MACEDONIA

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Internationally Oriented President Begins Second Term

Gjorge Ivanov, who began his second term as Macedonia’s president on May 12 this year, focussed his inaugural address on the need for all Macedonians to work together to achieve their country’s long-term peace and prosperity. President Ivanov commented, “I would like to express my great gratitude to the citizens of the Republic of Macedonia who have contributed to maintaining peaceful, fair and democratic elections. It is democracy, citizens and Macedonia that have won these elections.”

Long-time supporter of free-market principles

President Ivanov, who was born in 1960, earned a law degree from Saints Cyril and Methodius University in Skopje and has spent much of his professional life as a law professor. Early in his career he worked as a journalist and presenter for Macedonian Radio and Television and was very involved in efforts to reform Macedonia’s political system. After the collapse of Yugoslavia, Gjorge Ivanov began to promote a liberalised, free-market economy in Macedonia.

As a law professor, Gjorge Ivanov was known for his innovative teaching methods and for his support for the EU TEMPUS Programme, which introduced reforms in Macedonia’s higher-education sector to align it with EU standards. He also served as a consultant for prominent think tanks and research centres. The president was a co-founder of Mac-
edonia’s first political journal, “Political Thought”, and of the Institute for Democracy, Solidarity and Civil Society, and he launched Macedonia’s Political Science Association. Although not a party member, he was active in designing the reform policy of the VMRO-DPMNE party.

Becoming Macedonia’s fourth democratically elected president in 2009, Gjorge Ivanov immediately demonstrated his drive to carve out a niche for Macedonia on the international scene and to strengthen the country’s global ties. He participated in more than 200 meetings with other heads of state and in hundreds of cultural, sports, diplomatic, academic and economic events at home and abroad. He introduced Macedonia’s “Best Young Scientist” award and established the annual School of Young Leaders. In March 2012, President Ivanov was sworn in as Protector of the European Academy of Sciences and Arts. In December 2013, he became a member of the World Academy of Arts and Sciences.

In his second term, President Ivanov anticipates new challenges. In his recent inaugural address he said, “We live in a period of perpetual transformation of the international order. Five years ago when I was giving a solemn oath to be Macedonia’s president, the world was experiencing an economic and financial crisis, and Europe was about to enter a big debt crisis. Crises slowly dissolve and economies recover, yet global challenges and changes remain. They are now even more intense and unforeseeable. And, the world is more connected and interdependent than ever before. In such complex international conditions, it is necessary for Macedonia to defend its interests and the interests of its citizens. The Republic of Macedonia must speak in a single voice and with a clear position in order to be recognised as a stable country and respected as a responsible partner and ally.”

Call for unity

The President has always been a strong supporter of unity. In his inaugural address he said, “I was and I will remain the president of all Macedonia’s citizens, regardless of whom they voted for. I will continue to defend our common national

interests and the interests of all citizens of Macedonia, whether they are Macedonians, Albanians, Turks, Vlachs, Serbs, Roma, Bosniaks or others. As President, I was and I will be the voice of all citizens.”

“We believe in a safe and stable, European and Euro-Atlantic Macedonia, open to its neighbours and to the world.”

President Ivanov also stressed his drive to expand Macedonia’s international trade. He made an official visit to China in October 2013, regularly welcomes foreign investors looking into opportunities in Macedonia, and noted in his inaugural address that one of his main goals is to streamline transport connections between Macedonia and its neighbours.

A priority on the President’s agenda remains Macedonia’s membership in the EU and NATO. In his speech, president Ivanov commented, “We believe in a safe and stable, European and Euro-Atlantic Macedonia, open to its neighbours and to the world, an independent and sovereign Macedonia in which the rule of law has been established and guaranteed, and in which human rights and civil liberties are guaranteed.” He added, “As Macedonia remains committed to its European and Euro-Atlantic path, we expect the EU and NATO to remain faithful to their principles: peace, democracy, the rule of law, human rights, the right to self-identification and human dignity. We see these principles as the cause and the meaning of Macedonia’s integration into the EU and NATO.”

Concluding his inaugural address, President Ivanov once again stressed Macedonian unity. He said, “We are all together, under one flag, under one sun. We are all together in our common homeland, the Republic of Macedonia, which we must build as a home of wellbeing for all.”
Foreign Affairs Minister Highlights New Global Ties

Nikola Poposki, Minister of Foreign Affairs, discusses Macedonia’s main goals concerning its foreign relations and economic ties with other countries. As the minister points out, the ministry is working hard to make the world more aware of the progress Macedonia has made in recent years.

European Times: What are your priorities as Minister of Foreign Affairs?

Nikola Poposki: The Ministry of Foreign Affairs is in the diplomacy business, and we serve as the face of Macedonia internationally. A big part of our diplomatic function is to contribute to Macedonia’s efforts to join the EU and NATO. We want decision-makers throughout Europe to be aware of the reforms we have been making and of our focus on strengthening the Macedonian economy, boosting per capita GDP, improving quality of life and creating the right conditions for investors. We believe that Macedonia’s political aspirations and its economic performance are closely linked. Macedonia is already part of the EU market in technical terms. We signed the Stabilisation and Association Agreement back in 2001 and became a candidate country in 2005. More importantly, to meet EU criteria we have launched significant reforms concerning the judiciary, rule of law, ease of doing business, quality of administration, environment and more. The EU and the EBRD have made major investments in Macedonia’s infrastructure, including the completion of the last part of the new motorway to the Greek border.

European Times: What are some of your upcoming projects?

Nikola Poposki: We have a number of projects planned which will foster new links to our regional neighbours as well as to other countries worldwide. With the aim to establish a presence in new markets, we plan to open Macedonia’s economy even more. Macedonia improved its position on the World Bank’s “Ease of Doing Business” ranking from 96th position in 2006 to 25th this year. Being already part of CEFTA and persistently working on signing more free-trade agreements we have succeeded in bringing more foreign investments to the country. Our ministry is also steadily improving the quality and efficiency of our consular and investor services around the world as well as simplifying visa issuing processes to enable foreign experts to enter Macedonia easier.

European Times: What is your personal message to potential investors?

Nikola Poposki: Come to Macedonia and see for yourselves that Macedonia offers the best opportunities for investment. With full support from a business-oriented government, abundance of incentives and a stable economy, you ought to be happy with the return on investments you make.
Positive Signs that Development is On Track

The Republic of Macedonia boosted its ranking in the World Bank’s “Ease of Doing Business Index” to 25th out of 189 economies in 2014, an impressive 11-point rise over its place on the list in 2013. Other signs that Macedonia continues to make progress in its drive to position itself as a thriving modern European economy are that the country attracted more than €100 million in FDI in the first half of 2013 and increased its exports more than 17% in the first three months of 2014. In addition, the European Commission reported in May that Macedonia’s GDP growth this year should reach 3%, making it one of the fastest-growing economies in Europe.
More and more global investors are taking note of these positive signs. FDI projects in Macedonia last year alone created more than 11,000 new jobs, crucial in a country where unemployment stands at almost 30%. Many foreign investors in Macedonia are global leaders in their sectors, including Johnson Controls and KEMET from the US, the UK’s Johnson Matthey, and Italy’s Tekno Hose, all of which have announced that they are expanding their operations in Macedonia this year.

Strategic European crossroads

Although it is a small, landlocked country with a high poverty rate, Macedonia enjoys a strategic location in South-eastern Europe and has long served as a major regional and international transport hub. Macedonia links Western and Central Europe to Southern Europe and the Aegean Sea, and aims to make the most of this geographical advantage. Set in the central Balkan Peninsula, Macedonia shares borders with Albania, Bulgaria, Greece, Kosovo and Serbia. As a member of the Central European Free Trade Agreement (CEFTA), Macedonia offers a number of attractions as a base for trade-oriented enterprises seeking opportunities in this rapidly developing region.

A stable parliamentary democracy since it gained its independence from Yugoslavia in 1991, Macedonia has faced many challenges over the past two decades, including Greece’s objection to its name, an issue which remains unresolved. Since 2004, over 130 nations have recognised Macedonia by its constitutional name, the Republic of Macedonia.

Following recent elections in both Macedonia and Greece, Matthew Nimetz, UN Special mediator, commented in early May this year that governments in Athens and Skopje should now give increased attention to the name problem. He said, “It is a good time for the leadership of both countries to think seriously whether there are some new ways of looking at these problems. As a mediator, I try to encourage both sides to think creatively.”

Macedonia is a cultural as well as trade crossroads and is home to many different ethnic groups. Ethnic Macedonians make up 64.2% of the population, according to the most recent census, while ethnic Albanians make up 25.2%, Turks 3.9%, Roma 2.7%, Serbs 1.8%, and others 2.2%. These groups have managed to live together harmoniously during most of Macedonia’s recent history.

Grievances felt by Macedonia’s ethnic Albanian community escalated into a conflict in 2001 which was ended by the internationally brokered Ohrid Framework Agreement. The agreement established guidelines for constitutional amendments and the creation of new laws that enhanced the rights of minorities. Macedonia’s ability to avoid civil war and find peaceful solutions to ethnic differences were widely praised by EU leaders and helped Macedonia achieve its candidacy for EU membership in 2005. In 2009, Macedonian citizens were granted the right to visa-free travel within the Schengen zone.

Commitment to joining EU and NATO

Macedonia still faces a number of hurdles on its road to EU membership. These include fully implementing the EU Framework Agreement, improving relations with Bulgaria, continuing to carry out democratic reforms, and further stimulating economic growth and development. Macedonia’s membership in NATO was blocked by Greece at the Alliance’s Summit of Bucharest in 2008 but the Macedonian government remains committed to joining NATO in the future.

Macedonia is a mountainous land with many valleys and three large lakes; it is bisected by the Vardar River. The country has extensive natural resources, including iron ore, copper, lead, zinc, chromite, manganese, nickel, tungsten, gold, silver, asbestos, gypsum, timber and arable land. In addition, it has great natural beauty, a rich cultural heritage and many historic landmarks, all of which are stimulating the growth of the tourism sector.

International partners are actively supporting Macedonia’s economic development. One of these partners, the EBRD, recently issued a report on the Macedonian economy in which the European bank outlined priorities for Macedonia this year. These are to accelerate reforms of the energy sector, including raising electricity tariffs and further liberalising the sector overall; strengthen the judiciary and the rule of law while also combating corruption; and maintain the fight against unemployment and poverty. The government is making these goals a priority as Macedonia continues to make progress on many fronts.
Strong Ties to the EU

Fatmir Besimi, Deputy Prime Minister for European Affairs and head of the Secretariat of European Affairs, discusses Macedonia’s relations with the EU.

European Times: What is the mission of the Secretariat of European Affairs?

Fatmir Besimi: The Secretariat has one department focussing on European integration, one department ready to support Macedonia’s EU negotiation process here and in Brussels, and one for IPA fund and bilateral financial support. Our main priority is to coordinate activities concerning Macedonia’s integration into the EU. We work closely with the Ministry of Foreign Affairs.

European Times: How committed is Macedonia to EU integration?

Fatmir Besimi: There is strong support for EU integration across the political spectrum, in spite of the long process. We continue to implement reforms to meet EU criteria, focussing on five priorities: human rights, rule of law and freedom of expression, public administration, election reform, and free-market economic principles. We have started the self-screening process and will move on to involving the EU Commission in the reform agenda. At the end of the day, we believe that EU standards and values will improve Macedonia’s quality of life, development opportunities, rule of law and economic prospects and stability. Around 70% of our trade is already with the EU. Macedonia has a multi-ethnic, multi-religious society but a common denominator uniting us is our shared EU future.

European Times: Why should foreign investors target Macedonia?

Fatmir Besimi: We have greatly improved our economy and business climate. It only takes minutes to start a business, and the entire process can be done in one office very simply and inexpensively. In addition, we have raised our standing on the World Competitiveness Report to 78 out of 148 countries. We have a very low tax rate of 10%, VAT is 18%, and personal income taxes and contributions have been reduced from 33% to 23%, which makes our salaries more competitive. Macedonia has a very highly educated, multilingual human resources, an open economy, many free-trade agreements, and membership in the World Trade Organisation, among other international institutions. We have also developed special trade and industrial zones offering tax-free status, and we offer subsidies in line with EU policies. Macedonia is also politically stable. Agriculture, the metals industry, tourism, pharmaceuticals, the automotive sector and ICT all offer particularly strong investment potential.

European Times: What is your personal message to investors?

Fatmir Besimi: Investing in Macedonia means taking advantage of the opportunities this country offers as a future member of the EU.
Embassy in Brussels Fosters Belgium-Macedonia Partnerships

The Embassy of the Republic of Macedonia in Brussels works to ensure productive relations between Macedonia and Belgium and other international players based in Brussels. The embassy serves the Macedonian Diaspora and provides services to potential investors and tourism visitors interested in travelling to Macedonia.

In his introduction to the web site of the Embassy, Lazar Elenovski, Macedonia’s Ambassador to Belgium, explains, “Our primary mission is to represent the Republic of Macedonia to the Kingdom of Belgium and consistently contribute to the bilateral relations of our two countries. Our embassy bridges good political, economical, cultural and social relations between our two countries and people. The Embassy of the Republic of Macedonia in Brussels provides assistance to Macedonian citizens residing or travelling in the Kingdom of Belgium, as well as Belgian citizens who are interested in working, investing and travelling in Macedonia. The Republic of Macedonia is grateful to the Kingdom of Belgium for the continuous support for the euro-Atlantic integration processes of Macedonia.” He adds, “Joining both NATO and the EU is Macedonia’s most strategic goal.”

European cultural identity

The embassy regularly hosts events in Brussels to encourage contacts between Macedonia, its Belgian partners and other international organisations. One recent event was the International Symposium on Cultural Diplomacy in the EU. At this event, Ambassador Elenovski delivered a speech on “Cultural Diplomacy in General and the Case of Macedonia” in which he commented that cultural diplomacy is becoming increasingly important thanks to globalisation and the technological revolution, which has enabled close contacts and communication between cultures from all corners of the world.

Lazar Elenovski also highlighted Macedonia’s European culture. He said, “Macedonia’s cultural identity is a European one… As to when Macedonia will become part of a united Europe, we regard that as a question of ‘when’ rather than ‘if’.” The Ambassador also stressed Macedonia’s openness to other cultures as well as its commitment to EU integration. The Embassy of the Republic of Macedonia in Brussels welcomes the chance to serve international investors and travellers looking to explore opportunities in Macedonia.

20 years of established diplomatic relations

In 2014, the Republic of Macedonia and the Kingdom of Belgium celebrate 20 years of establishing diplomatic relations. For this occasion, the Macedonian Embassy in Brussels hosted a diplomatic reception to mark the anniversary. Lazar Elenovski highlighted that the promotion of the Macedonian rich cultural legacy will be carried out through several international music festivals and the organisation of the Macedonian Culture Days event in a few cities in Flanders this year. “As far as the promotion of Macedonia’s economic potentials is concerned, particularly worth mentioning are the various forms of cooperation with the chambers of commerce and a number of well-performing Belgian companies, the most significant of which is that with Van Hool, the Belgian bus-maker, which undertook the largest Belgian investment in Macedonia,” Ambassador Elenovski pointed out.
GDP Growth Set to Continue in 2014

Macedonia will be the fourth-fastest-growing economy in Europe in 2014 thanks to 3% GDP growth this year, according to a recent report by the European Commission. Average GDP growth in the Euro zone overall, in contrast, is expected to reach only 1.2% to 1.6% in 2014. Several sectors of the Macedonian economy achieved particularly strong results last year, including the construction sector, which expanded by 33% over the year and was the main contributor to GDP. The European Commission expects 3.2% growth for Macedonia in 2015, while Business Monitor International recently predicted continued strong results for the Macedonian economy due to increased industrial activity and accelerating domestic consumption.

