



REPUBLIC OF TURKEY **MINISTRY OF ECONOMY**

Office of the Commercial Counsellor in Skopje

Market Research Report **Construction and Technical Consultancy Sectors in the Republic of Macedonia**



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PREPARED BY

FORTON Macedonia

Independently owned and operated member of
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1. Introduction

To:

Office of the Commercial Counsellor
Embassy of the Republic of Turkey in Skopje

Dear,

It is our pleasure to present this **Market Research Report** - Construction and Technical Consultancy Sectors in the Republic of Macedonia. According to the signed Contract for consultancy services between the Embassy of the Republic of Turkey in Skopje – Office of the Commercial Counsellor and FORTON Macedonia, we have prepared a detailed analysis and in-depth research of the construction and technical consultancy sectors in Republic of Macedonia.

When preparing this market research we have used the following sources and data platforms:

- ❖ Information and publications of the State Statistical Office of RM and Eurostat;
- ❖ Information and publications of the relevant government bodies: Ministry of Transport and Communications, Ministry of Economy, Ministry of Finance, Public Enterprise for State Roads and etc.;
- ❖ Statistical data published by the National Bank of Republic of Macedonia;
- ❖ Information published in public bulletins regarding the construction sector

We remain at your disposal for any additional inquiries.

Kind regards,

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2. About FORTON

FORTON Macedonia is a premium consultancy company with main focus on commercial real estate. We are a branch of FORTON International and Bulgaria's largest real estate holding company AG Capital and an Alliance Partner of Cushman & Wakefield, the world's largest privately owned real estate advisory firm, for Bulgaria, Serbia, Macedonia and Kosovo.

Our alliance with Cushman & Wakefield contributes to the successful blend of local real estate insight and experience with international expertise. So is Cushman & Wakefield our gateway to investors in more than 60 countries all over the world. We employ this hands-on experience to add value to our clients' real estate projects and developments.

FORTON has the following competitive advantages:

- Strict compliance with Cushman & Wakefield's methodology and professional quality standards;
- Full compliance with the Royal Institution of Chartered Surveyors (RICS) ;
- Real estate financial & valuation models prepared by a Chartered Financial Analyst (CFA) ;
- Involvement in all of the important transactions on the real estate market in Macedonia;
- Assignments for consultancy services by top international companies;
- The only authorized chartered surveyor from the Royal Institution of Chartered Surveyors (RICS) in Macedonia

Main service lines

1. Capital markets and consultancy

- Market research reports
- Property valuation
- Strategic advisory
- Feasibility studies
- Investment opportunities and searching for investors

2. Brokerage

- Leasing (Retail, industrial and office space)
- Landlord representation
- Presentation and negotiations
- Tenant mix and strategic planning

3. Property management

- Pre-opening setup and management
- Post-opening management
- Strategic advisory during all of the phases in the process

4. Investment sales and acquisitions

- Strategic transaction advisory
- Due diligence
- Transaction integration

Clients reference list

- TURMAK (Feasibility study for mixed-use concept with GBA 280.000 sq.)
- SCMC Consulting Group (Feasibility study for hotel resort in Budva, Montenegro with GBA 60.000)
- Clean Earth Capital (Feasibility study for mixed-use concept in Nis, Serbia with GBA 265.500 sq.m)
- MATTO (Publication: Macedonia as a land of investment opportunities)
- Fabrika Karposh AD Skopje (Feasibility study for mixed-use concept in Skopje with GBA 66.000 sq.m)
- BETON AD Skopje (Feasibility study for mixed-use concept in Skopje with GBA 95.380 sq.m)
- LIMAK (Feasibility study for mixed-use concept with GBA 290.700 sq.m)
- EBRD (Valuation of property from the industrial-logistics segment in Tetovo, with GBA 13.000 sq.m)
- OSCE (Market research report for office space in Skopje)
- SORAVIA (Market research report for the residential, retail and office segment; Due diligence)
- Pivara AD Skopje (Valuation of properties in Skopje and Veles)

3. Construction and technical consultancy sectors in Macedonia

1. Regulations on Contracting and Technical Consultancy Services

In Republic of Macedonia the contracting relations in the exchange of goods and services among the participants are regulated with the Law on Obligations (Закон за облигационите односи), where specifically the contracting and technical consulting services fall within the scope of the Contract for work (articles 619 – 648) and the Construction contract (articles 649 – 666); and all other requirements connected with the construction; the basic requirements of the building; the necessary project documentation for obtaining a construction permit, the rights and obligations of participants in the construction; the method of use and maintenance of the building; as well as other issues concerning construction; are regulated with the Law on Construction (Закон за градење) and with the by-laws according to the Law on Construction (Закон за градење).

The bylaws adopted under the Law on construction (Закон за градење) are the following:

- Rulebook on the fee for obtaining licenses (Правилник за висината на надоместокот за добивање на лиценци (Правилник за висината на надоместокот за добивање на лиценци))
- Rulebook on the manner and procedure for issuing, renewal, revoking of authorization for preparing project documentation, revision of project documentation, construction engineer and supervising engineer and the form of the authorizations, as well as the form, content and manner of maintaining a registry of issued and revoked authorizations (Правилник за начинот и постапката за издавање, обновување, одземање на овластувања за изработка на проектна документација, за ревизија на проектна документација, за инженер за изведба и за надзорен инженер, формата и содржината на образецот на овластувањата, како и формата, содржината и начинот на водењето на регистарот)
- Rulebook on the manner and procedure for issuing, renewal and revoking of licenses for construction designing, revision of project documentation, construction manager, construction contractor, supervision of construction and manager for maintaining objects, the form and content of the licenses form, as well as the form and content of maintaining a registry of issued, renewed and revoked licenses (Правилник за начинот и постапката за издавање, обновување и одземање на лиценците за проектирање на градби, ревизија на проектна документација, управител на градба, изведувач на градби, надзор над изградбата на градби и управител на одржување на објекти, формата и содржината на образецот на лиценците, како и формата и содржината и начинот на водење на регистарот за издадени, обновени и одземени лиценци)
- Rulebook on the manner and the procedure for construction designation, setting a protection fence, type of designations and object removal (Правилник за начинот и постапката за означување на објектот, поставување на заштитна ограда, видот на ознаките и отстранување на објектот)
- Rulebook on the manner and content of maintaining a journal of the construction inspector that is, the authorized construction inspector (Правилник за начинот и содржината на водење на дневник на градежен инспектор, односно овластен градежен инспектор)
- Rulebook on the manner for performing a technical inspection (Правилник за начинот на вршење на техничкиот преглед)
- Rulebook on the manner for closing and designating the closed construction site (Правилник за начинот на затворање и означување на затворено градилиште)
- Rulebook on the manner for providing access, movement (horizontal and vertical), residing and work of disabled individuals to and within the construction for public and business purposes, constructions for housing in residential buildings, as well as constructions with

residential-business purposes (Правилник за начинот на обезбедување на непречен пристап, движење (хоризонтално и вертикално), престој и работа на лица со инвалидност до и во градби со јавни и деловни намени, градби со намена домување во станбени згради, како и градби со станбено-деловна намена)

- Rulebook on the manner for designating the construction on site (Правилник за начинот на обележување на проектирана градба на терен)
- Rulebook on the manner for conveying the procedure for obtaining construction permit electronically (Правилник за начинот на спроведување на постапката за добивање на одобрение за градење на електронски начин)
- Rulebook on the manner for conveying the procedures for approving project design, changes during construction, change of the investor, issuing permit for preparatory activities, issuing decision for constructions referred to in article 73 of the Construction law, reconstruction, change of purpose, adaptation and issuing use permit for the first category constructions according article 57 of the Construction law electronically (Правилник за начинот на спроведување на постапките за одобрување на идеен проект, за измени во текот на изградбата, за промена на инвеститор, за издавање на одобрение за подготвителни работи, за издавање на решение за градбите од член 73 од Законот за градење, за реконструкција, пренамена, адаптација и за издавање на одобрение за употреба за градбите од прва категорија согласно член 57 од Законот за градење на електронски начин)
- Rulebook for detailed determination of constructions per construction categories (Правилник за поблиско определување на градби по одделни категории на градби)
- Rulebook on the procedure for nostrification, content of the written report, consent for nostrification and the manner for certifying projects by a commission (Правилник за постапката за нострификација, содржината на писмениот извештај, согласноста за нострификација и начинот на заверување на проектите од страна на комисија)
- Rulebook on the content and scope of project revision and the manner for certification of the revised project by the auditor (Правилник за содржината и обемот на вршењето на ревизија на проектот и начинот на заверка на ревидираниот проект од страна на Ревидентот)
- Rulebook on the content of the projects, designating the project, manner for certification of the project by the relevant individuals and the manner for using electronic records (Правилник за содржината на проектите, означувањето на проектот, начинот на заверка на проектот од страна на одговорните лица и начинот на користење на електронските записи)
- Rulebook on the standards and norms in designing (Правилник за стандарди и нормативи за проектирање)
- Rulebook on the technical features and measurements of the path for movement of disabled persons and visual impaired individuals (Правилник за техничките карактеристики и димензиите на патеката за движење на лица со телесен хендикеп и лица со оштетен вид)
- Rulebook on the technical measures and conditions for assembling steel constructions (Правилник за техничките мерки и за условите за монтажа на челични конструкции)
- Rulebook on the technical measures and conditions for protection of steel constructions of corrosion (Правилник за техничките мерки и услови за заштита на челичните конструкции од корозија)
- Rulebook on demolishing objects prone to deterioration (Правилник за уривање на објектите склони на паѓање)
- Rulebook on the form, content and the manner for maintaining construction journal and construction log (Правилник за формата, содржината и начинот на водење на градежен дневник и градежната книга)
- Rulebook on the form and elements that must be contained in the opinion for the designed and constructed degree of mechanical resistance, stability and seismic protection of the

construction (Правилник за формата и елементите кои треба да ги содржи мислењето за проектираниот и изведениот степен на механичка отпорност, стабилност и сеизмичка заштита на градбата)

- Rulebook on the form and content of the report of performed technical review by the supervising engineer for second category constructions (Правилник за формата и содржината на извештајот за извршен технички преглед од надзорен инженер за градби од втора категорија)
- Rulebook on the form and content of the form for ID and the emblem of construction inspector that is, authorized construction inspector and the manner of issuing and revoking the ID (Правилник за формата и содржината на образецот на легитимацијата и амблемот на градежен инспектор, односно овластен градежен инспектор и начинот на издавање и одземање на легитимацијата)
- Rulebook on the form and content of the ID form for the construction inspector, the manner of its issuance and revoking and the sign design (Правилник за формата и содржината на образецот на легитимацијата на градежниот инспектор, начинот на нејзиното издавање и одземање и изгледот на знакот)
- Rulebook on the form and content of the protocol for regulatory, construction and leveling line including determination of the construction area (Правилник за формата и содржината на образецот на протоколот за регулациона, градежна и нивелациона линија со определување на површина за изградба)
- Pricelist on the fee for opinions on designed and constructed degree of mechanical resistance, stability and seismic protection; and; (Ценовник за висината на надоместокот за мислењата за проектираниот и изведениот степен на механичка отпорност, стабилност и сеизмичка заштита;)
- Other bylaws (други подзаконски акти).

2. Construction Standards in the Country

The Law on Construction defines the term construction process as carrying out previous activities, preparation of project documentation, carrying out preparatory activities, building a new construction, extension or superstructure of an existing construction, reconstruction and adaptation of the existing construction that includes ground activities, setting up a building structure, carrying out construction-installation activities and final construction activities, building-in installations or equipment, and other activities necessary to complete the whole construction; while the term construction denotes everything that is made by building and is attached to the land, and constitutes a physical, technical-technological and construction whole, including the built installations, i.e. the equipment.

Any construction, depending on the purpose, should meet the basic requirements for the construction anticipated by the parameters of the urban plan or the state, i.e. local urban planning documentation or the infrastructure project and other conditions prescribed by the Law on Construction and the bylaws. The basic requirements for the construction shall refer to mechanical endurance, stability and seismic protection, fire protection, sanitary and health protection, protection of the working and living environment, protection against noise, safety in the use, efficient use of energy and thermal protection, unobstructed access and movement to and in the construction, and technical characteristics of the construction products used in building.

Mechanical endurance, stability and seismic protection

The construction should be designed and built in such a manner so as, in the course of the construction operations and use, disturbance of the mechanical endurance, stability and seismic protection not to be caused, particularly:

- Collapse of the whole or part of the construction;
- Destruction of parts of the construction, the basic foundation or the equipment as a result of major deformations of the load-bearing building structure, and

- Disproportionally big deformations and damages with regard to the reason that has caused them.

For the purpose of determining the fulfillment of the conditions regarding mechanical endurance, stability and seismic protection, it is necessary to provide a positive opinion on the designed and built level of mechanical endurance, stability and seismic protection of the construction by an entity that carries out a scientific and research activity - scientific institute specialized in the field of protection of constructions against seismic actions.

The opinion on the designed and built level of mechanical endurance, stability and seismic protection of the construction shall be provided only for the constructions whose basic project, in accordance with the regulations on design, should include a construction project. The opinion on the designed level of endurance, stability and seismic protection of the construction shall refer to the engineering and construction project which is an integral part of the basic project and shall be attached to the request for obtaining a building permit by the investor.

The entity that carries out a scientific and research activity - a scientific institute specialized in the field of constructions protection against seismic actions shall be obliged to issue the opinion on the designed level of mechanical endurance, stability and seismic protection of constructions with gross developed area of up to 5.000 m² to the investor within a period of 15 days as of the receipt of the request, that is, within a period of 30 days regarding constructions with gross developed area of over 5.000 m² and regarding linear infrastructure constructions, or it shall be deemed that the opinion is positive, and if damages are caused in future due to such omission of actions, the obligation for damage compensation shall fall to the entity that carries out a scientific and research activity.

Opinion for the built level of mechanical endurance, stability and seismic protection of the construction is not mandatory for constructions intended for individual housing facilities with a gross developed area of up to 300 m².

The institution responsible for this domain of working is the Institute of Earthquake Engineering and Engineering Seismology, an institution which is part of Ss. Cyril and Methodius University, Skopje. The Institute has an expertise in the below-stated fields of operating:

- Natural and Technological Hazards & Ecology
- Building Structures and Material: Design, Analysis and Testing
- Engineering Structures & Software
- Risk, Disaster Management and Strategic Planning
- Department for Geotechnics and Special Structures
- Dynamic Testing Laboratory and Informatics (Dynlab&Info)

Below are the contact details from Institute of Earthquake Engineering and Engineering Seismology:

Address:

165, Todor Aleksandrov Str.

P.O. Box 101, Skopje – Republic of Macedonia

Mail:

institut@pluto.iziis.ukim.edu.mk

Tel:

+389-2-3107-701

Fire protection

The construction shall be designed and built in such a manner that in case of fire it could:

- Preserve the load-bearing system of the structure for a certain time period,
- Prevent the spreading of the fire and smoke in the construction,
- Prevent the spreading of the fire to the neighboring constructions,
- Ensure that the people leave the construction uninjured, that is, ensure their rescue, and

- Ensure protection of the rescue teams.

Hygiene, health and protection of the working and living environment

The construction should be designed and built in such a manner so as not to pose a threat to the hygiene and health of the people, the working and living environment, especially as a result of:

- Release of dangerous substances,
- Presence of dangerous particles or gas in the air,
- Emission of dangerous radiation,
- Pollution or poisoning of water and soil,
- Improper removal of waste waters, smoke, hard or liquid waste, and
- Presence of humidity in parts of the construction.

The construction products and equipment during construction should be assembled, built-in, connected and maintained so that the effect of the chemical, physical and other influences cannot cause danger, obstruction, damage or unacceptable failures while using the construction.

Safety in use

The construction should be designed and built in such a manner so as, in the course of the use and maintenance, to avoid possible injuries of persons that may be caused by slipping, falling, hitting, burn, electric shock and explosion and by other causes that might endanger the construction safety.

Protection against noise

The designing, building and using the constructions, built-in installations and equipment should enable the noise in and out of the construction to be within the limits prescribed by the Law on Protection against Environmental Noise (Закон за заштита од бучава во животната средина) and the rulebooks related thereto.

The limit values of primary indicators noise levels inside where people reside, especially where sensitive group of people reside, and for protection from harmful effects on human health, are stipulated in the appropriate article of the Law on construction (Закон за градење) and the rulebooks related thereto.

Energy efficiency and thermal savings

The construction and its heating, cooling and ventilation devices should be designed and built in such a manner so as, depending on the climate of the location, to ensure that the energy consumption in the course of its use is equal or lower than the prescribed level, as well as to meet the requirements for energy efficiency prescribed by the regulations pertaining to this matter.

Exception to the basic requirements of the construction

In case of reconstruction or adaptation of a construction entered in the National Register of Cultural Heritage, which should enable unobstructed access, movement, stay and work to persons with disabilities, an exception to certain basic requirements for the construction can be made in order to ensure unobstructed access, movement, stay and work, upon obtaining a positive opinion from the Ministry of Labor and Social Policy and obtaining consent from the state administrative body responsible for carrying out the activities in the field of culture.

Unobstructed access and movement to and in the construction

A construction for public and business purposes, constructions for housing purposes in residential buildings, as well as constructions with residential and business purpose, have to be designed and built in such a manner so as to ensure the persons with disability unobstructed access, movement, stay and work to and in the construction.

A construction for housing purposes in residential buildings, as well as a construction with residential and business purpose, with ten and more apartments, should be designed and built in such a manner so as to be adjusted for access, movement, stay and work of persons with disability in at least one apartment at each ten apartments, but not more than four apartments, and at least 3% of the total number of parking spaces in the parking lot of these buildings should be intended for persons with disability and should be marked by an appropriate horizontal and vertical signalization. In the course of construction of new, as well as in the course of reconstruction of the existing, public areas - pedestrian paths in the downtown area and in parks, the public area - pedestrian path should be designed and built so as to have a path for movement of persons with bodily disability and persons with hearing impairment.

Connection to gas infrastructure

A construction that is located at the border of a plan ambit of the general urban plan should be designed and built in so as to have a connection to the gas infrastructure.

Bicycle area

A public purpose construction should be designed and built in so as to have a bicycle parking space that serves the facility.

Physical infrastructure for electronic communication networks for high speed transmission

A constructions with business purposes and a construction for housing purposes in residential buildings must be designed and built in such a manner so as to have a concentration point located inside or outside the building, which shall be accessible by the operators in order to make their access to the physical infrastructure in the building for high speeds possible.

3. Technical consultancy and supervisory bodies

The technical supervision of the construction is the supervision of the construction works organized by the builder (client) (from the beginning of the construction of a construction works to the recognition of the construction works as fit for use), the aim of which is to control whether the construction works is being constructed according to the design documentation of the construction works, provisions of the construction contract (when the construction is carried out by the contractor), laws, other legal acts as well as normative technical documents of construction and normative safety and purpose documents of a construction works.

The professionally performed technical supervision is closely related with the project management function and technologies. The technical supervisor is also the client's consultant for technical issues in part, who has a strong impact on the planning, design, construction and final processes. The technical supervisor of the construction works (the head of general technical supervision of the construction of a construction works) is a natural person (specialist with the university education in construction, architecture or other technical profile), certified according to the procedure established by the institution authorized by the Government, who represents the builder (client) and heads the technical supervision of the construction of the specific construction works, carries out functions of the head of general technical supervision of the construction (general construction operations) of the construction works, coordinates the special technical supervision of the construction of the construction works as well as activity of its heads and who is responsible for the normative quality of the built construction works.

The technical consultancy and supervisory/oversight bodies are responsible for fulfilling dominant part of the criteria's mentioned in the paragraph above. (Fire protection, connection access points, unobstructed access, mechanical endurance and stability and etc.)

Below is a list of relevant and competent companies in the domain of technical supervision.

- GEING Kiebs&Kiefer International (<http://www.geingkuk.com>)
- Civil Engineering Institute of Macedonia CEIM (<http://www.gim.com.mk>)
- MODING Group (www.moding.com.mk)

- Impeksel 2 (<http://www.impeksel2.com.mk/>)
- DOMING (<http://doming.mk>)
- Elena Luka Home (<http://elenalukahome.com/>)

On the web site of the Ministry of Transport and Communications, in the section Program/Registers you can find a detailed list of all of the companies which are specialized and licenced in category A and B.

4. General information on country's contracting and technical consultancy sectors and future expectations

The construction sector in Republic of Macedonia is one of the most significant sectors and pillars of the economic development and the economy in the last few years, having 7% participation in the GDP in 2015. This branch is of immense significance for the Macedonian economy, according to its participation in the GDP, number of employed persons, investments and all complementary things that goes with it.

According to the Macedonian Government and the future investment projects in this area, the growth and the planned financial means to be allocated are expected to remain at a stable level with mild growth in the future. A large percentage of the companies that compose this sector in Macedonia are focused on professional activities and engagement on a state level, with minimum number of Macedonian companies that operate abroad and are engaged by foreign institutions.

4.1. Developments in the construction sector in Macedonia

For the past few years, the construction has been a major driver of the economy. Despite the public investments in the infrastructure, the residential construction in the buildings area is especially dynamic. According to the data published by the State Statistical Office, the participation of the construction sector in forming the GDP amounts to 7% in 2015. The table below provides outlook on the construction's contribution in forming the GDP.

