



AMCHAM
M A C E D O N I A

ANNUAL REPORT 2013

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2013 ANNUAL REPORT: AMCHAM MACEDONIA'S THIRTEENTH YEAR

This Annual report summarizes AmCham Macedonia's 2013 membership, events and activities, our advocacy efforts, administration and year-end financials.

MEMBERSHIP

AmCham Macedonia is a membership organization that includes many of the most successful, progressive and impressive organizations working in Macedonia today. In terms of organization size, AmCham Macedonia maintained 98 members across 5 membership categories: patron, corporate, business, entrepreneur and NGO's.

The following table summarizes our 2013 membership:

MEMBERSHIP CATEGORY	CATEGORY DEFINITION	NUMBER OF MEMBERS
PATRON	Top tier members who embody AmCham values and are strategic partners of the organization throughout the year.	8
CORPORATE	The annual worldwide turnover of the member company is >\$5 million or is fully or partly owned by a parent company that has a <i>global</i> annual turnover >\$5 million.	50
BUSINESS	The annual worldwide turnover of the member company is <\$5 million or is fully or partly owned by a parent company that has a <i>global</i> annual turnover <\$5 million.	32
ENTREPRENEUR	Micro or small companies with an annual turnover of <\$250.000	5
NGO	Non-profit organizations registered in Macedonia or the United States.	3

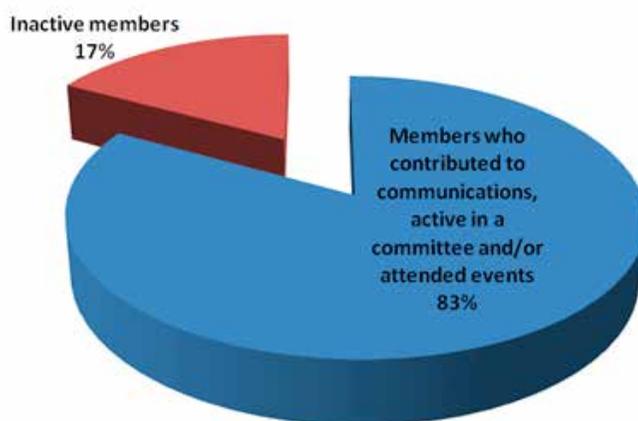
AmCham Macedonia is always looking to strategically grow membership to encompass more of the high caliber organizations working in Macedonia. AmCham's Board of Directors provides important assistance in the membership recruitment process. AmCham Macedonia received a

total of 7 applications for membership in 2013, all of which the Board of Directors recommended to the General Assembly for approval. The members that officially joined in 2013 were:

- ArcelorMittal Skopje (corporate category);
- Johnson Matthey (corporate category);
- UNIBank (corporate category);
- Van Hool (corporate category);
- Veze Sharri (business category);
- Alpha Bank AD Skopje (business category);
- Ultranet (entrepreneur)

Member Engagement

As a membership organization, a key goal is to maximize member engagement throughout the year. In 2013, the vast majority of AmCham Macedonia members continued to actively participate in the organization's events, communications and committees, as summarized below.



2013 EVENTS AND ACTIVITIES

AmCham Macedonia is best known as the most active foreign business interests association in the country. In 2013, its impressive repertoire of activities and events included 10 gatherings that attracted roughly 855 attendees. These included high profile conferences on business - university cooperation and gender diversity, information session on mandatory listing, training for mid and top managers. However, in a busy year of events and activities, there are always a few that stand out as particularly memorable, this year, they were:

Exploring Opportunities to Advance Business-University Cooperation



On March 28th, 180 high profile guests from the academic, business and government community gathered in Aleksandar Palace to attend AmCham's conference on "Exploring Opportunities to Advance Business-University Cooperation".

President Ivanov opened the conference and the keynote speaker was Professor Gregory Fairchild of Darden Business School, one of the world's leading business schools. Professor Fairchild's impressive experience in the U.S. corporate and academic worlds offered practical and relevant insights into the way world-class higher learning institutions can cooperate with companies to the benefit of all.



The conference included workshops with local businesspeople, university leadership and relevant ministry representatives to explore cooperation models proven to increase the relevance of higher learning programs to the "real world". Together, they worked to identify a way forward on internships, guest lecturing and tailored program development.