While Macedonia’s high unemployment rate remains a challenge, it dropped slightly in 2013 from 31% of the population to 29%. The European Commission points out that if Macedonia’s government remains committed to the reform process, including a planned simplification of licensing procedures, then new investments will create new job opportunities this year and beyond. In its own positive assessment of Macedonia’s performance, the World Bank notes that the Macedonian government is harmonising the country’s legislation with the EU acquis communautaire and has already pushed forward several reforms in procurement, transport policy, customs union, taxation and statistics-reporting.

Macedonia survived the global economic crisis better than many of its neighbours and has maintained macroeconomic stability through a commitment to a prudent monetary policy. The government published a medium-term fiscal framework in September 2013 which foresees a decline of the public-sector deficit from 4.1% in 2013 to 3.5% in 2014, 3.2% in 2015 and 2.6% in 2016. Inflation has been kept under control.

EU is top trading partner

With a small but open economy, Macedonia is heavily dependent on international trade. One sign of the country’s economic health is that it boosted its global trade activities by 17% over the first three months of 2014 compared to the same period last year. EU markets account for around 80% of Macedonia’s exports and around 63% of its imports. Macedonia’s leading exports are food, beverages, tobacco, textiles, iron and steel products, and automotive parts. Its main export markets are Germany (36.9% of total exports), Bulgaria (7.6%), Italy (6.5%), Kosovo (6.5%), Serbia (6.3%) and Greece (5%).

Macedonia’s leading imports are machinery and equipment, automobiles, chemicals, fuels and food products. The main sources of these imports are the UK (11%), Greece (10.6%), Germany (10.5%), Serbia (7.9%), Italy (6.5%), China (3.8%), Bulgaria (5.5%) and Turkey (4.8%).

The Macedonian economy is dominated by services (accounting for an estimated 62.3% of GDP in 2013), followed by
industry (27.5%) and agriculture (10.2%). Macedonia’s top industries are food processing, beverages, textiles, chemicals, iron, steel, cement, energy and pharmaceuticals. The country’s main agricultural products are grapes, tobacco, vegetables, fruits, milk and eggs.

Popular target for FDI

Thanks to its location, pro-business government, favourable tax policies and rapidly improving infrastructure, Macedonia is attracting more and more FDI in manufacturing and services. Invest Macedonia, the government’s investment agency, recently reported that around 20 new investment projects are currently in the pipeline with a total value of around €200 million. Prospective investors are mainly US and European suppliers to the auto industry, but they also include a Russian pharmaceuticals producer, a UK software developer and a Dutch horticulture company.

Macedonia’s governing right-of-centre, pro-business VMRO-DPMNE party came out the clear winner in recent elections, when Prime Minister Nikola Gruevski was elected to his fourth straight term in office. He pledges to launch 2,000 new projects – particularly road and energy upgrades as well as new educational and training initiatives – and to achieve even more rapid growth rates for Macedonia during his new term.

According to the EBRD, which has been providing significant assistance to Macedonia for many years, the main challenge the country faces in pursuing its economic-development plans is to increase its level of integration into regional and global markets. To help Macedonia meet this challenge, the EBRD has pledged support for a number of major transport-infrastructure projects in the country.

The World Bank is another key partner for Macedonia. In a recent progress report, the Bank notes that the Macedonian government and the World Bank Group are currently working on boosting Macedonia’s competitiveness while generating an environment for local businesses that will help put Macedonia on a sustainable growth path, create more and better jobs, and promote shared prosperity.

Macedonia’s Minister of Economy, Valon Saraqini, strongly favours increased cooperation between local and international investors. At an investment forum held in February this year, he commented, “Macedonia has made great progress over the past 20 years, including in increasing the added value of its exports. We welcome foreign investors who can bring in modern management styles, know-how, new technologies and other innovations which will help Macedonia enhance its competitiveness and will create new opportunities for Macedonian companies.”
Fostering Innovative ICT

Ivo Ivanovski, Minister of Information Society and Administration, explains that his ministry aims to raise awareness of the importance of ICT and help position Macedonia as a technologically advanced nation. Macedonia has already made impressive progress, boosting Internet penetration from less than 10% in 2006 to 65.8% in 2013.

**European Times: What are some recent advances in Macedonia’s ICT sector?**

**Ivo Ivanovski:** We liberalised Macedonia’s telecom sector in 2007 and now it is very competitive. We have three mobile operators as well as multiple cable operators, IPTV, and fibre-to-the-home services. We have also established true one-stop-shop e-government services for our citizens. In June 2013, Macedonia became the first country in the region to switch from analog to digital TV, which allowed us to attract more investment into the telecom market. Now all three operators will offer fourth-generation technologies this year. We have also implemented strong regulations for electronic communications, including special legislation for open data. We will continue to invest in our institutions and human capital. We have strengthened the requirements for employees in administration, who must have a minimum of 30 hours of training per year.

**European Times: Why should European investors target Macedonia?**

**Ivo Ivanovski:** We have a very close partnership with the EU and with EU countries, and for five years in a row Macedonia has met all the criteria to be an EU candidate. By the end of this year, thanks to new fourth-generation services, Macedonia will have the most advanced telecom network in the region, and we also have very good 3G coverage reaching over 85% of the population. Our Internet-connection rate is also high for the region. For investors, there is still a lot of room to bring more innovation and more services to the Macedonian market.

**European Times: How are you supporting innovation in the ICT sector?**

**Ivo Ivanovski:** We brought free WiFi Internet connections to 680 villages and now private operators are targeting these users, which was our goal. Our Fund for Innovations for Technological Development is designed to support entrepreneurship in ICT, while Macedonia’s favourable tax regime and liberalised trade environment are drawing more FDI. Our skilled human resources are another advantage. Macedonia cannot compete in quantity of people, but we can compete in the quality of our people.

**European Times: What is your personal message to European investors?**

**Ivo Ivanovski:** Visit Macedonia and see the progress we have made. Macedonia is small in area but has a big heart.
UK and Macedonia Celebrate 20 Years of Diplomatic Ties

The UK is a long-term supporter of Macedonia’s efforts to build peace and prosperity. Christopher Yvon, former British Ambassador to Macedonia, discusses the UK’s activities and programmes in the country.

European Times: Can you describe the British presence in Macedonia?

Christopher Yvon: Last year we celebrated the 20th anniversary of diplomatic relations between the two countries. Many British enterprises have invested in Macedonia, including Johnson Matthey, which produces catalysts for catalytic converters here and distributes them throughout Europe. In 2012, Britain’s Prince Michael of Kent led a delegation of UK executives here, and a new British mining investment in Macedonia grew out of that trip. Relations between Macedonia and the UK are very positive and productive for both sides.

European Times: What are your main tasks as former ambassador?

Christopher Yvon: The UK government has three main diplomatic objectives in Macedonia. These are to provide services to British nationals, promote security and stability, and help Macedonia achieve prosperity. We are particularly focusing on Macedonia’s economic growth, which includes attracting more investment from Britain as well as creating jobs and boosting the exports of British companies operating here. A couple of years ago, the embassy welcomed representatives from nine British chambers of commerce who came to Macedonia to explore business opportunities, and I recently accompanied Macedonia’s Minister of Foreign Investments and Minister of Finance to London, where they presented their country’s investment potential. Efforts like these help make British investors and companies more aware of Macedonia’s attractions.

European Times: What can Britain bring to Macedonia?

Christopher Yvon: Britain has a lot to offer Macedonia in many areas, including education and tourism, to name just two examples. Macedonia recently instituted the British primary-school curriculum here in certain disciplines, particularly mathematics and science, and UK tourism professionals can help Macedonia upgrade its tourism services to meet global standards. Britain can also bring world-class management expertise to Macedonia and play a role in improving the skills of the country’s workforce.

European Times: Why should UK investors target Macedonia?

Christopher Yvon: Macedonia offers many advantages, particularly in its industrial-development zones, where companies can benefit from low or zero taxation as well as skilled, low-cost human resources. In addition, the government has significantly streamlined the process of starting a business here. I urge UK investors to forget any negative ideas they may have about Macedonia and visit this country to see for themselves what it has to offer.
German Ambassador Highlights Bilateral Ties

Gudrun Steinacker, Germany’s Ambassador to Macedonia, and Hans-Helge Sander, Deputy Ambassador in charge of economic affairs, discuss business and cultural connections between the two countries.

European Times: Can you describe the ties between Germany and Macedonia?

Gudrun Steinacker: Germany was very actively involved in solving the conflict in Macedonia in 2001 and continues to promote Macedonia’s stability and prosperity. Germany is Macedonia’s top trade partner and has supported a wide range of projects here, including the major wind park in Bogdanci, which has received around €50 million in German financing through KfW. Macedonia is also receiving support through the Open Regional Fund, to which Germany contributes, and KfW is a partner of Macedonia’s ProCredit Bank, which strongly supports SMEs. GIZ is very active here as well, working with various Macedonian chambers of commerce. Germany also financed the country’s only modern water-supply system, in Prilep.

Hans-Helge Sander: Other energy projects Germany is supporting here include the rehabilitation of six hydropower plants, budgeted at around €30 million; the expansion of the Spilje power plant for around €40 million; and a project to extend the district-heating network in Bitola for around €60 million.

European Times: What support is available for German investors in Macedonia?

Gudrun Steinacker: The German Chamber of Commerce is very active here, as is the German-Macedonian Economic Association, which, with more than 180 members, is Macedonia’s largest bilateral economic association. Macedonia has recently attracted investment from Dräxlmaier in Kavadarci, Kromberg & Schubert in Bitola and Marquardt in Veles, and these projects are receiving support from the Macedonian government. German investors are involved in the telecom, construction, automotive, pharmaceuticals, textiles and other sectors in Macedonia.

European Times: What are some of the challenges investors face?

Hans-Helge Sander: Tenders are often awarded to the lowest bidder rather than on the basis of quality, whereas German companies focus on quality. Getting payment for public-sector projects is difficult as well.

Gudrun Steinacker: We would definitely like to see more transparency here as well as more support for SMEs, which are the backbone of the Macedonian economy.

European Times: What is your personal message to potential investors?

Gudrun Steinacker: In spite of the challenges, German investors in Macedonia are generally very satisfied with the results their investments are achieving. I advise potential investors to come here and see for themselves what the opportunities are, including in the high-potential agriculture sector. The embassy is always available to provide information and support.
Dutch Embassy Assists Macedonia with NATO and EU Accession

Marriet Schuurman, Dutch Ambassador to Macedonia

Macedonia has been in line for accession to the European Union since December, 2005. It has been working to gain membership in NATO. The Dutch Embassy to Macedonia has been working steadily to assist the Balkan nation with its plans and preparations, which span all aspects of society. The European Times spoke with Marriet Schuurman, the Dutch Ambassador to Macedonia, regarding Macedonia’s progress and the hurdles that remain.

European Times: Could you tell us how things stand with Macedonia’s accession effort, and how the Dutch Embassy is assisting in the process?

Marriet Schuurman: The prime objective of the Netherlands Embassy is the integration of Macedonia into NATO and European structures. Our focus is on supporting governance reforms. Economic diplomacy is an integral part of this effort, because European integration starts with economic integration. The Embassy has been very active in the field of public finance reforms, and also in facilitating private sector development through microfinance and other instruments.

Until recently we had a constituency fund that was used to support an enabling environment for private sector development and economic growth. The Macedonian Customs, Macedonian Tax Office and the Audit Office received substantial support and also assistance from their Dutch counterparts.

European Times: What do you consider the most important initiatives and projects?

Marriet Schuurman: The core of our activities revolves around helping establish links between Dutch and Macedonian companies interested in investment and trade. We have a matchmaking facility whereby Macedonian companies are matched through a consultant with potential partners they can visit in the Netherlands to try and create business links.

In addition, there is PUM, a senior management exchange programme through which senior or retired managers can come to Macedonia and help business to improve their operations and bring them up to European standards. About 40 managers come to Macedonia every year via this programme.

There’s also PSI and ORIO, two funding grant and loan facilities that will be merged into a new instrument this year called, “The Dutch Good Growth Fund.” This will be a revolving fund that Macedonian companies are entitled to. It will help investments and joint ventures in priority areas, and it will be launched mid-year.

European Times: What sectors are interesting for Dutch investors?

Marriet Schuurman: Macedonia has enormous natural resource potential and a lot of advantages, like good climate and availability of fertile land and water, apart from a low tax rate and relatively low labour costs. It will greatly benefit from updating skills and know-how, and large-scale investment in commercial agriculture and the food processing industry. Then there are other sectors with potential, such as textiles, tourism, automotive, and IT.
Austria Strongly Supporting Macedonia’s EU Accession

Dr. Thomas Michael Baier, Austrian Ambassador to Macedonia, and Gerhard Schlattl, Commercial Attaché and head of Advantage Austria, discuss ties between the two countries.

European Times: Can you describe the relationship between Austria and Macedonia?

Dr. Thomas Michael Baier: Austria strongly supports Macedonia’s progress towards joining the EU and believes negotiations should begin as soon as possible. The most important thing to remember is that Macedonia meets the requirements for EU accession, and all potential issues need to be dealt with within the negotiation process.

European Times: What are some of the challenges facing investors in Macedonia?

Dr. Thomas Michael Baier: Prior to starting their investments, investors should be very well informed on the legal situation and the way laws are being enacted. The government needs to make sure that more emphasis is put on legal institutions’ performance, which subsequently would generate more trust.

Gerhard Schlattl: In 2013, Advantage Austria conducted a Business Climate Survey among Austrian investors in Macedonia, asking them about the challenges and obstacles that they face here. The top challenges for investors, according to this survey, are bad payment behaviour, infrastructure, fighting against corruption, perspective on EU accession, and customs and administrative procedures.

European Times: What is your advice for improving the business climate in Macedonia?

Gerhard Schlattl: Macedonia offers potential for investment in a wide variety of sectors. I hope that the Macedonian government will step up its support for smaller companies, especially for ones that provide services and products for the local market. It is not all about attracting people to invest in Macedonia; it is about how you treat them when they are here. Sectors with potential include energy, especially for small-scale hydropower plants; food-processing; and tourism, among others.

European Times: How do you cooperate with international organisations in order to attract more investment and help the development of Macedonia?

Dr. Thomas Michael Baier: Up to the end of 2012, Macedonia had bilateral cooperation with the Austrian Development Assistance program. This program is still active on a regional basis. Of course, EBRD and EU, via their IPA funds, are tendering big projects here, and we then proactively inform Austrian companies and institutions that have interest in doing business in the region. Just recently, we had two successful twinning projects as well; one dealing with the education of Roma citizens and one dealing with unemployment and employment policy.

European Times: How do you think Macedonia will evolve over the coming three to five years?

Dr. Thomas Michael Baier: Since the Macedonian government is very committed to bringing Macedonia into the EU, the Austrian Embassy’s actions are mostly related to the EU accession process, primarily through the High Level Accession Dialogue. All investment should be built on the belief that the accession process will continue, and Macedonia will be a member of European Union family, where it belongs.
Turkey Long-Term Partner for Macedonia

European Times: How would you describe the relationship between Turkey and Macedonia?

Gürol Sökmensüer: Macedonia holds a very special place in the hearts of the Turkish people and we consider it a pivotal country for peace and stability in the region. We fully support Macedonia’s quest to become a member of NATO, and Macedonia has certainly fulfilled every criteria required to be a member. Clearing the way for Macedonia’s Euro-Atlantic path is crucial for the overall stability and security of the Balkans.

European Times: What are some of Turkey’s current projects in Macedonia?