Gross domestic product by production method (National classification of activities/segments; NKD)						
Year	2010	2011	2012	2013	2014	2015
GDP Participation (%)	5.6%	5.2%	5.7%	7.1%	6.4%	7.0%

Construction Works - National nomenclature of construction			
Year	2013	2014	2015
Residential Buildings	€ 260	€ 220	€ 195
Non-Residential Buildings	€ 101	€ 88	€ 95
Transport Infrastructure	€ 77	€ 74	€ 144
Water and electrical Infrastructure	€ 11	€ 19	€ 66
Complex Construction in the Industry	€ 45	€ 23	€ 20
Other infrastructure	€ 9	€ 5	€ 13
Reconstruction, sanitation and Adaptation of Existing Buildings	€ 62	€ 64	€ 79
Construction works	€ 49	€ 74	€ 57
Construction Total	€ 614	€ 566	€ 670
*The prices in the table above are expressed in million euros.			

Source: SSO

As can be seen from the table above, the contribution of the construction sector in forming GDP in the period from 2011 with exception of 2014, registered continued increase. Total value of construction work in 2015 amounted to €670 million euros. The biggest share in the construction work value have residential buildings (29.1%) and transport infrastructure (21.5%).

Value of materials used and energy in the construction sector

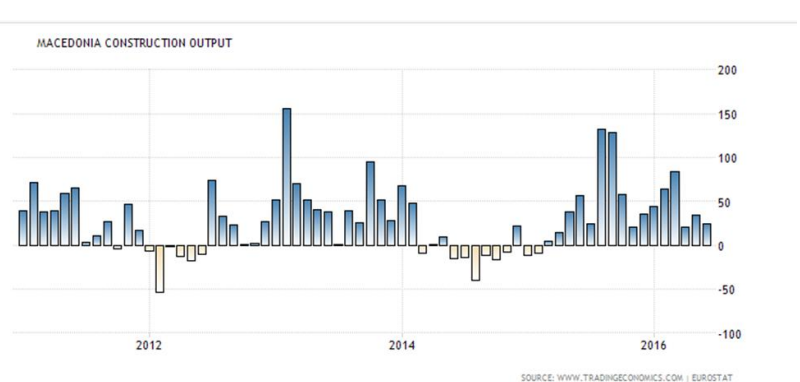
The table below provides outlook on used construction materials in the period from 2013 to 2015.

Used construction materials, by type, quantity and value						
Year	2013		2014		2015	
	In million	QTY	In million	QTY	In million	QTY
Total	€ 162.98	...	€ 147.96	...	€ 189.17	...
Construction elements	€ 3.27	...	€ 2.60	...	€ 2.51	...
Ceramic full bricks,pieces	€ 0.72	1,855,223	€ 0.34	981,187	€ 0.37	826,807
Ceramic hollow brick, pieces	€ 0.86	1,431,355	€ 0.61	1,154,809	€ 0.69	1,175,137
Ceramic full façade brick, pieces	€ 0.16	429,527	€ 0.17	540,149	€ 0.13	275,242
Ceramic hollow blocks, pieces	€ 1.08	2,716,034	€ 0.80	1,619,552	€ 0.86	2,019,017
Ceramic façade blocks, pieces	€ 0.07	212,421	€ 0.01	42,618	€ 0.23	440,541
Bricks and blocks of expanded clay, pieces	€ 0.04	258,981	€ 0.06	279,967	€ 0.01	115,671
Bricks and blocks, based on cement, concrete or artificial stone, pieces	€ 0.20	374,219	€ 0.27	596,815	€ 0.10	72,066
Bricks and blocks of other material (siporex, silka, etc.), pieces	€ 0.15	199,228	€ 0.33	290,909	€ 0.12	162,617
Elements for ceiling and arches	€ 0.13	...	€ 0.15	...	€ 0.15	...
Ceramic monta blocks and other ceiling constructions, pieces	€ 0.06	124,622	€ 0.08	179,582	€ 0.08	224,738
Ceramic half-assembled and assembled plates for ceilings, meters	€ 0.01	3,812	€ 0.01	2,863	€ 0.04	22,180
Girders, based on cement, concrete or artificial stone, meters	€ 0.06	24,843	€ 0.04	24,294	€ 0.01	7,531
Blocks, based on cement, concrete or artificial stone, pieces	€ 0.01	27,114	€ 0.02	37,002	€ 0.02	35,698
Prefabricated elements and ready-made structures	€ 2.76	...	€ 2.31	...	€ 3.73	...
Light construction plates for building outside walls, m2	€ 0.01	483	€ 0.01	165	€ 0.11	21,784
Light construction plates and panels for building inside walls, m2	€ 0.09	34,733	€ 0.03	2,174	€ 0.10	4,831
Light construction plates for building attics, m2	€ 0.12	8,365	€ 0.01	1,911	€ 0.02	5,238
Light construction plates for isolation, wall coating, m2	€ 0.03	3,535	€ 0.01	1,567	€ 0.06	40,301
Gypsum plates and gypsum blocks, all types, (KNAUF), m2	€ 0.28	86,707	€ 0.31	91,633	€ 0.76	267,105
Prefabricated products of cement, concrete or artificial stone (girders, borders, behaton blocks, etc.), pieces	€ 0.44	1,495,849	€ 0.50	1,305,255	€ 1.48	1,214,858
Steel constructions for bridges, tons	-	-	-	-	€ 0.25	190
Other iron or steel constructions, tons	€ 1.13	13,950	€ 0.87	25,633	€ 0.58	29,970
Aluminum constructions and part thereof (except doors and windows, frames and sills), tons	€ 0.04	7,500	€ 0.04	8,845	€ 0.03	6,012
Constructions and prefabricated elements for building, meter, pieces	€ 0.42	227,661	€ 0.34	221,490	€ 0.03	24,119
Constructions and prefabricated elements for civil engineering, meter, pieces	€ 0.05	22,232	€ 0.11	12,003	€ 0.29	54,817
Wooden constructions (ready-made constructions on roofs),m3	€ 0.14	787	€ 0.07	1,037	€ 0.02	215
Binding materials	€ 54.72	...	€ 50.95	...	€ 55.65	...
Quicklime, kg	€ 0.01	71,360	€ 0.01	42,530	€ 0.01	54,550
Slaked (hydrated) lime, kg	€ 0.05	515,288	€ 0.03	293,070	€ 0.04	506,681
Heated gypsum, kg	€ 0.46	6,818,176	€ 0.00	19,775	€ 0.00	100
Portland cement, kg	€ 7.33	80,842,314	€ 7.05	53,382,861	€ 15.23	160,546,957
Other types of cement, kg	€ 5.73	72,361,991	€ 6.62	79,062,365	€ 1.67	15,108,744
Hydraulic joining material (usjema etc.),kg	€ 0.26	2,247,190	€ 0.14	1,291,093	€ 0.19	1,536,849
Cement mortar of all types, kg	€ 0.32	155,906	€ 0.13	1,093,613	€ 2.14	26,283,371
Other types of mortar (gypsum, gyps-lime, lime, lime-cement etc.) kg	€ 0.09	812,530	€ 0.10	374,655	€ 0.16	937,511
Ready mortar, m3	€ 1.23	20,280	€ 1.17	28,427	€ 0.82	15,967
Additives for cement, mortar or concrete, kg	€ 0.24	165,514	€ 0.10	208,237	€ 1.20	589,661
Fresh concrete, ready for casting, m3	€ 23.70	402,239	€ 15.91	279,014	€ 19.39	307,212
Asphalt, tons	€ 15.30	317,300	€ 19.69	372,099	€ 14.82	386,451
Aggregate and profiled stone materials	€ 10.81	...	€ 10.85	...	€ 16.41	...
Profiled stone materials, pavement stone, guard stone, stone blocks etc. m3	€ 0.04	2,690	€ 0.11	24,715	€ 0.01	1,369
Grinded technical stone and marble of all types, m3	€ 0.18	19,496	€ 0.53	137,163	€ 1.76	294,350
Grinded stone, m3	€ 2.04	279,494	€ 3.32	510,745	€ 3.85	608,214
Concrete aggregates, m3	€ 4.65	740,850	€ 4.96	818,362	€ 6.16	936,909

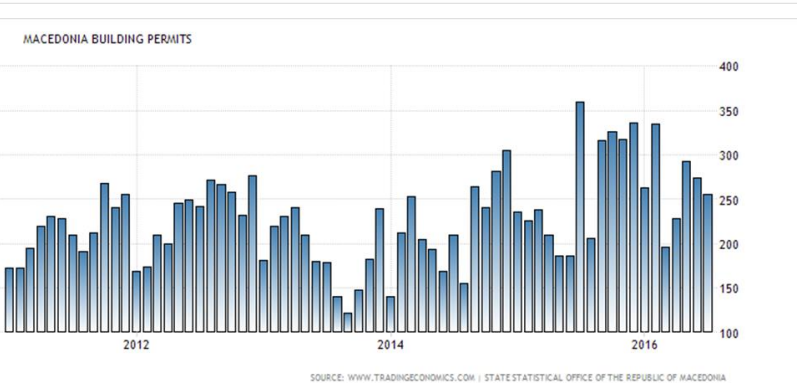
Gravel, m3	€ 1.72	299,366	€ 0.70	176,650	€ 2.24	431,543
Sand, m3	€ 2.01	251,801	€ 1.03	109,700	€ 1.90	265,319
Terrazzo - granulate, tons	€ 0.17	26,475	€ 0.21	31,040	€ 0.48	74,136
Reinforcement and fixing materials	€ 22.90	...	€ 13.23	...	€ 19.44	...
Concrete steel (Rebar),kg	€ 18.34	31,117,510	€ 9.42	15,489,175	€ 15.08	32,285,416
Black and zinc wire, kg	€ 0.14	169,125	€ 0.10	108,690	€ 0.35	511,308
Other heavy, medium or light iron profiles, kg	€ 1.70	1,582,597	€ 2.56	3,171,898	€ 1.96	2,685,865
Various elements for reinforced concrete (kg)	€ 2.54	3,355,208	€ 1.03	1,030,152	€ 1.84	2,212,760
Tacks, kg	€ 0.18	190,214	€ 0.12	141,722	€ 0.20	229,488
Wooden building materials	€ 1.74	...	€ 2.08	...	€ 2.55	...
Materials of evergreen trees (piled), m3	€ 1.03	6,442	€ 0.73	5,430	€ 1.17	19,791
Materials of evergreen trees -obla, m3	€ 0.31	1,429	€ 0.77	2,743	€ 0.98	3,608
Materials of deciduous trees (piled), m3	€ 0.29	1,582	€ 0.46	2,342	€ 0.39	1,669
Materials of deciduous trees - obla, m3	€ 0.10	790	€ 0.12	953	€ 0.01	83
Sills of any kind (railway sills), pieces	€ 0.01	1,051	€ 0.00	975	€ 0.00	7
Shaft materials, m3	€ 0.00	6	€ 0.00	52	€ 0.00	7
Insulation materials and coatings	€ 13.71	...	€ 11.37	...	€ 21.66	...
Coated jute of any kind (bitumen juta, strip etc.)	€ 0.08	21,423	€ 0.08	39,031	€ 0.18	68,164
Bitumen mass, emulsion and other bitumen mixtures, tons	€ 12.12	24,179	€ 8.26	16,144	€ 10.32	1,624,264
Styrofoam, kg	€ 0.27	76,173	€ 0.29	111,884	€ 3.38	266,156
Glass wool, mineral wool, stone wool, tervol, etc., m2	€ 0.67	175,768	€ 0.28	130,014	€ 6.60	529,200
Hydro-isolation coatings (cement based, synthetic resin, etc.), kg	€ 0.08	50,954	€ 0.06	39,230	€ 0.17	72,545
Hydro-isolation tracks (PVC, PE etc.) m2	€ 0.06	22,945	€ 0.12	35,214	€ 0.22	98,585
Colors of any types, plaques, enamel and glazed, thinners, glues etc.), kg	€ 0.45	650,775	€ 2.28	1,578,957	€ 0.79	1,027,298
Roofing materials	€ 0.17	...	€ 1.11	...	€ 0.13	...
Panels, plates and tiles of cellulose fiber - cement and other mixtures, m2	€ 0.04	7,479	€ 0.99	96,488	€ 0.05	8,194
Non fire-resistant ceramic covering tiles, pieces	€ 0.13	273,544	€ 0.12	247,703	€ 0.08	168,236
Shingles, m2	€ 0.00	88	€ 0.00	186	€ 0.00	110
Wall covering and flooring materials	€ 3.00	...	€ 3.70	...	€ 3.48	...
Vinyl tiles and other artificial flooring materials, tons	€ 0.01	53	€ 0.01	4	€ 0.00	2
Ceramic tiles (wall, floor, façade), m2	€ 1.62	137,109	€ 2.27	156,314	€ 1.29	136,365
Marble tiles, m2	€ 0.13	2,756	€ 0.16	3,505	€ 0.28	18,334
Other type of stone tiles (except marble), m2	€ 0.19	6,819	€ 0.28	8,902	€ 0.26	19,510
Grounded stone and marble tiles, m2	-	-	€ 0.07	2,186	€ 0.02	2,793
Terrazzo tiles, m2	€ 0.00	350	€ 0.01	250	€ 0.01	1,010
Wood based plywood, panel, hard board and other tiles, m2	€ 0.11	6,998	€ 0.06	4,214	€ 0.26	14,349
Strip flooring (beech, oak, ash-tree etc.), m2	€ 0.70	32,536	€ 0.77	31,445	€ 0.98	33,290
Inlaid parquet (laminated), m2	€ 0.15	12,796	€ 0.06	7,428	€ 0.37	14,974
Ceiling and wall coating, match boarding, matched floor etc. m2	€ 0.03	10,546	€ 0.01	1,170	€ 0.01	684
Cement based industrial flooring (Poding-K. Fero beton, etc.), kg	€ 0.04	29,355	€ 0.00	5,060	€ 0.01	12,869
Epoxide flooring, kg	€ 0.01	616	€ 0.00	200	-	-
Synthetic resin based industrial and sport flooring (acrylics, polyurethane)	-	-	-	-	€ 0.00	230
Installation materials for plumbing, sewer, heating, air-conditioning and sanitary facilities	€ 9.98	...	€ 16.72	...	€ 17.72	...
Seamless pipes, meters	€ 0.14	106,154	€ 0.23	37,239	€ 0.15	27,542
Non seamless pipes, meter	€ 0.06	16,202	€ 0.06	13,119	€ 0.05	15,557
Cast iron pipes, meters	€ 0.15	47,206	€ 0.13	39,659	€ 1.24	49,226
Plastic pipes of all types, meters	€ 6.87	388,011	€ 13.59	450,505	€ 11.81	364,437
Galvanized pipes, meters	€ 0.05	4,918	€ 0.05	13,098	€ 0.03	9,962
Cement pipes, meters	€ 0.00	450	€ 0.01	2,302	€ 0.02	2,062
All kind concrete pipes, meters, pieces	€ 1.03	25,013	€ 1.52	37,940	€ 1.75	33,977
Ceramic sewerage pipes, pieces	€ 0.00	258	€ 0.00	45	-	-
Fittings and flanges, pieces	€ 0.94	205,919	€ 0.12	37,664	€ 1.96	119,888
Sanitary ceramics, pieces	€ 0.05	954	€ 0.42	8,849	€ 0.17	2,729
Sanitary iron or steel equipment, pieces	€ 0.02	129	€ 0.01	817	€ 0.05	1,196
Sanitary plastic equipment, pieces	€ 0.00	145	€ 0.00	145	€ 0.01	983
Boiler for central heating, pieces	€ 0.03	50	€ 0.32	76	€ 0.11	88
Radiator of any kind, m2	€ 0.65	7,085	€ 0.27	2,569	€ 0.36	13,966
Power supply installation materials	€ 1.22	...	€ 3.28	...	€ 1.09	...
Copper ropes and wires, kg	€ 0.18	74,393	€ 0.04	45,178	€ 0.00	261
Aluminum wire and aluminum alloy, kg	€ 0.00	1,300	-	-	-	-
Aluminum ropes and aluminum ferrum, kg	-	-	-	-	€ 0.01	3,663
Isolated conductors (PVC with material, rubber	€ 0.48	230,171	€ 0.43	396,833	€ 0.16	208,689

etc.) meters						
Cables, others, meters	€ 0.09	74,958	€ 0.19	130,625	€ 0.20	206,499
Installation material (switches, socket boxes, light bulb throating), thousands denar	€ 0.46	...	€ 2.53	...	€ 0.71	...
Electric isolators of any kind, pieces	€ 0.00	130	€ 0.10	7,207	€ 0.00	699
Other materials and elements for building in	€ 8.96	...	€ 7.38	...	€ 17.67	...
Iron rail and equipment, tons	-	-	-	-	€ 1.29	1,576
Black tin, kg	€ 4.20	6,887,074	€ 4.52	7,973,153	€ 10.04	15,535,952
Galvanized and zinc tin, kg	€ 0.08	36,134	€ 0.22	125,960	€ 0.48	407,094
Aluminum tin, kg	€ 0.02	12,080	€ 0.08	17,743	€ 0.01	7,066
Copper tin, kg	€ 0.34	51,268	€ 0.27	160,654	€ 0.08	14,441
Thermal isolating glass and other types of flat glass, m2	€ 0.23	20,398	€ 0.21	25,853	€ 1.63	165,832
Doors, windows, frames and shutters and doorsteps and similar products and part thereof, plastic materials, pieces	€ 0.31	1,967	€ 0.41	7,331	€ 1.73	27,481
Doors, windows, frames and shutters and doorsteps and similar products and part thereof, iron, steel and aluminum, pieces	€ 0.42	2,595	€ 0.35	1,693	€ 0.36	1,247
Doors, windows, frames and shutters and doorsteps and similar products and part thereof, wood, pieces	€ 0.80	3,386	€ 0.44	3,677	€ 0.30	6,762
Built in furniture, thousands denars	€ 0.22	...	€ 0.04	...	€ 0.03	...
Built in elements (lifts, video and audio systems, antennas etc.) thousands denars	€ 1.30	...	€ 0.04	...	€ 0.18	...
Non construction materials (for renovation and maintenance purposes, office material etc.)	€ 1.04	...	€ 0.79	...	€ 1.54	...
Spent fuel	€ 29.61	...	€ 22.22	...	€ 26.98	...
Electricity,MWh	€ 5.38	64,215	€ 6.27	59,688	€ 2.87	37,083
Liquid oil gas (propane, butane), tones	€ 0.12	146	€ 0.11	132	€ 0.59	1,116
Motor gas, any kind (1liter=0,741kg), tons	€ 2.07	1,424	€ 0.49	452	€ 2.59	2,559
Diesel for transport, any kind (1 liter =0,822kg or 0,839kg), tons	€ 18.43	17,031	€ 13.71	14,631	€ 16.91	20,216
Heating oil, (1 liter =0,839kg),tons	€ 2.25	2,398	€ 0.83	1,063	€ 2.54	4,124
Mazut, tons	€ 0.85	1,535	€ 0.23	480	€ 0.50	1,250
Lubricants (oils and lubricant oil), kg	€ 0.52	227,727	€ 0.58	230,335	€ 0.97	407,343
Total	€ 488.95		€ 443.88		€ 567.50	

Construction output in Macedonia increased 24.10 percent in June of 2016 over the same month in the previous year. Construction Output in Macedonia averaged 20.37 percent from 2006 until 2016, reaching an all-time high of 156.40 percent in February of 2013 and a record low of -53.40 percent in February of 2012. Construction Output in Macedonia is reported by the Eurostat.



The production index in construction measures the evolution of output within the construction sector, including building construction and civil engineering. Construction Output in Macedonia is expected to be 52.20 percent by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. Construction Output in Macedonia is expected to stand at 39.49 in 12 months' time.



In the long-term, the Macedonia Construction Output is projected to trend around 39.29 percent in 2020, according to Trading Economics econometric models.

Issued construction permits

There were 3,143 construction permits issued during 2015 or 19.6% more than 2014, despite the fact that the value of the planned activities for which the construction permits were issued is by 1/3 lower than in 2014.

The largest share of the issued construction permits are for construction of buildings or reconstruction, while only 14.4% are construction permits for linear infrastructure projects. From an investor's viewpoint, almost 2/3 or 64.3% are issued to private individuals while 35.7% are issued to legal entities.

Construction Permits			
	2013	2014	2015
Issued Construction Permits	2,269	2,628	3,143
Value of Issued Construction Permits (in million)	€ 461,647	€ 1,132,206	€ 752,196
Number of Issued Construction Permits	2013	2014	2015
Construction (Total)	2,269	2,628	3,143
Buildings	1,751	1,830	1,938
Infrastructure	196	323	454
Reconstruction	322	475	751
By Investor			
<i>Individuals (Total)</i>	<i>1,738</i>	<i>1,783</i>	<i>2,022</i>
Buildings	1,516	1,478	1,582
Infrastructure	9	5	4
Reconstruction	213	300	436
<i>Corporate (Total)</i>	<i>531</i>	<i>845</i>	<i>1,121</i>
Buildings	235	352	356
Infrastructure	187	318	450
Reconstruction	109	175	315

Source: SSO

Value of completed construction activities by construction type

The table below provides an outlook on the value of the completed construction activities by construction type in 2013 and 2014.

