

AmCham MAGAZINE macedonia



SUMMER 2017 / ISSUE 54 / PRICE 300 MKD
www.amcham.com.mk

SPOTLIGHT: ETHICS IN ADVERTISING



ALSO IN THIS ISSUE

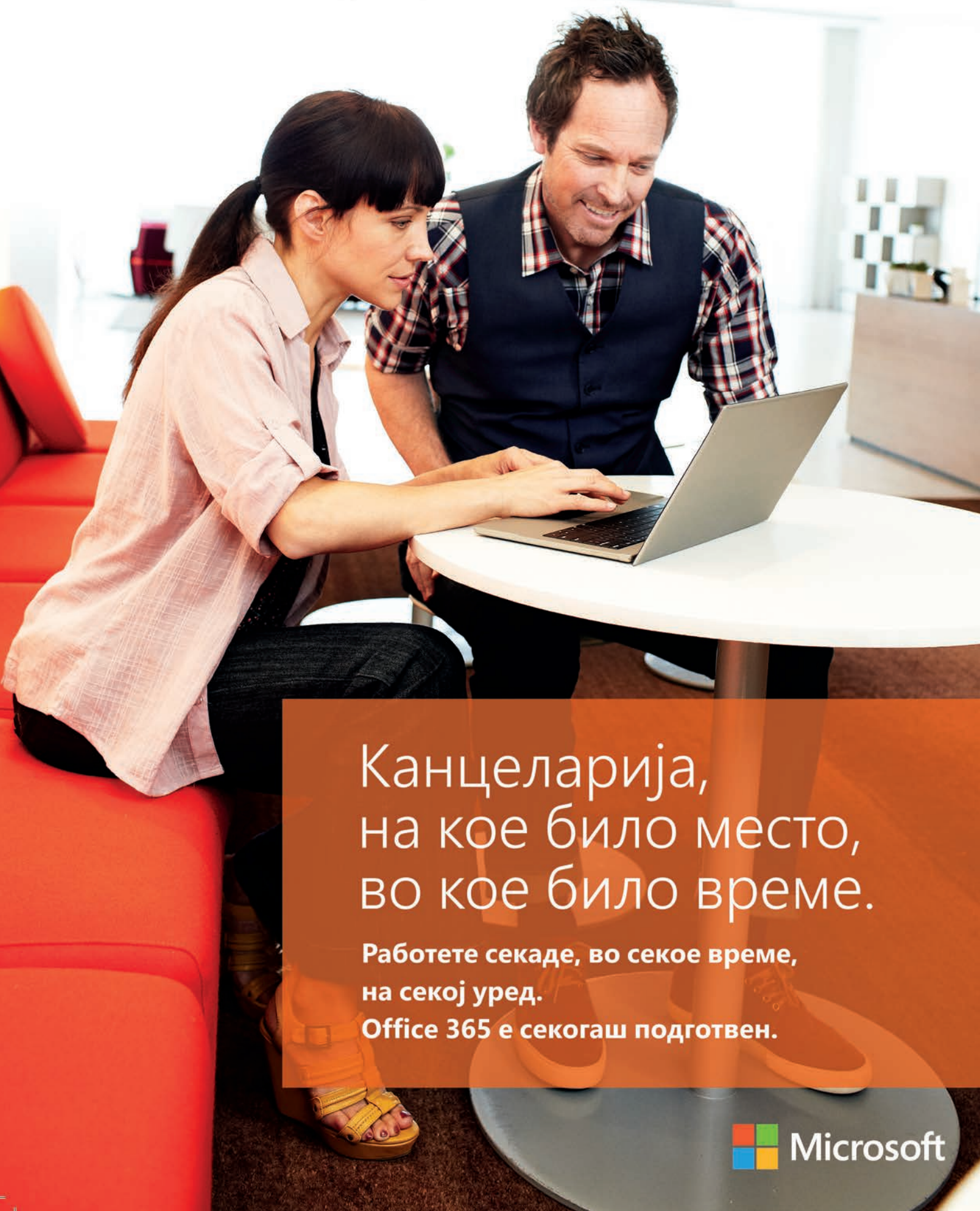


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Dear AmCham Macedonia members and friends -

Thank you for picking up the summer 2017 edition of *AmCham Macedonia Magazine*. This issue focuses on advertising ethics and builds on a recent event we hosted to start a local conversation on this issue. In addition to expert articles from each our panelists from that event, we've included insights on a variety of other hot topics from our member experts, a summary of recent calls for corporate income tax reform by local economists and more.

In recent advocacy news, we submitted our committee research on amendments made to 20 key economic laws to the new Ministers of Finance, Economy, Justice, and the Vice Prime Minister for Economic Issues. The analysis highlights the need for improved public consultation and provides specific improvement proposals to a number of these laws made by our Lawmaking & Enforcement Committee members.

We were also recently honored to be the only business association to attend a kick-off meeting on the preparation of the government's 2018-2020 National Economic Reform Program (ERP) a process that the European Com-

mission supports in all enlargement countries. This exercise is meant to help candidate countries and potential candidates to enhance their economic policy and its governance as well as their "institutional and analytical capacities and to prepare them for participation in the EU's multilateral surveillance and economic policy coordination procedures upon accession." I was encouraged to see the new Minister of Finance taking this process very seriously and that our previous ERP comments have already been analyzed as an input into this coming round.

Finally, I received confirmation from the Minister of Finance's cabinet that our comments helped shape the 2017-2020 Government Work Plan (analyzed in detail in this issue).

My team and I look forward to continuing all forms of cooperation with members and partners this fall and wish all of our readers a reinvigorating summer vacation.

Sincerely,

Michelle Osmanli
Executive Director

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Advertising Ethics –
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AD INDUSTRY TRENDS & ETHICS IN MACEDONIA

The ethics of marketing in Macedonia is a very important topic, unfortunately, it has received too little attention from

Macedonian marketers and advertisers. Players on the Macedonian advertising scene generally respect the codes and the standards of operation, much like those in more developed and better regulated markets. Though the market is small and declining, the top 10 marketing agencies in Macedonia are mostly part of global networks like WPP, Publicis group and Inter-public, where group standards do not allow variations with respect to ethical standards regardless of the location. Much of the creative work which appears in our media is made elsewhere. In Macedonia, there are very few examples when a domestic agency campaigned for an international brand, even for the local market. Mainly, these are adaptations of global ads into local languages, primarily Macedonian and Albanian.

It is perhaps more interesting to consider whether our core business is fundamentally ethical. Whether promoting cigarettes, sodas and alcohol is ethical, or whether we are only interested in maximizing profit. While claiming to be “building brands” through market communications, we are often, in fact, helping build a consumerist society with bad habits, but that is another topic. Our business, however, also an opportunity to do good things.

For context, it’s important to describe the context in which our industry currently finds itself. The Macedonian advertising scene has been fighting to survive the biggest crisis in its history. Faced with the country’s serious economic and political crisis, most agencies have been in “survival mode”.

Saso Pesev, Managing
Director, New Moment
New Ideas Company



Against this backdrop, there has been an interesting dualism: local agencies kept winning prestigious international awards. In the past 5-6 years Macedonian advertising agencies won several Cannes Lions, a number of Grand Prix at the Golden Drum Festival in Portoroz and many others in extreme disproportion to the size of their advertising scene and working budgets. In fact, none of the countries of former Yugoslavia has won as many international awards as Macedonian agencies have.

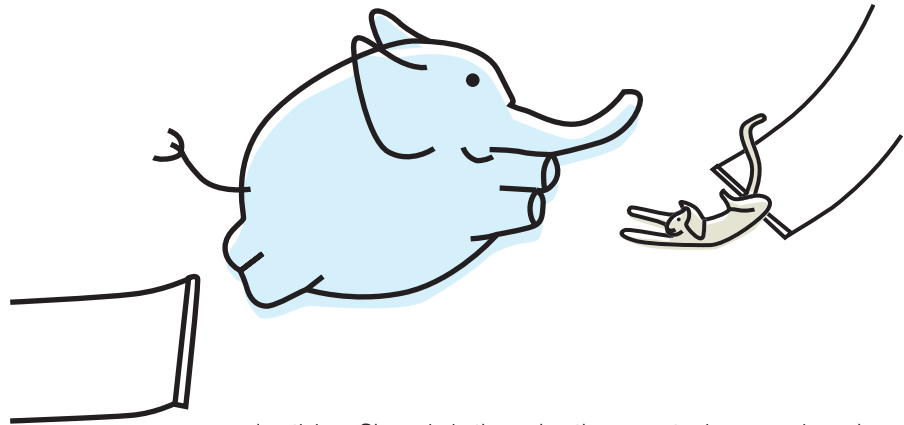
Unfortunately, the development of the creative potential of the Macedonian market did not translate to greater business potential. On the contrary, Macedonian customers, faced with the political crisis and reduced public spending began drastically cutting their marketing budgets as the first and easiest way to save money.

No official data on agencies’ turnover are published, but based on media revenues and other parameters, budgets appear to be as much as 40% smaller than in the strongest advertising years, 2009-2010. One key cause was the Government’s decision to allow the merger of 2 of the country’s 3 national

telecommunications operators. Car importers were another group that drastically reduced their advertising spending due to a populist government decision to allow citizens to import used cars without any age or environmental constraints. This move led to a drastic decline in sales of new vehicles, and hence importers' advertising budgets.

