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SPOTLIGHT: CONSUMERS DESERVE BETTER PROTECTION

ALSO IN THIS ISSUE



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Analysis of
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LIFE'S FOR SHARING



Dear AmCham Macedonia members and friends -

Welcome to the Winter 2017 edition of AmCham Magazine. I hope you'll benefit from our coverage of Macedonia's progress and remaining challenges related to consumer protection.

Consumer groups and companies generally agree that Macedonia's current legal and institutional framework meant to protect consumers is sorely in need of improvement. After hosting a roundtable on this topic last spring, we additionally gathered conclusions from a number of companies in the retail and telecommunications segment active in our Fair Competition committee and will call this year for the Ministry of Economy to begin addressing them. It is clear that the relevant laws need to be thoroughly reviewed and improved with thorough engagement from companies, but more importantly, enforcement bodies must also be equipped with the training, funding and tools required to effectively do their jobs.

Given a very busy fall-winter season, we've also provided coverage of a number of our recent events in this issue, including our 16th Annual General Assembly, speaker program with Bett Mickels, our traditional Thanksgiving and holiday party.

We plan to kick off the 2017 AmCham events calendar with a Member-to-Member Learning event where winners of National CSR Awards for 2015-16 programs will share details on their award-winning programs with their peers in other companies. We'll also continue collecting member feedback on key economic laws to call for Macedonia's new government to increase sincere dialogue with companies on the laws that impact them most.

Looking forward to our successful cooperation in 2017,

Michelle Osmanli
Executive Director

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EDITOR-IN-CHIEF: Michelle Osmanli • PHOTOGRAPHER: Maja Janevska Ilieva • DESIGN: Zoran Inadeski
COVER PHOTO - Gjoko Petkovski • ADVERTISING INQUIRIES: info@amcham.com.mk



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

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STRONG, HONEST COMPANIES PROTECT CONSUMERS

It's difficult for consumers to know they're getting what they pay for when filling their fuel tanks. How can they be sure they're getting the right quality and quantity? Although there is a legal frame, the State Institutions have a lack of efficient means and mechanisms to ensure consumers they aren't being misled. The only choice for the consumers left is to rely even more on the companies and brands they buy.

According to Macedonian law and regulations, all fuel sold in the country must meet the highest EU standards and the State Market Inspectorate is responsible to ensure this is the case. As for the quantity, the Bureau of Metrology should ensure fuels are measured accurately. However, due to the lucrative nature of the fuel trade and high taxation, these products are always a target for all kinds of misuse. While standards, regulations and controls exist in every

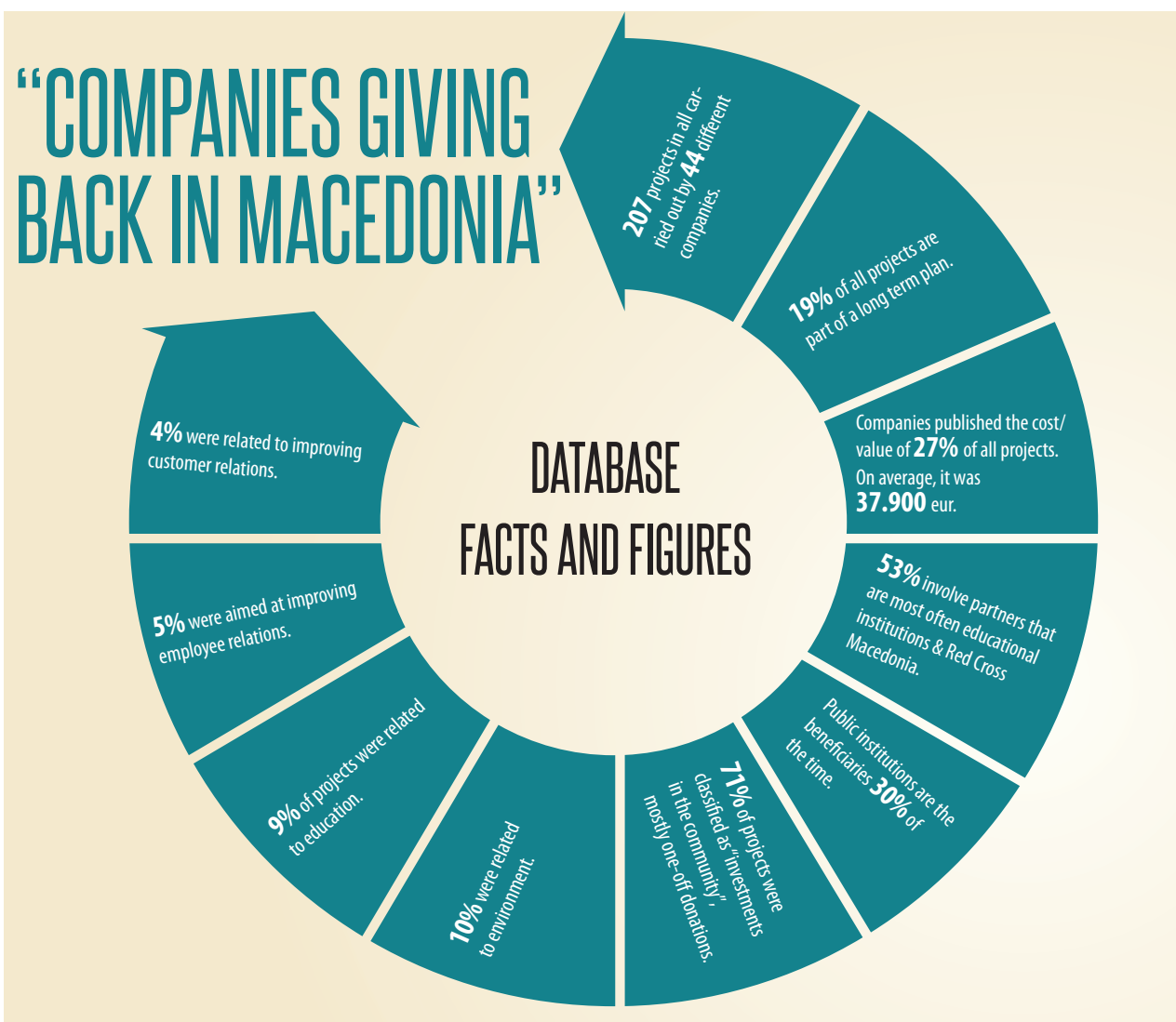
Author:
Marija Stavreva,
Manager of CSR
& Communications
Department,
OKTA AD – Skopje

country, dishonest providers always find a way to operate. In markets where consumer skepticism is greatest, honest companies have to take extra care that their products and services are delivered to the highest possible internal and external standards and in line with well tested internal procedures. Consumers generally accept that renown and strong brands are less likely to risk their reputation by supplying unregulated fuels and would invest in systems to ensure that everyone working with and for them act accordingly.