Types of constructions and construction works						
	Value of completed construction works (Million)		Index 2014/2013	Total number of constructions		Index 2014/2013
	2013	2014		2013	2014	
Buildings	€ 65.5	€ 50.5	77.0%	96	67	69.8%
Residential buildings	€ 11.6	€ 11.0	94.6%	15	6	40.0%
One-dwelling buildings	€ 0.1	€ 0.0	5.7%	1	1	100.0%
One-dwelling buildings	€ 0.1	€ 0.0	5.7%	1	1	100.0%
Two and more dwelling buildings	€ 11.0	€ 10.9	99.0%	12	4	33.3%
Two-dwelling buildings	-	-	-	-	-	-
Three and more dwelling buildings	€ 11.0	€ 10.9	99.0%	12	4	33.3%
Residences for communities	€ 0.4	€ 0.1	12.1%	2	1	50.0%
Residences for communities	€ 0.4	€ 0.1	12.1%	2	1	50.0%
Non-residential buildings	€ 54.0	€ 39.5	73.2%	81	61	75.3%
Hotels and similar buildings	-	-	-	-	-	-
Hotel buildings	-	-	-	-	-	-
Other short-stay accommodation buildings	-	-	-	-	-	-
Office buildings	€ 18.6	€ 8.5	45.8%	11	8	72.7%
Office buildings	€ 18.6	€ 8.5	45.8%	11	8	72.7%
Wholesale and retail trade buildings	€ 0.6	€ 0.2	27.9%	10	2	20.0%
Wholesale and retail trade buildings	€ 0.6	€ 0.2	27.9%	10	2	20.0%
Traffic and communication buildings	€ 16.4	€ 11.9	72.7%	7	9	128.6%

Communication buildings, stations, terminals and associated buildings	€ 0.2	-	-	1	-	-
Garage buildings	€ 16.2	€ 11.9	73.5%	6	9	150.0%
Industrial buildings and warehouses	-	-	-	-	-	-
Industrial buildings and warehouses	-	-	-	-	-	-
Reservoirs, silos and warehouses	-	-	-	-	-	-
Public entertainment, education, hospital or institutional care buildings	€ 16.4	€ 16.1	97.9%	44	34	77.3%
Public entertainment buildings	€ 1.5	€ 2.0	130.2%	3	4	133.3%
Museums and libraries	-	€ 1.5	-	-	4	-
Schools, universities and research buildings	€ 5.0	€ 4.6	91.2%	10	9	90.0%
Hospital or institutional care buildings	€ 2.8	€ 4.3	154.5%	2	2	100.0%
Sports halls	€ 7.1	€ 3.8	53.5%	29	15	51.7%
Other non-residential buildings	€ 1.9	€ 2.8	145.5%	9	8	88.9%
Non-residential farm buildings	-	-	-	-	-	-
Buildings used as places of worship and for religious activities	€ 0.6	€ 2.2	335.2%	5	2	40.0%
Historical buildings or monuments under protection	-	-	-	-	-	-
Other buildings not elsewhere classified	€ 1.2	€ 0.6	46.6%	4	6	150.0%
Civil engineering works	€ 137.4	€ 113.6	82.6%	366	316	86.3%
Transport infrastructure	€ 76.2	€ 69.5	91.3%	168	172	102.4%
Highways, streets and roads	€ 71.3	€ 68.3	95.9%	157	165	105.1%
Highways	€ 55.7	€ 54.6	98.1%	31	9	29.0%
Streets and roads	€ 15.6	€ 13.7	87.8%	126	156	123.8%
Railways	-	-	-	-	-	-
Long-distance railways	-	-	-	-	-	-
Urban railways	-	-	-	-	-	-
Airfield runways	-	-	-	-	-	-
Airfield runways	-	-	-	-	-	-
Bridges, elevated highways, tunnels and subways	€ 1.5	€ 0.6	40.6%	7	4	57.1%
Bridges and elevated highways	€ 1.5	€ 0.6	40.6%	7	4	57.1%
Tunnels and subways	-	-	-	-	-	-
Harbours, waterways, dams and other waterworks	€ 3.4	€ 0.6	17.7%	4	3	75.0%
Harbours and other navigable canals	€ 2.0	€ 0.0	2.3%	1	1	100.0%
Dams	€ 1.4	€ 0.3	17.9%	3	1	33.3%
Aqueducts, irrigation and cultivation waterworks	-	€ 0.3	-	-	1	-
Pipelines, communication and electricity lines	€ 10.3	€ 16.7	162.2%	121	96	79.3%
Long-distance pipelines, communication and electricity lines	€ 3.3	€ 7.1	212.2%	54	40	74.1%
Long-distance oil and gas pipelines	-	-	-	-	-	-
Long-distance water pipelines	€ 3.3	€ 7.0	213.6%	31	28	90.3%
Long-distance telecommunication lines	€ 0.0	€ 0.0	46.6%	23	12	52.2%
Long-distance electricity lines	-	-	-	-	-	-
Local pipelines and cables	€ 6.9	€ 9.6	138.3%	67	56	83.6%
Local gas supply pipelines	-	-	-	-	-	-
Local water supply pipelines	€ 2.8	€ 0.0	0.3%	23	1	4.3%
Local waste water pipelines	€ 4.2	€ 9.6	230.7%	44	55	125.0%
Local electricity and telecommunication cables	-	-	-	-	-	-
Complex constructions on industrial	€ 42.1	€ 22.8	54.1%	30	6	20.0%
Complex constructions on industrial	€ 42.1	€ 22.8	54.1%	30	6	20.0%
Constructions for mining	€ 39.5	€ 21.6	54.7%	11	4	36.4%
Power plant constructions	€ 2.4	€ 1.2	51.2%	18	2	11.1%
Chemical plant constructions	€ 0.3	-	-	1	-	-
Heavy industry constructions	-	-	-	-	-	-
Other civil engineering works	€ 8.9	€ 4.6	51.9%	47	42	89.4%
Sport and recreation constructions	€ 8.9	€ 3.2	35.8%	47	41	87.2%
Sports grounds	€ 2.1	€ 1.5	68.2%	27	28	103.7%

Other sport and recreation constructions	€ 6.7	€ 1.7	25.5%	20	13	65.0%
Other civil engineering works not elsewhere classified	-	€ 1.4	-	-	1	-
Other civil engineering works not elsewhere classified	-	€ 1.4	-	-	1	-
Construction works and services	€ 53.3	€ 48.7	91.4%	899	611	68.0%
Reconstruction, recovery, adaptation, capital repairs and current maintenance	€ 9.2	€ 8.2	89.5%	95	72	75.8%
One-dwelling buildings	€ 0.1	-	-	1	-	-
Two and more dwelling buildings	-	-	-	-	-	-
Residences for communities	€ 0.1	€ 0.0	57.1%	4	4	100.0%
Hotels and similar buildings	-	-	-	-	-	-
Office buildings	€ 3.6	€ 4.2	115.3%	7	7	100.0%
Wholesale and retail trade buildings	-	€ 0.0	-	-	2	-
Traffic and communication buildings	-	€ 0.6	-	-	3	-
Industrial buildings and warehouses	€ 0.4	€ 0.5	136.5%	3	3	100.0%
Public entertainment, education, hospital or industrial care buildings	€ 4.2	€ 2.3	54.5%	72	40	55.6%
Other non-residential buildings	€ 0.8	€ 0.5	64.3%	8	13	162.5%
Reconstruction, recovery, adaptation, capital repairs and current maintenance of civil engineering works	€ 44.1	€ 40.5	91.8%	804	539	67.0%
Highways, streets and roads	€ 29.8	€ 31.3	105.1%	497	394	79.3%
Railways	€ 7.0	€ 1.4	20.5%	2	1	50.0%
Airfield runways	-	-	-	-	-	-
Bridges, elevated highways, tunnels and subways	€ 1.4	€ 1.6	116.0%	5	4	80.0%
Harbours, waterways, dams and other waterworks	€ 3.2	€ 1.6	50.1%	11	14	127.3%
Long-distance pipelines, communication and electricity lines	€ 0.8	€ 1.6	190.7%	17	74	435.3%
Local pipelines and cables	€ 1.6	€ 0.9	52.7%	267	27	10.1%
Complex constructions on industrial sites	-	€ 1.3	-	-	1	-
Sport and recreation constructions	€ 0.0	€ 0.5	...*	2	15	750.0%
Other civil engineering works, not elsewhere classified	€ 0.2	€ 0.2	83.6%	3	9	300.0%
Construction works	€ 33.6	€ 51.3	152.5%	120	101	84.2%

Source: SSO

Construction Sector Outlook

The construction sector will remain one of the key drivers of the economy in the forthcoming period. We expect the construction sector output to continue to participate with 7%-8% in Macedonian GDP. The key drivers will remain to be residential construction and infrastructure projects (road and railway infrastructure, gasification, investments in energy producing capacity). According to the data published by the SSO in the first eight months of 2016 the authorities issued 2,093 construction permits. Out of the number of issued construction permits 47% are for residential construction, 14% are for other type of high rise buildings, while 13% relate to infrastructure projects. The remaining construction permits were issued for reconstruction of existing buildings. In terms of value, the total construction value of the projects for which construction permits were issued is €493 million.

In the forthcoming three year period we expect the annual value of the construction works to be in the range of €650- €750 million. The residential construction is expected to participate with 40%-45%, while infrastructure projects is expected to participate with 25%-30% in the total value of the construction works. However, the actual volume especially with regards to infrastructure projects will depend on the government efficiency to initiate and realize already started as well as planned projects.

In line with the expected continued pace of growth in the construction sector we expect the total number of employees in this sector to increase to over 31,000 by 2019.

In terms of labor cost we don't expect any dramatic increase in salaries in the construction sector. The growth trend registered in the last several years is expected to slow down in the forthcoming three year period while the average expected growth rate of the wages is not expected to overshoot 2% annually. However, this projection excludes any regulatory or tax changes that may influence the general levels of gross salaries in the country. In terms of construction costs, with exception of labor costs, major portion of them continue to follow global developments in terms of prices, since significant portion of them, especially costs related to finishing works and complex components are import dependent. Also local production have been under heavy pressure to align the prices with the competition coming from the surrounding countries in the last several years.

Residential construction is expected to continue with the same pace over the forthcoming three year period. We expect annual delivery of 5,000-5,500 new apartments on the market. The bulk of the new apartments will be delivered in Skopje but we expect new delivery to intensify more rapidly in the secondary cities like Bitola, Tetovo, Kumanovo and Strumica. The favorable housing financing terms offered by the banks as well as active Government subsidies for targeted segments of the population (young couples and singles up to 36 years) are expected to support the future demand for apartments. We observe significant potential for development of gated communities especially in the sub-urban areas of Skopje. Increased levels of air pollution as well as change in the high value population lifestyle are expected to drive the demand for these type of projects in the forthcoming period. In terms of prices we don't expect any significant shift in the selling prices of the apartments. The average residential prices are expected to remain stable in general over the next three year period. The prices in Skopje are expected to range €800-€1100 per sqm depending on the location. The residential prices in the secondary cities will continue to range €600-€800.

The development of the industrial properties will continue to be concentrated in the Industrial and Technology Zones not only in Skopje but also in the zones in Stip, Tetovo, Strumica, Prilep, Vinica, Kicevo, Gevgelija, Delcevo, Berovo, Rankovce and Radovis. However outside of the Industrial and Technology Zones, Skopje will remain major point of interest for investors. In terms of retail properties, besides the current projects in pipeline we expect in the forthcoming period of next three years the focus of the investors to be placed on development of retail park concepts in Skopje and in several secondary cities like Tetovo, Kumanovo, Strumica, Bitola and Ohrid.

4.2. Business trends in construction

According to the SSO data, at the end of 2015 the construction sector comprised total of 4,429 active companies. The table below provides an outlook of the companies in the construction sector according to the number of employees.

Companies in construction sector according to the number of employees (2015)								
2015	Total	Participation %	0 employees or no data	0-9	10-19	20-49	50-249	250 +
Construction	4429	6.3	373	3541	284	161	60	10

Source: SSO

The construction sector employs 6.3% of the total number of employees in Republic of Macedonia. The table below provides outlook on the survival rate of the newly established construction companies within the first three years of their establishment. These survival rates portray that of the companies established in 2011 only 51.9% were active at the end of 2013.

Construction Companies Survival Rate			
	2011	2012	2013
Newly established Construction Companies	547	458	453
Companies that survived the 1st year	70.6%	81.7%	82.3%
Companies that survived the 2nd year	63.3%	67.7%	N/A
Companies that survived the 3rd year	51.9%	N/A	N/A

Source: SSO

The table below provides data for the construction companies investments in tangible fixed assets in 2012 by type of construction activities. This is the last available data according to the data published by the SSO.

Tangible fixed assets (2012)				
	All	Domestic machinery and equipment	Imported machinery and equipment	Cultivated assets
Construction of buildings	€ 5.78	€ 0.04	€ 5.74	-
Civil engineering	€ 6.57	€ 0.05	€ 6.53	-
Specialized construction activities	€ 3.15	€ 0.00	€ 3.15	-

Source: SSO

The table below provides outlook on the business tendencies in construction according to the SSO questioners delivered to the construction companies in Republic of Macedonia. Business tendencies indicators are based on the weighted indicators obtained through the questioners.

Business tendencies in construction (Balance of weighted responses)						
	2015T1	2015T2	2015T3	2015T4	2016T1	2016T2
Assessment of the present business situation in the enterprises	12	12.1	13	14	14.8	15.2
Limiting factors for improvement of the current construction activity - none	4.8	7.8	2.9	6.1	2.8	1.7
Limiting factors for improvement of the current construction activity - no demand	21.6	9.5	7.4	8.3	5.1	13.4
Limiting factors for improvement of the current construction activity - unfavorable weather conditions	12	6.9	3.5	6.6	3.8	4.2
Limiting factors for improvement of the current construction activity - increased material expenditures	15.5	16.8	20.3	18.9	22	21.4
Limiting factors for improvement of the current construction activity - increased labor expenditures	3.6	10.5	14.3	13	12.5	6.7
Limiting factors for improvement of the current construction activity - increased financial expenditures (interests)	12.9	18.3	20	17.8	19.4	16.1
Limiting factors for improvement of the current construction activity - collateral on bank loans	4.8	3.1	2.9	2.8	3.1	4.2
Limiting factors for improvement of the current construction activity - same sector competition	13.1	8.2	8.3	9.2	9.8	13.9
Limiting factors for improvement of the current construction activity - lack of equipment	2.9	1.7	2.5	1.6	0.6	3.2
Limiting factors for improvement of the current construction activity - lack of materials	0	0	0.4	0.8	1.8	0.6
Limiting factors for improvement of the current construction activity - lack of professional staff	4.5	13	14.6	12.5	12.9	9
Limiting factors for improvement of the current construction activity - other	4.2	4.1	2.9	2.4	6.3	5.6
Assessment of the current condition with orders (contracts) for construction activities - total	-20.9	-15.2	-10.6	-13.8	-12.7	-10.3
Assessment of the current condition with orders (contracts) for construction activities - domestic	-19.6	-15.2	-9.1	-13.1	-12.4	-8.4
Assessment of the current condition with orders (contracts) for construction activities - foreign	-20.7	-19.2	-10.2	-10.6	-10.9	-13.5
Assessment of the present financial condition	8.9	8.6	9.4	9	10.3	11.6
Assessment of the present quantity and quality of the enterprise's mechanization and equipment	4.9	4.8	4.7	4.9	5	4.9
Assessment of the present situation with delayed payments - total	3.5	3.2	4.6	5.2	6.7	7.8
Assessment of the present situation with delayed payments - public	3.6	4.2	2.9	5.3	6.2	9.8
Assessment of the present situation with delayed payments - private	0.5	2.5	3.5	3.5	3.6	9.2
Assessment of possible period of activity (in months)	8	8	8	8	10	11
Expectations on the selling prices in the next 3 months	6.2	5.7	6.4	7.3	7.8	6.7
Expectations on the total orders (agreements) in the next 3 months	6.8	6.9	7.1	8	8.6	8.6
Expectations on the number of employees 3/m	7.8	7.8	8.3	8.3	9.2	10.8
Confidence indicator	7.3	7.4	7.7	8.1	8.9	9.7

Source: SSO

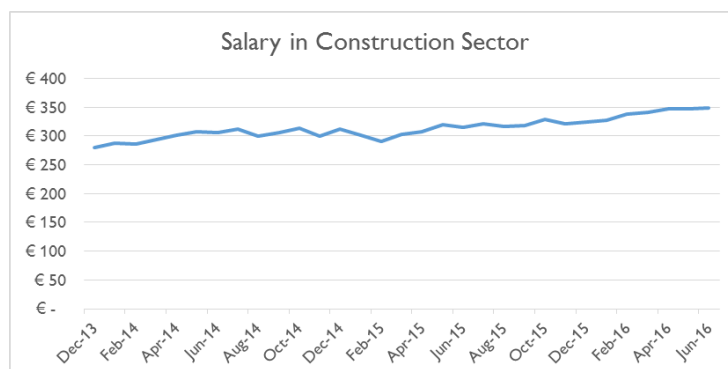
According to the last estimate of the business entities managers in the construction sector, the confidence indicator in the second quarter of 2016 has increased by 0.8 percentage points as oppose to the previous quarter, and has increased for 2.3 percentage points as oppose to the same quarter in 2015. Expectations on the total orders (contracts) for construction works have remained the same, and the expectations on the number of employees are that it will increase in the following three months.

The assessment on the economic condition in the second quarter of 2016 seems to be more favorable compared to the previous quarter, and more favorable compared to the second quarter of 2015 as well. Assessment on the financial condition and assessment on the current condition with orders (contracts) of their business entities are more favorable compared to the previous quarter. Number of employees in construction sector has been continuously increasing in the last three years. Largest share of construction employees are engaged in buildings and specialized construction activities. In 2015 the number of employees in construction has increased by 11.2% compared to 2014. The largest portion of the employees in the construction sector, 78.8% are employed by a contract for indefinite period of time.

Construction Sector Employees	2013	2014	2015
By Type of Construction (Total)	26,266	28,640	29,264
Buildings	10,049	10,813	10,966
Infrastructure	5,174	5,902	6,640
Specialized Construction	11,043	11,925	11,658
By Type of Contract (Total)	26,266	28,640	29,264
Permanent Contract	23,432	24,365	23,052
Fixed Term Contract	2,834	4,275	6,212

Source: SSO

The average net salary in the construction sector in June 2016 was €349. Compared to June 2014 the average net salary in the construction sector is 10.6%. Net-salary paid in the construction sector in the last three years registers continuous trend of increasing. Salary movements in period from 2013 to June 2016 are shown in the chart below. Detailed analysis of this area of the construction sector may be found in point 3.6 of this Market Research Report.



Business trends in the construction sector – National Budget E2017

According to the analysis and market projections which are stated in the National Budget for 2017, gross investments are expected to achieve real growth of 4.5% in 2017 year, based on planned investments in the public sector, as the main driver of investment in infrastructure, and expectations for a gradual increase in private investment. Within public investment, investment projects are planned to improve the transport network in the country, but the capital and expenditure on improving energy and utility infrastructure, improving conditions in education, social and health system, which in the long run will affect to increase the country's competitiveness.

In 2017 the construction industry is expected to achieve a growth rate of 5.2% on a real basis, mainly due to the implementation of planned public-funded infrastructure projects projected investments in free economic zones.

4.3. Local production and import of construction materials

According to the data from the State Statistical Office there are only inputs and informations regarding the usage of construction materials in general from the business sector, but there are no specific and measurable informations regarding the import and export of them according to the national classification. On the market there is no specific data neither for the percentual share of exported vs imported materials nor for their value.

Below is a list of the most used materials in the process of construction, as a conclusion from the inputs from the State Statistical Office for the period of 2012-2016.

- Blocks and bricks (Hollow/Full);
- Prefabricated products of cement, concrete or artificial stone (girders, borders, behaton blocks, etc.);
- Cement;
- Gypsum;
- Asphalt;
- Concrete steel (Rebar);
- Wool (mineral wool, stone wool, tervol, glass wool);
- Ceramic tiles (wall, floor, façade)

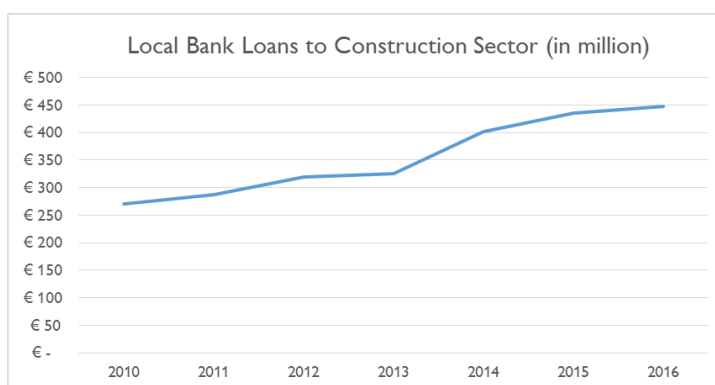
Below is a list of the most relevant and successful domestic companies on the Macedonian market which are the biggest producers and exporters of the above-stated construction materials.

