

## INVEST IN MACEDONIA – NEW BUSINESS HEAVEN IN EUROPE

### IT AND FREE HEALTHCARE ZONES

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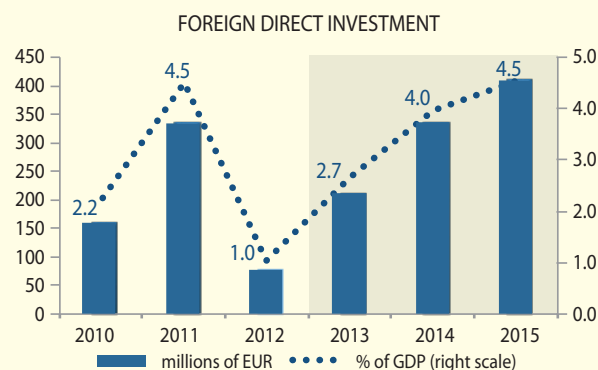
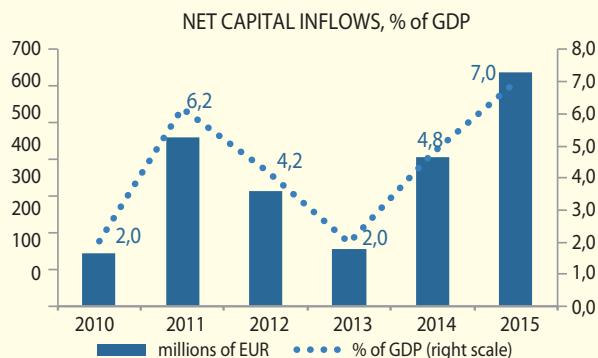
## ITALIAN COMPANY “MONTANTE GROUP” TO BUILD A PLANT IN BUNARDZIK

Italian Company “Montante Group” will construct a plant in TIDZ Skopje 1 Bunardzik in January next year and the initial investment is estimated at 10 million euro. It is expected that the facility will be completed in late May or June 2016, after which equipment will be installed and staff will be trained. This was confirmed with the signed contract for execution of investment between Claudia Nidro, representative of Montante Group and Viktor Mizo, Director of the Directorate of TIDZ.

– We decided to complete this investment, not only because of the assistance provided by the country, but also because of how Government treats all companies that invest in Macedonia, stressed CEO of Montante Group, Antonio Montante.

– We were close to investing in another country, but thanks to the Directorate of TIDZ and the attractive conditions we have been offered, we decided to come in Macedonia. To construct a plant in Macedonia is not an easy investment for the state but it is a positive know-how impact.

Montante Group is one of the first three companies in Europe that produces highly sophisticated shock absorbers for industrial and railway vehicles and it has already registered a company in Macedonia under the name “Europe Shock Absorbers”.



Source: NBRM



**Director**

Dragan Antonov

**Address**

Naum Naumovski Borce 73  
1000 Skopje  
Republic of Macedonia

**Phone/Fax**

+389 2 311-78-76  
+389 2 311-78-34

www.micnews.com.mk  
contact@micnews.com.mk  
mic@micnews.com.mk

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**Editor**

Sonja Kiridzievska

**Translator**

Ema Trenevaska

**Contributor**

Sonja Efremova

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## **IT AND FREE HEALTHCARE ZONES**

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**G**overnment adopted laws that anticipate creation of IT zones within the technological industrial development zones, separated with a fence, and regulated with special projects. Certain steps are being undertaken and projects are being prepared for developing the IT zones given the increased interest. So far, we developed TIDZ for all types of plants regardless their field of operation, and enabled creation of tourism development zones, the legal documentation is finished and now is time to attract investors to build hotels and hotel complexes in the tourism zones. The legal regulation for free healthcare zones and free IT zones is currently being in the Parliament procedure.

The adopted law on free healthcare zones anticipates investors to build hospitals, who mainly want to operate in health tourism, treat foreign patients in Macedonia and develop big medical centers. They will also be allowed to admit Macedonian patients under special conditions so that Macedonian private hospitals outside the zone are not endangered with competition. This will attract investors to build foreign hospitals, and given the quality conditions also stimulate healthcare tourism in the future. This is practiced in other countries as well. The healthcare services in many Western countries are so much higher than in Macedonia and we will work to provide the same treatment in Macedonia.

# GRUEVSKI: THE INDUSTRIAL PRODUCTION GROWTH WILL BOOST THE ECONOMY

*This is due to the numerous measures and projects Government realized in order to improve the business climate and create better conditions for business*

The 13.1 percent growth of industrial production in October marked the highest growth this year and will contribute for boosting the overall growth of industrial production, stressed Prime Minister Nikola Gruevski.

“After the stagnation in the months of April, May and June, the situation started improving, because it was a result of the

political crisis and after surpassing the crisis, the industrial production started increasing and reached 13.1 percent in October. In the period January-October the GDP growth was 3.6 percent and we also anticipate high growth rate of industrial production in the months of November and December. That will contribute for increased profits and opening

of new work places. This is due to the numerous measures and projects Government realized in order to improve the business climate and create better conditions for business. We will continue to make efforts and improve the business climate and enable companies to have better results and open as many jobs as possible”, said Gruevski.

## REASONS TO INVEST IN MACEDONIA

**EXPORT OF TEXTILE PRODUCTS** – The garment industry in Macedonia exports mainly to EU countries. 93 percent of the production is organized by the CM or CMT (Cut, Make & Trim) system for foreign markets. Full production and own brand production is partly exported and the rest is placed in the domestic market.

**THE PROJECT FOR LAND PURCHASE** – As of 2009, it is possible for the land purchase to be realized under favorable conditions with a discount of 30% if the companies pay it in cash at affordable price. So far, more than 2,500 companies have used the opportunity for land purchase under the Government Project launched in 2009, and such support and assistance to the business community will continue.

**AGRICULTURAL LAND – INVESTMENT OPPORTUNITY** – The Ministry of Agriculture, Forestry and Water Economy as an authorized body has intensively been distributing agricultural land of good quality which is in state ownership, that is granted under lease (for use during the period of several years) to the interested investors, including foreign entities with established branch offices in the Republic of Macedonia

**TEXTILE INDUSTRY** – With a long, rich tradition in clothing and textiles, this sector is the second largest export industry in Macedonia. The competitive export advantages include short delivery periods, flexibility of delivery size together with exceptional value for money. In addition to garments, there is manufacturing potential for cotton thread and fabric, wool yarn, fabric and knitted fabric.

**RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT** – The Constitution of the Republic of Macedonia guarantees an investor's right to property. 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.

**WHY INVEST IN AGRIBUSINESS IN MACEDONIA?** – Challenges Opportunities the agriculture production and agribusiness sector are the most important economic sectors of Macedonia. Almost 435,500 people, out of a population of 2.1 million, make whole or part of their income from agriculture activities. The great natural preconditions and an existing tradition enriched with newly developed skills create a variety of opportunities in agriculture, from high mountain pastures of over 2000m high, to the rich water valleys with a Mediterranean climate.

**CONSTRUCTION COSTS** – Numerous Macedonian construction companies can build factories quickly to international standards and at the most competitive prices in Europe. The average cost of constructing a factory building shell is between €170/m<sup>2</sup> – €210/m<sup>2</sup>. Chart below shows the Price Level Indices for construction in selected countries in Europe as well as EU28 average indexed at 100. The sale price of state-owned construction land for industrial and production facilities varies depending on the location, from €5/m<sup>2</sup> to €40/m<sup>2</sup>.

**MACEDONIA – A BUSINESS SUPPORTIVE ENVIRONMENT** – Given the need for speed in today's global marketplace, Macedonia is fast becoming a major European service and distribution hub. You can set up a company here in just four hours! The World Bank “Ease of Doing Business 2014” report shows that Macedonia is a regional heavyweight

and 25th country in the World. Macedonia has also had a positive Forbes review coming 36th in a ranking of “Best Countries for Business.”

