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Analysis of Export Industries – North Macedonia

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***Analysis of the export sectors
in the Republic of North
Macedonia and the
opportunities of small,
medium and large
enterprises for export***

Contents

Introduction	3
Theory	5
Results and discussion	12
1. Export industries involving small, medium and large enterprises in North Macedonia - description of the current situation and trends for development	12
2. Difficulties and barriers to the export activity	21
3. Recommendations for successful export activities	28
4. Prospects for the development of industries with export potential in North Macedonia	32
5. Needs of small, medium and large enterprises for raw materials / semi-finished products / components for starting export activity and / or for increasing their export potential	40
6. Existing associations with participation of small, medium and large enterprises and analysis of their activities	49
7. Opportunities for small and medium enterprises to cooperate so that export activities can be initiated and / or their share be increased.	50
Conclusion	55
References	56

Introduction

For theory and empirical knowledge today it is not disputable that for every economy, and especially for a small and open developing economy, the foreign trade and the external economic sector as a whole are extremely important for the economic development of the country. Republic of North Macedonia also has special reasons with an acute interest and attention to address the situation and the results of this plan. Even, it is objectively forced its strategy for long-term development and based its current economic policy on strategy for export expansion. Let's list the most important reasons for this determination.

With the dissolution of the former Yugoslavia and the independence of the R. North Macedonia, the internal market has narrowed from over 20 million to 2 million people. Consequently, all indications of industrial, agrarian, infrastructure and other production and service economic capacities, built according to the potential of the former Yugoslav market, are today faced with the problem of placing a large part of their production. The current North Macedonia market is unable to absorb the products of metallurgy, metalworking, chemical, construction, textile, leather, tobacco and other industries. This is the case with the supply of our important plant and animal products (garden, industrial crops, orchard, vineyard, lamb and sheepskin, etc.) and their products (cigarettes, wine, juices, etc.).

Without exporting a significant part of this production, the use of the available capacities would be reduced to a suboptimal and unreliable level, ie their survival would not have an economic justification, which ultimately would lead to destruction and a definite loss of invested capital and to catastrophic disindustrialisation. In fact, the small domestic market does not give grounds for any other option, except for export-oriented development and breakthrough in European and other international trade flows. Developed international trade and other economic relations make it possible to achieve an economy of the scope, to make quicker adjustment of production to demand and achieve integration in the developed markets. For all these reasons, for most of the existing economy, its revitalization, technical-technological modernization, restructuring and training for competitive export of European and other external markets - is a solution without an alternative. The main and main assumption for the dynamics

and a significant increase in exports is the dynamics and the increase in production.

The most direct way to realize this goal in the industrial sector is the revitalization, modernization and adjustment of the previously mentioned seven groups of products that form the corpus of North Macedonia industrial exports. Among them, the group of existing industrial capacities for the production of machines, devices, appliances, transportation means and significant potential for accelerated development through technical and technological innovation and modernization, as well as with the development of new products. There is also a realistic outlook for the chemical industry to increase the production of medical, pharmaceutical and cosmetic products preparations.

Special attention deserves the expansion of production and export of electrical materials - conductors, cables, electric motors etc., then metal parts and accessories, as well as the non-metal industry, given the diverse and rich natural resources. For most traditional industrial branches: textile, leather, wood, construction, food, etc., there is a solid raw material base and already built significant capacities. These branches are FX-active exporters, with opportunities for increasing the export, under the conditions to provide certain -relatively modest investment investments and more efficient organization of exports. These branches except this, they also have a well-known specific meaning, in conditions of the current high unemployment in our country: they are expressive labor-intensive activities. However, a particular problem in the industrial sector is production and export of basic capacities of non-ferrous metals, where according to all estimates the solution can be found only with proprietary and technological engagement of foreign strategic partners and with the appropriate takeover by the state of the burden of their cumulative obligations. The agrocomplex export structure is characterized by the predominance of three to four groups products: tobacco and processing; wine and other drink; fruit and vegetables and lamb and sheep meat. Moreover, these groups of products achieve positive balance in the trade with abroad, while the total external the turnover of the agrocomplex has negative negative value: the value of the import is higher than exports.

Theory

The increase in exports of agro complex products and gradually reducing and eliminating the deficit in the trade with abroad of this sector can be achieved, as well as in the industry, in the first order by increasing the primary production and production of processing capacities of agricultural and livestock products. According to the analyses in part from this study dedicated to the issues of the agrarian sector, the expansion of export opportunities would should be achieved through the measures of the investment and the current one agrarian and foreign trade policy aimed at promoting the production and export of tobacco; orchards; viticulture and important horticultural crops. Measures would also be justified to increase the production of individual industrial crops and other products that would reduce or substitute the imports of some plant and animal products. The successful accomplishment of these goals could lead to the reduction and elimination of the deficit in the foreign trade of agricultural products from the agrocomplex until 2019 and until an enviable surplus by 2020 (Ahmad, J. et al, 2017). Place the current imbalance of the secondary 60 in 2019, a surplus of around 30 would be realized millions of dollars, and in 2020 the surplus could reach a densely higher level. In other words, a significant positive result would be achieved turnaround: from the net importer, the agrocomplex could become a net exporter. Let's repeat again, the basic condition for such positive achievements are to be accepted in agrarian development and current politics a firm commitment to actively support the magnification programs the production and improvement of the export structure of these products. The concrete measures in the plan that are discussed in the study (Scenario II) would not derogate the course of liberalization into the agrarian sector nor would they come to a collision with the WTO norms and the EU. It has remained strictly on the line of contemporary internationally recognized and allowed activities in the foreign trade sector. However, in the absence of such policies and measures and staying on inertial and spontaneous processes, structural shifts would have been lingering and balance between the import and export of agrocomplex products would remain negative not only until 2019, but also by 2020 (Thornton, J., 2016). Taking into account the existing production capacities and potentials in the industrial and agrarian sector, assuming that the development and the foreign trade policy are definitely determined for the implementation of active support for export-oriented production. Moreover, the fact that our economy is already emerging from a long recession and from the unfavorable external environment is a favorable circumstance is the open process for the promotion of status and relations

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with the WTO and the EU. Moreover, taking into account the exceptional an impetus from the effects of the Stability Pact for the Region, it seems economically viable and realistic to expect a more stable and more intensive growth of exports. According to estimates in our material, in such conditions an export growth rate of around 7% could be achieved, annually until 2019 and an increase in the volume of exports of goods and services from the current around 40% to about 50% of the BP, and in 2020 and up to 2/3 of GDP, which would catch up with more successful developing countries and those in transition. At the same time, the deficit of current transactions on the balance of payments could be reduced from 8.2% in 2018 to 6.7% in relation to GDP in 2019.

A special chance and a challenge for the production dynamics and an increase in exports is the rebuilding and construction of Kosovo and Serbia, at the same time with the regional dimension of investment investments for the advancement of the economies of the countries of Southeast Europe, and in within the framework of the Stability Pact. It will undoubtedly give a wide impetus for increased placement of primary agricultural products, products from the food and tobacco industry, stoves, building materials, textile and chemical products, electrical materials and especially intensification of transport and construction services, etc.

It would be a serious omission, this expected extraordinary incentive for the export of goods and services and the production of industrial and agricultural sector that is created in the post-Kosovar period, to be used only as a transient conjuncture episode and not to be valorized for establishing future relations on a more permanent basis with the partners from the neighborhood and wider, with participants from other countries involved in the activities for reconstruction and development of the countries of the Region. The Republic of North Macedonia, as a small and economical development and prosperity, undoubtedly sees in openness towards the world and its goal of integration in international economic flows. Starting from the current situation and the available material and human resources, the expected structural and dynamic changes in the economy, it is estimated that in the next period will come gradually to a turnaround in the export flows, that is, up to their expansion and dynamism (Balassa, B., 2015). . The higher profitability of certain activities and the ability to exchange products with the world of competitive basis will be the main barometer for capital allocation from one in another branch-exporting company. Globally observed, the exporting producer of goods in the next period will certainly be the industry, but the export of services and on-land products should also be noted. Within the export of industrial products significant structural

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changes are expected in the direction of increase of the participation of industrial branches that achieve greater finalization of finished products and higher income. This primarily refers to industrial products from the complex of equipment and durable consumables, chemistry and processing of agricultural products.

The traditional sectors will also have a significant place in the export of the complexes of leather, textiles and basic metals, although their participation in the total industrial exports will relatively decrease in the upcoming one period. North Macedonia, and in the period up to 2020, technological gap will fall behind the general level of technological equipment of the most important trading partners - members of the EU. However, as a result of the restructuring of the economy and the entry of foreign expertise and knowledge, it is expected that in the structure of exports after the economic purposes of the products will a decrease in the share of raw materials and intermediate goods, at the expense of the growth of products with a higher degree of technology and finalization. On the import side, however, an increase is expected the import of equipment that is necessary for raising the level of technological processing of data, as well as for realization of the planned investment dynamics and economic growth.

In the regional direction of exports, a significant increase will be achieved in exports in the developed Western countries, especially in the countries of the European Union. Exports to neighboring countries will also be intensified, as well as cooperation with regional partners, while with countries with which there is a high deficit in the trade of goods and services, and free trade agreements have been signed (for example, Slovenia), there will be an attempt to achieve a more balanced exchange. Structurally observed, in the period until 2003, as well as expected, a faster increase in the export of services from the increase in the export of goods is due to the following reasons: a) the global tendency of increasing the role of the service sector, especially in the emerging economies and b) the end of the war in the region will "Pull" the activation of the North Macedonia transport and construction capacities, and will enable the realization of higher inflows from the financial services and tourism. Due to its small critical mass and scarce resources, North Macedonia needs a clear strategy for export support in order to reach the established goals within a certain period of time. The only strategy that can be accepted under such conditions, a vis-à-vis developed economies, is a "development tracking strategy", which means monitoring the development of world trends and appropriate response through providing high technical, technological and market specific analysis, taking into account the existing comparative

advantages and interests. Carriers within such a defined development of the export sector is the realization of the "Strategy for marketing profitable production", that is, targeting the production of goods with a high degree of added value per product, which should contribute for the specialization and the absorption of much of the existing and the new industrial facilities from R. North Macedonia on world markets.

Accordingly, the state's activities in support of exports can be divided into five areas (Siggell, 2007):

1. Improvement of the general economic conditions;
2. Reduction of unit labor costs, including tax obligations and contributions;
3. Reducing the cost of capital;
4. Adequate gender exchange rate;
5. Improving infrastructure.

Export performance in the past period was determined and limited by the limitation of export markets, inadequate technological capacity in production, and the low level of productivity, the result of high production costs and the exchange rate policy, which conditions its appreciation. This produced significant reallocation of resources from export to domestic production and service sectors and thus additionally affected the stagnation of exports. The activities of the state in that period were aimed at ensuring macroeconomic stability, finding alternative markets for exporting and institutionalizing economic exchanges, primarily through the signing of free trade agreements and economic cooperation agreements for the protection of investments and agreements for the avoidance of double taxation. In short, the focus was on improving general conditions, and not on measures of direct stimulation.

The new condition and conditions imposed the adoption of an approach that in the basis should be built on the interest in restructuring the production into higher processing phases, the vertical linkage of the existing and the new primary production with the activities and branches of the final sector (subcontracting) and increased profitability.

The role of the state towards direct export support to achieve these goals through legal solutions is limited. Although the new Customs Law supports exporters, incorporating the duty to return customs under certain conditions, it is limited by the "origin of goods" rule set out in Protocol 2 to the EU-Treaty. The space where the state can the measures for financial support of exports in the existing capacities, but also providing incentive

measures for supporting the establishment and development of new production export capacities, in the sectors that are defined in advance in the export strategy.

Such a policy is that export stimulation, so that it can fall under the criteria of the WTO agreement, must primarily be limited to certain branches, on the basis of objective criteria and conditions and with limited action. Within these limitations, the state having in mind the structure of the export capacities and the priority directions of development during the intervention should be limited to the following general and selective export incentives:

General export incentives include (Chow, P.C.Y., 2017):

1. Exemption from paying income tax for a period of 5 years starting from the date of commencement of production for companies that will be given pioneering status.
2. Exemption from paying income tax in the amount of the costs for capital investments (in equipment, spare parts and technology), realized within a period of up to five years the date of the decision to grant the support.
3. Exemption from income tax for investments in research and development.
4. Complete exemption from customs duties on imports of raw materials, equipment and spare parts.