- Fabrika Karposh;
- Urban Invest;
- ADING;
- ADG AB;
- Makedon Beton;
- TITAN Usje;
- Vardar Gradba;
- Pelagonija AD Gostivar;
- Zikol

4.4. Financing the construction sector in Macedonia

Private companies usually finance their projects by bank loans from local or foreign banks. Large infrastructure projects with Republic of Macedonia being the main investor, are financed by direct allocation of the state budget, as well as foreign lending.

In such cases creditors are usually international financing institutions as well as foreign business banks or development agencies. Below is a list of project financed by foreign credit lines.



4.4.1. Credit lines allocated to construction

World Bank

Project	Amounts in USD		
	Principal	Available	Disbursed
Regional and local roads program support project	\$105,200,000	\$ -	\$91,512,400
MK Competitiveness DPL	\$ 50,000,000	\$ -	\$51,974,864
Skills Development & Innovation Support	\$ 24,000,000	\$19,943,036	\$ 3,608,985
MK Competitiveness DPL 2	\$ 50,000,000	\$ -	\$48,563,596
Road Rehabilitation	\$ 70,980,000	\$51,247,316	\$16,090,468
Road Upgrading and Development Project	\$ 90,947,000	\$90,719,632	\$ 226,528

European Bank for Construction and Development (EBRD)

Project Name	Sector	Project Value (in million)	EBRD Financing (in million)
Shtip-Radovish Road Section	Transport	€ 78	€ 64
National Roads Program	Transport	€ 210	€ 160
Rail Corridor VIII- Second Phase	Transport	€ 151	€ 140
Macedonia: Railway Corridor VIII - Phase I	Transport	€ 61	€ 48
Skopje City Mall	Real estate	€ 71	€ 19
Corridor X	Transport	€ 317	€ 107
Macedonian Railways - Corridor X	Transport	€ 20	€ 18
Regional and Local Roads Program	Transport	€ 130	€ 50
Macedonia Regional Roads Project	Transport	€ 148	€ 40
MEPSO: Macedonia-Albania Transmission Phase I	Energy	€ 49	€ 37
MEPSO Rehabilitation and Control Project	Energy	€ 41	€ 25
Boskov Most – Hydro Power Project	Energy	€ 84	€ 65
Total		€ 1,359	€ 773

Other creditors

Project Name	Sector	Amount (in million)	Creditor
Corridor X Road Project	Transport	€ 100	European Investment Bank
Water Management and waste water management	Infrastructure	€ 50	European Investment Bank
Gasification of RM Section 1 Stip-Negotino	Energy	€ 90	Deutsche Bank; Erste Bank
Apartments for Socially vulnerable persons	Residential	€ 15	Council of Europe Dev.Bank
Clinical Center in Skopje and Clinical Center in Stip	Health sector	€ 97	Council of Europe Development Bank
Hydro System Zletovica	Infrastructure	€ 85	Japan Agency for Int.Cooperation
Watering of South Value of River Vardar-	Infrastructure	€ 10	KfW Bank
Total		€ 448	

Financing the construction sector by the Macedonian banks

Banks loan exposure in the construction sector is continuously growing in the last few years. Largest share of the funds in the construction sector are placed with companies in the buildings construction department.

The chart below provides outlook on the local bank-loans exposure to the construction sector. In June 2016 the banks' exposure amounted to €447, which is an increase of 65% compared to 2011.

4.5. Capital infrastructure projects in pipeline – National Budget 2017E

The General Assembly of Republic of Macedonia during the month of October have voted and legislated the National Budget for 2017, which represents a document presenting the government's proposed revenues and spending for the next financial year.

Below is a preview of the main financial inputs from the National Budget 2017.

- Total revenues = 3.05 billion euros
- Total expenditures = 3.35 billion euros
- Deficit = 302.5 million euros
- Projected economic growth = 3.4%

The capital expenditures are slightly bigger than the last year in total amount of 438 million euros and they are of vital and significant importance in creating the fiscal politics, in order to improve the standard of living and well-being of the population. In the foundations of this expenditures there are significant capital infrastructure investments like building the highway-section on Corridor X and the railway, energy and

municipal infrastructure, as well as capital investment to improve conditions in health, education and social system, agriculture, culture, sports, environmental protection environment and justice.

Below is a list of more significant capital expenditures in connection the construction sector in Macedonia.

- Capital expenditures for **highway sections and railway** are planned in the total amount of cca. 72.000.000 euros, where the following activities are going to take place:
 - A. Highway section on Corridor X;
 - B. Highway section Demir Kapija – Smokvica (EIB, EBRD and IPA funding);
 - C. Railway infrastructure on Corridor VIII Kumanovo-Beljakovce-Kriva Palanka (EBRD)
- Capital expenditures for **energy and municipal infrastructure** are planned in the total amount of cca. 56.000.000 euros. The funding of this activities is going to be executed through banking loans from Erste Group and Deutsche Bank.
- Capital expenditures for **technological industrial development zones** regarding improvement of the infrastructure (civil works and construction activities) are planned in the total amount of cca. 40.000.000 euros.

Below is a list of more significant expenditures which are planned and media exposed as pipeline priority projects for the upcoming period of the Ministry of Transport and Communications and Ministry of Agriculture Forestry and Water Economy in the construction sector.

- Construction of administrative buildings for the Ministries and public enterprises
- Construction and finalizing the Skopje 2014 project
- Highway and motorway sections
- Project for water supply and wastewater services (Funding: EIB)
- Railway infrastructure – Corridor 10, Corridor 8 Kumanovo Beljakovce Kriva Palanka (Funding: EIB)
- Gasification (Funding: Deutsche Banka and ERSTE Group)
- Hydro system Zletovica and Lisice
- Construction of the AEK Tower on Vodno (Funding: Agency for Electronical Communications)

4.6. Segmentation of the construction sector in Macedonia

During their long tradition, Macedonian construction companies have achieved high degree of personnel and technical-technological equipment and their engagements in designing and building objects of:

❖ Civil engineering segment

- Construction of highways;
- Construction of bridges;
- Construction of airports

❖ Building construction segment:

- Construction of residential, collective and individual housing;
- Construction of industrial facilities;
- Construction of public facilities

❖ Hydro construction segment:

- Construction of dams;
- Construction of tunnels;
- Construction of irrigation systems;
- Construction of water management systems;
- Construction of sewerage systems with clearing up stations

❖ Mixed segment

In Republic of Macedonia, construction companies are included in constructing all types of objects and based on the investment, building construction participates with around 15-19%, followed by the civil engineering segment participating from 38% to 51% and construction works for adaptation, reconstruction, from 36% to 47%.

4.7. Most successful Macedonian construction companies

Most successful companies active on the Macedonian construction market are Beton and Granit which are expected to remain the major drives and pillars in the Macedonian construction sector in the upcoming period.

List of the leading Macedonian construction companies:

- **Civil engineering segment:**
 - GD Granit AD Skopje;
 - DG Beton AD Skopje;
 - GTD Beton AD Stip;
 - BAUER BG Macedonia;
 - ADRA DOOEL Skopje;
 - Novikom Constructor DOO Skopje;
 - Transmet DOO Skopje
- **Building construction segment:**
 - ADORA Engineering;
 - Golden Art;
 - NASTEL;
 - ZSF Group;
 - TIM Engineering;
 - ZIKOL;
 - Kvalitet Prom DOOEL Kumanovo;
 - GP Pelister DOO Bitola;
 - Bortas DOO Skopje;
 - DG Cubus Skopje;
- **Other construction segment:**
 - GEING Krebs und Kiefer International
 - Fabrika Karpos AD Skopje
 - Pelagonija AD Gostivar

According to the annual financial statements of **GD Granit AD Skopje** in 2015 has also completed 40 of the projects planned, while other 43 objects are still ongoing and the finishing of which is expected during 2016 and 2017, as per the contracting obligations. The most significant capital infrastructure projects including GD Granit are:

- Construction of motorway Kicevo – Ohrid, section Kicevo-Podvis
- Construction of motorway Miladinovci – Stip, section Sv. Nikole-Stip
- Construction of motorway Saramzalino-Karifakovo
- Construction of Antenna System - Tower Vodno
- Construction of sport centers across Macedonia
- Motorway Banja Luka-Doboj, section Prnjavor-Dobor and section Banja Luka-Prnjavor
- Buildings of Skopje 2014 project

In 2015 GD “Granit” AD Skopje achieved positive financial results - gross-profit of € 3,900,607 thus registering increase of 11.5% compared to 2014. The total revenue in 2015 amounted to € 68,954,652 and compared to the revenue achieved in 2014, it is an increase of 3.92%. The total operating expenses follow the trend of the total revenue, registering an increase of 3.5% and amounting to € 65,054,044. The net-profit amounts to € 3,575,888 and compared to 2014, has a registered growth of 16.88%. Participation of the net-profit in the total revenue amounts to 5.19%. The gross-profit in total amount of € 3,900,607 is a result of the operating profit (of realization and sale), which amounts to € 1,293,350 and profit from financial operations which amounts to € 2,607,258.

According to the consolidated statement of GD “Granit” AD Skopje for 2015 the following financial condition is determined:

- Total income € 95,096,699;
- Total expenses € 88,194,033;
- Gross profit € 6,902,667;

The shareholders structure is as follows:

- Domestic private individuals 66%
- Domestic legal entities 14%
- Foreign private individuals 2%
- Foreign legal entities 7%
- Own shares 10%

As the second leading company on the Macedonian market, **DG Beton AD Skopje**, is established in 1947 by integration of some small and poorly equipped enterprises. In the period between 01.01.2015 to 31.12.2015 DG Beton AD Skopje achieved positive financial results in the amount of € 1,481,122 which is higher by 30.86% compared to the results achieved in the preceding year.

In 2015 total revenues amounted to € 48,978,421 and compared to the results achieved in 2014 is higher by 9.18%. Revenue from primary activity, achieved by construction on the domestic market participate with 93.32% in the total revenue structure. Total expenses in 2015 amounted to € 47,201,002 and compared with expenses reached in 2014 show an increase by 8.64%. Total investments in fixed assets amount € 757,827 in 2015 and comprise investments in constructions, machines and equipment. In the period between January through December 2015, the company realized additional 90 new employments.

4.8. Leading foreign Turkish construction companies in Macedonia

As a country heavily dominating the construction segment in Republic of Macedonia with its own companies is Turkey, whose companies have been investing in capital projects in the buildings construction segment. Two of the most successful companies in this segment are Cevahir Holding (TURMAK) and LIMAK.

Cevahir Holding is a constantly growing holding company which operates in many industries including finance, mining and security; with the main focus on construction, tourism and hospitality. The company started its businesses in the construction sector by the founder Ibrahim Cevahir in 1959, expanding its field of activity in a short time and growing rapidly by realizing successful projects in many cities and countries including the Kingdom of Saudi Arabia, Libya and Turkey. In 2011, Cevahir Holding entered the Macedonian market bringing the first skyscrapers to the citizens of the capital Skopje. The towers are being built in accordance with all international standards on quality and safety. Product of the successful investment of Cevahir Holding in Macedonia is the complex comprising four residential 40-storey towers enabling contemporary standard of living, shopping mall following the modern types of movement, garage and energy efficiency. The residential towers include 1376 available in a number of apartment types. The moving in date to the residential units is scheduled for February 2017, whereas the construction of the shopping mall should be completed by the end of 2017. Total investment value at the end of the process amounts to 300 million euros, according to the Cevahir Holding announcements and investment plans.

During 2016, the second Turkish company **LIMAK** shall commence construction activities of the complex near the Old Railway Station, including the tunnel that should mitigate traffic. The complex should be a contemporary, attractive, multi-functional business-residential complex with more than 900 residential units, which should unite the city symbol - the Old Railway Station with the modern needs and living habits of Skopje's inhabitants. Two-way tunnel including 6 lanes with length of 800 meters, will dislocate boulevard Macedonia below ground and shall have significant contribution to alleviating the traffic jam in Skopje.

The project is to be built on area of approximately 300.000 square meters. The complex shall include about 1.000 apartments in 20-storey buildings with 1, 2 or 3 bedrooms, offices, shopping mall, hotel, space for cultural activities, which will position the Museum, food court, fitness center, casino and parking with capacity of approximately 2.000 vehicles. At the end of the process the entire investment should amount to more than 200 million euros, according to LIMAK public announcements and investment plans.

The third company that was promoted in the public as a big Turkish investment in the field of construction is the affiliate member of the TAV Group (Tepe-Akfen Holding), **TAV Construction**. The company was directly involved and responsible for the construction of the airports in Skopje and Ohrid. As part of the conditions stipulated in the agreement is TAV's obligation was to modernize and finish construction of the Skopje airport in the first 20 months after signing the agreement. They have built a new terminal building, expanded the runway, built a parking lot, access road with a new intersection, installed land navigation systems, established communal infrastructure, built the administrative building, and they have built a new cargo terminal, fire protection unit and new aircraft parking. As to the Ohrid airport, TAV was obligated to reconstruct the current parking lot, renovate the buildings in the cargo centre, construct the VIP section, reconstruct the administrative building, and procure new equipment.

The investment value of this activity amounts to 200 million euros.

4.9. Leading foreign construction companies in Macedonia

Besides Turkey which as a country is heavily dominating the construction segment in Republic of Macedonia with its own companies, there are several other international companies which are influencing the market with their presence and business activities. The below stated companies are focused in the domain of building highways and big infrastructure projects nation-wide.

Sinohidro, a Chinese based construction company with a presence in 55 countries with 130.000 employees world-wide, concluded a deal with the Macedonian government for building the highway sections Miladinovci – Sveti Nikole- Shtip and Kicevo-Ohrid. As previously mentioned in the report, you can find more informations regarding the financial parameters and indicators in Paragraph 7 - Main Financial Model for Infrastructure Projects of this Report.

Aktor (member of ELLAKTOR Group), a Greek based construction company with a presence in 23 countries with 12.300 employees world-wide and 60 years of expertise, concluded a deal with the Macedonian government in 2012 for building the highway section Demir Kapija – Smokvica (28.2 km). The investment volume of the whole transaction was 270 million euros.

Strabag AG, a German based construction company with 12.000 employees world-wide with more than 90 years of expertise of work, in the past and currently is involved into several projects.

- Construction of a PET Center in Skopje; (cca. 6.000.000 EUR);
- Construction of a built-to-suit factory for foreign investor Marquardt GMBH;
- Involvement in projects from Skopje 2014: Macedonian Philharmonics (27.000.000 EUR);
- Rehabilitation of high-way and motorway sections: Veles-Katlanovo, Krivogastani-Vogjani

GEING Krebs und Kiefer International, a German based engineering company with operation in the Balkan area, 100% privately owned (Macedonian-German capital) is a leader in Macedonia for geotechnics, hydrotechnics, power engineering, infrastructure and consulting. The company has 360+ employee, 150+ skilled engineers and 313 professional obtained licenses.

4.10. Construction sector participation in GDP

When analyzing the structure of the gross domestic product of Republic of Macedonia, one can note that the construction sector has reached the highest percentage participation in the total amount, 7% in 2015. This fact is partially due to the positive investment climate and the big capital infrastructure projects for which large sums are being allocated. The table below provides an outlook on the construction sector participation in the gross domestic product on a national level in the period from 2010 to 2015, as well as the current prices level.

Construction sector participation in GDP (%)						
Year	2010	2011	2012	2013	2014	2015
Construction	5.6	5.2	5.7	7.1	6.4	7
Source: SSO						

Construction sector participation – Current prices (mil. euros)						
Year	2010	2011	2012	2013	2014	2015
Construction	€ 396	€ 394	€ 434	€ 581	€ 546	€ 642
Source: SSO						

4.11. Value of contracted and completed construction works abroad in the period

Analysis of the contracted and completed construction works of the Macedonian companies abroad in the period between 2013-2014 shows that dominant countries for the engagement thereof were: Germany, Italy and Bosnia and Herzegovina.

Value of contracted and completed construction works abroad				
Country	Contracted works		Completed works	
	I-XII 2013	I-XII 2014	I-XII 2013	I-XII 2014
Libya	€ 96		€ 80	
Croatia	€ 473	€ 700	€ 473	€ 700
Germany	€ 2,859	€ 1,545	€ 2,516	€ 1,545
Netherlands	€ 1,226	€ 472	€ 1,226	€ 472
Italy	€ 2,320	€ 4,450	€ 2,320	€ 4,450
Slovenia	€ 84		€ 84	
France	€ 582	€ 371	€ 582	€ 371
Serbia	€ 140	€ 1,144	€ 140	€ 363
Switzerland	€ 70	€ 237	€ 70	€ 237
Bosnia-Herzegovina	€ 68,881	€ 93,067	€ 21,041	€ 6,539
India	€ 3,238		€ 1,495	
Bulgaria	€ 1,047	€ 929	€ 1,047	€ 929
Kosovo		€ 232		€ 232
Albania		€ 62		€ 62
Montenegro		€ 7		€ 7
Austria		€ 260		€ 260
Total	€ 81,014	€ 103,475	€ 31,073	€ 16,166

Source: SSO

When compared contracted works in 2014 and 2013, one can note a growth of 27.7% that is, increasing the total value from € 81,014 to € 103,475. If compared actual completed construction works in 2014 and 2013, a fall of 48% is registered that is, total value decrease from € 31,073 to € 16,166.

Largest inflow from abroad that Macedonian construction companies have achieved in the last few years is registered by the engagement of the construction company Granit in constructing the motorway in Republika Srpska to Doboj, a deal worth 93 million euros, which should collect in several tranches in the next 5 years. Domestic companies direct physical labor and workers abroad, without delivering complete logistics from an operation standpoint: mechanization, skilled workers, equipment, etc.; a practice often used in the last two decades. Most of the workers are stationed in Italy, Germany, Libya, Croatia and India.

4.12. Number of apartments built and additional indicators

The table below shows comparative analysis of the number of apartments built in the period between 2011 and 2014. In 2012 the market registers highest increase of apartments built, thus increasing by 25% compared to 2010. According to the trend and developments of apartments built, there is a positive growth and direction that should remain at a stable level for the upcoming two years.

Number of apartments built		
Year	Total	Growth or decline (2010=100%)
2011	5 254	102%
2012	6 433	125%
2013	6 528	127%
2014	5 356	104%

Expected value of issued construction permits for buildings

The table below provides outlook on the regional segmentation of the expected value of issued construction permits for buildings for the period from 2010 to 2014. Regions having dominating role in development of the buildings construction sector are the Skopje region, Southwest region and the Vardar region, which has experienced strong construction activities.

	Republic of Macedonia	Vardar region	East region	South-west region	South-east region	Pelagonija	Polog	North-east region	Skopje region
2010	€ 448,454	€ 29,389	€ 33,921	€ 50,089	€ 56,427	€ 14,411	€ 132,633	€ 8,373	€ 123,212
2011	€ 467,565	€ 21,564	€ 38,957	€ 58,174	€ 43,339	€ 15,706	€ 94,987	€ 8,693	€ 186,145
2012	€ 843,877	€ 128,677	€ 49,241	€ 41,620	€ 42,124	€ 37,902	€ 78,321	€ 19,570	€ 446,422
2013	€ 461,647	€ 14,156	€ 43,257	€ 22,179	€ 92,858	€ 40,362	€ 79,944	€ 9,662	€ 159,228
2014	€ 1,132,206	€ 131,190	€ 53,543	€ 404,495	€ 39,563	€ 37,748	€ 56,056	€ 129,877	€ 279,735

Source: SSO

Estimated value of issued construction permits		
Year	Building Construction	Growth or decline (2010=100%)
2010	€ 448,454	100%
2011	€ 467,565	104%
2012	€ 843,877	188%
2013	€ 461,647	103%
2014	€ 1,132,206	252%

Source: SSO

Comparing the expected value of the issued construction permits in the period from 2010 to 2014, one can note that the expected value for 2014 is much larger (152%) compared to the one in 2010 and it is expected to grow in the following two years.

Indexes on average selling prices of residential dwellings contracted for construction by the business entities

The table below provides comparison of the indexes on average selling prices of residential dwellings per square meter contracted for construction by the business entities for the period from 2010 to 2014. These movements and number fluctuations lead to the conclusion that there have not been significant increase and decline and it is expected to remain stable in the upcoming period.

3.9.2. Indices on average selling prices of residential dwellings contracted for construction by the business entities					
	2010	2011	2012	2013	2014
	-----	-----	-----	-----	-----
	2009	2010	2011	2012	2013
Indices of average selling price per 1 m ²	100.9	96.2	99.6	93.8	99.3

Source: SSO

Average selling prices of residential dwellings contracted for construction by the business entities engaged in construction activity in Republic of Macedonia

The table below provides outlook on the movements of the average selling prices of residential dwellings contracted for construction by the business entities engaged in the construction activity in Republic of

Macedonia for the period from 2010 to 2014. Largest items dominating in this segment are the expenditures for land purchase and preparation and construction of public utilities and building expenditures

Average selling prices of residential dwellings					
	2010	2011	2012	2013	2014
Average selling price per 1 m ²	€ 848	€ 815	€ 812	€ 761	€ 756
Expenditures for land purchase and preparation and construction of public utilities	€ 235	€ 187	€ 226	€ 187	€ 194
Building expenditures	€ 544	€ 567	€ 517	€ 527	€ 498
Other expenditures	€ 69	€ 61	€ 69	€ 47	€ 64

The table below displays comparative analysis of the movements of average selling prices per square meter in the period from 2010 to 2014 and the figures lead to the conclusion that they has been decrease thereof in the last three years. In 2014 the market registered 11% decrease of the average selling prices per 1m2 compared to the 2010 indicators.