**EXPORT PROMOTION STRATEGY** – In the process of preparation for the exports, the companies need to conduct a research that will help them choose a market which will contribute to the maximization of the benefits and minimization of the risks. The same research will also help the managers decide not only on the markets to enter but also on the modes of entry.

**EXCELLENT INFRASTRUCTURE** – Macedonia is at the crossroads of South Eastern Europe, which makes it an ideal transit and distribution center for products for European markets. The developed road and railway infrastructure, in combination with the small area of the country enables access to every inhabited place in Macedonia in less than 3 hours. The Railway infrastructure in the Republic of Macedonia has been put in place since 1873, when the first Railway Track from Skopje to Thessaloniki in Greece has been constructed. Macedonian railway network system is connected north-south with the railway network systems of Serbia and Greece.

**LABOR LEGISLATION** – The recently enacted new Labor Law, prepared in accordance with the EU standards, provides increased flexibility of the labor market by offering and promoting flexible and different employment contracts and flexibility of working time. Also, reforms in this sphere have introduced training programs, support for entrepreneurs, as well as improvement of the overall business climate. The average gross monthly salary in 2013 is €502. This amount includes the net salary, personal income tax and social contributions for pension and disability insurance, health insurance and employment insurance. The minimum salary for each professional branch is defined by Collective agreements.

**FREE HEALTH ZONES** – Health tourism, attracting foreign capital to introduce new health methods and procedures, transfer of new technology, increased competitiveness, employment and quality of the higher education offer in the field of medicine are part of the benefits expected from the establishment of free health zones. The whole concept is designed to establish a health zone over a greater territory which is likely to be in Skopje on 15–20 acres for hospitals founded and built by foreign companies.

**INCREASED SUBSIDIES FOR TOURISTS FROM SERBIA, BULGARIA AND BOSNIA AND HERZEGOVINA** – The Government decided to increase the amount of subsidies for attracting tourists from Bosnia and Herzegovina, Serbia, and Bulgaria from 25 to 35 euro per tourist. Subsidies for tourists from 6 other states i.e. the United States, England, Germany, Kazakhstan, Azerbaijan and Qatar are announced for 2015.

**THE SOFTWARE INDUSTRY HAS EMERGED AS ONE OF THE MOST DYNAMIC SECTORS** – In recent years, the software industry has emerged as one of the most dynamic sectors of the Macedonian economy. With a growth rate of 7.7% in 2009, the Macedonian software industry outran the development pace of the overall economy and became an engine for growth, innovation and competitiveness. Like several other transformation countries in South East Europe,

Macedonia has discovered the strategic importance of the software industry and its enormous potential for exports.

**MODERN DIGITAL TELECOMMUNICATIONS NETWORK** – The Macedonian Information Technology market has marked another significant growth in 2009 of 7.7%, reaching \$164.5 million. Over the five-year forecast period, the country's IT market is expected to expand at a compound annual growth rate (CAGR) of 5.2%, and reach \$212 million in 2014. Hardware is the largest and most dynamic segment of the Macedonian IT market, with a striking yearly growth of 84.7%, taking up nearly 62% of the total IT market.

**FREE MARKET ACCESS** – Duty-free access to a market of over 650 million customers through three multilateral (SAA, EFTA and CEFTA) and two bilateral (Turkey and Ukraine) Free Trade Agreements

**EUR 500,000 IN STATE AID FOR INVESTORS IN INDUSTRIAL ZONES** – Up to €500,000 can be granted as incentive towards building costs depending on the value of the investment and the number of employees. Land in a TIDZ in Macedonia is available under long-term lease for a period of up to 99 years

**400,000 EURO INVESTMENT – THE ROAD TO OBTAINING MACEDONIAN CITIZENSHIP** – Foreign nationals who are residents of the EU and OECD countries and have purchased real-estate (house or flat) in Macedonia in an amount of over 40,000 euro will get the chance to be immediately granted one-year stay in the Republic of Macedonia

**LOW TAXES** – Flat corporate and personal income tax rates at 10%; 0% tax on retained earnings

**LOW OPERATIONAL COSTS** – One of the most cost-competitive locations in Europe

**EXCELLENT GEO-STRATEGIC POSITION** – Goods delivered within a day to Central and Eastern Europe and Turkey, and maximum two days to Western Europe

**FAST COMPANY REGISTRATION** – One-stop-shop system for company registration within 4 hours

**EXCELLENT INFRASTRUCTURE** – Wireless national backbone infrastructure, digital telecommunications system, extensive highway network, two international airports with regular connections to main European transportation centers

**RESPONSIVE EDUCATIONAL SYSTEM** – Universities willing to collaborate with incoming investors in meeting the required skills

**EXCELLENT FOREIGN LANGUAGE SKILLS** – English widely spoken, French and German embedded in the education system, regional languages in wide use

**AVAILABLE SKILLED WORKFORCE** – A young (42% under the age of 30) and educated workforce with a strong work ethic and excellent industrial relations record

**HIGH QUALITY OF LIFE** – Highly attractive living and working conditions

**POLITICAL, MONETARY AND MACROECONOMIC STABILITY  
EU AND NATO CANDIDATE COUNTRY**



# FRENCH COMPANY "F.A.M.E.'S" TO CONSTRUCT A MUSIC PRODUCTION CENTER

*The presence of F.A.M.E.'S in Macedonia in the past several years, contributed for establishing great cooperation with the Macedonian Philharmonic, Macedonian Opera and Ballet and many outstanding Macedonian artists and musicians - said PM Nikola Gruevski*

F.A.M.E.'S representatives and Mayor of Gazi Baba Municipality signed the contract for constructing a cultural center and a film music recording studio and the contract for purchase of state construction land in Municipality Gazi Baba. The contract anticipates construction of two facilities, a cultural center located on 543 meters squared and a film music recording studio located on 1,194 meters squared.

-This company has already been working in Macedonia for several years now, recording film and other orchestra music for the global film industry. Many film music tracks were composed

and created in Macedonia in the past period, by that leaving footprint on numerous Hollywood movies and global commercials. The presence of F.A.M.E.'S in Macedonia in the past several years, contributed for establishing great cooperation with the Macedonian Philharmonic, Macedonian Opera and Ballet and many outstanding Macedonian artists and musicians - said PM Gruevski.

He stressed that investing in the new film music recording studio, which is rare phenomenon on the Balkans, will additionally deepen and intensify the cooperation and contribute for the

long-term engagement of over 100 Macedonian artists.

F.A.M.E.'S representatives stressed that eight years ago they started the creation of the symphonic orchestra in Macedonia, intended to create music projects in Skopje. The Minister for Attraction of Foreign Investments, Bil Pavleski stressed that the realization of this green-field investment proves that foreign investors are not only attracted by the favorable tax system and competitive prices on the Macedonian labor market, but also by our human and intellectual potential.

## NATIONAL PHILHARMONIC, 2014/2015

|                              | Total | Concerts |                                      | Attendance |                                      | Broadcast concerts on: |              |
|------------------------------|-------|----------|--------------------------------------|------------|--------------------------------------|------------------------|--------------|
|                              |       | Total    | Guest appearances in other countries | Total      | Guest appearances in other countries | Radio programme        | TV programme |
| <b>Republic of Macedonia</b> |       |          |                                      |            |                                      |                        |              |
| 2014/2015                    | 1     | 31       | 1                                    | 34 106     | 2 000                                | -                      | 8            |
| 2013/2014                    | 1     | 38       | -                                    | 21 900     | -                                    | 6                      | 6            |
| 2012/2013                    | 1     | 38       | -                                    | 29 000     | -                                    | 6                      | 6            |
| 2011/2012                    | 1     | 31       | 1                                    | 19 850     | 2 000                                | 9                      | 9            |

Source: State Statistical Office

## THEATRES, PHILHARMONIC AND PROFESSIONAL FOLK DANCE AND SONG ENSEMBLES, 2014/2015

According to the State Statistical Office data, in the 2014/2015 season, compared to 2013/2014, the number of performances at professional theatres increased by 5.6 percent, while attendance increased by 14.3 percent.