Gürol Sökmensüer: The Turkish Cooperation and Coordination Agency and Yunus Emre Institute have permanent offices in Skopje and offer their services through the embassy. We provide major assistance in numerous fields, ranging from large-scale construction projects to the supply of equipment, personnel-training and scholarships.

European Times: Which sectors are Turkish investors targeting in Macedonia?

Gürol Sökmensüer: One of Turkey’s public banks, Halkbank, has become the fifth-largest bank in Macedonia, providing employment as well as significant credits for Macedonian entrepreneurs. TAV operates the airports in Skopje and Ohrid and is also an important employer. Ramstore, Cevahir Holding, European Eye Hospital, Sutas and other Turkish companies are also active here. Turkey will continue to support Macedonia politically, economically and militarily in the future and we would like to see even more Turkish investments here as well as Macedonian investments in Turkey. We would like to double or triple bilateral trade between our two countries.

European Times: What are the main challenges Macedonia faces?

Gürol Sökmensüer: Macedonia is a developing country which faces some major foreign-policy difficulties, but the government is steadily pursuing reforms with a view to integrating with all major Euro-Atlantic institutions. Should Macedonia’s name issue be resolved, I am confident that the country will take its rightful place among developed nations.

European Times: What is your personal message?

Gürol Sökmensüer: Macedonia has the potential to become an example in the Balkans for stable ethnic relations. Macedonia is a gateway to the EU and the current government is doing everything possible to welcome investors. Turkey and our embassy will continue to support Macedonia in every area.
Government
Government organisation

**Executive Branch**
Macedonia’s Chief of State is the President, currently Gjorge Ivanov (since May 2009). Macedonia’s President is also the Commander-in-Chief of the Armed Forces and the Chairman of the National Security Council.

The Head of Government is the Prime Minister, currently Nikola Gruevski (since August 2006).

Macedonia’s Cabinet is the Council of Ministers, elected by the majority vote of all parliamentary deputies; the current cabinet is made up of members of the coalition parties VMRO-DPMNE, DUI, and several small parties.

**Legislative Branch**
Macedonia’s parliament is the unicameral Assembly, or Sobranie, with 123 seats. Since 2011, three seats represent Macedonian citizens living abroad. All members are elected by popular vote from party lists based on the percentage of the overall vote the parties gain in each of the six domestic and three diaspora electoral districts.

**Judicial Branch**
The judicial branch is headed by the Supreme Court, seconded by the Constitutional Court. Supreme Court judges are nominated by the Judicial Council and appointed by the Assembly. Constitutional Court judges are appointed by the legislature for non-renewable, nine-year terms.

The Republic of Macedonia is a parliamentary democracy with power divided among the executive branch, the legislative branch and the judiciary. Macedonia is provisionally referred to by the EU, the UN and NATO as the Former Yugoslav Republic of Macedonia, or FYROM. Macedonia achieved its independence from Yugoslavia on September 8, 1991, and adopted its constitution that year.
Key leaders

Macedonia’s current President is Gjorge Ivanov, elected for a five-year term in May 2009 and re-elected in April 2014. Born in 1960 in Valandovo, Yugoslavia (now Macedonia), Gjorge Ivanov began his career as an editor at Macedonian Radio and Television, the national broadcasting station. He later taught political theory and political philosophy at the Law Faculty in Skopje and at several institutions in Macedonia and abroad. In 2008, he served as the President of the Council for Accreditation in Higher Education in Macedonia. He has been involved in politics since before Macedonia’s independence, consistently promoting democracy and a market-oriented economy. He is the founder and honorary president of the Macedonian Political Science Association.

The current Prime Minister is Nikola Gruevski, who has been in office since 2006 and is the leader of the VMRO-DPMNE party. Born in Skopje in 1970, Prime Minister Nikola Gruevski formerly served as chairman of the parliamentary budget committee, Minister of Finance, Minister of Trade, Chairman of the State Commission on Securities, and as a member of the parliamentary commission charged with co-operation with the European Parliament, among other posts. He founded the Brokerage Association of the Republic of Macedonia in 1998. In 2006, he earned a Master’s degree from the Faculty of Economics at Saints Cyril and Methodius University of Skopje. Nikola Gruevski has led many of Macedonia’s recent reform programmes, including measures against corruption, and was instrumental in launching the “Skopje 2014” urban-renewal initiative.

Elections

The president is elected by popular vote for a five-year term and is eligible for a second term. The most recent presidential elections were held in two rounds in April 2014; the second round was on April 27, when Gjorge Ivanov was re-elected with a reported 55.3% of the vote. Macedonia’s Prime Minister is elected by the Assembly following legislative elections; the leader of the majority party or majority coalition is usually elected prime minister.

Legislative elections are held every four years but the most recent were held early on April 27, 2014. The next are set to be held in April 2019. In the April 2014 elections, the leading party was the VMRO-DPMNE, with a reported 43.0% of the vote, followed by the SDSM (25.3%) and other parties. The Prime Minister is elected by the Assembly following legislative elections and is usually the leader of the majority political party or of a majority coalition. Macedonia’s cabinet or council of ministers is elected by a majority vote of all deputies in the Assembly.

Ministers

Deputy Prime Minister and Minister of Finance: Zoran Stavreski
The Ministry of Finance oversees Macedonia’s financial issues and financial-services sector. It sets and implements Macedonia’s regulations on taxation and macroeconomic
policies, develops and implements the state budget, and performs other functions.

Deputy Prime Minister for the Implementation of the Ohrid Framework: Musa Xhaferi
This Deputy Prime Minister makes sure that the terms of the Ohrid Agreement (the peace treaty signed in 2001 between the Macedonian government and the ethnic Albanian representatives) are observed.

Deputy Prime Minister for Economic Affairs: Vladimir Peshevski
The Deputy Prime Minister for Economic Affairs works to improve Macedonia’s business climate and attract foreign and local investment.

Deputy Prime Minister for European Affairs: Fatmir Besimi
The Deputy Prime Minister for European Affairs focuses on Macedonia’s links to other European countries.

Minister of Economy: Valon Saraqini
The Ministry of the Economy is in charge of developing and implementing Macedonia’s economic policies, including promoting the private sector and integrating Macedonia’s economy with the global economy.

Minister of Defense: Talat Xhaferi
The Ministry of Defense is in charge of all matters relating to defending Macedonia’s independence and territory. The ministry also oversees Macedonia’s armed forces.

Minister of Internal Affairs: Gordana Jankulovska
The Ministry of Internal Affairs oversees state and public security, border controls, residency permits and other matters related to domestic security issues.

Minister of Justice: Blerim Bexheti
The Ministry of Justice oversees Macedonia’s legal system and works to ensure that it meets international standards.

Minister of Foreign Affairs: Nikola Poposki
The Ministry of Foreign Affairs develops and implements Macedonia’s foreign policy, represents Macedonia in international organisations and international treaties, and oversees Macedonia’s embassies and consulates throughout the world.

Minister of Labour and Social Policy: Dime Spasov
The Ministry of Labour and Social Policy handles all issues related to employment and social matters, including human-resources development, gender equality, workers’ benefits and other issues.

Minister of Education and Science: Spiro Ristovski
The Ministry of Education and Science designs and implements Macedonia’s policies on education and scientific research, and works to ensure high standards in the educational system as well as to promote research activities.

Minister of Agriculture, Forestry and Water Economy: Ljupcho Dimovski
The ministry develops and implements policies related to these areas and works to promote agricultural development and the effective use of natural resources.

Minister of Transport and Communications: Mile Janakieski
The Ministry of Transport and Communications develops and implements Macedonia’s policies concerning telecom and transport infrastructure.

Minister of Information Society and Administration: Ivo Ivanovski
Minister of Information Society and Administration oversees the development of e-government services and a knowledge economy in Macedonia.

Minister of Health: Nikola Todorov
The Ministry of Health develops and implements policies relating to Macedonia’s healthcare system.

Minister of Culture: Elizabeta Kancheska Milevska
The Ministry of Culture oversees cultural activities and seeks to preserve and promote Macedonian culture.

Minister of Local Self-Government: Tahir Hani
The Ministry of Local Self-Government works to promote decentralisation and enhanced performance by local government institutions.

Minister of Environment and Physical Planning: Abdilajim Ademi
The Ministry of Environment and Physical Planning sets and implements Macedonia’s environmental-protection and urban-planning policies and oversees urban-development projects.

Note: At the time of printing, the results of the April 2014 elections were being contested by opposition parties.
International Organisations

“Macedonia offers some unique investment opportunities, including its potential as a steppingstone to European markets and its abundant skilled and inexpensive labour. Investors with a long-term vision should take a close look at Macedonia.”

Zoran Martinovski, International Finance Corporation’s Country Manager for Macedonia and Montenegro
World Bank: Working to Improve the Lives of People in Macedonia for 20 years

European Times: What is the history of the World Bank in Macedonia?

Tatiana Proskuryakova: The World Bank has been working in Macedonia for 20 years. We were among the first international agencies to engage with Macedonia after its independence, and since that time we work very closely with the government and our development partners here, particularly the European Commission, which is currently the biggest donor in Macedonia. The World Bank is in the process of negotiating a new Country Partnership Strategy with Macedonia, which will come online around July this year and will cover the next four years. The new strategy builds on years of successful cooperation, with a particular focus on two areas: promoting growth and competitiveness, and strengthening opportunities for all the people in Macedonia by creating jobs and improving public services. The World Bank’s main goals in Macedonia and everywhere in the world are eliminating extreme poverty and improving shared prosperity. And by that we mean improving the welfare of the bottom 40% of the income distribution in every country. Everything we do is in the service of these two goals.

European Times: What are some of the World Bank’s current projects in Macedonia?

Tatiana Proskuryakova: At the moment we have six active operations. A very important transport project is related to road rehabilitation. Because Macedonia is a landlocked country it needs to be connected to the rest of the region, and therefore the quality of roads is extremely important for the country’s competitiveness and long-term growth. Another large infrastructure project is in the energy sector, building transmission lines to link Macedonia to regional energy networks. The Municipal Services Improvement project helps municipalities across the country to meet critical infrastructure needs and improve the delivery and quality of public services. The Real Estate Cadastre Project is nearing completion, and it has already reduced the time needed to register a land parcel from 90 days in 2005 to 5-15 days in 2013, also expanding the coverage of the land registry system allowing for more people to use land as collateral in financial transactions. The Conditional Cash Transfer project is helping the government to strengthen the administration and coverage of the key social protection programs. The newest project in our portfolio is the Skills Development and Innovation project, which combines investment for innovation in private companies in Macedonia through the newly established Innovation Fund with support to the post-secondary education system, in order to reorient it towards the demand of the labour market. With these projects and our new strategy, we are trying to put Macedonia on a better track for development and more inclusive growth.

European Times: How do you see Macedonia changing over the coming five years?

Tatiana Proskuryakova: The Macedonian government has a clear plan to attract and generate investment, boost Macedonia’s competitiveness and support human-capital development. Overall, I believe that Macedonia has a bright future, especially if it solves the unemployment problem. This country has great potential. It is lovely, safe and inexpensive, with the friendliest people I have ever met. A little investment would make a huge difference here.

European Times: What is your personal message to investors around the world?

Tatiana Proskuryakova: Invest in Macedonia. First come and visit this country and then you will know why you need to invest here. Now is a great time to target Macedonia. Investors can also get in touch with me about a future World Bank project on business-process outsourcing. We are going to pilot it, and we are looking for companies that would like to employ people in Macedonia through an ICT-based platform. In general, I advise potential investors to come here and see for themselves all the opportunities Macedonia offers.
USAID A Committed Partner for Macedonia

European Times: Can you describe USAID’s history in Macedonia?

James Stein: USAID has been active in Macedonia since 1993 and has invested more than US$500 million in assistance for this country. USAID is working with the people of Macedonia to create jobs, strengthen democratic institutions and practices, enhance integrated education, and prepare students for the workforce. We want to see a prosperous, educated, democratic Macedonia that responds to the needs of all its citizens. Currently the focus of our support is helping Macedonia meet the requirements for EU membership. We partner with the Macedonian government and with dozens of local organisations to implement almost 30 ongoing projects. We’re working with the Parliament to create oversight-committee hearings, an important tool for keeping government accountable to its citizens. With our help, the government’s anticorruption commission will launch a new web site that should begin operating in mid-2014 to allow citizens to report incidences of corruption. Our economic growth projects focus principally on strengthening the business-enabling environment and private-sector development.

European Times: What are some of your projects for different business sectors?

James Stein: We have identified a number of unrealised market opportunities in Macedonia, which represent real potential for economic growth. In a nutshell, our projects in this sector are designed to help Macedonia realise that potential. USAID’s Investment Development and Export Advancement Support (IDEAS) Project, in partnership with government organisations, supports Macedonia’s industrial development. We’ve helped revitalise the National Entrepreneurship and Competitive Council, an important channel for public-private dialogue. Through our Yes Network project we’re focused on closing the gap between the skills workers have and those needed by the current labour market. We provide financial support for banks to help them finance private-sector initiatives. Our Clean Energy Investment and Industrial Management projects work with the government to streamline procedures for investment in renewable energy and to help large enterprises use energy more efficiently. We recently had a programme that supported the apparel industry, and one of our new projects focuses on adventure tourism. Another project helps small dairy farmers significantly increase their yields of feed corn.

European Times: What changes do you anticipate for Macedonia over the coming five years?

James Stein: The Macedonian economy is picking up and I believe that if the Macedonian government continues to implement reforms, to be transparent and open in its policies, to listen to its citizens, and to move forward on the path towards European integration, Macedonia will have a bright future.
Patrick Gitton, IMF Representative in Macedonia, discusses the IMF’s support for Macedonia’s economic stability and development.

**European Times: What is the history of Macedonia’s relations with the IMF?**

**Patrick Gitton:** Macedonia joined the IMF and the World Bank in the early 1990s and the IMF has had a permanent representative here since 1995. We are currently in a post-program monitoring phase, which means that since Macedonia received funding from the IMF above a certain threshold in 2011, the authorities and the IMF are working together to determine whether Macedonia’s macroeconomic policies are consistent with the country’s external viability and its capacity to repay the loan. The IMF publishes two reports per year on the Macedonian economy.

**European Times: What are your main tasks?**

**Patrick Gitton:** I serve as a liaison between the IMF and local stakeholders to ensure a good exchange of information and understanding on both sides. The IMF provides loans to help tackle balance of payments problems (which we last did in 2011), macroeconomic advice and technical support to Macedonia. Our technical support concerns, for instance tax administration, public-sector financial management, debt management, stress testing for banks, macro-modelling and projections, and advice concerning the regulatory environment. We work particularly closely with the Central Bank and the Ministry of Finance. Our ultimate long-term goal is Macedonia’s economic growth and prosperity.

**European Times: What are some recent success stories?**

**Patrick Gitton:** Macedonia managed to survive the global crisis better than some other countries and has considerably improved its management of public-sector debt as well as its regulatory environment for the financial sector. Over the past two to three years the IMF has advocated an updated medium-term fiscal strategy for Macedonia, and in 2013 the government clearly moved forward on formulating such a strategy. This is a very positive development. Macedonia’s macroeconomic environment is improving and we are expecting stronger growth in 2014. We also predict a rise in exports thanks to new FDI, especially multinationals in free-trade zones. We would like to see better integration of local companies with foreign ones in the supply chain. A main challenge is for Macedonia’s authorities to ensure fiscal consolidation and to control public-sector spending and debt levels.