Average selling prices of residential dwellings					
	2010	2011	2012	2013	2014
Average selling price per m2	€ 848	€ 815	€ 812	€ 761	€ 756
Growth or decline (2010=100%)		96%	96%	90%	89%

Source: SSO

Unfinished residential dwellings

The table below provides the number of unfinished residential dwellings, by ownership type for the period from 2010 to 2014.

Unfinished residential dwellings						
Year	Total		Residential dwellings under private ownership		Residential dwellings under other types of ownership ¹⁾	
	Number of residential dwellings	Area (in m ²)	Number of residential dwellings	Area (in m ²)	Number of residential dwellings	Area (in m ²)
2010	5 741	472 289	5 382	454 457	359	17 832
2011	5 978	493 459	5 721	479 199	257	14 260
2012	4 999	374 809	4 673	341 809	326	33 000
2013	4 876	366 159	4 464	328 969	412	37 190
2014	4 921	324 121	4 796	319 123	125	4 998

¹⁾ State (public), cooperative and mixed

Source: SSO

The table below comparatively provides the movement of the figures of unfinished residential dwellings in the stipulated time period and leads to the conclusion that there has been fall and decrease thereof, contrary to the increase of 4% registered in 2011.

Unfinished residential dwellings		
Year	Total	Growth or decline (2010=100%)
2010	5 741	
2011	5 978	104%
2012	4 999	87%
2013	4 876	85%
2014	4 921	86%

Source: SSO

Construction cost indices for new residential buildings

The table below provides comparative analysis of the construction cost indices for new residential buildings movements in the individual housing segment in the period from 2010 to 2014.

Construction cost indices for new residential buildings					
	2010/2009	2011/2010	2012/2011	2013/2012	2014/2013
Material costs	97.9	106.1	100.9	97.5	98.3
Labor costs	97.3	101.7	104.4	117.7	103.8
Total	97.8	105.1	101.6	101.9	99.7

Source: SSO

4. Business opportunities in the Contracting Sector

The companies interested in entering the Macedonian construction sector have available several options for deciding on their investment, its value and the manner of the entire construction project. The points below provide outlook on the initial segmentation of the construction sectors, as well as construction projects announced by the Government of RM and the relevant state bodies and entities, which are expected to start off in the following 1-3 years.

4.1. Civil engineering segment (Construction of motorways, bridges and airports)

Projects in pipeline:

- Construction of motorway Gostivar-Kicevo, if private sector exhibits interest, this project will be realized through a public private partnership. In case of no interest, alternative options for construction of this motorway will be reviewed (2015-2018)
- Construction of the motorway section Skopje-Blace, if private sector exhibits interest, this project will be realized through a public private partnership. In case of no interest, alternative options for construction of this motorway will be reviewed (2015-2018)
- Designing the motorway section Struga-Kjafasan (2015-2017). Start construction date 2018.
- Construction of express way Kumanovo-R.Bulgaria border, section Rankovci-Kriva Palanka, with the possibility of future development to motorway (2016-2018)
- Construction of express way Stip-Radovish (2017-2019)
- Completion of construction of regional road branch 1 of R418 (phase 2), section from manufacturing plant "Vevchanka" to Health Care Center Vevchani
- Construction of regional road Toranica-Sasa (Kriva Palanka-Kamenica) (2016-2017)
- Rehabilitation of road section Kocani (Prevalec)-Makedonska Kamenica-Delcevo (2016-2017)
- Road Tetovo-Kosovo border. Based on the feasibility study results a possibility for realization with Kosovo for an efficient solution (2015-2018)
- Road construction to the border between Republic of Macedonia and Serbia (Golema Crchorija-Goles) (2015-2018)
- Upgrade of road to Chucher Sandevo (2016-2017)

According to the announcements and the investment policy of the Macedonian Government and the Ministry of Transport and Communications, 122 local roads are expected to be built with total length of 200 kilometers and total investment value of 20 million euros in the period between 2015 and 2018.

4.2. Buildings construction segment (Construction of buildings for residential and collective housing, industrial and public facilities)

All interested companies may be included in potential engagement in the Macedonian buildings construction segment through two provided options: direct cooperation and open bidding procedure.

4.3. Hydro construction segment (Construction of tunnels, dams, irrigation systems and water management systems and sewerage systems with clearing up stations)

Projects in pipeline:

- Project “Water management system and removing wastewater” with funds secured from the European Investment Bank and the Budget of RM, which will lead to realization of communal infrastructure project in Macedonian municipalities (2014-2017)
- Project “Municipal water and sewerage systems”, financed by the German bank for development KfW for ensuring sustainable supply of drinking water for the population in the following municipalities: Gevgelija, Gostivar, Bitola, Radovis, Negotino, Kocani, Kavadarci, and the ongoing project in Tetovo (2017)
- Construction of fecal sewerage in the locality Sopiste and Soncev Grad and drainage to current sewerage network the municipalities Kisela Voda and Aerodrom (2014-2017)
- Construction of water supply system for several settlements in Sopiste municipality, Regional water supply system Patishka Reka (2017)
- Construction of a collector on the right bank of Vardar river to the future clearing up station for Skopje (2017-2018)

5. Important Projects going out to Tender in Short and Medium Term

Currently there are couple of projects of a national level in Republic of Macedonia which are essential to the construction sector and the economy, as well as for improving the road infrastructure and network connection between settlements. Project segmentation in the road infrastructure is as follows:

- ❖ Investments and projects in *motorways*
- ❖ Investments and projects in *regional and express ways*
- ❖ Investments and projects in *local roads*
- ❖ *Rehabilitation* of current road sections

During 2015 the Ministry of Transport and Communications within its jurisdiction and responsibilities as a ministry and relevant body, focused on construction of three new motorways, Goce Delchev motorway running from Skopje to Stip, Mother Theresa motorway from Kicevo to Ohrid, the new section from Demir Kapija to Smokvica as well as reconstruction of the road section from Veles to Katlanovo.

It's a matter of 155 kilometers in length road network in total. Regarding regional roads, in 2015 the reconstruction of the regional road Mavrovo-Mavrovi Ani was completed, whereas the construction and reconstruction of additional 13 lines with total length of 173 kilometers. Besides the construction and reconstruction of motorway sections and regional roads, 48 local roads were subject to construction or reconstruction.

5.1. Motorways

5.1.1. Goce Delchev Motorway

In 2015 the construction of the most important project in Eastern Macedonia, Goce Delcev motorway, continues, 47 kilometers in length, and an investment of 206 million euros, funds provided by EXIM Bank and the Macedonian State Budget. By the end of the year, 92% of the entire roadway and length has been penetrated; 4 bridges, 8 overpasses, 4 underpasses and 5 viaducts built. From organizational standpoint, 30% of the entire construction activities are completed. Time limit for completing this project is 2017.

5.1.2. Mother Theresa Motorway

This motorway is described as the most significant and biggest infrastructure ongoing project in Republic of Macedonia, 57 kilometers in length, linking the cities Kicevo and Ohrid, and an investment of 374 million euros. The funds are secured by EXIM Bank and the state budget. From operational viewpoint, it is a matter of exceptionally difficult line, passing through hills and 80% has been penetrated. In 2015 over 11% of the construction works have completed and the entire construction of the motorway is expected to finish in the first quarter of 2018.

5.1.3. Demir Kapija-Smokvica Motorway

Construction activities of this road section started in 2012 and are almost at its finish. From operational viewpoint, over 70% of the construction activities have been completed, including two twin tunnels, partial construction of 6 bridges and other auxiliary works. The investment is valued at 219 million euros, financed by IPA grant funds, international financial institutions and the state budget. According to the dynamics and the construction contract, this section 28 kilometers in length is expected to finish by the end of the first quarter of 2017, and it will provide a new modern motorway solution.

5.1.4. Motorway section Veles-Katlanovo

In 2015 the road section from Veles to Katlanovo 23.5 kilometers in length has been completely rehabilitated. The investment is valued at 6.6 million euros, used to reconstruction the old with new motorway, set up new horizontal and vertical signalization as well as new elements for increasing road safety.

5.1.5. Motorway section Kumanovo - Miladinovce

Evaluation of offers for rehabilitation of two lanes is planned to finish by the end of this year and commencing of construction activities for this road section. The Ministry of Transport and Communications has provided funds in amount of 16 million euros through the IPA program for reconstruction of the section 23 kilometers in length.

5.1.6. Motorway section Smokvica - Gevgelija

Construction activities of the section with length of 10 kilometers commenced at the end of 2015, costing 4.2 million euros. These intensified construction activities are set to complete in 2016.

5.1.7. Motorway section Gostivar - Kicevo

Construction of this section is planned with 44 kilometers length in a completely new lane. During 2015 environmental impact assessment report is prepared, as well as a feasibility study and project documentation. From financial standpoint, the funds allocated for this purpose, would originate from a Public Private Partnership or the state budget.

5.1.8. Skopje-Blace motorway

The construction of this section is planned to be 12 kilometers in length and currently a feasibility study is in the making. Along with the study, a financial analysis is being prepared so as to explore the possibility for awarding this project for a concession, public private partnership or other models of future construction financing. At the same time, further designing of the motorway ensues and it is expected to be completed in 2016.

5.2. Regional and express ways

In joint cooperation between the Ministry of Transport and Communications and the Public Enterprise for State Roads during 2015 construction activities of the regional road infrastructure continued. Currently these bodies are working on 13 regional lines as well as one express way with a length of 173 kilometers.

5.2.1. Regional road Mavrovo-Mavrovi Ani

During 2014 and 2015 reconstruction of the regional road R2235, section Mavrovi Ani-Mavrovo completed as well as reparation of the landslide near Mavrovi Ani, with length of 6 kilometers. This investment is in amount of 1.25 million euros.

5.2.2. Regional road Skopje - Sonce Grad

Further construction of the regional road from Skopje to Sonce Grad commenced in 2013 by mutual cooperation between the Ministry of Transport and Communications and the Public Enterprise for State Roads with length of 4.4 kilometers, an investment valued at 7.5 million euros. The entire construction activities are planned to finish during 2016.

5.2.3. Regional road Opae-Beljakovce-Stancikj

Construction of a new regional road in length of 16 kilometers commenced. The investment is valued at 4.1 million euros. By the end of 2015 about 40% are realized and the entire construction intake is expected to complete during 2016.

5.2.4. Express way Veles-Stip (Kadrifakovo)

The total length of this road is 24.3 kilometers and is financed by EBRD funds in amount of 14.9 million euros.

5.2.5. Regional road Tetovo-Brvenica-Cegrane Gostivar

Rehabilitation of this road line is 16 kilometers in length and this construction intake shall cost 1.8 million euros. This activity started in August 2015 and is expected to finish during 2016. The length of this section is 5.9 kilometers.

5.2.6. Regional road Bitola-Resen-Bukovo

The regional road is 27 kilometers in length and its investment value is at 5.9 million euros. The rehabilitation commenced in August 2015 and is planned to finish during 2016.

5.2.7. Regional road Mavrovo-Novo Selo

The road section is 11.7 kilometers in length and the investment is worth 2.5 million euros, where the rehabilitation activities commenced in August 2015 and are expected to finish during 2016.

5.2.8. Regional road Mokrino-Smolari

The road section is 4 kilometers in length and the investment amounts to 1.5 million euros. It is expected to complete during 2016.

5.2.9. Regional road Nov Dojran – Nikolikj

Reconstruction of 6 kilometers of the section commenced in August 2016 and the investment is valued at 830 thousands euros. According to the planned dynamics and the construction contract, the construction activities should finish during 2016.

5.2.10. Regional road Klepac – Novaci

This road section is an alternative to the motorway from Prilep to Bitola and is 19.3 kilometers in length, and 1.15 million euros have been allocated for its reconstruction. The end of construction activities is expected during 2016.

5.2.11. Regional road Delcevo-Golak

The reconstruction of this road line, 11.5 kilometers in length is an investment worth 1.3 million euros. This process commenced in December 2015 and is expected to finish in the course of 2016.

5.2.12. Regional road Melnicki Most-Centar Zupa

The length of this road line is 8 kilometers, and its rehabilitation costs 880 thousands euros. This process commenced in December 2015 and is expected to finish in the course of 2016.

5.2.13. Regional road Boshkov Most - Debar

The length of this road line is 8.2 kilometers and started reconstruction in December 2015. The investment value of this operation is 2.55 million euros.

5.2.14. Regional road Krivogastani-Obrsani-Vogani

The length of this road line is 9.5 kilometers and its value amounts to 1.1 million euros. The rehabilitation activities commenced in December 2015 and is expected to finish in the course of 2016.

5.2.15. Regional road Lazhani-Ropotovo-Crnliste

This regional road is 17 km in length with investment value of 1.8 million euros. It is expected to be completed during 2016.

5.2.16. Regional road Lipkovo-Aracinovo

The rehabilitation of the regional road is 20 kilometers in length with investment value of 6.2 million euros.

5.3. Rehabilitation of regional roads by a PE Macedonia Roads program

- ❖ Regional road Tetovo-Priok-Gostivar 10 kilometers in length and investment value of € 487,805;
- ❖ Regional road Popcevo-Belotino-Ric 9 kilometers in length and investment value of € 487,805;
- ❖ Regional road Karbinci-Zrnovci-Vinica 10.5 kilometers in length and investment value of € 813,008;
- ❖ Regional road Kavadarci-Negotino 4 kilometers in length and investment value of € 487,805;
- ❖ Regional road Konjuh-Beljakovce 3 kilometers in length and investment value of € 487,805;
- ❖ Regional road Probistip – Krupiste – Stip 15 kilometers in length and investment value of € 1,089,431;
- ❖ Regional road Strumica – Novo Selo – Bulgarian border 10 kilometers in length and investment value of € 975,610;
- ❖ Regional road R2246-Mogorje 4.5 kilometers in length and investment value of € 487,805;
- ❖ Regional road R1308- Brajcino 3.5 kilometers in length and investment value of € 325,203

By the PE Macedonia Road program in 2014 and 2015, 5.7 million euros were allocated for rehabilitation of regional roads in order to successfully complete the abovementioned construction activities and improve and road network throughout Macedonia.

5.4. Local roads

In 2015 and 2016 by World Bank project the construction and rehabilitation of 46 local roads in 36 municipalities throughout Republic of Macedonia was accomplished. The total length amounts to 59 kilometers and an investment value of 7.2 million euros.

Municipality	Local road name	Length (m)	Price
Aerodrom	Local road Gorno Lisice	1.660	€ 220,621
Gjorce Petrov	St. 51 - v.Svilare	820	€ 79,125
Aerodrom	Local road Todor Changov	1.630	€ 132,173
Saraj	R402 - V. Ljubin	1.670	€ 130,095
Stip	M6 - V. Puhce	2.270	€ 250,182
Aracinovo	R101 - V. Grushino	780	€ 49,546
Karbinci	V. Radanje - Odjalija	1.315	€ 110,825
Sopiste	V. Dolno Sonje - V. Gorno Sonje	1.040	€ 93,539
Kriva Palanka	V. Konopica	330	€ 42,338
Veles	V. Otovica	830	€ 74,259
Cucer Sandevo	Old Kacanik Road	2.260	€ 316,955
Kisela Voda	Local road M. Mihajlovski	400	€ 98,875
Gazi Baba	V. Singjelic - Rastak	1.230	€ 163,523
Kumanovo	V. Dobroshane - V. Supli kamen	740	€ 73,176
Vrapciste	V. Dobridol	930	€ 110,839

Brvenica	V. Dolno Sedlarce - Brvenica	900	€ 47,035
Gostivar	V. Dolno Gjonovica - V. Srbinovo	4.060	€ 355,350
Jegunovce	R29274 – V. Ratae	1.460	€ 82,870
Brvenica	R404 – V.Chelopek	985	€ 94,763
Centar Zhupa	V.Gorenci	500	€ 50,672
Centar Zhupa	Central road	1.530	€ 134,168
Tearce	V.Slatino	730	€ 91,707
Gostivar	V. Cerovo - V.Simnica	1.130	€ 98,700
Mavrovo and Rostusha	R1202 – V. Skudrinje	3.590	€ 784,638
Debar	Debar - V. Bomovo	1.210	€ 138,634
Resen	R1308 – S.Krani	1.170	€ 122,829
Kicevo	V. Zubrino	930	€ 112,405
Kicevo	v. Oslomej - v. Shutovo	1.000	€ 114,406
Plasnica	R-513 (v. Izhiste) – v. Preglovo	940	€ 136,446
Resen	V. Grnchari - Monastery St. Ilija	2.020	€ 248,023
Bitola	V. Kazhani - v. Gjavato	2.220	€ 69,468
Prilep	V. Lenishte - Monastery St. Petka	1.210	€ 107,223
Prilep	Prilep-Markova Cheshma	1.410	€ 165,981
Bitola	V. Gorno Orizari - v. Krklino	1.470	€ 408,089
Berovo	Berovo-Milina	780	€ 76,498
Krusevo	Krivogastani – V. Bucin	1.940	€ 185,796
Krivogastani	V. Korenica – V. Godivje	1.050	€ 106,971
Sv. Nikole	R-105 (v.Amzibegovo - v. Crniliste)	2.410	€ 245,095
Bosilovo	Bosilovo – v. Radovo	900	€ 106,711
Radovish	V. Smiljanci	900	€ 111,006
Delcevo	V. Trstija – V. Turija	800	€ 90,519
Valandovo	V. Pirava	400	€ 146,220
Lozovo	Lozovo – Milino	650	€ 58,055
Kocani	R-519 (V. Leski)	400	€ 46,526
Struga	V. Dolna Banica - V. Oktisi	2.590	€ 386,502
Ohrid	Veletovo	870	€ 106,612
Total			€ 7.200.000

6. State Agencies Announcing Tenders by Departments (Transportation, Water Resources and Agriculture, Oil and Gas, Buildings and Housing)

The Government of the Republic of Macedonia with its complementary units - Ministries and state enterprises, initiates public procurement procedures for its operations and strategic performance whereby a public or discretionary bidding collect the most optimal offers for certain matters.

Attached to this Market research report in the construction sector is a list of public procurement procedures published by the state institutions through various information platforms for 2016. Segmentation of the topics according the purpose of allocating funds is as follows:

- ❖ Infrastructure (roads and motorways);
- ❖ Hydro infrastructure and sanitary network;
- ❖ Agriculture ;
- ❖ Sport ;
- ❖ Housing ;
- ❖ Energy ;
- ❖ Telecommunications ;

❖ Industry

The table comprises data on the funds allocation in terms of the sector they belong to, what kind of offer it is, time frame, etc. Below is a list of institutions and entities that may initiate public procurement procedures within its operational activities, duties and competencies on a national level.

- ❖ Government of the Republic of Macedonia (<http://www.vlada.mk/>)
- ❖ Ministry of Finance (<http://www.finance.gov.mk/en>)
- ❖ Ministry of Defense (<http://morm.gov.mk/?lang=en>)
- ❖ Ministry of the Interior (<http://www.mvr.gov.mk/>)
- ❖ Ministry of Justice (<http://www.pravda.gov.mk/>)
- ❖ Ministry of Transport and Communications (<http://www.mtc.gov.mk/>)
- ❖ Ministry of Economy (<http://www.economy.gov.mk/>)
- ❖ Ministry of Health (<http://www.moh.gov.mk/>)
- ❖ Ministry of Foreign Affairs (<http://www.mfa.gov.mk/index.php/en/>)
- ❖ Ministry of Agriculture, Forestry and Water Resources Management (<http://mzsv.gov.mk/>)
- ❖ Ministry of Information Society and Administration (<http://www.mio.gov.mk>)
- ❖ Ministry of Education and Science (<http://www.mon.gov.mk/>)
- ❖ Ministry of Local Self-government (<http://www.mls.gov.mk/>)
- ❖ Ministry of Culture (<http://www.kultura.gov.mk/>)
- ❖ Ministry of Labor and Social Policy (<http://www.mtsp.gov.mk/>)
- ❖ Ministry of Environment and Spatial Planning (<http://www.moepp.gov.mk>)
- ❖ Public Procurement Bureau (<http://www.bjn.gov.mk/>)
- ❖ Independent bodies of the Government of Republic of Macedonia:
- ❖ Other individual entities. (Agency for Real Estate Cadaster of the Republic of Macedonia and etc.)

6.1. Information platforms and channels for publishing tender documentation

The Government of the Republic of Macedonia with its complementary units - Ministries and state enterprises, initiates public procurement procedures for its operations and strategic performance whereby a public or discretionary bidding collect the most optimal offers for certain matters as stated in the previous paragraph. All of the parameters and regulative for this procedures are officially formed and legislated into the Law of Public Procurement (Закон за јавни набавки) and it's complementary by-laws.