The average attendance per performance was 222 visitors. In the period 2014/2015, compared to 2013/2014, the

number of performances at professional youth and children's theatres decreased by 4.2 percent, while attendance decreased by 7.1 percent.

In amateur theatres, for the same period, the number of performances decreased by 20.4 percent, and the number of visitors decreased by 7.6 percent. In 2014/2015, in comparison with

2013/2014, the number of concerts of the Philharmonic decreased, while attendance increased.

Regarding the professional folk dance and song ensemble, in 2014/2015, compared to 2013/2014, there was a decrease in the number of concerts, and the number of visitors decreased.

# WELL-KNOWN JAPANESE COMPANY TO CONSTRUCT A HOTEL IN SKOPJE

*As a result of the activities and efforts of this Embassy, a Japanese company in the hotel industry announced its readiness to build a hotel in Skopje in 2016, an investment which is anticipated to create hundred new jobs. Another leading company in the field of distribution and trade is already negotiating with one Macedonian company for making a business cooperation which will open the doors to Japanese investments*

The Macedonian Embassy in Tokyo organized a business forum and presented the investment opportunities before Japanese businessmen. Minister for Attracting Foreign Investments Goran Mickovski and Macedonian Ambassador in Tokyo, Andrijana Cvetkovik presented Macedonia as a favorable business destination. Thirty-some Japanese companies in various fields, including HONDA, NEC, Marubeni, Mitsui, participated at the business forum.

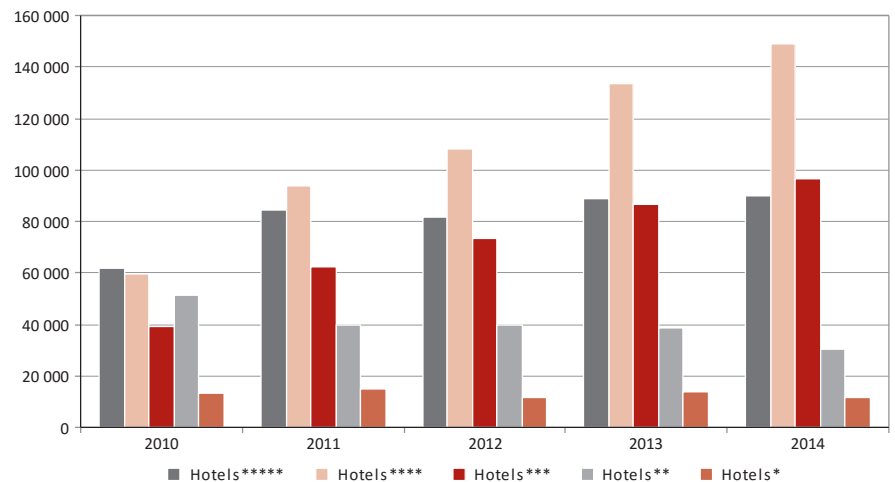
Minister Mickovski presented the investment opportunities and shared the successful stories of foreign companies which invested in Macedonia.

Macedonian Ambassador in Tokyo, Andrijana Cvetkovik also addressed the forum and underlined Embassy's efforts put into developing the economic diplomacy, mentioning the business forum held in April this year and the numerous meetings and seminars on investments with Japanese companies.

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ing company in the field of distribution and trade is already negotiating with one Macedonian company for making a business cooperation which will open the doors to Japanese investments.

## ARRIVALS OF FOREIGN TOURISTS IN HOTELS



Source: State Statistical Office

# TEHNOPLAST TO INVEST EUR 10 MILLION IN SKOPJE ZONE

Tehnoplast is the first domestic company to sign an investment agreement in the technological-industrial development zone Skopje 1-Bunardzik. The company will invest EUR 10 million and open 200 jobs. The first stage includes the plant construction and equipment procurement, while the second will focus on technological development, both spanning over a period of ten years.

Directorate for Technological Industrial Development Zones (DTIDZ) CEO Viktor Mizo and Tehnoplast owner Borce Todorovski signed the agreement, in attendance of Prime Minister Nikola Gruevski, and Vice Premiers Zoran Stavreski and Vladimir Pesovski.

“The company will manufacture tools and plastic components for the automotive, electrical and electronic

industries. The entire production will be exported. We aim at realizing the existing projects we have already launched with companies such as BMW, Audi and Renault, supported by our suppliers. Our goal is to enhance cooperation with foreign investors in the industrial zones”, said Todorovski.

# DOMESTIC BUSINESS GROWS VIA FOREIGN INVESTMENTS

*At the moment, over 500 domestic companies cooperate with foreign investors. The primary anticipations were that domestic companies would earn 30 million euro from the cooperation with foreign investors, but this figure reached 50 million, as the number of investors on the domestic market increases. A good example of this are companies from the construction industry which collected a total of 26 million euro in the past two years*

The number of domestic companies that actively cooperate with foreign direct investors continuously grows. At the moment, over 500 domestic companies cooperate with foreign investors. The primary anticipations were that domestic companies would earn 30 million euro from the cooperation with foreign investors, but this figure reached 50 million, as the number of investors on the domestic market increases. A good example of this are companies from the construction industry which collected a total of 26 million euro in the past two years of cooperation with foreign investors for the construction of plants in the industrial zones and for infrastructure regulation.

Experts stress that both sides benefit from this. Domestic companies have more work and continuously develop, they get transfer of knowledge and are introduced to new technologies and standards, their competitiveness increases and they also have the opportunity to export on foreign markets. Foreign companies have lower procurement expenses and swift delivery time. The result is increased economic growth and creation of new jobs.

-Data shows that around 500 domestic companies currently cooperate with foreign investors. The work, the production,

and services expand and create indirect employments. This gives opportunity to cooperate with domestic education institutions, both Universities and high schools. The foreign trade strengthens and the export from industrial zones increases. In general, the economy is growing, the production is increasing, and the export rises - stressed Alek Nikovski, PM's advisor on foreign investments.

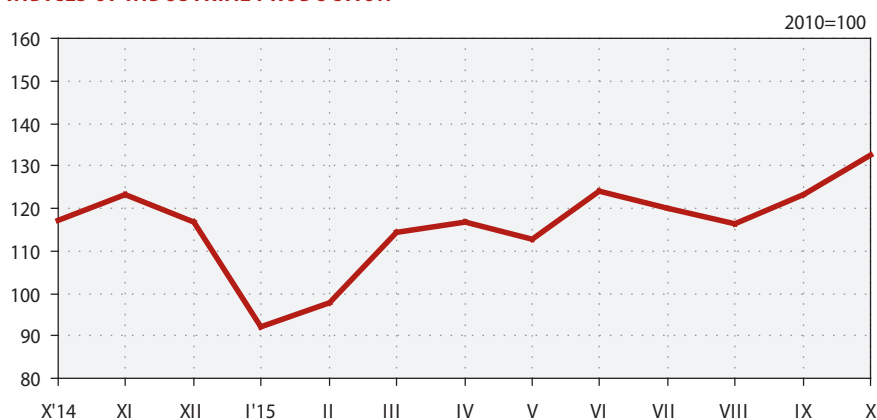
According to market experts, the highest cooperation is in services and construction. Foreigners use the services of domestic companies. In the upcoming

period, it is expected that there will be increased cooperation in most sectors in Macedonia.

The level of cooperation between foreign investors and domestic companies is very high, businessmen confirm.

-Establishing the starting line for investors' needs, regardless if it is a matter of raw material or any other service or product that Macedonian companies can provide. The key is in quality and competitiveness and Macedonian companies can provide that - stress from the Federation of Economic Chambers.

