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SPOTLIGHT:

NEW GOVERNMENT'S APPROACH TO ECONOMIC GROWTH



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Dear AmCham Macedonia members and friends -

Welcome to the fall 2017 edition of AmCham Macedonia magazine. While this is certainly one of the busiest periods in the fiscal year as well as in the private lives of our readers, I'm glad you found time to tune into some of the hot topics garnering attention among our members.

We decided to focus this issue on the many proposed and actual changes made by the new government that are certain to impact the local business environment. These include a look at changes in taxation, FDI attraction policy, labor regulation, customs procedures and more. We've also included plenty of analysis of the continuing challenges faced by companies that are working here, large and small.

I look forward to welcoming members to our 17th annual General Assembly meeting on October 25th in the M6 Educational Centre starting at 10:00, which will feature addresses from AmCham President, Slavko Prokojski, US Ambassador, Jess Baily, and myself. As our key annual internal business meeting, we will also be welcoming new member companies as well as 2 new Board members.

On our events calendar still to come this year are our traditional Thanksgiving gathering as well as our annual holiday party. Even with these primarily social events, we hope to make an impact on the local community by highlighting the contributions of many of our members to CSR initiatives. For the fourth year, we will also raise funds and goods donations to support the Red Cross' "Think of Us" campaign against hunger.

Finally, as many of your already know, I will be "passing the torch" to a new Executive Director later this year. After 7 years running the organization, I am truly proud of what we've built and achieved together and look forward to watching the organization continue to flourish in the coming years. While my life path is taking me back to the United States for now, I will always consider Macedonia home and be rooting for the country's growth and development.

With best wishes for an enjoyable and safe holiday season,

Michelle Osmanli
Executive Director

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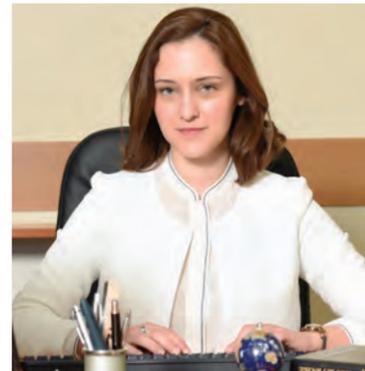
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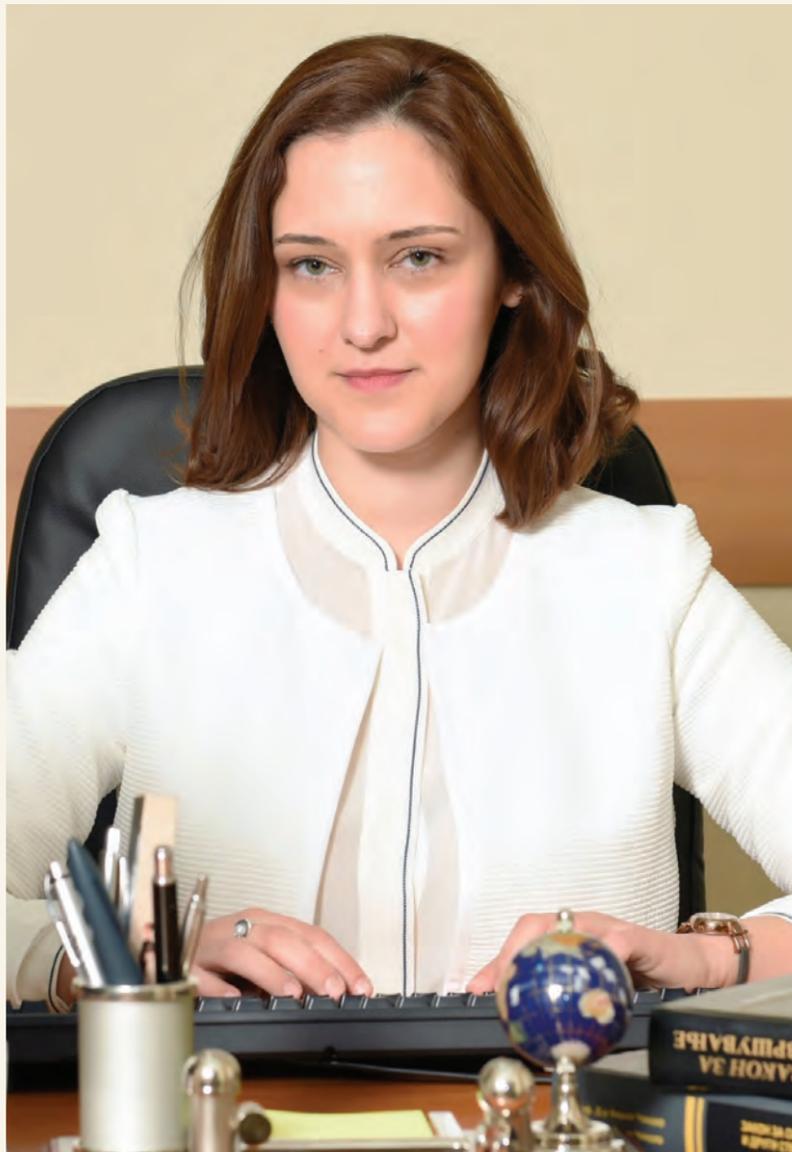


CHANGING INVESTMENT INCENTIVES & LEGAL CERTAINTY

Tatjana Shishkovska,
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During the last decade, the Macedonian government carried out an unprecedented and ambitious foreign direct investment ("FDIs") attraction program, based largely on FDIs incentives granted through state aid mechanisms. Their approach was often accompanied with frequent, burdensome and tailored changes to the county's legal and institutional framework. In recent years, the program fell under the careful scrutiny of some media and domestic companies. In fact, the state aid mechanism was generally perceived to lack transparency and real economic logic (i.e., the amount spent on attraction efforts and incentives vs. jobs actually created by new FDIs and benefits for the local economy) and became a key campaign issue highlighted by the political opposition that took power this summer.

With an aim to address the issue of claimed discrimination against domestic investors, the new Government recently introduced a plan for economic growth and improving the country's living



standard, which will be translated into government policy following a public debate. So far, the new Government has announced that their growth promotion measures will be based on three sets of measures, including those to:

1. Support greenfield investments and increase competitiveness through support of (a) greenfield and brownfield investments, (b) targeted investments, (c) support of existing companies, and (d) support of companies that have purchased assets from bankrupt or insolvent companies or that invest in the reorganization of such companies;
2. Increase exports; and
3. Support small and medium-sized enterprises.

Obviously, FDI promotion efforts should still feature certain government incentives, but the new Government's approach aims to further link and develop the local economy in partnership with the companies working within the country's Technological Industrial Development Zones ("TIDZ"). By decreasing the State incentives gap between domestic and foreign investors, the aim is to further reduce unemployment and move away from an FDI attraction model centered on offering foreign companies "cheap labor". The new Government has made it clear that foreign investors who have already received subsidies will not be able to apply for any new measures.

Financial subsidies for greenfield and brownfield investments are linked to creating new jobs and particularly high paying jobs, provided that the new employees were either unemployed for certain time or had just

completed their education prior to being hired. The Government announced that these incentives will apply to all new investors (foreign or domestic) and that they will be designed to stimulate increases in net salaries.

Some measures will still only be offered to FDIs. Namely, FDIs will be able to apply for subsidies if they (i) permanently establish business cooperation with domestic companies, or (ii) transfer or establish research and development centers (including branch offices for technological development and research) in the country. The Government will likely pay special attention to the IT sector (e.g., software development, hardware assembling, digital recording, computer chips), scientific research activities and new technologies with high environmental standards, for which additional benefits are envisaged in the TIDZs.

These measures are aimed at responding to complaints from local companies about unfair treatment and to increase the transparency of State aid overall. They should also help local businesses develop faster and encourage knowledge transfer. Finally, they aim to reduce brain drain and increase the prospects of local industries while maintaining the country's attractiveness to FDIs.

Concurrently with the promotion of these governmental policies, the Government made a decision to declassify State aid contracts concluded with the foreign investors and make them available to the general public. This approach may adversely affect the perception of the country's political risk. Namely, foreign investors who already benefit from State aid now face full disclosure of their business relationship with the Government as a contractual party. This could easily worry the investor community, as many of the existing foreign investors' companies with State aid contracts in Macedonia are multinational companies, some listed on the world's most prominent stock exchanges. Irrespective of the good intentions, the Government must balance the public interest and the interests of the foreign investors. In this way, any new government ensures the stability and perpetuity of the system.

Ultimately, the general definition of country risk includes legal certainty. Frequent changes of laws - particularly changes to the tax regime - even when they are aimed at improving the business climate or social equality, undermine legal certainty and hinder long-term business planning. Moreover, frequent changes leave no time for institutions and companies to create practice in implementing the new rules. Given that the country has already received a reputation for weak rule of law, it is particularly important that we do all we can to improve our image. Therefore, any future changes of laws and regulations should be performed very cautiously, weighing all pros and cons and consider the impact on the image of the country as a good investment destination.

Interview with Gjoko Tanasoski,
Director of the Macedonian Customs Administration

CUSTOMS MUST HELP DEVELOP MACEDONIA'S ECONOMY



ACM: You were recently appointed Director of the Macedonian Customs Administration. Please tell us about your professional background and your first impressions as you assume this role.

