



# INVEST IN MACEDONIA

## 6th VIENNA ECONOMIC FORUM

### How to attract FDI's in crisis time?

**Fatmir Besimi**  
**Minister of Economy**



- **Regional and world integration processes – NATO and EU candidate** (*European Council has decide to recommend the opening of accession negotiations with R. Macedonia , 2009, October*)
- **Economic growth and development**
  - increase domestic and foreign direct investment;
  - increase the competitiveness of Macedonian companies;
  - improve capacity of public institutions to implement reforms
  - improve energy efficiency
  - balanced regional development
- **Fighting organized crime and corruption**
- **Maintenance of good interethnic relations and implementation of Ohrid Framework Agreement**
- **Investing in employment**

# MACROECONOMIC INDICATORS



Indicators	2004	2005	2006	2007	2008
<b>GDP, USD bin</b>	<b>5,368</b>	<b>5,815</b>	<b>6,373</b>	<b>7,911</b>	<b>9,522</b>
<b>GDP per capita, USD</b>	<b>2,641</b>	<b>2,855</b>	<b>3,124</b>	<b>3,870</b>	<b>4,649</b>
<b>Real GDP growth rate, %</b>	<b>4.1</b>	<b>4.1</b>	<b>4.0</b>	<b>5.9</b>	<b>5.0</b>
<b>Inflation, average %</b>	<b>-0.4</b>	<b>0.5</b>	<b>3.2</b>	<b>2.3</b>	<b>8.3</b>
<b>Annual unemployment rate, %</b>	<b>37.2</b>	<b>37.3</b>	<b>36.0</b>	<b>34.3</b>	<b>33.8</b>
<b>Index of industrial production % (compared to the previous year)</b>	<b>97,8</b>	<b>107,0</b>	<b>103,6</b>	<b>103,7</b>	<b>105,5</b>
<b>General Government balance (% of GDP)</b>	<b>0.1</b>	<b>-0.1</b>	<b>-0.6</b>	<b>0.6</b>	<b>-1.0</b>
<b>Current account ,net (% of GDP)</b>	<b>8.1</b>	<b>2.8</b>	<b>0.8</b>	<b>7.7</b>	<b>13.3</b>
<b>Trade balance (% of GDP)</b>	<b>-21.1</b>	<b>-18.4</b>	<b>-20.1</b>	<b>-20.3</b>	<b>-26.7</b>
<b>External debt, (% of GDP)</b>	<b>40.9</b>	<b>42.4</b>	<b>36.05</b>	<b>27.4</b>	<b>28.2</b>
<b>Foreign currency reserves, EUR mil</b>	<b>716.9</b>	<b>973.7</b>	<b>1,416.7</b>	<b>1,524.4</b>	<b>1,494.9</b>
<b>Exchange rate, end of year DEN/ 1EUR</b>	<b>61.3</b>	<b>61.2</b>	<b>61.3</b>	<b>61.3</b>	<b>61.3</b>

# FDI INFLOW



	1997-2003	2004	2005	2006	2007	2008
<b>Annual FDI<sup>1</sup> (EUR millions) % of GDP</b>	<b>100.4</b>	<b>260.7</b>	<b>77.2</b>	<b>344.8</b>	<b>506.0</b>	<b>412.5</b>
	<b>2.4</b>	<b>6.0</b>	<b>1.7</b>	<b>6.8</b>	<b>8.7</b>	<b>6.3</b>
<b>FDI stock<sup>1</sup> (EUR millions) % of GDP</b>	<b>1,292.1</b>	<b>1,610.2</b>	<b>1,769.0</b>	<b>2,098.6</b>	<b>2,545.2</b>	<b>2,957.7</b>
	<b>31.5</b>	<b>37.2</b>	<b>37.8</b>	<b>41.3</b>	<b>43.9</b>	<b>n/a</b>