Advantages of Gender Diversity in Organizational Leadership, Strategy and Innovation



On September 11th, 2013, AmCham Macedonia held an event on „Advantages of Gender Diversity in Organizational Leadership, Strategy and Innovation“ in Skopje featuring impressive speakers from both the United States and southeastern Europe. The U.S. speaker was brought to Macedonia by the financial support of the U.S. Embassy in Skopje.

The event's 50+ attendees included members of the NGO community, the World Bank, AmCham member organizations and students organizations, many of whom shared their views and opinions openly on a topic that is rarely raised in the country. This event was part of AmCham Macedonia's ongoing efforts to promote progressive HR practices in the country and was financially supported by the U.S. Embassy in Skopje.



13th Annual General Assembly



This year's GA focused on AmCham's advocacy role in the business community and included presentations from each of our 4 committee presidents:

- Intellectual Property Rights – Vice President, Blagoj Hristov
- Legal & Tax – President, Kiril Estatiev
- Workforce Development – President, Nikola Efremov
- Corporate Social Responsibility – President, Radojka Denkovska

Representatives from 60 member companies attended and elected the following Board of Directors candidates:

- Vladimir Dimovski, Managing Partner, I&F McCann Grupa
- Mirjana Tanevska-Efremova, Member of the Management Board, Makedonijaturist Inc. Skopje
- Liza Popovska, Financial Director/CFO, Pivara Skopje Inc.
- Selim Simbil, General Manager, Wabtec MZT Inc. Skopje

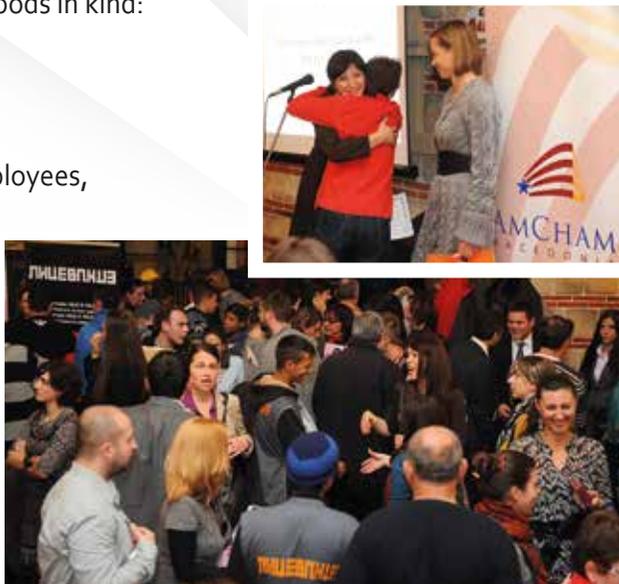


Board President, Liza Popovska, also recognized the work of two long time Board members whose mandates were expiring: Stefan Plavjanski was first elected in 2007 and served as Vice President and President for several years and Ruzica Filipceva was first elected in the Board in 2009 and served as Secretary-Treasurer during all four years.

Thanksgiving Lunch with Face to Face

This year, AmCham Macedonia hosted a traditional Thanksgiving Lunch in cooperation with the Centre for Media Activities, an association responsible for the street magazine Face to Face (Лице в лице). The following AmCham members were recognized at the event for purchasing advertising space and donating funds and goods in kind:

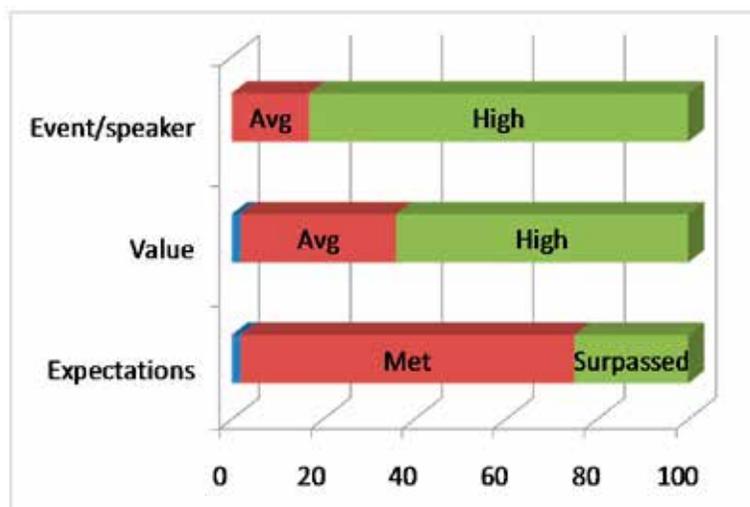
- Advisory and Analysis Group (AAG),
- Alliance One Macedonia,
- Habitat for Humanity Macedonia employees,
- Okta,
- Pivara Skopje,
- Saving House Moznosti,
- Skopski Pazar,
- UACS,
- Vitalia, and
- Wabtec MZT Skopje.