## INDICES OF INDUSTRIAL PRODUCTION



Source: State Statistical Office

## BELGIAN COMPANIES INTERESTED IN INVESTING IN MACEDONIA

According to Deputy Prime Minister Zoran Stavreski, presence of "Van Hool" in the Republic of Macedonia, as an important Belgian company, contributes for attracting investments from this region, since the companies are aware of this successful investment story in the Republic of Macedonia.

"I expect several companies to visit our country in the next two-three

months, following the discussions we had with the businessmen and their interest and for some of these visits to result in new investments and job creation", Stavreski underlined.

Belgium is among the ten biggest trading partner of Macedonia. The trade with this European country continuously increases from year to year. The trade with Belgium in the first 10

months of this year amounted to US\$ 155.9 million, US\$ 101 million out of which was related to the export from Macedonia. Last year, trade increased by 9.6%, while export from Macedonia to Belgium grew by 3.4%.

# “CAP-CON” TO OPEN 400 NEW JOBS

ART Automotive Macedonia will be located near “Visteon”, “Johnson Matthey”, “TeknoHose”, “Kemet Electronics”, “Van Hool”, “Prodis”, “Diatek”, and soon “Montante Group”

Started the construction of a plant for production of inflators for airbags ART Automotive Macedonia in TIDZ Bunardzik, which is an investment of US “Cap-Con” Company.

-This is a proof that companies are interested in investing in our country, and a confirmation of the existing ratings of Macedonia as one of the top business destinations in Europe. It is also a confirmation of the downward trend of unemployment that is noted by all international institutions, stressed PM Gruevski.

The factory possesses the most modern equipment and highly sophisticated production lines which will challenge Macedonian professionals to apply for work.

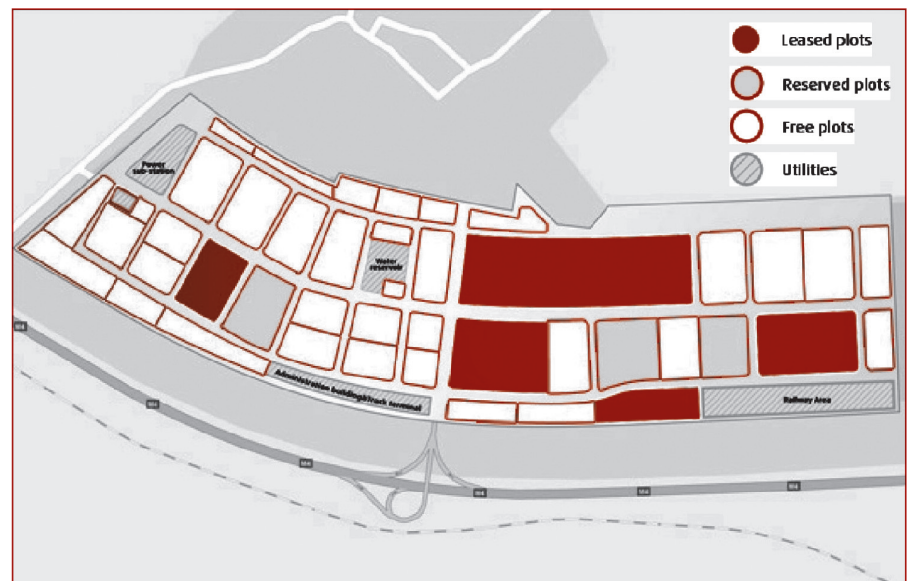
-The primary investment is estimated at 18 million dollars, the new plant will open 400 new jobs, 75 of which have already been employed and started working. The Company will be export-oriented and will produce inflators for airbags, primarily for the European market, stressed Gruevski. He welcomed Company’s openness towards cooperation with several Macedonian companies that should provide materials for the needs of ART Automotive Macedonia.

-The biggest benefit from the opening of the new plant is the attention it will direct towards all other companies which are still considering and reviewing the opportunities to invest in Macedonia. New factories are our biggest promoter and I hope that the example of “Cap-Con”

Company will be followed by many companies worldwide - Gruevski highlighted.

ART Automotive Macedonia will be located near “Visteon”, “Johnson Matthey”, “TeknoHose”, “Kemet Electronics”, “Van Hool”, “Prodis”, “Diatek”, and soon “Montante Group”.

## TIDZ SKOPJE 1



# “KIRO KJUCUK” BRICK FACTORY TO BE RESTARTED

Other than bricks and construction materials, this factory will introduce new products following the needs on the market. They submitted concession request to the Ministry of Economy for clay-pumping, which is the main raw material for production

The management of brick factory “Kiro Kjukuk” in Veles announced restarting of their production in February next year. After being dormant and bankrupt for so long, this factory was sold to Macedonian-Turkish Company “Euro Brick Company” on the 19th of October for 1.1 million euro.

Todor Kocov, Director of “Kiro Kjukuk” informed that they engaged 30

former workers to repair, clean and fix the machinery. They plan to engage 150 workers in February to operate in the plant for production of blocks, which will first start operating.

-The primary investment will be 1.5 - 2 million euro, and given the long period of stagnation almost 80 percent of the equipment in the factory for bricks is in very bad condition, informed Kocov.

Other than bricks and construction materials, this factory will introduce new products following the needs on the market. They submitted concession request to the Ministry of Economy for clay-pumping, which is the main raw material for production.

# THE TRAININGS FOR SCARCE OCCUPATIONS EMPLOYED OVER 600 PERSONS

In 2016, this project will be implemented in cooperation with the EU, and Government secured funds to encompass 650 additional persons. The open call will be published in January

Given the positive effects and results, Government anticipates continuing the training project, intended to improve the skills and knowledge of unemployed persons in order to make them more competent on the labor market. Data shows that over 600 persons were employed after having completed the training. In 2016, this project will be implemented in cooperation with the EU, and Government secured funds to encompass 650 additional persons. The open call will be published in January.

*Some of the trainings will encompass occupations for the need of foreign investors.*

-The training program is implemented by private companies, economic and trade chambers, and it lasts for three months. The state pays the trained persons 100 euro each, and after completing the training they receive a certificate,

said Aleksandar Gjorgiev, Government's spokesperson.

According to Government's anticipations, the open call will encompass unemployed persons to apply for training for travel guides, construction workers, vendors, service workshops, textile workshops, bakers, sellers and other. Some of the trainings will encompass occupations for the need of foreign investors. The most significant result from these trainings is the fact that over 60 percent of the persons were offered full time jobs in the companies.

## GRUEVSKI: EMPLOYING MACEDONIA TAX BREAKS PROGRAM LED TO 10.100 NEW JOBS

The Employing Macedonia program, offers tax breaks for companies that hire people from a long list of vulnerable categories

"I'm very satisfied with this project. Our goal was to increase employment and things are going well, because we've had over 10.000 people hired under the program, in 6.750 different companies. The numbers keep growing each

day, and the companies are recognizing the potential benefits of the program", Gruevski said.

Employing Macedonia provides breaks in the significant salary taxes for up to five years, if companies hire long term

unemployed persons, veterans, youth, elderly workers and single parents.

"The project has a strong social component, being focused toward reducing unemployment in these groups", Gruevski said.