This isn't to say that there are no honest small players. On the contrary, some consumers are very loyal to small suppliers and have developed a trusting relationship with them over years. This is the goal of any honest company – to earn their customers' trust and loyalty.

In this context, OKTA implemented its Program Guarantee over the past 2 years and it is now an integral part of its operations. The Program includes an independent, mobile laboratory that carries out regular, unannounced checks on the quality and quantity of fuel at all OKTA petrol stations. After verification, dispensers are marked with a yellow label that read "Verified", assuring customers they are getting precisely what they are paying for.

The Program is already widespread in most countries where the Hellenic Petroleum Group works and is a unique way for the company to build customer confidence throughout their network. Program Guarantee not only protects OKTA's customers, but it openly addresses their concerns through constant and direct communication.



NEW MEMBER HIGHLIGHTS



CENTRAL PROPERTY MANAGEMENT CP2M CENTRAL is a joint venture company of CPM International LLC from Albania and K&K DOOEL form Macedonia, established as a special purpose entity for market entry and expansion of CENTURY 21 as a franchisee in Macedonia, primarily in Skopje. CP2M is

established in Macedonia, according to the local legislature and each office opened will be operated as subsidiary.

Vision:

We aim to become the BIGGEST - a market leader by performance of the residential RE transactions in sales and letting in Macedonia.

Mission:

Our mission comprises with C21's golden standard and our vision to become the BIGGEST by performance through incorporating our values and our commitment to grow by providing excellent service delivery.

GG's Point Slogan:

A service redefined, tailor just for YOU.

MEDIATION A KEY TO INCREASING CONSUMER RIGHTS PROTECTION

AM: Do you think Macedonia's consumer protection framework creates legal uncertainty for both consumers and businesses?

MLV: Consumer Protection legislation in its essence is quite dynamic, constantly evolving and covering many areas including those regulated by the Law on Obligations, the Law on Consumer Protection and other specialized laws (e.g., legislation on product safety, food safety, data protection, financial services, travel package, telecommunication services, e-commerce, public services at the national and local level). Experiences in this area suggest that the Consumer Protection requires further harmonization with EU's consumer protection legislation. . Parallel to this process, it is necessary to connect and harmonize legislation on a national level, defining the responsibilities of institutions that are responsible to implement and enforce these legislation, which would create better legal environment and certainty both for consumers and businesses. Insufficiently regulated consumer rights give space to companies to make their own rules, which are not always to the advantage of consumers, and then problems often arise in such cases.

Author: Marijana Loncar-Velkova, MPPM, President, Consumer Organization of Macedonia



AM: You have been a proponent of mediation as the best method to settle most consumer rights-related disputes. How do you envision this functioning?

MLV: If alternative (amicable) dispute settlement (ADR) would fully function, it brings possibility to faster, simpler, cheaper and more efficient dispute resolution between consumers and companies, since it would bring out of court dispute settlement resolution. For this reason, the new EU Directive on ADR should be transposed into Macedonian legislation as soon as possible. This Directive applies to disputes solving between consumers and companies with respect to the sale of goods and/or services in all economic sectors, whether the purchase is made on- or offline. We also believe that even now consumers should be encouraged to use mediation in their disputes with companies (since this is already regulated by the Law on Mediation). Consumers often decide against going to court against companies, since they believe that their chances of winning are too small. If promoted properly, mediation could allow consumers to avoid costly and long lasting court proceedings and to be quickly compensated. This is especially recommended for larger groups of consumers who want to

protect their collective rights with respect to the same company or group of companies.

AM: How do you assess the current legal framework's coverage of consumer protection in public services?

MLV: One part of the Law on Consumer Protection already regulates public services. Our research shows that the Law needs to more clearly define:

- What is meant by "public services";
- The rights of vulnerable consumer groups; and

- The obligations of public service providers.

A new Law on Consumer Protection is planned for 2017. The new law will certainly have to set minimum standards for resolving complaints by consumers submitted to the companies and to provide an obligation for service providers to keep statistics of consumer complaints they receive, the status and outcome of proceedings, as well as options for ADR with consumers.

AM: In your opinion, are international companies helping raise consumer protection practices in Macedonia? Please elaborate.

MLV: Foreign companies entering our market are well-versed in the issues concerning consumer rights protection and they bring and apply positive experiences with the aim of increasing sales and satisfied customers. The entry of foreign companies in our market contributes to the development of new production methods, new standards and ways of managing companies, creating product lines aligned with developed markets and consumer rights, thus increase consumer expectations with respect to product and services quality.

AMCHAM COMMENTS ON MACEDONIA'S 2017-19 NATIONAL ECONOMIC REFORM PROGRAM

The European Commission invites all enlargement countries to prepare annual Economic Reform Programmes (ERPs); Macedonia, along with all other Western Balkan countries and Turkey, submitted its first ERP in January 2015. This activity is meant to help candidate countries and potential candidates to enhance their economic policy and its governance.

In late December 2016, AmCham Macedonia was invited to review and comment on a draft of the Macedonia's 2017-19 ERP. While just 6 working days were allowed for this process, AmCham submitted comments based on its previous year's submission (all of which remained relevant) and added several key issues raised by companies within advocacy committees throughout 2016.

As was the case with the previous year's review, AmCham members felt the proposed program did not adequately address the areas they felt were most relevant and in most urgent need of reform attention. The following is a list of those issues raised in this year's submission, which should be published in full as an Annex to the final 2017-19 ERP very soon:

The ERP should include reforms to:

- enable a significant increase in financial discipline of budget users toward the private sector. Specifically, such reform should include a standardized methodology in the Enforcement Law by which municipalities' reserved "operational funds" are to be calculated in enforcement proceedings and introduce other measures that prevent blatant and long-term abuse of private contractors who have delivered public works in good faith.
- foster real, open and systemic dialogue with industry.
- reduce the grey economy. We highlighted the importance of the State Office of Industrial Property more efficiently performing its core function of processing trademark and patent applications as a cornerstone of any Government efforts to encourage innovation and reduce the grey economy.
- reduce regulatory confusion. We cited the lack of implementing legislation for the Enforcement Law which came into force on 1.1.2017 as another problematic case of regulatory confusion.
- increase the predictability, consistency, fairness of inspections.
- increase transparency and oversight of company appeal mechanisms.
- ensure taxation and penalty policies are rational and fair. We called for an assessment and rationalization of parafiscal charges levied at the national and municipal level. We also recommended that Corporate Income Tax and Value Added Tax legislation should be aligned with the requirements of the global digital transformation, thereby contributing to the ease of providing electronic services and conducting e-commerce in Macedonia, as well as to the overall transparency and revenue collection.
- encourage internships in companies.
- ensure strategic investments in educational quality.