**European Times: What is your personal message to potential investors?**

**Patrick Gitton:** Macedonia is a small country with great assets. Its people are very open to the outside world and speak English very well; it has significant natural resources; and it has many sectors with growth potential, including agribusiness and tourism.
Zoran Martinovski, the International Finance Corporation’s Country Manager for Macedonia and Montenegro, discusses the support the IFC is providing for Macedonia’s economic development. Acting as the private sector’s arm of the World Bank Group, IFC is the largest, truly global, international financial institution that supports private sector development through provision of financial and advisory services. The IFC has been present in Macedonia since the mid-1990s and has financed projects in the banking, manufacturing, pharmaceuticals, textiles, tourism and energy sectors. The IFC’s current outstanding portfolio in Macedonia totals around €94.7 million.

**European Times: What are the benefits of working with the IFC?**

**Zoran Martinovski:** The IFC’s role is to complement private sector investments and activities of commercial banks and Investment funds. We offer long-term financing next to global and in-house expertise. The fact that IFC has preferred creditor status is another benefit from working with IFC.

**European Times: What are some of your current projects in Macedonia?**

**Zoran Martinovski:** Our current exposure is mostly in financial markets, infrastructure, energy and the real estate sector through our regional investment projects. One of our biggest projects was a post-privatisation loan for electricity utility EVN to modernise Macedonia’s electricity-transmission system. Being strongly committed to supporting SMEs, our involvement in the banking sector includes both support for local banks and several credit lines for SMEs. With a very active trade-finance programme aimed at enhancing regional and international trade, we are also considering offering sector-specific credit lines for renewable energy and agribusiness projects. Advising the government on the Chebren hydropower plant and on a public-private partnership for the Corridor 8 road, we try to be proactive rather than reactive.

**European Times: What are the IFC’s goals for Macedonia in 2014?**

**Zoran Martinovski:** The World Bank Group’s main objective is to address poverty reduction and increase shared prosperity. The IFC-World Bank Country Partnership Strategy for Macedonia was recently published, in which unemployment is at the top of the list of challenges to face. We will continue to support local banks, infrastructure projects, and the government’s efforts to attract FDI.

**European Times: What is your personal message to investors?**

**Zoran Martinovski:** Macedonia’s GDP growth has been strong compared to neighbouring countries and the government has done a good job in attracting FDI. Macedonia offers some unique investment opportunities, including its potential as a steppingstone to European markets and its abundant skilled and inexpensive labour. Investors with a long-term vision should take a close look at Macedonia.
Business & Investment Opportunities

“Macedonia provides the most competitive and stable regime in Europe in both costs and ease of doing business.”

Vele Samak, Minister responsible for attracting foreign investments
Major FDI Projects Launched in 2013

Vele Samak, Minister responsible for attracting foreign investments, discusses Macedonia’s investments appeal.

European Times: What are some recent FDI trends in Macedonia?

Vele Samak: Macedonia is steadily increasing its competitive advantages and we are seeing more and more investors who would rather stick with a safe investment destination like Macedonia instead of one with many risks. Recent success stories include two of Macedonia’s biggest foreign investments to date. One is the Dräxlmaier group, which has 4,500 employees and will add 1,500 more as they ramp up Mercedes Class C production, and the other is Johnson-Matthey, which just opened a second plant here in a €130 million investment set to achieve €1 billion in exports. Earlier in 2013 a German automotive and electronics company invested €35 million and created 600 jobs in a new project in Macedonia, the biggest German investment here to date. The automotive and electronics sectors have attracted the most investment thanks to low cost margins and high profits. Other sectors drawing FDI are real estate, tourism, agriculture, medical products, construction materials and textiles.

European Times: Why should investors choose Macedonia?

Vele Samak: As a small country in population and area, we compensate by maintaining a very high level of services and a very business-friendly environment. We raised our World Bank Doing Business ranking to 25th in 2013, a big improvement over 2012. We are among the top ten reformers in 2013, ahead of more than 20 EU countries. Macedonia has low taxes and continues to improve the business climate, including implementing a new electronic system for construction permits, customs, registering taxes and other business functions. While joining the EU will have a positive effect on the Macedonian economy and there are some specific things that will become easier, from a business perspective the fact that we have not yet joined the EU has not been a road block.

European Times: How are local companies responding to FDI?

Vele Samak: More and more local companies, particularly SMEs, are getting involved in FDI projects. Foreign companies prefer local suppliers for infrastructure projects, for example, so our construction and logistics companies have really benefited. Local sourcing by foreign companies in Macedonia is around €5 million to €10 million per year.

European Times: What is your personal message to potential investors?

Vele Samak: The bottom line is that Macedonia provides the most competitive and stable regime in Europe in both costs and ease of doing business.
Macedonia attracted more than €100 million in FDI in the first six months of 2013 alone, and much of this investment came from a “who’s who” of companies leading their sectors worldwide. Global enterprises now operating in Macedonia include the UK’s Johnson Matthey and QBE Insurance; Austria’s Mobilkom and EVN; Germany’s Deutsche Telekom, Kromberg & Schubert and Dräxlmaier Group; Belgium’s Van Hool; France’s Société Générale; Johnson Controls and KEMET Corporation from the US; the National Bank of Greece and Greece’s Hellenic Bottling Company and Titan Group; Mittal Steel (Netherlands); Duferco (Switzerland); and many, many more.
Why have investors like these targeted Macedonia? They are drawn by the country’s very strategic location linking Western, Central and Southern Europe, the Balkan Peninsula and the Aegean. They are also attracted by Macedonia’s many advantageous trade agreements, tax breaks, investment incentives, skilled labour at low costs, and very business-friendly government.

To support regional and international trade, Macedonia has joined the European Free Trade Association (EFTA), which establishes preferential trade ties between Macedonia and EFTA-member countries Switzerland, Norway, Iceland and Liechtenstein; the Central European Free Trade Agreement (CEFTA), which allows for liberalised trade between CEFTA-member countries Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Kosovo and Serbia; and the Regional Convention for Pan-Euro-Mediterranean Preferential Rules of Origin, a network of bilateral free-trade agreements which specifies free flow of goods among the EU, EFTA countries, the Faroe Islands, Turkey and Mediterranean countries participating in the Barcelona process.

Macedonia has been a member of the World Trade Organisation since 2003 and signed a Stabilisation and Association Agreement with the EU in 2004, the first step towards full EU integration. Macedonia acquired official EU-candidate status in 2005, and the EU is now Macedonia’s top trade partner by far. Macedonia has also signed bilateral free-trade agreements with Turkey and Ukraine and aims to establish more bilateral trade agreements in the future.

Macedonia rolls out the red carpet for investors, whose investments are protected by law. Foreign and local investors are treated equally. Tax incentives include a flat tax rate of 10% for corporate and personal income tax, no tax on undistributed profits, and free repatriation of profits. Companies operating in Macedonia’s technological-industrial development zones (TIDZs) enjoy a 10-year tax holiday from profit taxes; exemptions from VAT for certain trade; a tax holiday on personal income tax on workers’ salaries for 10 years; various exemptions from customs duties; and other advantages. Two popular TIDZs are in Bunardžik close to Skopje, and two more are in Stip and Tetovo respectively. The Bunardžik TIDZ is the home of Johnson Controls and Johnson Matthey, both of which are expanding their operations there. Seven other TIDZs are in the advanced planning and construction phases.

Invest Macedonia: local partner of choice

Invest Macedonia, the government’s investment-promotion arm, has positioned itself as the ideal local partner for foreign
Business & Investment Opportunities

Key sectors with particularly strong growth potential in Macedonia today, according to Invest Macedonia, are automotive components, ICT, healthcare products, agriculture and food processing, and energy. Invest Macedonia also highlights opportunities in clothing, leather and textiles manufacturing; tourism; metals and metal products; mining; and construction, among others.

Macedonia has a long history of auto-component manufacturing, and a number of local manufacturers were acquired by foreign investors during the recent privatisation process. Macedonia's auto-components enterprises focus on exports, particularly to car manufacturers in Central and Eastern Europe, where some €20 billion has been invested in car manufacturing in recent years. For components manufacturers, Macedonia offers skilled, cost-competitive, dedicated labour and strong local support. One Macedonian university trained 165 students in the skills they would need to work in Johnson Controls’ new multi-million-euro facility outside Skopje.

Incentives in agribusiness and food processing

Agribusiness and food processing have long been major drivers of Macedonia’s economy and the government provides a number of special incentives for investors in these sectors. In addition, Macedonia’s EU accession process is drawing substantial EU technical assistance and support funds dedicated to agriculture and food processing. Macedonia enjoys a unique combination of continental and sub-Mediterranean climates, environmentally friendly production practices, sound food-processing technologies, highly qualified labour available in rural areas, very good access to regional markets, and a reputation for quality food products. Invest Macedonia cites opportunities in production, storage, distribution and processing of fruits and vegetables; wine production; and the production of cheese.

Macedonian tobacco, known worldwide for its high quality, is the country’s top agricultural export. Around 45,000 families are involved in some aspect of tobacco-growing and tobacco-processing in Macedonia, and leading international cigarette manufacturers purchase the majority of Macedonia’s tobacco exports. State subsidies continue to support the production of tobacco in Macedonia.

Macedonia has a long tradition of manufacturing clothing, leather goods and textiles, and this sector is now the country’s second-biggest exporter. Macedonia’s clothing, textiles and leather companies are known for their short delivery times, flexibility concerning delivery size, and exceptional value for money. Invest Macedonia notes opportunities in manufactur-
ing cotton thread and fabric, wool yarn, fabric and knitted fabric as well as in producing textiles, garments and leather goods. Macedonia welcomes new FDI in this sector, and local companies are ready to get involved in outsourcing, strategic alliances and joint ventures.

**Energy projects a top priority**

To keep its development on track, Macedonia needs substantial investment in energy projects and offers outstanding opportunities, particularly for hydropower initiatives. Around 70% of the country’s technically available hydropower potential is open to investors, and the government has provided a number of incentives for investment in traditional and renewable-energy projects.

Tourism is another winning sector for investors in Macedonia. The country has it all as a tourism destination: a rich cultural heritage, a wealth of historic monuments (including over 1,000 churches and monasteries and more than 4,200 archaeological sites), a temperate climate, unspoiled nature and unmatched hospitality. A continental country influenced by a Mediterranean climate, Macedonia has great potential for both summer and winter tourism. With its unpolluted air, soil and water, along with its rugged mountain areas, pristine valleys and rivers, Macedonia is ideal for eco-tourism, as many global travellers have already discovered.

**Metals and minerals**

The metals sector, a major source of exports for Macedonia, has been diversifying away from an exclusive focus on basic metals (iron and steel) to include dynamic companies involved in the production of rolled sheet steel; aluminium bars, rods and profiles; ferrous alloys; seamed tubing and ferrous-nickel products; and lead, zinc, copper, gold and silver. Most of the sector is already under foreign ownership and many opportunities remain. In the mining sector, mountainous Macedonia has significant deposits of a number of minerals, including lead, zinc, copper-gold and chromium. Lignite, marble, travertine and other decorative construction stones are widely available as well.

Macedonia’s chemicals sector is well developed and has strong capacity for the production of basic chemicals, synthetic fibres, polyvinyl chloride, detergents, fertilisers, polyurethane foams and fibres. In addition to opportunities for Greenfield FDI, investors will find interesting potential in chemical processing, including manufacturing cosmetics products.

Macedonia’s construction sector has been growing rapidly and has long been a top contributor to the country’s GDP. The Macedonian construction industry has been recognised internationally for its skilled personnel and use of modern technology, particularly in civil engineering and hydropower construction. Macedonia is a major supplier of construction labour to Central and Eastern Europe, the Middle East and Russia, and many opportunities are on hand for investors.

**Rapidly developing transport infrastructure**

To make the most of its strategic location and to support the growth of trade-oriented companies, Macedonia is making major investments in upgrading its infrastructure, often with the help of international partners. The Macedonian road network includes the E-5 highway, which follows the Morava and Vardar valleys and leads on to the Aegean and the Near East. The route is paralleled by an international railway line. A new road link connecting Istanbul and Albania will pass through Macedonia, along with an adjoining rail line.

Other projects in the works include new roads which will be part of pan-European transport corridors VIII and X. Macedonia is also building new rail lines to add to its current 925 km of railways. Macedonia is served by two international airports – at Skopje and Ohrid – which are used by several foreign carriers and provide direct links to major European cities. TAV Airports, which manages both international airports in Macedonia, completed a major expansion of Skopje Airport in 2013, opening a new passenger terminal and extensive new cargo facilities.

Macedonia is waiting to be discovered by international investors looking for a wealth of opportunities and a business-friendly environment in a dynamic region.

Source: National Bank of the Republic of Macedonia
Broadcaster Promoting Macedonia’s Diverse Cultural Heritage

Focus on human rights and high standards

“Our programming focuses on two major components: to affirm, cherish, preserve and promote Macedonia’s spiritual and cultural identity, including the heritage and values of all the country’s ethnic communities; and to adhere to European standards in order to contribute to Macedonia’s drive to integrate into the EU,” Dime Ratajkoski says. He adds, “Our main focus has always been to foster human rights and freedom, a sound regulatory environment and a market economy in Macedonia.”

MRT stands out from other broadcasting services in Europe because it broadcasts in nine different languages in order to reach all of Macedonia’s ethnic communities. In addition to its programmes in Macedonian, MTV broadcasts programmes in Albanian 9.5 hours daily and in Turkish 2.5 hours daily. In addition, MTV broadcasts programmes in Serb, Romany, Vlach and Bosniak for 30 minutes three times per week and for one hour per month in each language.

MRA broadcasts programmes in Macedonian, Albanian (8.5 hours per day during the week and nine hours on weekends); Turkish (five hours daily); Vlach (30 minutes daily); Romany (30 minutes daily); Serb (30 minutes daily); Bosniak (30 minutes daily); Bulgarian; and Greek.

Macedonia’s current broadcasting law regulates the status of MRT and is designed to promote public-broadcasting services that meet European standards. MRT is a member of a number of international broadcasting associations, including EBU, Circom, COPEAM and URTI. Dime Ratajkoski concludes, “MRT has been a public-service-oriented broadcaster with a European spirit since it was founded.”

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The National Bank of the Republic of Macedonia, the country’s central bank, focuses on ensuring price stability as well as the stability of the banking sector. The bank also supports the government’s economic-development strategies and aims to keep inflation low. Dimitar Bogov, Governor, discusses top priorities for the National Bank as Macedonia’s economy continues to mature.

European Times: What are some of your current projects?

Dimitar Bogov: Last year we completed a “Needs Assessment Analysis” with the European Central Bank and 11 other European central banks, and the National Bank of Macedonia was praised for its staff, organisational structure and operations. We are proud of this and are using the findings of the report to address issues that we will deal with in the upcoming period. We will soon be in compliance with all the criteria of the European System of Central Banks, and we are already working with several EU central banks. On the operational side, in the last two years we were very active in macro prudential policies aimed to encourage credit growth and financial market deepening.

European Times: How is the banking sector performing?

Dimitar Bogov: The Macedonian banking sector was quite resilient during the crisis. All banks remained solvent and credit growth continued. Now we would like to pursue a process of consolidation. The banking sector is currently dominated by three banks, while three or four others are catching up and other banks (up to 16 in total) are not very visible. We think Macedonia needs around seven to eight strong banks and perhaps one or two niche banks.

European Times: What are your projections for Macedonia’s economy this year?

Dimitar Bogov: The Macedonian economy is small, open and closely linked to the EU economy, because more than 70% of our exports are to the EU. The EU economy is picking up this year, which will benefit Macedonia. Last year our economy was mainly driven by new FDI and public-sector investments. This year we expect a growth in traditional export industries to recover too. Thus, economic growth will strengthen to 3.7%. Inflation is firmly under control to around 1% this year and we do not expect pressure from domestic demand on inflation before closing the output gap in 2015.