Selective export incentives include:

1. Exemption of profit tax companies, reinvested earnings in capital expenditures for expansion the production capacity, modernization and diversification in related products. Exemption is given additionally of normal exemptions.
2. Provision of favorable international loans and their placement through MBDP and commercial banks, as a priority established lists of strategic branches and sectors in the economy, financing of the export cycle and modernization of the capacities.
3. Grants (grants) by the State of export credits at a level that is lower than what they have to pay for engagement of funds (if they make loans to foreign markets) or payment of all business costs which would occur to exporters or financial institutions in the provision of loans, as well as to those who are used in the provision of material values in the field of export credits.

4. Guarantees on export credits or insurance programs, insurance or guaranteeing programs targeted against increasing costs for export products or programs to protect against the change in exchange rates, according to the level of premiums that are insufficient to cover long-term operating costs and losses from such programs.

5. Fees or reliefs provided by the State or the import agencies of import or domestic products or conditional goods used in the production of export goods, on conditions that are more acceptable than commodity commissions that are designed for the domestic market.

Stimulating the invertebrates. North North Macedonia should at the same time be a covered the overcoming of existing infrastructure (before cb telecommunications) barriers, information barriers and the problem of underdeveloped financial institutions.

Additional measures to encourage exports can be predict (Shan, J. and Sun, F., 2018):

- channeling the funds received from the privatization of enterprises and lending to the acquisition of profitable export companies,
- Encouraging additional capitalization of the enterprise by issuing additional shares,
- Encouraging franchising and leasing in these enterprises and establishing a consortium for marketing and export in these companies,
- co-financing of participation in fairs in North North Macedonia companies in abroad and co-financing the costs of marketing activities of companies.

In doing so, the number of exporters should always be kept in mind enterprises, the danger that is present due to subjectivity in decision-making, and the most important factor: disturbed market relations that can directly impact on the realization of the factors of production. For these reasons it is necessary to ensure full transparency of the decisions and measures and to ensure equity of the entities in the supporting branch.

For NorthNorth Macedonia, in the analysis of the need for export support, the application of customs and non-customs duties is of particular importance barriers and the perception of the subtle forms of non-tariff restrictions, applied by the countries in which our exports are primarily realized. In doing so, it is relevant to see two elements: species and concentration by sectors. The low level of customs barriers to our main trading partners (in the EU and the neighboring countries markets) has been replaced by a high degree of extra-customs barriers (anti-dumping,

special duties, mandatory domestic component, cumulative origin, etc.) which are largely concentrated in several extremely important sectors of North Macedonia exports (agriculture, iron and steel products, chemical industry and textile industry). Although imports of products from these sectors in those markets is small and generally less than 1%, they participate in North Macedonia exports in the amount of about 60 percent. Parallel and common is the use, in accordance with WTO and GATT regulations, of measures and forms for the protection of health and safety, the protection of the environment, labeling and packaging of products, automatic licenses, attests, product quality certificates, anti-dumping procedures, etc. The first activity of the state is to set up a system of organization to state and private institutions, bodies or agencies that would have an assignment to collect, process and exchange data and to provide exporters with expertise on technical aspects of NT and its financing (see section V). In parallel and in continuity, the state needs to facilitate the appearance of foreign markets and achieve a larger export effect to create conditions, that is, to encourage the adoption of the technical regulation and standards in the production of goods (covered by the Law on Standardization, "Official Gazette" No. 23/95), or so-called. ISO 9001 standard.

A very important factor for the implementation of the foreign trade policy is the development of an institutional network (more specifically covered in section V) and activities aimed at concluding new trade and economic agreements, which would include inclusion in the cumulative rule on the origin of goods. They must integrate the issues of:

1. From the run-off of double taxation.
2. Elimination of restrictions on international trade through the harmonization of legislation.

Results and discussion

1. Export industries involving small, medium and large enterprises in North Macedonia - description of the current situation and trends for development

According to the data on the export from the statistics, it can be seen that over 2 billion euros or even 50% of the total annual export of North Macedonia goes to Germany. From that export, only the export of Johnson Matthey, which exceeded 1.25 billion euros last year, accounts for two-thirds. Or the largest exporter from North Macedonia, Johnson Matthey, which produces catalysts for powerful German automotive brands, creates 30% of the total export of North Macedonia. If more detail is analyzed in Germany, the five most-exported products, which make up nearly 80% of exports in this country, are automotive parts and car seats.

In North Macedonia, half of all exports are made with 10 products, seven of which are produced in factories that produce foreign products in free economic zones. Or from the total export of North Macedonia last year, which amounted to 4.32 billion euros, even 2.2 billion euros accounted for the export of the 10 export items, of which nearly 1.3 billion euros is export of the largest exporter Johnson Matthey (Greenaway, D., et al, 2001),.

Statistics show that in North Macedonia only 3,396 companies are exporting which is 4.7% of the total number of active trade companies. It is a very small number of export companies, if compared with the ratio of exporting companies in the region or the world. How much for comparison in Croatia about 15%, or about 17 million firms are exporting.

If analyzed by size of firms, then it is interesting that even 53% or 1.790 North Macedonia export companies are micro firms with fewer than 10 employees. But they all make an export of about 330 million euros, which is one-third of the exports made, for example, by the biggest exporter Johnson Matthey.

Most of the exports are made by large export companies, employing over 250 people. The data show that North Macedonia has only 103 large export companies, which is 3% of the total number of exporting companies, and they make an annual export of nearly three billion euros, or in these hundreds of large exporters almost 70% of the total export of the country is created. Of the small and medium-sized firms in North Macedonia, 1,320 are

exporters that together make export of about one billion a year, or about 25% of the total annual export of North Macedonia (Shan, J. and Sun, F., 2018).

The political crisis in which North Macedonia was additionally complicated the operation of the export companies, and many potential customers rightly became questionable regarding the quality and reliability of export companies from North Macedonia companies. Many exporting companies say that illiquidity and difficult access to finance are among the key problems in their operations. Domestic investment capacities are weak, there are no developed capital financing institutions, the banking sector does not develop enough financial instruments to support export companies, while direct budget support almost does not exist.

Table 1. Top 10 exported products in 2018

#	Product code	Product name	Share, %	Export value, US \$
1	381512	Supported Catalysts With Precious Metal or Its Compounds as Active Substance	18%	976930402
2	842139	Other Filtering or Purifying Machinery and Apparatus for Gases	7.70%	423920749
3	720260	Ferronickel	5.20%	286257633
4	854430	Ignition Wiring Sets & Other Wiring Sets, for Vehicles, Aircraft or Ship	3.70%	203850625
5	870210	With compression-ignition internal combustion piston engine (diesel or semi-diesel)	3.30%	182252711
6	240110	Tobacco (Not Stemmed)	2.60%	144918679
7	381590	Reaction Initiators, Reaction Accelerators, Catalytic Preparations	1.90%	106490107
8	720221	Ferrosilicon Containing by weight more than 55 percent of silicon; silicon content	1.70%	93785959
9	620520	Men's or Boys' Shirts, of Cotton	1.70%	92813880
10	853710	Bases for Electric Control or the Distribution, Not Exceeding 1,000v	1.60%	86401780

Source: Authors' calculation based on ComTrade database

The only domestic company that is among the largest exporters and produces finished products with greater added value is Alkaloid, whose consolidated export reached EUR 80.7 million last year, an increase of about 8% compared to 2017. Last year, even 60% of Alkaloid's total consolidated sales were made in foreign markets. Alkaloid said that the expected consolidated export sales for 2019 were estimated at about 87 million euros,

which would increase by about 8% compared to last year (Hausmann, R., & Bailey, K., 2006).

Alkaloid says they are facing many challenges and obstacles to export markets, but with dedication and energy they manage to cope with everyday challenges.

Over the past years, the presence of various mechanisms in the foreign markets has become more pronounced, and finding ways of increasing restrictions on entry into the markets or the presence of them as a foreign company. There are trends in the closure of certain markets, greater protection (protectionism) of domestic businesses, etc. Starting from a smaller national economy, there is a need for immense perseverance, good skills and perseverance for continued growth in export markets.

In addition to the challenges of timely collection of receivables and maintenance of current liquidity, in the Pharmaceuticals segment, the continuous challenge facing Alkaloid is the pressure on the selling prices of pharmaceutical products and their constant chain reduction. One of the challenges of a wider regional character is the current situation with Agrokor, which has an impact on Alkaloid's business segment cosmetics.

Most companies from the traditional North Macedonia export industries last year declined. For example, exports of iron and steel, which is among the key export industries last year, amounted to 411 million euros and for one year it decreased by 100 million euros or 20.5% compared to the previous year. How much to compare in 2013 the export of iron and steel from North Macedonia amounted to 726 million euros, which means that in five years the export has decreased by 43% or North Macedonia today from this once strongest export industry has for 315 million euro reduced annual foreign exchange inflow.

Feni Industries is the largest exporter in the field of metallurgy. According to the State Statistical Office data, the export of ferronickel is EUR 101 million, which is almost 60% fall compared to the previous year.

Makstil last year exported 47 million euros, a slight increase compared to the previous year. Almost 80% of total sales revenue Makstil makes them from export, and only a small part of the domestic market. The largest export market for Makstil is Switzerland, that is, sales to Dupenko, where one third of the exports were made last year.

But while metallurgy falls, exports of metal products grow each year. In 2018 North Macedonia had exported metal products worth 70 million euros, an

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annual increase of 10%. But in comparison with 2013, the export of metal products has increased by 50%.

Last 2017, Fakom completed total export revenues of around 16 million euros, representing 81.38% of the company's total revenues. Fakom exports last year increased by 15.25%, and for the year they plan to export more than 85% of sales revenues (Shan, J. and Sun, F., 2018).

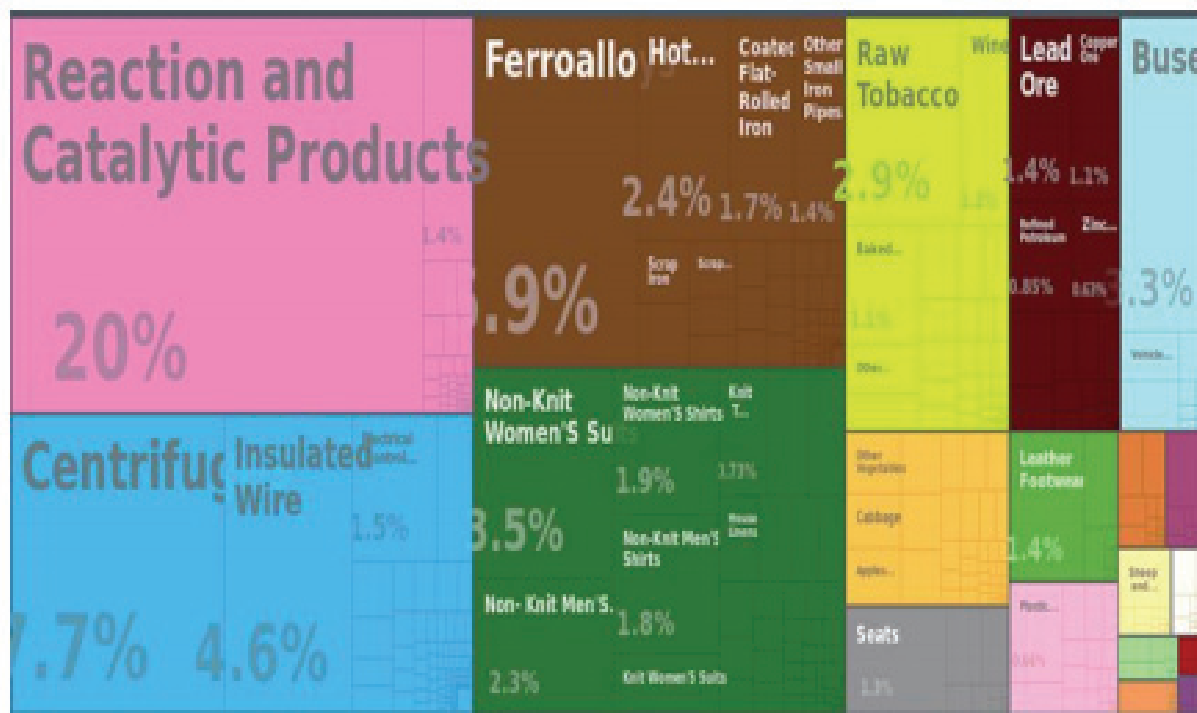
When it comes to the metal processing industry, we can list several of which directly depends on exports, starting from the road infrastructure, access to cheap raw materials and technologies, providing quality professional staff at all levels from skilled workers to engineers, to providing favorable credit lines for financing larger projects that would be competitive on the markets outside North Macedonia. FZC 11 October is one of the companies to which exports last year and went more than good. Last year alone, the FZC earned EUR 12 million, which is an increase of over 390%.