### LABOUR FORCE AND ACTIVITY RATES

|          | Total working age population | Labour force |          |            | Activity rate | Employment rate | Unemployment rate |
|----------|------------------------------|--------------|----------|------------|---------------|-----------------|-------------------|
|          |                              | Total        | Employed | Unemployed |               |                 |                   |
| 2014     | 1 673 494                    | 958 998      | 690 188  | 268 809    | 57.3          | 41.2            | 28.0              |
| 2014/III | 1 673 056                    | 958 393      | 690 965  | 267 428    | 57.3          | 41.3            | 27.9              |
| 2015/I   | 1 675 607                    | 959 388      | 697 248  | 262 140    | 57.3          | 41.6            | 27.3              |
| 2015/II  | 1 676 400                    | 956 174      | 699 578  | 256 596    | 57.0          | 41.7            | 26.8              |
| 2015/III | 1 677 037                    | 954 610      | 711 380  | 243 230    | 56.9          | 42.4            | 25.5              |

Source: The State Statistical Office



# GOVERNMENT'S PROJECTS DRIVE THE CONSTRUCTION SECTOR

*So far, 4.7 million euro in subsidies for housing loans have been issued for the project "Buy a House, Buy an Apartment" and almost 730 families solved their housing issue*

Government's projects "Buy a House, Buy an Apartment" and "Buy a house for young people" are the main drivers of construction. The first project is already operational and the other is being announced, but both are intended to install a new impulse in the construction sector and in the other connected branches, stress businessmen.

"The project "Buy a House, Buy an Apartment" is of national interest for the Republic of Macedonia. I expect expansion in the construction of houses. Civil engineering is a branch connected with additional 26 branches regarding suppliers and manufacturers, selling materials, furniture and everything encompassed in the household", stressed Robert Hot President of the Construction Chamber. President of the Federation of Economic Chambers Daniela Arsovska considers that a new investment cycle is

anticipated in the construction sector by increasing the personal consumption.

One of Government's goals is to boost the construction sector.

-This is how we additionally support the construction sector and construction companies in Macedonia which has positive contributions regarding their increased profitability and the opening of new jobs in the construction sector, said Prime Minister Nikola Gruevski.

So far, 4.7 million euro in subsidies for housing loans have been issued for the project "Buy a House, Buy an Apartment" and almost 730 families solved their housing issue.

-The project resulted in positive shifts on the market, by increasing the financial-economic turnover and increased the demand of apartments which was beneficial for the citizens, the investors and the producers of construction ma-

terials, assessed CEO of Adora Vanco Cifliganec.

This project enabled citizens to solve their housing issue and it resulted in decreased price of meter squared per apartment, and reduced interest rates for housing loans. In the past several years, the price of meter squared per apartment decreased for around 100 euro and caused housing loans to increase for 73 million euro in one year, which is a record-breaking growth of 18 percent.

-When interest rates are low and dropping, economic subjects invest in real-estate or in shares, therefore we notice significant shifts in real-estate purchase by Macedonian citizens. At the moment, the interest rates for housing loans are among the most favorable ones in the recent history of the Republic of Macedonia, said CEO of "Sparkasse Bank" Gligor Bisev.

## VALUE OF CONTRACTED AND COMPLETED CONSTRUCTION WORKS ABROAD

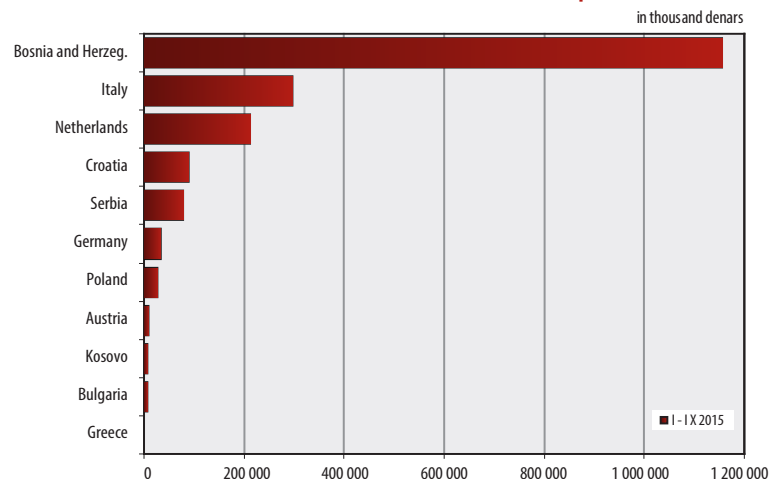
*In the reference period, there was an increase in the volume of completed construction works in Kosovo, Albania, Italy, Serbia, Croatia, Bosnia and Herzegovina and the Netherlands, while a decrease was registered in the other countries. Poland, Slovenia and Greece appear as new markets*

According to the State Statistical Office data, in the period January-September 2015, the total value of contracted construction works abroad was 3.2 million denars, which is 53.3 percent less compared with the same period of the previous year.

In the specified period, the construction enterprises from the Republic of Macedonia have completed construction works abroad totaling 1.9 million denars, which is 102.6 percent more compared with the same period of the previous year.

In the reference period, there was an increase in the volume of completed construction works in Kosovo, Albania, Italy, Serbia, Croatia, Bosnia and Herzegovina and the Netherlands, while a decrease was registered in the other countries. Poland, Slovenia and Greece appear as new markets.

**VALUE OF COMPLETED CONSTRUCTION WORKS ABROAD (period I-IX 2015)**



Source: The State Statistical Office

# MACEDONIA AND ALBANIA WILL COOPERATE IN THE ENERGY SECTOR

*With the cooperation we have with Bulgaria and Serbia on the energy market, and with the interconnection with Albania, a project that should be completed by 2018, we made the Republic of Macedonia to be the link in the regional energy market, stated Minister of Economy of the Republic of Macedonia Bekim Neziri*

ENERGY

Macedonia and Albania are small countries and have need of mutual energy connection that is of interest to both countries. These projects mean new regional energy market which is good for both countries and the entire region, concluded Minister of Economy of the Republic of Macedonia Bekim Neziri and Minister of Energy and Industry of Albania, Damian Gjijnuri at the meeting in Struga, at which was signed Memorandum of cooperation between the two countries in the energy field.

“The signing of this agreement confirms segments of cooperation in the

fields of energy efficiency, oil and oil products, electricity production through small hydro power plants and windmills. By signing we confirm that this cooperation will continue”, stated Neziri.

He recalled the agreement signed by MEPSO and EBRD for loan for the construction of interconnection line between Macedonia and Albania, that is, connection with interconnection line of 400 kV line between the two countries.

“The cooperation we have with Bulgaria and Serbia on the energy market, and with the interconnection with Albania, a project that should be completed by

2018, we made the Republic of Macedonia to be the link in the regional energy market”, stated Neziri.

The Albanian Minister of Energy and Industry Gjijnuri, following the meeting informed that the two countries have a remarkable progress for realization of the project for the construction of the interconnection Bitola - Elbasan and expects that in 2017 there will be concrete steps.

At the meeting the two Ministers also discussed the gasification, specifically for the project “TAP and TANAP,” which will supply the region and even Europe from the Caspian Sea.

## ENERGY BALANCE SHEET FOR 2016 – THE NEED OF ENERGY PRODUCTS WILL INCREASE

Next year, the need of energy products will increase for 4 percent for the consumption of electricity, gas and oil, and all segments will mark a growth - shows the data for the energy balance sheet for 2016. 35 percent of the total electricity need will be im-

ported. It is expected that the turbines of hydro power stations will slow down and the production of thermal power stations will reduce.

Second year in a row, traffic marks the highest consumption of energy products. The industry spends almost

as much as households. It is necessary to introduce gasification in order to reduce the electricity consumption, stress from the Macedonian Energy Association.

## ABOUT EUR 130M INVESTED IN CONSTRUCTION OF 40 SMALL HYDRO-POWER PLANTS

So far, thirty five small hydro-power plants have been constructed and started operating, and five others will start working in January, following the decision for construction of 65 plants. About EUR 130 million have been in-

vested in this project so far, Prime Minister Nikola Gruevski said.

The investment funds for all 65 power plants should reach up to EUR 200 million, Gruevski said. He expects these small hydro-power plants to open at

least 100 jobs and above all substantially contribute to Macedonia's electro power system.