WE NEED AN HOLISTIC CONSUMER PROTECTION STRATEGY

AM: In your opinion, what are the major challenges faced by Macedonia's current consumer protection framework?

JDA: Efficient and effective protection and enforcement of laws in practice is the biggest challenge. Even though there are laws, governmental & judiciary bodies, we as consumers sometimes feel robbed or unprotected.

Continuous education of all involved in the protection of consumer rights is also lacking. There are constant efforts in this direction, but they have proven insufficient. Manufacturers, vendors and service providers need education through chambers of commerce and other associations. Training is also required for police officers and all relevant inspection bodies. There is also a need for judges to be specialized in this area. The courts have never acted in an ex officio capacity to void unfair clauses in contracts, for example. There is no court practice addressing so-called "black" or "gray clauses" mentioned in the Law on Consumer Protection.

Due to lack of funds, there is no magazine in the country that regularly informs consumers in an unbiased way about the products offered on the market. In other markets, products are routinely and objectively compared to provide greater insights

Author: Jadranka
Dabovic - Anastasovska,
PhD, Faculty of Law
"Iustinianus Primus"

to consumers. The Consumer Organization of Macedonia is working in that direction, but despite the usefulness of their magazine, it can't be compared with similar magazines published in modern countries that have the financial, human resources and reference laboratories. This kind of magazine could be published via cooperation with other NGOs, universities and public institutions.

There should also be a greater focus on influencing the consumer habits at the earliest possible ages as well as educating our young people about consumer rights throughout their formal education.

Other challenges include the needs to:

- Improve the collection and processing of data on consumer policies to provide a better basis for the development of future regulations and other initiatives;
- Increase efforts by the Council for Consumer Protection in Government to assert itself, to hold regular meetings and ensure respect of its decisions;
- Create a real public debate;
- Create an adequate and comprehensive system of market surveillance;
- Provide mechanisms and procedures for law enforcement and consumer protection;
- Invest and strengthen active consumer associations;
- Improve the capacities and forms of international cooperation at regional and international levels;
- Encourage extra-judicial dispute resolution,
- Create conditions for collective protection of consumer interests through court litigation as well as extra-judicial procedures.

We need a new law on Consumer Rights Protection. The 2004 law was changed several times to align it with EU directives, but amendments to the law can also make it more difficult to enforce. A new law would clearly indicate that consumers are entitled to certain minimum rights and other laws regulating the trade of goods and services. Other laws that regulate standards, technical specifications, health and safety, etc. can only increase consumers' rights above and beyond those provided in the basic law.

In short, we lack a long-term, holistic strategy for consumer rights protection that includes, for example, the definition of vulnerable consumers and measures to ensure their protection and prevention of discrimination against them.

Finally, perhaps the most important challenge is to establish a dedicated Agency for the Protection of Consumers with adequate human and financial resources to coordinate all activities required to implement efficient and effective consumer protection in the country.

AM: What can you tell our readers about Macedonia's Unfair Competition Law? Adopted back in 1999, it seems to overlap heavily with the Law on Consumer Protection and a number of other laws. Do you believe it should be repealed?

JDA: These laws are not contradictory, but of course they need updating. We need to enhance and to implement European solutions and do a lot more in terms

of law enforcement. The fact that this law hasn't been touched in 17 years, there are no data on how it's been applied and it was meant to address dynamic areas like e-advertising, all suggest the need for legislative and enforcement action.

AM: Do you believe there is a need for greater protection of companies from abusive consumers?

JDA: In Macedonia, we can't talk about aggressive consumers who abuse their rights, since we have such low public awareness. For example, I've run across educated jurists who don't think consumers should be allowed to return rotten milk! In our country, there are no examples of aggressive consumers joining forces to damage companies. In our markets, despite the work of market inspectors, there are still expired products for sale, expensive products with excessive packaging to increase their weight, irregularities in the way prices are presented, clauses in contracts for

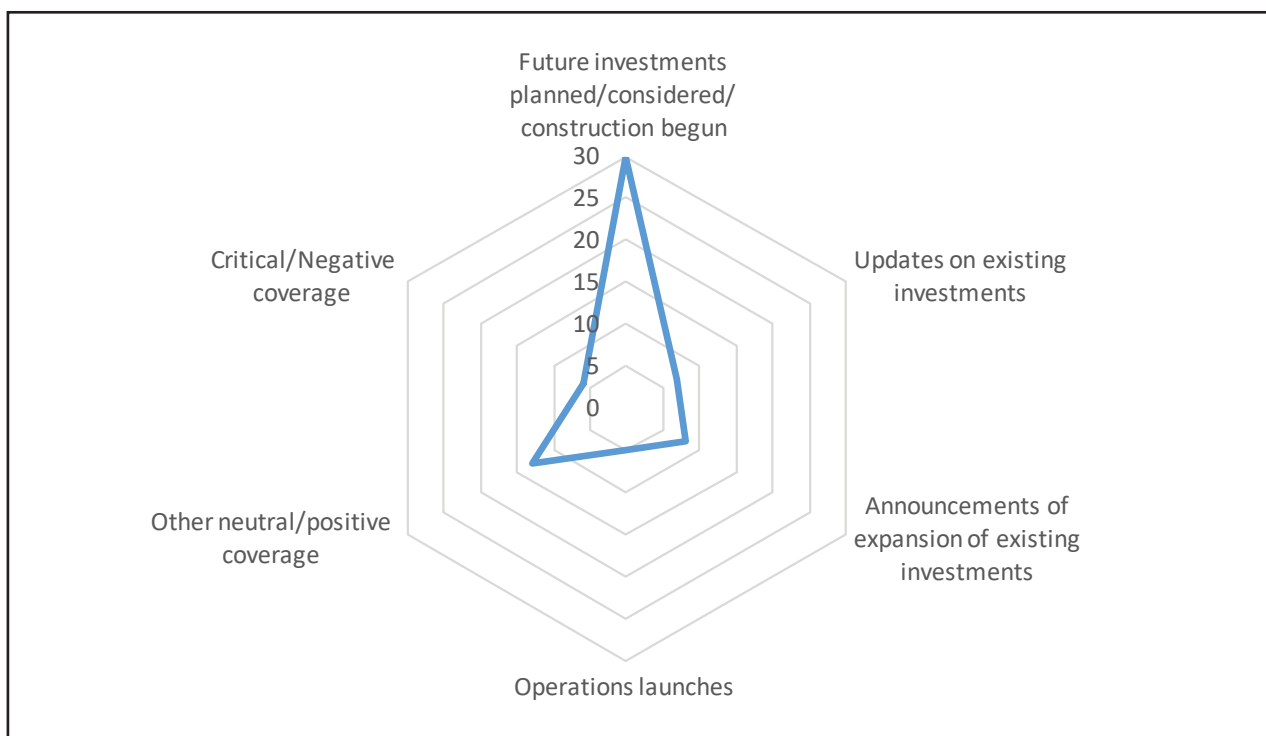
financial services that are dishonest, and so on.