I came to the position of Customs Administration Director General with extensive work experience that I gained over many years working in a variety of fields of economy. Most of my work experience so far was in the private sector, that is, working for private companies in the area of production and trade, where I had the opportunity to directly take part in and get familiarized with customs procedures. I think this experience was very important for me and will help to jointly overcome the daily challenges that stakeholders in customs procedures face.

Considering the key role Customs plays in protecting the financial interests of the state, public life and health, but also protecting the national economy by maintaining and improving the conditions for competitive business environment, its Director General holds a very responsible position that requires sincere committed to transparency, accountability and consistency when dealing with numerous challenges, particularly such that we've unfortunately been facing the last ten years. The goal must be to achieve the right balance between protecting the state financial interests on

one hand, and facilitating, accelerating and simplifying customs and excise procedures, that is reducing of costs and increasing Macedonia's competitiveness, on the other. All this will prepare us to efficiently function within the European Union. The challenges are certainly great, but I am confident that we can meet them with teams of professional, dedicated and hardworking people.

ACM: At a recent town hall-style meeting with representatives of the local business community, a number of longstanding issues (e.g., inconsistent application of policies, lack of instructional materials to help Customs users, low-level corruption) were raised. Which of these issues is the highest priority and what do you and your team plan to do to address them?

That meeting was organized toward opening new channels for communication and cooperation with all Customs stakeholders. The purpose of the event was to openly discuss the daily challenges that the direct participants in customs procedures face during their work and to hear suggestions how we can create competitive economic environment together with our users. The meeting was held in the Customs' amphitheatre and was attended by great number of representatives from the association of freight forwarders, the association of transporters, several chambers of commerce, and businessmen from several fields. They pointed out that much should be done to eradicate corruption, improve control tools, and accelerate customs procedures. They also gave other suggestions and views for improvement. I use this opportunity to publicly thank all participants for the constructive discussion and to emphasize Customs' and my personal commitment to organize many more direct meetings of this type, to help improve our work and to make a breakthrough in our cooperation.

Along that line, I would add that Customs must commit itself to increasing trust with its users, thereby eradicating corruption and developing strategies, procedures and methods to facilitate the flow of trade in line with the legislation and the legitimate needs of the business community.

What matters most in that process is to provide conditions and set up standards for efficient execution of our duties and tasks, thus directing our efforts toward improving our institutional and administrative capacity to facilitate, accelerate and simplify customs and excise procedures. We will also focus on enhancing risk-analysis based controls, the vigorous development of information and communications support, and strengthening our human resources management, including performance and accountability measurement mechanisms. We will do our best to provide the best service to citizens, economic operators and the State, in accordance with domestic and international standards and best practices.

A very important segment I want to emphasize will be the introduction of a new customs declarations processing software, which has been long awaited. Our sincere commitment and top priority will be the implementation of the new software that will replace the existing ASYCUDA system thus eliminating long delays, interruptions and disconnections that prevent the timely submission of customs declarations. The new software should contribute significantly to the improvement and facilitation of customs operations and the introduction of a paperless customs environment. I expect the simplified procedures to be revised as soon as possible, to allow economic operators that produce and export to work 24 hours per day, seven days per week.

ACM: How do you plan to ensure continued, open dialogue with company representatives going forward?

Cooperation with economic actors – which has been neglected by the institutions in recent years – must be built on sound foundations. I am firmly committed to reorienting Customs to serve as an institution that contributes to economic development. Our main focus is accountability and transparency, so our efforts in future will be directed towards advancing the work of the Advisory Council, maintaining direct contacts with representatives of the business community, regular and constructive monthly meetings that will include progress reports. In this way, we'll encourage constructive feedback from users, including criticism or suggestions with respect to our work, their proposals and ideas, and their opinions on how certain projects and measures are implemented in practice. In particular, in the past two months, we held a work meeting with representatives from the Textile Cluster, meat processing companies, the Pork Producers Association from the Economic Chamber of Macedonia, the Macedonian-Turkish Chamber of Commerce, the Association of Freight Forwarders, the Association of Transporters, representatives from several chambers of commerce, as well as businessmen from several areas. These meetings allowed exchange of experiences on current topics and issues in commercial operations aimed at promoting cooperation and dealing with challenges.

In the future we plan to organize workshops, presentations and work meetings in other cities across Macedonia toward meeting with as many economic operators and business sector representatives as possible to directly and openly raise questions and proposals for future measures and projects.

AN OVERVIEW OF THE NEW GOVERNMENT'S ECONOMIC GROWTH PLAN

The new Macedonian Government led by Prime Minister Zoran Zaev recently introduced its new Economic Growth Plan, launching a public debate. The Program provides for many reforms, including a new "fair" tax system, revised foreign investment attraction approach and labor market reforms.

Veton Qoku, Attorney at Law in cooperation with Karanović & Nikolić



Photo: MIA

In related news, the new government already abolished the national broadcasting fee, which was paid monthly by households and legal entities since 2011. They are also planning to eliminate the maximum salary level on which social contributions is paid.

Investment Attraction Policy

The plan foresees incentives to encourage three main activities: (i) new greenfield & brownfield investments and increases in competitiveness; (ii) export support; and (iii) support for small and medium businesses (SMEs). Deputy Prime Minister Angjushev already clarified that these proposed incentives will not be available to companies already receiving benefits and performing regulated and licensed operating activities, nor to companies that have received concessions.

The new investment policy primarily focuses on the development of domestic enterprises, with an accent on SMEs aiming toward an average rate of economic growth higher than 5% during the new Government's term. According to the Program, a new investment fund for start-up businesses is to be established in which the State will have a minority interest, with over 51% of the capital owned by private entities. Additionally, a support mechanism for investments of domestic companies amounting to 25% of their total cost and the

New Tax Rates

The Program proposes a "fair" tax system which would impose higher tax rates on the wealthier portion of the population. The personal income tax rates with be 10% for the majority of the population and 18% for those who earn salaries over EUR 1,000 net, per month.

Regarding profit tax, though the rate will stay at 10%, ICT companies exporting software and services would pay just 5% on their earnings.

The proposed Value Added Tax (VAT) system coined "More Money for Citizens" proposes that 15% of the VAT collected will be refunded to taxpayers, with the exception of VAT charged on certain luxury items (e.g., on passenger cars worth more than EUR 40,000).

The property tax rate on real estate with a market value above EUR 400,000 would be increased by 0.1%. Also, the more property owned, the higher the tax rate.

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gross cost for each new job is to be incorporated. Service activities with higher added value such as IT and telecommunications would receive support of up to 50% of the cost of equipment in new investments costing up to EUR 50,000.

The plan also foresees government support of SMEs by additionally covering 30% of their direct expenses and those for training and professional development of employees.

For new green and brownfield investments, the plan would support 10% of salaries paid for newly created jobs that are 50% higher than the minimum wage. For every additional 10% higher salary, this financial support would grow by 2%, up to a maximum of 16%. For creating jobs that pay over twice the average salary, investors shall receive government support equivalent to 20% of those salaries. To qualify, (i) at least 80% of new employees had to have been registered as unemployed with the State Employment Services Agency for at least three months prior to being hired; or (ii) the new employees must have recently completed their educational process. This support would be provided for a period of five years from the establishment of each new company, if the company keeps the same number of employees for a period of at least 10 years.

Regarding foreign direct investments, if the investor procures 10% of its production inputs from a Macedonian company above the average in the last three years, the

financial support will be 1% of the value of the procurement in a period of five years, while for every additional 10% procurement from Macedonian companies, the support shall increase by 2%. In every established or transferred development center, departments for technological development and research departments in companies that will be established in Macedonia, 20% of the salaries of the highly-educated who are productively employed in the development centers and 30% of the value of the new equipment shall be covered from the state budget for a period of 10 years.

Labor Market Reforms

The Program promises reforms in the labor market directed toward achieving:

- Employment of 64,000 persons in a period of 4 years in the private sector using active measures;
- Raising the minimum net monthly salary to MKD 16,000 (roughly EUR 260) by the end of the term; and
- Stimulating the payment of higher salaries (leading to an increased projected average net salary of MKD 30,000 or about EUR 484).

The Government also plans to establish an overtime work registry, make collective agreements mandatory for all legal entities with more than 20 employees and provide shared parental leave in the first three months after the birth of a child.

Export support

The State will provide financial support of 10% of the direct additional costs for companies with an annual increase in exports by at least 5% over the average in the last 3 years. The increase in exports to Western Balkans countries would increase the financial support by 10%, while aid for this measure could exceed 3% of the increase in exports. For expanding into new foreign markets, companies would receive funding to cover 20% of related costs.

It is difficult to assess the potential effectiveness and impact of the planned reforms at this point in time and with the currently available level of detail. Nevertheless, the Government will need to be careful in the implementation of the envisaged reforms so that they do not harm Macedonia's competitiveness when it comes to attracting foreign investors. The Government will have to perform the difficult balancing act of introducing these reforms while simultaneously keeping and even advancing the inflow of foreign investments in the country.

NEW MEMBER HIGHLIGHTS



Orbico is the largest distributor and supply chain management company in Europe and is present on the Macedonian market for more than 13 years. Orbico Macedonia is providing sales, brand management and logistic services of top quality to its business partners.



