

INVEST IN MACEDONIA



REPUBLIC OF MACEDONIA | A Dozen Reasons to Invest

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Deputy - CEO, Agency for FDI
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GOALS OF THE AGENCY

 **Enhanced organizational structure** to support main activities:

INVESTOR SERVICING

POLICY ADVOCACY

AFTERCARE

EXPORT PROMOTION

COUNTRY PROMOTION AND INVESTMENT GENERATION

ORGANIZATION AND ACTIVITIES

Evaluation & Strategy

- Business opportunity analysis
- Identification of supplier base
- Identification of project-specific location factors
- Cost analysis
- Site pre-selection
- Organization of meetings with state and local authorities
- Organization of meetings with legal advisors and financial partners

Decision & Investment

- Site visit organization
- Final site decision support
- Incentives negotiations and establishment of formalities

Aftercare

- Support with relevant tax and legal issues
- Coordination and support of negotiations with other state and local authorities
- Support with your future expansion or reinvestment needs



ORGANIZATION AND ACTIVITIES

Export Promotion

- Business development - promotion to foreign markets and support for companies in aspects of business contacts through: trade fairs, B2B meetings, and generating leads through a network of economic promoters

Country Promotion

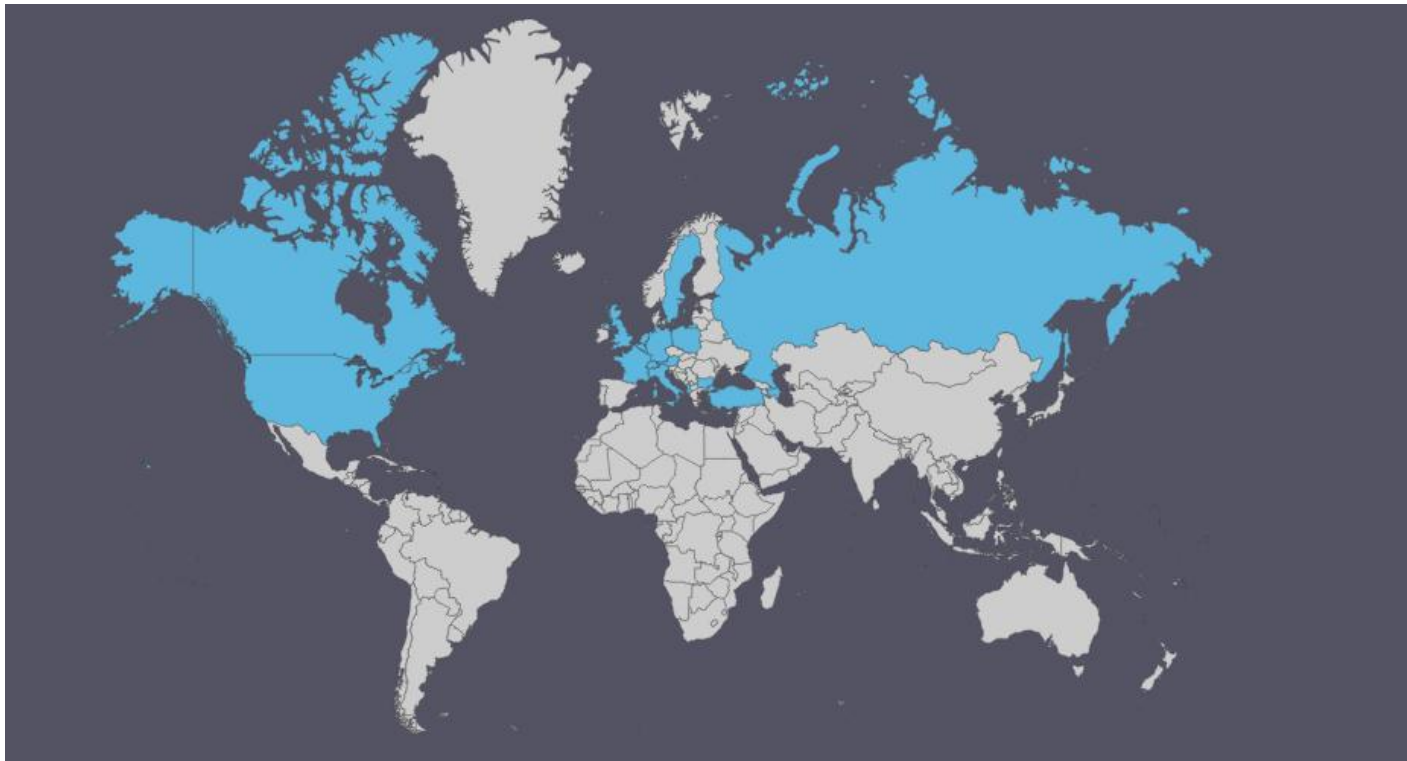
- Build the image of Macedonia as an attractive business destination
- Organization of a media campaign “Invest in Macedonia”
- Studies on target sectors
- Presentation and participation at expositions
- Coordination of road shows as part of Team Macedonia
- Appointment of economic promoters to target countries to promote investment incentives, opportunities and potentials in Macedonia