Decrease for several years is also the case with the export of oil derivatives. One of the major export companies Octa, last year, had a total export revenue of about 60 million euros, an annual decline of 1.4% for a year. Last year OKTA's exports accounted for about 20% of total sales, and exported 145,000 million tonnes were mainly directed to the Kosovo market. According to Okta, the main problem they face is the unfair competition they are confronting with the Kosovo market.

Okta, which is the largest exporter of oil derivatives, said that the commissioning of the pipeline would have contributed to increase the export of oil derivatives from North Macedonia. By transporting fuel through the product pipeline, fast, smooth and safe delivery of fuels at the neighboring export markets is ensured. In this way, Okta will be transformed into a supply center for the region, Kosovo, southern Serbia, and eventually Western Bulgaria (Henn, C. et al, 2015).

One of the industries that have great potential for export is the confectionery industry. What is evident is that more quality domestic products are replacing the import, and that more North Macedonia producers are encouraged to participate in foreign markets that contribute to increasing exports. The biggest exporter in this industry is the company Makprogres from Vinica, which last year generated sales of 18.05 million euros, which is an annual increase of 6% compared to the previous year. From Makprogres say they expect exports to increase by an additional 5% to 6% and to exceed 19 million euros. Otherwise, even 74% of its sales are realized by Makprogres out of North Macedonia.

Table 2. North Macedonia export structure in 2018



Source: Authors' calculation based on ComTrade database

The past 2018 is the most successful year in the 26th anniversary of the company Makprogres in terms of sales, especially in foreign markets. The biggest challenge was and will remain as if staying productive and competitive. For the export of our products, it is most important to adjust the product and make a competitive offer for a quality product at an affordable price. It is also important if the importer pays on our products high customs or high transport costs, which in turn makes the product uncompetitive. In the so-called third markets such as the markets of the countries in the Maghreb and the Middle East, we have a non-competitive position because there are no customs duties for European products, whereas for North Macedonia products there is customs that makes us uncompetitive.

Labor shortages are a problem that they have been facing for a long time, due to the growing emigration to European countries of a young working population of the state, especially from small places such as Vinica, where they live. In recent years, as a company we are working hard to save good

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and regular income, we are also trying to provide better conditions and better quality of life for the employees and the community.

The food company Vitaminka is also one of the largest exporters in the confectionery industry. Last year, Vitaminka realized a total consolidated export of 12.5 million euros, which is 47.7% of the total sales revenue of the company. The largest export market of Vitaminka is the Balkans, as even 92% of the total export goes. Europe's second largest market, where about 5.2% of products are marketed, followed by Canada and the United States, Australia and the Middle East.

The confectionery factory Europe last year had revenues from export of 6.5 million euros, and it registered annual decline of 1.3%. The majority of sales revenues in Europe, or 56.5%, come from exports. Interestingly, last year, Europe had more sales outside foreign markets than at home, so export earnings account for 56.5% of the total sales of the company, which exported 11.5 million euros (Radulescu, M. & Serbanescu, L., 2012).

One of the major exporters from the food industry was also the Pekabesko company last year with export revenues of 7 million euros, an annual increase of 20.8%. Pekabesko exports account for nearly 11% of the total sales, while the majority of sales are on the domestic market.

The export of wine and beverages is among the industries that bring net export income to North Macedonia, ie they make bigger export from imports. Last year, the total export of drinks from North Macedonia reached 59 million euros, and the net export income for the country is 25 million euros.

Although still the bulk of the wine export goes to the export of bulk wine, the export of bottled wine is growing every year. But the potential for exporting wine from North Macedonia is much higher.

If we analyze the export of wine through wineries, the biggest exporter of bottles is Tikves winery. Last year, Tikvesh had a total export of 9.83 million euros, up 4.8 percent for a year. In total revenues from Tikvesh exports, exports account for 44.7%.

Other wineries have less exports, and most of their exports are in bulk wine. An interesting fact is that the Skovin winery last year had bigger sales abroad than in the domestic market. The export earnings of Skovin account for 59% of the total sales of Skovin wine past 2018. The export of Skovin last year was 2.3 million, which is an annual growth of 25.6%.

Imperial Tobacco TKS is the largest producer of tobacco products in North Macedonia, and has so far exported 42.6% of the total production, in Russia

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and five markets in the region. "With the latest investment in a new modern packaging line, the export potential in both EU and non-EU countries is growing. Thus, in 2019, only Russia's exports to Russia are expected to reach 30% of the total production, as the business needs a long-term predictability of the regulation so that it can effectively plan its investments and business operations (Hidalgo, C., 2009).

Export companies in the country are faced with many problems and difficulties, most of which emphasize the expressed illiquidity that is negatively reflected on meeting the financial needs and obligations of the current operations, the presence of non-tariff and technical barriers that arise in foreign trade with abroad, mostly in the cooperation with the countries of the Western Balkans, the frequent changes in the legal regulations on the internal plane, the present inability for regular collection of revenues that the companies have made on various bases, including claims from state bodies and institutions, lack of professional staff according to the needs of the business; inadequate infrastructure connection of the country with abroad, which increases the company's operating costs.

With regard to export stimulation, it is necessary to subsidize domestic companies with state assistance in the area of employment and vocational training, as well as with measures of economic policy that will stimulate the partnership between foreign production companies operating in the Republic of North Macedonia, local small and medium-sized enterprises and financial institutions by providing assistance to improve the quality, quantity and reliability of products through technical and managerial skills, business planning and access capital.

In addition, the proper functioning of the North Macedonia Bank for Development Promotion (MBDP), through concrete alternative support to the domestic business, should contribute to overcoming a significant part of the shortcomings in this field that will be in function of ensuring the export orientation of the domestic companies.

In addition to certain tax exemptions, the largest business chamber considers domestic companies to be stimulated with measures to modernize capacities and innovate technology, help and tax exemptions for job creation, and to train and train employees who are missing in the labor market. Also, the introduction and application of new technologies should be stimulated more aggressively, rewarding the engagement of domestic innovators and organizing the production of a domestic innovation base. Special stimulation treatment should have the activities that are the main carriers of the economic growth of the country and the gross domestic

product, such as metallurgy, construction, processing and certain service activities (Liu, X. et al, 2017).

When it comes to North Macedonia, as a small and national economy, the growth and development, and at the same time all the positive economic implications that come with it, we must look for them through larger export activities.

There are ways to pursue better export results. For that purpose, measures that could help increase the MBDP's participation in securing export arrangements for domestic companies and foster risk sharing along with business entities, signing free trade agreements with as many countries as the double-clearance agreements taxation, creation of a model and methodology for subsidizing production intended for export and reducing the VAT rate from 18% to 5% when importing raw materials for products that are further sold with 5% VAT as a final product, etc.

For bigger exports from North Macedonia, the most important thing is for companies to first do their homework - to create quality and competitive products, and then to encourage them to go out and offer products by direct targeting of potential customers or by exhibiting on the world's most famous fairs. Huge unused potential for our domestic companies has on the markets of the countries of Maghreb and the Middle East which are significant markets of over 400 million inhabitants. Here, the state could take some reliefs such as simplifying visa procedures for easier flow of business people to and from those countries, increasing diplomatic activities with those countries, signing free trade agreements and double taxation exemptions.

Stimulative measures by reducing certain duties towards the state in proportion to the export export companies' exports would help improve competitiveness. It would also facilitate access to low interest rate credit lines for the purchase of new machines and technologies that will produce products with higher added value intended for export, further simpler and easier financing of larger turnkey projects, and the possibility of connecting a larger number of domestic companies from different activities to consortia for joint appearance with other domestic or foreign companies in foreign markets.

The majority of the companies that are their members were paralyzed in terms of exports of goods and services, due to internal problems, but of course the external circumstances in the EU and beyond.

The problems faced by export companies in North Macedonia are larger, but the biggest problems would be pointed out by the large administrative

Interreg EUROPEAN UNION

Balkan-Mediterranean BALKANMED E-BP

procedures, the instability of the political situation of the country as a huge problem in finding partners abroad, the poor infrastructural connection of the country.

The biggest challenges facing their member companies in exporting and gaining new markets are the high cost of production and under-skilled labor, as most companies work in labor-intensive industries or semi-automated production lines, but certainly the low level of innovation among domestic companies.

The government can do much for export-oriented companies to make them more competitive in the foreign market (Hidalgo, C., & Hausmann, R., 2009).

Regarding the access to a larger market for greetings, the recent promotion of the free Balkan zone by Johannes Hahn in Belgrade, as an opportunity for greater cooperation with the neighborhood and wider, and of course entering the EU as an opportunity for a larger market. Export companies need better access to finance, that is, to loans with a preferential interest rate, then the release or reduction of taxes on raw materials, the availability of cheaper energy, such as natural gas, which would greatly reduce the costs of companies. It is also necessary for the government to be more active and to support the preparation of analysis and research by experts on the opportunities for our companies in foreign markets. And of course we need a well-established policy to promote our products at international fairs and forums, etc.

Almost all export companies emphasize that export marketing, as well as the process of collecting market information, about the requirements and needs of buyers, competition and culture, are a prerequisite for successful export, but they are also a very expensive process that can not be allowed a small or seated company.

Hence they propose that they expect assistance from the state for promotion of export companies on foreign markets and establishment of cooperation and partnership relations with foreign companies, as well as full inclusion of embassies and all state agencies in order to increase exports.

2. Difficulties and barriers to the export activity

The latest decision to increase the customs duties affecting North Macedonia is by the Government of Kosovo for the introduction of a temporary measure for establishing an increased duty of 30% for certain imported agricultural products - fruits and vegetables. And this decision is not even in line with common goals, such as the fast flow of goods and the elimination of customs barriers defined through the Berlin process. And for this reason, for several days, North Macedonia does not export fruit and vegetables at all. Out of the usual 100-150 tons, it has been reduced to zero, and this is detrimental to North Macedonia agriculture, because the possible damages that farmers would suffer are about 1.3 million euros (Kutan, A. & Vukšić, G., 2007).

North Macedonia companies still face many difficulties of administrative and technical nature in their mutual trade - non-recognition of certificates and other documents related to the quality and technical standards of the traded goods, obligations for the adjustment of the product packaging or for adjustment to the products standards that are applied only in some markets, conducting border crossings analyzes related to time delays, as well as increasing the costs of export, which is particularly influential IE when exporting smaller quantities of a product, and the amount of these costs can drastically increase the price of products and make them uncompetitive in regional markets and in products that have a relatively shorter period of validity.

North Macedonia, as a small country with a limited market, largely based its growth and development on intensive involvement in regional and global foreign trade flows. In this context, the degree of commercial openness and the efficiency of the movement of goods across the border are key factors of the competitiveness of the North Macedonia economy and the potential of domestic companies for inclusion in global value chains.

The need to ensure the free movement of goods throughout the region, reducing costs and increasing the competitiveness of goods and services on the global market, is an issue of vital importance for the business community.