AM: What is your opinion of the Ministry of Economy's Consumer Protection Program for 2017 – 2018? Will it be sufficient to make some progress in this area?

JDA: The Program is aimed at raising awareness and educating consumers but the allotted budget for it totals MKD 550.000 per year (<9.000 EUR). This shows the government's attitude towards this complex issue. Nothing concrete is mentioned for the biggest challenges: A new law, establishing a long-term strategy, establishing an Agency, providing a consumer magazine including objective product comparisons, protecting vulnerable consumer groups.

The program is realistic given its budget, but inadequate to achieve a high level of protection of users and alignment with international standards for consumer protection, present in EU countries.

FDI Themes Covered by National Media in 2016



AmCham Macedonia analysis of SKOPJE ECONOMY® clipping service by Skopje Diem; January - December 2016."



24/7 service in Macedonian,
Albanian and English language.

10
YEARS
in Macedonia
The bright side of life

EVN

“KEY ECONOMIC LAWS” HISTORICAL ANALYSIS – 2006-2016

FACTS & FIGURES

With the enormous help of its Lawmaking & Enforcement Committee members, AmCham undertook an historical analysis of amendments made to 21 laws considered by members to impact the economy as a whole. Here are some of our key findings:

259 AMENDMENTS IN TOTAL

- Law on Labor Relations – 33 amendments + 12 reversals by the Constitutional Court
- VAT Law – 19 amendments
- Company Law – 19 amendments

OVERALL, 45% OF ALL AMENDMENTS TO THESE 20 LAWS WERE PASSED USING THE “SHORTENED PROCEDURE” (I.E., WITHOUT A PUBLIC COMMENT PERIOD)

- Law on Social Contributions - 95% of all amendments were passed without public comment
- Law on Pension and Disability – 93% of amendments passed in shortened procedure
- Law on Personal Income Tax – 63% of amendments passed in shortened procedure
- Law on Corporate Income Tax – 57% of amendments passed in shortened procedure
- Of all key laws we analyzed, the shortened procedure was used the least (20% of all amendments) on the Law on Banks

AVERAGE NUMBER OF AMENDMENTS MADE SINCE LAST CONSOLIDATED VERSION OF THE LAW WAS PUBLISHED: 7.

MOST COMMON PERIOD ALLOWED BETWEEN ADOPTION OF AN AMENDMENT AND ITS ENFORCEMENT: 8 DAYS

IN THE FORMAL JUSTIFICATION PROVIDED WHEN PROPOSING THESE AMENDMENTS, LAWMAKERS MENTIONED POSSIBLE IMPACTS OF THE CHANGES ON THE PRIVATE SECTOR IN JUST 8 CASES AND WITH RESPECT TO 2 LAWS (VAT AND TRADE LAW).



AVOIDING COUNTERFEITS SOLD ONLINE

With the rise of the internet we have seen a huge change of shopping habits. Who hasn't been offered products from a major brand and extremely lower prices via a pop-up on their Facebook account? For React, an international anti-counterfeiting association, it has meant a swift pivot toward protecting right owners online in addition to traditional channels.

Back in 2009, React recognized the rise of online infringements and began keeping an eye on online sales of counterfeits. React's Internet Monitoring Program started as a very modest service handled by our local offices on some local online platforms, with only a couple of counterfeit advertisements removed per month. But each year, slowly but surely, the number of auction platforms rose, and with it, the number of infringing products being sold online! In addition to these platforms, people started registering more and more of their own webshops, and most recently, selling counterfeits via the most popular social media platforms like Facebook, Youtube, Instagram and APPs. In response, React now has two leading teams dedicated to Online Protection, one based in Skopje, Macedonia and the other in Guangzhou, China, both of which are supported by local teams in India, Vietnam, Latin America and other countries.

Here in Macedonia, online sales have significantly increased on all

Author: Eli Mufisovski, Regional Director React Balkan & Manager React Online Enforcement Program

levels: stand-alone websites, social media accounts, and local and global platforms. The main reason is that for over a year now, Macedonians can purchase products online and have them delivered within one day. Ordering a branded product for half the regular price and having it delivered to your home within 24 hours sounds appealing, right? Even more appealing is the access some sites offer to brands that are otherwise not sold here.

Consumers of counterfeits can be divided into two general groups: those who know they are buying fakes (though they may not be fully informed of the associated health and safety risks) and those that don't. The group of consumers willingly and knowingly buying fake products look for products using the words "fake, replica, cheap" in the advertisement itself. But unsuspected consumers will realize the products they have ordered are counterfeits when it is too late! The following scenarios are all too common:

- A site 'disappears' after you have ordered and paid for your product; no product is ever delivered and there is nowhere for you to complain.
- You receive your order but realize it is not of the quality you expected from this brand. This leads you to conclude it is a counterfeit OR that the brand has lowered its quality standards, damaging the brand's reputation through no fault of its own!
- Online infringers often use unauthorized, copyright-protected pictures of legitimate products, making it impossible for the buyer to know what they're ordering in advance. You try to return a product, but the phone numbers provided online are out of order, the personal information of the site's owner is privacy protected, and the physical address provided on the website is false.

It is all too easy for online infringers to hide in the big web of the internet. Sellers can choose who they are, where they are, what they do and offer what they please; they choose and adjust their identity according to what they wish to offer.