There was a downturn in advertising in the financial sector, even though banks, insurance companies and pension funds in the country Macedonia continued to realize strong profits throughout the crisis. Global corporations – which are the biggest advertisers in Macedonia – followed suit. They directed their budgets toward larger and more stable markets and began centralizing their marketing teams. This means advertising spending is done more often from headquarters, especially for Facebook, YouTube, Google, etc. In such cases, globalization generally does not benefit local agencies and media. This is also true for satellite stations like Sport Club, Arena, Discovery, Fox, HBO, which don't translate to local ad spending with local agencies. While globalization is a reality everywhere, it poses especially difficult challenges to small, underdeveloped markets like ours in Macedonia.

While facing the crisis, the Macedonian advertising scene proved to be quite resilient and united through its industry association, MAAM. The group successfully defended itself from a government attempt to nationalize the measurement of television viewership. Around the world, this activity is typically private with hardly any role for the State. Under pressure from MAAM and the media, a bylaw established the Joint Industry Committee to oversee an international tender inviting bids from the world's largest service providers (e.g., Cantor Media, GFK and Nielsen). Many regional associations congratulated us on our success in regulating a process that elsewhere is still largely unregulated. Encouraged by this, MAAM initiated a Joint Industry Committee for online media and



advertising. Slovenia is the only other country in our region where such a model exists.

Regarding regulation of our work, though not consolidated in a single law, there are several laws that regulate advertising in detail. Additionally, under MAAM's statute, there is a code of ethics that is in line with that of the European Association of Communication Agencies. The scope of advertising is regulated in various ways throughout EU countries, in some cases with very precise legislation, in others very loosely with an important role for self-regulation. This certainly means that our advertising industry functions along according to a set of ethical rules that ensure that our work is legal, decent, honest, truthful, with a sense of social responsibility toward clients and society.

In terms of unethical behavior, perhaps the most pronounced has been in the PR sector, where we have unfair competition from companies whose owners are the main editors of some of the most important media in Macedonia. Lack of ethics on the social networks is appearing somewhat, which is also part of our business, yet this area is more difficult to control and regulate. However, with the Law on Audiovisual Media Services and the Law on Consumer Protection and other laws, as well as with the codes of MAAM and ZOYM, the Macedonian marketing scene is sufficiently regulated.

The situation in political marketing is much worse; there, we have literally seen it all - dishonesty, untruths, insinuations, direct insults. However, in recent political campaigns, no agency has been officially identified nor taken credit/responsibility. To a large extent, the party's election headquarters are doing that work, especially for negative ads. It is unclear whether Macedonia's laws and codes for ethical advertising apply to such cases.

Regulation of copyright and other related rights is likely lacking. The law hardly touches on agencies' intellectual property. At least in my experience, there has never been a court case with respect to copyright infringement of any artist or agency. Given that there is no one in Macedonia who could serve as an expert witness in such a case, it is clear that such a dispute would be difficult to win in a Macedonian court. This situation definitely discourages agencies and creators to seek justice in court. Proving property rights is never an easy, straight-forward process. Arguments and disputes among creators occur constantly – even on a daily basis within an agency. As “creatives” or idea generators, artists can have rather inflated and sensitive egos.

The fact that not a single case for copyright infringement has been settled in favor of an artist in Macedonia demonstrates the lack of confidence that citizens and the business community have in the impartiality and objectivity of the courts here.

CLEANING UP OUR OWN BACKYARDS

Is it right to feature children - especially babies - in commercials for products or services that are not meant for them? Is it acceptable to use a child's skin color as a metaphor for the color of a consumer good? Is it OK to promote any product with a photo of a naked female body along with a tagline like, "Sticks to all surfaces"? Is it fair to advertise laptops to women as an accessory, where its color is the decisive factor? Is an advertising message misleading if it claims a product has medicinal properties that lack scientific proof? Or to always associate aggression with men?

These and similar questions are part of everyday life in the communications and advertising world, and not just in Serbia or Macedonia. We tend to be rather self-critical, assuming other markets are completely different. In reality, the questions are the same in far bigger and more developed markets, as well as with companies and brands that lead the world advertising stage. Some of these questions are answered by policies that directly regulate advertising and the media, others by laws that relate only partially to advertising, such as Serbia's laws on Consumer Protection, Medicines and Medical Devices, Financial Services, Transportation, and others.

Even if it were possible, should advertising be fully regulated by State laws created without the



Vanda Kučera,
Head of Corporate
Affairs, I&F
McCann Grupa

influence of advertising professionals? Of course not! Today more than ever, the advertising profession around the world and in Serbia is saying that traditional regulation isn't the only and best way to oversee the very broad and diverse field of advertising. They argue that lawmakers need to provide a good framework that is compatible with future innovative practices and new technologies, but that the industry itself should provide answers to questions like those listed above.

Self-regulation is based on the need and desire of the profession to independently regulate, educate, and promote ethical criteria in its business environment, without involving State institutions, laws and lawmakers. The goal in our industry is to "clean up our own backyard", since that is where we spend our lives working, creating and making messes, now and again. By doing so, we show our industry's maturity, social and business responsibility, modernity, and readiness to practice democratic principles.

It all starts with a Code of Conduct, a document that sets professional rules and good manners that dictate how to communicate in a correct and decent way. Every Code of Conduct accepted and

approved on an international level starts with the following words:

All marketing communications should be legal, decent, honest and truthful. All marketing communications should be prepared with a due sense of social and professional responsibility and should conform to the principles of fair competition, as generally accepted in business. No communication should be such as to impair public confidence in marketing.

By including just these three sentences into the DNA of our work, we take a big step toward ethical communications and advertising.

The next step in establishing self-regulatory activities in a market is by founding a self-regulatory organization (SRO) to enforce the Code of Conduct. This is where countries differ a lot! For example, all current EU members already had adopted a Code of Conduct in advertising prior to accession. However, not all of them had the same level of SRO activity. Hungary, for example, had an active self-regulatory organization for over 20 years; Bulgaria has been working on it since 2001 and has had a functioning SRO for the last 7 years; in the past couple of years, Croatia activated an SRO, the Court of Honor, within the Croatian Association of Advertising Agencies.

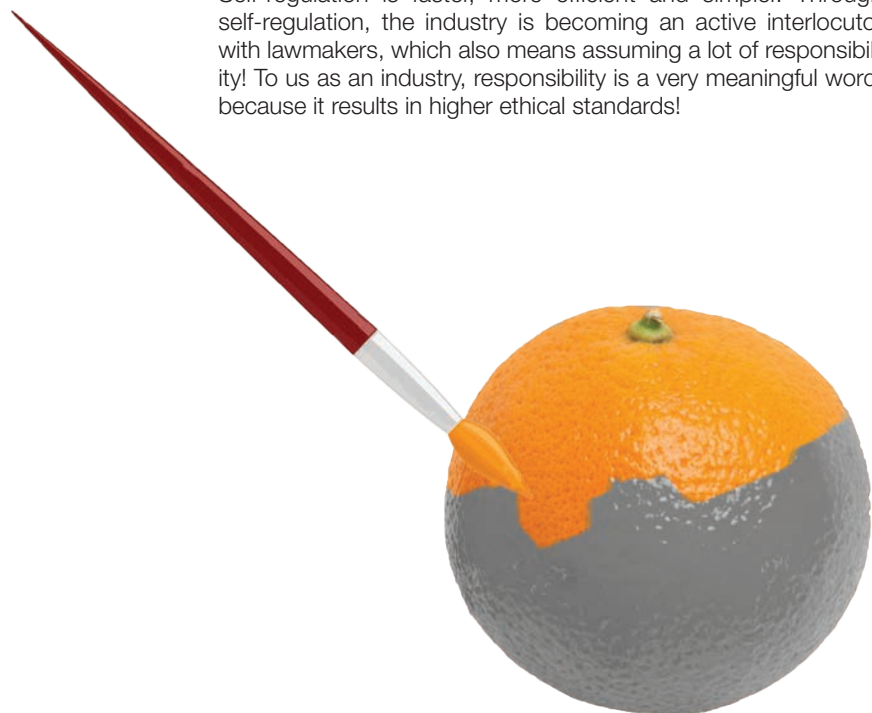
The most inspirational example is provided by Spain, where self-regulation has quite simply taken over. They started reservedly, unsure whether that they would manage to regulate anything significantly; that was some twenty years ago. When agencies and advertisers made a deal and were joined by TV stations and the rest of the media (note: TV stations there are now the biggest users of SRO), their success was complete. They are now the best example among all the members of the European Advertising Standards Alliance. State institutions and regulators defer to them on questions of right or wrong; what a victory for the profession!

So, where is Serbia in that dynamic, continuously self-regulating world?

Historically, we had a number of different phases and attempts in this direction. The most recent one started several years ago and accomplished quite a lot in a short time by working and learning at the same time. We are now closer to those markets which “clean their own backyards”. We are supported by EASA as well as regional experts. The Serbian branch of the International Advertising Association (IAA) also played a very important role in this process. Four years ago, the IAA began establishing Serbia self-regulation.

