macroeconomic, in particular monetary policy, today we have a stable currency," Trpeski said. Within the celebration, the publications "Creation of the Macedonian Denar" and "Macedonian Banknotes and Coins in 1992-2002" will be promoted along with several books in the sphere of economy and the catalog "Macedonia, Money and History."

Asked about the five banks in Macedonia, listed in foreign reports as non-profitable ones, Trpevski said that the NBM supervision over several banks "has been intensified." However, the banking system was stable in general and Macedonia was one of the transition countries that did not face a crisis in this respect.

FINAL TEXT OF LAW ON FINANCIAL POLICE ADOPTED

The final version of the text on Law on financial police was adopted on April 24 at the meeting in the Finance Ministry. Macedonian Finance Minister Nikola Gruevski, USAID Consultant on Financial Investigations Tim Wesley, Professor from the Faculty of Economy Zivko Atanasovski and representatives from the Finance Ministry and Public Revenues Bureau attended the meeting. It is expected the

law to be adopted by the Macedonian Parliament by the end of May and to be enforced at latest by September.

The LFP is being prepared in accordance with the relevant regulations in Italy, Greece, Lithuania and Poland, while laws from FR Yugoslavia and Croatia have been also taken into account. The aim of this law is to set up a legal framework for establishing a financial police unit, as well as to define its responsibilities and fields of operations. The creation of the financial police will facilitate disclosure of the major and more sophisticated criminal activities.

One of the main activities of the financial police would be to gather information and data in collaboration and coordination with other departments at the Ministry of Finance, Ministry of Interior, Public Prosecutor's Office, as well as with the various state institutions and services, in order to discover the perpetrators engaged in tax evasion activities, money laundering, illegal trade with goods and products, and other kinds of criminal acts that include large tax, customs duties or other incomes evasion.

The finance police is envisaged to lead an investigation process against one or more persons under based suspicion of performing illegal financial activities that are opposing the country's interests in general or the interest of certain economic sectors that are under a state jurisdiction, or of international character, and are under the authority of the MOF. The investigation should be conducted in coordination with other ministries, depending on the volume and the complexity of the case.

GERMAN DONATION FOR IMPROVING WATER SUPPLY IN PRILEP

The German Government through "KFVE" Bank granted €8 million to Prilep municipality for finding out long-term solution of the water supply problem in the town, Prilep's mayor Saso Pirganoski informed. According to him, two experts from the German Bank are in Prilep in order to obtain more information from the local experts on the water supply.

For that purpose, working teams has been establish, which would present to the German experts the draft-projects from the water supply symposium held recently in Prilep as well as feasibility study for water losses in the city waterworks. "There are no conditions for the donation and even the Macedonian Government has approved it,"

Pirganoski said. According to him, they would work on the project in several stages in order to determine the optimal possibilities for long-term resolution of the water supply in Prilep.

STATEMENT OF FINANCE MINISTER GRUEVSKI

The Macedonian Finance Minister Nikola Gruevski said that part of clients' deposits of the savings house TAT from Bitola will be paid in cash, while the rest will be returned by certificates that may be converted into shares. The Government has provided € 1.8 million for this purpose, but TAT is due to return DM 120 million to its clients.

"Any normal person knows that such bank will bankrupt sooner or later," Gruevski said, adding that the former government took part in this affair. "The former government admitted that there were criminal activities in this bank at the Parliament. In that period, many officials were dismissed. The bank manager was awarded with the title-best manager of the year, which attracted more clients," Gruevski said.

"SKOK TRADE" PRODUCTS MOST POPULAR IN USA

The products from the factory for processed food "Skok Trade" - Rosoman are among the most demanded in USA, showed the results from the Marketing Research Institute survey published in "New York Times." According to the survey, among the 50 most popular products on the US market, 15 are from "Skok Trade."

"Skok Trade" owner Stevo Blazevski said for MIA that 60 percent of the exported products are placed on the US market, while the rest is placed in Netherlands, Sweden and Australia. According to Blazevski the most popular products in USA are ajvar, tomato puree and fruit juices. Blazevski emphasized that these achievements are result of the advanced technology of pasteurization, which allows to the products to preserve their natural characteristics and vitamins without the use of conservatives.

PM GEORGIEVSKI SIGNED AGREEMENT WITH CLIENTS OF BANKRUPTED SAVINGS BANKS

The representatives of the Association and Council of clients of TAT savings bank from Bitola accepted the proposal of the Government for compensation of their savings deposits from the bankrupted savings bank. They

are ready to sign an agreement with Macedonian Prime Minister Ljubco Georgievski and Finance Minister Nikola Gruevski. According to the leaders of TAT clients Mende Mladenovski and Kire Kovacev the governmental proposal is acceptable, and they have finally won the battle after six years. The Macedonian state takes over the assets and the liabilities of TAT, and the compensation will be paid in accordance with the court decisions including the interest rate.

The agreement was signed on April 26 in Bitola. Georgievski expressed his satisfaction from "resolving the tragedy of these savings houses," saying that the clients with deposits up to € 1,000 will be paid in cash right after the adoption of the Law on compensation. According to him around 4,000 legal decisions out of 12,000, which are filed in Bitola's Court, would be immediately settled after the adoption of the law.

Regarding the deposits of more than € 1,000 the clients will receive either securities or certificates that may be converted into shares or some other capital owned by the Macedonian Privatization Agency. Georgievski emphasized that this model is better than the solution offered by the clients themselves, as the interest rate will be also included in the certificate, if the case is legally settled. He expressed assurance that the shares i.e. certificates could be transferred to the brokers, banks or managers that are interested in buying them. He also believes that the brokers and the banks would immediately offer 10-15 percent discount and the value of these bonds would amount to DM 150-170 million, depending on the legal decisions. Georgievski also pointed out that with these certificates the clients could buy shares in any of Macedonian companies as well as to become company's owners.