# FIVE NEW SPEEDWAYS TO BE CONSTRUCTED IN 2016

Last year, we started the construction of the railway track from Bitola to Greece, and continued the reconstruction of the railway track on Corridor 10. In 2015, five new destinations were introduced on Skopje airport and two new destinations were introduced on Ohrid airport, Transport and Communications Minister Vlado Misajlovski stressed

Transport and Communications Minister Vlado Misajlovski stressed that five new speedways will be constructed and six regional roads will be reconstructed in 2016. According to him, 2015 was the most successful year so far in the field of transport, and will be remembered by the highest number of investments. As for the road infrastructure, a total of 400 kilometers in road network was effectuated. In addition, three new highways were under construction, and two additional highway sections 165 kilometers long

were reconstructed, an investment worth 800 million euro.

-We worked hard on the construction of highway Demir Kapija - Smokvica 28 kilometers long, an investment worth 210 million euro. We expect this highway to be completed next year. The second highway Kicevo - Ohrid is the biggest investment so far, worth 374 million euro. By the end of this year, 14 percent of the construction works was completed. We continued working on the construction of Skopje - Stip highway, 47 kilometers

long, and an investment worth 206 million euro. By the end of the year, we completed 34 percent of the construction works, said Misajlovski.

Last year, we started the construction of the railway track from Bitola to Greece, and continued the reconstruction of the railway track on Corridor 10. In 2015, five new destinations were introduced on Skopje airport and two new destinations were introduced on Ohrid airport.

## ENVIRONMENTAL PROTECTION EXPENDITURES

The share of expenditures on air protection is 12.8 percent

According to the data of the State Statistical Office, the total environmental protection expenditures in 2014 amounted to 6.6 million denars. In 2014, the share of environmental protection expenditures as a percent of GDP amounted to 1.3 percent.

The total environmental protection expenditures are allocated by ecological use as follows: the greatest is the share of expenditures on circulating water supply (25.2 percent), followed by the share of expenditures on waste management (17.7 percent) and expenditures on waste water management (16.0 percent). The share of expenditures on air protection is 12.8 percent.

Environmental expenditures include two components: investments in assets for environmental protection and expenditures on maintenance of assets for environmental protection. The share of investments in the total environmental protection expenditures amounted to 44.5 percent, and the share of expenditures on maintenance of assets for environmental protection was 55.5 percent.

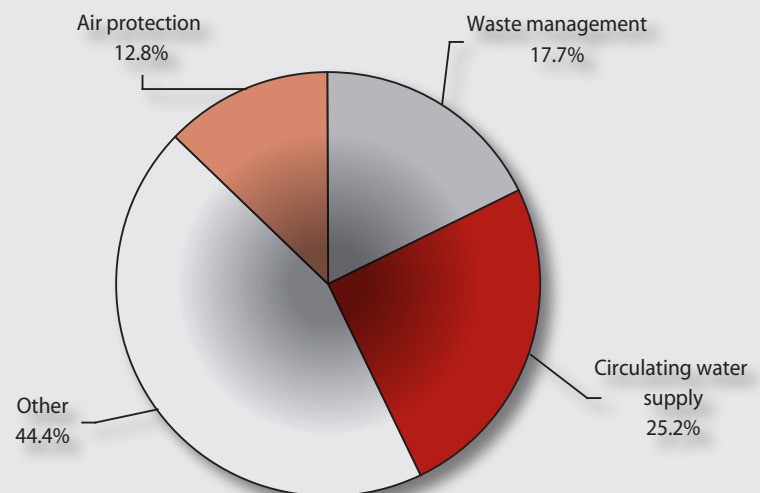
The share of investments in assets for environmental protection in the investments in fixed assets amounted to 2.4 percent.

Of the total environmental expenditures, the greatest amount was made in the industry sector and specialized

producers, 4.8 million denars, i.e. 73.9 percent.

Of the total environmental expenditures made in the industry sector and specialized producers, 31.5 percent were intended for investments and 68.5 percent for asset maintenance.

SHARE OF ENVIRONMENTAL PROTECTION EXPENDITURES IN TOTAL INVESTMENTS AND EXPENDITURES, ACCORDING TO USE



Source: The State Statistical Office

# STAVRESKI: 2.3 BILLION EURO IN FOREIGN DIRECT INVESTMENTS ENTERED MACEDONIA

*According to him, the growth of investments is a result of the improved business climate and sustainable level of low taxes, Government's great policies to attract investments, the implemented reforms in education and other factors*

In the period 2007-2015, 2.3 billion euro in foreign direct investments entered Macedonia, which is a four times increase compared to the period 2003-2006, calculated Finance Minister Zoran Stavreski.

"The total number of 2.3 billion euro is a great figure, because it regards green-field investments unlike in other countries which invest in real-estate, hotel-keeping etc. We invest in plants, especially for the automotive industry which creates many jobs and increases the export", explained Stavreski.

According to him, the growth of investments is a result of the improved business climate and sustainable level of low taxes, Government's great policies to attract investments, the implemented reforms in education and other factors.

Stavreski stressed that the most important thing is that the plants are constructed in cities all over Macedonia, in all regions, for example "Key Safety Systems" in Kicevo, "ODW Elektrik" in

Ohrid and Struga, "Johnson Matthey" in Stip, "Gentherm" in Prilep, etc.

"It is a matter of significant investments which are a result of the long-term and serious approach for attracting foreign investments", stressed Stavreski. He

highlighted that the foreign investments contribute for Macedonia's production of modern high-tech products, for example "Montante" and "Gentherm" which manufacture automotive parts for "Bentley", "Porsche" "BMW", etc.

## HIGH CREDIT RATINGS

### CREDIT RATINGS 2014

**Standard & Poor's: BB- (Stable)**

**Fitch: BB+ (Stable)**

## LOW INFLATION

### INFLATION

**Low inflation: <2% annually over the last 13 years**

**2013: 2.8%**

**2014Q3: -0.7%**

## MACEDONIA'S INVESTMENT OPPORTUNITIES PRESENTED BEFORE SINGAPORE BUSINESSMEN

In cooperation with the Singapore Business Federation, the Minister for Attraction of Foreign Investments, Goran Mickovski presented Macedonia's investment opportunities before 40-some leading companies from Singapore.

It mostly regards companies from production, finances, logistics and transport, tourism and real-estate.

Singapore Business Federation was founded with the decision adopted by the Parliament, and it currently counts over 21,500 companies with

a starting capital of over half a million Singapore dollars.

# NENOVSKI: SELLING TREASURY BILLS IS GENERALLY ACCEPTABLE INSTRUMENT

Professor Tome Nenovski assessed that the Ministry of Finance often sells treasury bills in order to create sufficient liquidity for financing current budgetary needs and cover the budgetary deficit.

-We should have in mind that every auction first implies indebtedness, and afterwards the country pays the debt to the banks based on the issued registered

treasury bills from the previous period - explains Nenovski.

Introducing state bonds and selling them as financial instruments, according to the professor, is generally acceptable instrument in the developed countries, especially in the Western economies where countries issue state bonds, in a form of treasury bills or securities, in or-

der to secure funds on the financial market for financing budgetary needs.

-This is applied in almost every Western country, especially in the USA which has the highest budgetary deficit, which is usually financed by issuing the so called "treasury bills" or state records - adds Nenovski.