Country promotion and Investment generation

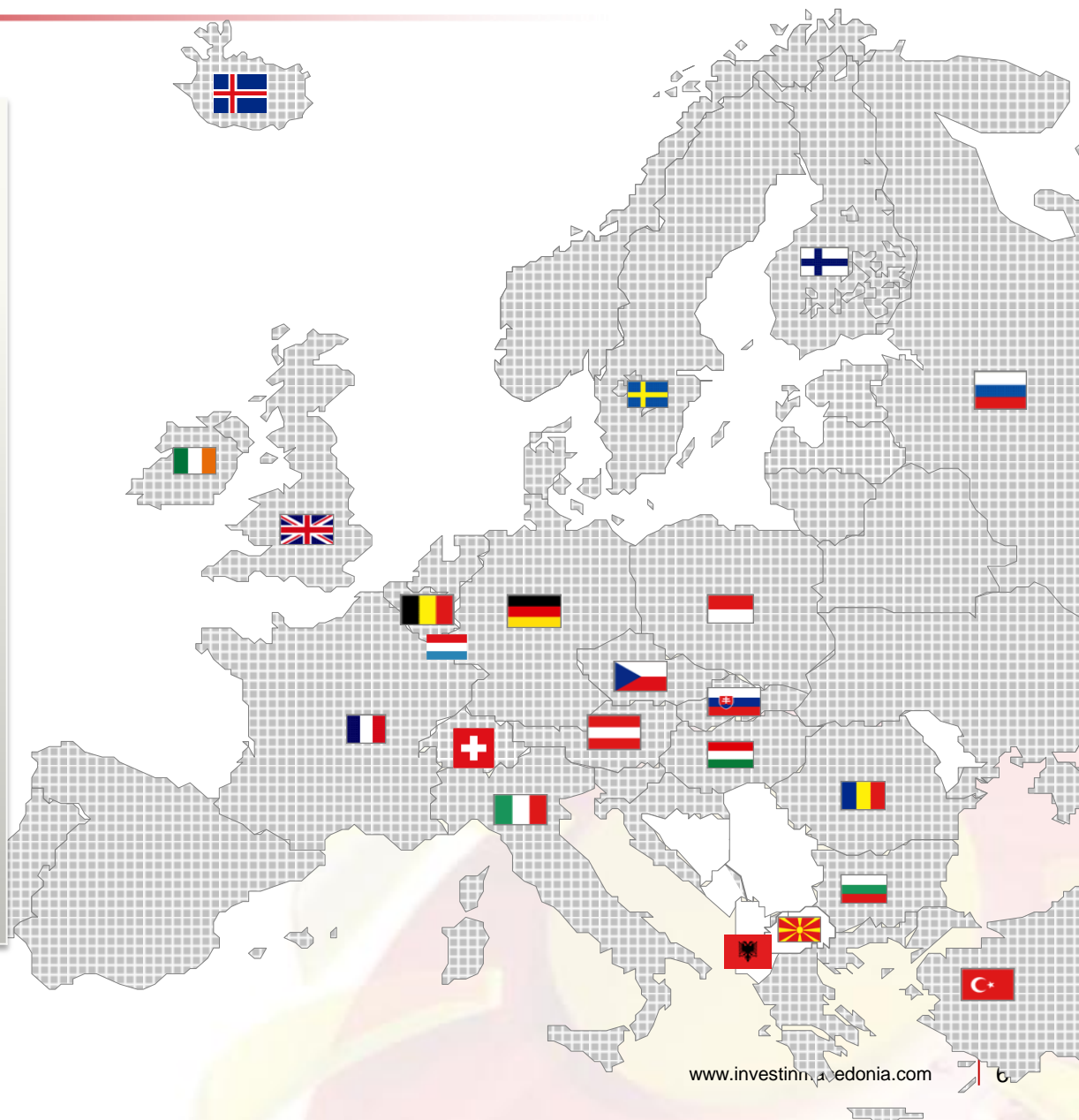
❖ Foreign offices

- 27 economic promoters operate from Invest Macedonia's offices abroad



Countries covered- EUROPE

- | | | |
|----|--|--|
| 1 |  | ITALY |
| 2 |  | GERMANY |
| 3 |  | AUSTRIA |
| 4 |  | SWITZERLAND |
| 5 |    | UNITED KINGDOM with IRELAND and ICELAND |
| 6 |  | BELGIUM |
| 7 |   
 | POLAND with, CZECH REPUBLIC , HUNGARY and SLOVAKIA |
| 8 |  | NETHERLANDS |
| 9 |  | FRANCE |
| 10 |   | SWEDEN with FINLAND |
| 11 |  | RUSSIA |
| 12 |   | BULGARIA with SERBIA |