We created the first version of the Serbian National Code of Advertising based on the consolidated Code of Conduct of the International Chamber of Commerce and numerous similar documents. The Code was endorsed by most experts and relevant associations. In the meantime, the IAA organized two conferences on self-regulation and SROs, featuring experienced colleagues from the region, Spain and from international organizations. The new Advertising Law, aligned with EU directives, went into force in May 2016. This new law has a very important addition in Article 5 called Business Rules: in other words, self-regulation. Our profession fought long and hard for this. We now have a Code as well as a new Law that generally addresses the profession’s needs and expectations and explicitly recognizes self-regulation as a legitimate means of regulation. All we have to do now is officially establish our SRO. In addition to enforcing our Code, we also need a system to protect, build and empower brands and advertisers; build the credibility of agencies and help the media, given they are on the front line with respect to controversial advertising messages. Such a system will do a better job protecting consumers and earning their trust.

To conclude, Serbia is close to “cleaning up its own backyard”. Self-regulation is faster, more efficient and simpler. Through self-regulation, the industry is becoming an active interlocutor with lawmakers, which also means assuming a lot of responsibility! To us as an industry, responsibility is a very meaningful word, because it results in higher ethical standards!





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MORALITY IN MARKETING: THE CROATIAN CASE

We live in a dynamic time advances in shaping and transmitting information result in new communication paradigms. Communication plays a key role in creating favorable and unfavorable impressions individuals as well as companies, work environments, products and services. Precisely because of this, marketing – and especially advertising – faces many challenges, especially those of an ethical and legal nature. Since consumer spending and loyalty are crucial to market success and companies can't maximize demand and profits through marketing alone, responsible communication must be carefully aligned with the interests of the company, individuals and the community as a whole. This harmonization is even more critical given new communication paradigms, digital technologies and interactive market communications.

Thus, the emphasis is on monitoring legality and ethics of this extremely influential economic branch. Consumers and users demand active engagement in both company communications and its business practices overall. This makes socially acceptable behavior an imperative – including responsible advertising and market communications.

REGULATION IN CROATIA

Advertising and market communications are regulated by a set of legal norms set at the local and national level. There is a long

Kamilo Antolović,
Permanent Judicial
Adviser for Advertising
& Market Communica-
tion-Marketing in the
Republic of Croatia



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legal evolution covering this area. By the end of the 19th century, the first legal acts and decisions emerged in the world's most developed markets; Croatia has a nearly 100 year tradition, ending when it joined the European Union and its wide range of laws and bylaws were aligned with EU *acquis* and best practices.

Compliance with the country's legislative framework in the Croatia is a must when marketing each product, service or organization. This includes all regulations with respect to market communications – particularly for products such as alcohol and cigarettes, medicine and medical services or those protecting the most vulnerable consumer groups such as children and young people – including intellectual property protection.

Croatia's entire legal order is aligned with the common European legal framework, meaning that, at least on paper, the country is in step with the most developed market standards. This approach of regulated everything – forms, techniques, products, target groups – translates to an huge number of laws and other regulations (over 67 in the Act, the Rulebook, the Decisions and the Convention). Thus, co-regulation and self-regulation are emerging as attractive enforcement solutions.

There are a few laws and norms that are particularly important for certain industries, the community and advertising, such as those for unlawful practices, fraudulent and misleading advertising and other forms that are generally prohibited or permitted only in certain cases. Formally, consumer protection is the most complex area, both in terms of the number of provisions and its formal aspects as well as the overall protection framework (including the National Program and Inspectorate as well as numerous organizations that represent consumer concerns with market communications). One key feature is the regulation of media and electronic media. These define advertising conditions and unauthorized forms of practice, including in interactive digital communications. Given their nature, these media are vulnerable to "guerilla" advertising, thus are specifically

addressed in laws that protect children, young people and other vulnerable groups.

Another important factor in the advertising industry is its creative nature, requiring intellectual property rights protection of authors' work on messages, ads and campaigns. This is governed by a series of laws, including the Copyright Act and the Law on Special Interest and Advertising Treaties Act.

Finally, it can be said that Croatia's legislation is flooded with unclear and difficult standards, especially related to the nature of market communication. Thus, we should consider co-regulation in line with best practices as a possible solution. By deregulating, only basic issues would need to be defined by law, while all details would be determined by self-regulatory standards set by practitioners.

CROATIAN SELF-REGULATORY CODES

Experiences in managing advertising and market communications have shown that the best results are achieved when practitioners – from individuals to national associations – define their own standards. Thus, there is a need for self-regulation to ensure the economic and social role of market communication on the one hand, and respect of the community's ethical principles on the other.

Thus, self-regulation would address both regulatory overload and the challenges that advertising poses to authors and consumers. Self-regulation has been practiced in Croatia for almost a century and was influenced by the world's leading economies.

It is common practice for companies to regulate their own behavior via ethical codes and/or professional or other associations. The International Chamber of Commerce (ICC) code is a set of standards and best practices at the national level in Croatia that was adopted by our national professional associations (e.g., HURA, HUK), and has been implemented in many national institutions (e.g., Electronic Media Agency, Gender Equality Agency). The National Association of Agencies (HURA) plays a particularly active role in advertising ethics enforcement; its "Court of Honor" issues guidelines, interprets practice and defines sanctions, as well.

The latest harmonization of HURA's Code of Ethics with 2014 international standards targeted specific problems frequently observed in practice, including the use of exaggeration, privacy violations and abuse of or inappropriate advertising aimed at children and young people. Frequent violations included abuses of intellectual property; imitation, plagiarism and copying, as well as concealing content sponsorship, unethical applications of guerilla marketing and viral marketing. Direct marketing and especially telemarketing can always be designed to disturb privacy or be disruptive to consumers. That's why it's so important that ethical standards protect consumers group from practices that are aggressive or manipulative.

The accelerated growth and impact of digital technologies and mobile media change the communication paradigm, thus making new room for possible abuses, deception and inappropriate content, especially with respect to children. Privacy and other violations in interactive digital communications – especially *vis-à-vis* children – imply the need for better regulation and self-regulation.

Finally, the minimum ethical standards defined by codes of ethics of professional associations (e.g., honesty, integrity, truthfulness, libel, imitation) and interactive digital communications help ensure companies are socially responsible with respect to employees, consumers and their community. In response, the promotion of self-regulation through professional vocational codes and ethical councils has noticeably increased.



INTERVIEW

Wabtec
MZT

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.

Through its subsidiaries, the company manufactures a range of products for locomotives, freight cars and passenger transit vehicles and provides aftermarket services. The company employs 20.000 people in over 100 production and overhaul facilities located throughout the world.

In everything we do and at all times we implement our guiding principles: Safety, Customer Focus, Continuous Improvement, Teamwork and Leadership.

Wabtec MZT is part of Wabtec Corporation since 2008. Located in Skopje, the company builds on a long and proud Macedonian engineering tradition, rooting back in 1950's, when MZT launched the first production of brake equipment.

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.

Our brake systems provide security of goods and passengers all over the world – among them are those on the extravagant Orient Express.



Reliable. Sustainable. Secure.

ETHICS AND SELF-REGULATION: A PERFECT MATCH

Companies find themselves at a crossroads: be more ethical internally and externally or risk alienating a critical population segment: millennials. Some research says that by 2025, 75% of the workforce will be millennials. This 'Instagram generation' cares about various social causes and wants to make a change. They are driven by issues such as environment, poverty and gender equality. Soon enough, they will be companies' primary target as purchasing power rests in their hands. They will decide which brand to pick from a shelf or to order online. And when they do, they will likely prefer one they perceive to be most ethical.

What is an ethical brand? It is a combination of a progressive internal organizational structure (i.e., that awards merit, hires people of different backgrounds and allows women to thrive) with admirable external behavior visible to the world (e.g., advertising, demonstrations of social responsibility).

Ethics in advertising is two-dimensional: ad content and respect for the user experience. The content issue is related to the message itself. For example, a brand should not be disrespectful towards women and should not steer further gender stereotyping by presenting them in a demeaning way. Likewise, alcohol advertising should not appeal to children. Additionally, certain products should not be advertised as "green" or "eco" if their features are not scientifically proven.



Stevan Randjelovic,
European Association
of Communications
Agencies (EACA)

The good news is that the ad industry has been trying to support ethical trade through self-regulation for decades now. In a majority of European agencies, brands and media came together and agreed on codes of conduct. Some countries have general codes of conduct, some have very specific ones (e.g., addressing advertising to children, alcohol), but what they all support decent, truthful and honest advertising. This is as it should be. These codes of conduct, enforced by self-regulatory organisations, are also recognised in various EU laws. EU and national law makers understood that the best way to regulate a sector as dynamic as advertising was to establish principles in regulation and allow the industry to build on it. Self-regulatory Organisations are grouped under the umbrella of the European Advertising Standards Alliance where they come to exchange best practices and cooperate on cross-border cases.

User experience is the second dimension of key concern, especially in the digital sphere. The exponential rise of "ad blocking" is a sign that consumers are drowning in banners and other overwhelming ads. On top of that, consumers are increasingly concerned about cookies being placed on their phones or tablets. Some steps are being taken by the industry to address the user experience and to offer better advertising and a choice to consumers on how their data is being used. The Better Ads Coalition

was created by industry leaders to generate new standards for ads based on consumer research. This will mean that only those ads that are consumer-friendly will be created and published. The European Digital Advertising Alliance is also working on providing more transparency to consumers about the collection and use of their data.