**1/ This data represents the total cumulative investment in**

***Source: NBRM and SSO.***



## Stock of Foreign Investment in Macedonia – by country/<sup>1</sup>

Country	2003	2004	2005	2006	2007	2008
<i>(EUR millions)</i>						
Netherlands	69.7	103.2	213.3	212.0	431.3	479.3
Hungary	313.4	354.4	350.0	350.4	421.3	421.3
Greece	223.0	264.1	279.2	320.4	387.1	399.3
Austria	42.8	62.3	57.7	219.4	238.3	347.1
Slovenia	84.7	101.8	106.8	126.7	165.8	208.3
Switzerland	101.9	143.9	164.2	150.8	166.8	186.3
Great Britain	34.7	38.4	38.2	67.4	102.2	127.1
Bulgaria	23.3	24.3	27.4	42.8	62.5	98.0
Germany	57.3	70.6	64.1	64.1	85.9	86.9
Luxembourg	2.2	10.8	15.2	25.4	71.9	69.3
Serbia	0.0	0.0	0.0	0.0	66.3	67.4
Cyprus	141.1	150.5	160.8	182.2	20.5	24.4
Others	198.1	285.8	292.1	337.0	325.2	443.0
<b>Total</b>	<b>1,292.1</b>	<b>1,610.2</b>	<b>1,769.0</b>	<b>2,098.6</b>	<b>2,545.2</b>	<b>2,957.7</b>

<sup>1)</sup> This data represents the total cumulative investment in Macedonia.

Source: *NBRM*



- **Improvement of business environment**
- **Intensive investment and export promotion**
- **Strengthening Institutional structure for attracting investments**
- **Strengthening Public Private Partnership**



- **Regulatory Guillotine – Flagship project for improving the country’s business environment**
- **“Silence is consent”, “Cutting red tape”**
- **Reduced administration fees, time limits, documentation**
- **"One-Stop-Shop" system for company registration**
- **"One-Stop-Shop" for cross border trading**
- **Modernized electronic real estate cadastre**
- **Foreign companies and foreign citizens can directly own construction land in Macedonia**
- **Electronic payment of taxes**
- **Cut in social contributions**
- **Liberalization of visa regime**



## **Fiscal and non fiscal benefits**

- **10% Corporate & Personal income tax (among lowest in Europe)**
- **0% Tax on retained earnings**
- **Double taxation treaties with many European countries**
- **0% tax for operation in a Technological Industrial Development Zone**
- **Real estate taxes at 2% - 5%**
- **VAT at 18%, with 5% on specific items**
- **Trade liberalization and facilitation**

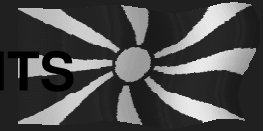
**FTAs with EU, EFTA, CEFTA countries; Turkey and the Ukraine; providing access to over 650m customers**



- **The third top reformer – the world Bank 2010**
- **Macedonia is on the 84<sup>th</sup> place on the competitiveness list**
- **Credit rating BB –stable ( Standard and Poor's)**
- **Leap from 84<sup>nd</sup> to 72<sup>nd</sup> place on Transparency International Corruption Perception Index**
- **Three anti-crisis packages:**
  - 2008, November -300 million EUR (ten measures)**
  - 2009, March, Infrastructure Project -8 billion EUR**
  - 2009,May, (70 measures)**



- **Team Macedonia – organized road show in target countries**
- **Medium campaign : electronic and print medium**  
**medium slogan:**
  - Need to Cut costs? Invest in Macedonia*
  - In economic downturn...it is time to cut cost*
- **Economic promoters**  
**More than 30 promoters in targeted countries**