| 13 |  | TURKEY |
| 14 |  | ALBANIA |



Countries covered- WORLD



- | | | |
|---|---|-------------------|
| 1 |  | USA - Chicago |
| 2 |  | USA - Miami |
| 3 |  | USA - Los Angeles |
| 4 |  | USA - Washington |
| 5 |  | CANADA |
| 6 |  | MEXICO |
| 7 |  | AZERBAIJAN |

WHY MACEDONIA?

Utility Costs

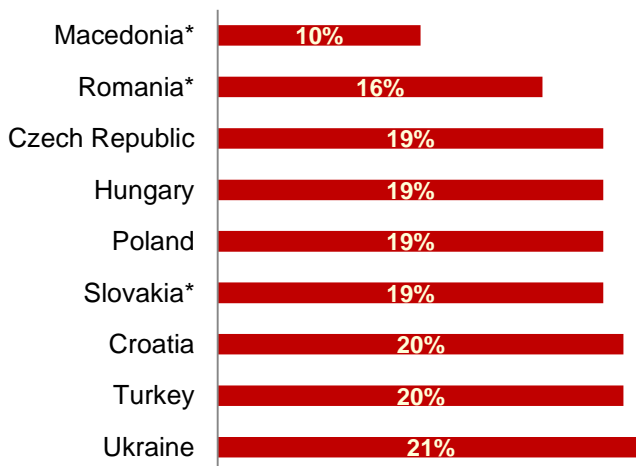
Utility prices for industry are among the lowest in Europe:



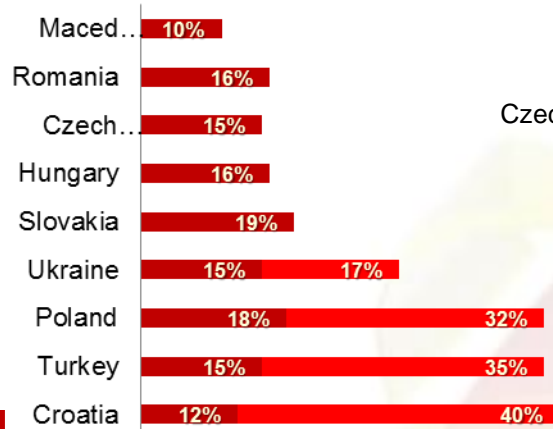
Source: Energy Regulatory Commission of the Republic of Macedonia; PE Vodovod Skopje, 2014