Table 3. North Macedonia export destinations

Germany 43%	Serbia	Greece	Belgium	Italy	Romania	
	7.8%	3.3%		3.0%	2.9%	
	Serbia and Montenegro	Spain	Netherlands	United Kingdom	Slovenia	Albania
		1.8%				
	7.5%	Turkey	1.3%	1.3%	1.2%	1.2%
		1.4%	Austria	France	United States	Russia
		1.4%	1.1%			
	Bulgaria	Hungary	China	0.91%	0.91%	0.88%
		1.4%	1.0%	Switzerland		
		Bosnia and Herzegovina	Czech Republic	0.59%		
1.4%		1.0%	Montenegro			
		Poland		Slovakia		
		0.96%				

Source: Authors' calculation based on ComTrade database

The time of limited economies as well as protected companies is already past, and it is time for North Macedonia to prepare for the challenges imposed by the global economy and the free market. We need to join the countries in the region, to use the resources and prove that we can compete with big multinational companies that do not know borders and are merciless in conquering the markets, and not to place customs barriers between themselves. And for that, we need better infrastructure connectivity, rail and road, with countries in the region, for quality development of business relations with foreign partners. Therefore, the infrastructure must be in the foreground. Then, create a common strategy for digital transformation, which will lead to economic growth, job creation, better competitiveness and business prosperity.

Most of the activities should include ensuring the free movement of goods and services across the region in order to reduce costs and increase the competitiveness of goods and services in the global market. Work towards the unification of all customs declarations, procedures and standardization of all inspections at the regional level, in accordance with EU standards, so that each country will recognize the same declarations, documentation for a certain type of products from certified laboratories, and agencies. With this we will have a minimum time to wait for the borders.

At the time of linking and implementing the Berlin process, the barriers should be eliminated. This is the only way to protect both North Macedonia and regional producers.

The main characteristic of the export of the Republic of North Macedonia is its low level (participation in the gross domestic product in 2017 of more than 1/3), which points to the insufficient export orientation of the economy (Hidalgo, C.A. et al 2017).

In conditions of low level of exports and at the same time high import dependence, in the foreign trade the country is formed chronic deficit whose funding is a serious problem, with limiting effects on total economic activity and development.

The low level of exports is a consequence of the unfavorable commercial a structure dominated by the capacities of the primary processing stages and high capital intensity. In addition, domestic natural resources, especially energy are relatively scarce. The Republic of North Macedonia does not have a sea-view because of which the transport costs are relatively high. The involvement of the small business in the export is insufficient flows.

The current structure of the economy, especially the industry, is characterized by technical and technological backwardness, low utilization of capacities, insufficient export orientation, high import and energy dependence, low profitability and relatively low share of products with higher processing phases. The obsolescence the fixed assets amount to 20 to 25 years.

The dispersion of exports is wide, with many products coming up with small quantities and inconsistent. The fact is worrying that in the export of the Republic of North Macedonia there are spontaneous tendencies, which are the result of the oscillations in the industrial and agricultural production, non-synchronization of production facilities, ie the lack of export concept and strategy, the lack of appropriate facilities in which raw materials will be processed, as well as the absence of permanent exportability. The result of everything this is the high dispersion of North Macedonia exports and its residual character.

One of the limiting factors for the expansion of the country's exports is the fact that the main export industrial products fall into the group of "sensitive product categories" with regard to the treatment they have on the part of the European Union. That means they are subject to higher tariffs than the common one customs rate in the Union. In addition to tariffs, these sensitive products are the object of other protective instruments, such as voluntary restrictions, quotas, import limits and anti-dumping procedures.

In the export structure, a significant place is occupied by several products which have a stock character (various types of metals, tobacco and other products). In the absence of defense mechanisms with unfavorable movements of

The prices of these products, they are exported with reduced profits, often and with a loss.

In the high-quality export, raw materials and raw materials are consumed, as well as consumer goods with lower processing phases. The share of equipment and durable consumer goods is marginal (Krueger, A.O., 2015).

On the contrary, carrier imports consist of products with higher processing phases (machines, means of transport and consumer goods).

The foreign trade network is not effectively organized and deployed for the purpose of increasing the export on the more important markets.

The activities for presentation of the North Macedonia economy and its export opportunities in separate countries in the world are not enough.

Potential external business partners are not sufficiently and adequately informed about the export opportunities of the Republic of North Macedonia.

There are no higher forms of cooperation with foreign companies, which would accelerate and expand the restructuring processes of production according to the needs of foreign markets, for raising the technical and technological level and for improvement of the management level in enterprises.

For the promotion of export, certain agreements for cooperation and free exchange with certain countries have been concluded. However, the realization of these agreements encounter many problems that limit the volume and dynamics of exports. This particularly applies to the exchange with SR Yugoslavia, for some products and with the Republic of Slovenia.

With the outbreak of the crisis in the region after the military intervention of the NATO on FR Yugoslavia practically suspended foreign trade with its northern neighbor and export and import difficulties with countries of Europe due to alternative transport routes and treatment of region as a high risk area. These unfavorable impacts reduced the export opportunities of the Republic of North Macedonia. North Macedonia and especially in 1999 and 2000-year.

The North Macedonia market is too small for a company to survive, grow and grow. Hence, the role of exports as a generator of economic growth,

employment and new investments must be recognized and prioritized, not only by each company, but by the state.

Attracting foreign direct investment in increasing exports through the formation of free economic zones in which very large subsidies will be given State aid to companies that invest will prove to be effective. The export of North Macedonia in absolute amount has increased, new jobs have been created. However, if the free zones are exempted, the number of domestic companies that sell outside North Macedonia is small.

But for a company to export, and thus increase economic growth, it must be competitive. Competitiveness is the keyword when it comes to exports. Exporting companies to be successful must be competitive with quality and price with other companies on the world market. The World Economic Forum defines competitiveness as a set of policies, institutions and factors that determine the level of productivity of the country (Islam, M.N., 2018).

Although 80% of the North Macedonia exports are made by about 100 large companies, the statistics show that the largest number of North Macedonia export companies are small and medium-sized enterprises. On the other hand, export is a very expensive process and requires a lot of knowledge and continuous investment in research and development, own development of new products, investment in technologies, sales networks, marketing.

Economic policy makers should be aware that the competitiveness of exports and the national economy depend not only on technological equipment, the success of management and employees, and the emergence of new markets, but also very often from the general ambiance of work that each government creates through the government legal regulation, functioning of institutions, monetary and fiscal policy.

North Macedonia faces large macroeconomic, fiscal and structural imbalances that reduce the competitiveness of exporting companies. The high public debt, the high deficit in the pension fund and the unfavorable ratio between the number of employed pensioners, high unemployment, high production costs in the country strongly reflect the work of all companies in the country.

The necessary structural reforms that have been postponed for years should focus on the abolition of numerous parafiscal duties and the better functioning of the state and the state apparatus, rule of law, efficient judiciary, strengthening fiscal discipline and reducing the shadow economy.

North Macedonia exporters are certainly the healthiest segment of the North Macedonia economy. On the other hand, exporters in North

Interreg EUROPEAN UNION

Balkan-Mediterranean BALKANMED E-BP

Macedonia are the segment that suffered the greatest damage from the economic and political problems that the country was facing. Due to the political problems that North Macedonia has faced over the past decade, many potential export market clients have rightly become doubtful about the quality and reliability of the export companies from North Macedonia.

Most problems for North Macedonia exporters are created by poor infrastructure and transport, long and expensive customs procedures, non-tariff barriers and growing protectionism in the world with which they face more, long bureaucratic procedures with institutions, timely collection of claims and maintenance of current liquidity.

One of the more serious problems that export companies are increasingly facing in recent years is finding a skilled workforce.

German Kromberg and Schubert is one of the few foreign companies that work in the zones and who answers our questions. Kromberg and Schubert highlights the biggest challenges they face in their operations and exports and they emphasize customs costs, transport and high border requirements, the stability of customs systems and communication, or the exchange of information between institutions.

Every export market has its own specifics and requires great dedication and energy to deal with individual challenges on a daily basis.

In recent years, the presence of various mechanisms and ways of increasing restrictions on entry into the markets or presence as a foreign company, closing certain markets, greater protection and (protectionism) of domestic businesses, etc., is more pronounced in foreign markets.

In the pharmacy segment, however, the continuing challenge facing Alkaloid is the pressure on the pharmaceutical prices of pharmaceutical products and their constant chain reduction.

As a general business challenge for the company is the timely collection of receivables and the maintenance of current liquidity. For a company that comes from a smaller national economy, especially from third countries, huge persistence, good skills and persistence for continuous growth in export markets are needed.

The major headaches of the metalworking industry, especially steel companies, are creating the introduction of tariffs for steel imports and trade between the United States and the EU.

At the moment, the biggest challenge are the EU's protective measures to limit the imports of steel products, including welded pipes and profiles,

which they produce. In such investigations, instruments are used as quotas that limit the quantities of imports or import tariffs that increase the import price and thereby reduce the competitiveness of that product on the European market. If the competent ministries and embassies do not call North Macedonia to be exempt from these EU safeguards, the damages that steel companies in North Macedonia will suffer is estimated at over 240m euros.

The biggest worries are the protection measures taken by the Trump administration for steel imports, as well as countermeasures, that is, EU protective measures aimed at limiting steel imports and exports of scrap metal, which will cause them major problems.

The metal industry in North Macedonia participates with 5.7% in creating what GDP, directly employs about 3,000 people, but it is estimated that 15,000 workers in related activities would be indirectly affected by US and EU measures (Khan, K. &Leng, K., 2017).

The companies first need to organize themselves internally and adjust their production so that their products can go to the markets outside the country. But, in addition, there are certain limiting factors that influence the increase in exports. One of them is the price of raw materials, which is higher than our sales price, which our competition abroad has, and which must be compensated by reducing the value of the working hour and reducing profits.

For Makprogres, the biggest export challenges are related to conquering new markets and finding quality partners for long-term cooperation, as well as by penetrating penetration of markets that are already present through a growing number of channels for sale.

The biggest challenges and problems in the operation are related to the poor infrastructure and the impasse on the roads Mavrovo region during the winter period, which creates problems in the timely delivery of the export products. Most of their exports, which account for around 80% of their total sales, are transported by road, and the major markets are Serbia, Kosovo, Bulgaria and Albania. Lack of access to gas also reduces the competitiveness of the company.

The challenges that Vitalia faces when exporting are mainly related to the specificity of each market, the understanding of the need of buyers and the supply of a suitable product. At the moment, the challenge they are working on and which have elevated them to a higher level of competitiveness are the opening of markets such as Monaco, Seychelles, the Philippines, Mauritius, Cambodia, Curacao, Kenya and Brazil.

3. Recommendations for successful export activities

The main challenges and problems in the exporters work are related to price competitiveness and skilled workforce.

In order to improve the competitiveness of exports, it would help support export-adjusted measures for different industries, adapt the education process and retrain for acquiring skills and qualifications in accordance with the needs of companies and constantly monitor and complement deficient personnel in the labor market through stimulation of youth for such type of education.

When it comes to exporters expecting the state as the most important, they point out political stability.

However, the Government specifically expects more efficient functioning of the state institutions and reduction of the excessive state apparatus, the abolition of numerous parafiscal charges imposed on them by the numerous agencies, accelerating and facilitating the customs procedures, improving the infrastructure, concluding new free trade agreements, strengthen the role of economic diplomacy in creating new export opportunities and opening up new markets, efficient spending of public money, education reforms and the labor market force, less changes in laws, lower taxes and reduce operating costs at home so they can be competitive outside. Most of the exporters welcome the economic measures recently proposed by the Government and hope that the Law on Financial Support for the Industry will soon become operational, whose goal is to increase the competitiveness of companies and increase employment through state financial support.

It is necessary to harmonize the regulation in North Macedonia with the EU regulations, introduce a duty-free regime and improve the road infrastructure. As they point out customs expenditures as one of the major problems, they propose an improvement of the Customs Policy in the direction of greater customs relief.