This puts consumers in a difficult situation. We want the convenience of buying online, yet we often have no idea who is on the other side, what is really being offered and how to protect ourselves! Should we simply stop buying online to avoid any risk? Of course not, but consumers should use common sense, the same as they do as when buying in a traditional shop. Namely, choose carefully where you buy online! Most right owners have their own official and



licensed websites, use those when possible. If you're not using the official, licensed brand website, keep the following tips in mind:

- The Golden Rule: If it looks too good to be true, it probably is!
- If a product is very cheap, be suspicious.
- Be sure online payments to the seller are secured.
- Check the origin of the goods; are they coming from China? Unfortunately, most counterfeits do.
- Check the rating of the seller on platforms like Ebay and Amazon.

And what should you do, if you realize you've been scammed? At a minimum, complain about the seller to the organization running the platform or social media account. Most platforms provide a place for you to submit complaints as a buyer. When it comes to commercial, stand-alone websites, you'll have to try complaining to the site owner or the internet service provider, which is unlikely to result in appropriate action.

You can reach out to organizations as React to report these type of infringements, and even inform the right owners directly; they might not be able to help you get your money back, but it could help

prevent damage to other innocent consumers in the future! Traditional consumer-protection institutions are generally not well-prepared to defend consumers online. Even though it is clear a criminal activity has taken place, we struggled to identify and locate the infringer. There is no physical shop to which we can send market inspectors or police. Nevertheless, in some countries, authorities have organized in a way to be able to take online infringements very seriously in recognition of the damage they do to consumers and the overall economy.

Expats Can Avoid Paying Double Social Insurance Contributions

Macedonia has signed "totalization agreements" with a number of countries, allowing expats from those countries to work here, maintain their social security benefits and avoid paying social security contributions in two countries on the same earnings. The Macedonian Health Fund (MHF) informed AmCham that the current list of countries with which they have such agreements can be found on <http://www.fzo.org.mk/>.^{*} In short, eligible expats need to obtain a bilingual Certificate of Coverage issued by their national public health system at home and submit it to the MHF here

in order to take advantage of this benefit. Once expats have received a Decision from the MHF, companies should apply to Macedonia's Public Revenue Office to obtain a special code to be used when executing the expat's salary payments using the MPIN system.

^{*}At publication, the list included: Austria, Albania, Belgium, BiH, Bulgaria, Germany, Italy, Luxembourg, Poland, Slovenia, Serbia, Slovakia, Turkey, France, the Netherlands, Croatia, Montenegro, the Czech Republic.

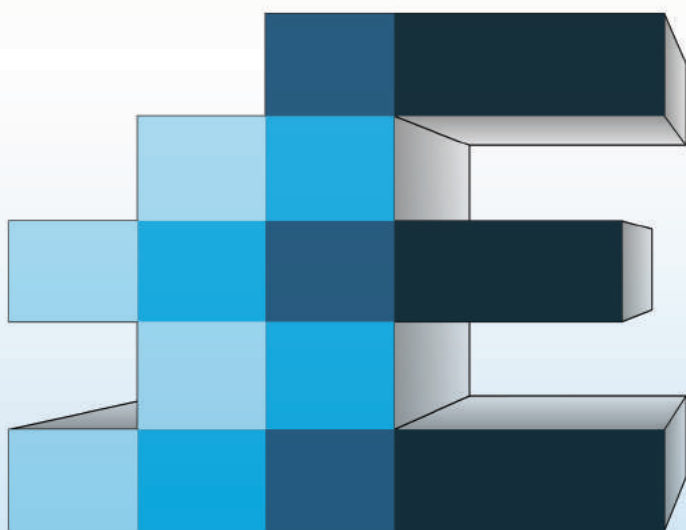
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RESPONSIBILITY WITHOUT CONTROL - PRODUCT REPAIRS IN THE LAW AND IN PRACTICE

The current legal framework

The Consumer Protection Law gives consumers the right to specialized and authorized service of the products they buy whether or not they are under warranty. The same law requires manufacturers (if they are legally established in the country) or importers of these products to service and repair the products they sell. This means that importers are often legally required to provide maintenance, service and repair for products.

Also by Law, retailers (note: who are usually not the importer) are required to provide all required documentation to the end consumer, including a free-of-charge offer to repair the product while it is under warranty. This means retailers have an overlapping obligation with importers/manufacturers.

Entirely missing from this problematic arrangement are the authorized service providers (ASPs) who are actually, in practice, responsible for servicing and repairing products for consumers. ASPs don't appear in the Consumer Protection Law, thus have no legal responsibility vis-à-vis consumers.

In practice

The practice product manufacturers authorize one company to import their goods and another to service and repair them. This means manufacturers require retailers to delegate the service and repair of their products to an ASP. This is done via inter-company contracts, which are totally unregulated by Macedonian law.

When consumers encounter a problem with a product they buy,

Author: Katerina Popovska, Head of Legal Department, Neptun Macedonia

they usually complain to the retailer that sold it to them. However, the retailer is rarely authorized by the manufacturer to diagnose or fix the problem, so s/he instead transfers the product to the ASP. The retailer then is responsible for communicating the ASPs findings to the customer.

Alternatively, when customers take defective products directly to ASPs, the retailer that actually sold the product to them is left totally out of the process. Unfortunately, if customers are unsatisfied with the ASPs' work, they again return to the retailer to seek a solution. Most problems occur in this second scenario, since retailers cannot do anything until the customer has already been disappointed by the product and the ASP.

In short, ASPs have guaranteed customers but are not ultimately held responsible for their work in Macedonia. This situation may actually incentivize them to deny more claims for warranty coverage. The situation is further complicated by the fact that some brands have just one ASP in Macedonia. Thus, retailers who sell that brand have no control over the quality of service that is ultimately provided to their customers.

The following real-life case illustrates the problem: by law, products must be serviced and returned within 30 days; if the product is held more than 30 days, consumers can demand a remedy from the retailer prescribed by law. In one case, the ASP returned a product after 31 days and the customer demanded that the retailer furnish them with a new product rather than accept the one they had submitted for service.

Current penalties for retailers' failure to comply with warranty obligations also deserve mention. Namely, Article 48 of the Consumer Protection Law states that retailers that fail to comply with the 30 day maximum can be fined 4.000 EUR and even be shut down for a certain period of time. Thus, under the current framework, the failure of an ASP to keep a deadline in a single case could do irreparable damage to an entire retail operation.

The Solution

Given the limited number of manufacturers that are present in Macedonia and the fact that the country is open to international trade, it is critical that the Law on Consumer Protection and Law on Obligations are brought into line with global practices. This means recognizing and regulating the role of ASPs, which is so critical in many retail segments. After all, the responsibility to protect consumers from defective products must be demanded from those that have control.