European Times: What is your personal message to potential investors?

Dimitar Bogov: Macedonia is attracting more FDI in export-oriented industries, and we expect this process to continue. The National Bank is here to support all FDI projects and to eliminate any obstacles to their success in Macedonia.
A State-of-the-art Step for the Future of Security

Nikob Security is carving out an innovative new future for security in Macedonia. Their newly acquired software and hardware technology will have the capacity to ‘count all the money in Macedonia within a day’, revealed General Manager and owner, Kiril Lazarov.

The company is preparing to build a cash centre for money counting and distribution, adding to its existing service offering of physical security, patrols, video monitoring, transport of money and installations and sales of high-end security equipment. This 100% Macedonian owned business is working with the National Bank and a foreign partner on this pioneering project, which will be a new concept in the local market and create a completely automated process for counting money.

“This new system will increase effectiveness and competitiveness in the nation’s banks,” says Kiril Lazarov. “We want to improve the market and implement a system that will actually work and be suitable for companies and the market as well.” The business already prides itself on its customised approach and cost-effective integrated security services. Nikob works with around 80% of Macedonia’s foreign investors, and is a leader in the market. This new system will only enhance their offering for companies coming to Macedonia: “We are ready and have everything clients might need in terms of security,” Kiril Lazarov emphasises.

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Top-Quality Insurance Services

Fast-growing Euroins, Macedonia’s provider of the best reinsurance rates has earned a 7% share of Macedonia’s insurance market and expects to achieve around €8.2 million in turnover this year.

With around 40 offices all over the country, Euroins provides a wide variety of world-class insurance services, including motor, health, property, travel, cargo, liability and accident insurance.

The company grew out of Makosped Osiguruvanje, founded in 1995. In 2008 it was acquired by Eurohold Bulgaria to become a part of Euroins Insurance Group (EIG), which is active in insurance, leasing and car sales in Macedonia. Euroins with operations in Bulgaria, Romania, Serbia and Macedonia became a major insurance player in the Balkans, averaging around €150 million in premiums per year.

Violeta Pop-Vasileva, CEO, explains, “Over 70% of our business in Macedonia concerns motor insurance. We serve many SMEs and individuals who see insurance as a necessity and understand the value of it.” Around half of the company’s customers are corporate clients, including the National Bank of RM and Johnson Matthey.

Euroins welcomes the chance to serve foreign investors in Macedonia. Defining his company’s competitive edge, Yanko Nikolov, CEO, says, “We have highly experienced human resources, excellent reinsurance, the biggest network in Macedonia, and a commitment to flexible and personalised customer service.”

Yanko Nikolov and Violeta Pop-Vasileva

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Chamber Promoting Better Business Climate

Ljubica Nuri, High Counsellor of the Executive Board of the Economic Chamber of Macedonia and Foreign Investors Council coordinator, and Jadranka Arizankovska, High Counsellor within the Directorate for international cooperation, promotion and information, discuss the Economic Chamber of Commerce and the Macedonian economy.

European Times: What is the role of the Economic Chamber of Commerce?

Ljubica Nuri: Our tasks are to represent and advocate the interests of our member companies in all sectors, to promote Macedonian businesses both inside and outside the country, to educate business leaders, and to provide various services, including issuing certificates of origin.

European Times: What are the chamber’s main goals for the Macedonian economy?

Ljubica Nuri: Our top priorities are investments, infrastructure and exports, and the government is now working with us to promote these three pillars. We also work with Macedonian companies, especially SMEs, to help them develop and export their equipment and materials. We would like to see more flexibility in the visa regime and continued improvements in the business climate. The chamber has working groups focussing on key issues like taxation and human resources.

European Times: Can you discuss recent progress?

Jadranka Arizankovska: Macedonia’s exports to the EU make up 72% of the country’s total exports, which proves we are meeting EU standards. Around 90% of our exports are to markets where Macedonia has free-trade agreements, with 18% going to the Balkans free-trade area. The government has a new initiative, called “learning from the business community”, to promote discussions about problems and issues, and the chamber is very involved in this. The Foreign Investors Council has around 15,000 members in the banking, insurance, food, agriculture, energy and other sectors, including 96% of the foreign companies in Macedonia. We also work with institutions like the EBRD and the World Bank.

Jadranka Arizankovska: With its recent economic reforms, Macedonia has created the most attractive tax package in Europe. These reforms include the introduction of a flat-rate tax of 10% for corporate and personal income, zero tax on retained earnings, zero tax for Technological Industrial Development Zones, real-estate-transfer taxes of 2% to 4%, and VAT of 18%, or 5% on specific items. Macedonia has plenty of examples of foreign investors re-investing and expanding their presence here, which is helping to spread the positive message we are trying to convey. Our biggest investors are in the automotive industry, and we see huge potential for the agriculture sector, including organic farming, as well as for tourism, metals, marble and textiles.

Ljubica Nuri: We welcome both Greenfield and Brownfield high-tech investments and we are here to provide investors with all the information they may need, including on laws, regulations, licensing and connecting with local businesses. Macedonia has signed free-trade agreements with the EU, EFTA, CEFTA 2006 (Serbia, Bosnia and Herzegovina, Kosovo, Montenegro, Albania and Moldova), Ukraine and Turkey. Macedonia has also ratified the Regional Convention for Pan-Euro-Mediterranean Preferential Rules of Origin, a network of bilateral free-trade agreements which allows free flow of goods among the EU, EFTA, the Faroe Islands, Turkey and Mediterranean countries participating in the Barcelona process. In addition to these trade benefits, Macedonia offers educated, multilingual and hard-working human resources.
Mens Legis, rated a top-tier law firm in Macedonia, provides world-class legal support for local and international individuals and companies operating in the country. Ljubica Ruben, founder, owner and Managing Partner, launched Mens Legis in Skopje in 1995 as Macedonia’s first law firm. She studied in the US as well as in Europe and has a clear understanding of the needs of international investors. Mens Legis now has two offices in Macedonia, one in Skopje and one in Ohrid.

Mens Legis has participated in most of the major local and cross-border transactions in Macedonia, dealing with the largest local companies and investors. The firm is particularly active in due-diligence and has worked in collaboration with international law firms on large due-diligence projects relating to the privatisations of state-owned companies in Macedonia’s energy and telecom sectors. Other recent projects for Mens Legis include advising Telekom Slovenije on its €190 million acquisition of Cosmofon. The firm often partners with leading international funding organisations, including the EBRD.

Ljubica Ruben, who is well known in Macedonia’s business world, and Mens Legis are a driving force behind improvements in Macedonia’s regulatory environment. She explains, “We are helping to improve Macedonia’s legislation, make it more business-friendly and ensure that regulations are implemented.”

Essential partner for foreign investors

Mens Legis has also positioned itself as an essential local partner for foreign investors in Macedonia. As Ljubica Ruben says, “We offer transparent services which meet high international standards. We are against corruption and favouritism of any kind, and our special personalised services set us apart from other firms.”

The firm is determined to help its clients to achieve their goals and much more. Ljubica Ruben says, “We are guided by a desire to exceed our clients’ expectations about legal services by thinking a few steps ahead and approaching the questions with a wider perspective. We think outside the box. We aim to provide answers before a question is raised.”

In addition to providing top-quality legal support for its clients, the firm assists investors through offering information about Macedonia’s legal environment, including changes in regulations. It also has a policy of focussing on preventive law to avoid recourse to Macedonia’s court system. Mens Legis combines in-depth local knowledge, experience and the highest professional standards and skills, which ensures that its clients’ interests are served in the best possible way in the shortest possible time.

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Construction & Engineering

“We expect that highway projects in Macedonia this year will employ over 1,000 people.”

Mile Janakieski, Minister of Transport and Communications
Construction Industry Driving National Economy

The construction sector is a major driver of the Macedonian economy and has achieved doubled-digit growth for the past two years. In 2013, Macedonia’s construction industry grew by an impressive 33% and was the biggest contributor to the country’s 3.2% GDP growth over the year.

Local construction firms expanding their global presence

Macedonia has a history of expertise in the construction industry. Macedonian construction firms have long been active throughout the Balkans and beyond and are well known internationally for their skilled personnel and use of modern technologies, particularly concerning civil engineering and hydropower-plant construction. Macedonia is a top supplier of construction labour to Central and Eastern Europe, the Middle East and Russia. In addition, Macedonia has developed a dynamic local construction-materials industry which produces cement, tiles, gypsum and other products.

This year, Macedonian construction firms are stepping up their activities abroad as well as at home. According to the Macedonian State Statistical Office, between January and March 2014, Macedonia’s construction enterprises completed projects abroad worth 121.2% more than total projects they had handled abroad during the same period in 2013. Countries that witnessed a particularly strong increase in activity by Macedonian construction companies in the first quarter of this year were Italy, the Netherlands, Germany and Bulgaria. Macedonian firms have also entered new markets this year, including France, Bosnia and Herzegovina, Croatia and Libya.

Massive infrastructure projects fuelling growth

The construction sector’s particularly rapid growth in the domestic market over the past few years has been fuelled by massive transport-infrastructure projects as Macedonia upgrades and streamlines its connections to its regional and international trade partners. Macedonia built around 100 local roads over a total 114 km last year, and eight new regional roads are currently nearing completion.
Other infrastructure projects underway include the new Demir Kapija-Smokvica, Skopje-Shtip and Ohrid-Kicevo highways as well as the ambitious Skopje 2014 project. The Skopje-Shtip highway will be 47 km and is budgeted at €206 million, while the Kicevo-Ohrid highway will be 57 km and is budgeted at €374 million.

Mile Janakieski, Macedonia’s Minister of Transport and Communications, recently announced that the Macedonian construction sector will see even stronger growth in the domestic market in 2014 thanks to the launch of more highway projects as well as the construction of a new railway to Bulgaria, new sewerage and water networks, and new gas pipelines.

Projects like these are expected to play a key role in reducing unemployment, one of Macedonia’s most pressing problems. One subcontractor involved in the Skopje-Shtip and Kicevo-Ohrid highway projects recently announced it was looking for over 650 new workers. In April this year, Mile Janakieski commented, “We expect that highway projects in Macedonia this year will employ over 1,000 people. The government has specified that a minimum of 51% of workers on highway-construction projects in Macedonia must be Macedonian citizens. This is a very important step forward towards reducing unemployment in Macedonia and we urge Macedonian workers to apply for these new jobs.”

Housing projects have also contributed to the strong results of the construction sector, a trend set to continue. Housing developments in Macedonia are expected to multiply exponentially starting at the end of 2015 when VAT on apartment sales is reduced from 18% to 5%.

Streamlined procedures for construction projects

Macedonia welcomes international investment in its construction projects. To help draw both local and foreign investors, the government has simplified the process of obtaining construction permits from 21 procedures in the past to only three. In addition, investors can purchase state-owned land for construction initiatives for a symbolic one euro per square metre. Macedonia’s construction sector will continue to fuel GDP growth in years to come.
Hristovi Engineering has been providing top-quality engineering and construction services since 1970. Today, the company has assembled a staff of around 30 employees that includes some 22 highly experienced engineers who specialise in a variety of fields, from engineering to construction, “turn key projects”, and more. Hristovi Engineering also offers a full range of services, from initial analysis to building land, project planning, support with permits and licensing, tendering, site supervision and final hand-over of the project.

The company has completed a range of major initiatives, some of them through partnerships with foreign investors. Hristovi Engineering’s prestigious project portfolio includes Alexander the Great airport in Skopje and St. Paul the Apostle airport in Ohrid; an expansion for Johnson Matthey; a 24,000 sq m project for Kromberg&Schubert in Bitola; the Macedonian government’s new regional pilot-training centre; the production complex of MARQUARDT; the Cardio Surgery Philip the Second hospital in Skopje, for which Hristovi Engineering will be completely responsible for management in construction. CEO Anita Hristova explains, “We are providing quality projects through our know-how, continual improvement and development. Our references speak for themselves.”

For foreign investors, Hristovi Engineering has positioned itself as an ideal local partner. Tomislav Hristov, Architecture engineer, points out, “When it comes to construction, Hristovi Engineering comes to the site and supervises every phase, including materials and permits. Investors just need to follow up the process and start to operate when the project is completed. All our services meet the highest EU and international standards.”

Focus on adding value and win-win partnerships

Hristovi Engineering always puts its clients’ needs first. Anita Hristova says, “We always give 110% and that extra 10% is added value. We respect time limits, we are committed to transparency, and we strive to achieve win-win partnerships with all our customers.” She adds that the company is always open to new projects of any kind, and that Hristovi Engineering has a particular interest in environmental-protection and energy-saving initiatives.

A specific goal for Hristovi Engineering is to partner with European site-supervision enterprises. The company would also like to open a materials-testing laboratory. Anita Hristova says, “Working with the right partner, we could develop a special laboratory which would serve the region, attract new technologies, provide additional education and secure important licenses for different projects. We already have a location and infrastructure in place for this project, so we are looking for an experienced partner to work with us. Today’s Macedonia is the right place for investors.”
Transmet, founded in 1992, has grown to become a leader in the Macedonian and regional construction sectors. With around 200 employees, the latest equipment and technologies, and an outstanding reputation for on-time, high-quality services, Transmet meets the highest international standards.

General Manager Sead Kočan, son of the company’s founder Ismet Kočan, is also the president of the Construction Chamber of the Macedonian Chamber of Commerce. He explains that Transmet has positioned itself as a benchmark in Macedonia’s construction industry through implementing global standards.

The company has grown particularly rapidly over the past four years thanks to its participation in larger, more challenging projects. Sead Kočan points out, “We have been achieving double-digit growth year after year and now we are ranked among Macedonia’s top five construction companies and among the country’s top 50 most successful companies. Our vision is to sustain our place in this market but even more, to be the leader in international work standards implementation and being recognised as continuously re-investing our profits to better serve our clients.

Transmet’s core business is infrastructure construction, but the company is also active in the mining sector through surface mining to detect mineral resources, a field in which it is Macedonia’s leader. In the construction sector, Transmet has completed a wide range of above-ground and underground construction, including both infrastructure and energy projects.

The company achieved turnover of around €20 million in 2013 and has already lined up around €60 million in projects this year, including the construction of a new shopping centre in Skopje through a public-private partnership. “Transmet is one of Macedonia’s super brands. We have grown organically and contributed to building a better environment. Clients are our focus which requires full dedication to maintaining the trust we have earned throughout 20 years of our existence. We are optimistic that we will remain one of Macedonia’s top construction companies for many years,” Sead Kočan says confidently.

Ideal local partner

Sead Kočan welcomes the chance to establish partnerships with international companies and investors entering the Macedonia market. He says, “Tenders are offered here every day, from building hydropower and wind plants to highway concessions, free zones and more for investors to come and invest their capital. Investors who want to expand their influence in the region, have good references, experience and the most advanced technology, are welcome to exchange experiences and knowledge with our companies. This can benefit us all. As a local partner, Transmet will provide a range of support, from consulting and market research to obtaining permits and project management.”

Transmet has achieved ISO certification for quality management and is implementing ISO 14000 environmental standards and ISO 18001 safety standards. It is also expanding into service stations and the production of construction materials. Sead Kočan says, we aim to line up €100 million in projects over the next couple of years and we welcome partnerships.
“The Republic of Macedonia is building its future on the three Es – Europe, economy and energy.”

Dr. Gjorge Ivanov, President of Macedonia
Taking Industry and Trade to the Next Level

In its first “Trade Policy Review of Macedonia” (TPR), published in November 2013, the World Trade Organisation praises Macedonia’s efforts to stimulate industrial development and international trade ever since it joined the WTO in 2003.