Event feedback

In 2013 for the first time, AmCham began systematically collecting event participant feedback toward continually improving the value of our events and activities. The following table shows the consolidated results of these surveys:

2013 Event participant feedback



Also, 70% of respondents said they gained **new knowledge**, 49% gained **new contacts** and 2% gained something else.

AMCHAM ADVOCACY EFFORTS

AmCham's advocacy activities are primarily initiated and carried out with the support of its committees on Intellectual Property Rights, Legal & Tax issues, Workforce Development and Corporate Social Responsibility.

Intellectual Property Rights (IPR) committee

In 2013, the IPR committee met 9 times and involved 8 unique member company representatives. With U.S. Embassy grant funds in December 2012 and another one in September 2013, under committee guidelines and support we successfully completed the following activities and initiatives:

- Offsite meeting with National IPR Coordinative Body members to discuss implementation of the National IPR Strategy 2009-12;
- Annual IPR conference;
- Translation and adaptation of World Intellectual Property Organization (WIPO) IPR curriculum targeting children ages 9-14 into Macedonian and Albanian.
- Event with Microsoft's "Partners in Learning" Program in order to recognize teacher's activities in IPR field;
- Anti-counterfeits campaign in 5 Macedonian cities (Skopje, Kumanovo, Tetovo, Shtip, Prilep); and
- A number of targeted meetings with the Director of the SOIP, ZAMP, National IPR Coordinative Body members and Customs on IPR-related topics.
- Published an updated edition of our 2010 *Trademark Protection Guide*.

Advocacy Highlight: "Stay Healthy Buy Originals" Campaign

With the financial support from the U.S. Embassy in Skopje, AmCham Macedonia partnered with the National Coordinative Body for Intellectual Property Rights Protection (NCBIPR) to create a traveling, interactive exhibition featuring counterfeit cosmetics, drugs, personal hygiene items and other similar goods found on the local marketplace. The items were selected for their potential impact on consumer health and informational leaflets were distributed to visitors on the potential health effects of such goods, how to identify them and what to do if a good is suspected to be counterfeit.



American Chamber of Commerce in Macedonia

In order to reach a large number of consumers, the exhibition visited 5 of the country's largest cities, one each week throughout October 2013. The outdoor stands were staffed by inspectors from the State Market Inspectorate, one of the key institutions in the country's fight against the counterfeit trade.



Workforce Development committee

In 2013, the Workforce Development committee met 7 times and involved 15 member company representatives.

- Provided key input into the design of AmCham's events on Gender Diversity, Employee Engagement and Business-University Cooperation.
- Held a best practices sharing session with Viviana Guerrero, Human Resources Officer at the U.S. Embassy in Macedonia on performance management, recruitment and job evaluation/categorization in the U.S. State Department.

Corporate Social Responsibility committee

In 2013, the Corporate Social Responsibility committee met 7 times and involved 12 member company representatives.

- Initiated AmCham's signature joining a call to improve the Law on Donations and Sponsorships;
- Corporate volunteer program executed by member company representatives to provide various professional and "life skills" training to children ranging from 13-18 from the "11. Oktomvri" orphanage in Skopje.