The public procurement procedures can be executed and media exposed on the following 2 ways:

- Web site of the Ministry or the state enterprise (Detail preview in Paragraph 2, Point 6)
- Public Procurement Bureau (Биро за јавни набавки)
 - Web site (<http://bjn.gov.mk/bjn-portal/wordpress/?lang=en>)
 - Address: 23 October" Palace (St. Dame Gruev, no 12 – Skopje)
 - Telephone: +389 2 3 255 689
 - Fax: +389 2 3 255 689
 - E-mail: info@bjn.gov.mk
 - Director: Aleksandar Argirovski

The Public Procurement Bureau uses an information platform called ESPP, a web-based system, simple and user-friendly, which enables conducting public procurements in electronic form. ESPP enables electronic trading between contracting authorities in Republic of Macedonia and domestic and foreign economic operators. ESPP eliminates paper work and ensures efficiency and cost-effectiveness of the contract award procedures.

For a better promotion and information channels for attracting international investors, the Government of the Republic of Macedonia with its complementary units - Ministries and state enterprises are using international web site – aggregators who are summarizing all of the tender announcements worldwide.

In the field of civil works, construction, infrastructure tenders and business opportunities there are several web platforms which are relevant and competent in this domain of expertise and below is a list of them.

- CWC Tenders (<http://www.cwctenders.com>);
- Tender News (<http://www.tendernews.co.in>);
- Tender Link (<https://www.tenderlink.com>);
- Hello Trade (<http://tenders.hellotrade.com>) ;
- Tender Tiger (<http://www.tendertiger.com>)

7. Main Financial Model for Infrastructure Projects

Main models for financing major capital infrastructure projects in Republic of Macedonia are:

- ❖ Financing by the national budget of Republic of Macedonia;
- ❖ Loans from international financing institutions (World Bank, EBRD, European Investment Bank and other private financing institutions such as Export Import Bank);
- ❖ Loans from international funds ;
- ❖ Cooperation in the form of public private partnership and concession

If analyzed, the major capital infrastructure projects in Republic of Macedonia, according to the publicly available data shared by the Public Enterprise for State Roads lead to the conclusion that when financing such projects, most of the funding originates from the national budget as well as funds available from international funds and financing institutions.

Two of the largest projects in the last decade in terms of infrastructure in Republic of Macedonia are the stretches Kicevo-Ohrid and Miladinovci-Sveti Nikole-Stip, both financed by the Chinese EXIM bank, a loan worth around 640 million euros. The interest rate on this borrowing is 2.5% and user of this credit is the Public Enterprise on State Roads. The money should be paid back within 20 years, including a grace period of 5 years and 15 years for the entire loan. According the contract's provisions, the Chinese company in charge of construction of the motorways "Sinohidro" is obliged to contract Macedonian companies as subcontractors, which will carry out around 49% of the construction work itself. In terms of engaged work force, 51% should be Macedonian citizens.

- ❖ **Construction of motorway A2, stretch Kicevo-Ohrid**
 - Status: Under construction
 - Financed by: EXIM Bank - Republic of China
 - Start date: 05.2014
 - End date: 01.2018
 - Contract value: 411.287.800,07 EUR
- ❖ **Construction of motorway A2, stretch Miladinovci-Sveti Nikole-Stip**
 - Status: Under construction
 - Financed by: EXIM Bank - Republic of China
 - Start date: 05.2014
 - End date: 05.2017
 - Contract value: 226.696.367,94 EUR

Significant capital infrastructure project is also the construction of the Corridor X, section Demir Kapija - Smokvica, 28 kilometers in length. This project is financed by the European Bank on Reconstruction and Development (EBRD) loan, EU's Instrument for Pre-accession grant, the European Investment Bank funds and the national budget of Republic of Macedonia. The entire investment value amounts to 219 million euros.

At the end of 2015, Macedonia signed another borrowing, intended for the railway and road infrastructure. The European Bank for Reconstruction and Development borrowed 305 million euros, 145 million euros of which are intended for construction of railway infrastructure, while 160 million euros shall be invested in the road network, amongst which the share allocated for the section Demir Kapija - Smokvica. The funds will be

used for construction of the railway Beljakovce – Kriva Palanka, as well as part of the railway Corridor VIII, 34 kilometers in length. The repayment period is set to 15 years with a grace period of four years and the current interest rate, stands around 1.5%. The remaining 160 million euros will be used for construction of the motorway Struga - Trebenista and the roads Prilep - Gradsko, Ohrid - Pestani and Stip - Kocani.

In addition, the Macedonian Bank for Development Promotion (MBDP) concluded a contract for an additional credit line of about 100 million euros from the European Investment Bank.

In summary, from a financial viewpoint, during the last 5 years, Republic of Macedonia borrowed from the Chinese EXIM bank as well as other international financial funds institutions for construction of the major infrastructure project over 900 million euros, whereas 160 million euros are provided for road rehabilitation and 50 million euros loan for construction of local roads.

8. Use of PPP (Public Private Partnership) and BOT (Build - Operate -Transfer)

8.1. PPP (Public Private Partnership) in Macedonia

Public Private Partnership in Republic of Macedonia is regulated with the Law on concessions and public private partnership (Закон за концесии и јавно-приватно партнерство), and such partnership is established by an agreement. According to the Law on concessions and public private partnership (Закон за концесии и јавно-приватно партнерство), public private partnership is a form of contractually regulated, long-term cooperation between the public partner and the private partner, characterized by the following:

- A. The private partner assumes the obligation to provide a public service for the end users in fields of competence of the public partner and/or the obligation to provide the necessary prerequisites for the public partner to provide a public service for the end users and/or activities within its competence;
- B. In order to fulfill the obligations referred to in point a) of this Article, the private partner may assume an obligation to:
 - Finance, design, construct and/or reconstruct/renovate a public infrastructure facility, operate and maintain a new facility and/or a reconstructed/renovated public infrastructure facility or
 - Exploit, manage and maintain an existing public infrastructure facility or
 - Any combination of the abovementioned obligations until the combination of the referred obligations is aimed at achievement of the goals set forth in point a) of this paragraph;
- C. Where assuming the obligation referred to in points a) and b) of this paragraph, the private partner usually assumes a significant part of the risks related to financing, construction, demand and/or availability and other such activities, management, maintenance and technical risks, depending on what has been agreed in the establishment of the public private partnership and is determined case by case;
- D. Each partner to the public private partnership during the public private partnership undertakes the responsibility for the risky events within its sphere of influence, or shares the responsibility in order to achieve optimal risk management during the partnership, inter alia , by using the managerial, technical, financial and innovative capacities of the private partner and by promoting exchange of skills and know-how – experience between the public and private partner, without being contrary to point c) of this paragraph;
- E. In exchange for the assumed obligations, the public partner may award the private partner public works concession or public services concession, or may compensate them by payment;
- F. The public partner may also enable the private partner to carry out certain commercial, economic activities, in addition to the obligations referred to in points a) and b) of this paragraph, determined by the contract, but only if there is no other possible way to ensure the necessary level of price efficiency of the private participation and reasonable recovery of the investment and
- G. The public partner may transfer certain actual rights to the private partner, which are necessary to fulfill the contractually set forth obligations.

Depending on the purpose of the funds for consideration by the public partner for provision of public works and/or public services, as well as the distribution of the key existing risks, the public private partnership may be established as:

- 1) Public works concession or
- 2) Public services concession or
- 3) Contract for public works procurement or
- 4) Contract for public services procurement.

In Republic of Macedonia, public private partnership is most often established in providing different types of public services and infrastructure projects, such as transport (roads, railways, airports), telecommunications, drinking water supply and waste water management, waste management, health, education facilities (schools, boarding schools), social protection and environment protection.

As good case practices in this business domain, there are several examples which can be showcased as successful story as PPP on the territory in Macedonia.

▪ **Business Center EMPORIO**

- The investors of the Business Center EMPORIO are the construction company Transmet and the Municipality of Gjorche Petrov. They have signed an agreement for cooperation and public private partnership in 2014 for a construction of a mixed-use concept with GBA 30.000 sq.m located in the Municipality of Gjorche Petrov where 40% of the whole built area is going to be used as commercial area for the internal needs of the local authorities and 60% as a shopping mall concept. The complex is expected to be finalized during 2017 and the investment volume of the whole project is 30.000.000 euros.

▪ **Technological Industrial Development Zone TETOVO**

- The Free Zones Authority and Normak Investment Group, a privately owned company, signed a Public Private Partnership agreement, stipulating that Normak Investment Group is the founder of the free zone and responsible for its development and operation. The total area of the Tetovo free zone is 94.74 hectares'. It is located on the E-65 highway, 3 km east of the city of Tetovo. The Tetovo free zone is just 35 km away from the capital Skopje

▪ **Coal Mine in Mariovo**

- A public private partnership agreement between ELEM and a partner from the private sector was signed during 2016 for opening the coal mine in Mariovo for underground exploitation with installed capacity of 250-300 MW. The percentual financing sources are as followed: 15% from ELEM (18.929.189 euros) and 85% from the public partner (107.265.406 euros). The whole investment volume of this business operation is 126.194.595 euros.

There are several active public calls published by the Government and the state enterprises and most of them are located in the segment of construction road sections and capital infrastructure, but still awaiting for the interest of the public sector. (Road sections in South and East Macedonia, Ski Park Jablanica,

8.2. BOT (Built-Operate-Transfer) in Macedonia

Build-operate-transfer (BOT) or build-own-operate-transfer (BOOT) is a form of project financing, wherein a private entity receives a concession from the private or public sector to finance, design, construct, and operate a facility stated in the concession contract. This enables the project proponent to recover its investment, operating and maintenance expenses in the project.

Due to the long-term nature of the arrangement, the fees are usually raised during the concession period. The rate of increase is often tied to a combination of internal and external variables, allowing the proponent to reach a satisfactory internal rate of return for its investment.

The potential risks in Macedonia from using this model are the following ones:

- Political risk: especially in the developing countries like ours because of the possibility of dramatic overnight political change.
- Technical risk: construction difficulties, for example unforeseen soil conditions, breakdown of equipment
- Financing risk: foreign exchange rate risk and interest rate fluctuation, market risk (change in the price of raw materials), income risk (over-optimistic cash-flow forecasts), cost overrun risk

A positive example in the Macedonian construction sector where this model is exploited is the Turkish company TAV Havalimanları Holding A.Ş. which signed a contract with the Macedonian Government in 2008 thus gaining in concession the airports in Skopje and Ohrid, “Aleksandar the Great” and “St. Paul the Apostle”, respectively for the next 20 years.

As part of the conditions stipulated in the agreement is TAV’s obligation to modernize and finish construction of the Skopje airport in the first 20 months. It should build a new terminal building, to expand the runway, to build a parking lot, access road with a new intersection, install land navigation systems, establish communal infrastructure, build the administrative building, and to build a new cargo terminal, fire protection unit and new aircraft parking. As to the Ohrid airport, TAV is obligated to reconstruct the current parking lot, renovate the buildings in the cargo center, construct the VIP section, reconstruct the administrative building, and procure new equipment.

The investment value of this project amounts to 200 million euros and the airport as a facility should be handed over to the state in 2028.

4. Doing Business in the Country

1. Instruments for entering in Contracting and Technical Consultancy Sectors

Instruments and platforms used for entering the construction market in Republic of Macedonia, directly or indirectly are:

- ❖ Concluding an Engagement Agreement by a **public procurement procedure**
 - In this case, a government body, entity or institution must initiate a formal procurement procedure for a certain engagement in the construction sector and in terms of the requirement and items stipulated as requirements in the procurement procedure, the company interested in entering the Macedonian market must offer the favorable conditions and be elected as a company - contractor of construction activities. The conditions, price and time frame of the construction activities will be strictly prescribed in the public call.
 - In most cases of public procurement procedure, the companies use the practice of joint venture and submitting the offer jointly by both parties. The conditions under which both companies will cooperate and act in the application process are agreed internally.
 - Companies which have used this mechanism are the Chinese and Greek construction companies SinoHydro and ACTOR, which have been contracted for construction and rehabilitation of motorway sections.
- ❖ Concluding an Engagement Agreement via **direct agreement**
 - In this case the interested foreign construction company achieves direct cooperation with the relevant governmental body or business partner in Macedonia in the construction sector, in order to commence business cooperation when engaging a company for performing construction activities.
 - Positive example of such use are the Turkish construction companies Cevahir Holding (TURMAK) and LIMAK, whose investment activities at the end of the process would be worth over half a billion euros.

2. Procedures for entering in Contracting and Technical Consultancy Sectors

Macedonian laws do not require additional licenses or approvals from state bodies for founding Construction Company. Such company may be founded by domestic and foreign private individuals and business entities in various legal forms, such as public company, limited partnership, limited partnership by shares, limited liability company (DOO/DOOEL) or joint stock company. Also, a foreign company in Republic of Macedonia may perform all activities, and acquire and assume obligations, under the same conditions as well as the domestic companies of the same or similar form and subject of operations; by organizing a branch in Republic of Macedonia

Only limitations prescribed with the Macedonian Company law (Закон за трговски друштва) for founding a company that is, entities who are not eligible to found are company are:

- 1) Trade companies whose account with a holder of the payment operation is blocked and the persons who are members of the managing body, the supervisory body, that is are administrators of those companies, until the company's account is blocked or up until a liquidation or bankruptcy procedure is initiated;
- 2) Companies against which a bankruptcy procedure has been initiated, for the period of the procedure;
- 3) persons being members of the management body, the supervisory body, that is the administrators of the trade companies to whom in a procedure prescribed, a prohibition performance of performing the profession, activity or duty has been prescribed, until the prohibition is valid;
- 4) A person being a member in a limited liability company (DOO) or in limited liability established by one person (DOOEL) whose account is blocked up until the blockage of the company's account is valid or up until a liquidation or bankruptcy procedure is initiated,

- 5) Members/partners, administrators, and members of the management board and the supervisory board of the companies for which, in accordance with Article 552-b of this Law, a procedure for deletion is initiated, during the duration of that procedure and in the period of three years as of the day of publication of the deletion of the company on the website of the Central Register, except the founders, that is, members/partners that are international financial organizations where the Republic of Macedonia is a member and whose participation in the basic capital is under 50%; and
- 6) Persons for whom with a legally valid decision of the court it is determined that have committed a crime act, false bankruptcy, causing bankruptcy by unscrupulous operation, malpractice of the bankruptcy procedure, damaging or creditors preference, and have been prohibited from performing a profession, activity or duty, until the legal consequences of the prohibition are valid

A natural person can at the same time be a partner with unlimited liability only in one company. General partnership, limited partnership or limited partnership with stocks cannot be a partner with unlimited liability in another company of that type.

In Republic of Macedonia for providing construction activities, the most present form is a limited liability company, which is founded with basic capital of no less than 5.000 Euros in Denar counter value according to the average exchange rate for that currency published by the NBRM on the day of the payment, by making monetary or non-monetary contributions of the members. While performing the activity through a limited liability company, the company's members are not liable for the companies' liabilities.

A limited liability company can be incorporated by one or more natural persons or legal entities, but no more than 50 members. The limited liability company, shall be incorporated by the company's agreement concluded by all founders in written or electronic form (if the company is founded by one person, the company's agreement is replaced by the founder's statement for founding the limited liability company) in written or electronic form signed with an electronic signature in accordance with the E-registration System. The company's agreement, that is, the act of incorporation of the company in a written form shall be verified by signatures of the partners with an electronic signature of the registration agent, or in an electronic form shall be signed with an electronic signature of the partners of the company through the E-registration System. The founders shall, personally or via an attorney-in-fact who must have a power -of-attorney verified by a notary, conclude the company's agreement, except in the case where the power -of-attorney is signed with an electronic signature in accordance with the E-registration System. The power-of-attorney shall not be required if the founder's representative is authorized by law to conclude the company's agreement, that is, to give a statement for incorporation of the company.

The company's agreement that is the act of incorporation of the company shall contain:

- 1) The name and surname, master citizen number, passport number, that is the number of the personal identification card or other document aimed at determining the identity valid in his/her country and his/his citizenship and place of residence, that is the business name, the head office, unique entity number, if the partner is a legal entity;
- 2) The business name and head office of the company;
- 3) The scope of company's operations;
- 4) Company's duration;
- 5) The amount of the basic capital and amount of the contribution of each member individually, and if the contribution is non-monetary - detailed description and value of the contribution;
- 6) The manner and time period for payment of the monetary contributions that are not paid in full;
- 7) The name and surname, master citizen number of the manager, that is the managers (hereinafter: manager), passport number, that is the number of the personal identification card for a foreign natural person or other document aimed at determining the identity valid in his/her country and his/his citizenship and place of residence;
- 8) The representation of the company;
- 9) The rights and liabilities of members towards the company, in addition to the payment of their contributions, as well as the rights and liabilities of the company towards the founders;

- 10) The manner and criteria for distribution of the profit and manner of covering loss;
- 11) Company's management; and
- 12) Termination of the company.

The company's incorporation shall be entered in the trade register (Central Register of RM) and the application is submitted by the manager.

The following shall be attached to the entry application for the company's incorporation:

- 1) The company's agreement, that is the act for the company's incorporation, with all attachments, including the letter of attorney for the attorney-in-fact;
- 2) Copy of the passport or the personal identification card if a natural person is a founder or from other document aimed at determining the identity valid in his/her country, that is a registration proof- if the founder is a legal entity;
- 3) If non-monetary contributions are entered - the contracts by which they are regulated and implemented, the appraisal's report, except in the case where, an appraisal is not conducted, and a proof of ownership containing a note recorded in a public book for immovable, and if movables are entered for which a law determines the obligation for entry (register) - a proof of ownership of the movables, and if securities are invested, a proof of ownership of those securities shall be submitted to the trade register along with a note that they are invested in a trade company and that the owner cannot manage them. For such purpose, the owner of the securities shall submit a notary verified statement to the Central Securities Depository that the securities are invested in a trade company and that it agrees a limitation for management until their transfer to the trade company to be recorded for these securities.
- 4) The decision for manager's appointment, provided that he/she is not appointed with the company's agreement, containing the name and surname, master citizen number, passport number, that is the number of personal identification card of the foreign person or other document aimed at determining the identity valid in his/her country and his/her citizenship, as well as the place of residence;
- 5) Statement for each company's manager that he/she accepts the election, if it is determined by the company's agreement that the company which has more than one managers shall be represented by only one manager, together or without a procurator, and a statement that the company's representation is accepted in a manner determined in the company's agreement;
- 6) Decision for election of members of the supervisory board, that is the controller, if the company has a supervisory body, wherein the name and surname, master citizen number, passport number, that is the number of the personal identification card for a foreign natural person or other document aimed at determining the identity valid in his/her country and his/his citizenship as well as the place of residence shall be stated;
- 7) Proof for ownership containing note in the main book for recording immovable property, and if an immovable is being entered wherefore by law it is determined to be recorded (register), proof for ownership over movable;
- 8) License or other act of a state body or other competent body, if such an obligation is determined by law, for the purposes of entry of the company in the trade register;
- 9) Statement made by a representative by law of the legal entity, that is statement from the private individual that there is no obstacle for him/her to be the founder of the company,
- 10) Statement, in accordance with Article 32 of the Company law (Закон за трговски друштва), that the company was founded in accordance with the law and the data contained in the attachments (documents and proofs) submitting to the founding entry application in the trade register are true and according the law; and
- 11) Notarized signature on a ZP form by the manager that is the persons who according the company's agreement are authorized for representation.

ESTABLISHING A BRANCH OF A FOREIGN COMPANY

The foreign company may by a decision in writing, to organize a branch in the Republic of Macedonia only if it is entered in the register of the country in which it has its head office.

The foreign company shall report the organization of its branch for the purpose of entry in the trade register in accordance with the head office of the branch.

The following shall be enclosed to the application form:

- 1)** The extract from the register where the foreign company that is organizing the branch is entered, indicating the content and date of entry;
- 2)** A copy of the company's agreement or the statute, that is other corresponding act to these acts, in accordance with the legislation of the foreign country, verified by a state body authorized in accordance with the regulations in the state to which the company belongs, as well as a certificate issued by the foreign authorities that the submitted agreement or the statute, that is another appropriate act of these acts, in accordance with the legislation of the foreign country are still in force. If in accordance with the laws of the state to which the company belongs, no written agreement or statute is required, that is other corresponding act to these acts in accordance to the legislation of the foreign country, a certificate shall be submitted that is issued by the competent diplomatic and consular office of the foreign country in the Republic of Macedonia, proving that the company exists, identifying its stockholders, that is members and their liability for obligations, and for the foreign sole proprietor that it is not deleted from the register;
- 3)** A list of the parties entrusted to represent the foreign company and the foreign sole proprietor in the Republic of Macedonia, indicating their name and surname, master citizen number that is the passport number of the foreign natural persons and their citizenship and place of residence. Evidence shall also be enclosed with the list indicating that the parties are appropriately appointed in accordance with the company's documents and the legal regulations of the state to which the company belongs;
- 4)** The decision of the relevant body of the foreign company and the foreign sole-proprietor for organizing a branch;
- 5)** A report on the solvency of the foreign company and the foreign sole-proprietor, issued by the relevant state body or an authorized auditor, in accordance to the regulations in the state to which the foreign company and the foreign sole proprietor belongs;
- 6)** A description of the activities and the operations to be performed by the branch, and
- 7)** If determined by law, a license, approval or other act shall also be enclosed.