Joakim Reiter, Ambassador and Permanent Representative to the WTO, served as Chairperson for the TPR. He commented, “WTO members expressed strong appreciation for the progress made by the Macedonian government in implementing policies that have fostered consistent growth and stabilised the macroeconomic and financial environment against external shocks. Members also noted that after a decade of WTO membership, the progressive opening of the Macedonian economy to trade and investment and other reforms within the framework of multilateral rules and obligations have clearly contributed to the country’s growth and increasing competitiveness.”

The report cites Macedonia’s ambitious reform process and its many free-trade agreements (with the EU, CEFTA, EFTA, Turkey, Ukraine and participants in the Regional Convention for Pan-Euro-Mediterranean Preferential Rules of Origin). The WTO report also notes Macedonia’s bilateral agreements with many countries on the promotion and mutual protection of investments as well as double taxation. Joakim Reiter says, “This review shows that Macedonia’s regulatory framework in many areas – including privatisation, customs, government procurement, standards and SPS measures, competition policy, and services – has undergone significant improvement and the government is currently focussing on consolidating and implementing newly adopted laws and
regulations.” He added that Macedonia has eliminated or reduced customs tariffs on a wide range of goods and has created several investor-friendly Technological Industrial Development Zones (TIDZs).

Macedonia has also invested heavily in its transport infrastructure and offers efficient connections to markets in Europe and beyond via road, rail and air. Two major pan-European transport corridors – VIII and X – pass through Macedonia, linking Central Europe to the Adriatic, Aegean and Black Seas, while the main north-south rail connection from Belgrade to the port of Thessalonica passes through Skopje. Macedonia also has two international airports, in Skopje and Ohrid.

Focus on innovation and adding value

Macedonia has attracted significant investment in its leading industrial sectors, which are auto components, metals and metallurgy, construction, textiles, agribusiness and food processing, minerals, chemicals, pharmaceuticals and ICT. Now the government aims to put the emphasis on innovation and adding value in order to take Macedonian industry to the next level.

Dr. Gjorge Ivanov, President of Macedonia, comments, “The Republic of Macedonia is building its future on the three Es – Europe, economy and energy. Macedonia’s vision for industrial development in the period 2009 to 2020 is based upon a pro-active industrial policy that will encourage the orientation of Macedonian industry towards higher-value-added products and services based on knowledge, innovation and collaboration. The future of Macedonian industry will be built on the development of capabilities in applied research and manufacturing of sustainable, organic and specialised high-tech products and services which meet the needs of international niche markets.”

The President points out that Macedonia will transform its industrial sector over the next few years. He says, “By 2020, Macedonia will have developed a dynamic mix of sustainable and authentic industries such as organic wine and foods, eco-steel, eco-friendly construction, ICT, specialised electronic parts, renewable-energy production, creative industries, medical equipment and services, authentic tourism and other industries.” The President urges local and international investors to participate in this transformation.

As the WTO’s Joakim Reiter points out in his concluding remarks on the recent review of Macedonia’s trade policies, “Macedonia has undergone an impressive transformation in the last two decades. In many ways, it is a shining example of successful reforms in Southeast Europe and of the many economic benefits that successful and persistent reforms may bring.”
Dynamic Steel Producer Opening New Rolling Mill

Dojran Steel Macedonia, a subsidiary of the Sidenor Group (Greece), launched production in 2006 and has established a strong reputation as a provider of top-quality steel products for a variety of uses. Its products include cut-to-length rebars, hot-rolled square and round bars, black and galvanised welded wire mesh, prefabricated stirrup cages, copper coated electrodes and lattice girders.

Michail Konstantinidis, General Manager, explains, “There was a decline in the construction sector because of the crisis in 2008, but Dojran Steel Macedonia has been producing at a satisfying level every year from 2008 onward. We mainly produce steel bars for Macedonia and Kosovo as well as a smaller quantity of exports to the Balkans. We also produce various types of merchant bars which we export mainly to Greece; this production complements our merchant bars produced in the Sidenor Group’s plant in Thessaloniki, Greece.”

New downstream production lines

In addition to producing rebars, square and round merchant bars in its rolling mill, Dojran Steel Macedonia has added galvanised mesh for fences, prefabricated stirrup cages and copper-coated wire electrodes to its product portfolio. Michail Konstantinidis points out, “We will continue to produce galvanised products employing the specialised equipment which we acquired from 2008 to 2012.”

Dojran Steel Macedonia’s plant is strategically located in Nikolic on Lake Dojran, around 80 km from Thessaloniki. Thanks to this location, the plant can easily access raw materials as well as transport its production throughout Greece, Bulgaria, Macedonia, Kosovo, Serbia and beyond at low costs. The plant includes a steel-long-products rolling mill with an annual production capacity of 200,000 tonnes; a production unit to manufacture steel structural mesh with

CERTIFICATIONS

Dojran Steel Macedonia is certified with ISO 9001 for quality management, ISO 14001 for environmental management, ISO 18001 for occupational health and safety and ISO 50001 for energy management.
an annual production capacity of 20,000 tonnes; a production unit for steel lattice girders with an annual production capacity of 10,000 tonnes; and various warehouses and offices.

New merchant-bar rolling mill

Michail Konstantinidis says that Dojran Steel Macedonia continues to expand and already started an investment, a new merchant-bar rolling mill which will begin producing in mid-2015. Thanks to this new facility, Dojran Steel Macedonia will be able to produce the complete range of small to medium-sized merchant bars with a higher added value. “The total investment in the new rolling mill will be around €10 million and we are partially financing it with our own resources. This will position Dojran Steel as the Sidenor Group’s specialised producer of small merchant bars,” Michail Konstantinidis explains. This specialisation is in line with the Sidenor Group’s new strategy to make each company in the group a specialist in a certain type of manufacturing in order to boost the group’s efficiency, reduce costs and achieve higher profits.

The new rolling mill will also enhance Dojran Steel Macedonia’s role as the only producer of small sections in the Balkans region. Michail Konstantinidis says, “Our clients will benefit from higher-quality products at affordable prices. We also plan to launch an ‘all-inclusive’ offer by producing a big range of merchant bars in a single rolling mill. Dojran Steel Macedonia has the expertise to do this, which sets us apart from our competitors.”

The new rolling mill will increase Dojran Steel’s production capacity from 200,000 tonnes to 500,000 tonnes annually. The company is currently producing 50,000 tonnes, so it has plenty of room to grow. “Our markets already expect us to deliver 120,000 tonnes,” Michail Konstantinidis explains.

Handling its own exports of merchant bars, Dojran Steel Macedonia plans to target Greece, North Africa and Western Europe. Michail Konstantinidis says, “With our new rolling mill for merchant bars, we aim to increase our markets and customers and to expand even more. We will also add to our range of products and further improve our quality, which is already very high. We will focus on higher value and more profits.” He expects Dojran Steel Macedonia to compete effectively with other producers in the region, for example in Turkey, through offering a full range of products at attractive prices.

Protecting the environment and supporting the community

Protecting the environment and contributing to corporate-social-responsibility initiatives are priorities for Dojran Steel Macedonia and for the Sidenor Group as a whole. Dojran Steel has obtained IPPC certification for environmental protection and supports a number of community-service projects in nearby Nikolic. “In the future we hope that we will be even more present in the local community,” Michail Konstantinidis says.

Dojran Steel is already an important local employer and Michail Konstantinidis praises his Macedonian workers as well as the supportive Macedonian government. He says, “When we first opened the plant in Macedonia, our local workers did not know much about safety measures but they showed excellent dedication to the company. We have been training them steadily, and their new skills and continued dedication are big factors in Dojran Steel’s success.”

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Prominent Publishing and Printing House Expands its Portfolio

Tabernakul, a leader in Macedonia’s private sector, represents the true potential of the country’s family-owned enterprises. Founded in 1989 as Macedonia’s first private publishing company, Tabernakul has steadily grown over the years. Today, apart from publishing, the company operates its own bookstore and printing house, and manufactures cardboard and cardboard products at its factory. Tabernakul is also a strong supporter of corporate-social-responsibility projects and regularly donates books for children in Macedonia and abroad. Moreover, it was Tabernakul which initiated chess introduction in primary schools and donated chess boards and pieces.

Tabernakul’s owners have invested in the latest equipment and technologies to ensure the highest quality in all the company’s operations. Cvetan Vrazivirski, owner, says, “I launched Tabernakul with a childhood friend and now our sons and daughters-in-law are working with us.”

The company provides printing and publishing services for customers in Macedonia and abroad. The printing house has a four colour and ten colour offset machine, as well as softcover and hardcover lines and complete machinery for book and magazine finish.

The new factory for cardboard boxes for packing and transport of vegetables and fruits is equipped with corrugator and complete modern machinery for cardboard finish. It can produce 30,000 cardboard boxes per hour on just one of the machines. The company is already exporting to several countries.

Committed to publishing literature

Committed to publishing and promoting literary works, Tabernakul created an annual International Literary Award whose past winners include Milan Kundera, Ljubivoje Ršumovic, Orhan Pamuk and Viktor Erofeyev. “This award is meant to be an eruptive rebellion against the general fall of moral and fundamental values exactly by promoting values, something which is so needed nowadays in this computer swirl that gobbles. The Tabernakul award is one more attempt to influence the building of audiences’ tastes, which is a first step in creating an oriented and critical individual, an effort not to sink in the mud of liberal capitalism and its main goal – profit.

Thus, the motto: money is not a goal in itself, but a means to a goal,” Cvetan Vrazivirski explains. Tabernakul has 115 employees and anticipates continued strong growth.

Defining his company’s competitive edge, Cvetan Vrazivirski says, “Our major advantage is that we have invested in cutting-edge machinery and equipment, both for printing and cardboard production. In addition, we have very well-trained human resources and low labour costs. In every project there are three major factors: maintaining high standards of quality, meeting deadlines and keeping prices affordable. Tabernakul excels at all three.” He welcomes international investors to visit Macedonia to see the country’s many advantages for themselves.

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Leading Garment Manufacturer Committed to High Quality

Okitex, the Macedonian leader in manufacturing women’s garments, has established a global reputation for its exceptional quality and serves as a benchmark for international standards in the Macedonian textiles industry.

With some 500 workers and 12 production lines in its manufacturing facilities in Skopje, Okitex specialises in producing and exporting elegant modern apparel. Its customers include top global fashion brands Lagerfeld, Calvin Klein and Tommy Hilfiger.

Manager Bojana Milenkovska explains, “From the beginning we have focused on high-quality garments, and we have a strong team of experts as well as the latest equipment and technologies. We offer flexibility, reliability and on-time delivery, and we can handle small production runs quickly.” Okitex’s services include customs clearing, technical supervision, communication with forwarding agencies and more. In 1999, Okitex established a sister company, Westfira, in Germany to handle customer relations and other services, particularly in Germany and Italy.

Okitex supports several corporate-social-responsibility initiatives, provides pre-school and free breakfasts for its employees and is planning an employee health centre, and even has a prize-winning garden. To potential investors in Macedonia, Bojana Milenkovska concludes, “This country has many investment opportunities, and the textiles industry offers significant potential.” Okitex has made a name for Macedonia as a source for world-class garments.

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Reliable Source for Top-Quality Fuel and Petroleum Products

Crna Reka Petrol is supplying top-quality oil and petroleum products (including diesel and unleaded fuel) to customers throughout Macedonia.

Owner Lazar Micev reports that the company, which has four petrol stations and around 80 employees, achieved over 50% growth in turnover between 2012 and 2013 to reach €56 million. Crna Reka Petrol has also established Crna Reka Transport, with an additional 20 employees and a fleet of trucks, to provide efficient distribution services.

Lazar Micev says, “Now we are in the process of expanding our storage facility to around 10,000 sq m by 2015. We are also planning to open another petrol station in Skopje, and welcome investors and partners to help us meet this goal. We aim to grow organically.” He adds that he would also like to invest in water production and distribution through a joint-venture partnership.

Crna Reka Petrol adheres to the highest international standards and imports fuel from Greece, Romania, Bulgaria, Albania, Serbia and Croatia. Lazar Micev points out, “Our clients can always count on adequate supplies and can be sure that we shall be here to offer the best products and services.”

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Global Electronics Leader Chooses Macedonia as Business Base

KEMET Electronics Corporation, a global leader in its sector, began to produce film capacitors in Macedonia in 2012. Guido Galleni, Senior Managing Director, explains, “Macedonia’s macroeconomic strength, skilled workers at attractive costs, strategic location, and all the bells and whistles the government offers in support for companies in free zones were the reasons we launched our operations here.”

The company has invested around €18.2 million in Macedonia to date. Its capacitors are employed in almost every electronics-related field, from automotive components to telecommunications, medical, military applications and more.

KEMET Electronics has around 240 employees in Macedonia and produces around five million film capacitors per month, all of which are exported, mainly to European markets. Guido Galleni says, “Even though KEMET has facilities in China and Mexico, our advantage here is closeness to our customers. If your customers are mostly European, you have to be near them.”

Guido Galleni anticipates strong growth for KEMET Electronics in Macedonia. He says, “There are many opportunities here, and we are creating the foundations for new products, R&D and other activities. Macedonia is becoming an important player in the region.”

KEMET Electronics Corporation
Technological Development Industrial Zone 1/NN Ilinden
1000 Skopje, www.kemet.com

Pharmaceuticals Leader Brings World-Class Standards to Macedonia

PHOENIX Pharma, the leading European pharmaceuticals distributor, lives up to its motto, “We deliver health”.

Headquartered in Germany, PHOENIX is present in 25 countries. Vladimir Drenkovski, Managing Director of PHOENIX Pharma in Macedonia, Albania and Kosovo, explains, “Our team is made up of young, well-trained people who are ensuring that a high level of service is delivered.

We have also implemented the latest technologies to provide satisfaction to our customer. PHOENIX Pharma Macedonia meets all GDP standards and the highest international standards in every area. We deliver health; this is our motivation and the claim to which we have committed ourselves.”

In Macedonia, PHOENIX has three main activities: full-service wholesale support, including deliveries to pharmacies and hospitals; EL PHARMA, a subsidiary providing special services to pharmaceuticals producers for consignment, clinical trials logistics and labelling; and retail sales, including the group’s loyalty program “Betty” for small pharmacies to help them enhance their service to patients and maintain the business.

PHOENIX Pharma is playing an instrumental role in Macedonia’s pharmaceuticals sector. “We are changing the pharmaceuticals market here by sharing know-how from the PHOENIX Group in warehousing, distribution and new services, like online sales and telemarketing,” Vladimir Drenkovski points out.

PHOENIX Pharma supports a number of corporate-social-responsibility projects in Macedonia and has made a long-term commitment to the country. Vladimir Drenkovski concludes, “PHOENIX Group recognised Macedonia’s potential and has achieved outstanding success here.”

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Agriculture & Food Industry

“Macedonia has fertile soil, a very favourable and sunny climate, fiscal and political stability, and duty-free access to a market of more than 600 million consumers.”

Ljupcho Dimovski, Minister of Agriculture, Forestry and Water Economy
European Times: Can you summarise the agriculture sector’s performance in 2013?

Ljupcho Dimovski: The year was quite successful for most of Macedonia’s agriculture sector. We achieved higher-than-average returns on almost all our crops, and prices for vegetables, fruits, grapes and tobacco were all very satisfactory. As an example, the average purchase price of a tobacco crop in the 2012-2013 season was around 9.3% higher than in the previous year. As a result, land planted with tobacco was increased by about 35% during the year and production was boosted by more than 40%. Production and exports of vegetables also rose, especially concerning tomatoes, peppers and cucumbers. Fruit production and exports increased as well, and the Ministry is supporting the creation of new orchards. The wine sub-sector performed very well in 2013, showing that it has completely recovered from the global crisis. Grape prices were among the highest in recent years and Macedonia’s wine exports grew in both traditional and new markets all over the world. I am especially pleased that our exports of quality bottled wine significantly increased in 2013.