2013 workshops included:

- Semos Education providing 2 children for an Adobe Photoshop CS6 course and 1 for a 3D Max course;
- Hristina Damevska from Karanovic & Nikolic Law Firm holding two sessions on job interviewing & CV preparation;
- An EVN Macedonia team hosting a group of children at their hydroelectric plant in Matka for an energy efficiency and career exploration session;
- Radojka H. Denkovska, OKTA leading a session on teamwork;

- Liljana Alceva and Kiril Nestorvoski, Habitat for Humanity Macedonia, leading a session to help children understand what a career in the NGO sector is like;
- Semos Education hosting 11 children for 3 basic computer skills classes;
- Cementarnica USJE hosting a group of 15 children from 11.Oktomvri in their cement plant;
- Maja Stevkova Sterieva and her colleagues from Komercijalna banka leading a session on basic money management skills and concepts;
- Ivana Dojcinovska-Stojanovic from Wabtec MZT AD Skopje leading two career exploration sessions;
- UACS professors Elena Bundaleska and Jovanka Jovanchevska – Milenkoska leading a series of public speaking workshops with 16+ year olds.

Legal & Tax committee

In 2013 the Legal and Tax committee met 6 times and involved 14 member company representatives.

- Provided key input into AmCham's Visa and Work Permit Guide for Foreign Nationals Working in Macedonia;
- Held an information session on the implications of the Mandatory Stock Market Listing law; and
- Submitted a Position paper on draft Law on Financial Discipline to members of the Parliamentary Commission on Economic Issues at the Parliament of the Republic of Macedonia, the Ministry of Finance, key members of the diplomatic community and other Chambers of Commerce.



Through this paper we are trying to convince lawmakers that this is an unnecessary law that will fail to reach the Government's goal of improving the country's market as well as company liquidity and performance. We recommend that the Draft Law not be passed, rather that the Government's focus be applied toward strengthening the existing mechanisms and institutions responsible for enforcing payment, honoring contracts, and the rule of law in general. The Draft Law was proposed to the Parliament of the Republic of Macedonia by the Ministry of Finance on November 12th, 2013 and it was adopted on December 16th, 2013.

COMMUNICATIONS

AmCham Macedonia communicates with its members and the world via 3 primary communication media: its website (www.amcham.com.mk), *Emerging Macedonia* magazine and its weekly e-newsletter. During 2013, all of these communications were consistently and professionally delivered on time, maintaining a key membership value, as detailed below:

Communication trends 2013

~60 media mentions throughout the year

Magazine readership

4000 hard copies distributed
1330 online views so far

www.amcham.com.mk

Total unique visits: 3,799
Avg site pages visited: 2.3

AmCham Facebook page

New page likes: 203 (60% increase over 2012)
An average of 4 people engaged with our page per day

Emerging Macedonia is the official publication of AmCham Macedonia. It is distributed free of charge throughout all AmCham members, affiliated companies, NGOs, government and governmental organizations, VIPs, economic, political and diplomatic authorities, foreign companies, major hotels, organizations and all embassies in Macedonia as well as the sister chambers of commerce in Europe and the headquarters of the American Chamber of Commerce in Washington. This publication provides extensive information on organization's members, activities, and the overall business climate in Macedonia. Each issue of the magazine provides coverage of AmCham related topics as well as exclusive interviews and articles on issues of great importance to the Macedonian business community.



The AmCham Macedonia website features all of our publications, photos and information on our past and upcoming events as well as news on our committees. In 2013, a total of 6,911 people visited our site, a majority of them new visitors. Most of our site’s visitors were from Macedonia, but we also had a significant number of readers from across South Eastern Europe, the United States and Western Europe.



AmCham Macedonia distributes **electronic newsletters** to approximately 1000 contacts, including all members and key AmCham partner network, including political and press contacts. This streamlined, easy-to-read-through one-page gives a quick update on events, news, business offers, committee news and activities and more. In 2013, we distributed more than 30 e-Newsletters.

BOARD MEETINGS

The AmCham Board of Directors held a total of 7 Board of Directors meetings throughout 2013. These meetings focused on the following issues:

- Oversight of committee activities;
- Executive office staff performance incentives;
- Event planning and assessment;
- Dues collection and financial management, 2012 audit;
- Member issues;
- Advocacy initiatives;
- Review and update the 2013-15 strategy, priority issues
- Review of proposed 2014 work plan;
- New member recruitment; and
- Regional AmCham cooperation.

OTHER KEY ACTIVITIES

In addition to organizing events, supporting committee initiatives, overall communications and organizing Board meetings, the Executive Office maintains relationships with other AmChams in the region, the U.S. embassy in Macedonia and a variety of other institutions and organizations. Below are some of the many activities undertaken during 2013 to foster these relationships and increase the value AmCham Macedonia offers its members.