The greatest challenge is posed by digital advertising. New channels and myriad targeting options also created a number of dilemmas. How should a fashion blogger inform their

Instagram followers that she has been sponsored by a local shop and that is why she is praising a product they sell? What is the right way to keep consumers informed that a post is paid advertising, and not a spontaneous expression of personal opinion? This is where self-regulation can really shine; it allows the industry to apply existing principles of honesty and decency to the digital world. The industry should also work together to boost media literacy among children and people of all ages how to recognise advertising and

differentiate good ads from bad ones. According to the latest Havas Group study, consumers would not care if 74% of brands disappeared. This should ring alarm bells for the entire advertising industry. It is time to wake up across all geographies, including in Macedonia. The international brands and agencies present in Macedonia have a particular responsibility to make this happen, as they have a wealth of knowledge to draw from other European markets where ethics and business have been successfully married for decades.

NEW CSR STANDARD AWARDED IN MACEDONIA

This July, the first company in Macedonia was awarded a standard for applying family and gender-aware policies that allow their employees to achieve work-life balance as well as gender equality in career development and advancement. The representative and implementer of the Mamforce Standard in Macedonia is AmCham member, Konekt Association, which has many years of experience in the CSR field.

The Mamforce standard recognizes employer competences in corporate responsibility vis-à-vis their employees' families. The standard is earned through assessment of employee working conditions with an emphasis on adapting working conditions for parents with young children (e.g., positions, working hours, additional services, support from the company and colleagues), the possibility of gradual return from maternity leave (e.g., part-time and flexible working hours, work from home, allowed absences due to a child's illness), as well as the possibility for further improvement, progress and gender equality in

Nikica Kusinikova,
Executive director,
Association Konekt



top management positions. After the assessment, companies prepare and commit to an action plan for introducing additional measures and are entitled to the basic Mamforce Standard. One year later, a supervisory audit is carried out and if the action plan is confirmed to have been implemented, the organization is awarded with the standard in one of three levels: Change, Grow, or Lead.

The first Macedonian recipient was Vip, thereby receiving recognition for existing good practices and identifying improvement areas to help maintain a positive working environment and increase employee satisfaction. At the award ceremony, the standard was officially presented by Diana Kobas Deshkovic, initiator of the Mamforce project. Other supporters who spoke at the ceremony included Elena Grozdanova, State Advisor for Equal Opportunities at the Ministry of Labor and Social Policy; Lilian Kandikjan, National Program Coordinator at the Swiss Embassy; Zaklina Gestakovska Aleksovaska from the Increasing market employability (IME) program; and Nikica Kusinikova, Konekt's Executive Director.

NEW MEMBER HIGHLIGHT



Novo Nordisk is a global healthcare company with more than 90 years of innovation and leadership in diabetes care. This heritage has given them experience and capabilities that also enable them to help people defeat other serious chronic conditions: haemophilia, growth disorders and obesity. Novo Nordisk has a 26 year presence in the Macedonian market.

ETHICAL ADVERTISING OF TELECOM SERVICES

Properly applying brand values in our everyday work is one of the keys to maintaining high ethical standards in advertising. Makedonski Telekom, as a part of Deutsche Telekom Group, has established a strong corporate culture that permeates all spheres of its operations, both internally and externally. Trust and reliability are at the core of this corporate culture, brand identity and promise. We see this as a key success factor in designing communications that are honest, truthful, socially responsible, and more.

Gaining and maintaining customer trust when selling intangible services such as in telecommunications is not easy. That is why Makedonski Telekom takes the following 4-faceted approach:

Reinforcing a strong corporate culture to replicate our core brand beliefs and ethical standards, including via a well-defined Code of Conduct;

Self-regulating via interdepartmental activities that control and pre-check all communications before they are released;

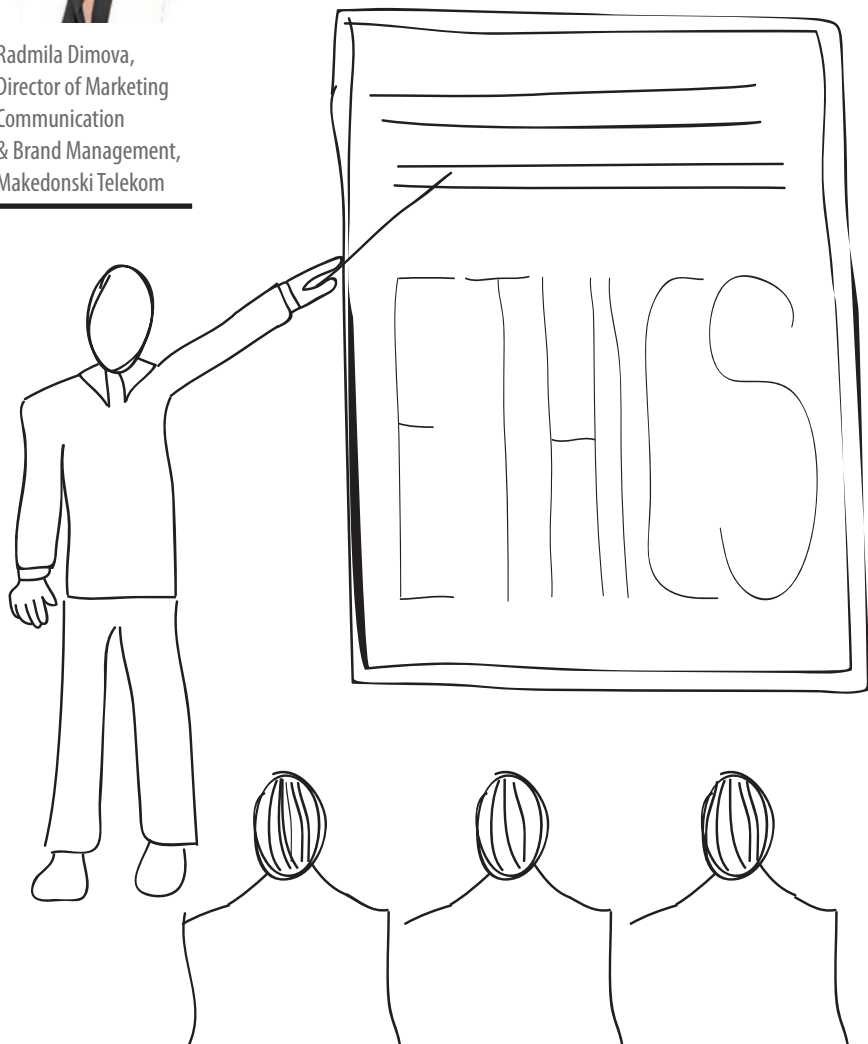
Educating customers since well-informed clients are more loyal; and

Performing regular research and collecting customer feedback most often with the expertise of international organizations. The results are highly relevant for marketing communications and help us constantly improve our customer care.



Radmila Dimova,
Director of Marketing
Communication
& Brand Management,
Makedonski Telekom

Still, unethical advertising practices are not uncommon in Macedonia. They seem to be emblematic of smaller, younger companies with a less well-established brand identity. Unethical communications may be seen as a means to quick wins, but they only harm their brands in the long run. Strong corporate principles and the systems that reinforce them help prevent such short-sighted mistakes.



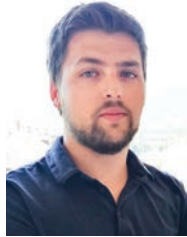
ETHICS IN DIGITAL ADVERTISING

Digital Advertising 101 With great power comes great responsibility. This oft-quoted Spiderman movie phrase suits the topic of advertising ethics, especially in the digital field that is largely unregulated and too complex to be universally understood and regulated by advertisers themselves. In this day and age, marketers have the power to place strategic communication across a variety of channels on top of the traditional package (radio, TV, outdoor). We see examples of that on a daily basis; almost all local and global campaigns are present on Facebook, Instagram, Google, Twitter, Snapchat, LinkedIn, and others. Most of these digital platforms offer marketers tools that allow them to segment audiences very precisely, then track and “deep dive” into very specific and thorough analytical data that gauge the effectiveness of their communications and customer habits.

Meanwhile, most customers are completely unaware that everything they do on these platforms is being used to improve marketers’ effectiveness. While the platforms themselves self-regulate to some extent, it is not very effective in smaller markets like Macedonia; bad and unethical ads can go unnoticed for days, even weeks, mostly because of the total ad volume, language barriers or delays in the ads being reported as unethical by users.

Add to that the ‘fake news’ phenomenon, which is highly present here due to the same lack of self- or formal regulation. The result is a ton of online portals and websites that offer any kind of “news” you can imagine selling ad space with no questions asked. How Can Ethical Advertisers Survive Here?

When an advertiser comes to an agency or a marketer and provides them with a set of requests and a budget, it entrusts its message to the marketer’s judgement in helping their company move forward, stand still or even go backwards. History is full of examples where bad advertising ruined a company.



Damjan Dano,
Co-founder &
Partner, IWM
Network

In the absence of self-regulating advertising bodies and a coherent set of relevant laws, here are some tips to avoid unethical advertising in the digital era.