Furthermore, prior to the entry of the branch in the trade register, the person who has adopted a decision for organizing a branch in the Republic of Macedonia cannot operate through the branch. The branch is obliged to publish each year the annual financial reports of the foreign trade company that have organized the branch at in least in one daily newspaper and to deliver to the Central Register. The branch acts in the legal transaction on behalf and for the account of the foreign company, wherefore it has to use the business name and the head office of the foreign company that is the foreign proprietor, as well as the name of the branch.

The foreign company shall be liable for the liabilities incurred during the operation of the branches with its entire property. If the foreign company that has established the branch is registered in the register of the country where it has its head office for less than two years as of the day of the submitted request for establishment of the branch, until the expiration of two years from the day of its establishment, the founders of the foreign company in addition to the liability of the foreign company, shall also be jointly liable with their entire property for the liabilities incurred during the operations of the branch.

The branch of the foreign company shall publish each year the annual account, and the audit report, the notes in the trade or other relevant register referring to the recorded data in the register, which were amended, on rehabilitation, bankruptcy or other notes being relevant for the financial position of the foreign company. What is worth mentioning in regards to the taxation of the profit tax is that there is a Convention between the Republic of Macedonia and Republic of Turkey valid as of 01.01.2007 for double taxation regarding the income tax and profit tax and according to this Convention, a branch organized for a duration of less than 24 (twenty-four) months is not considered as a permanent business unit and therefore, the profit achieved from such branch shall be subject to tax in the country of registration of the company's head office (and not in the country where the profit was achieved).

2.1. Construction permits and other licenses

Construction in Macedonia are categorized in first category constructions and second category constructions; thus differentiating the relevant body for issuing construction permit. Practically construction of these objects cannot commence without obtaining a construction permit, and constructions and parts of constructions built without construction permit shall be considered unlawful constructions.

The parts of the construction built contrary to the verified project and the construction permit shall constitute a basis for nullity of the construction permit.

The construction permit shall cease to be valid if the investor does not commence the construction process within a period of two years as of the day the construction permit became legally valid. In such cases, the relevant body that has issued the construction permit shall adopt an act for nullity of the approval which shall be submitted to the body responsible for keeping the public book for inscribing the rights to immovable property and it shall constitute a basis for deletion of all the comments and preliminary registrations related to the real estate. However, if the building of the construction has commenced upon expiry of two years, it shall be considered that the building is unlawful.

Prior to commencement of the construction process, the investor shall be obliged to report the commencement of the building, in writing, to the body issuing the construction permit, the construction inspection and the labor inspection. In this notification, the investor shall be obliged to state the contractor and the supervisory legal entity having appointed a supervisory engineer, and for constructions intended for individual housing with gross developed area of up to 300 m², it shall not be mandatory to state the supervisory legal entity and the appointed supervisory engineer in the notification. If, in the course of the construction process, the contractor or the supervisory legal entity, i.e. the appointed supervisory engineer is changed, the investor shall be obliged to notify the relevant body within a period of seven days following such change.

The first category constructions are constructions significant for the Republic and the construction permit thereof shall be issued by the state administrative body responsible for carrying out the activities related to land development - Ministry of Transport and Communications.

First category constructions shall be: nuclear power stations, thermal power stations and hydro power stations with capacity of and exceeding 1 MW, long-distance transmission lines with voltage level of 35 KW and above, constructions for generation of electrical energy from renewable sources with capacity exceeding 1 MW, transformers with voltage level of 35 KW and above, oil pipelines, refined products pipelines, backbone gas pipelines, backbone thermal pipelines, gas pipelines measuring stations, state roads, service areas on the state roads determined by law, railway lines, railway stations at railway lines, airports, dumps for hazardous waste, dams with accumulations, constructions for mineral and chemical industry, constructions for the ferrous and non-ferrous metallurgy, constructions for manufacturing wood pulp and paper, constructions for processing leather and fur, constructions for processing rubber, gunpowder and explosive ammunition, constructions for storage of explosives, warehouses for oil derivatives, natural gas and LPG with storage capacity of 1.000 tones and above, constructions for protection against landslides, constructions that might endanger the environment, constructions for the needs of the state bodies and the agencies and funds established by the Republic of Macedonia, constructions for the needs of legal entities fully or predominantly owned by the Republic of Macedonia, constructions for diplomatic and consular offices and for international organizations, tourism development zones and the constructions therein, industrial and green zones established by the Republic of Macedonia and the constructions therein, free health zones and the constructions therein, technological industrial development zones established by the Government of the Republic of Macedonia and by legal entities and the constructions in these zones, constructions for higher education purposes, observatories, national cultural institutions, constructions considered protected immovable cultural heritage in accordance with the law (separate goods, monumental wholes without the contact zones and archaeological sites), memorial monuments, constructions intended for tertiary health protection, telecommunication centers for receipt of satellite signals, constructions for the needs of the

border crossings, constructions of special interest (except individual housing facilities) planned by the urban planning documentation, regional water supply and sewage systems with treatment systems, regional dumps, aerial cableways, constructions planned on the area of two or more municipalities, constructions that contain installations for generation of thermal energy, lake and river harbors, stadiums and sports halls with capacity of more than 10.000 spectators.

The second category constructions are constructions of local significance and the construction approval thereof shall be issued by the mayor of the municipality, i.e. the mayors of the municipalities in the city of Skopje.

Second category constructions shall be: constructions intended for primary and secondary school education, constructions in the field of culture, constructions for the needs of the bodies of the municipalities, the municipalities in the city of Skopje and the City of Skopje, industrial and green zones established by the municipalities, the municipalities in the city of Skopje and the constructions therein, constructions intended for the primary and secondary protection, constructions for the needs of the religious communities, industrial constructions, economy constructions, business constructions, residential and business constructions, constructions for individual housing, constructions for individual housing planned by the urban planning documentation for constructions of special interest, weekend cottages, constructions for collective housing, constructions for the needs of the agro-exchange markets, trade centers, hotels, recreational centers, constructions for scientific and research activity, multi-floor parking lots, markets, municipal roads, accompanying service facilities on the municipal roads and streets defined by law, electronic communication networks and devices, thermal and hydro power stations with capacity of up to 1 MV, windmills, constructions for generation of electrical energy from renewable sources with capacity of up to 1 MW, photo-power panels for generation of electricity installed on ground, long-distance transmission lines with voltage level of up to 35 KV, transformers with voltage level of up to 35 KV, warehouses for oil derivatives, natural gas and LPG with storage capacity of up to 1.000 tones, secondary gas pipeline, secondary thermal pipeline, tram rails, constructions for fire protection, constructions for veterinary protection, kindergartens, constructions in national parks areas and forest parks, constructions for separation of materials for production of concrete, concrete base, asphalt base, local water supply and sewage systems with treatment systems, constructions serving for protection and promotion of the natural heritage (information centers), dumps for internal waste (waste from a construction site) and dumps for non-hazardous waste, mines and constructions for the needs of the mines, auto camps and constructions for the needs of the auto camps, facilities for waste storage, treatment and/or recycling, intercity bus stations, zoos, stadiums and sports hall with capacity less than 10.000 spectators, irrigation and drainage systems, ground level swimming pools for public use, public parks, public parking lots and ski-lifts.

If the urban plan or the state, i.e. the local urban planning documentation anticipates multifunctional construction that includes first and second category constructions, the construction approval shall be issued by the state administrative body responsible for carrying out the activities related to land development.

As an exception to the above mentioned, the construction permit for the constructions in the technological industrial development zones established by the Government of the Republic of Macedonia and by legal entities, which are constructed by the lessees and the owners of the land in the technological industrial development zones (except for infrastructure facilities in the zone, which are constructed by the entities - public service providers in charge of construction of electro - technical, water supply, sewage, gas and telecommunication infrastructure), for the constructions in the free health zones, as well as for the constructions in the industrial and green zones established by the Government of the Republic of Macedonia which are constructed by the owners of the land in the industrial and green zones, shall be issued by the Directorate for Technological Industrial Development Zones, in a manner and procedure determined by the Law on Technological Industrial Development Zones (Закон за технолошко индустриски развојни зони), that is, the Law on Industrial and Green Zones (Закон за индустриски и зелени зони), and for the constructions in the technological industrial development zones (except for the infrastructure facilities in the zones, which are constructed by the entities - public service providers in charge of construction of electro -

technical, water supply, sewage, gas and telecommunication infrastructure) for which a contract for public private partnership is concluded, the construction approval shall be issued by the Ministry of Economy in a manner and procedure determined by the Law on Technological Industrial Development Zones (Закон за технолошко индустриски развојни зони).

Copy of the legally valid construction approval that is brought by the state administrative body responsible for carrying out the activities related to land development that is, the Directorate for Technological Industrial Development Zones that is, the City of Skopje shall be submitted to the local self-government unit where the construction is going to be built, within a period of five days as of the legal validity of the construction approval.

The investor shall be obliged to build the first category and the second category constructions within a period not longer than ten years. The procedure for obtaining a construction permit is in accordance with the provisions of the Law on General Administrative Procedure (Закон за генерални административни процедури), and is initiated by submitting e-request to the relevant body, stipulated above.

The following documents are delivered along with the request for construction permit:

- Architecture and urban project, verified by a competent body, if the urban plan or the urban planning documentation anticipates preparation of this project, that is, an infrastructure project in the case of linear infrastructure constructions;
- Basic project, including a report for audit of the basic project or a written report with consent to the validation of the basic project, if it is prepared abroad, as well as a positive opinion on the designed level of mechanical endurance, stability and seismic protection of the construction;
- Draft project if it has not been previously submitted and approved in accordance with Article 48-a of this Law;
- Proof of the construction right;
- Land survey report for numeric data on the construction land.

The construction permit shall be issued within a period of five working days as of the submission of the proof of paid compensation for construction land development, i.e. as of the day of conclusion of the contract for the manner of payment of the compensation or the contract that establishes that the investor is to develop the land on its own expense, i.e. as of the day of adoption of the act pursuant to which the investor is exempted from payment of the compensation or as of the day of submission of the bank guarantee for payment of the compensation or submission of a proof of given mortgage for the benefit of the municipality.

Proof of the construction right, shall be considered:

- b. A property certificate containing the entered right to ownership or right to long-term lease or right to easement of the construction land, which is an integral part of the land survey for numerical data of the construction land;
- c. A contract for transfer of the right to construction on the relevant construction land;
- d. A concession contract or an agreement for public private partnership;
- e. A decision of the Government of the Republic of Macedonia whereby a state body, agency or fund established by the Government of the Republic of Macedonia, legal entities fully or predominantly owned by the Republic of Macedonia or a local self-government unit acquire the right to construction,
- f. A contract with the union of owners of separate parts of the facility or a written consent from the majority owners of separate parts of the facility which constitute more than half of the total area of the facility, who hold property certificates for the separate parts of the facility, in case of extension or superstructure of buildings in floor ownership;
- g. A decision of the council of the municipality, the council of the municipality in the city of Skopje, that is, the City of Skopje, in case of extension or superstructure of a facility,
- h. A statement of the investor confirming that it assumes the obligation to regulate the property rights issues in the course of construction and that they shall be fully regulated by the time of submission of

the application for approval for use, that is, by the time of preparation of the report for completed technical control by a supervisory engineer, in the cases of construction of linear infrastructure facilities such as state roads, local roads and streets, water supply and sewage systems, railway lines, gas pipelines and long-distance transmission lines, refined products pipeline, thermal pipeline, oil pipeline, aerial cableways, constructions for generation of electrical energy from renewable sources, irrigation and drainage systems, ground level swimming pools for public use, constructions considered protected immovable cultural heritage in accordance with the law, as well as for constructions for the needs of state bodies, agencies or funds established by the Government of the Republic of Macedonia and legal entities that are fully or predominantly owned by the Republic of Macedonia, where the property rights issues for the entire construction parcel are not settled, and

- i. A property certificate containing the entered right of ownership of the Republic of Macedonia, or a final decision for expropriation or a property certificate with inscribed right of ownership or right to a long-term lease or right of easement of the construction land, in case of building linear infrastructure constructions, which is an integral part of the land survey for numerical data of the construction land.

Also, the Law on Construction (Закон за градење) prescribes that audit of the basic project and supervision of the building of the construction shall not be mandatory for constructions intended for individual housing with gross developed area of up to 300 m², and the contractor shall be obliged to give a statement verified by a notary under full material and criminal liability, to confirm that the facility is built pursuant to the construction permit and the basic project or the as-built project.

The investor may commence the building of the construction based on a legally valid construction permit. As an exception, the investor may commence building the construction, on its own responsibility and at its own risk, based on a final construction permit.

If the construction permit is not legally valid because the appellant has initiated an administrative dispute, and the investor has not commenced the building of the construction before the construction permit became legally valid, the investor shall have right to claim damage compensation and compensation for lost profit from the appellant, if the lawsuit and/or the appeal are denied by the relevant courts as unfounded and/or not-allowed.

2.2. Alterations to construction

During the construction process, the construction may be altered if the alterations do not affect the fulfillment of any of the basic requirements for the construction and does not alter the conformity of the construction with the parameters of the urban plan, the state, that is, the local urban planning documentation, the urban planning documentation for tourism development zone, the urban planning documentation for auto camp, or the infrastructure project. In order to make alterations, the investor shall be obliged to submit a request attaching the supplementation of the basic project with an audit report of the supplementation of the basic project to the relevant body which has issued the construction permit.

The relevant body may reject the request by decision, should it determines that the requested supplementation of part of the basic project alters the conformity of the construction with the parameters of the urban plan or the state, that is, local urban planning documentation or the infrastructure project, or disturbs the mechanical endurance, stability and seismic protection, or a negative opinion is submitted, that is, no consent is granted.

On the other hand, if the investor is changed in the course of the construction process, the new investor shall be obliged to notify the body responsible for issuance of the construction permit and attach a proof of investor status to the notification. The status of a construction investor of the new investor, by a decision, shall be recognized only if, by assuming the construction right, it assumes the rights and obligations of the previous investor towards the participants in the construction process (construction manager, legal entities for design, audit, supervision, and contractor), as well as if it assumes the rights and obligations that the previous

investor had as a result of concluded mortgage contracts and other legal acts for trade of the construction or parts of the construction entered in the certificate for preliminary registration of the construction, or after the construction is completed, it shall not be issued an approval for use of the construction on its name, i.e. a report for a completed technical control by a supervisory engineer shall not be prepared. Also in such case the supervisory engineer must not prepare a report for completed technical control, and for constructions for individual housing with gross developed area of up to 300 m², the contractor must not give a statement that confirms that the facility is built in line with the construction permit and the basic project or the as-built project. The competent body for issuing the construction permit shall be obliged, within a period of 15 days as of the day of receipt of the request, to determine whether the legal requirements for a change of investor are met and to adopt a decision for a change of investor or a decision rejecting the request. The amendments in the acts issued by the competent bodies with regard to the construction process, resulted from the changes in the legal relations of the participants in the construction processes particularly with regard to acquiring the right to construction, ownership of construction and assuming the rights and obligations from the investor shall be performed only on the basis of confirmed legal actions or final acts of state bodies, suitable for entry of the rights to real estate in the public book of immovable property, by registering. The change of investor may be submitted until the issuance of the approval for use, that is, until the preparation of the report for completed technical control, and for constructions for individual housing with gross developed area of up to 300 m², before the statement is given by the contractor confirming that the facility has been built in accordance with the construction permit and the basic project or the as-built project.

2.3. Permit for pre-construction activities

If necessary, pre-construction activities may be carried out for building constructions. Pre-construction activities shall be carried out upon obtained permit for pre-construction activities. The investor or the contractor shall file a written application for obtaining permit for pre-construction activities. On the basis of the permit for pre-construction activities, the construction site shall be organized by setting up constructions to be used in the process of building the construction. Project for pre-construction activities, consents, opinions and proofs of settled property right relations for the land where the facilities for pre-construction activities are to be set up shall be submitted along with the application.

Constructions for carrying out pre-construction activities shall be:

- Fence, for fencing off the construction site,
- Asphalt base, separation of aggregates, machinery for concrete production,
- Pylon and transformer station necessary to be built in order to supply power to the construction site,
- Installation for supply and drainage of water,
- Facilities for accommodation of workers and for storing construction products,
- Warehouses for storage of flammable liquids and explosives;
- Other facilities necessary for building the construction.

Such constructions shall be temporary and shall not be projected in the urban plan, and the contractor shall be obliged to remove them and to develop the land accordingly until the application for approval for use is filed at the latest. If the investor does not obtain a construction permit within a period of one year as of obtaining the permit for pre-construction activities, the obtained permit shall cease to be valid and the contractor shall be obliged to remove the set facilities for pre-construction activities forthwith and to develop the land accordingly.

2.4. Constructions for which construction permit is not necessary

Construction permit shall not be necessary for the following constructions:

- Measuring stations for protection of the environmental media,
- Temporary facilities set up for researching purposes (facilities for carrying out research measuring, natural resources, measuring stations for wind, sun, air, drills, excavations and alike), where there is a decision of a competent body, for a period of three years at the most, after which they should be removed,

- Facilities serving for hail protection and signalization in the air traffic,
- Non-categorized road that serves for forest management and using other natural resources, approved by a special regulation,
- Monuments, memorials and sculptures,
- Tomb and tomb monuments, within the boundaries of the cemetery, defined by the urban plan,
- Constructions enabling and facilitating the movement of persons with disabilities to and within the construction,
- Upon installation and replacement of equipment in a construction that is used for expansion of the capacity of the construction, and which does not alter the purpose of the construction and the premises where the equipment is stored, nor it alters the general terms and conditions for protection and rescue, anticipated by the basic project for the construction – telecommunications equipment for internal audio and visual transfer, equipment serving for protection of the construction from thefts, protection and rescue,
- Fences,
- Electronic communications equipment for audio, visual transfer and transfer of other data set up in facilities for which approval for use is issued;
- Advertising and information billboards set up on facilities;
- Supporting walls;
- Accompanying constructions of a housing facility or another type of facility, built on a same urban parcel (garage with gross developed area of up to 50 m², pantry, septic tank and alike);
- Swimming pools at ground level for individual use,
- Temporary constructions for the needs of the Directorate for Technological Industrial Development Zones that are built in the technological industrial development zones,
- Open and closed sports fields,
- Sports halls having a gross developed area of up to 1500 m²,
- Measurement and junction boxes for electrical energy and low-voltage cables,
- Fiber optic cables, fiber optic cables in sewers and cable sewers for fiber optic cables,
- Temporary constructions for accommodation of workers during building industrial facilities and linear infrastructure constructions,
- Underground containers for communal waste,
- Accompanying facilities at the cemetery (mortuary, crematories, special facilities for combustion of waste and other waste products from the cemetery, sanitary facilities, wells with industrial water, and shops for selling candles and flowers,
- Railway stations the construction of which is financed by funds from the European Union or another international organization,
- Equipment for automatic regulation of a passage above existing railroad lines and installations for automatic traffic monitoring and management of existing railway lines,
- Photo-power panels for generation of electricity having the maximum capacity installed of up to 1MW that are installed on constructions,
- Electronic information and advertising panels (having an area of over 30 m² and construction elements) that are set in public areas,
- Beaches and accompanying facilities that are built on land and water area, within the boundaries of an area planned for a beach,
- Pedestrian paths,
- Underground wells with linear systems in function of the wells,
- Electronic communication equipment for monitoring and regulation of the traffic in existing streets.

2.5. Work permit for working in Macedonia for foreigners

A work permit is a document on the basis of which the domestic or foreign employer concludes an employment contract, in accordance with the provisions of Law on employment and work of foreigners (Закон за вработување и работа на странци, Службен весник на РМ број 217/2015 од 11.12.2015 година, со примена од 19.06.2016 година). The work permit shall be issued for a definite period of time of up to one year (a work permit issued for a definite period of time of up to one year shall be a renewable or permanent

form of a work permit, which allows the foreigner free access to the labor market during its validity period) or for an indefinite period of time (an application for a work permit valid for an indefinite period of time may be submitted by a foreigner who possesses a permit for permanent residence in the Republic of Macedonia and a person who has been recognized the status of a refugee). An important element to employment, self-employment or working in Republic of Macedonia by a foreigner is having a temporary residence permit for work purposes issued by the Ministry of Interior or a work permit issued by the Employment Service Agency of the Republic of Macedonia and regulated residence on any other ground in the Republic of Macedonia. The employers who employ the foreigner shall be obliged to register the commencement and the termination of the work performed by foreigners.

Considering that it is a matter of a new Law on the employment and work of foreigners (Закон за вработување и работа на странци во РМ), where in article 7 paragraph 6 and article 9 paragraph 4 is determined that the Minister of labor and social policy shall prescribe the manner of issuing the work permits and the form and contents of the permit form request and such bylaws are not yet adopted, the existing bylaws are still applicable and we point out that they are not coordinated with the new law. The existing Regulations on the procedure for issuing work permits issued in the Official Gazette number 111/12 on 06 September 2012 year, we supply in addition to this research.