## AVERAGE MONTHLY GROSS WAGE PAID PER EMPLOYEE, OCTOBER 2015

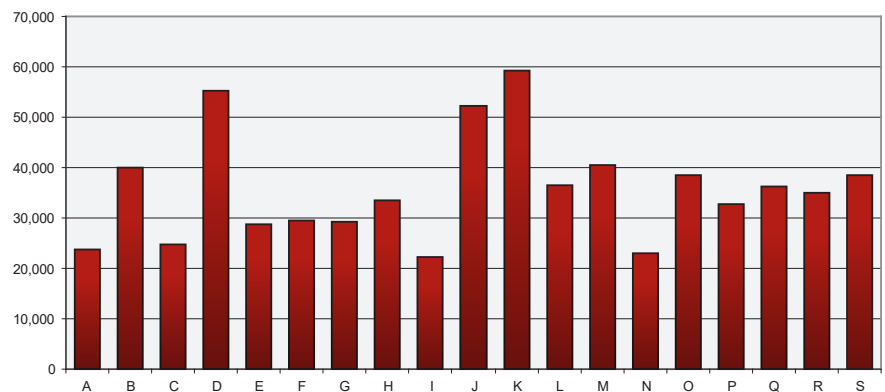
In October 2015, 1.2% of the employees in the Republic of Macedonia did not receive any payment

According to the data of the State Statistical Office, the index of the average monthly gross wage paid per employee in October 2015, compared to October 2014, was 102.4. This increase is caused by the increase of the average monthly gross wage paid per employee in the sectors: Arts, entertainment and recreation (28.7%), Administrative and support service activities (9.3%) and other service activities (8.3%).

An increase in the average monthly gross wage paid per employee compared to the previous month was recorded in the sectors: Mining and quarrying (3.9%), Construction (3.4%) and Wholesale and retail trade; repair of motor vehicles and motorcycles (2.7%).

The average monthly gross wage paid per employee in October 2015 was 32 597 denars. In October 2015, 1.2% of the employees in the Republic of Macedonia did not receive any payment.

### AVERAGE MONTHLY GROSS WAGE PAID PER EMPLOYEE, OCTOBER 2015



Source: The State Statistical Office

|   |  |   |   |
|---|--|---|---|
| A | Agriculture, forestry and fishing                                    | K | Financial and insurance activities                            |
| B | Mining and quarrying   | L | Real estate activities  |
| C | Manufacturing  | M | Professional, scientific and technical activities             |
| D | Electricity, gas, steam and air conditioning supply                  | N | Administrative and support service activities                 |
| E | Water supply; sewerage, waste management and remediation activities  | O | Public administration and defence; compulsory social security |
| F | Construction   | P | Education   |
| G | Wholesale and retail trade; repair of motor vehicles and motorcycles | Q | Human health and social work activities                       |
| H | Transportation and storage   | R | Arts, entertainment and recreation                            |
| I | Accommodation and food service activities                            | S | Other service activities                                      |
| J | Information and communication  |   |   |

## MINIMAL WAGES TO INCREASE STARTING FROM NEXT YEAR

As of January first, minimal wages will increase - announced PM Nikola Gruevski, stressing he kept his promise.

-Starting from the 1st of January 2016, the current minimal salary of 9,590 denars will increase to 10,080 denars for all industrial occupations, as it was promised, except from the textile and leather

industry where salaries will increase from 8,050 to 9,000 denars, which is almost a 1000 denars increase.

It is anticipated these two occupations to be leveled with the other industrial occupations, stressed the Prime Minister.

# FEMALE ENTREPRENEURSHIP IN MACEDONIA

The Macedonian economy counts 33 percent female entrepreneurs which is close to the European level. Most of them are holders of micro and small enterprises in the service sectors, who opened their own business in order get employed and not for business purposes

Macedonia is one of the rare countries in Europe to have statistical data for female entrepreneurship, and actively works towards creating a national strategy to define and significantly improve this segment of the economy. The Macedonian economy counts 33 percent female entrepreneurs which is close to the European level. Most of them are holders of micro and small enterprises in the service sectors, who opened their own business in order get employed and not for business purposes.

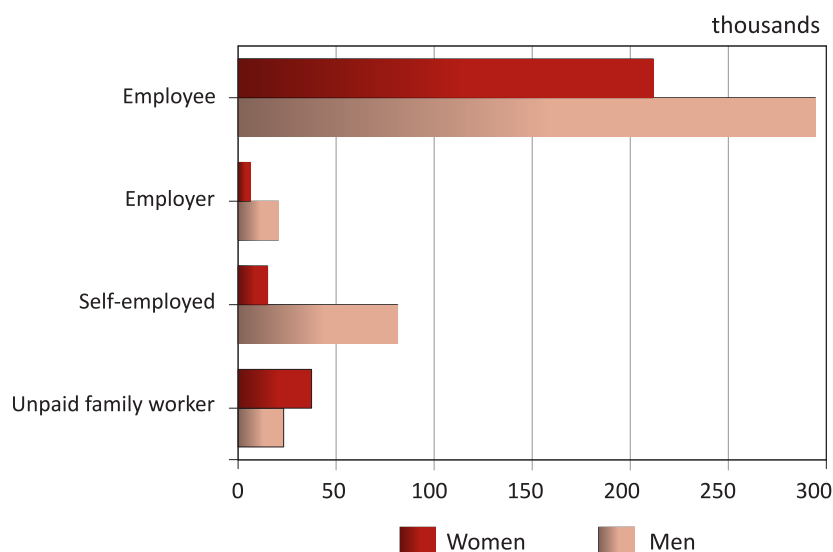
“This means that they don’t have a lot of working capital and don’t make a lot of profit, most of them are self-employed and started their own business in order to get employed and not because they have skills or talent for leading a business. They do what they know best given their professional preparation - stressed Valentina Disoska, President of the Association of Business Women, who initiated the project for female entrepreneurship in Macedonia.

The project “Female entrepreneurship - engine for creating jobs in Southeast Europe” is a regional project, implemented in the period 2012-2015 and

encompasses Macedonia, Serbia, Bosnia and Herzegovina, Albania, Croatia, Montenegro, Kosovo, Turkey and Moldova. Organized by the Regional Center for Entrepreneurship Learning of the countries from Southeast Europe and the Initiative for Sustainable Growth, under the

coordination of the Council for Regional Cooperation. In the final document of this project, the focus is put on young women, in order to stimulate their active inclusion in technical sciences, especially in the IT sector.

## EMPLOYED PERSONS BY GENDER AND ECONOMIC STATUS, 2014



Source: Labour Force Survey

## GRUEVSKI: ZONES ARE GREAT OPPORTUNITY FOR CREATING NEW JOBS

Given these positive results, Government decided to construct three new zones in Kumanovo, Lipkovo and Mavrovo-Rostuse, announced Prime Minister Nikola Gruevski

The construction of technologically industrial development zones gave great results, reduced the unemployment by creating new jobs, and increased the total export of the country. Given these positive results, Government decided to construct three new zones in Kumanovo, Lipkovo and Mavrovo-Rostuse, announced Prime Minister Nikola Gruevski.

-In the first 11 months this year, we already have 26 percent increased export

compared to the same period last year. The export value is 1.3 billion euro and it seriously influences the overall export of the Republic of Macedonia. That is our best card in attracting foreign investors. Starting from the fact that currently we have four fully operational zones with plants which already started operating and ten other factories that are still under construction, we decided to create three new industrial zones in 2016. It regards the zones in Kumanovo, Lipkovo and

Mavrovo-Rostuse Municipality because we believe these regions will benefit from the construction of industrial zones, as for increased employment and attracting more companies, said Prime Minister Gruevski.

He added that the upcoming preparations and activities anticipated for the second half of 2016 will contribute for initiating the development activities on these three new zones.

# INCREASED THE SUBSIDIES FOR FOREIGN TOURISTS

*Government gives subsidies to tourists from Belgium, Netherlands, Luxemburg, Finland, Norway, Denmark, Sweden, Russia, Ukraine, Japan, United Arab Emirates, China, India, USA, England, Germany, Qatar, Kazakhstan, Azerbaijan and other*

Tour operators will use the subsidies for tourism to attract foreign tourists to Macedonia, starting this winter. Statistics shows that mountains are the third favorite to foreign tourists who visit Macedonia so that should be used in the upcoming period.