BRINGING CONSUMER PROTECTION ONLINE GLOBALLY & LOCALLY

There are about 20 million e-commerce stores selling products on the Internet around the world today that generate more than one trillion US dollars in revenue. The world's largest markets for e-commerce are the United States, China, and the United Kingdom with electronics, fashion, services, books, and tickets being the top categories. The details, however, vary greatly between countries and product categories.

"IF YOU CAN MAKE IT, YOU CAN FAKE IT"

An entire online supply chain—parallel to legitimate distribution channels—has grown around counterfeit goods. This illicit but highly profitable industry takes advantage of the same online tools, techniques and best practices employed by legitimate brands online. A 2016 OECD study estimates that counterfeit and pirated products have increased from \$250 billion in 2007, to up to \$441 billion in 2013, which is about 2.5% of world imports. This amount does not include domestically produced and consumed counterfeit and pirated products. That same year, imports of counterfeit and pirated products into the EU amounted to nearly \$116 billion, or up to 5% of EU imports.

Author: Jaromir Levicek, Head of Operations 1 Section (Economic Issues, Institution-Building, Cross-Border Cooperation) at the Delegation of the European Union to the former Yugoslav Republic of Macedonia

According to FBI, Interpol, World Customs Organization and International Chamber of Commerce estimates, roughly 7-8% of world trade every year is in counterfeit goods; that is equal to as much as \$512 billion in global lost sales. Sales of counterfeit goods affect a wide range of industries, from high-margin luxury and technology goods to low-margin consumer goods like batteries, shampoo, gasoline and food. Other impacts include product safety issues—especially in pharmaceutical, automotive, aviation, healthcare electronics and similar industries—accompanied by increased legal liability risks. The Internet's rapid growth—along with its instant global reach and anonymity—has significantly escalated the situation. Online counterfeiting can impact companies in a number of ways, including compromising revenues, channel relationships, customer experience, marketing effectiveness, legal liability and more.

IGNORING COUNTERFEIT—OR JUST HOPING FOR THE BEST—SIMPLY ISN'T GOOD BUSINESS.

It is immensely important to educate consumers. Consumers can be an important ally in minimizing sales of counterfeit goods and their associated costs. Consumers should be proactively shown the risks of buying from unauthorized sources, and recruited to report suspicious goods and sellers. The dimensions of the counterfeit trade have risen and made it a modern and global phenomenon that is linked with corruption, illicit market, drugs trafficking, terrorism, illegal labour, money laundering or cyber-crime. Average consumers must be made aware of these links since they are ultimately the victims of counterfeit-related crimes. Criminals will counterfeit anything just for the sake of personal profit.

Further, we should all be vigilant when shopping online, and not fall victim to professional-looking websites that appear to be selling genuine products. Promotion is an important part of this illicit ecosystem. Counterfeiters use the same tactics as legitimate marketers, such as paid search ads and search engine optimization to lure buyers to their sites. 14% of searches on a branded item lead online users somewhere other than the legitimate brand's site. While some of these searches may lead to legitimate resellers or partners, it's reasonable to assume that many of them end up on the site of a counterfeiter.

THE LOCAL FIGHT

The situation in the former Yugoslav Republic of Macedonia requires improvement from a legal perspective to ensure a wide range of consumer protections. Legal framework on consumer protection is not fully aligned with the EU acquis, in particular as regards consumer rights and consumer alternative dispute resolution. Consumer organisations exist, but are weak and provide only awareness-raising activities on non-safety-related issues; State grants only cover advisory services and fees to international consumer organisations. Also, the existing mediation scheme is too expensive for consumers. The Ministry of Economy operates with limited resources when protecting the consumer and this is a serious impediment in ensuring effectiveness.

The country's general product safety framework is also not sufficiently in line with the acquis. The State Market Inspectorate operates

with a very limited budget, but still manages to carry out some 1,000 inspections on an annual basis in connection with the general product safety law. In 2015, 200 inspections were of construction products while the rest were of household appliances, windows, doors, toys and children's clothing. As a result, illicit goods were withdrawn from the market or their import was banned. In 2015, the State Sanitary and Health Inspectorate tested 208 samples of toys and found non-compliance in 10 cases.

Detection of counterfeit medicines is still not legally authorised and the analyses produced by the country's three public laboratories are ignored by the courts. The lack of awareness of the threats to health and safety allows for counterfeit foodstuffs, cosmetics, toiletries, medicines, toys, technical and electronic equipment to be sold from stalls, in the streets, in markets and other outlets. Cyber security in the country

is low and there is no strategic approach to ensuring efficiency in this area. The lack of administrative resources in the Ministry of Economy continues to hamper effective policy implementation and coordination. On product safety-related issues, further efforts are needed by regulatory bodies to ensure effective consumer protection and complete alignment with the General Product Safety Directive. In addition to health and safety concerns, counterfeits harm the economy by damaging legitimate businesses and starving innovation; many jobs are also put at risk. Against this threat, there is only one thing to do – EU and national authorities should aim for a zero-tolerance policy against the distribution of counterfeit goods. That's why cooperation between authorities – both at the national and international level – to trace counterfeit channels and tackle the 'counterfeit pyramid' is so important.





16th ANNUAL GENERAL ASSEMBLY



AmCham Macedonia held its 16th Annual General Assembly on Tuesday, October 18th at M6 Educational Centre featuring an annual report of activities and the election of the following Board of Directors members:

Slavko Projkoski, Chief Financial Officer, Makedonski Telekom AD – Skopje;

Ljupco Georgiev, General Manager, Microsoft DOOEL Skopje;

Mihael Solter, General Manager, Philip Morris-Tutunski Kombinat Prilep, DOO Skopje;

Jovan Radosavljevic, General Manager, Pivara Skopje AD; and Georgi Markov, Senior Manager-Tax and Legal Services Leader, PricewaterhouseCoopers, DOOEL Skopje.



AmCham's Executive Director highlighted the following important achievements over the past year:

- Member engagement in events, communications and committees - >90%
- Held 23 events that touched >800 people
- 15 advocacy-related meetings
- 42 media mentions
- 4 unique publications + 1 update
- Magazine distribution: 4.000 hard copies + 2.300 views online
- 11,185 unique site visitors (up 45.9%)
- 38 e-newsletters sent to >770 people
- Promoted 120 member success stories (up 32%)
- Facebook followers ~3,714 (up 65%)
- AmCham would like to thank all Board candidates as well as to the 59 member companies present at this important annual meeting.