European Times: What are some new trends in agricultural exports?

Ljupcho Dimovski: Macedonia produces more agricultural products than it needs, so most of our production is
exported. We are actively promoting our products in new markets, especially in higher-income markets where demand for quality agricultural products is growing. We are stepping up our exports to Russia and China, for example, particularly concerning wine and processed fruits and vegetables.

**European Times: How is the agriculture sector responding to climate change?**

**Ljupcho Dimovski:** We are fully aware of the seriousness of global climate change and we constantly stress that this is a problem for which a solution needs to be found. Water is a crucial issue in climate change and the Ministry of Agriculture pays special attention to irrigation systems and their repair and reconstruction. Financing for irrigation projects is provided through a special rural-development programme.

**European Times: What kinds of support does the government provide to agricultural producers?**

**Ljupcho Dimovski:** The current five-year period from 2013 to 2017 follows a period during which new policies and a new legal framework for the agriculture sector were implemented. Financial support for agriculture has increased the production of competitive, export-oriented agricultural products while also maintaining existing production of less competitive sub-sectors. Now we are targeting continuing to boost production volume as well as the quality of agricultural products by linking financial support to results, including quality products, good agricultural practice and hygiene. We also have a programme in place to boost seed production through requiring the use of certified seeds beginning in 2015.

Our current goal is to promote the diversification of Macedonia’s agricultural products. We are also focussing on programmes which will ensure the sustainable development of rural areas. In all our development programmes we will adhere to the criteria of the EU’s Common Agricultural Policy.

**European Times: Which agricultural products offer the most growth potential for investors?**

**Ljupcho Dimovski:** Aromatic tobacco now accounts for 30% of the value of Macedonia’s total exports and will remain a top product. Wine is another growth sub-sector as we continue to establish new vineyards and improve quality. Our lamb, sheep, goat milk and dairy products have great competitive advantages as well, and our delicious fruits and fresh vegetables, including early-season vegetables and processed vegetables, will continue to perform well. Macedonia achieves net revenues of more than €30 million per year for fresh vegetables and more than €50 million for processed vegetables. Meat products to satisfy local demand as well as organic products, honey, aromatic and medicinal plants, olives and seeds are all products with outstanding growth prospects. Incentives of up to 50% of investment costs are available for new livestock-production operations.

**European Times: Why should investors in agriculture choose Macedonia?**

**Ljupcho Dimovski:** Macedonia has fertile soil, a very favourable and sunny climate, fiscal and political stability, and duty-free access to a market of more than 600 million consumers. Almost all agricultural legislation in Macedonia has been harmonised with EU standards, and the government offers significant incentives for investors in agriculture. These include the opportunity to lease state-owned land at very favourable rates for 99 years if the land is used for growing crops, greenhouses using geo-thermal energy, marketing and logistics centres for fruits and vegetables, or new wineries. Rural-development programmes can provide up to 50% of the total costs of the initial investment and joint ventures are encouraged. We especially seek investment in primary production and in products that generate higher revenues and ensure transfer of knowledge and advanced technologies.

**European Times: What is your personal message to potential investors?**

**Ljupcho Dimovski:** Having in mind the proven kindness and hospitality of the Macedonian people and our commitment as a government, I can assure the prospective European companies that they may realise their business ideas in a stable and secure environment that offers business conditions similar to those in their home countries. I urge them to take advantage of the investment support offered by the Macedonian government to chose Macedonia as their next investment destination will be fully justified.
Making the Most of Exceptional Agricultural Potential

As countries around the world worry about feeding their people in the future, Macedonia is establishing itself as a leading source of high-quality agricultural products for regional and global markets. Agriculture has long been a mainstay of the Macedonian economy and still employs around one-fifth of the country’s population and accounts for around 12% of GDP. Macedonia’s status as an EU candidate country has given it access to significant financial assistance for agriculture and food-processing projects and ensures Macedonia’s commitment to EU agricultural and food-safety standards.

Macedonia has the right fundamentals for agricultural investment: varied terrains, climates and growing conditions which allow for the production of a wide range of crops; skilled, low-cost labour; strong potential to develop organic agricultural products; a well-established reputation for high-quality wines, fruits and vegetables; adequate sunshine year-round; a modern regulatory environment and EU standards; established markets; and government support for investments in agriculture and food-processing. In addition, fertile farmland and pastures cover almost half of Macedonia’s total land area.

2013 a very good year for Macedonian agriculture

The Macedonian agriculture and food-processing sectors have been performing very well in recent years. Ljupcho Dimovski, Minister of Agriculture, Forestry and Water Economy, explains that 2013 was a particularly successful year for Macedonian farmers. Tobacco is Macedonia’s top agricultural export, and tobacco prices were around 9.3% higher in 2013 than in 2012. Grape prices were also high last year, giving a boost to Macedonia’s high-potential wine sector. In fact, exports of Macedonian wines rose significantly in 2013, including for the country’s higher-quality wines. Macedonia also increased its production and exports of fruits and vegetables last year.

The World Bank’s Agriculture Strengthening and Accession Project (ASAP) for Macedonia, launched in 2011, has helped the country achieve EU compliance and meet some of the challenges Macedonian farmers are facing, including the need for higher-quality seed stock, modern equipment and technologies, better irrigation systems, and more effective marketing efforts.

The USAID is also supporting Macedonia’s agricultural development, including through a recent programme to help Macedonian producers raise the profile of their fruits and vegetables in regional markets. One satisfied participant in the programme was Macedonian enterprise Agroplod, which exported 1,500 tonnes of apples to Bosnia and Herzegovina through the USAID initiative. Ivan Kitinov, Sales
Manager for Agroplod, comments, “Partners from Bosnia learned about our ability to deliver high-quality apples on time and for reasonable prices. Macedonia must establish its reputation as the best source of apples in the region.”

The Swiss Agency for Development and Cooperation is also bullish on Macedonian agriculture, particularly the country’s potential for organic agriculture. The agency notes that traditional farming methods are still being employed in Macedonia and most farmland has had little or no use of artificial fertilisers and pesticides. Switzerland has provided support to Macedonia for training, consulting services and information campaigns on organic agriculture. The Macedonian Federation of Organic Producers (BIOSAN) is increasing its membership and Macedonian farmers are already exporting organic products to the EU.

Macedonia welcomes European investment in its agriculture sector as well as new partners to help the country increase its agricultural exports to EU and other markets. France’s Ambassador to Macedonia, Laurence Auer, met with Minister of Agriculture Dimovski recently to discuss partnerships, including a successful one between French wine producers and a Macedonian winery.

At the meeting, Ljupcho Dimovski commented, “We are focussing on cooperation with EU-member states in the agriculture sector now that we have managed to harmonise our agriculture legislation with the acquis communautaire.” He added that Macedonia also wants to attract investment in processing, storing and distributing its high-quality agricultural products.

Azem Ismaili, General Manager, explains, “Atlantik offers high-quality fresh products on a daily basis and distributes them in a timely manner. Atlantik respects all national and international standards for quality of products and services and has successfully applied HACCP system standards in coordination with EN ISO 22000:2005 and EN ISO 14001:2004 system verified by TUV Austria.” Atlantik supplies large retailers in the country and throughout the EU. Around 50% of its products are sourced from local farmers.

Azem Ismaili anticipates continued strong growth for Atlantik. He says, “We expect progress in agricultural policies regarding the production of new varieties of fruits and vegetables that meet EU market demands. Macedonia also has good potential for organic food production. When our clients think of our brand, we want them to think of quality, service and price. Atlantik sold 20,000 tons of fruits and vegetables last year and with the growing demand from our faithful customers, we expect to grow even more in 2014.” Atlantik is open to win-win partnerships.
Koding–Gorska, which produces bottled mineral water and soft drinks, has grown to become one of Macedonia’s most successful enterprises. Its famed Gorska brand of mineral water, from a natural spring, meets the highest EU standards and is known for its unique taste and exceptionally healthful mineral content.

Dimitar Kostadinov, President, points out, “Our company owes its success to its active monitoring of quality, its awareness of modern marketing trends, its technological solutions, its innovation, and its focus on training employees to satisfy the needs of our customers.” Koding-Gorska is steadily expanding its export markets and aims for its Gorska mineral water to be an internationally known brand name.

Gorska mineral water is the only mineral water in the region which is tested by the SGS Institut Fresenius in Germany, a guarantee of high quality. Koding-Gorska will export its Gorska mineral water to Switzerland this year and is targeting Germany and other EU countries. With its registration in Brussels and the imminent agreement for exports to NATO members, Koding-Gorska achieved around €12 million in turnover last year and grew by 7%. This year it expects continued strong growth.

As part of its commitment to quality, Koding-Gorska adheres to ISO 14001:2004 environmental-protection standards. Dimitar Kostadinov says, “We are following global energy-efficiency trends and have implemented projects for energy-efficiency. We are currently preparing a project for a photovoltaic power plant which will be operational in the near future.”

Exceptional corporate citizen

Known as an excellent corporate citizen, Koding-Gorska actively supports a number of community-service projects, including cultural and sports initiatives. It also sponsors the Special Olympics for children with special needs; Dimitar Kostadinov is the president of Macedonia’s Special Olympic Association.

Koding-Gorska will continue to invest in the latest technologies, employee training and distribution systems to guarantee high-quality products and efficient services. With the capacity to produce 200 million litres of beverages, it will also continue to expand its product portfolio to include other types of beverages, from energy drinks to iced teas, and will introduce its Starogradsko-brand beer to consumers in Macedonia this year.

Dimitar Kostadinov is very confident about Koding-Gorska’s future. He points out, “Running any business requires maximum commitment and professionalism. The creation of products and brands with high quality is a long-term process that requires a lot of investment in human and technical resources. Our goal is to meet our customers’ needs. Achieving that enables us to maintain our leading position, keeps us alert and motivates us for new challenges.”

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Socotab, established in Antwerp, Belgium in 1923, has been active in Macedonia since 1951 and is the local leader in the tobacco sector. The company launched processing operations in Macedonia in the 1990s when it acquired plants in Bitola and Veles, and in 2010 it opened a new modern plant in Dragozhani, outside of Bitola in order to meet the evolving standards of the export market. The company exports around 90% of its production to Europe, North America and other countries, with around 60% going to European markets.

General Manager Giovanni Beghi says, “We have invested around €30 million here, and Socotab at the time was among the biggest industrial investors in Macedonia.” He adds that Socotab chose Dragozhani for its new 40,000 sq m facility since the area was near the tobacco production site, offered a suitable single large plot of land and had access to skilled human resources.

Socotab Macedonia is a limited liability company owned by Socotab Frana in Geneva, the group’s headquarters. In turn, Socotab is partnered with Universal Leaf Tobacco, one of the world’s leading private-sector leaf tobacco dealers. The Macedonia operation employs around 140 permanent workers and has annual sales of approximately €40 million. Giovanni Beghi remains positive about the company’s future prospects.

Serving Blue Chip customers
The company produces a full range of grades from the varieties Prilep and Jaka. “Our top grades are recognised as being world-class aromatic tobacco grades and are used in many of the world’s top-selling cigarette brands,” Giovanni Beghi explains. Defining Socotab Macedonia’s competitive edge, he adds, “We have consistently been delivering quality tobacco to all our customers for many years and have built up a reputation for excellence, flexibility and reliability. Our customers that make up most of our clientele include most of the major cigarette manufacturers in the world.” Macedonia produces on average about 24,000 tonnes of oriental tobacco per year and Socotab handles the largest market share in the country.

Macedonia offers excellent investment potential, according to Giovanni Beghi. He says, “There are not too many countries like Macedonia where investors can benefit from a stable legal framework, a business-friendly environment, a skilled and effective labour market and good support from the government, all within short distance from most of Europe’s major capitals.”

Like all of the factories in the Socotab group, Socotab Macedonia aims to provide a safe, clean and good work environment for its employees, and part of that is reflected in its ISO 9001 (Quality Management System) certification. Additionally, Socotab employs energy-conservation measures wherever it can, and promotes ecologically friendly initiatives. Socotab also contributes to various community-service projects in Macedonia. Giovanni Beghi points out, “We will continue to support all our farmers in Macedonia, and as long as our customers continue to want Macedonian tobacco, we will be there to deliver it to them, together with our farming partners.”

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Tourism

• Ancient Culture, Unspoiled Nature, and All Kinds of Adventures
Tourism

Macedonia has what it takes to become a popular tourism destination. Along with a sunny and mild climate, Macedonia offers a wealth of historic monuments – including more than 1,000 churches and monasteries and more than 4,200 archaeological sites – as well as great natural beauty, off-the-beaten-track appeal, a rich cultural heritage, a welcoming and largely multilingual population, several spas, and a multitude of unspoiled lakes, rivers and mountainous areas ideal for eco-tourism and sports-oriented holidays.

In addition to these plus factors, Macedonia has created several incentives for investment in tourism, including reducing VAT on travel services and overnight stays with meals from 18% to 5%. To top it off, Macedonia is a bargain for budget-minded travellers.

Macedonia’s government and tourism leaders are working hard to upgrade the country’s tourism offerings, and their efforts are paying off. At the fourth annual Skopje Travel Market fair held in April this year, Kristijan Djambazovski, Director of the Macedonian Agency for the Promotion and Support of Tourism, announced that Macedonia's tourism revenues reached a record €200 million in 2013 and that the country’s tourism arrivals in January 2014 were 6% above the total recorded in January 2013. He added, “The tourism industry is an important economic pillar for Macedonia. It stimulates foreign-currency inflows, creates new jobs and attracts investors. We will continue to develop aggressive marketing campaigns that promote Macedonia as a desirable tourism destination.”

Record tourism revenues in 2013

Skopje Travel Market is playing a major role in drawing tourism investment to Macedonia and in making tourism professionals more aware of the country’s appeal. The fair’s Director, Magdalena Hambova, reports that this year’s event attracted around 60 exhibitors from Macedonia, Serbia, Turkey, Bulgaria and Slovenia, including travel agencies, hotels, tour operators, and representatives of municipalities and cities.

At the 2013 fair, Minister of Economy Valon Saraqini noted that new low-cost flights to Macedonia had stimulated an increase in visitors from the Netherlands, Finland and Poland.
in particular. The first charter flights between the Netherlands and Macedonia began operating last year, and Dutch travellers accounted for the most overnight tourism stays in Macedonia in 2013.

In May this year, Italy’s national carrier Alitalia launched daily flights from Rome to Skopje through Alitalia’s subsidiary Alitalia CityLiner. Alitalia announced that it was responding to increased demand from both business and leisure travellers for flights between Macedonia and Italy.

International airports expanded and upgraded

Macedonia is steadily improving its airport infrastructure. In 2011, TAV Airports, which manages Macedonia’s international airports at Skopje and Ohrid, built a new 40,000 sq m passenger terminal, an extended runway and new cargo-handling facilities at Skopje’s Alexander the Great International Airport, Macedonia’s main gateway for tourism visitors. TAV has also upgraded Ohrid’s St. Paul the Apostle Airport, which is geared towards handling tourism traffic in the Ohrid area, home of some of Macedonia’s top natural and cultural attractions.

Alexander the Great International Airport welcomed 105,596 passengers in April this year, a 42% increase over April 2013, while combined traffic at Skopje and Ohrid international airports reached 107,036 passengers during the month, up 40% over April last year. Wizz Air was the greatest contributor to the growth in traffic at Skopje’s airport. Wizz Air registered a 113% rise in the number of passengers on its Skopje flights in April this year compared to April 2013.