#1 PAID VS. EDITORIAL CONTENT

This is a no-brainer. News and editorial content should be clearly differentiated from paid ads. Many local advertisers don’t disclose paid content, and even more editors of online media encourage and accept this practice. This is unethical because customers are tricked into thinking the content they’re reading is written according to the standards of professional journalists, while it is actually strategic advertising that is directly or indirectly promoting a product or service. Want to avoid this? Add the labels “Sponsored” or “Promoted content” visible in either the article title or somewhere before users engage with the content. Ideally, you should tell readers who paid for the promoted PR text if no logo or company is mentioned.

#2 BIG CLIENTS ≠ EDITORIAL POWER

Big clients have big advertising budgets. Too often, they spend advertising funds only with platforms that commit not to publish any criticism of them while their ad campaign is running. This is unethical because it is a form of direct censorship.

Want to avoid this? Advertisers need to understand that just because they place ads on a certain website, they do NOT own it, nor have the right to dictate what is published there. It is also unacceptable for editors to accept such requests and thereby abuse the trust given to them by their readers. Editors should, thus, abide by journalistic ethics and marketers should understand that they are buying a service, not editorial power.

#3 IF IT HAS UNETHICAL CONTENT, SKIP IT!

If a marketer places their advertising on a channel that spreads unethical content (e.g., racism, insults, religious discrimination), the brand they represent will be tainted by the channel’s lack of ethics. People’s decision making process depends to a large extent on their unconscious mind; if your ad is placed next to unethical content, rest assured that somewhere in readers’ subconscious, you will be seen as supporting that content. Want to avoid this? Focus your campaigns on quality, not on quantity. Read the numbers and carefully consider what they mean, bearing in mind that while a site may have a lot of visitors, it may be due to their habit of publishing controversial headlines, insulting content or manipulating readers’ voyeurism. Avoid fake news by staying clear of channels that publish articles without authors’ names, and most definitely keep your distance from media that don’t have a clear structure of ownership (i.e., Impressum) and contact information.

#4 TRICKING CUSTOMERS ON SOCIAL MEDIA

Social media is the heart of the jungle. Almost every customer with Internet access is using it for a few hours each day, leaving vast amounts of personal information available for misuse. Because of the above-mentioned tools provided by the various social media platforms, marketers have the power to segment customers into extremely specific groups – for example, on Facebook marketers can target people who have recently changed their relationship status from married to divorced. Advertiser should use this kind of narrow targeting with extreme caution to avoid manipulating their customer’s emotional state for monetary gain. Want to avoid this? As a marketer, respect your customers. Avoid manipulating vulnerable people at any cost. If you are using a segmented audience that is in a sensitive state, be careful with your messaging and know that your ad could affect another human being negatively. As a client, hold your agency/marketer to high ethical standards.



THE BEST ONES WORK SMART
EVERYTHING YOU NEED FOR YOUR BUSINESS
AT ONE PLACE AND ON ONE BILL

With Magenta 1 Business you get:

- Unlimited calls in fix and mobile networks;
- Super fast Internet in the office and on the move;
- Free Cloud services for smart working.

In addition, you will get a budget for purchase of devices according to your needs and a possibility to choose the best interactive television MaxTV at a great favourable price.

Magenta 1 Business – reliable partner of your business!

For more information visit our web site telekom.mk in the business segment, call 120 or schedule a meeting on our web site and we will contact you.



СПОДЕЛИ ДОЖИВУВАЊА

INVESTING IN YOUR AGENCY IS INVESTING IN YOUR BUSINESS!

The negative trend of reduced budgets for marketing and PR agencies in our region discourages agencies' continuous development, reducing the quality of their services to clients. While advertisers have been "tightening belts" for a longer period, the practice has intensified noticeably in the last two years. Agencies are forced to walk on thin ice, negatively impacting their work on behalf of clients.

But while considering whether to lower the budget for the agency that works for them, companies should also consider that lower operating budgets reduce their agency's ability to attract the best talent in the industry. And talent is needed to help companies communicate in a way that will differentiate a product/service in the eyes of consumers.

Tougher competition or market challenges shouldn't be a justification for fewer or more rigid communications. Instead, they should be a strong motivation to invest in the company's whole marketing mix and communications strategy. Without this investment, company efforts are unlikely to bring optimal results.

The creative industry drives the economy in each country; its impact, its influence and development are essential for business success. At a time when production lines are getting their own brand extensions like never before – when one product comes in 10+ varieties to suit different customer profiles – the value of agencies' work is bigger than ever.

Smaller, specialized agencies still have a role to play, however, only well-equipped teams of experts covering every segment – from research administration to strategy preparation, segmentation, design, media planning, advertising and PR – can bring holistic results to companies.



Boris Eftimovski,
Marketing and PR
Consultant, Founder of
www.Marketing365.mk

Of course, advertisers can choose whether to engage a number of specialized agencies or one full-house agency; both choices have their advantages and disadvantages. Either way, cost cutting on the human resources that shape one's creative approach is not a winning strategy. Advertisers need to stimulate agencies of all sizes to attract and develop their overall creative potential.

Finally, when advertisers are motivated solely by the lowest price offered on the market, they are not thinking long term. As a company partner, one's agency needs to be sustainable and stable. If your agency can't survive in the long run, how will they help ensure yours will?



Michelle Osmanli, Executive Director,
AmCham Macedonia

Macedonia has a new government. I recently dug through the new ruling party's proposed Government Work Program 2017-2020 to see how many of the longstanding issues AmCham members have identified are at least mentioned there. In fact, the proposed program touches on virtually all of the key economic reform areas AmCham and its peer organizations have identified over the years. Thus, it seems that we at least agree on the problems and can be have some optimism about finding workable solutions together.

The following is a summary of selected government commitments and background on our established stances in relation to them.

NEW GOVERNMENT PROGRAM SPEAKS TO MANY AMCHAM PRIORITIES

NEW GOVERNMENT COMMITMENT:

Have all institutions critical to the business environment publish official and binding instructions on how to apply the laws they enforce.

AMCHAM STANCE:

This is particularly critical when companies have been punished for interpreting the application of the law differently than enforcement institutions. Companies are often in need of reliable official guidance on the application of laws to their concrete situation. Today, institutions with the authority to decide how a given regulation applies to a concrete company situation do not publish these opinions in that official capacity. This encourages uneven application and means that companies cannot predict how the law will be applied in their case.

NEW GOVERNMENT COMMITMENT:

Fully implement the National e-Register of Regulations (ENER.gov.mk); extend the public comment period for proposed legislation to 20-30 days; reduce the government's use of the "shortened procedure" for proposed legislation which bypasses public comment entirely; reform the regulatory impact assessment (RIA) mechanism.

AMCHAM STANCE:

We applauded the previous Government's introduction of ENER as a commendable move toward increasing public comment on proposed legislation. Unfortunately, over time, the platform has been used less and less by ministries to notify citizens of planned legislative changes, let alone as a tool to encourage open, 2-way communication. We have also long argued that too many laws were passed without any public comment period whatsoever (e.g., 80% of all legislation passed in the first half of 2016). Even when it is respected, the minimum period of 10 calendar days for public comment confirmed by the government was simply too short to allow for thoughtful and constructive responses from company representatives. Finally, we have pointed out for some time that government RIAs are too rare and that impact on the private sector is rarely mentioned by lawmakers when amending even key economic laws; in contrast, State budget impact is virtually always considered.

NEW GOVERNMENT COMMITMENT:

"Face the problem" of unpaid VAT returns and other State obligations toward the private sector.

AMCHAM STANCE:

Our members have long called for any and all reforms aimed at increasing 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. While in 2016, the Law on Financial Discipline applies fully to all budget users, there is no evidence that institutional payment practices have improved. Given the State's obligation to monitor itself in this process (up to and including fines issued to the Minister of Finance himself), transparency of public payment practices is a key missing element of the current system.

NEW GOVERNMENT COMMITMENT:

Remove the cap on gross salaries above which social contributions are not owed.

AMCHAM STANCE:

When the same move was made in 2015, it was met with an uproar from many in the business community and prompted the government to return the cap to 6.100 euros. Given that pension and healthcare benefits remain fixed for individuals, it does not seem reasonable to allow individual contributions to these systems to rise without limit.

NEW GOVERNMENT COMMITMENT:

Increase educational quality over quantity.

AMCHAM STANCE:

We have argued that public investments in education were largely limited to improvements in physical infrastructure and opening new schools and universities. While this may be a very necessary activity in a country with aging public education infrastructure, public investment is at least equally needed in teacher training and the introduction of modern teaching texts and other learning materials. This is particularly necessary in technical and vocational education institutions, which are meant to produce tangible skills that align with the local labor market. While the very high graduation rate from the country's higher educational institutions is often cited as proof that the country's labor force is highly qualified, businesses working here generally agree that the skills gap is widening.

NEW GOVERNMENT COMMITMENT:

Change the approach of inspections from one of fines and other punishments to one of prevention and education.

AMCHAM STANCE:

We have called for increased transparency on the issuance of fines (e.g., which types of entities are being fined and for which types of offenses). Ideally, inspectorates would regularly publish case studies and other instructional materials on issues for which companies are commonly being fined, to help increase voluntary compliance. Further, we have called for each of the country's 28 State institutions that carry out inspections must have a functional web site, where they will publish a relevant laws, sub-laws and internal procedures that are necessary for companies to understand their work and to be able to contact them with open questions. For example, today, the State Inspectorate for Agriculture has no online presence whatsoever.