Exporters must seek the growth and development in North Macedonia, and at the same time all the positive economic implications that come with this, through the larger export activities of our economic actors. Apart from the individual efforts of businessmen, entrepreneurs and the business community in general, the best results can be achieved through coordinated and integrated efforts together with state institutions. In this

context, I welcome the recently adopted Law on Financial Investment Support, accompanied by all bylaws and rulebooks. The purpose of this law is to create a legal framework for stimulating the economic growth and development, ie through government support to increase the competitiveness of the economy and increase the employment. I express my hope that the Law and its application, as well as the establishment of the necessary commissions, will start functioning as soon as possible and that it will give the desired effects in the economy (Krueger, A.O., 2015).

Gasification and access to gas would have the greatest effect on their competitiveness. A strategy for re-industrialization and development of the base industry in North Macedonia is needed, and the policy for attracting foreign investors should be aimed at attracting foreign investors willing to bring new technologies and invest jointly with domestic companies and to share knowledge and know-how with them.

The state can greatly assist the bureaucratic and administrative part related to the operations of export companies. One is the implementation of an out-of-customs procedure analysis with Serbia and the establishment of a kind of reciprocity. This in order to avoid all pressures and obstacles in the export. At the moment, exporters suffer consequences for exports, while at the same time Serbia exports food products five times more than our total export of food and agricultural products. Domestic politics as much as affecting incoming investment in the country is equally influential in the breakthrough of domestic companies in foreign markets. Therefore, it is very important when the state stands behind the exporters, primarily as a legal body and as a logistics in simplifying the process of export itself, in creating sound and comprehensive market research and facilitating the breakthrough on foreign markets.

The competitiveness of North Macedonia export companies can be increased if the state focuses on concluding free trade agreements with a growing number of countries and regional communities.

Currently, North Macedonia has concluded customs duty exemption agreements with EU members, CEFTA countries and EFTA countries, while with all other countries there are customs duties that exacerbate the competitiveness of products. Such a very important and big market with very high potential for us as a company, but also as an industry, are the countries of MAGREB, the region of north Africa, where at present our goods are burdened with customs duties of 15% and even up to 55% in which state, which makes our products uncompetitive in these markets.

North Macedonia needs to work in the next period to create conditions for greater interaction between foreign investors from the zones with other domestic and foreign companies outside the zones, with a view to substituting the imports, providing greater transfer effects of FDI on skills, knowledge and technology.

The improvement and acceleration of customs policies and procedures and the conclusion of new free trade agreements could facilitate exports and increase the competitiveness of companies (Ahmad, J. et al, 2017).

As an export-oriented company, the biggest constraints we face are customs procedures and policies that unfortunately hamper the process, creating higher costs, and at the same time time-consuming, which creates a general negative impression among foreign customers. Hence, the need arises to improve the economic cooperation with more countries, concluding free trade agreements and eliminating customs duties for importing North Macedonia products, which directly reduces costs and improves their price competitiveness. An important segment is the necessity of harmonizing the export documentation, especially the countries from the region through mutual recognition of the documents issued by authorized institutions, which drastically shorten the time and costs of export. Furthermore, the simplification of export procedures in terms of shortening the scope of documentation and the time frame for validation by domestic institutions.

As measures and policies that could increase the competitiveness of exports and improve the business climate, they point out reforms in the labor market, promotion of export activities, dealing with unfair competition, and providing fair conditions for competitiveness on the domestic market, reducing interest rates on loans and reduction of certain duties towards the state.

The domestic metal industry is a strategic economic branch that generates a significant percentage of the national GDP, hence the state must envisage instruments that will stimulate its exports, as well as certain tax reliefs for all products with added value from domestic raw materials and raw materials.

Recent developments related to the introduction of tariffs that threaten to turn into a trade war show that protectionism is again in vogue. North Macedonia should monitor how EU countries protect their companies and increase the competitiveness of export industries.

But North Macedonia, as a small and undeveloped country, can not afford protectionism, if not because of another, then because such a move would

cause answers from the other side, and North Macedonia as a small and import dependent economy would be strongly affected.

Therefore, the state can best assist importers if they unload them from unnecessary and compulsory duties and reduce their production costs. When this would be done fairly to all, it would be the best protection for our companies.

Reducing customs and customs rates for raw materials and equipment and the costs of business realization, a better business climate with more efficient institutions, tax incentives and further liberalization of trade are the main recommendations for export companies.

They will be more competitive if they allow the customs clearance of goods for export at multiple crossings, if they are exempted from customs duties when importing the equipment they use in production exclusively for export and create conditions for netting the VAT when importing raw materials destined for export. In favor of a larger volume of exports will be concluding new free trade agreements and avoiding double taxation. The impact of the new crisis, according to company representatives, will depend on the partners they cooperate with, but expect the possible problems to be solved together with the government (Balassa, B., 2015).

The Customs Administration enables direct customs clearance of the exits of the Mother of God and Blace, but not on other exits from the state. The biggest problem is that for 24 hours this can not be done at the Tabanovce exit. It is required to do so as soon as the largest markets of North Macedonia exporters are still towards the European markets.

With the clearance of the Tabanovce crossing, the work will be facilitated, the border can be crossed for 24 hours, but at the same time employees will not be hired and additional costs will be created.

It was also requested that import of raw materials destined for export be allowed to be offset with the VAT that they have with the state and to be exempted from the customs for the equipment they import. On the same machines and the same equipment many jobs are opened, but simply as if they were fined and have to pay customs. It is not seen why customs duties on equipment that can not be produced in the country must be paid. It is unnecessary and an understanding will be found with the ministries about the problems and demands that they deal with and argue with.

Companies do not have orders canceling, but an increase. The impact of the crisis depends on the partners in the countries in which they are exported. But, it is normal if such things happen such as firms, there is the

Government, and all of them will sit down to solve them because it is in the interest of everyone to survive (Chow, P.C.Y., 2017).

There is a need for new bilateral free trade agreements and the avoidance of double taxation with the countries with which this has not been done. These are good opportunities for companies like Alkaloid who have their own capacities in the countries in the surrounding.

Discussions with government officials on improving exports are a good sign for both sides, especially in times of crisis when demand is decreasing. Much of the defined guidelines for such meetings held in the past years have been realized, but the unrealized ones will be updated again.

The crisis can be avoided with novelties in the operation. This means that everything that is new does not belong to the crisis and so it can survive and run the company in a good direction. They do not need state support if they do not stand on their own. No one provides support. They rely on their own strength and knowledge.

In addition to North Macedonia exporters, the strategy for export promotion with an action plan already in the government procedure will be adopted and is expected to be adopted soon. It focuses on the positioning of key traditional sectors that are already represented on the foreign market in terms of its exports and at the same time the potential export sectors.

It's about the automotive, chemical, pharmaceutical, tourism and renewable energy sources. All those sectors according to the analysis have already been identified and proposed in the stratagem that they may be bearing branches.

4. Prospects for the development of industries with export potential in North Macedonia

Given the different technical-technological, financial and personnel situation in individual production capacities, the dynamics of increase in production and potential export effects can not to be perceived without any specific analysis of each individual enterprise. That's why it's pointing to some directions. To increase production and exports for the most part from enterprises in the field of traditional processing and some other industrial branches (textile, leather, shoe, wood, food, chemical, etc.) require relatively modest means about the necessary technical renewal and technological modernization, and far away. The lack of required working capital is a more

Interreg EUROPEAN UNION

Balkan-Mediterranean BALKANMED E-BP

difficult problem. These funds should be provided from special sources, that is, from favourable ones credit lines for working capital. Also, to these enterprises it is also necessary to help the state to break into certain foreign markets by concluding appropriate inter-state arrangements. The increase in production and export of enterprises in the area of production of buses, some metal processing facilities etc., in addition to the mentioned financial problems, will basically depend on the provision of favourable means of lending to production for export and for export.

More serious technical renovation and technological modernization is necessary in machine building, production of cooling devices, electrical industry, electronics, etc. Their production and exports can be increased primarily by directly connecting with renowned foreign partners for inclusion in modern technological and marketing flows.

Some industrial enterprises in the black and non-ferrous metallurgy, machine building, fuel production, etc., will have to exit the difficult position in connection with foreign strategic partners.

The significantly faster dynamics of the growth of exports than the increase in the value of production and the physical volume of the industrial production indicates the real possibilities for the total export in the next period to increase at an annual growth rate of 7% and above 7% (Greenaway, D. et al, 2001).

With such an increase, the value of exports in 2019 would have reached the level of about \$ 1,800 million. In fact, this should represent the minimum goal of export expansion. This means that total exports in the coming period could increase significantly with some return to our exports goods in the countries of Central and Eastern Europe and the former Soviet Union, and especially in Russia and Ukraine. Of course, in the new economic and political conditions, and especially because of the economic and social crisis in which, in the transition period, the majority number of these countries, this goal can be achieved only by organized engagement of the specific economic entities in the direction of increase of their competitiveness in relation to exporters from developed Western countries, but also with appropriate measures of foreign trade policy, as well as with specific inter-state arrangements. The engagement of state bodies is of particular importance because of the relatively modest prospects to increase classical exports to the markets of those countries. Far greater are the opportunities for returning those markets by tying the export of our agricultural and industrial products (food, beverages, tobacco, textile apparel, footwear, chemical products, transport funds and other finished products), as well as

Interreg EUROPEAN UNION

Balkan-Mediterranean BALKANMED E-BP

services in the field of construction, in exchange with fuels (oil and gas), raw materials and semi finished products for black metallurgy and metal processing industry, textile, leather, chemical, wood and other processing industrial branches. There are also significant opportunities for increasing the total export in the exchange with the former Yugoslav republics. Concrete analysis of these possibilities is very complex and limited, because on the export and the total foreign trade in the past period influenced, and in the next period will be influenced by a large number of economic and political factors. In fact, it is about qualitatively new relations in the trade with the newly emerging countries on the territory of the former SFRY compared to the free exchange between economic entities in the frames of the former single Yugoslav market. Although difficult one can expect the achievement of the same scope and the same relations in the exchange, it is certain that there are real economic conditions (multifaceted reproduction and business linkages of the economies, familiarity of the markets, etc.), exports to the former Yugoslav republics significantly increased. Among other things, it is possible and under the influence of already concluded free exchange agreements with these newly formed states.

Assuming the reduced export to the listed groupings of countries to be fully offset by 2019, ie the total value of export of goods in that year to \$ 1,878 million that means that the rate of export growth should be 8% annually.

The export of the industry, as an activity continuously generates over 95% of the total export of the Republic of North Macedonia, in the medium term can be increased primarily by raising the level of utilization of existing capacities and by reversing the negative trend in the direction of a more dynamic increase in production in the largest number industrial branches, and especially those who are exporters. In the longer run, the export of industrial goods may notice a more significant one expansion only with modernization and technological renewal of production capacities and by connecting with renowned foreign partners. In 2018, the North Macedonia industry realized exports worth \$ 1,194 million. That level is higher than what was achieved in 1990 (1,096.8) for 9.0%. However, in 1990, as exports from the Republic of North Macedonia, there were no significant industrial goods plates in the former republics of the SFRY, whose federal unit was then still a, and in 2018 exports included exports republic. If the export of industrial goods in 1990 we add the placements in the former Yugoslav republics in the amount from 543.6 million dollars, the total external pledges (export) of industrial goods in 1990 amounted to 1,640.4 million dollars. That means that the registered export of the industry of the Republic of North

Interreg EUROPEAN UNION

Balkan-Mediterranean BALKANMED E-BP

Macedonian 2018, which included exports to the former Yugoslav countries the republics, in fact, was lower compared to the total external placements in 1990 for \$ 446 million. If we start from the same assumption as in the total export of goods - in 2018 to reach the export of industrial goods to the level since 1990, about 1.640 million dollars, exports in the coming years should increase at an average annual rate of around 8% (Darrat, A.F., 2017).