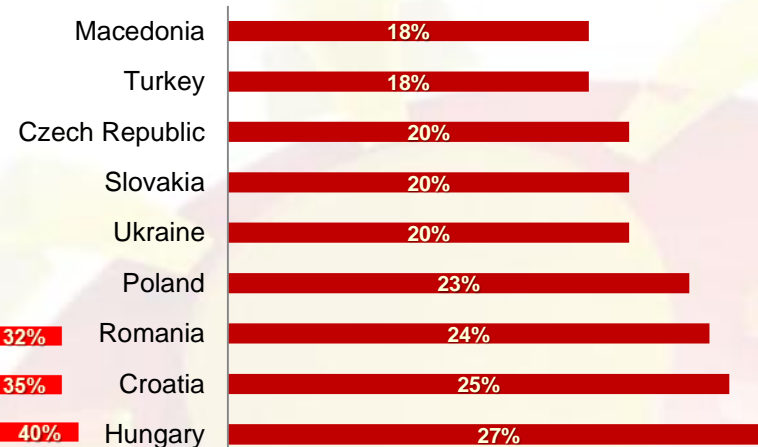
Corporate Income Tax



Personal Income Tax



General VAT Rates



WHY MACEDONIA



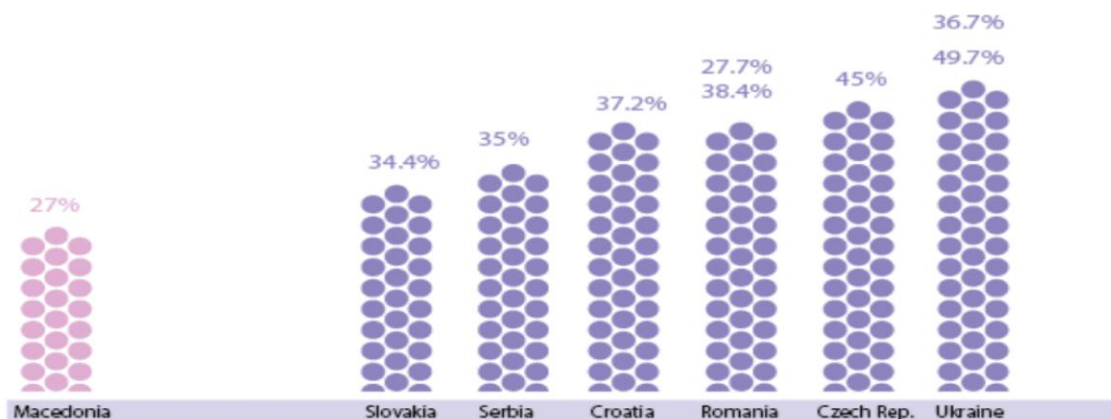
Data for 2014

- Construction: 307€
- Transportation: 273€
- Tourism: 268€
- Administration: 237€
- Automotive: 234€
- Food: 272€
- Agriculture: 240€



**Operating
Within
Macedonia**

Social Security Contributions Compared to Other Countries



Source: PricewaterhouseCoopers (Taxes at glance 2013), National IPAs

WHY MACEDONIA

Sector	Polog – Tetovo and Gostivar
Manufacturing	311 €
Wholesale & Retail trade	352 €
Administrative services	311 €
Construction	350 €

Sector	Southwest- Ohrid and Struga
Manufacturing	336 €
Wholesale & Retail trade	299 €
Administrative services	313 €
Construction	309 €

Sector	Vardar-Veles
Manufacturing	359 €
Wholesale & Retail trade	292 €
Administrative services	274 €
Construction	377 €