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AmCham Interview:
Zorica Apostolska - Minister in charge of Foreign Investments



A LEVEL PLAYING FIELD FOR ALL INVESTORS

ACM: Congratulations on your appointment. Please tell us about your professional background.

ZA: Over my professional career I've gained several decades of experience in the banking and finance area. From the beginning of my career until 1993, I was Head of the Accounting Department, then Director of Finance and Joint Services at "Metalski Zavod Tito Inzineriing" (Metal Factory Tito Engineering). Then, for the next 9 years, I served as an Advisor in the

Ministry of Labor and Social Policy in the area of Pension and Disability Insurance. Until 2009, I served as the Director of the Agency for Supervision of Fully Funded Pension Insurance. Just before being appointed Minister, I held the position of Director of the Retail Banking Directorate in Stopanska Banka AD Skopje. I also obtained training in the area of pension systems, including certificates from the Harvard Institute for International Development and the World Bank Institute.

ACM: What will be the Government's overall investment attraction and export promotion approach? What are its key priorities, resources and activities?

ZA: As a primary goal, we aim to demonstrate the stability of our political and legal system. This is key to whether people choose to invest somewhere or not. In the past few years, we have undergone

a politically turbulent period, economically unattractive, and so, as a new government, we have opened a process of political consolidation and institutional strengthening of the system including concrete reform goals. In this way, we are demonstrating our clear intention to move closer to and join the EU and NATO, both strategic goals towards which we aspire and that will increase the attractiveness of Macedonia to investors.

Beyond politics, we've promoted an economic program for growth and sustainable development of the country featuring State aid and incentives for any company that invests, whether foreign or domestic. The program includes a set of measures to encourage increased investments from export-oriented companies, including support for expansion into new foreign markets. This policy is based on the view that achieving long-term and sustainable economic development cannot be expected from an economy that is focused only on our domestic market. We are building economic policy that will encourage companies to enter a new investment cycle and improve their competitiveness in Macedonia, regardless of their national origin.

ACM: What are Macedonia's key business environment advantages and challenges, in your opinion? How do you plan to help investors overcome such challenges?

ZA: In terms of advantages, we have consider our broader, regional context. Macedonia is a small country with a small market, so national consumption is not a strong selling point for potential investors. If they take our geographical position into account, we offer relatively quick and inexpensive access to European markets. Companies who form a production line or to transfer some of their manufacturing here are virtually at the gates of the EU market. An investment here increases their competitiveness from a transportation costs perspective, but that's not all. In terms of natural resources, we are attractive to many industries, such as the food processing, renewable energy, and so on.

When it comes to challenges, I think at this point is essential to align the educational system with the needs of the labor market. A number of companies are struggling to find the skills that their production process requires on our labor market, thus spend considerable time and resources on further qualification. We have already identified this as a problem and are working on a systemic solution. Changes have already begun in the educational system to better align with the needs of industry in the medium and long term. Administrative and bureaucratic procedures and obstacles can pose challenges, thus we need to simplify access to certain licenses and increase government efficiency.

ACM: What were some of the major shortcomings of the country's investment attraction and export promotion approach so far? How do you plan to rectify them?

ZA: One of the main weaknesses of the approach to attracting foreign investments so far was that it offered the country as a source for low-cost and low-skilled labor, without targeting industries that would engage domestic companies. The approach was also partial since it neglected domestic companies. Also, decisions made about which companies received State aid and how much were unclear, which make them often arbitrary and discretionary.

We are building a new investment attraction approach based on equity. No divisions will be made; all companies will have equal access to tax and financial incentives. As a Government, we believe this will strengthen the competitiveness of domestic companies. We will encourage and support them to enter a new investment cycle, increase their capacities and enter new international markets, not to settle for the domestic market. Along this line we are also offering special measures to domestic small and medium enterprises.

In my opinion, this will increase companies' trust in the State and its institutions and send a positive

message to investors that the grey area around obtaining government incentives is gone. Anyone who wants to invest in Macedonia, even before entering formal negotiations or procedures for starting a business here, will know what they can expect, regardless of "who they know". The space for discretionary decisions of public officials directly involved in attracting investors will be completely closed. Everything will be public and available, investors will not spend time, money and energy to conduct long negotiations, whose final outcome will depend on the will of the official representing the government. Everything will be transparent, simplified and shortened and investment decisions will be based on clear and precise criteria, that is our goal.

ACM: According to currently available information, companies working in the Technological Industrial Development Zones (TIDZs) source a limited number of products and services from local suppliers. How does the government plan to address this challenge?

ZA: It is true, the cooperation between domestic companies and those operating in the TIDZs has been weak. Foreign companies operated as self-sufficient economic entities, whose production required very few resources, products or services from the domestic economy. Domestic companies often found that they weren't competitive and lacked the necessary facilities and skills to be more involved in their production processes. To overcome this division and establish trusted business cooperation between foreign and domestic companies, we plan to stimulate both sides. Foreign investors will receive financial incentives for purchasing production inputs from the domestic economy, while domestic companies - primarily small and medium enterprises - can rely on a special set of measures for financial support, improvement of innovation and skills to help them eventually contribute to the supply chain of companies in the TIDZs.

COMPETITION AUTHORITIES SCRUTINIZING SALES & DISTRIBUTION AGREEMENTS

We've all witnessed an increase in competition authorities' activities across Europe. Recently, the European Commission started probing an alleged German car cartel. At the same time, investigations revealed that European truck producers breached EU antitrust rules. For 14 years truck prices were fixed and the cost of complying with stricter emission rules were passed onto consumers by the cartel. As a result, a record € 2.93 billion fine was imposed on the truck manufacturers. Greek competition authorities also fined six cosmetics manufacturers € 19 million for price fixing. Industries including fuel distribution, cement manufacturing and telecommunications have been carefully scrutinized by Romanian and Bulgarian competition protection bodies.

It goes without saying that similar actions can be expected from the Macedonian Competition Commission, as Macedonia looks to launch the EU Membership negotiations. In fact, we've already seen some signs of this. The local legislation has already been largely harmonized with EU acquis, and the same legislative tools and mechanisms for determining competition breaches are already at the disposal of the Macedonian authorities. Plans to further amend Macedonian leniency legislation and increase awareness of whistle-blowers immunity rights have both been steps in this direction. The fines stipulated in Macedonian law for



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anticompetitive agreements are quite severe, reaching up to 10% of a company's previous annual turnover. Considering the complexity of the matter, the severity of potential fines and the lack of established legal practice in the field, companies should conduct a diligent review of their agreements, policies and practices to reduce their risk exposure in this area.

Macedonian legislation stipulates that agreements intended to distort competition and those that succeed in doing so are prohibited. In particular, agreements which:

- directly or indirectly lead to price fixing or the deliberate manipulation of any other trading conditions; limit or control the production, market, technical development or investments;
- share the market or supply sources; apply different conditions in similar transactions with partners, thereby placing them in a less favorable competitive position; and/or
- condition the conclusion of the agreements with the acceptance of supplementary obligations by the other parties.

The law provides that these restrictions do not apply to intra-group agreements and to agreements which are essentially agency agreements (where under the agent does not undertake any risks and rewards other than the ones associated with the work as a commissionaire). Companies with small market shares are also not subject to competition measures (e.g., companies with <10% market share in horizontal agreements or <15% in vertical agreements). However, serious competition breaches – even by smaller players – would still be subject to closer scrutiny and administrative action. The block exemption is also available if the undertakings concerned have less than 30% market share and their agreement doesn't contain any serious competition implications (e.g., selective distribution systems, non-compete >5 years).

Special rules exist for companies with dominant market positions. There is no strait-jacket criteria to determine such dominance, and it is always viewed in the actual economic context. The burden of proof for dominant positions lies with the relevant authorities, however 40% is the minimum threshold set by Macedonian Competition Law. Examples of dominant abuse sanctioned by competition authorities can be various loyalty

programs, including rebates, predatory pricing (dumping prices for the purpose of eliminating the smaller competition), refusal to supply, refusal to transact, and more.

Do's & Don'ts

- Do not share markets, clients or suppliers via a preliminary agreement with your competitors;
- Do not fix buying or selling prices or fees with your competitors;
- Never discuss any of the above issues with your competitors;
- Always offer identical, non-discriminatory treatment given equal conditions (dissimilar treatment could be applied when there are objective differences between cases);
- Take due care when participating in meetings of industry associations, chambers of commerce and similar. Do not share information about your prices, discounts, supply conditions, profit margins, cost structures, distribution practices, territories, customers, future investment plans nor anything on the discontinuance of products/services.
- Never set minimum resale prices for which your distributors can sell a product; this is generally seen as a serious breach of the competition principles.
- In case of a dominant market position, avoid tying the sale of a product to another transaction or bundling several products sold together, unless the products are complementary;
- Expressly and publicly refuse to participate to meetings that have an anticompetitive agenda;
- Distance yourself expressly from any anticompetitive decisions/actions taken

by any group to which you are a member (e.g., trade association);

- Do not respond in any way to correspondence or documentation you may receive containing details of potentially anticompetitive conduct; and
- Refuse meetings requested by competitors that pertain to potentially anticompetitive conduct and seek legal advice on the matter.