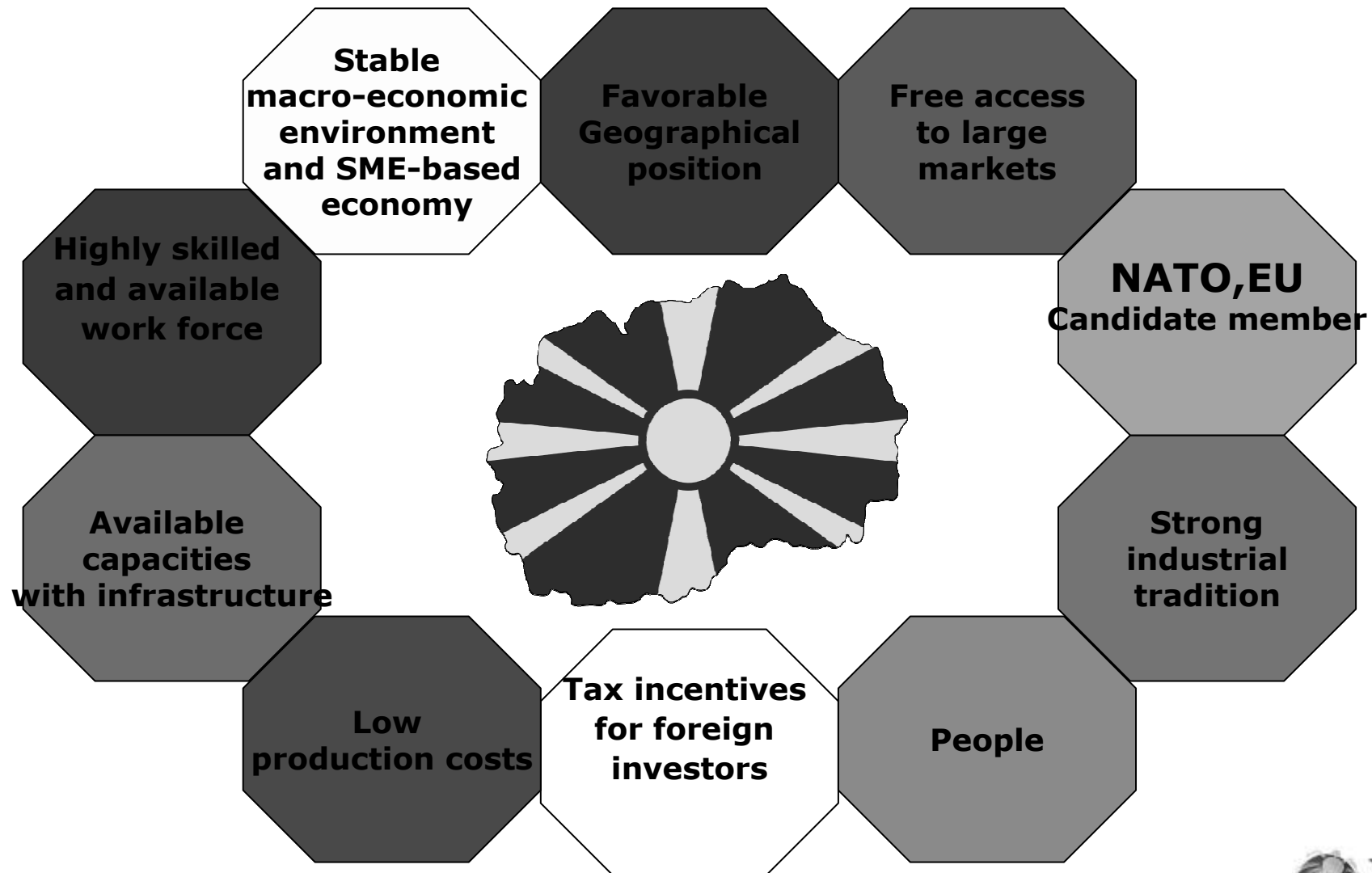


- **Minister for FDI**
- **Ministry of Economy –create investment policy**
- **Agency for Foreign Investments– service for foreign investors**
- **Economic promoters – promotion of Macedonia as an investment destination**

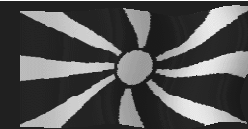


- **PPP- contemporary method for business structure**
- **Law on concessions and other types of public-private partnership**
- **Promoting PPP on local and regional level**
- **Joint projects for improving the living standard**

# WHY TO INVEST IN MACEDONIA



THANK YOU FOR YOUR ATTENTION



MINISTRY OF ECONOMY

Tel. + 389 (2) 3093-408

Fax: +389 (2) 3084-472

E-mail: [me@economy.gov.mk](mailto:me@economy.gov.mk)

Web: [www.economy.gov.mk](http://www.economy.gov.mk)