NEW GOVERNMENT COMMITMENT:

Increase data transparency as a check on government.

AMCHAM STANCE:

We have argued that, to avoid creating a business environment where companies are considered guilty before being proven innocent, complaint and appeal mechanisms must be consistent, transparent and efficient. Thus, reform is needed to prevent abuse of companies by individual inspectors by increasing the transparency of institutional handling of company complaints and ensuring best practices are being applied. Such measures would provide internal and independent oversight of appeal mechanisms and publishing of detailed data on complaints received from companies. As part of this reform, it's critical to increase the transparency of the work of the Administrative Inspectorate; in the absence of concrete information about its workings, companies doubt that it is carrying out its intended function.

NEW GOVERNMENT COMMITMENT:

Provide full protection of intellectual and industrial property rights in the IT sector.

AMCHAM STANCE:

Our members have argued for some time that the State Market Inspectorate (SMI) should be one of the country's most important enforcement institutions when it comes to tackling the grey economy (including protection of IP). However, SMI has virtually no budgetary resources needed to properly carry out its mission. Similarly, the current State Office of Industrial Property (SOIP) struggles to perform even it's most basic function of processing patent and trademark applications; in the 2003-2014 period, SOIP managed to process an average of just 20% of the applications they received. This means that a backlog of thousands of existing trademarks (many of them globally-recognized) have yet to receive basic recognition of their rights in Macedonia. We believe Government efforts to encourage innovation among local companies must begin by efficiently recognizing and protecting those that are already here.

NEW GOVERNMENT COMMITMENT:

Parliament will publish official, consolidated texts of laws according to suggestions made by NGOs, unions and chambers.

AMCHAM STANCE:

Too often, companies are forced to work from unofficial versions of laws that are manually pieced together with amendments either by private service providers or company employees. This practice exposes companies to unnecessary legal risk and favors large organizations that have the resources to manage this difficult process. For example, the Law on VAT was not officially consolidated between the years 1999-2013, despite many amendments to it during that time. Similarly, a consolidated version of the Company Law has not been published since 2004. Thus, reform aimed at reducing regulatory confusion in Macedonia's business environment should include the creation of a process that ensures that the responsible Parliamentary Commission publishes official, consolidated legal texts for general public use within 1 month of any and all amendments.

LONGSTANDING ISSUES THAT I FOUND ENTIRELY MISSING FROM THE GOVERNMENT PROGRAM INCLUDE THE:

- Conflicts and contradiction between legislation currently in force;
- Need for measures to help increase the number and quality of company-based internship programs;
- Chronic underinvestment in enforcement institutions that fight the grey economy and protect consumers, in particular, the State Market Inspectorate;
- Need for general alignment of tax legislation with the requirements of the global digital transformation and global taxation; and
- Review of para-fiscal charges, taxation and penalty policies to ensure they are rational and fair.

PUBLIC PROCUREMENT MONITORING REPORT HIGHLIGHTS

Source: Center for Civil Communications, Monitoring of Public Procurements in the Republic of Macedonia Report no. 28 (July–December 2016), May 2017.¹

Since 2008, the Centre for Civil Communications (CCC) has continuously monitored the public procurements process in Macedonia. Their analysis aims to assess the implementation of public procurement in light of the new Law on Public Procurement (2014) and the principles of transparency, competitiveness, equal treatment of economic operators, non-discrimination, legal proceedings, cost-effectiveness, efficiency, effectiveness and rational public spending, commitment to obtain the best bid under the most favorable terms and conditions, as well as accountability for public spending.

Their most recent report is based on a randomly selected sample of 60 public procurement procedures carried out by contracting authorities on the national level, for which bids opened between July-December 2016.

KEY CCC FINDINGS & RECOMMENDATIONS

23% of tender procedures in 2016 were fully or partially annulled, a 3% increase compared to 2015. Large-scale tenders were more frequently annulled compared to small-scale ones. Monitoring activities recorded a series of tender annulments that could be considered problematic.

CCC recommendation: The Bureau of Public Procurement should be obliged to develop and publish an annual review of annulled tender procedures and identify the contracting authorities with the highest number of annulments.

Aleksandar
Narashanov,
AmCham Macedonia

Bureaucratization of public procurement procedures, including a Council on Public Procurement approval process, remains intense. In 2016, contracting authorities addressed the Council with 16,067 applications for their approval, costing them total of 1.8 million EUR.

CCC recommendation: Implement European Union and SIGMA1 recommendations to assess the Council's benefits, cancel it and reallocate its resources to other institutions.

Nearly 1 in 3 tenders launched in 2016 received only 1 bid. In 2016, this situation was primarily due to low competition observed in the first half of the year; competition increased slightly in the latter half of the year.

CCC recommendation: Introduce oversight and control of the overall public procurement process to: prevent and sanction illegal spending of public funds; ensure implementation of procedures in compliance with the Law on Public Procurements; and verify performance in compliance with signed contracts.

E-auctions were conducted in only 54.5% of monitored procurement procedures. Institutions rushed the introduction of e-procurements. In 2016, as many as 48% of procurements were implemented with full use of electronic means enabled by the e-procurement system, thus exceeding the legal minimum of 30%.

CCC recommendation: In the period 2017-2018, the Bureau of Public Procurements should organize a cycle of free training for microenterprises across the country to facilitate their participation in mandatory e-auctions. e-Auctions should no longer be mandatory and their implementation should be modified.

In 2016, 605 procurement contracts were signed without previously-announced calls for bids; their value amounted to 34.8 million EUR (20% higher compared than in 2015). The most expensive procurement contracts signed in this way belonged to JSC Macedonian Power Plants and concerned excavation of coal and slag for the RU Mines, MEC Bitola, to the tune of about 5.8 million EUR.

CCC recommendation: The legal obligation to obtain approval for bypassing the usual bidding process should remain in effect, regardless of whether the Council on Public Procurement remains. The Bureau of Public Procurements should be obliged to develop and publish annual analyses of "direct award", including a list of all contractors in such cases.

Among 18,444 tender procedures carried out in 2016, companies lodged just 557 appeals (3% of cases), while contracting authorities lodged 43 appeals against decisions taken by the Council on Public Procurement.

CCC recommendation: Make an effort to raise awareness among companies of available legal remedies available to them in public procurement proceedings.

¹ Full report available at: <http://www.ccc.org.mk/images/stories/i28e.pdf>.

NEW CLARITY ON TAX TREATMENT OF CONSULTANT-RELATED EXPENSES + NEW DONATION INCENTIVES

Fair and simple tax regulations are central to a vibrant economy built on trust and integrity of markets, dynamic companies and communities where business and people thrive. Such regulations enable businesses to grow while making a fair contribution toward public services. Though there are a number of benefits to the last amendments, it will be interesting to see, nonetheless, whether this is the beginning of a trend toward greater clarity resulting from enhanced cooperation between the government and business community.

At the end of 2016, the Government amended the Corporate Income Tax (CIT) Law, effective as of January 1, 2017. We will highlight two of these changes, of particular interest and potential benefit to all companies working in Macedonia.

ACCOMMODATION & TRANSPORTATION OF CONSULTANTS

In March this year, the Ministry of Finance amended the rulebook (bylaw) on calculating corporate income tax and avoiding double taxation related to expenses for accommodating and transporting consultants and other non-employees who perform work for a company. This was a welcome development, since, for some time now, there has been confusion and inconsistency in the treatment of such expenses in practice.

The change came about in response to calls from the business



Maja Filipceva, Tax and Outsourcing Service Leader at Grant Thornton Consulting Skopje



Sanja Risteska, Tax and Outsourcing Supervisor at Grant Thornton Consulting Skopje

community and particularly from foreign investors who have recently entered and are expanding their operations in Macedonia. Such companies routinely require professional and logistics support from non-employee experts for management services, know-how transfer, business advisory, training, specialized services from engineers, architects and the like.

THE FOLLOWING KEY TIPS ON APPLYING THE NEW RULES REQUIRE ATTENTION:

- The services provided by the non-employee must be thoroughly documented to ensure their proper tax treatment;
- The new rules apply to expenses related to both citizens and non-citizen consultants equally;
- These expenses will still be subject to a 10% personal income tax.