Another advantage is that Government increased the subsidies, and starting from next year will pay tourists from Israel, Austria, Malaysia, South Korea, Italy, France and Spain, 65 euro each. At the same time increased the subsidies for tourists from the Czech Republic, Slovakia, Hungary, Poland and Romania, from 25 to 35 euro each.

– This represents a great opportunity for domestic travel agencies to get to know these markets and make contacts in order to attract more tourists to Macedonia during the winter period. Having in mind that foreign tourists contribute for higher foreign exchange earnings, this is good for both travel agencies because it increases their profit, and for the general economic growth of Macedonia - stressed Government spokesperson Aleksandar Gjorgiev.

Government gives subsidies to tourists from Belgium, Netherlands, Luxemburg, Finland, Norway, Denmark, Sweden, Russia, Ukraine, Japan, United Arab Emirates, China, India, USA, England, Germany, Qatar, Kazakhstan, Azerbaijan and other.

Macedonian tourism marked a steep growth in the past several years, as a result of Government's subsidies, the promotion of Macedonia as a favorable

travel destination, the reduced travel VAT from 18 to 5 percent, the modernization of airports in Skopje and Ohrid, the financing of cheap flights to over 15 European metropolis and many other projects.

## NUMBER OF TOURISTS AND NIGHTS SPENT BY TYPES OF TOURIST RESORTS, NOVEMBER 2015

|                                 | Tourists      |               |               | Nights spent  |               |               |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                 | Total         | Domestic      | Foreign       | Total         | Domestic      | Foreign       |
| <b>Total</b>                    | <b>41 793</b> | <b>16 826</b> | <b>24 967</b> | <b>94 736</b> | <b>45 428</b> | <b>49 308</b> |
| <b>Types of tourist resorts</b> |               |               |               |               |               |               |
| Skopje                          | 15 715        | 1 932         | 13 783        | 30 453        | 3 811         | 26 642        |
| Spa resorts                     | 2 260         | 1 854         | 406           | 21 365        | 18 414        | 2 951         |
| Mountain resorts                | 2 702         | 2 160         | 542           | 4 590         | 3 506         | 1 084         |
| Other tourist resorts           | 10 026        | 6 298         | 3 728         | 18 306        | 12 694        | 5 612         |
| Other resorts                   | 11 090        | 4 582         | 6 508         | 20 022        | 7 003         | 13 019        |

Source: The State Statistical Office

## TOURISM, NOVEMBER 2015

*In the period January - November 2015, compared to the same period last year, the number of tourists increased by 10.3%: the number of domestic tourists increased by 5.4%, while that of foreign tourists increased by 13.9%*

According to the data of the State Statistical Office, the number of tourists in November 2015 was 41,793, and the number of nights spent by tourists was 94.736. The number of tourists in November 2015, compared to November 2014, increased by 14.6%, and the number of nights spent increased by 16.5%.

The number of domestic tourists in November 2015, compared to November 2014, increased by 18.3%, while the

number of foreign tourists increased by 12.2%. The number of nights spent by domestic tourists in November 2015, compared to November 2014, increased by 26.2%, and the number of nights spent by foreign tourists increased by 8.8%.

In the period January - November 2015, compared to the same period last year, the number of tourists increased by 10.3%: the number of domestic tourists

increased by 5.4%, while that of foreign tourists increased by 13.9%.

In the period January - November 2015, compared to the same period last year, the number of nights spent increased by 8.7%: the number of nights spent by domestic tourists increased by 6.2%, while those by foreign tourists increased by 12.3%.

# IN TWO WEEKS, OVER 5,000 TONS OF TOBACCO WAS SOLD AT AVERAGE PRICE OF 185 DENARS

According to the data of the State Inspectorate of Agriculture, 54.21 percent of the harvest was already paid to planters or 518 million denars for the harvest from 2015. The purchase is carried out at 152 purchase points by nine buyers, without any problems in accordance with the contracts between the producers and the buyers

Within two weeks since the start of tobacco trading, a total of 5,168 tons of this year's tobacco harvest were purchased at average price of 185 denars per kilogram, which is an increase of 65 denars compared to the same period last year, announced from the Ministry of Agriculture.

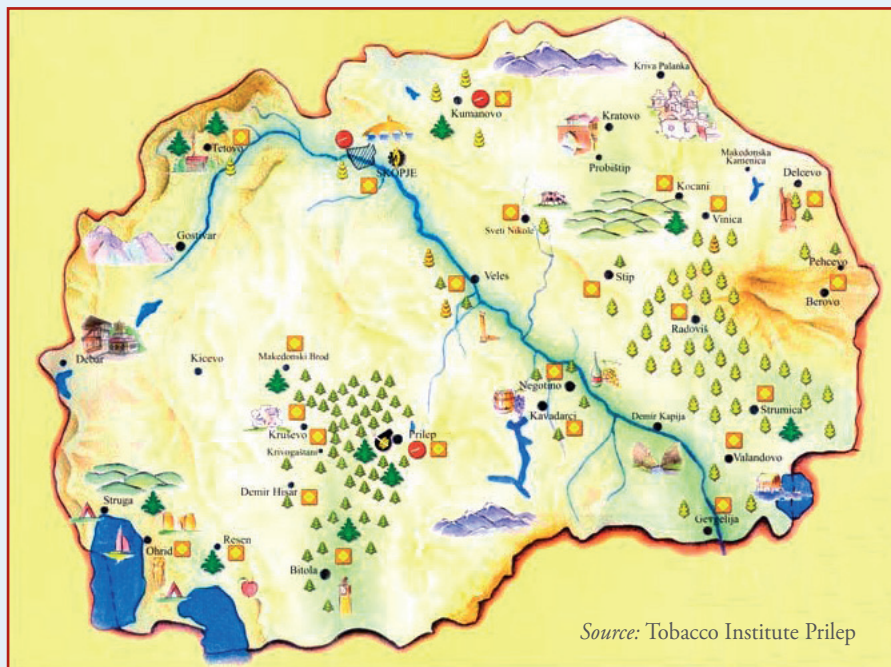
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The purchase is carried out at 152 purchase points by nine buyers, without any problems in accordance with the contracts between the producers and the buyers.

Initial estimates are that 25,000 tons of tobacco will be purchased.

The Ministry of Agriculture informed that they sent a written statement to buying companies for implementing certain measures to contribute for more successful purchase of the tobacco harvest this year.

## TOBACCO CHART OF THE REPUBLIC OF MACEDONIA



Source: Tobacco Institute Prilep

## NEW OPPORTUNITIES FOR PURCHASING STATE AGRICULTURAL LAND

The new open call for distribution of state agricultural land gives opportunities for new employments, self-employments, both for domestic and foreign companies to start with the production of agricultural products or open plants for food processing, stressed Prime Minister Nikola Gruevski.

“All land parcels will be located on over three hectares, which gives possibility for more serious production, for which they can apply on a public auction. We have a lot of potential which will create conditions for many new employments and will increase the export and self-employment, therefore I expect

people to show great interest, said PM Gruevski.

He added that the state agricultural land in Kumanovo, in Stip-Sveti Nikole region, in Resen region and other regions has already been published, and called upon all domestic and foreign companies to review this opportunity.

## SUBSIDIES FOR IPARD LOAN INTEREST IN 2016

Subsidies for interest rates towards greater use of IPARD funds, announced Minister of Agriculture, Forestry and Water Economy Mihail Cvetkov.

The Government measure will be intended for IPARD beneficiaries, available from the onset of 2016.

“The measure will encompass IPARD beneficiaries who have signed an agreement with the Payment Agency, valid for all banks in Macedonia. The state will cover 50 percent of the interest rate that cannot exceed eight percent and for loans up to EUR 500.000”, said Cvetkov at the

sidelines of the Agro-Business Forum in Skopje.

The ministry will hold info-days throughout Macedonia up to December 25, where farmers can obtain specific data over the measure.