AMCHAM MEMBERS SWEEP NATIONAL AWARDS FOR CSR PRACTICES

A total of seven of our member companies were recognized recently for their 2015 CSR projects, programs and practices. They were:

◆ **EVN Macedonia** for their "Encouraging reading habits" project

◆ **Alkaloid Skopje** for supporting Sports Organizations and National Teams

◆ **Roche Macedonia** was recognized as the year's most innovative CSR practice for their "Share the Light" campaign

◆ **Seavus** for their "Seavus Incubator"

◆ **Feni Industries** for their "Developing environmental public awareness with transparent brochures" project

◆ **Pakomak** for their "ECO cafes & restaurants" project

◆ **Sparkasse Banka** for their "Employee humanitarian activity" and "Social entrepreneurship award" projects

The winners were selected by the Corporate Social Responsibility National Coordinative Body, founded in 2007 and announced at a ceremony organized by the Ministry of Economy.

Congratulations to all of our winners for their success in raising the CSR bar in Macedonia!



Health above all

2016 HOLIDAY PARTY



On December 14th, 2016 we opened the holiday season with over 110 guests from our member companies, international organizations, state institutions, associates and contributors. Together, we closed a successful year with a "Hollywood" themed party, live music featuring famous movie soundtrack tunes and enjoying traditional holiday food and drinks.





Certificates of appreciation were awarded at the event to 2016's most active committee contributors: Maja Filipceva, Veton Qoku, Tatjana Siskovska, Vesna Gavrilovska and Georgi Markov (not pictured).





Канцеларија,
на кое било место,
во кое било време.

Работете секаде, во секое време,
на секој уред.

Office 365 е секогаш подготвен.



RECOGNITION OF SUPPORT FOR SKOPJE FLOOD RELIEF AND ANTI-HUNGER CAMPAIGN

On an event hosted by U.S. Ambassador Baily and Mrs. Capie Polk at their residence on Vodno, AmCham recognized the member companies that donated in response to Skopje's floods this summer and/or Red Cross Macedonia's "Think of Us" 2016 campaign against hunger.

A total of 20 of our members responded to this summer's Skopje flood with roughly €474,000 of funding and donations in kind. The largest by far was a €100,000 funds donation from Pivara Skopje. Other sizeable contributions came from Granit (loaned equipment & volunteer operators), as well as substantial funds donations from EVN Macedonia, Stopanska Banka, Cementarnica Usje, Komercijalna Banka and Makedonski Telekom.

For the third year in a row, this year's Thanksgiving fundraiser was in support of the Red Cross "Think of Us" campaign, which provides food to many local families at risk throughout the year. The AmCham team encouraged members to donate and, though this year's donations were a bit dampened

by the attention on Skopje's flood recovery, 17 of our members still supported this campaign with over €9,000 of cash and donations in kind. That translates into one-time aid sufficient to feed roughly 360 families for 2-3 weeks.

List of the members that donated:

- Alliance One
- Avto Moto Sojuz na Makedonija
- Ecotip
- EVN Macedonia
- Halkbank
- Inbox Archive & Data Center
- Karanovic & Nikolic
- Nova International Schools
- Ohridska Banka
- Okta
- Polenak Law Firm
- Savings House Fulm
- Silk Road Bank
- SNB React
- Sparkasse Banka
- Uniqa
- Van Hool





FALL SPEAKER PROGRAM ON ENTREPRENEURSHIP & EXPANSION STRATEGY



In November 2016, in cooperation with LinkAcross, AmCham hosted Bett Mickels, an American Franchise and Operations Brand Strategist, for a dynamic and informative program of activities centered on business expansion models and entrepreneurship. Bett's background with globally-recognized leaders in franchising (e.g., Starbucks, KFC, Ford Motor Company) and willingness to share with a variety of audiences added huge value to last fall's program.

In addition to several meetings with leading local companies experienced in franchising or interested in exploring this model either as franchisees or franchisors, Bett generously agreed to speak to 40 young professionals at Pivara Skopje's training facility. Her talk there



centered on entrepreneurship and particularly, on the "business canvas" model of developing a new business idea. She emphasized that young people should follow their instincts and take advantage of new media to test their business ideas directly with potential clients rather than agonize over a formal business plan. Her advice was well received by the audience, a mixture of

graduates from Pivara's Young Professionals Program led by Motiva, Summer Work & Travel Alumni Association members and participants in AmCham's Open a Door internship program.

The speaker program continued with a dinner with AmCham Patron and Board members and a presentation to members of CEED Macedonia, this time on various business expansions strategies, including franchising. This group of experienced entrepreneurs made for a lively discussion on the necessary leadership style, revenue model, people and marketing required to expand business operations here in Macedonia.

The highest profile event of the week of on November 10th, where over 80 businesspeople representing big and small organizations took part in AmCham's Business Expansion Strategy Seminar. A key take-away from the session included Bett's advice to carefully consider why expansion is desirable (i.e., to increase revenues, offer a new service, improve existing operations?) since the answer to this question should be reflected in one's expansion strategy. She also talked in detail about the need to create a replicable, scalable business model, which requires very different skills and knowledge than creating a one-off entrepreneurial venture. She also said it was critical for innovators to assess the skills they lack and build teams that bring an holistic approach to their work.

AmCham would like to thank all of our partners for their help making this speaker program so diverse and impactful!



NEW MEMBER HIGHLIGHTS



Pakomak is a non-profit company founded in 2010, whose main activity is management of packaging waste. According to the new law on management of packaging and packaging waste, since January 2011, Pakomak is the first company in Macedonia,

licensed by the Ministry of environment for selection and processing of packaging waste.

Company's goal is to build long-lasting and solid cooperation with its customers and the Government and in accordance with European regulations – to minimize the negative impact of packaging waste on the environment, to promote a responsible attitude towards the companies packaging waste, thus allowing better quality of life to all.

Pakomak is open to include all companies that have an obligation to manage their packaging waste and are aware of their social responsibility to provide a healthier environment. As part of Pakomak, new member – companies have equal treatment as the founding companies.

СИТЕ БОИ НА ТЕМНОТО

Двојно печен јачменов слад.
Богат темен вкус.



OPEN A DOOR

INTERNSHIP | PROGRAM | HIGHLIGHTS

PIVARA SKOPJE HOSTS 5 “OPEN A DOOR” PROGRAM INTERNS

Throughout the year, the AmCham Executive Office staff helps university students from low income households gain access to internship opportunities in our member organizations. Students need only to submit a completed form and evidence of their low income status, then we do our best to find an internship that suits their interests and needs.