Investigations & Dawn Raids

Macedonian law offers the following options in competition-related investigations:

- Clemency. Whistleblowers may be granted immunity from fines and those providing significant information may reduce their fines;
- Commitments. A party may commit to change their behavior in return for closing the investigation without paying any fines;
- Admitting. A 15-30% reduction of the basic fine may be granted in cases where parties admit fault.

The law entitles the Competition Commission to perform unannounced "dawn raids" into business premises, land or transportation means to examine financial and commercial documents and/or registries in both hard and soft copy form. The Commission can also request oral or written statements from any company representative or staff member regarding the alleged acts. Also, for investigative purposes, the Commission can obtain copies or excerpts and/or seal any documents, registries, and other accountancies they deem relevant to company activities.

Company Rights & Obligations in Dawn Raids

It's important to know your rights as a company undergoing a dawn raid. They are that the company:

- Is not obligated to provide access to information that is outside the place stated or in

relation to another building, or a specific object of interest than the one(s) explicitly stated in the inspection order;

- Can request a specific time when their external legal counsel can participate in the inspection, however inspectors are not obligated to grant this request;
- Is not obligated to share correspondence they have conducted with their external legal counsel;

Companies must also understand their obligations in dawn raids. They must:

- Not refuse an order without a justification nor deny inspectors access to their premises or documents;
- Not break any seals placed by inspectors on their documentation;
- Not hide or destroy information during the inspection which are considered relevant to the inspection;
- Allow inspectors access personal computers, lockers, closets, notebooks, etc.;
- Answer inspectors' questions.

The Use of Forensic Technologies

In some neighboring countries, competition authorities are using specialized investigative IT tools and software to copy hard disks, CDs, DVDs, memory sticks, and to recover and restore deleted or corrupted emails and electronic documents. This can enable inspectors to search for information using key words, sort documents using filters, extract and print relevant documents, and more. Such tools can be used to copy computers and laptops (even data stored on servers or in the cloud), devices like printers and copy machines, smartphones and other devices. Given the institutional alignment in the competition sphere, it is only a matter of time before the Macedonian Commission catches up with such practices.

EU TWINNING SUPPORTS COOPERATION BETWEEN UNIVERSITIES, COMPANIES & PUBLIC BODIES

Claudia Haasis,
Resident Twinning Advisor

The EU Twinning Project 'Developing cooperation between universities, the private sector and relevant public bodies' ran from July 2016 - September 2017 and aimed to strengthen links between universities and businesses working with the Ministry of Education and Science, toward improving the quality of higher education for graduates and employers. The project was part of the country's efforts to create sustainable economic growth and competitiveness as well as a higher employment rate, standard of living and quality of life. It was also part of the EU Operational Programme for Human Resources Development which aims to increase the quantity and quality of human capital, leading to more and better jobs as well as increased growth, development and national competitiveness.

The contribution that universities make to national wellbeing through the development of skills and knowledge transfer toward industry and broader society is crucial to economic development and growth. Effective communication between public institutions, industry and academia allows for better alignment between universities' output and economic needs. Universities must aim to supply the labor market with the steady stream of well-trained, flexible, and productive employees who are in demand in the modern world so that graduates get the jobs they want and are able to build a better life for themselves.

To improve the links between the universities and employers, the Macedonian Law on Higher Education introduced Boards for Public Trust & Cooperation (BTCP). These Boards should include representatives from municipalities, universities, companies and the Ministry of Education & Science and are mainly aimed at increasing the diversity of input into university curricula.

The law also requires all universities to establish at least one Career Centre, whose main goal is to establish links between students and employers, to facilitate the access of students to the work place and promote the university to the business community. Career Centres help students plan their careers; initiate and organise student mobility programmes and internships, workshops, seminars, career fairs; maintain alumni databases and more.

Project Activities and Results

The EU Twinning programme follows a learning-by-doing principle and sharing best practices, through activities such as workshops, training sessions, mentoring, expert missions, study visits and counselling. Specific results included the following:

- Assessment of graduate employability and labour market applicability of university curricula and recommendations for curricula reform

The project produced a methodology for self-evaluation of curricula. The self-evaluation will help universities assess their educational programmes' strengths and weaknesses toward increasing the employability of their graduates. Around 250 university staff were trained to conduct the self-evaluation of study programmes and a trial self-evaluation was performed on nearly 40 different curricula.

● Strengthened Career Centres

The project developed a financial model for Career services, including a combination of the following elements:

- Core funding provided by the University to support staffing and operating costs.
- Employers can provide financial contribution or "in kind" support. The former typically involves direct payment for recruitment and consultancy services, in addition to sponsorship and scholarships. "In kind" support from employers

can take the form of a whole range of services ranging from employability skills workshops/lectures to conducting mock interviews.

- Students can support the marketing and administration of events/activities and help develop IT systems.
- Alumni can act as speakers, career mentors for students, participation in careers events and sourcing potential work experience opportunities for students.
- Special central government funding can support specific employability policies.

The project also developed models for career expos and alumni databases based on the experience of EU member states but adapted to the local context.

In all, 16 Career Centres from 8 universities were strengthened and 66 career centre staff received training from EU career centre experts. Public events also brought together students, academics, businesses and public institutions to raise their awareness of the mutual benefits of collaborating.

● Strengthened BTCPs

Project experts found that the newly-established BTCPs were met with some skepticism by some stakeholders and that there was a general lack of understanding of their purpose. To address this, the project involved 22 BTCPs in an information sharing process to develop ideas for strengthening BTCPs operations. 74 BTCP members underwent training aimed at demonstrating British and French experiences with similar bodies. Four public events gathered academics and businesspeople from specific sectors to discuss the benefits of collaboration, as well as various possible communication channels that could be established. Finally, the project produced a comprehensive toolkit for current and future BTCP members, to help them understand their roles and responsibilities.

A TARGETED APPROACH TO PUBLIC-PRIVATE DIALOGUE



Stojce Taskov,
Entrepreneur & Private
Equity Investor – CEO,
Inbox Archive &
Datacenter Skopje

We take for granted that our political process is representative. We believe that the representatives we select will faithfully implement the policies they promote during elections. We also assume that our representatives have an obligation to inform us about the issues that concern us. Thus, we should be able to participate in governance, articulate and express our interests and – where they align with the prevailing interests of our society – see them reflected in laws and regulations.

The fact is, democracy is imperfect. Thus, it is highly desirable to facilitate continuous dialogue between representatives and the people. This is perhaps most crucial where we are socially interdependent, such as in the economic sphere. In all other spheres, we can "agree to disagree", but when it comes to economics, we must collaborate. This is due to the preeminent logic of value creation, value measurement and distribution. Our economy simply cannot reach its full potential without interaction and/or exchange. And economic activity is so resistant and resilient to political non-sense that we can disagree on everything, but still manage to do business with one another. The fundamentals of creating economic value and trade are so natural to human beings that they transcend every possible social, political or logistical obstacle.

If we understand the complexity and interdependencies of economic activity and we want to facilitate additional dialogue between the value creators (businesses) and value re-distributors (government), we need to confirm that we are open to the intellectual inputs of many toward increasing the benefits to all. We then return to the basic question: how can we best extract and apply knowledge from company

representatives to public policy formulation and implementation? Dialogue is not a "one-way street" where one side creates an appealing message, wraps it in emotionally-charged packaging and distributes it to the masses to consolidate social consent. Dialogue is a "two-way street" where two or more groups express their arguments and opinions in an atmosphere of mutual respect.

Here is what dialogue is NOT:

Speaking from a podium or stage in front of thousands of people. Such formats don't encourage meaningful communication since the speaker cannot listen.

Running ads and pre-recorded, well-scripted speeches on TV; again, this approach lacks a feedback loop.

Posting a stance on social media and inviting anyone and everyone to comment. At first glance, this seems to encourage feedback, however, such communication is easily hijacked by uninformed participants who divert the conversation in an unintended – and often unconstructive – direction. You have just created a platform for expressing anger and frustration with respect to topics unrelated to your original stance.

But, are we really ready to start formulating policy via social media activity? Shouldn't we instead consider policy inputs by first examining the credibility of their contributors toward creating a very focused and productive argumentation of ideas and concepts of equal professionals? To create a meaningful conversation in which all parties can understand the dilemma to be solved and engage constructively is to have a quality participant pool. This is true for any topic. There is no need to engage cardiovascular surgeons at tax fora or lawyers on debates about innovative treatments of cardiovascular disease. Similarly, policy dialogue participants must be subject matter experts and owners.

Thus, once a subject of high social value is identified (something the owner of the initiative must do), the following steps are required:

- Articulate the attributes. What is the area of impact? Is this a subject of national or local interest?
- Define the scope. Is this a general economy or sector-specific problem we are trying to solve?
- Consider sustainability. Are we creating an initiative for a specific, temporary solution or are we expecting the results of the discussion to permanently shape an institutionalized solution?
- Anticipate the level of social consent needed based on attributes 1, 2 and 3 and create a relevant pool of participants and a format for real, constructive and focused 2-way communication.

USCOC RECOMMENDED PRINCIPLES FOR “INTERNET OF THINGS” SECURITY

Future growth predictions for the “Internet of Things” (IoT) are staggering. With a truly global market for the IoT, national boundaries and policy differences threaten to create barriers and walled gardens and distort markets. Governments should support international standards work that harmonizes varied approaches to regulating technology.