Salaries in the region according to sector

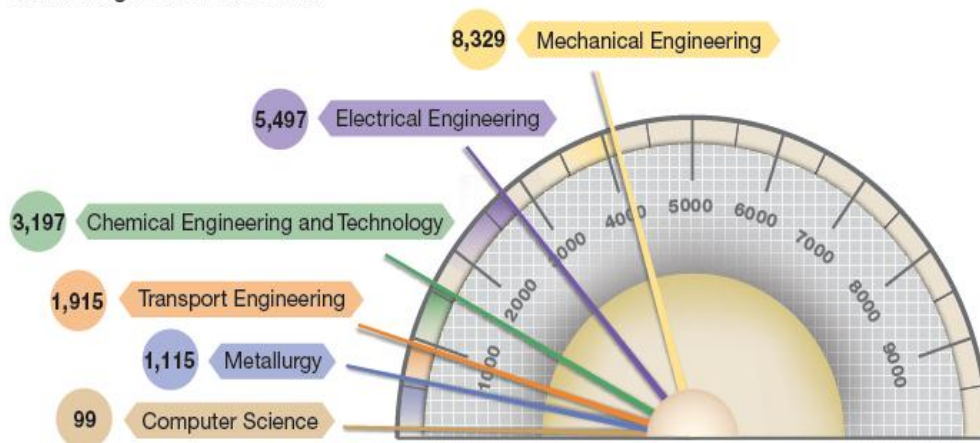


The minimum wage for July 2014 was 198.90€

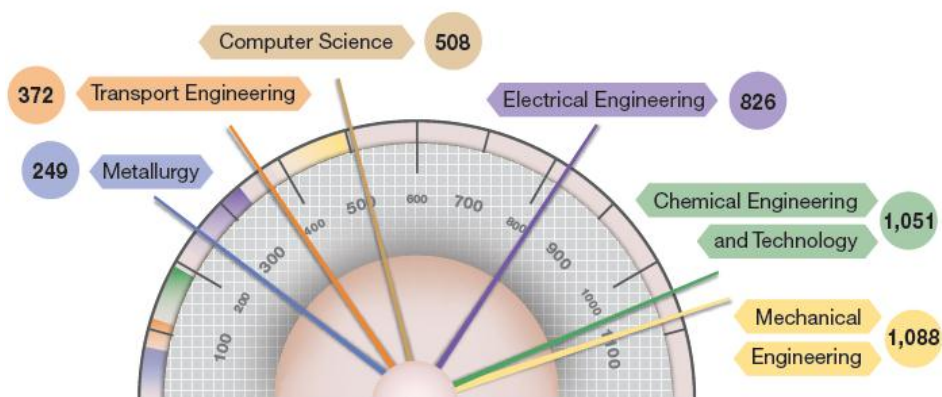
READILY AVAILABLE WORKFORCE

with Technical Skills

a. with a high school education



b. with a college and university education



**Operating
Within
Macedonia**

Corruption perception index

RANK	COUNTRY	SCORE	SURVEYS USED	CI: LOWER	CI: UPPER	2012 SCORE
67	Macedonia	44	6	36	52	43
67	Montenegro	44	4	40	48	41
69	Italy	43	7	39	47	42
69	Kuwait	43	5	37	49	44
69	Romania	43	9	38	48	44
72	Bosnia and Herzegovina	42	7	37	47	42
72	Brazil	42	8	36	48	43
72	Sao Tome and Principe	42	3	34	50	42
72	Serbia	42	7	36	48	39
72	South Africa	42	9	37	47	43
77	Bulgaria	41	9	36	46	41
77	Senegal	41	9	39	43	36
77	Tunisia	41	7	38	44	41
80	China	40	9	35	45	39
80	Greece	40	7	33	47	36
82	Swaziland	39	4	36	42	37



CORRUPTION MEASUREMENT TOOLS



SUCCESS STORY!



Johnson Matthey

- 🌟 Macedonia scores best for labour, lower on logistics.
(Czech/Poland: €7k/year: 1 day truck, Macedonia: €4k/year: 2.5 days truck)



Signing of the Memorandum of Cooperation
between Mr. Jaffray, Director, Strategic Planning
and Prime Minister Gruevski
March 2007



Johnson Matthey

Need for relocation and project scope

- Johnson Matthey Europe will need substantially increased capacity in the period 2007 - 2012
- Growing market, increasing share, new products and processes. Royston & Brussels are 'full'.
- 'Contingency' plan for South Africa
- East Europe appears a low cost option









- **Investment phasing: 2006 → 2012**
- **Land: 15 hectares**
- **Power: 15 Mw**
- **People 300 (80:20 blue : white collar)**
- **~ €75 m. total investment**



Considerations

- ✓ Labour cost and availability
- ✓ Logistics/infrastructure
- ✓ Incentives (land, tax, employee cost support)
- ✓ Timings for any investment → production

Countries considered

-  Czech Republic (labor availability, logistics),
-  Hungary (labour availability, plot sizes),
-  Poland (labour availability, infra-structure 'confidence'),
-  Slovakia, Croatia (expensive),
-  Bulgaria (labour costs)
-  Macedonia (late entrant).

The team from INVEST IN MACEDONIA at Your Service...



Identification of project
specific location factors
Cost analysis
Identification of supplier
base
Detailed due diligence

Business
opportunities
analysis

Creating
linkages

University linkages
Reference company linkages
Recruitment agencies
linkages
Organization of meetings
with legal advisors and
financial partners

Locations, operational costs
and competitiveness

Labor availability, HR
companies and consulting

Our Services

One-stop-shop and project
management approach

Ensure success!

Design and infrastructure
approvals
Issuing building and
operational permits
Customs outpost in the
Zone
Zone infrastructure
maintenance and upgrade

One-stop-shop

Aftercare

Support with relevant tax
and customs issues
Assistance in acquiring
visas/work permits
Coordination and support
in contacts with other
state and local authorities

Thank You!



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