AmCham would like to acknowledge Pivara Skopje's contribution to the program this year. Right now Pivara is hosting five interns in their Operations department. Darko Jefremov, Blagoj Veselinov, Ivona Ristovska, Ivana Antovska and Radmila Stepanovska are all gaining valuable experience and skills such as: communicating effectively (verbally and written), interpersonal skills, analytical skills and problem-solving, work ethics and engagement, initiative and driving actions.



FBI Presents Cyber Security Trends



This October, in honor of the U.S. Cyber Security Awareness Month, AmCham held an info session for members from a variety of sectors on cyber security trends. The session was led by representatives of the FBI Legal Attaché Office in Sofia, Bulgaria. It was an opportunity for experts and non-techies alike to gain from FBI insights into cyber investigations, hacker tools, techniques and future threats.

The presentation emphasized that individuals have a personal responsibility to reduce their own risk of attack while online and that companies have to consistently enforce policies they create to protect their sensitive information from being compromised.

This event was made possible by the U.S. Embassies in Macedonia and Bulgaria.

M2M Info Session: PwC's PayWell 2016

PwC led an M2M session on their PayWell 2016 Salary & Benefits Survey in November. Participants had a chance to hear about the product's main benefits and advantages, including:

- Reliable information on compensation, benefits and relevant HR policies, as well as with comparative market data;

- Detailed report on compensation and benefits policies, operated by the companies active on the Macedonian market; and

- Overall reward management information.

The group also discussed other benefits participants in the survey could gain, including the ability to benchmark job descriptions against global standards. Participants were also pleased with the affordability of the survey.





A few days after opening this year's AllWeb 2017 Digital Marketing Conference where AmCham was a sponsor, about 40 of our members benefitted from a hands-on workshop led by speaker Blagica Bottigliero. Ms. Bottigliero is an Emmy winning digital marketing and social media practitioner with family roots in Macedonia.

The "DIY: Digital Marketing Campaign with (almost) no budget" workshop had it all: Engaged participants, a competitive atmosphere, challenging questions and innovative solutions to everyday problems. More than 65% of attendees said the workshop exceeded their expectations, brought great value to their businesses and had a great facilitator.

Special thanks to Darko Buldioski, the Program Director of AllWeb, for the great cooperation again this year!



NEW MEMBER HIGHLIGHTS



STOPANSKA BANKA a.d. Bitola

Stopanska Banka a.d. Bitola is a universal bank conducting deposit and commercial-investment activities. In accordance with the positive legislation, principles

of liquidity, safety and profitability, the Bank is operating in services such as: factoring and financing of commercial transactions, payment operations in the country and abroad, economic and financial consulting.

This year, for the second time, the bank was awarded by the Global Banking Finance magazine "The best corporate bank in 2016" and "The best retail bank in 2016", and the President of the Board, Mr. Vladimir Eftimoski was granted the award: "Best CEO in the banking sector for 2016". Also, the financial magazine "The Business Worldwide" awarded Mr. Vladimir Eftimoski, the awards: "Best CEO in the banking sector in Macedonia for 2016", and "Most innovative CEO in the banking sector in Macedonia for 2016 year". The mission of the Bank is to be elite financial institution in the Republic of Macedonia and abroad.

AMCHAM

MEMBER LIST

Patron

Alkaloid AD Skopje
 Ecotip doo Skopje
 EVN Macedonia AD Skopje
 Makedonski Telekom AD - Skopje
 Microsoft doel 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 doel
 ArcelorMittal Skopje (CRM) AD
 ASSECO SEE doel Skopje
 Avon Cosmetics doel Skopje
 Avto Moto Sojuz na Makedonija
 CBS International doel Skopje
 Cementarnica Usje AD Skopje
 Cevahir Gurup AD Istanbul Turkey
 – Skopje Branch, Macedonia
 CISCO Systems Macedonia
 doel Skopje
 Deloitte, doo Skopje
 DHL Express Macedonia
 doel Skopje
 Diners Club International MAK
 doel Skopje
 Ericsson Telecommunications
 Macedonia doel
 Euroins Insurance AD Skopje
 Eurostandard Banka AD Skopje
 EY doo Skopje
 Feni Industries AD Kavadarci
 Fersped AD Skopje
 FOD doel Novaci AD ELEM Skopje
 GD Granit AD - Skopje
 Gemak Trade doel Skopje
 Grant Thornton, doo Skopje
 Halkbank AD Skopje

IMB Mlekara AD Bitola
 Johnson Matthey doel Skopje
 Karanovic & Nikolic doo
 Kemet Electronics Macedonia doel
 Komercijalna Banka AD Skopje
 KPMG Macedonia doo Skopje
 Lynx Europe doel 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
 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
 doel Skopje
 ProCredit Bank AD Skopje
 Roche Macedonia doel Skopje
 Savings House Moznosti doo Skopje
 Seavus doel Skopje
 Soravia Invest doo Skopje
 Sparkasse Banka Macedonia
 AD Skopje
 Stopanska Banka AD – Skopje
 TAV Macedonia doel Petrovec
 TechnoLogica doel Skopje
 The Coca Cola Company
 Tinex-MT doel Skopje
 Unija Finansiska Skopje doo
 UNIQA AD Skopje
 Van Hool Macedonia doel
 Veropulos doel Skopje

Business

Analysis and Advisory Group
 doo Skopje
 Cakmakova Advocates
 CEED Macedonia
 DMB Production doel Prilep
 Facility Management Services
 doel Skopje
 Inbox Archive & Data Center
 doel Skopje
 Infinite Solutions doo Skopje
 M6 doo Skopje

Macedonian Stock Exchange
 AD Skopje
 Mepring Todor doo Skopje
 Monet Technology Services doel
 Netra doo Skopje
 Nextsense doo Skopje
 Nielsen Audience Measurement doo
 Nova International Schools Skopje
 Pashoski Tobacco Dealer
 doel Skopje
 Plati Brzo doel
 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 doel Skopje
 Teknoxgroup Macedonia doel
 Teteks AD Tetovo
 Tikves Winery AD Skopje
 University American College Skopje
 VezeSharri doo
 Vino – M doel Skopje
 Z-SoftNet doo

Entrepreneur

*Central Property Management
 CP2M Central doo Skopje
 Experts doo Skopje
 Financial Company Mladinec
 doel Skopje
 IWM Network doel
 Meloski Consulting doel Skopje
 Monevski Law Firm
 Motiva doo Skopje
 Temporary Work Agency Motivi
 Ultranet Ultra doel 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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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.