Governments are in a difficult position given the complexity and fast changing cyber-threat landscape and traditional regulatory responses are inadequate to keep pace with the evolution and economic growth potential of the IoT.

Consumers may not be prepared for their roles in our digital future, in which individual actions can affect communities and enterprises around the world. Basic cyber-hygiene education should be prioritized by governments, businesses, and consumers.

Similarly, increased attention is being paid to hardening endpoint security (e.g., laptops, smart phones). Here, manufacturers and vendors are leveraging existing industry-developed best practices. They should be encouraged and incentivized to pursue security by design.

Recent cyberattacks like WannaCry, Petya, and Mirai illustrate why a combination of end user education and endpoint security is important. WannaCry and Petya victims used unsupported and unpatched versions of legacy operating systems, which is a lesson in the importance of upgrading and patching devices. Likewise, the Mirai botnet depended on wide-spread use of a common set of credentials, which speaks to use of hard-coded passwords. Governments

Ann M. Beauchesne, Senior Vice President, National Security, U.S. Chamber of Commerce; Megan Brown, Partner, Wiley Rein LLP; Sean Heather, Vice President, Center for Global Regulatory Cooperation, U.S. Chamber of Commerce

should proactively collaborate with industry to identify and facilitate voluntary use of best practices.

Given how diffuse and ubiquitous the IoT is, the global effort to enhance security, privacy, and trust requires input from public and private stakeholders. Governments should establish international multi-stakeholder forums for discussion and education about security and privacy regulations, and trust-enhancing certification and labeling frameworks.

The IoT is incredibly complex and there is no one-size-fits-all solution to cybersecurity. But the business community looks forward to working with governments to collaboratively create policies that enhance privacy, security, and trust in the IoT based on global, voluntary, consensus, and industry-driven standards.



TEN KEY PRINCIPLES FOR IOT SECURITY

- 1 When it comes to security, attempts to regulate today will become outdated tomorrow. Flexible approaches to collaboration and cooperation to combat shared threats have significant advantages over national regulation which serves to fragment the global economy and lags behind technological innovation.
- 2 Any approach to IoT security should be data-driven, based on empirical evidence of a specific harm, and be adaptable both overtime and cross-border.
- 3 Security demands should never be used as industrial policy to advance protectionism or favor national economic interests.
- 4 National boundaries need not become arbitrary obstacles to the movement of devices or data, or to the offering of IoT-related services.
- 5 Global standards work is the best way to promote common approaches and technology solutions. Such standards should be open, transparent, and technology-neutral.
- 6 Any government IoT strategy should promote technical compatibility and interoperability to the maximum extent possible.
- 7 Everybody is vulnerable, cyber threats must be met with global information sharing and collaboration to improve and safeguard the IoT ecosystem.
- 8 End users need to be educated about their roles and responsibilities in this digital age. Manufacturers and vendors should be encouraged to routinely evaluate and improve endpoint security.
- 9 The international community must collectively condemn criminal activities that infect and exploit the openness and connectivity of the internet and our digital future.
- 10 Governments must work together to shut down illegal activities and bring bad actors to justice.

COMPANIES CITE LEGAL UNCERTAINTY & LARGE FINES AS KEY PROBLEMS

With the purpose of identifying the problems that the business community faces, in the fields of taxes, customs, labor market and the environment, USAID funded the “Partnership for Better Business Regulation” project, implemented by Epi Centar International in partnership with the Economic Chamber of Macedonia, the ICT Chamber of Commerce (MASIT), and the Economic Chamber of Northwest Macedonia. Over the first year of the project, 18 info sessions and 5 forums held in several cities around the country helped identify a number of common small to medium business environment themes, including those related to labor relations, customs, taxes and environmental regulations.

According to businesspeople around the country, labor relations are insufficiently regulated in the following areas:

- Practice work & internships; Probation periods as a precursor to “permanent employment”;
- Mobile work options (primarily in the IT sector);
- Annual mandatory medical examinations for all employees as an excessive financial burden borne by employers;
- General confusion with the requirement to compensate the employees for their annual leave (regress payment).

Customs-related issues:

- Textile waste management and the option of utilizing/recycling of waste from loan system production;

Pavlina Dimovska
– Attorney at law and
Project legal advisor

- The lack of an effective ethics code for customs officers;
- High and irrational fines, especially for small, technical and insignificant errors.

Taxation-related concerns included the need for:

- Fast, full and unconditional VAT refunds (the return should not be conditioned by the inspection control and the refund deadline should be reduced);
- Reduced penalties overall and cancellation of additional penalties for the legal representative involved in a given case;
- Cancellation of the provision in the Law on Registration of
- Cash Payments that prohibits an individual from performing a given business activity due their involvement in a misdemeanor;
- Reversal of the obligation to pay VAT in cases of a permanent write-off of a claim.

Environment

- The obligation that companies dump textile waste in a local municipal landfill under Customs supervision, since it is expensive and inferior to alternatives, such as recycling these materials;
- The legal solutions are unclear, imprecise, and contradictory in the Law on Waste, the Law on Waste from Electrical and
- Electronic Equipment and other laws in the field of waste management;
- More control is needed of the work of licensed waste management companies, especially in the collection of used tires and waste oils;
- Simplification is needed in the preparation of environmental studies and procedures for obtaining licenses, such as environmental permits.

In the coming period, these problems will be further analyzed and submitted to the competent authorities. Through these activities, the Project will work to develop public-private dialogue in the country.



MACEDONIA'S HIDDEN BUSINESS BURDEN

Emil Shurkov, Policy Analyst,
Center for Research and Policy Making (CRPM)

Informal, parallel, clandestine, grey, underground, shadow, unregulated, subsistence, coping, non-monetized, alternative – whichever name is attached to the hidden economy in Macedonia, it seems to be here to stay. Businesses are an inseparable part of this hidden eco-system and CRPM business surveys conducted in 2014 and 2016 attempted to reveal their insights into these phenomena.

	MK'14	MK'16
Factor Nr.1	Impulse of businessman towards getting rich fast (45%)	Corruption (46%)
Factor Nr.2	Corruption (40%)	High tax burden (43%)
Factor Nr.3	High tax burden (39%)	Impulse of businessman towards getting rich fast (40%)

In 2016, business people said corruption explained good governance deficits in the country. The CRPM business surveys confirmed the findings of the World Economic Forum annual reports 2017-2018, which clearly showed a business focus on corruption. 45.7% of business respondents in Macedonia chose 'corruption', second is the 'high tax burden' (42.9%), and third is the 'impulse of businessmen towards getting rich quick' (40%).

Many studies have shown that a perceived lack of tax fairness encourages hidden economic activity. For most businesses interviewed in Macedonia, the current tax system is not a problem for development of

their business (28.6%) or is an insignificant one (31.4%), regardless of the size of the company. As was the case in 2014, the largest identified problems were unfair competition (named as a "medium and big problem" by 64.3% of respondents); the political situation in the country (50%); and crime, theft and unrest (50%). The negative assessment of the country's political situation appears to have increased by 1/3; in 2016, 37.1% perceived it as a problem compared to 26.5% in 2014.

Underreporting turnover is another common way to avoid taxes in Macedonia. Consistent with 2014 findings, in 2016, more than half of business respondents (54.4%) confirmed this is practiced 'constantly', 'in most cases' or 'sometimes'. VAT manipulation and employing accounting tricks to avoid taxes was also identified as a common practice. 1/3 of businesses confirmed that this practice is used 'constantly', 'in most cases' or 'sometimes' with a predominance of the latter two answers. This is a deterioration of 50% since 2014 when only 21.6% of businesses reported this practice.

Another important aspect addressed by the survey is the practice of engaging workers without work contracts or contracts with hidden clauses. The survey results confirm that this practice is widespread. Nearly 1/3 of respondents (30.4%) said workers were engaged without contracts 'constantly' or 'in most cases', while 25.7% claimed that contracts with hidden clauses were used 'constantly' or 'in most cases' in their sectors.