DONATION INCENTIVES FOR SPORTS

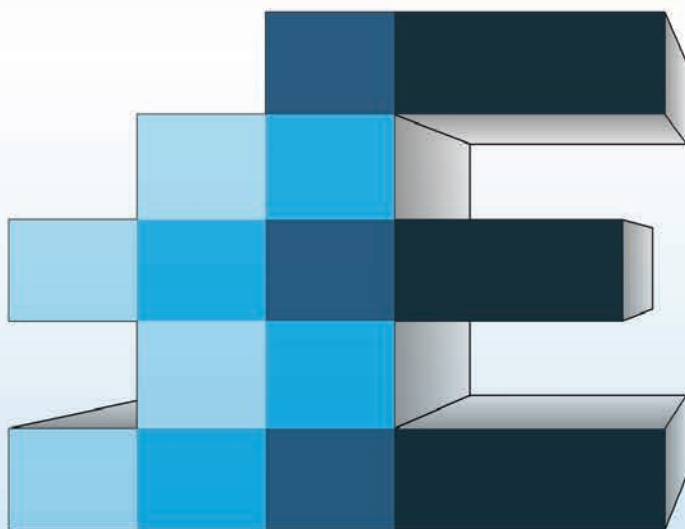
The late 2016 amendment also included a number of new tax incentives for company donations to various sports organizations and athletes, as follows:

- Up to a 40% reduction of the calculated tax of the given donation to the sports federation and Macedonian Olympic Committee;
- Up to a 50% reduction of the calculated tax of the given donation to football (soccer) clubs;
- Up to a 40% reduction of the calculated tax of the given donation to basketball clubs;
- Up to a 40% reduction of the calculated tax of the given donation to handball clubs;
- Up to a 35% reduction of the calculated tax of the given donation to other sports clubs and other sports;
- Up to a 10% reduction of the calculated tax of the given donation to an active Olympic athlete;
- Up to a 5% reduction of the calculated tax of the given donation to an active athlete in non-Olympic sports; and
- Up to a 5% reduction of the calculated tax of the given donation to a sports club that isn't in an organized national league.

ECOTIP

Ecotip Ltd. Skopje is established in 1998 in partner relations with Ecotip Ltd. from Republic of Slovenia.

Str. Orce Nikolov 190-3/5, 1000 Skopje,
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E-mail: info@ecotip.com.mk



The company is specialized in:

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- Transmission and transmission elements
- Industrial oils and lubricants
- Process engineering
- Trade in stainless steel and aluminum
- Professional protective equipment
- Trade in enological products

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SCHIKI

LOCAL ECONOMISTS CALL FOR CORPORATE INCOME TAX CHANGES

Daniela Antonovska, Association of Economic Researchers

The Association of Economic Researchers (AER) is a non-profit organization that promotes independent and objective socioeconomic research and analyses in Macedonia. Together with the “Center for Tax Policy”, AER recently organized a debate in Skopje entitled, What kind of changes in income taxes are needed? The main discussion centered on the importance of controlling and regulating transfer prices and inter-company transactions, tax exemptions for foreign investments and the importance of increasing budget transparency and accountability.

The general conclusion from the debate was that changes are needed in the country's Corporate Income Tax (CIT) approach. If introducing a higher tax rate for companies with high profits is considered, this should be done holistically and with extensive public consultation, analysis and debate.

KEY SPEAKER POINTS & RECOMMENDATIONS

SLAVKO LAZOVSKI (CENTER FORTAX POLICY)

- 2009 amendments to the Law on Corporate Income Tax were made in response to the global financial crisis and introduced the so-called “Estonian model”. This meant that accounting profits realized during the fiscal year are taxable only if they are allocated for payment of dividends or other profit payments.
- Tax experts consider the CIT the ‘queen of taxes’, meaning it is the most complex tax where many details are important, not just tax rates.
- EU directives do not have much to say on what this tax should look like, meaning countries have some freedom in this regard.

BRANIMIR JOVANOVIĆ (AER)

- Two-thirds of the Macedonian profits are generated by the largest 15 companies which have monopolistic or oligopolistic market positions and are essentially extracting social rent. The main reason for this is the low and flat CIT rate. Therefore, it is necessary to adopt an additional, higher CIT rate for high-profit companies. Funds that will be collected in this way should be allocated for improving healthcare, the educational system, or to decrease poverty.

PAVLE GACOV (PRO AGENS / ASSOCIATION OF TAX COUNSELORS)

- The CIT does not currently contribute enough to the public purse. In 2014, CIT revenues amounted to 5 billion MKD (c.80 mil EUR), in State budget revenues, while in 2015, they rose to 12 billion MKD (c.200 mil EUR), due to the abolition of the Estonian model. This is still low when considered as a percentage of GDP: 2.1% before introducing the Estonian model; 0.8-0.9% under the Estonian model; 2% following the abolition of the Estonian model.

BORCE SMILEVSKI (DELOITTE / CENTER FORTAX POLICY)

- CIT revenues in Macedonia are not high, because this tax was never seen as a source of revenue but instead as part of providing a favorable business climate.
- The State is a bad businessman and the private sector manages money better. Generally, the Estonian model should encourage companies to invest. In Macedonia, however, it worked as an anti-crisis measure but did not result in increased investment. That is why Macedonia should not return to that CIT model.

US BUSINESS REAFFIRMS COMMITMENT TO TACKLING CLIMATE CHANGE

AmCham EU members regret the decision of the President of the United States to withdraw from the Paris Agreement. As American businesses invested in Europe, we remain committed to working together to tackle climate change, while creating jobs and growth. This can be achieved through a global framework engaging all players.

AmCham EU has always advocated for a stable and predictable framework for investments. In our view, the Paris Agreement provides clear goals as

well as a balanced and cost-efficient approach to reduce emissions.

Climate change knows no national borders and dealing with greenhouse gas emissions requires a global solution.

The Paris Agreement created a global framework to tackle both the causes and the effects of climate change. The EU and the United States have been instrumental in establishing the momentum for an energy-efficient, low carbon

future, which would ensure a competitive advantage for their companies. At the same time, the agreement enables national governments to address their critical energy security needs in a cost-effective manner.

Moreover, because of its global nature, the Paris Agreement helps transform the global markets for energy-efficient technologies and provides a reliable and predictable international structure.

Source: www.amchameu.eu/news/us-business-reaffirms-commitment-tackling-climate-change



A CLOSER LOOK AT THE EU'S \$2.7 BILLION SWIPE AT GOOGLE

So the Google decision is in.

Being found to have abused a dominant position under European Union (EU) antitrust laws is not exactly surprising. Close antitrust observers have long pointed out that EU law is different than U.S. antitrust law.

The need to abide by different laws in different countries should not come as a surprise to Google. Companies doing business in foreign jurisdictions agree to comply with the laws where they operate – even when those laws are different or questionable. However, there are several aspects to this case that raise questions or concerns.

Reasons for concern start with the fact that this investigation was originally launched back in 2010, seven years ago. To be dragged out for so long is procedurally appalling. No company should face such a tortured path to determining its legal fate.

The decision is also making news for its eye popping fine of \$2.7 billion. What makes this fine in particular so questionable is it comes as a result of a dominance case that took seven years

SEAN HEATHER, Vice President of the U.S. Chamber's Center for Global Regulatory Cooperation (GRC)

to determine if Google was dominant and in fact abusive in its conduct. Dominance cases, unlike cartels, are subjective determinations, sometimes highly subjective. But the European Commission can't on one hand take seven years to find a violation, while at the same time levy the largest antitrust fine the world has ever seen. Surely, if Google's conduct deserved such a record fine, the case against Google would have been concluded long ago.

For all that care about sound competition enforcement, an even bigger problem has come in the form of the imposed remedy. The Commission's conduct remedy could put Google at risk of perpetually violating the European Commission's order. Today it is not at all clear how far Google must go to satisfy the Commission's order. The penalty for non-compliance is stiff, set as a percentage of average daily worldwide revenue for each day Google is found to be out of compliance. Not only are these additional penalties for non-compliance extraterritorial in nature, but a company should not be constantly looking over its shoulder to know how to comply with the law.

Further, all companies should take note that the EU has sent a signal that it is prepared to judge algorithms in the overwhelming procompetitive era of big data as a matter of competition concern. If heavy-handed approaches to big data are taken as a matter of competition enforcement, innovation will be threatened. After all innovation is the very thing all companies rely on to compete.

Others may charge the European Commission's decision as being biased against an American firm. However, upon a closer look, what is clear is the Google decision exposes the difference between U.S. and EU's antitrust laws, the Commission's poor ability to run a timely proceeding, and the problem of potentially overreaching remedies.

Source: <https://www.uschamber.com/above-the-fold/closer-look-the-eu-s-27-billion-swipe-google>

ARE TEMPORARY EMPLOYMENT RULES ABOUT TO CHANGE?

The new Government Work Program 2017-2020 includes a requirement for companies to create full-time, indefinite employment positions for any role that exists more than 6 months. Today, organizations commonly engage individuals for up to 5 years via temporary employment agencies. Given

that full benefits are paid to these employees, the practice is largely motivated by the need for greater flexibility when dismissing employees for business reasons or poor performance. Thus, this would be a radical decrease in employment flexibility for companies and should be watched carefully.

#WORLDIPDAY 2017

AmCham once again marked April 26th – World Intellectual Property (IP) Day this year by acknowledging the role of IP (patents, trademarks, industrial designs, copyrights) in encouraging innovation that improves our lives.

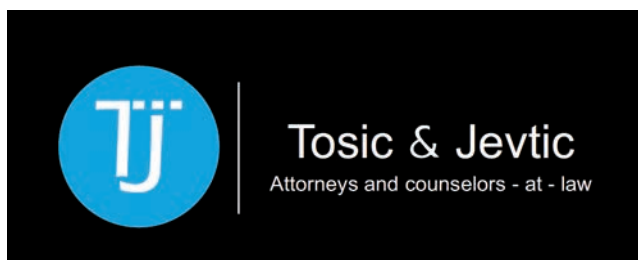
Via a dedicated social media campaign, we shared several global practices and examples of how patents recognize and reward inventors for their commercially-successful inventions; the positive effect new technologies have on society; the economic opportunities of technological research and development (R&D); and the role that IP serves in making small businesses more attractive to investors. We also promoted the State Office of Industrial Property’s online patent, trademark and industrial design registration database.