It seems that such dynamics will be viable, as the dynamics of exports over recent years indicate that the process of increasing the export of products from separate industrial sectors. More importantly, industrial branches and product groups, exports of some of the important industrial sectors have already reached the level of 1990. This indicates that in the coming period it can be expected dynamics of exports and other industrial goods. The basic precondition for this is to activate the industrial capacities, the degree of utilization of which is relatively low. It is therefore necessary to specifically address the reasons for the extremely low level of utilization of the installed production capacities, in concrete terms enterprises, and especially those from the export sector. This will give a realistic picture of the impact of problems in the production itself (outdated equipment and technology, supply of necessary raw materials and reproduction materials, lack of difficult conditions for securing working capital, etc.), on the one hand, and on the impact of the troubled placement of industrial goods on the domestic, and even more on foreign markets, on the other.

Let's take a look at some specific possibilities for increasing the export of certain significant industrial products. And this opportunity we will see through the comparison of the export realized in 2018 and that realized in 1990.

This applies in particular to iron and steel products, certain leather and skincare products, footwear, textiles, yarns and fabrics, machinery and transport equipment and some chemical, medical and pharmaceutical products. Of course, the above data are only indicative. They still indicate that there is considerable room for increasing exports of individual industrial products and within the existing export structure, provided that the production and the greater activity of the economic enterprises and the state bodies are increased at least partially returning to some of the lost foreign markets. The export structure of the industry of the Republic of North Macedonia is characterized by a certain degree of diversification from the aspect of representation in the export of relatively large number of products. A significant part of the exports, however, are concentrated in eight groups of export products, which participate in the total export of the industry about 96%. However, the concentration is practically even greater,

therefore with emphasized negative structural features. More than half of the accomplished export in 2018 (54.2%) refers to three groups of products: textile products, basic metals and metal products, and together with tobacco products and drinking products more than two thirds (68%) of the total the export of industrial goods refers to only three product groups. According to this basic feature, the export structure of the industry in 1997 is almost identical to that in 1990.

According to the export ranking in 2018, the largest share has a group of textile products 329.1 million dollars or 28%, most of which 248.8 million account for different apparel products, that is, clothing. Such participation may to be evaluated as very unfavourable, especially because it is the high share of exports after finishing - so called LON works, which significantly reduces the net foreign exchange effect. Considering the significance of this group of products primarily for employment, their exports will be significant in the coming period, but the increase will be realized with relatively slower dynamics.

Base metals and metal products participated in the total export of industrial goods with 310.7 million dollars or by 26.2%. The greatest share is the iron and steel - 178.5 million dollars or 15.1% and of non-ferrous metals - \$ 93.6 million or 7.9%. The export of iron and steel and steel in 1997 participated in the total export of North Macedonia with USD 427.3 million or 36.2% (Hausmann, R., & Bailey, K., 2006).

The expansion of metal exports in the next period deserves a special analysis in terms of their real effects on the national economy and the comparative advantages of the external markets. Namely, their production in some products is markedly dependent on external inputs (for iron and steel, imports in 2018 amounted to \$ 66.9 million, representing 37.5% of the realized export, and for non-ferrous metals 68.7 million dollars - 73.4% of the export realized); all products of this group are extremely large consumers of electricity and other fuels in which the Republic of North Macedonia is deficient; are characterized by high production costs; some of the export products are of low processing and finalization; etc. Except for zinc and somewhat for lead, for others metals (and especially ferrosilicium, ferrochrome and ferronickel) should be seriously assessed export competitiveness, as well as further production, or possibly making efforts to own and technological engagement of renowned foreign firms for the inclusion of those production facilities in broader business entities.

Of course, the basic metals and metal products and in the following period will have some significance for our exports, among other things, and with

refinements and processing for the account of interested foreign partners, but the dynamics of the export growth of these products, in each case, will be relatively slower.

The group of tobacco products and manufactured tobacco and alcohol products made export in the amount of 162.3 million dollars and in honor of 13.8%: tobacco and manufactures 102.9 and beverages 59.4 million dollars. It seems that the achieved level of tobacco exports has come closer up to the upper limit of the export capacity (in 1991 it was realized tobacco exports in the amount of 70.1 million dollars), so in the upcoming period the export will be able to move with a slower pace.

The group of products such as machines, appliances and devices and transport means total export of 90.9 million US dollars, or 7.7% of total exports of R. North Macedonia, at which accounts for about half (45.8 million) of electrical machines, appliances and devices.

This very significant group of export products has been noted a very high decline in production, some facilities are practically closed, and the real possibilities are not far from for technological modernization, for the development of new products and for a more productive presence on foreign markets. Therefore, this group of products in the next period should realize far faster development and export dynamics.

The fifth place according to the participation in the export are chemical products: \$ 70.4 million, with participation in total exports from 6.4%. Thereby, medical, pharmaceutical and perfumery products have the highest share-28.0 and plastic materials - \$ 17.8 million.

The export opportunities of this industrial sector are far greater (especially of synthetic fibers and some other products), and the dynamics of their exports growth in the forthcoming period should be tall (Hausmann, R. et al, 2007).

The group of leather and fur products exported 65.2 million dollars, or 5.5% of total exports. Shoe exports, with a value of 50.2, are the most significant item million dollars (in 1990, 79.4 million).

The export possibilities of this group of products, even with the LOUN, are certainly larger. The seventh place is the electro materials and the processes from metal, with realized export of 54.6 million dollars and with participation in total export of 4.6%. The largest share in this group of products has the export of electrical conductors - 26.1 and metal parts and accessories - \$ 15.8 million. This product group, including existing and

emerging products in the field of electronics, in the coming period should have achieved a very high growth dynamics of exports.

The group of non-metals and non-metallic mineral products made export of 46.9 million dollars and share in the total export of 4%. The largest share in this group are made of non-metallic minerals - \$ 30.8 million. The export opportunities of this industry sector are certainly incomparably larger, given the relatively large and varied natural resources of non-metals in the country and comparative advantages in the export of many foreign markets. Of course, it's not just about reactivating and empowering the production capacities for achieving the volume and the structure of production from the period prior to the independence of the Republic of North Macedonia, but at the same time should be carried out a specific reassessment of the production structure, ie selection of the prospective and non-prospective products and defining the competitive performance of production for export to foreign markets. Reactivation of the existing facilities, especially in the field of industry, with the available production equipment and with the existing technological procedures it will not be able to give any special contribution in terms of export expansion.

At the same time, various forms of cooperation should be developed: attracting foreign direct investments, concessions to use certain production and service facilities, joint ventures, production and business-technical cooperation and cooperation, joint performance on third markets, application of production and commercial franchising, knowhow transfer, etc. From the above quantification it can be seen that in all variants would an average annual increment of the total and of the export of industrial goods of over 100 million dollars was to be achieved. Such a projected dynamics at first glance seems hardly viable, especially bearing considering the current unfavorable situation in our production as well and the numerous limiting factors for expansion of exports. However, taking into account the assumptions of both the first and the second variant, it must be noted that it is not too ambitious laid out targets. Four main assumptions determine the accomplishment of this strategic development goal (Henn, C. et al, 2015):

1. It is unrealistic to expect the strategy of expansion of our export should be realized only under the influence of market impulses, but must actively and consistently supported with a complex and consistent economic-system instrumentation. It is necessary to provide a quality new institutional setting that will create appropriate ones macro-economic conditions that will correspond with the modern rules of the world market. For this purpose, it

should be thorough and substantial transform existing institutions and form definitions new institutions.

2. The activation of the existing production capacities, the increase of production is the basic precondition for the expansion of our export. There should be a selective approach by branches, groups and individual export products in accordance with specific problems that limit the production and exporting. Such access is particularly indispensable in the eight most important groups of export products, which will enable specific problems and problems to be resolved and addressed. Just as an illustration, we will point out some of the specific problems in the basic export sectors (Hidalgo, C., 2009):

a) Textile products

The basic limiting factor is the placement. On the domestic market: insufficient customs protection, illegal import, reduced purchasing power Islam, the Anatan market: lost ground for the countries of Eastern Europe in the former Yugoslav republics, weak competitiveness, financial problems due to the abolition of duty-free imports of components at JIOH deals, etc. A relatively quick increase in production is possible if they are provided favorable credits for working capital, as well as credits for technical and technological renewal, not so much in the confection as in the production of yarns and fabrics.

b) Metals, alloys and processing

The production of black and non-ferrous metallurgy should be thorough to be reconsidered from the aspect of energy dependence, the provision of necessary import inputs, production costs, technological backwardness, inadequate assortment and low level of finalization and etc. It is necessary for the necessary investments which require considerable capital and adequate knowledge. Therefore a perspective for production and export have only those capacities that will provide a foreign strategic partner, and certain capacities will have to be closed. Production and exports to the existing metalworking industry will primarily depend on: the development dynamics of the activities and consumer branches of those products in the country and on traditional foreign markets; from favorable credits for technological redevelopment capacities; from loans for preparation of production for export and for lending on the sale of foreign markets, etc.

c) Tobacco and beverages

The export of fermented tobacco and processing is already at the real possible level. Perspectives in the forthcoming period will depend on the realization of the concluded arrangements with the foreign partners.

Exports of beverages are below the possible level, which is inadequate in terms of degree of finalization and assortment and insufficiently profitable. A particular problem is the insufficient level of standardization and maintenance of quality in the long run. That problem can be resolved by connecting to renowned foreign partners and specialization of staff abroad. Given the specific nature of these products (market closure, high protection of domestic production, excise taxes, etc.), exports can be reduced primarily by direct connection with a reputable partner in each country.

5. Needs of small, medium and large enterprises for raw materials / semi-finished products / components for starting export activity and / or for increasing their export potential

North Macedonia companies must look at themselves, invest and create products with good design and quality if they want to improve their exports and be competitive on foreign markets. As the Economic Chamber of North Macedonia points out, the share of exports in GDP should increase from 50 to 75 percent, and for that, significant improvement is needed in the trade sector.

As underlined by the Chamber, less than five percent of domestic micro, small and medium-sized enterprises realize exports to regional markets, and only 3 percent are present in some of the markets in the European Union, because they are still staffed, financially and technically limited today in the Economic Chamber of North Macedonia.

The largest capacity for conquering new markets or intensifying the existing export are companies from the food sector, pharmaceutical, chemical, wood, metal and furniture industries, as well as textiles.

In order to have exports, we first need to do our homework, create a product that will be properly designed, competitive and quality, in accordance with the standards of the country where it is exported. We need to work here a bit more. The world market is flooded by all countries and products, but only those that are imposed with quality and competitive price succeed. The domestic firms invest in growth, but not at that rate as foreign investors.

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Foreign investors come here with a ready-made market, and the North Macedonia ones have to fight for the market, and that's a big difference. Foreign and North Macedonia companies should cooperate, foreign to help them through their products, part of the export to go on that market (Hidalgo, C., & Hausmann, R., 2009).

The data of the Chamber show that of the total number of registered legal entities in the country, only about 5% or 3,500 companies are export oriented. A total of 81 percent are in the category of micro and small companies, 15.8 percent are medium, and only 3.2 are large companies.

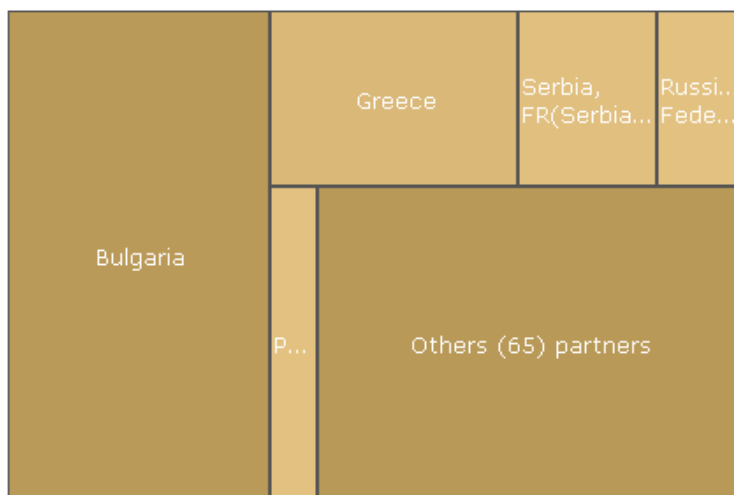
Although micro and small companies are the largest exporters, large companies are the engine that creates as much as 80 percent of total exports of goods in the country. Last year, North Macedonia realized over five billion Euros of exports, which is the biggest increase in the past 10 years.