The Macedonian government plans to offer €4.9 million in subsidies to draw more low-cost airlines to Macedonia. These subsidies include a one-off €40,000 cash payment for each new route launched to certain destinations and a €30,000 payout for each subsequent route.

Enhancing competitive advantages

The government’s tourism-development plans are focussing on enhancing Macedonia’s competitive edge in eco-tourism, cultural tours, hunting and fishing, winter and summer sports, wine tours, and the MICE (meetings, incentives, conferences and events) tourism segment. Macedonia needs
international investment to help it make the most of this tourism potential.

A number of high-quality hotels are already providing world-class services for business and leisure travellers in Macedonia. Some of the country’s hotels, however, urgently need modernisation, for example around Lake Ohrid and in the Mavrovo, Mt. Shara, and Mt. Pelister ski resorts. Macedonia also welcomes international hotel groups, and some have already opened properties in the country.

Tourism to account for 5% of GDP by 2020

In 2012, Macedonia’s Ministry of Economy announced a new strategy for tourism development which aims to boost tourism’s contribution to Macedonia’s GDP to 5% by 2020. Minister Valon Saraqini explains, “The strategy envisages development of all kinds of tourism: mass, rural, alternative, winter, wine and ecotourism. Negotiations are underway with many tour operators and a new concept of tourism development zones has been introduced.” Macedonia is definitely rolling out the red carpet for tourists and tourism investors.

Car-Hire Enterprise Offers Value-Added Services

Setkom Rent a Car has been providing world-class car-hire services for 17 years. The company offers a varied fleet of vehicles, from small and mid-sized automobiles to luxury cars.

While Setkom Rent a Car serves both tourists and business travellers, it is putting the focus on the business-travel market. Setkom Rent a Car offers full touristic service such as arranging flights and hotel accommodation and accompanying tourist groups during their visit to Macedonia. As owner Mira Maneva explains, “We are emphasising competitive services with business travellers and corporate clients in mind.”

Service 24/7

Setkom Rent a Car had worked with a number of corporate customers, including Hewlett-Packard, Alpina and many others. The company welcomes the chance to partner with more foreign investors in Macedonia. Mira Maneva says, “We can supply our corporate clients with affordable long-term contracts for vehicles for a year or more. Clients can benefit from our regular servicing, insurance and technical check-ups. In addition, we are a member of the Auto Moto Union of Macedonia and we take care of everything in case of an emergency. Our clients have access to us 24/7, even if they have taken the cars abroad.”

Setkom Rent a Car is also planning to offer other tourism services in addition to car hire. Mira Maneva explains, “We want to be competitive and offer the best service possible at the most affordable prices.” Setkom Rent a Car strives to gain access to the European and IPARD funds, a challenging task they hope to conquer soon.

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Boutique Hotel Puts the Focus on High Quality

The new Queen’s Hotel in the heart of Skopje offers high-quality facilities and services along with a warm welcome for business and leisure travellers. The boutique property contains 30 guestrooms, including six suites. Throughout the hotel the owners have made an effort to use high-quality furnishings and decor, mainly from Macedonia.

Welcome to Queen’s Hotel

Owner and General Manager Vesna Nikolovska explains, “Queen’s Hotel is primarily a bed-and-breakfast hotel, but when we host groups of guests who wish to have dinner organised at the hotel, we partner up with the local catering companies.” The hotel’s guests come from all over the world, including foreign investors and Macedonians who have emigrated abroad. Queen’s Hotel attracts a large number of repeat visitors and earns a very high customer-satisfaction rate of 95%.

The hotel location is a definite plus. A large choice of restaurants, shops, pharmacies, entertainment options and many more are close by. Queen’s Hotel has formed partnerships with various local enterprises, including cafés, bars, pizza restaurants and others. Vesna Nikolovska continues to add new facilities and services for her guests’ convenience.

Top priority is guest satisfaction

The busiest time of the hotel is during the week and it would certainly like to increase its occupancy on the weekends. Meanwhile Vesna Nikolovska is thinking about doubling the number of rooms in order to meet growing demands. “Queen’s Hotel is a four-star hotel but we compare ourselves to five-star hotels. They may have facilities we do not have, such as a gym and a swimming pool, but our quality meets five-star standards and our prices are lower,” she comments.

Vesna Nikolovska adds that one of her priorities is staff training in order to ensure the best possible customer service. In fact, personalised service for every guest gives Queen’s Hotel its competitive edge. The hotel is also known for its excellent breakfast, special discounts and willingness to adapt to dietary and other guest requirements. “Our top priority is to satisfy our guests. Profits come after that,” emphasises Vesna Nikolovska.

Queen’s Hotel is listed on the international reservations service booking.com and is in contact with Trip Advisor. It also partners up with Macedonia’s tourism organisation Explore Macedonia. Vesna Nikolovska is very confident about the future of her hotel and of Macedonia’s tourism industry. She adds, “Macedonian people are known for their hospitality and kindness. We welcome you to visit Macedonia and see for yourself!”

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Imagine an off-the-beaten-track tourism destination that is easily reached from many European cities and offers unspoiled natural beauty, unique cultural attractions free from crowds, friendly people and bargain prices. Macedonia is all this and more.

Skopje, Macedonia’s capital city and business hub, is the gateway to the country for most international travellers. Skopje has a modern airport, Alexander the Great International, which has recently opened a new passenger terminal. The city is a symbol of the new Macedonia: a modern, market-oriented economy with a very long and rich history. Along with its government buildings and other contemporary constructions, Skopje contains many landmarks from the Ottoman and Byzantine eras. These include 15th-century Kameni Most (Stone Bridge), Čaršija (the old Turkish bazaar), Sveti Spas Church known for its icons, and the fifth-century Tvrdina Kale Fortress. Visitors will also find all kinds of entertainment, shopping and cultural venues, from bars and nightclubs to museums, trendy boutiques and art galleries. Several hotels offer world-class services for business and leisure travellers.
UNESCO World Heritage site

Ohrid, “The Pearl of the Balkans”, is famous for its 365 churches, medieval castle and many other historic landmarks. It is served by its own international airport. The ancient city on a hill overlooking vast, pristine Lake Ohrid is a UNESCO World Heritage site, while the surrounding area, which includes Galičica National Park, has been designated an official “area of outstanding natural beauty”. Ohrid hosts a popular festival every summer.

One of Macedonia’s most magnificent churches is set on a cliff overlooking Lake Ohrid. St. Jovan Kaneo Church, built in the 13th century, is known for its Byzantine and Armenian architectural styles. Its exterior is decorated with ceramic sculptures and stone carvings, while the interior has beautiful frescoes.

For a true taste of Macedonia, travellers can visit Tikveš, the country’s main wine region, where wine has been made since the 4th century BC. Vineyards cover rolling hills and many archaeological sites and ancient churches can be found throughout the area. Visitors can taste wines at local wineries, and several travel agencies organise special wine tours of the region.

Bitola, at an elevation of 600 m, is another of Macedonia’s leading tourism destinations. Known as the “City of Consuls” during the Ottoman Empire, Bitola is filled with Turkish mosques, elegant mansions from the 18th and 19th centuries, and numerous cafes where the city’s cultural and intellectual life has been centred for generations. The pedestrian street Širok Sokak (‘Wide Street’ in Turkish) is a great place for strolling and people-watching.

Historic monasteries

Zrзе monastery is one of Macedonia’s many historic monasteries. Built in the 14th century outside Prilep, the Monastery of the Holy Transfiguration contains the 17th century Church of Saints Peter and Paul, famous for its fabulous frescoes and icons. On a nearby hillside, a 5th-century basilica is under excavation.

For lovers of adventure travel, Macedonia offers the chance to paraglide, ski, sail on Ohrid or Prespa lakes, go scuba-diving in Lake Ohrid, hike or mountain-bike, go horseback-riding, kayak down a rushing river, and much, much more. Macedonia’s biggest ski resort is at Mavrovo, in a spectacular mountain area popular in summer as well as winter. Historic landmarks in the Mavrovo region include beautiful Saint John Bigorski monastery.

Travellers who want to learn about Macedonia’s rich cultural heritage can take a four-day “Ethno-Edu” guided tour, which offers an introduction to traditional Macedonian food and wine, folk music, filigree-making and dance. The tour includes visits to Bitola and Ohrid.

Information about this tour and other tourism attractions in Macedonia – including facilities and services for MICE tourism – is available on Macedonia’s official tourism portal, ExploringMacedonia.com.
Boutique Four-Star Property in the Heart of Skopje

The boutique four-star Hotel City Park, which opened in 2010, offers 18 guestrooms (including three suites) and a range of upscale amenities. The hotel was awarded the prestigious Trip Advisor “Certificate of Excellence” in 2013. All rooms have lovely park views, making the hotel a true oasis in the heart of Skopje. The hotel’s location is ideal, within easy distance of government offices, shops, restaurants and entertainment venues.

Luxurious amenities

Every room, from singles to suites, is luxuriously furnished and equipped with LCD TV and cable, individually controlled air-conditioning and heating, unlimited free Internet connection, a mini-bar, a shower, a hairdryer and a telephone. In addition, the rooms feature high-quality mattresses and linens.

The Hotel City Park serves breakfast and offers room service for juices and cold sandwiches 24 hours a day. Additional services include currency exchange, a conference room accommodating up to 45 guests, a safety-deposit box, free parking, and a travel agency which can make travel arrangements and reserve airline tickets for visits throughout Macedonia and worldwide. For business and leisure visitors to Skopje, the Hotel City Park is an excellent choice.

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Brand-New Hotel Proves Small is Beautiful

The brand-new Hotel City 5, which opened in the centre of Skopje in 2012, offers cutting-edge facilities and services for business and leisure visitors.

The hotel features many windows offering stunning views of the Vodno Mountains and downtown Skopje. Only 27 km from Macedonia’s Alexander the Great international airport, three km from Skopje Fair, and a short walk from the Square of the City of Skopje, the Catholic Church and Kale Castle, Hotel City 5 has one of the best locations in Skopje.

Hotel City 5 offers exceptional customer service. All rooms are luxuriously furnished and accessed by a glass-walled elevator with panoramic views. Every guestroom is equipped with a high-quality bed and linens, a mini-bar, blackout curtains, windows that open, a full bathroom with a shower, a hairdryer, a direct telephone line, unlimited Internet connections, individual temperature controls, and digital TV with 150 channels. The hotel serves a high-quality breakfast every morning.

Hotel City 5 has received praise on Trip Advisor for its very spacious rooms, quiet location, exceptionally clean facilities, and friendly, helpful staff. The hotel’s breakfast is also a hit with guests. The new Hotel City 5 has already won a loyal following.

Hotel City 5
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Quiet, Comfortable City-Centre Hotel

The three-star, recently renovated Hotel Ambasador offers very comfortable accommodations in an ideal location on a quiet street in the centre of Skopje.

The hotel has 32 guestrooms, including two suites, and two meeting rooms as well as a bar. A breakfast buffet is served every morning and full-board or half-board meal service can be arranged for groups on request. Internet connections are available throughout the hotel.

Petar Stardelov, Manager, explains, “The Hotel Ambasador opened in 1998 and was completely renovated in 2012. It is a small hotel with a very friendly atmosphere and great customer service that you will not find in big luxury hotels. In addition, everything you want to see or do in Skopje is within walking distance.” Besides Hotel Ambasador, the hotel’s management team also operates another hotel, Hotel Sun.

The Hotel Ambasador mainly attracts business travellers and it sees a very high percentage of return guests. Petar Stardelov points out, “It may be a cliché, but the Hotel Ambasador really is a home-away-from-home for our visitors. I invite European travellers to explore Macedonia and stay with us.”

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Boutique Hotel Offers Rest and Relaxation

The Hotel Sun, ideally located on a hilltop with panoramic views of downtown Skopje and nearby mountains and forests, offers true rest and relaxation for visitors to Macedonia. With only 19 guestrooms, the hotel also guarantees exceptional personal service.

2,000 sq m of gardens and panoramic views

Opened in 2008, the new hotel is surrounded by 2,000 sq m of gardens complete with a barbecue facility and a swimming pool. In fact, the hotel is named for its sunny location. Guests can stay in shape in Hotel Sun’s well-equipped gym and medical experts are available on request for physical therapy. The hotel’s restaurant specialises in local and international cuisine served on a full-board or half-board basis, and catering services are available.

Every room in the hotel has its own special character. Visitors can choose a single, double or triple room. Each is equipped with an LCD TV, a mini-bar, Internet connections, a telephone, air conditioning and a beautiful bathroom. Some rooms even have a fireplace. For a true home away from home in Skopje, the modern Hotel Sun is an excellent choice.

Located only two kilometres from Skopje’s city centre, this three star hotel is unique in offering its guests vicinity to the centre, but also rest away from the city’s noise.

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Boutique Hotel Offers Great Quality-Price Ratio

Hotel 7, a family-owned boutique property which opened in 2005, offers the facilities and services international travellers are looking for. With seven guestrooms and a penthouse suite, the hotel’s owners are able to provide true personalised services. As Vladimir Kunovski, whose family owns the hotel, points out, “This business is more about service than about four walls. We offer clean sheets, hot water and wireless Internet connections, the three things that most people are looking for in a hotel when they are travelling.”

The hotel is conveniently located in the centre of Skopje near the city’s main attractions, including Ramstore shopping centre, museums and other cultural venues, Kale fortress, Mother Theresa’s house, the old bazaar and many restaurants. Some of Skopje’s shops and restaurants offer discounts for Hotel 7’s guests.

Air-conditioning, free WiFi and more
Every room and suite has air-conditioning, a mini-bar, a private bathroom, laptop PC connections and free high-speed Internet access. Services include laundry and dry cleaning, ironing, faxing and photocopying, luggage assistance at the airport and transport to and from the airport, and free parking. The hotel employs environmentally friendly practices and products. Its modern décor features rooms in four different colour schemes.

Defining Hotel 7’s competitive edge, Vladimir Kunovski says, “Hotel 7 provides a quality-price ratio that is one of the best of any hotel in Skopje. In addition, each time a guest comes here he or she can choose a room with a different colour if it is free. We also try to help our guests enjoy their visit to Skopje and to Macedonia. If they are here for tourism reasons, we give them suggestions about things to see and do. If they are here on business, we can offer advice about the local market.”

Vladimir Kunovski believes that Macedonia’s tourism sector will grow once the country has the infrastructure to support visits to areas outside Skopje. He has plans for many types of projects, including a possible second hotel, rental apartments, and a space in Hotel 7 which he can adapt into a business centre and office space for guests’ use. He welcomes the chance to talk with prospective partners and investors in Hotel 7 and in Macedonia, and he urges international business and leisure travellers to stay at Hotel 7 on their next visit to Skopje.

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Hotel Continental is a luxury hotel set in a beautiful 10,000 sq m landscaped garden. It is only 5 minutes from downtown Skopje and 20 minutes from the Alexander the Great Airport.

Hotel Continental has its own private parking and garage where cars are safe.

Hotel Continental has 200 single and double rooms, including 6 suites, and triple rooms on request. All rooms meet the modern standards of a high-class hotel.

All rooms and suites are equipped with direct phone lines, satellite TV, mini-bar, safe box, air-conditioning with temperature control, hair dryer and free Wi-Fi Internet.

Hotel Continental is by all means a unique hotel in Skopje for its banquet capacities.

The Hotel has seven halls – National restaurant, Crystal Hall, Ceremonial Hall, Club Fontana, Continental Club, Business Hall and Conti Club.