Finally, we produced a documentary-style video starring our patron member, Wabtec MZT. We wanted to highlight the local economic impact of their patents as well as their influence on their global competitiveness. The Facebook audience response was over 85,000 views and counting!

Our campaign was rounded off with AmCham Magazine articles featuring an interview with the General Manager of Microsoft Macedonia and Kosovo on how a culture of innovation benefits everyone, as well as an analysis of tax incentives that encourage R&D.

Let us know what you thought of our IP Day efforts this year and share your ideas for next year! Counting down to #WorldIPDay2018

NEW MEMBER HIGHLIGHT



Totic & Jevtic is a law firm specialized in the corporate sector. Their main focus is on:

- Business Law
- Real Estate & Securities
- Labor Law;
- Intellectual Property
- Litigation & Disputes resolution;
- Foreign investments in Macedonia.



The energy efficient adventure continues.

Do you remember the youngest Janevi? Andrej and Nikolina, in the new season together with their friends Maja, Bojan, Marko and of course Bubu, will learn many new things about energy efficiency and saving electricity.

Join and learn with them!

More at: facebook.com/energetskamatematika.mk

Ministry of Economy of the Republic of Macedonia
Energy Agency of the Republic of Macedonia



THE FUTURE IS CLEAR - ENERGY EFFICIENT

EVN

OPEN A DOOR

INTERNSHIP

PROGRAM

Throughout the year, the AmCham Executive Office staff helps university students from low income households gain access to internship opportunities in our member organizations.

We continue connecting member companies with ambitious university students from low income families for the third year and we encourage you to

contact AmCham Macedonia if your organization is willing to accept at least one intern via our program this year.

To express your interest and/or ask a question, please contact the Executive Office at: 3214 716 or mail communication@amcham.com.mk.

CURRENT PLACEMENT



**Darko Jefremov,
Intern at Ohridska
Banka Societe
Generale (OBSG)**



The expectations I had before my internship started were met and exceeded. I learn new things every day and my colleagues are very helpful.

In my opinion, young people in Macedonia are overly-rational, they don't want to "lose" their time on internships, especially unpaid ones, they feel like they won't learn anything new and useful.

I urge them to start thinking differently! There is nothing better than finishing your studies and using the summer to get a better understanding on how companies work and what are their expectations. It is very different from what we are taught theoretically.

Besides, internship opens many doors, you get to meet new people and learn new skills, giving you an advantage in the labor market.

NEW MEMBER HIGHLIGHT

PIPEREVSKI
& ASSOCIATES

Piperevski & Associates have a proven expertise in cyber security, ethical hacking and education consultancy with experienced team of certified professionals and experts. Their team represents an unparalleled depth of experience and specialization in planning, preparing and conducting ethical hacking, effective penetration testing followed by world class cyber security incident response.



ADVERTISING ETHICS – GLOBAL TRENDS & REGIONAL PRACTICE

The American Chamber of Commerce in Macedonia (AmCham Macedonia) on Thursday, June 29th, organized an event in the spirit of promoting fair competition and responsible business conduct, by hosting a debate on ethical advertising in

Macedonia. Top regional experts from this field presented at the event, in an effort to promote the critical role that self-regulation plays in the industry. Roughly 100 guests from the advertising industry, the broader business community, university

representatives, international organizations and state institutions attended the event.

Participants had a chance to hear presentations from: Saso Pesev (MKD), Vanda Kučera (SRB), Kamilo Antolovic (CRO) and Stevan Randjelovic (European Association of Communications Agencies). Their presentations touched on globalization's positive and negative impacts on the creative industry in small markets, the Serbian advertising industry's approach to influencing relevant public policies there, the advantages of self-regulation of advertising in Croatia, as well as the major issues trending on the European policy stage in Brussels. Pesev highlighted copyright protection of artists as important area for improvement in Macedonia, citing a lack of local legal expertise as a major barrier. He said obvious conflicts of interest (e.g., joint ownership of PR and media organizations) and a very poor example being set



by political campaigns in the country contributed to an environment where ad ethics did not generally receive the attention it deserves.

In the second part of the event, we had the opportunity to hear local professionals and their experiences with the efforts they make when trying to implement global advertising standards in their daily activities. Radmila Dimova (Makedonski Telekom AD) focused on her organization's internal efforts to educate customers and prevent misleading claims. Our last presenter, Milos Radulovic (Alkaloid) discussed the lengths to which Alkaloid goes to tailor its ads to regulations and ethical standards in each market it is active. He compared and contrasted the extremely regulated ad approval process for pharmaceuticals vs. food and food supplements and he thought more needed to be



done globally to prevent false and misleading claims.

Based on the discussion, AmCham's Executive Director, Michelle Osmanli, concluded that all ad industry stakeholders needed to work proactively to raise ad standards and consumer awareness. She said that cooperation with consumer protection organizations, educational institutions and enforcement bodies was an important part of this effort. She also said stakeholders should insist on their voice being heard in the formulation of the key policies that impact them. Finally, stakeholders need to hold each other accountable for upholding ethical standards, including by going to court and pushing enforcement bodies to do more in this area.

AAG ON WHY PERFORMANCE MANAGEMENT SYSTEMS MATTER

On April 20th, AAG – Analysis and Advisory Group’s Managing Partners, Verica Hadzi Vasileva-Markovska and Tereza Serafimova, presented the main advantages of successful Enterprise Performance Management System (EPMS) implementation, the pressing need for having an agile workforce and the value it brings both to the employees and the customers. AAG’s team emphasized the role that HR leaders need to play in closing the gap that occurs with the rapid change in technology and the need for adaptability by individuals, businesses, civil society and governments.

The group shared the main obstacles they face in trying to implement EPMS’s within their organizations, such as: lack of funding, miscommunication, lack of qualified personnel on higher positions. Comparable experiences from wide range of sectors were shared among the participants.

They agreed that tailored and successful EPMS can be implemented, only after thorough analysis of organizations’ unique specific needs.



BASE EROSION & PROFIT SHIFTING TRENDS WITH KPMG MACEDONIA



On May 25th, member KPMG Macedonia held an M2M session to introduce interested members to the OECD’s Base Erosion and Profit Shifting (BEPS) Package and discuss its short and long term implications for MNCs working in Macedonia.

KPMG’s Koce Jovanov led the session, providing a brief historical overview of the BEPS, pointing out 15 measures created to help governments combat MNC tax avoidance. He explained that the measures focused on closing legal loopholes that have allowed MNCs to avoid taxes altogether or pay them in tax jurisdictions with the lowest rates, regardless of where profits were actually generated. He said the OECD package also aims to help governments protect companies from lengthy disputes between tax authorities in such cases. KPMG’s Katerina Mitevaska also joined the conversation regarding local application of these measures, noting that intergroup transactions were already receiving increased attention from local authorities and that data exchange with other national tax authorities was advancing.

IVANA DOJCINOVSKA-STOJANOVIC DELIVERED A CAREER PLANNING WORKSHOP

On May 11th, as part of the Guest speaker program with the Faculty of Economics Career Center (Cyril & Methodius University), Ivana Dojcinovska-Stojanovic, HR Director at Wabtec MZT AD Skopje, delivered a Career Planning session before the Faculty's students.

AmCham and Faculty of Economics Career Center started their cooperation in 2015, allowing working professionals to offer formal and informal training on job searching strategies, interviewing skills, networking, public speaking/presentation skills and teamwork to the faculty's most ambitious and knowledge-hungry students.



DELOITTE ON DOUBLE TAXATION & SOCIAL SECURITY CONTRIBUTIONS FOR EXPAT STAFF



On May 9th, Elena Atanasovska, Tax Consultant at Deloitte Skopje, shared her expertise on overcoming challenges related to companies reducing their tax and social contribution obligations with respect to expat staff. She provided concrete examples of cases she had managed where companies were unable to take advantage of international agreements that Macedonia had signed in order to prevent expat staff from paying twice for a single benefit. She also recommended that companies obtain the Macedonian Public Revenue Office's

official confirmation of the tax treatment of specific cases, given their very limited experience in this sphere. The group agreed that companies should insist on these benefits and push for the responsible public institutions to fully implement them.

Later in the session, Borce Smilevski briefly introduced attendees to measures being introduced in over 100 countries to prevent Base Erosion Profit Shifting (BEPS) and fielded a number of questions regarding the application of such measures in Macedonia.

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
 Alvogen Pharma Macedonia dooel
 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
 Komercijalna 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
 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

Analysis and Advisory Group
 doo Skopje
 BI-MEK doo Skopje
 Cakmakova Advocates
 CEED Macedonia
 DMB Production dooel Prilep
 Facility Management Services
 dooel Skopje
 Frontwise Group doo Ohrid
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 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

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 LLC, Skopje
 QSI International School of Skopje
 SNB-REACT U.A. Skopje

*New Member



Сигурни за секој литар!

In OKTA we created the first integrated program for control of the quality and quantity of our fuels.



We conduct regular control of our storage capacities



At the petrol stations, we check and mark the dispensers with a control sticker for guaranteed quantity



We continuously control the quality and quantity of our fuels throughout the year



Health above all


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