According to official statistics on trade, 81.1 percent of exported products end up in the markets of EU member states, while trade with the CEFTA region is 10-12 percent. The biggest trench partner is Germany with which North Macedonia has a surplus in the trade. Bulgaria, Serbia, Greece, Italy, Romania, Spain, Turkey and Great Britain are also important trade partners of the country.

The North Macedonia economy has been strongly influenced by several factors, primarily from a non-economic nature, which have had a negative impact on all companies, but especially those whose operations are directed beyond the borders of the country. The country's prolonged internal crisis, further complicating the operation of export companies, and many potential customers rightly became questionable regarding the quality and reliability of export companies from North Macedonia companies.

Many exporting companies face insolvency and difficult access to finance. Domestic investment is weak, there are no developed capital financing institutions, the banking sector does not develop enough financial instruments to support export companies, direct budget support almost does not exist, and the state development bank MBDP is too weak to be genuine support of exporting companies.

Table 4. Export partners of North Macedonia re-promaterials



Source: Authors' calculation based on ComTrade database

If the financial crisis in the eurozone is added, the situation in neighboring Greece and the frequent blockades at the border crossings, the railway and the port of Thessaloniki, the global restraint and the reduced economic cooperation at the international level, gives a slightly clearer picture of the production and the export in North Macedonia in the past period have become quite a difficult, complex and expensive process.

Besides all this, the entire state policy of North Macedonia in the past years was focused on economic development exclusively based on foreign investments, while domestic export companies seemed to have been set aside from these development policies and left on their own.

As a result of all these internal and external influences, the North Macedonia export companies face many problems and challenges, among which the strongest influence is the expressed insolvency, which is negatively reflected on meeting the financial needs and obligations of the current operations, the presence of non-tariff and technical barriers that arise in foreign trade with foreign countries, mostly in cooperation with the countries of the Western Balkans, frequent changes in the internal legislation, without timely and adequate of the involvement of the business community in the process, the present inability to regular collection of revenues that companies have realized on various grounds, including the claims of the state bodies and institutions, despite the adoption of specific legal

regulations that regulate this material, then lack of professional staff according to the needs of the business; inadequate infrastructure of the state with foreign countries, which increases the costs of exporting companies.

Considering that the manufacturing export companies are precisely those who for the most part build the country's gross domestic product, the greatest efforts of the government should be directed, first of all, to how to relax the conditions for them to be more functional and more productive, without to distinguish whether it is foreign or domestic capital.

In 2010, the Economic Chamber offered a model of economic development that includes 10 key issues that need to be worked (Hidalgo, C.A. et al, 2007). This model was conceived to be aimed at boosting production and exports, the economic linkage with small business entrepreneurs, supporting and promoting exports as a need for business and attracting foreign investment to increase foreign trade, to condition the situation in the judiciary as an imperative for a better business environment, as well as quality and fast services delivered by the state.

Domestic exporters say it's time for them to get their place in state economic policies. Because the truth is that as a smaller national economy, growth and development, we must look for them through larger export activities.

And when it comes to measures and policies how to increase and support exports, new forms and policies should not be invented, but only to look at the policies and measures that states have with strong and developed export industry.

Over the past years, the presence of various mechanisms in the foreign markets has become more pronounced, and finding ways of increasing restrictions on entry into the markets or the presence of them as a foreign company. There are trends in the closure of certain markets, greater protection (protectionism) of domestic businesses, etc. Starting from a smaller national economy, there is a need for immense perseverance, good skills and perseverance for continued growth in export markets.

Mukaetov said that in addition to the challenges of timely collection of claims and maintenance of current liquidity, in the Pharmaceuticals segment, the continuing challenge facing Alkaloid is the pressure on the pharmaceutical prices of pharmaceutical products and their constant chain reduction.

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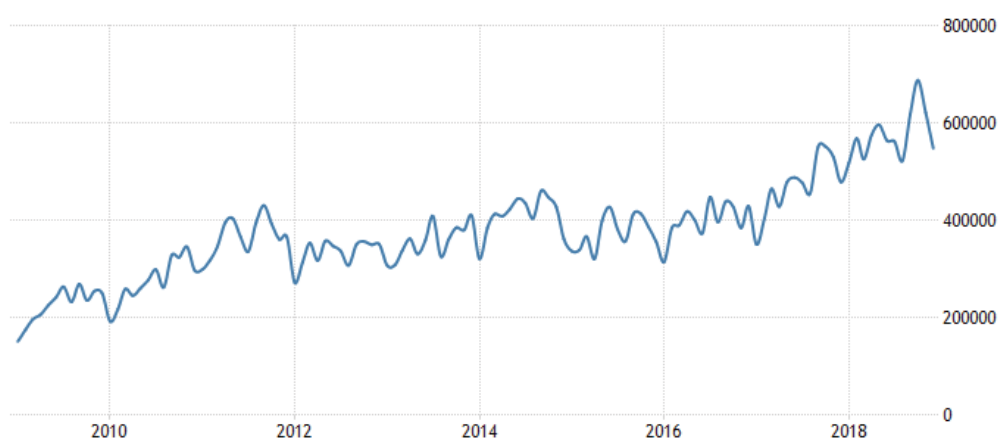
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Alkaloid's first man, Mukaetov, says that when it comes to North Macedonia, as a small and national economy, the growth and development, and at the same time all the positive economic implications that come with it, we must look for them through larger export activities.

There are ways to pursue better export results. For that purpose, measures that could help increase the MBDP's participation in securing export arrangements for domestic companies and foster risk sharing along with business entities, signing free trade agreements with as many countries as the double-clearance agreements taxation, creation of a model and methodology for subsidizing production intended for export and reducing the VAT rate from 18% to 5% when importing raw materials for products that are further sold with 5% VAT as a final product, etc (Islam, M.N., 2018).

IGM-Trade, which is also in the group of the largest domestic exporters, emphasized that the increasing protectionist tendencies in the EU make it difficult to export and impose itself as a major threat in the future. As part of the ongoing anti-dumping investigations, any EU imports from third countries must be registered and each of our purchasers is obliged to apply for an import license and wait for it to be issued which prolongs the deadline for delivery and automatically reduces our competitiveness. This procedure further complicates the acquisition of new customers in Germany and other developed EU member states.

Graph 1. North Macedonia export historically



Source: Authors' calculation based on ComTrade database

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The biggest barrier to export at the state level is the focus of North Macedonia manufacturers of low value added products and semi-manufactured goods, relatively unknown brands, centralized sales and weak sales / distribution network abroad, poor use of economic promoters and diplomatic missions to promote North Macedonia exports.

As regards the measures that the Government could contribute to increasing exports, improvement of the road and railway infrastructure, support to MBDP in the field of insurance of claims, subsidies for promotion and appearance at fairs abroad, greater efficiency of the customs (especially with the NCTS procedure), part of the measures for attracting and stimulating foreign direct investments to be available for export-oriented domestic companies or domestic companies located in industrial zones, and using European funds for the procurement of new equipment and technology.

As the most important measure for increasing the competitiveness of the production capacities, I would isolate the gasification - connecting all the more important industrial capacities as a priority and building a secondary network in the second phase to increase consumption and reduce the price of gas in the long run.

For bigger exports from North Macedonia, the most important thing is for companies to first do their homework - to create quality and competitive products, and then to encourage them to go out and offer products by direct targeting of potential customers or by exhibiting on the world's most famous fairs. Huge unused potential for our domestic companies has on the markets of the countries of Maghreb and the Middle East which are significant markets of over 400 million inhabitants. Here, the state could take some reliefs such as simplifying visa procedures for easier flow of business people to and from those countries, increasing diplomatic activities with those countries, signing free trade agreements and double taxation exemptions.

Stimulative measures by reducing certain duties towards the state in proportion to the export export companies' exports would help improve competitiveness.

It would also facilitate access to low interest rate credit lines for the purchase of new machines and technologies that will produce products with higher added value intended for export, further simpler and easier financing of larger turnkey projects, and the possibility of connecting a larger number of domestic companies from different activities to consortia

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for joint appearance with other domestic or foreign companies in foreign markets.

Concerning the specific stimulation of the export, the Economic Chamber of North Macedonia considers that subsidies are needed for domestic companies with state aid in the area of employment and vocational training, as well as with measures of economic policy that will stimulate the partnership between foreign production companies operating in the Republic of North Macedonia, local small and medium enterprises and financial institutions by providing assistance in improving the quality, quantity and reliability of products technical and managerial skills, business planning and access to capital.

The businessmen believe that the North Macedonia Bank for Development Promotion (MBDP) should be a real and concrete alternative support to the domestic business. The state development bank must have a greater share in securing the export arrangements of domestic companies and a more subdued sharing of risks together with business entities.

This should contribute to overcoming a significant part of the shortcomings in this field, especially if the export of domestic companies is put into operation.

The domestic business community believes that, in addition to certain tax exemptions, domestic companies should also be stimulated with measures to modernize capacities and innovate technology, help and tax exemptions for job creation, and to train and train employees who are missing in the labor market.

The introduction and application of new technologies should be stimulated more aggressively, rewarding the engagement of domestic innovators and organizing the production of a domestic innovation base (Jesus, F. et al, 2010).

Special stimulation treatment should have the activities that are the main carriers of the economic growth of the country and the gross domestic product, such as metallurgy, construction, processing and certain service activities. When it comes to the North Macedonia processing industry, it produces products mainly with low added value, which complicates the competitiveness of foreign markets, especially on the EU markets, which imposes the need for an appropriate approach to improving this situation. In this direction, the Economic Chamber of North Macedonia, as before and in the future, will propose concrete measures that will derive from scientific research analyzes and studies, as was the last analysis of the development

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potential and possibilities for production diversification of the metal, metalworking, the mechanical and electrical industries. Through this analysis, it was achieved to identify the development potentials and opportunities, ie to detect those products that the country does not produce or produce without acquired comparative advantages (in small quantities without significant share in the total export of the country), and which, based on the existing production and the industrial structure of the country has the potential to start producing them with comparative advantages.

From the Chamber of North-West North Macedonia, they say that the Government can greatly help export-oriented companies in order to be more competitive in the foreign market.

Regarding the access to a larger market for greetings, the recent promotion of the free Balkan zone by Johannes Hahn in Belgrade, as an opportunity for greater cooperation with the neighborhood and wider, and of course entering the EU as an opportunity for a larger market. Export companies need better access to finance, that is, to loans with a preferential interest rate, then the release or reduction of taxes on raw materials, the availability of cheaper energy, such as natural gas, which would greatly reduce the costs of companies. It is also necessary for the government to be more active and to support the preparation of analysis and research by experts on the opportunities for our companies in foreign markets. And of course we need a well-established policy to promote our products at international fairs and forums, etc (Keesing, D.B., 2017).

Almost all export companies emphasize that export marketing, as well as the process of collecting market information, about the requirements and needs of buyers, competition and culture, are a prerequisite for successful export, but they are also a very expensive process that can not be allowed a small or seated company. Hence they propose that they expect assistance from the state for promotion of export companies on foreign markets and establishment of cooperation and partnership relations with foreign companies, as well as full inclusion of embassies and all state agencies in order to increase exports.

The business believes that the strategic importance for increased export growth is creation of real conditions for conquering new markets, including regional networking for this purpose, as well as using joint regional projects from stable financial sources.

Briefly, businessmen see the key to the success of the export companies by creating equal conditions of business among all market participants, more intensive use of the advantages of information technology, investing in training and training of employees, focusing on entering new markets, introducing new innovative products, technologies and services, necessary assistance and support from the state for risk taking as a factor for achieving long-term success in export activities, regional economic networking, legislation of security, etc.

Graph 2. North Macedonia export ranking



Source: [https://globaledge.msu.edu/countries/North Macedonia/tradestats](https://globaledge.msu.edu/countries/North%20Macedonia/tradestats)

Of course, all these things can not be done and implemented in practice without greater cooperation between companies and state institutions.

In the part of the economic measures with which the Government achieves the economic growth of 5% are the measures for support of the export, that is, the support of the companies that have the potential to export or make acquisitions and to buy companies outside North Macedonia.