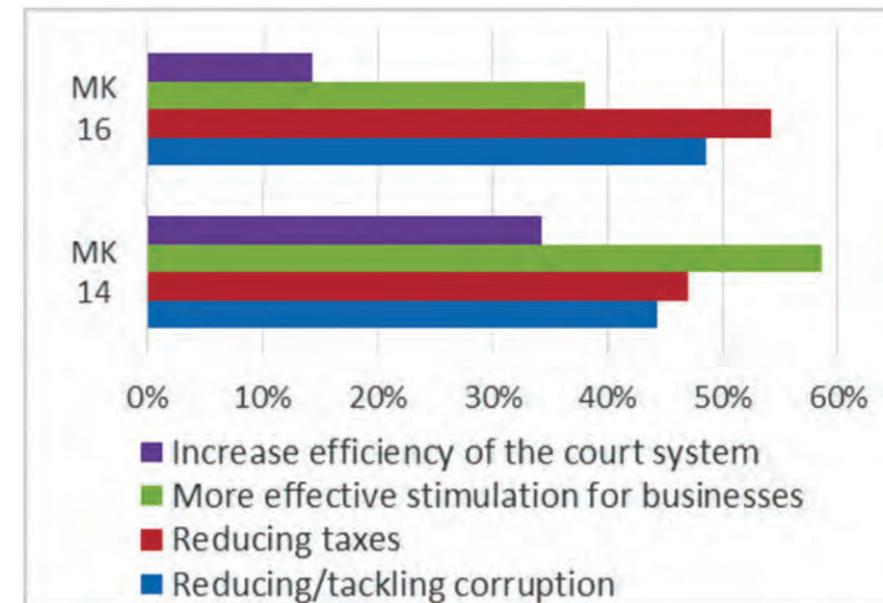
Working in the hidden economy is often not a matter of rational or profit-maximizing behavior by individuals and businesses but is instead determined by education, culture or it can even be socially-embedded. Effective policies to discourage the hidden economy need to be a comprehensive. Such policies need to target formalization of the whole economic value chain and clusters of economic actors and relationships instead of just focusing on case-by-case legislation or increasing penalties

¹ Shurkov, E; (2017), Policy Brief Nr. 40: Burdened Business is a Hidden Business: Business Perspective of the Hidden Economy in Macedonia, Albania and Kosovo – Project funded by: Balkan Trust for Democracy (BTD)

and control of non-compliance. As the results from the surveys show, designing a comprehensive policy against hidden economic activities inevitably needs to be linked with the country's current policies for countering corruption and improving good governance indicators and law enforcement, and needs to be embedded in its economic growth strategy.

At the same time, the government has to ensure that: A) the tax burden remains low enough to maintain steady but increasing rates of revenue, B) develop and maintain a stimulating business environment, C) simplify procedures for opening new businesses and formalizing established businesses, D) and use past policy experiences to avoid encouraging businesses and individuals to evade taxes and commit fraud.

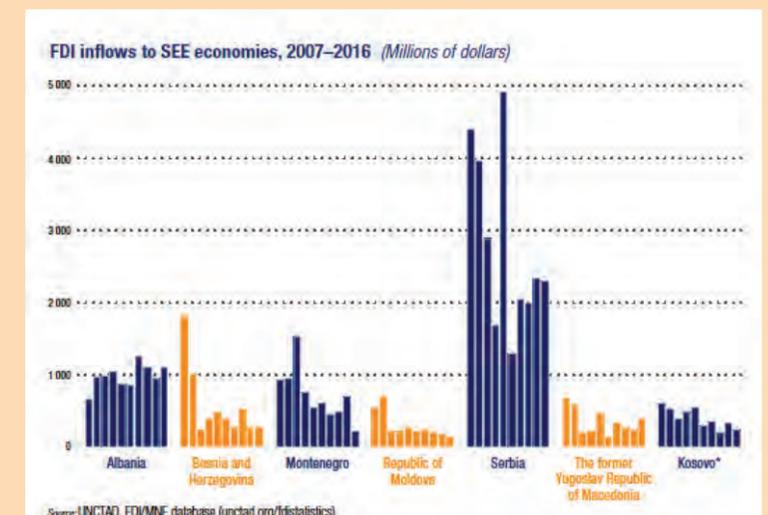
TOP MEASURES BUSINESSES SUGGEST TO REDUCE HIDDEN ECONOMY



Source: CRPM/IDM/D4D 2016-2017 survey and CRPM/CSD Survey 2014 (Business)

SIGNIFICANT DIFFERENCES IN THE FDI ATTRACTION OF INDIVIDUAL ECONOMIES IN THE SEE REGION

The United Nations Conference on Trade and Development (UNCTAD) publishes Investment Policy Reviews (IPRs) that are intended to help governments improve investment policies and familiarize the private sector with the investment environment of the reviewed economy. The IPR of South-East Europe (SEE) published in September 2017, represents the economies of Albania, Bosnia and Herzegovina, Montenegro, the Republic of Moldova, Serbia and the former Yugoslav Republic of Macedonia, as well as Kosovo. The graph shows the differences in annual FDI inflows to SEE economies in the period of 2007-2016.





With roots to 1869, Wabtec Corporation is a leading global provider of value-added, technology-based products and services for the rail and transit industry.

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Wabtec MZT is a single source of a complete range of specialist skills, resources and technologies for design and manufacture of brake solutions for railway vehicles, locomotives and aftermarket services.

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ACCOUNTABLE & HIGH PERFORMING COMPANY CULTURES

Mark Beliczky, Advisor to The Carlyle Group

While the world has experienced an unprecedented period of economic growth for the past fifty years (positive annual GDP growth in 54 of 55 years since 1961), the global economic growth rate, in terms of GDP and measured in decades, is 31% lower today than it was in the 60's. Also, it is important to note that the world GDP per capita has also declined 37% since the highs of 1960s.

The challenge for business leaders in today's slower/slowing growth period is to find ways to reverse the trend and to shift and propel their organization into growth mode and to gain competitive advantage. The growth engine can be stimulated and energized, not necessarily through the deployment of real capital investment, but rather with a strategic, inward focus and the creation of a High Commitment, High Performance/Involvement Organization ("HCHPIO") which seeks to optimize and fully leverage human capital, and when coupled with a culture of accountability, establishes the inertia needed for sustainable success in today's Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) World. Companies can choose a strategy of Survive or they can commit to proven and tested processes (researched, tested and validated by business scholars and management consultants) that will enable them to arrive at Thrive.

Achieving and sustaining High, Elite, Peak Company Performance certainly is rarefied air. While observing peak or elite performers/companies in almost any field, all seem to make it look easy, but in reality there is a commitment to strategic goal-setting, hard work and practice, teaching and coaching, and on-going self-evaluation (see the work of Dr. K. Anders Ericsson).

During the AmCham Macedonia seminar this November, we will evaluate and review what high-performing company executives, leaders, and teams have done to create strategic direction/commitment, the processes employed as well as measures and metrics, and management consulting practices, professional publications and case studies.

Academic Theory, Research & Implications Relating to High Performance Organizations

There has been a significant body of research and high level of interest by business scholars regarding high performance organizations (HPOs), enterprises, cultures, executives, and teams. It was really not until 1982 when *In Search of Excellence* was published (authors Tom Peters and Robert Waterman) that high performing companies were identified and their secret sauce for success was revealed. Since the 80s there has been a high level of interest in HPOs by business scholars. One might think that there may be a few thousand peer-reviewed articles, but after conducting a thorough search via the Center for Evidence-Based Management,



there are actually over 700,000 articles on the topic. The research points to a number of important factors noting the importance, design and establishment of HPOs and a number of select topics will be highlighted and discussed during the AmCham seminar: high-performing and loyal employees and ways to implement strategy, empirical evidence, team roles, high performance executive teams, HPO profiles, the significant role of culture, and what some HPOs really do (Southwest Airlines, Johnson & Johnson, McKinsey, and Toyota).

Management Consulting Companies Focusing on HPOs

McKinsey, Gallup, Bain, Deloitte, Gallup, and The Boston Consulting Group are all globally-recognized management consulting firms and all have practices and or have done research focusing on HPOs. Many have developed their own systems and formal approaches which they utilize to help create, establish and maintain HPOs and a number of these will be detailed and shared during the AmCham seminar to include: transformation of HPOs, high performance models, world-class and high-performing teams, building high performance cultures and organizations, and the role of managers in creating high performance cultures.

Business Trade Journals and Publications: Updates and Merit to HPOs

There have also been a number of articles published by Harvard Business Review on HPOs and highlights, findings and recommendations will be provided covering the following areas: high performers and what they want from their employer, organizational culture, and a Deloitte case study. I'll also share highlights from other professional publications on high-performing workgroups and key differentiators of HPOs.

Lastly, two significant books have been written on HPOs and we'll review key insights and perspectives from them: *Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage*, Scott Keller, and *High Performance Companies: Successful Strategies from the World's Top Achievers*, Nitin Pangarkar.

65 Years at Your Service



AMCHAM COMMENTS ON PUBLIC FINANCE REFORM PRIORITIES

This fall, the Macedonian Ministry of Finance recently released its Public Finance Management Reform Programme 2018-2021 (PFMRP) and invited stakeholders from government, the international community, business and academia to discuss its contents in an open forum, facilitated by the cabinet of Finance Minister Tevdovski. AmCham Director, Michelle Osmanli, attended the session and submitted written comments, highlighting the following issues members have identified over the years, which relate directly or indirectly to this sphere:

Michelle Osmanli,
Executive Director,
AmCham Macedonia

- We echoed calls to significantly increase the transparency of the payment practices of budget users toward its private sector contractors, as well as their timeliness. Late payment by budget users toward companies here contributes significantly to liquidity problems in the country. Starting in 2016, the Law on Financial Discipline applies fully to all budget users, however the MoF never provided evidence that institutional payment practices have improved (e.g., a trend analysis). Given the State's obligation to monitor itself in this process (up to and including fines issued to the Minister of Finance his/herself), transparency of public payment practices is a key missing element that needs to be addressed.
- We recommended that reform efforts include measures aimed at preventing blatant and long-term abuse of private contractors who have delivered public works in good faith. One key legal loophole to be addressed is that the current Enforcement Law does not prescribe a methodology by which judges determine the minimum level of "operating funds" necessary for municipalities to continue normal operations (Article 218). In practice, this means that private contractors who have delivered public works and proven their right in court to be compensated for their work, sometimes cannot realize this right. In essence, this exception allows municipalities to operate above the law, avoid settling past debts and continue normal operations, including issuing new tenders. Thus, we are calling for the definition of a standardized methodology in the Enforcement Law by which municipalities' reserved "operational funds" are to be calculated in enforcement proceedings.
- We called for insufficient budget allocation at the institutional level to be systematically discouraged, since it can lead to abusive practices. For example, Public Revenue Office annual reports from at least 2007 mention "25% of revenues from discovered and paid taxes and interest" as a source of financing of the operations of the institution itself. We believe this constitutes a formal incentive for inspectors to find ways to increase collections, rather than simply ensuring the law is consistently applied as it was intended. Inspectors must never be incentivized in any way to increase "collections" from companies in order to fill institutional budget needs. Insufficient budget allocation should also be discouraged since it prevents institutions from performing the functions they are required to by law. Budget users that are key to improving the local business environment, such as the State Market Inspectorate and the State Office of Industrial Property, have operated on funds for a number of years that are sufficient only to cover basic operating expenses (e.g., salaries, electricity). When taken on a sustained basis, this budgeting approach aims only to preserve State jobs and maintain the appearance of a functioning organization. We recommended reforms aimed at improving the predictability of tax and customs duty collection. Greater consistency would benefit both government and companies. This could be achieved by adopting the latest EU directives and OECD/UN guidelines and principles related to direct and indirect taxation (e.g., transfer pricing, anti-avoidance measures, permanent establishments, taxation of the digital economy). All such reforms would need to be accompanied by substantial improvements in the capacity of the revenue administration through training and the implementation of new technologies to support tax reporting and compliance as well as predictive analytics of public revenue, risk and fraud.

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OPEN A DOOR

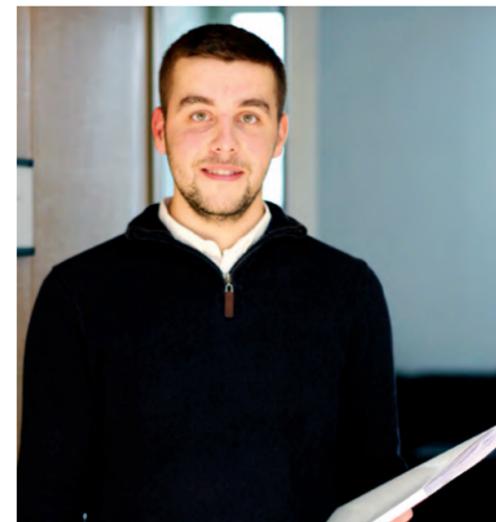
INTERNSHIP

PROGRAM

Could You “Open a Door” for an Intern?

For the third year, the AmCham Executive Office has been helping university students from low income households gain access to internship opportunities throughout the year in our member organizations.

Please contact the Executive Office at: 3214 716 or communication@amcham.com.mk if your organization is willing to accept at least one intern this year.



Mario Mencovski



Getting an internship in one of the biggest and most stable energy companies in the Balkans was one of the best things that happened to me this summer. This was my first internship experience and the whole process of linking knowledge from my faculty with practical needs in the energy sector made this experience very useful and interesting.

I met many people working at EVN Macedonia's “KEC Gorce Petrov”. The morning employee meetings in the department where I was assigned helped me feel like part of the team and to learn first-hand how to solve the most difficult problems. The most important thing I learned is that engineers should always be ready to quickly solve all the problems that can arise during a project, and that the ability to apply knowledge from theory, experience and practice is crucial.

I would recommend to everyone to apply for an internship, because that way they see what exactly companies expect from their new employees and vice-versa.



I would describe my internship experience in EVN Macedonia as the best internship experience I've had so far with a large number of acquired knowledge and skills that have greatly helped me to connect the theory with practice. I was surprised to see how much EVN Macedonia as a company is committed to its interns and how its employees are completely open and committed to explaining every single detail with respect to their jobs.

As an intern in EVN, I was able to fully participate in the work process and to perform certain tasks independently, under the supervision of my mentors. Since I spent my time as an EVN trainee in Group 1, the group that manages the connection of new customers, I am now fully acquainted with this process.

I would like to recommend that anyone considering spending their internship in EVN Macedonia, to not hesitate at all, because as an intern you will be able to face the real challenges that engineers do. In my opinion, the experience I gained in EVN will be very useful for my professional development in the future.



Silvija Ristova

MEMBERS MEET IMF REPRESENTATIVES



On September 27, AmCham's Executive office hosted a meeting with IMF's Mission representatives, Mr. Roberto Schatan and Mr. Cristian Lucas. The group discussed the tax system in general and the need for new transfer pricing regulations.

IWM NETWORK SESSION ON THE IMPORTANCE OF WEBSITE & DIGITAL MARKETING

On September 27th, IWM Network's co-founder & partner Damjan Dano, delivered a presentation on the Importance of Website and Digital Marketing for Corporate Businesses. He emphasized that the interaction with the companies' customers is very important and there is a need for originality in the messages businesses send when trying to capture the audience's attention. In practice this could mean using the actual photos of your company rather than using stock photos.

Damjan debunked the popular notion that web sites should be artistic. He stressed that the websites should be first and foremost simple, practical and be able to tell a story.

The group joined the discussion by sharing the obstacles they face on a daily basis, mainly focusing on understanding site visitor data.



They concluded that every action could be measured and/or analyzed and that visitors can help companies design their future marketing strategy.

The participants gave very high marks for the presenter and the session overall.

PIPEREVSKI & ASSOCIATES SESSION ON RANSOMWARE

In August, AmCham hosted its 7th member-to-member learning session for this year. This time, Mane Piperevski, CEO at Piperevski & Associates, led representatives from 9 member organizations through an engaging presentation on how businesses can best prevent and respond to ransomware attacks.

Mr. Piperevski shared very useful insights into ransomware trends, highlighting the very real financial and operational consequences of cyber extortion. He said \$1 billion in ransoms were paid in 2016 around the world and experts predict that another \$5 billion will be paid this year. He stressed that no organization is immune to such sophisticated attacks and that most result from employees following infected



email links and opening attachments. He provided a number of practical tips on preventing and responding to ransomware infections, the most important of which is to raise employee awareness via continuous training.

UACS PROFESSORS SHARE INSIGHTS ON LEADERSHIP STYLES

On September 20th, Prof. Marjan Bojadziev, PhD, Rector at University American College Skopje (UACS), and Makedonska Dimitrova, Assistant Lecturer at UACS and Director of the Scientific Board at the UACS Entrepreneurship and Leadership Development Institute led 20 representatives from AmCham member organizations through an engaging presentation on efficient 21 century leadership styles.

Mr. Bojadziev presented different leadership styles and traits that make a successful leader in various situations, as well as the main behavioral theories that identify and positively affect group behavior. After a short break, Ms. Dimitrova divided the participants in smaller groups and gave a "workshop feel" to the session. After a short group activity, the



group shared their views on the subjects of organizational behavior and organizational values.

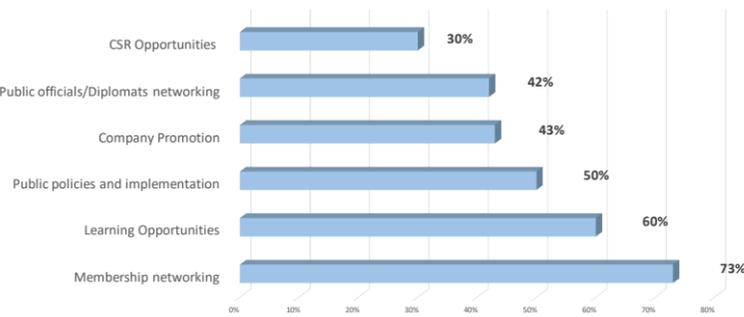
Participants had a chance to become acquainted with a variety of tools that they can apply directly to their everyday work. They also had an opportunity to see what a typical UACS class on Leadership or Organizational Behavior looks and feels like.

2017 AmCham Membership Survey Results

AmCham Macedonia's Executive Office works hard to align its activities with member needs and priorities. This summer, we asked members to share their personal and organizational expectations. We encouraged them to send us any and all praise, criticism, ideas or suggestions toward increasing the value of their AmCham membership.

Given that we received 60 responses, we are confident that the messages conveyed there are representative of our overall membership. Key take-aways included:

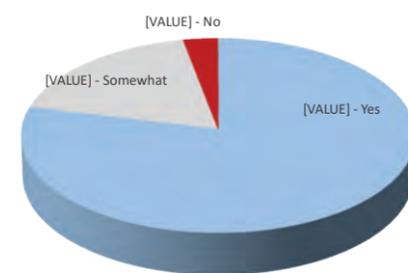
What are the most valuable aspects of AmCham membership for you? (select up to 3 choices)



73% of the respondents said that Membership Networking is one of the most valuable aspects of AmCham membership

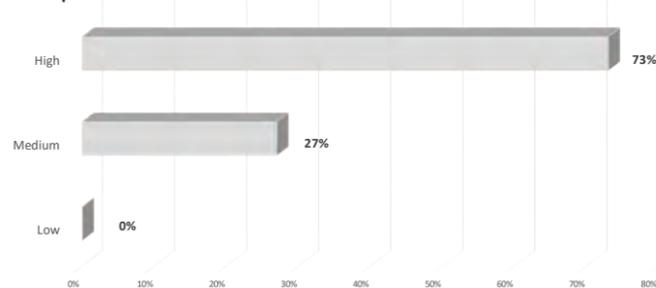
Are you generally satisfied with your AmCham membership (i.e., value for money)

78% are generally satisfied with their AmCham membership (i.e., value for money)



How would you rate the value of AmCham events overall?

