



Republic of North Macedonia
Government of the Republic of North Macedonia

Ministry of Economy

MSc. Kreshnik Bekteshi, Minister of Economy

Dear readers,

With a particular pleasure I would like to extend my most sincere congratulations to the Publishing House Balkanika for the publishing of the publication of international character Business Directory of North Macedonia 2019 and of course, to express my gratitude for the opportunity to provide my review regarding the development and the potentials of the economy in the Republic of North Macedonia. With this publication, domestic and foreign business associations, trading partners and investors will have a product that will provide them information on the opportunities for deepening the cooperation with North Macedonia, but at the same time it will provide them an answer to all questions regarding their need to open new markets such as the Macedonian market. The economic policy of North Macedonia is constantly focused on improving the business environment, supporting innovation and entrepreneurship and attracting foreign investors as the main promoters of economic growth. In order to create a positive environment for doing business, from the very outset the Government has focused on the provision of maximum support of productive investments that create an added value, generate GDP growth and directly affect job creation. In 2018, we adopted the Economic Growth Plan, which includes measures to strengthen investments and the competitiveness of the economy of North Macedonia and to support the domestic business. It is important to note that foreign direct investments are the cornerstone of economic growth and many activities of the Government are focused on widespread reforms to increase the inflow of foreign direct investments. This resulted in a record inflow of foreign investments of 625 million Euros in 2018, compared to 182 million Euros in 2017. The industrialization of North Macedonia continues at a strong pace. As a result of new investments by foreign and domestic companies, 54.000 new jobs have been created in the past two and a half years. The work of the real sector contributed to the growth of industrial production, which increased by 9.8% in August 2019 compared to the same month last year, while in the period from January to August compared to the same period in 2018, the growth reached approximately 5.5%.

We base the economy on the growth of industry, agriculture, structural engineering and commerce and all these sectors are on the rise. On the other hand, as a result of the long-standing open trade policy, North Macedonia is a signatory of 40 bilateral agreements on mutual protection and promotion of foreign investments and 39 agreements on avoidance of double taxation. The country is a party to five free trade agreements. It has concluded agreements with the EU member states, the EFTA states, the parties to the CEFTA agreement and two bilateral agreements with Turkey and Ukraine. These agreements allow very high trade liberalization, regional cooperation and deeper integration into the European economic and political processes. North Macedonia is also seriously committed to regional cooperation, especially with the parties to the CEFTA agreement, and since 2015 full liberalization of trade of all CEFTA parties has been established. When it comes to connectivity as a prerequisite for a better economic cooperation, we have started to work intensively on building a quality road, rail and energy infrastructure. The Government of North Macedonia can boast of open road projects worth more than 1 billion Euros, carried out by domestic and foreign companies. We already have a fully completed highway in the north - south direction, known as Corridor 10, and we are currently working on finalizing the east - west connection, that is, the connection with Bulgaria and Albania. The railway to Bulgaria is under construction, as well as several express roads. The road connectivity with Albania has also been improved with the part of the highway from Kichevo to Ohrid, wherewith we provided a quality road connection from Skopje to Ohrid, which is located at a distance of only 10 km from the border with Albania. In the past two years, the Government of North Macedonia has also implemented the reforms in the energy sector, and with the new Law on Energetics, harmonized with the European regulations and directives, we have opened up numerous investment opportunities in this sector. We are actively working on an increased use of renewable energy sources, and we have opened space for investments in photovoltaics up to 300 MW, for windmills, biogas and biomass power plants. However, business knows best that success requires many prerequisites, perhaps the most important being stability - from a political point of view and the existence of the rule of law in the country. These are the key elements that affect the decision of some domestic or foreign investor to invest in a particular country. To this end, we, as a country, did a lot for a very short time. In terms of stability, we have taken key steps to enable the country's accession to NATO and we also expect the final decisions of the ratification process in a part of the parliaments, wherewith the process should be finalized early next year. At the same time, we have received a strong and unequivocal acknowledgement for our achievements in the past year for a rapid approximation to the European Union. We have done a lot and we have achieved results. I hope you enjoy reading this edition and find information that will be beneficial for your work.

Respectfully,

Kreshnik Bekteshi