North Macedonia is a small market, to grow must go out of the country's borders and export more and conquer new export markets. For companies that have the desire and potential to grow and develop through larger exports or through acquisitions of companies outside North Macedonia, we, as a government, will provide them with mechanisms and support to do so. In terms of support for the North Macedonia export companies, we have several mechanisms through which we will provide support, I will mention here again MBDP, then the involvement of diplomatic missions in direction of increasing and promoting the export. Through the export or by purchasing factories in other countries, companies also buy the market.

6. Existing associations with participation of small, medium and large enterprises and analysis of their activities

Non-tariff barriers, different regulations, mismatched legislative systems, insufficient knowledge of export market criteria, sales channels, logistics and delivery conditions, lack of marketing and sales skills are just some of the challenges that companies - members of the Economic Chamber of North Macedonia face when exported to neighboring markets. For those reasons, yesterday in the Economic Chamber of North Macedonia a constitutive meeting of the Exporters Club was held. The Club will function as a special form of organization and operation within the Chamber, whose basic priorities will be directed towards helping its members in their foreign trade, in order to develop trade contacts and direct their export-import opportunities for higher forms of cooperation, in order to overcome all the indicated problems that at the moment are an obstacle to the increase in the export of domestic companies.

Mr. GligorCvetanov, executive director of "Makprogres" LLC - Vinica, was elected President of the Exporters Club for the next two years, while Mr. Goran Antevski, MA, was elected the Vice-President of the Club, from the company "RadeKoncar-TEP" DOOEL - Skopje.

At the constitutive session, the Program for work of the Club was adopted, which will be aimed at developing and promoting the cooperation with the competent institutions in the country and abroad, deepening of the international activities through the promotion of export oriented companies from North Macedonia, as well as educational events through which experiences and knowledge from domestic and foreign experts are shared to increase the competitiveness of North Macedonia companies in foreign markets (Khan, K. &Leng, K., 2017).

One of the strategic goals of the Economic Chamber of North Macedonia is the determination to create real conditions for conquering new markets that are crucial for export growth and thus the national economy. The North Macedonia economy, as a small, open economy, in order to maintain long-term growth, should continue to support the export orientation of domestic companies.

The need for improving the export opportunities for the companies from the Republic of North Macedonia, as a prerequisite for economic growth of the country, was pointed out as one of the key conclusions in the scientific research study "North Macedonia exports", prepared by the Vienna Institute

for International Economic Relations, The Economic Chamber of North Macedonia, while pointing out the need for the ratio of exports to GDP to increase by about one half, to about 75%.

In order for development to move forward, it is necessary to make further improvements in the trade sector in order to support the growth of exports.

At the same time, all other forms of organization and operation, which currently operate within the Economic Chamber of North Macedonia, and whose scope of activities includes activities aimed at promoting the cooperation with certain countries / areas, will be joined by the Exporters Club.

7. Opportunities for small and medium enterprises to cooperate so that export activities can be initiated and / or their share be increased.

The core opportunities for cooperation between North Macedonia enterprises is made via the Exporters club of the Economic Chamber of North Macedonia. One of the key targets of the Economic Chamber of North Macedonia is the responsibility to making genuine conditions for overcoming new markets that are of pivotal significance for the development of the fare, which will at last lead to the development of the national economy. The North Macedonia economy, as a little and open economy can keep up a long haul development for which it should keep on empowering the fare introduction of the residential organizations. The requirement for advancement of the fare potential outcomes of the North Macedonia organizations was one of the key finishes of the logical examination "North Macedonia fares" arranged by the Vienna Institute for International Economic Studies arranged upon the demand of the Economic Chamber of North Macedonia in which it was expressed that there is a requirement for the offer of the fare in the GDP to increment from 50 to around 75 percent. All together for the development to move advances, it is important to make extra upgrades in the exchange part with the goal to help the development of the fare. The fare is a key reaction to the development of each organization, yet in addition for the development of the general economy of one nation. It gives more prominent remote money inflow in the nation, the organizations turn out to be progressively focused and blended with the global norms and methods, which,

consequently, results in more noteworthy benefit and probability of the organizations to endeavor towards greatest use of their abilities (Krueger, A.O., 2015).

So North Macedonia can create exchange relations with the nations on the planet, it is vital for the organizations to have learning in the method of work of the remote markets. Non-duty hindrances, distinctive guidelines, discrepant legitimate framework, inadequate learning about the criteria of the trading markets, moving channels, coordinations and conveyance conditions, absence of advertising and moving abilities are simply part of the difficulties the organizations individuals from the Economic Chamber of North Macedonia face when sending out in the neighboring nations and in the nations from everywhere throughout the world.

With the target to beat the current issues the organizations face, on December 5, 2017 in the premises of the Economic Chamber of North Macedonia the Exporters' Club was established. It works as an exceptional type of association and working inside the Chamber, and its primary needs are coordinated towards helping its individuals in their remote exchange work, improvement of exchange contacts and increment of their sending out potential outcomes. The sole reason for the foundation of the Club is outperforming the issues that are an obstruction to expanding the fare of the household organizations.

Crafted by the Club is completely devoted to creating and advancing the participation with the skillful foundations in the nation and abroad through readiness of recommendations for taking care of the issues in specific organizations and exercises and arrangement of conclusions and positions on specific issues identified with these issues, setting up contacts with the establishments and the organs of the official and administrative power, nongovernmental and proficient associations in regards to the issues identified with outside exchange exercises, extending the shared exercises by means of the advancement of fare situated organizations from North Macedonia, just as instructive occasions by means of which encounters and information are traded with residential and remote specialists and their execution to build the aggressiveness of the North Macedonia organizations on the outside business sectors.

To all the more likely advance the fare situated organizations, a Catalog will be made for the individuals from the Exporters' Club in which the

organizations will almost certainly present their abilities and fare portfolios with nitty gritty data with the point of utilizing it as a limited time material which will be accessible to every potential accomplice from the nation and past, just as to the remote agent workplaces and the discretionary and consular portrayal workplaces of North Macedonia in different nations.

The Exporters' Club performs exercises by means of invigorating the collaboration, data trade and contacts with remote, chamber, business and different accomplices and defining general positions in regards to issues and issues of joint intrigue, for example,

I. Institutional collaboration (Kutan, A. &Vukšić, G., 2007):

1. Sorting out proficient gatherings that will get ready recommendations for taking care of the issues of explicit organizations or exercises and that will give assessments and positions on specific issues identified with the advancement of the business participation between the Republic of North Macedonia and certain nations/areas.
2. Setting up persistent correspondence with the important establishments in the nation with the goal of making a superior business atmosphere.
3. Submitting solid proposition and ventures for monetary collaboration amid visits to the most astounding state and chamber administration, just as setting up contacts with the foundations and organs of the official and authoritative power, nongovernmental and proficient associations in regards to the issues of the outside exchange exercises.
4. Giving specialists to meetings and fathoming exchange, traditions, monetary, credit and different issues identified with the advancement of the sending out exercises and the financial participation.
5. Participation of the Club and different types of association and work inside the Economic Chamber of North Macedonia.

II. Global collaboration and advancement;

6. Advancement of the Club and its exercises by means of the website page of the Chamber and the site page of the Exporters' Club.
7. Planning of a leaflet for the advancement of the organizations individuals from the Club with their sending out portfolio-accessible as a limited time material and sent to every single potential accomplice in the nation and

abroad, just as to the outside portrayal workplaces in North Macedonia and the political and consular workplaces of North Macedonia in different nations.

8. Advancement of the exercises of the Club and the part organizations through an exceptional version of the electronic bulletin "Fare News from North Macedonia"- giving data about the exercises the Club has attempted and acknowledged at a quarterly dimension.

9. Backing and consolation of the fare and of trade of merchandise and ventures by means of giving consistent relations and trade of data and joint execution on fairs, gatherings and different occasions at a worldwide dimension.

10. Arranging introductions, visits to the organizations individuals from the Club with the goal of the household organizations to become acquainted with one another, and the outside organizations potential accomplices to be acquainted with the individuals from the Club.

III. Instruction

11. Sorting out classes, working gatherings, talks about current issues identified with monetary and exchange issues coordinated towards the advancement of the trading limits of the individuals from the Club.

12. Arrangement of preparing programs in various fields and about various advances, just as for gaining legitimate abilities, information and demonstrable skill so as to add to the improvement of the nearby profitability.

The participation in the Exporters' Club is on a deliberate premise. All business substances can be individuals from the Club that are keen on being a piece of the Club because of the advancement of their outside exchange exercises. An organization turns into an individual from the Club by marking a participation structure with which it communicates the enthusiasm for turning into an individual from the Club.

Table 5. Top 10 Export goods of North Macedonia

Top 10 Export Goods

HS Code	Export USD\$
(38) Chemical Products	\$1,167,346,857
(85) Electrical Machinery	\$758,947,698
(84) Industrial Machinery	\$644,300,348
(62) Apparel: Non Knit	\$412,538,811
(72) Iron & Steel	\$367,887,280
(87) Motor Vehicles & Parts	\$256,457,073
(94) Furniture	\$224,434,141
(73) Iron & Steel Articles	\$210,150,467
(26) Ores	\$201,618,048
(24) Tobacco	\$159,313,39

Source: [https://globaleedge.msu.edu/countries/North Macedonia/tradestats](https://globaleedge.msu.edu/countries/North%20Macedonia/tradestats)

Conclusion

Official statistics show that exports in January this year were \$ 32.5 million higher than exports in January last year. In the same period, imports grew by 21.5 million dollars. North Macedonia exports in January experienced a renaissance compared to the same month last year, according to the State Statistical Office data. Total exports in January amounted to \$ 305.64 million, up 12 percent or \$ 32.5 million more than the January exports last year.

It is extremely important that for the first time after a long period of time, North Macedonia exports registered higher growth than the value of imports. In January, import of goods and services rose by 21.5 million dollars, or 4 percent, while North Macedonia exports increased by 32.5 million dollars, or 12 percent.

Exports of food and live animals in January amounted to 17.9 million dollars and grew by 21 percent compared to January last year. Exports of beverages and tobacco amounted to 27.3 million dollars and are bigger for a fantastic 42.7 percent more than last year. Export of raw materials (excluding food) was 33.7 percent higher and amounted to \$ 24.2 million. Export of North Macedonia chemical products grew by 25 percent and amounted to 56.2 million dollars. And exports of machinery and transport equipment increased by 22.3 percent and amounted to 30.9 million dollars. Traditionally, the largest export item is that of goods classified according to the material, amounting to 70.5 million dollars, and it grew by 3 percent compared with January 2012. There is a 10% increase in the category of various finished products. These exports amount to \$ 62.96 million. In the category of mineral fuels that directly depend on OKTA exports compared to last year it dropped by 41.6 percent.

North Macedonia has a surplus (positive difference due to higher exports from imports) than export of tobacco and beverages, raw materials (excluding food) and export of various finished products (a large part of textile products and apparel). Excellent coverage of exports by chemical and related products. Major deficits (negative difference between higher imports and lower exports) in oil derivatives and crude oil is expected, but also in imports of goods classified according to the material (minus is over US \$ 84 million), and more than doubled the import of machinery and

transport devices from exports to the same category. Only \$ 110.4 million is North Macedonia exports to Germany. This represents one fifth (about 20 percent) of the entire North Macedonia exports of goods and services, which in January amounted to 305.6 million dollars. North Macedonia has a surplus from the exchange with Germany, which is over 70 million dollars. This surprise is the surplus in the trade with Bulgaria, even for the first month of the year. The statistics show that our exports there were \$ 28 million and they are almost \$ 5 million higher than imports from Bulgaria. That makes the eastern neighbor a second trading partner in terms of exports in January. Expected third place is Kosovo where we exported goods worth 22.7 million dollars, and fourth is Italy with export of 20.5 million dollars. In the first five is still Serbia where our export is 17.7 million dollars. We expect the largest import from Great Britain for the needs of Johnson Matthey. It is over \$ 71 million a month. The second importer is Russia (energy) with a value of 59 million dollars and the third importer is Germany with 41.8 million dollars.

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