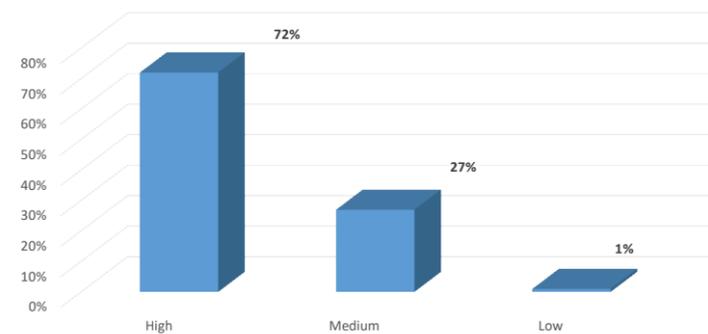
% of 60 respondents



72% rated the value of AmCham events with high marks

How would you rate the value of our advocacy efforts overall?

72% highly value AmCham's overall advocacy efforts



For more complete details on the full survey results, please visit our web site www.amcham.com.mk

REGIONAL AMCHAMS GATHERING IN BOSNIA & HERZEGOVINA

Representatives of the AmChams in Albania, Croatia, Montenegro, Macedonia and Serbia were hosted in Sarajevo and Mostar by AmCham BiH as part of a continued effort to strengthen cooperation between AmChams through exchanging best practices and experiences intended for strengthening the overall business environments of the countries in the Western Balkans. This gathering was the 5th of its kind.

The group began the 2-day gathering with a meeting with H.E. Maureen Elizabeth Cormack, the U.S. Ambassador to BiH, the broader economic team at the U.S. embassy in Sarajevo and several AmCham BiH Board members. The discussion centered on regional AmChams' CSR promotion efforts, internship/mentorship programs and cooperation with U.S. embassies on a variety of advocacy initiatives. The group then toured key historic sites in and around Sarajevo.

The second day of the gathering was dedicated to exploring the business opportunities of Herzegovina and the nature and historical beauties of the city of Mostar. Here, the group visited several AmCham BiH members, including Hotel Marriott Mostar (to be opened in 2018) tech park, Intera TP, and Citluk Winery.



AmCham Macedonia's Executive Director, Michelle Osmanli, used the gathering to firm up cooperation with her peers in the region toward providing members with tangible benefits of belonging to this regional network.

Fast Facts on Regional AmChams

AmCham Bulgaria

- Established in 1997
- 320 members
- Peter Ivanov was appointed ED in May 2017 after serving as General Manager of Microsoft in Bulgaria.

AmCham Serbia

- Established in 2001
- 190 members
- Mrs. Vera Nikolic Dimic has been Executive Director since 2015. Prior to joining AmCham, she worked in Regulatory Affairs in the Serbian telecommunications sector.

AmCham Kosovo

- Established in 2004
- 194 members
- Arian Zeka has been Executive Director since June 2012.

AmCham Albania

- Established in September 2000
- 220 members
- Executive Director, Enida Bezhani, was appointed Executive Director in May 2017; she came to the role after serving as Senior Government Affairs Advisor at the Trans Adriatic Pipeline project in Albania.

AmCham Croatia

- Established in 1998
- 200 members
- Mrs. Andrea Doko Jelusic has been Executive Director since 2010.

AmCham Montenegro

- Established in 2008
- 78 members
- Marko Mirocevic has been Executive Director since April 2016. Prior to that, he was Head of the Risk Management Department at Komercijalna banka AD Budva.

AMCHAM MEMBER LIST

Patron

Alkaloid AD Skopje
Ecotip doo Skopje
EVN Macedonia AD Skopje
Makedonski Telekom AD – Skopje
Microsoft dooel Skopje
Okta Crude Refinery Oil AD Skopje
Pivara Skopje AD
Skopski Pazar AD - Skopje
Wabtec MZT AD Skopje

Corporate

Alliance One Macedonia AD Kavadarci
ArcelorMittal Skopje (CRM) AD
ASSECO SEE dooel Skopje
Avon Cosmetics dooel Skopje
Avto Moto Sojuz na Makedonija
CBS International dooel Skopje
Cementarnica Usje AD Skopje
Cevahir Gurup AD Istanbul Turkey –
Skopje Branch, Macedonia
CISCO Systems Macedonia
dooel Skopje
Deloitte doo Skopje
Delphi Electronic Systems
Macedonia dooel
DHL Express Macedonia dooel Skopje
Diners Club International MAK
dooel Skopje
Ericsson Telecommunications
Macedonia dooel
Euroins Insurance AD Skopje
Eurostandard Banka AD Skopje
EY doo Skopje
Fersped AD Skopje
FOD dooel Novaci AD ELEM Skopje
GD Granit AD - Skopje
Gemak Trade dooel Skopje
Grant Thornton doo Skopje
Halkbank AD Skopje
IMB Mlekara AD Bitola
Johnson Matthey dooel Skopje

Karanovic & Nikolic doo
Kemet Electronics Macedonia dooel
Komerzialna Banka AD Skopje
KPMG Macedonia doo Skopje
Lynx Europe dooel Skopje
Makedonijaturist AD Skopje
Makpetrol AD Skopje
Makstil AD Skopje
McCann Skopje doo
Merck Sharp and Dohme, MSD
MI-DA Grand Motors doo Skopje
Neocom AD Skopje
Novo Nordisk Farma dooel
Ohridska Banka Societe Generale
Group Skopje
Oracle East Central Europe
Representative Office Skopje
*Orbico doo Skopje
Philip Morris – Tutunski Kombinat
Prilep doo Skopje
PI Vitaminka AD Prilep
PricewaterhouseCoopers
dooel Skopje
ProCredit Bank AD Skopje
Roche Macedonia dooel Skopje
Savings House Moznosti doo Skopje
Seavus dooel Skopje
Soravia Invest doo Skopje
Sparkasse Banka Macedonia
AD Skopje
Stopanska Banka AD – Skopje
TAV Macedonia dooel Petrovec
TDR Skopje dooel
TechnoLogica dooel Skopje
The Coca Cola Company
Tinex-MT dooel Skopje
Unija Finansiska Skopje doo
UNIQA AD Skopje
Van Hool Macedonia dooel

Business

BI-MEK doo Skopje
Cakmakova Advocates
CEED Macedonia
DMB Production dooel Prilep
Facility Management Services
dooel Skopje
Frontwise Group doo Ohrid
Inbox Archive & Data Center
dooel Skopje
M6 doo Skopje
Macedonian Stock Exchange
AD Skopje

Mepring Todor doo Skopje
Monet Technology Services dooel
Netra doo Skopje
New Moment New Ideas Company
doo Skopje
Nextsense doo Skopje
Nielsen Audience Measurement doo
Nova International Schools Skopje
Pashoski Tobacco Dealer dooel Skopje
Plati Brzo dooel
Polenak Law Firm
Savings House FULM doo Skopje
Silk Road Bank AD Skopje
Sinpeks Bitola doo
Skopski Saem doo Skopje
Stopanska Banka AD Bitola
TDK Computers dooel Skopje
Teknoxgroup Macedonia dooel
Teteks AD Tetovo
Tikves Winery AD Skopje
University American College Skopje
VezeSharri doo
Vino – M dooel Skopje
Z-SoftNet doo

Entrepreneur

Analysis and Advisory Group
doo Skopje
Central Property Management CP2M
Central doo Skopje
Experts doo Skopje
Financial Company Mladinec
dooel Skopje
IWM Network dooel
Marketing 365
Meloski Consulting dooel Skopje
Monevski Law Firm
Motiva doo Skopje
Piperevski & Associates
Temporary Work Agency Motivi Skopje
Tosic & Jevtic Attorneys and
Counselors at Law
Ultranet Ultra dooel Skopje

NGO

Habitat for Humanity Macedonia
Konekt
LinkAcross - Skopje
Pakomak doo Skopje
QSI International School of Skopje
SNB-REACT U.A. Skopje

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Clean indoor air
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Professional Performance,
Superior Style



Blueair Sense+
The intelligent air purifier
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Superior Performance

Indoor air is up
to 5 times more
polluted than the
air outside, and
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Headquartered in Stockholm, Sweden, Blueair is the leading provider of best-in-class air purification solutions for people who want to breathe better and lead healthier lives. Since 1995, Blueair has been committed to enabling people including those with allergies, asthma and respiratory diseases to breathe the cleanest possible indoor air.

Sold in over 60 countries, our high-performance air purification solutions are energy-efficient and responsibly made. Through our unwavering commitment to excellence, research and constant innovation, Blueair is shaping the way the world breathes. Breathing clean air is a human right – making people feel more alert and alive – today and tomorrow.

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