Customs Advisory Body Participation

Given that many of our member organizations depend on an efficient, fair and consistent Customs Administration, AmCham continued in 2013 to take part in regular meetings of the Customs Advisory Body. The meetings provide a venue to follow Customs plans and activities as well as raise member concerns with regard to Customs policies and procedures. Specifically this year, AmCham raised two concerns.

The first was with regard to the Administration's approach to mandatory fines. In Macedonia, harmless clerical errors – even those proactively identified by company employees – are punished by mandatory fines. Toward changing this practice, AmCham provided an analysis of U.S. Homeland Security practice for consideration and discussion by the group and continues to raise this issue to relevant officials on a regular basis.

The second concern was with regard to the lack of coordination between Customs systems and those of related institutions such as the Public Revenue Office. The current system requires companies to continue paying taxes and fees at Customs, despite being owed a refund from another office within the Ministry. AmCham argued that, were the Macedonian Ministry of Finance to maintain consolidated records of its related activities carried out by the Tax Authority and the Customs Administration, Customs could credit companies up to the amount they are owed by the Tax Authority, rather than further damaging companies' cash flow by collecting additional funds. This year, Customs announced a new interface with the Public Revenue Office, however, the tool appears to have been designed to meet a strictly internal institutional need that will not yet relieve companies of the issues detailed above.

AmChams in Europe Transatlantic Summit

AmCham Macedonia's Executive Over joined the 30 participants representing 28 AmChams from across Europe and beyond in the 2013 annual AmChams in Europe Transatlantic Conference. While in Washington, DC, ACE delegates attended a U.S. Chamber briefing and lunch alongside business executives from the Business Coalition for Transatlantic Trade (BCTT). A meeting with the U.S. State Department took place together with a roundtable seminar with Kathleen Doherty, the European Bureau's Deputy Assistant Secretary and Bill Craft, the Economic Bureau's Principal Deputy Assistant Secretary and included regional break-out sessions to discuss the importance and implications of the Transatlantic

relationship. On Tuesday, the program began with a breakfast and company visit to the GE offices and was followed by a fruitful lunch with the Atlantic Council. In the afternoon, the updated 'Case for Investing in Europe' was launched at the U.S. Chamber together with Trade and Economic Counsellors of Member States who after also joined ACE and other guests for a networking cocktail that marked the end of the program in Washington D.C.

Strategic Networking Meetings

In order to continually stay abreast of relevant trends and opportunities that can increase AmCham's value to its members, the Executive Director invests significant time throughout the year to expand and maintain the organization's local, regional and international network of contacts. In 2013, these meetings included the following:

- With Sr. Commercial Officer with the U.S. Commercial Service Officer based in Sofia, Bulgaria, Thomas Bruns;
- Participation in IMF Post-Program Monitoring meetings;
- Organized informal gatherings with Board members, Patron member company representatives and U.S. Embassy officials;
- Met with an IPR specialist with the EU Delegation to Macedonia regarding increasing communication and coordination on common priorities;
- Conference preparation meetings with the Deans of Saints Cyril and Methodius University's Faculties of: Mechanical Engineering; Electrical Engineering and Information Technologies; Computer Science and Engineering; Economics
- Attendance at AmCham Bulgaria's Conference on the Bulgarian Perspective with regard to the proposed Transatlantic Trade and Investment Partnership;
- Provided promotional support for and attended Macedonia2025's annual investment conference;
- Meeting with Fitch ratings agency representatives during their visit to Skopje. AmCham was the only private sector entity to meet with this group;
- The newly appointed Director of USAID Macedonia, James Stein;
- Met with a group of potential American investors interested in learning more about energy sector opportunities;
- Participated in the USAID organized Round Table on the potential for a Regional Clean Energy Development and Investment Center;

American Chamber of Commerce in Macedonia

- Hosted a gathering for key AmCham supporters with DAS Reeker when he visited Skopje;
- Sent representatives of the local enforcement community to AmCham Croatia's annual IPR conference;
- Met with the Director of the State Industrial Property Office, Safet Emruli, and the President of the National IPR Coordinative Body regarding increasing communication and coordination on projects of common interest;
- Met with President Ivanov's cabinet and Prime Minister Gruevski's Advisor on HR and Education issues in preparation for the Business-University Cooperation event;
- Met with the newly-formed U.S. Embassy Youth Council to gauge areas of mutual interest;
- Met with the leadership of ZAMP, Macedonia's main collective management organization of copyright music rights with regard to our IPR advocacy initiatives;
- Met regularly with the Director of the "11.Oktomvri" orphanage to give/receive feedback on our CSR committee initiative as well as seek assistance with program-related issues.

Support of Student Initiatives

Throughout 2013:

- AmCham provided fundraising assistance to the 2013 Preparing Global Leaders Institute's summer program held in Struga, Ohrid, Bitola and Skopje;
- Helped recruit volunteer lecturers for the Summer Work and Travel Alumni Association's StartUp Academy. Special thanks are owed to Verica Hadzi-Vasileva Markovska from Analysis and Advisory Group and Maja Nikolovska from Eurostandard Banka
- Sponsored the Summer Work and Travel Alumni Association's SmartUp conference.

AmChams in Europe Best Practices Conference – Helsinki and Tallin

AmCham Macedonia's Executive Director attended AmChams in Europe's 2013 annual Best Practices Conference from 18-20 September in Helsinki, Finland and Tallin, Estonia. At the gathering, 35 participants from 27 AmChams from across Europe had the opportunity to listen to views from key figures including Jussi Pajunen, Mayor of Helsinki; Tiit Paananen,

former CEO, Skype; and Leena Munter, CEO, ManpowerGroup Nordic/Baltic. The group also used the opportunity to discuss best practices on a variety of topics such as communications strategy, regional cooperation, membership retention, young professional programs and advocacy initiatives.

During regional breakout sessions, Ms. Osmanli solidified a deeper cooperation concept with her peers from AmCham Albania, Kosovo, Montenegro and Serbia.

AmCham Annual Summer Training in Slovenia

This year's Central and South-East European AmCham summer training was organized and hosted by AmCham Slovenia. Representatives from 9 national AmChams spent three days exchanging their experience on a number of administrative and strategic questions faced by all. The group also identified new ways to cooperate going forward. Specific topics covered at this event were change Management, presenting the value of AmCham from members' perspective and the use of social media to further the AmCham mission.

2013 YEAR-END FINANCIAL STATEMENTS*

BALANCE SHEET

as of 31 December 2013

All figures quoted in Macedonian Denars (MKD)

ASSETS

Current Assets

Cash and Cash Equivalents	1.289.450
Other Receivables	0
Total current assets	1.289.450

Non-current assets

Property, plant and equipment	149.931
Total non-current assets	149.931

Total Assets	1.439.381
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LIABILITIES AND EQUITY

Funds

Accumulated excess of income for 2013	1.278.153
Carrying amount of assets	149.931
Total Equity	1.428.084

Liabilities

Current Liabilities	11.297
Other Payables	0

Total Current Liabilities	11.297
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Total Liabilities and Equity	1.439.381
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* These statements have not been reviewed by an independent auditor. AmCham Macedonia will publish independently audited 2013 financial statements by June 2014.

INCOME STATEMENT

For the year ending December 31. 2011
All figures quoted in Macedonian Denars (MKD)

REVENUES

Membership fees	6.815.393
Interest and Investment Income	41.541
Advertising/Event ticket sales	18.000
Sponsorship income	121.750
Grants	1.534.694
Total income generated in 2013	8.531.378
Transferred prior year excess of income	1.954.383
Total revenues	10.485.761

OPERATING EXPENSES

Personnel expenses	2.952.837
Professional expenses	708.312
Travel expenses	340.092
Publications and promotional materials	514.075
Services	428.512
Office supplies	547.004
Rent and utilities	581.801
Communications	120.888
Event expenses	905.662
Donations transferred	251.136
Other (dues paid. bank charges. insurance)	41.967
Grant expenses	1.775.748
Total operational expenses	9.168.034

Excess income over expenses before taxation	1.317.727
Taxation	39.574
Excess income over expenses transferred into 2014	1.278.153

* These statements have not been reviewed by an independent auditor. AmCham Macedonia will publish independently audited 2013 financial statements by June 2014.



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