Also, in the procedure for granting a temporary residence permit for work purposes in accordance with the law, the Employment Service Agency of the Republic of Macedonia shall issue an opinion based on quota fulfillment and the current needs of the labor market in the Republic of Macedonia; and performs control whether the employment of the foreigner shall have negative influence on the labor market, especially over the domestic state of unemployment, employment structure or the needs for creating new jobs. The following documents are attached to the request for issuing opinion on employment or self-employment of foreigner:

1) Proof on fulfilling the employer's conditions:

- Proof on registration or entry in the Central Register of Republic of Macedonia,
- Explanation as to the needs for employing a foreigner,

2) Proof on fulfilling the foreigner's conditions:

- Document certifying as to the foreigner's identity,
- Proof of suitable education, professional skills, references, certificates issued by the relevant authority in its native country or references for completed professional training,
- Document issued by a relevant Macedonian authority for fulfilling the special conditions when employment, established by law;

The request for issuing opinion on the foreigner's work, employed in a foreign company who is directed to Republic of Macedonia for providing services by a foreign trade company which provides services in its own name and on its own behalf based on an agreement concluded with a Macedonian client, is accompanied by the following documents:

- Proof on relevant registration as legal entities of both contracting parties,
- Proof on confirming the employee's identity;
- Proof that the employee is employed and registered in the mandatory social insurance by the foreign employer at least one year;
- Contract for performing services for the client, which has registered activity in Republic of Macedonia;
- Schedule for performing the work.

The Government of Republic of Macedonia on the meeting held on 19.7.2016 established the quotas for work permits for foreigners that may be engaged on the territory of the Republic of Macedonia for 2016 in total amount of 3250 work permits, and this quota is allocated in groups to permits for foreigners that may be engaged for work on the territory of Republic of Macedonia for the following purposes:

- 2150 Permits for employing foreigners in Republic of Macedonia;
- 700 Permits for directed foreigners to Republic of Macedonia;
- 200 Permits for seasonal work by foreigners and

- 200 Permits for individual services by foreigners.

Also, for issuing new work permits and opinion on fulfilling the conditions for issuing temporary residence permits to foreigners for work which are issued to foreigners for the first time in 2016 are intended 1000 permits, allocated to:

- 100 permits for directed workers, which will be issued without checking the labor market conditions;
- 150 work permits for foreigners with specific professions and knowledge, which is not possible to be obtained by the Macedonian education and
- 750 permits for other new employment, which is also allocated to:
- 300 permits for employing foreigners with fifth or higher education degree and
- 450 permits for employing second to fourth degree of education.

The quota for 2016 does not comprise the following foreigners:

- 1) Who have been entitled equality with the citizens of the Republic of Macedonia on the basis of a reciprocity agreement with the European Union,
- 2) Who carry out activities in the Republic of Macedonia on the basis of an international agreement concluded between the Republic of Macedonia and another country, based on a reciprocity principle;
- 3) Professional sportsmen and sports workers;
- 4) Who are temporary posted by a foreign legal entity in a registered branch office or another organizational unit in the Republic of Macedonia for carrying out managerial or specialized works;
- 5) Who are included in implementation of development projects supported by the Government?

The Employment Service Agency shall adopt a decision on issuance of work permits and extension of work permits determined by this Law. The decision shall be adopted within a period of five working days as of the day of submission of the application with the necessary documents. The foreigner shall have the right to file an appeal against the decision of the Employment Service Agency, as a first instance body, rejecting the foreigner's application for work permit, with the Ministry of labor and social policy within eight days as of the day of receipt of the decision.

A work permit application may be submitted in the Employment Service Agency or in another premises determined by the Employment Service Agency **by a foreigner who has regulated the stay in the country on another ground.** The application shall contain data on the foreigner, his qualification structure (the specialty of the worker), and data on the type of work he wants to engage. An opinion from the Ministry of Interior shall not be needed to be provided for the application submitted to the Employment Service Agency, provided that the foreigner has previously regulated the stay in the Republic of Macedonia on another ground.

Work permit may also be issued to:

- 1.1. A close family member of Macedonian citizens who possesses a valid temporary residence permit for work purposes (spouse, children of up to 18 years of age who are not married; spouse's children of up to 18 years of age who are not married; children over the age of 18 who are not married and their parents who a Macedonian national is obliged to support in accordance with law of the country whose resident he is; children over the age of 18 who are not married and the parents of the spouse who the spouse of the Macedonian citizen is obliged to support, in accordance with the law of the country whose citizen he is; and parents of Macedonian citizens up to 18 years of age) who holds a valid temporary residence permit for work;
- 1.2. A close family member of a foreigner (a spouse; minors of up to 18 years of age of the foreigner who are not married; minors of up to 18 years of age of the spouse who are not married; parents of a minor foreigner; and adult unmarried children and parents of the foreigner or spouse who the foreigner or the spouse is obliged to support, in accordance with the law of the country whose citizen he is) who possesses a work permit for an indefinite period of time;

- 1.3. A foreigner originating from the Republic of Macedonia or his successor up to third generation who does not have a Macedonian citizenship;
- 1.4. A foreigner who resides in the Republic of Macedonia on the basis of a temporary residence permit for work purposes for the purpose of reuniting the family;
- 1.5. A foreigner asylum seeker whose application for recognition of the right to asylum has not been decided within a period of one year, upon the expiry of the period of one year (the work permit shall be issued for a period of three months with a possibility of extension);
- 1.6. A foreigner who has been recognized the status of a refugee;
- 1.7. A foreigner under branch protection;
- 1.8. A foreigner under temporary protection;
- 1.9. Victims of human trafficking who have been granted a temporary residence permit for work out of humanitarian reasons for as long as the temporary residence permit is valid.

The work permit shall cease to be valid:

- Upon the expiry of the validity of the work permit;
- Upon the expiry of the validity of the residence permit;
- If the foreigner renounces his work permit;
- If the foreigner is granted citizenship of the Republic of Macedonia;
- In case of death of the foreigner.

As an appendix of this document enclosed is the Regulation on the procedure for issuing work permits (Правилникот за постапката за издавање на работни дозволи за странци) from 2012, which also regulates the required documentation listed on the issuance of individual work permits for foreigners.

2.6. Services provided by foreigners based on registration of the work

○ *Creative services in the field of culture*

The foreigners who provide creative services by themselves in the field of culture as participants in cultural workshops, meetings, colonies, and other cultural events or as reporters of such events, as creators and adapters in the field of music, music performances, folk-dances, ballet, and literature works, photography, video, film and electronic media art, as supporting staff for instructors, reporting and organizational and technical staff, and as experts in the field of protection of cultural heritage, library science, archive and creative cultures, and who do not stay in the country for more than seven days, shall be obliged, depending on the place of provision of the creative services, to obtain a previous consent from the Ministry of Culture, the Ministry of Economy, the Agency of Youth and Sports, or the unit of local self-government on the territory of which the cultural event takes place. A plan and a program of activities that the foreigners are to implement, a list of previously implemented activities and a short CV of the foreigners, and an invitation to participate or a contract concluded with the organizer or the client for the service should be attached to the request for consent submitted by the organizer or the clients for the service. The circuses and the entertainment parks shall be an exception which, for the purpose of regulating their stay, should be granted a consent by the municipality which has approved their installation on their territory. The requirement for provision of such services shall be the registration of the work with the Employment Service Agency. The organizers or the clients for the service shall be responsible for registration of the work with the Employment Service Agency in the place where the service should be provided or, if the work is performed on a number of locations, in the place where the organizer's or client's head offices are located. These services do not require work permit if provided several times based on a work registration certificate, but up to 30 days within one calendar year the most.

○ *Services related to commercial fairs*

Foreign workers posted to a country for the purpose of installing, mounting and displaying equipment and items for commercial fairs and exhibitions participated by their employer, shall not need to obtain a work permit, provided that they complete their services within the period that do not exceed the duration of the commercial fair. In such instances, the foreign employer displaying its products and items in a display window

shall be obliged to register the work performed by the foreigners with the Employment Service Agency in the place the service is to be provided.

- *Short-term services provided by foreigners*

The work permit shall not be required in the following instances:

1. Where the services provided by foreign workers are related to supply of goods and installation of machines, devices and equipment, where the service provider gives initial instructions to the client's staff and where the services are accompanied by dismantlement of machines, devices and equipment;
2. Where regular services related to maintenance are required, provided that such services are agreed upon under the contract for purchase of machines, devices or equipment and provided that they are rendered by workers employed by the manufacturer or the legal entity authorized by the manufacturer;
3. Where, under the contract for purchase of machines, devices or equipment from abroad, the supplier is obliged to determine the faults of the machines, devices or equipment purchased at its own cost; and
4. Where the work lasts up to 60 days the most and the person responsible for registration registers the work performed by the foreigners.

The person who is responsible for registration of the beginning of the work of the foreigner should be a local client to whom the foreign employer and its workers or the foreigner as a natural person provide services. These services may be provided several times during the year based on a work registration form, but up to 60 days in one calendar year at the most.

2.7. Reside for study purposes

The foreigners residing in the Republic of Macedonia for the purpose of studying may perform short-term or ancillary activities without a work permit, provided that the total period for the performance of such activities is no longer than 10 working hours during the week. The condition for performance of short-term or ancillary activities, in accordance with the paragraph of this Article, shall be registration of the work with the Employment Service Agency. Persons responsible to register the work in the Employment Service Agency shall be the organizer, the clients or the employer in the place where the work should be performed. The employer shall be obliged to cover the costs for social insurance of the foreign students for the period during which the short-term or ancillary works are performed.

- *Emergency services*

If, at request of a local client which may be a trade company, a state body, local self-government units, and the City of Skopje or an authorized organization, it is necessary to immediately obtain services by a foreign provider for the purpose of establishing or preventing economic damage or other consequence of natural disasters or other disasters or breakdowns, or carrying out rescue operations or taking measures necessary to prevent the threats to people's health, or during special diagnostics, that is, inspection of aircraft, it shall not be necessary to obtain a work permit for the foreign workers or for the suitably qualified foreign individuals. In such instances, the client for whom the services are intended should register the service within a period of three days as of the day of arrival of the foreigners in the country, the work that they perform with the Employment Service Agency in the place where client's head office is located. The provision of these services must not last longer than 30 days. If longer presence of the foreigners is needed, the client must require a work permit for the registered foreigners, which shall be issued regardless of the situation and the conditions at the labor market.

2.8. Temporary residence permit

A temporary residence permit can be issued to a foreigner who intends to stay in the Republic of Macedonia longer than three months or for the following reasons:

- Work;
- Attending school or studies;

- Participation in international student or pupil exchange programs;
- Specialization, vocational education or practical training;
- Scientific research;
- Accommodation in facilities for elderly;
- Medical treatment;
- Family reunification or
- Humanitarian reasons.

The permit for temporary residence in the Republic of Macedonia, except the work permit, may also be issued to:

- A foreigner who is a close family member of a citizen of the Republic of Macedonia,
- A foreigner who is from the Republic of Macedonia by origin,
- A foreigner's child born in the Republic of Macedonia, or
- A foreigner resident of a member state of the European Union or the Organization for Economic Co-operation and Development (hereinafter: OECD) who has acquired the right of ownership of an apartment, a residential building, and a house on the territory of the Republic of Macedonia under the conditions determined by law, in the amount of at least Euro 40.000.

The foreigner who is granted a temporary residence for a specific purpose can stay in the Republic of Macedonia only for the purpose for which his/her residence is granted.

Requirements for issuing temporary residence permit

A foreigner can be issued a permit for temporary residence in the Republic of Macedonia, provided that he/she:

- Possesses livelihood means, that is his/her livelihood is ensured in any other legal way;
- Has ensured accommodation or has means for accommodation;
- Has a health insurance;
- Fulfills the requirements provided for different types of temporary residence permits, and
- There are no grounds for entry denial.

A foreigner who is under 18 and intends to stay in the Republic of Macedonia unaccompanied by his/her parent, that is a guardian, apart from fulfilling the requirements stipulated above, must submit a certified permission by his/her parents, that is guardian for stay in the Republic of Macedonia.

A temporary residence permit shall be issued based on an application made by a foreigner who intends to stay in the Republic of Macedonia, which shall be submitted to the diplomatic and consular mission of the Republic of Macedonia abroad or to external service providers. As an exception, for humanitarian reasons as well as in other cases determined by Law, the application for issuance of temporary residence permit may also be submitted to the Ministry of the Interior.

The following documents must be attached to the application made by the foreigner:

- Proof (data) that he/she possesses livelihood means, that is his/her livelihood is ensured in any other legal way;
- Proof on provided accommodation or has means for accommodation;
- Proof on health insurance;
- Proof for fulfilling requirements for temporary residence permit due to various reasons prescribed by law;
- Valid and recognized travel document or notarized copy thereof valid for at least three months more than the period of his/her stay in the Republic of Macedonia;
- Proof of criminal records;
- Proof that there are no criminal proceedings against the foreigner in the country whose citizen is or in the country residing in or where he/she submits the application for issuing residence permit and
- One 3 x 3.5 cm photograph.

*Livelihood means necessary for issuing temporary residence permit are: foreigner's bank account statement in Republic of Macedonia or in a bank abroad; certificate from a relevant authority or legal entity regarding the salary amount or foreigner's scholarship, as well as any other document undoubtedly certifying the existence of funds necessary for livelihood.

* Proof on provided accommodation necessary for issuing temporary residence permit, in terms of this Rulebook is owning real estate on Macedonian territory according the law, notarized agreement for purchase of an apartment, as well as existence of financial means which will enable suitable accommodation in Republic of Macedonia.

* Proof that the foreigner holds health insurance necessary for issuing temporary residence permit, in terms of this rulebook, is a copy of the health identification book, as well as a certificate from the health institution for treating the foreigner.

The Ministry of the Interior shall decide upon the foreigner's application for issuance of a temporary residence permit by a decision and the decision shall be delivered to the foreigner through the diplomatic and consular mission of the Republic of Macedonia abroad where the foreigner has submitted the application. Where the foreigner fulfills the requirements for issuance of a temporary residence permit as determined by this Law, the Ministry of the Interior shall adopt a decision on granting a temporary residence to the foreigner within a period of 30 days and the foreigner, who has been issued a decision on granting a temporary residence, shall be issued a temporary residence permit by the Ministry of the Interior upon his/her entry into the Republic of Macedonia. The foreigner must obtain a decision granting a temporary residence in the Republic of Macedonia prior to his/her first entry in the Republic of Macedonia.

A temporary residence permit for the purposes of work shall be issued on the basis of an application submitted by the foreigner, by the legal entity with which the foreigner is to conclude an employment contract or by a person authorized by the foreigner, and which may also be submitted in the Ministry of Interior of the Republic of Macedonia. The temporary residence permit for the purposes of work may be issued to a foreigner if the employment agency of the Republic of Macedonia issues a positive opinion that the foreigner meets the requirements in accordance with the law, unless otherwise determined by a ratified international agreement. The foreigner to whom a temporary residence permit for the purposes of work in the Republic of Macedonia is issued may carry out only the work for which the permit is issued.

2.9. Permanent residence permit

Permanent residence permit shall be issued to a foreigner who, prior to the submission of an application for a permanent residence permit, has stayed on the territory of the Republic of Macedonia for an uninterrupted period of minimum five years based on a temporary residence permit. The requirement for an uninterrupted five-year period of stay in the Republic of Macedonia shall be deemed as fulfilled if within the period of five years prior to the submission of the application for permanent residence the foreigner does not stay out of the territory of the Republic of Macedonia for a period of subsequent six months or for a total period not exceeding ten months.

The permanent residence permit shall not be issued to a foreigner who has stayed in the Republic of Macedonia:

- On the basis of a temporary residence permit for the purpose of attending school or studies,
- On the basis of a temporary residence permit for the purpose of participating in international pupils or student exchange programs,
- On the basis of a temporary residence permit for the purpose of specialization, vocational education or practical training,
- On the basis of a temporary residence permit for the purpose of scientific research,
- On the basis of a temporary residence permit for the purpose of medical treatment,
- On the basis of a residence permit for humanitarian reasons,

- On the basis of temporary protection,
- As a recognized refugee or an asylum-applicant for whose application there is no final decision in the procedure defined by law, and
- On the basis of a legal statute regulated by the 1961 Vienna Convention on Diplomatic Relations, 1963 Vienna Convention on Consular Relations or Vienna Convention on the Representations of States in Their Relations with International Organizations of a Universal Character.

3. Restrictions on Foreign Contractors and Technical Consultants

Foreign legal entity may carry out activities for design, audit, building and supervision prescribed by this Law in the Republic of Macedonia if it obtains a certificate for carrying out the referred activities by the state administrative body responsible for carrying out the activities related to land development - Ministry of Transport and Communications. In order to obtain a certificate, the legal entity from a European Union member state should file an application and evidence to certify that the entity is registered to carry out the respective activity in the country where it has its head office and that it has a permit, i.e. a license to carry out the respective activities for the type of construction for which it applies to obtain a certificate, and a legal entity from a country that is not a member of the European Union should also submit a list of completed activities. In case a permit, i.e. a license is not issued in the state, the foreign legal entity from the member state of the European Union shall be obliged, together with the application, to submit a proof from the competent body of the referred state that, in accordance with its regulations on carrying out the referred activities, a permit, i.e. a license is not issued, and a proof to certify that the entity is registered for carrying out the referred activity in the state where it has its head office, and a legal entity that is not a member of the European Union should also submit a list of completed activities. On the basis of the submitted proofs, the state administrative body responsible for carrying out the activities in the field of land development shall issue a certificate, in accordance with this Law, which activities the foreign legal entity may perform in the Republic of Macedonia.

Namely, a foreign private individual that holds an authorization from another state may carry out activities for design, audit, building and supervision of constructions in the Republic of Macedonia if the authorization is attested by the Chamber of Authorized Architects and Engineers, and it may perform these activities in a legal entity registered in the Central Register for carrying out such activities. As an exception, domestic and foreign private individual may also carry out the activities for design, audit and supervision over constructions in the Republic of Macedonia independently if selected in a public procurement procedure for carrying out such activities in a project financed by an international organization and the European Union.

Validation of the authorization shall be made by the Commission established by the President of the Chamber of Authorized Architects and Engineers, which determines whether the authorization of a foreign natural person corresponds to the authorizations prescribed by the Construction Law. Should the Commission establishes that the authorization corresponds, it shall issue a certificate for its credibility and for the type of authorization that the foreign natural person acquires in the Republic of Macedonia. In order to obtain the certificate a charge shall be paid according to the public services price list.

Also, as an exception, a foreign legal entity and natural person may carry out the activities related to design, audit, building and supervision prescribed by the Construction Law, provided that an interstate reciprocity contract has been concluded pursuant to the conditions defined by the contract.

4. Machine, equipment and qualified labor availability

One of the major positions for regular operations in the construction segment is the technical equipment that the companies must hold or rent, in order to finish the construction activities in time and successfully.

In terms of technical equipment, machines and logistics, foreign companies who wish to enter the Macedonian construction market have to options available in order to fulfill this matter:

❖ Engaging local sub-contractors

- Should the companies decide on this option, it's a matter of a partnership and engagement of Macedonian local sub-contractors that is, Macedonian construction companies which will be allocated on completing certain tasks in the engagement. Engaging companies might be in the scope of: human resources (workers), machines and logistics, etc.
 - This business item is practice often used by the foreign companies since it saves time and financial means for transporting the equipment from their native country.
 - Drawbacks of this possibility are: unknown business climate for the country planned as the point of their investment, possibility for inadequacy and not fulfilling the tasks by the sub-contractor, no competition in view of certain equipment, unfair competition, time discrepancies that might lead to delay of the engagement, etc.
- ❖ **Using own equipment**
- If the companies decide on this possibility, it is a matter of transporting and allocating their own equipment from their native country where the company is located in and engaging such equipment to another country, where the contract is concluded.
 - This business practice is not used frequently by foreign companies, since it requires going through special administrative procedures (safety certificates due to the machines size) and immense financial expenses for providing safe mechanization transport. This business practice is used when it is a matter of a short geo-location distance, as in the case of neighboring countries and nearby cities.

In terms of these two points, there are no official data and information from relevant institutions and bodies. The State Statistical Office and the Employment Service Agency of Republic of Macedonia do not keep records and statistics thereof and therefore there are no available data for analysis. Information stated in the previous paragraph are obtained by the corporate sector, but not from an official state institution.

Procedure for temporary import

The procedure of temporary import enables use of foreign goods in a customs area, with full or partial relief from import duties and without their being subject to commercial policy measures, if the particular goods are to be re-exported, and not to be altered, except for the usual depreciation resulting from their utilization. The temporary import of goods shall be approved upon request of the party that utilizes the goods or organizes their utilization. If identification of the goods cannot be provided in the course of the procedure, the customs authorities shall not accept the customs declaration for the temporary import of goods. Customs authorities may also grant authorization for use of the temporary import procedure without ensuring that the goods can be identified where, in view of the nature of the goods or of the operations to be carried out, the absence of identification measures is not liable to give rise to any abuse of the procedure.

Customs authorities shall determine the period within which import goods must be re-exported or assigned a new customs-approved treatment or use of goods. Such period must be long enough for the objective of temporary import to be achieved. The maximum period during which goods may remain under the temporary import procedure shall be 24 months. Where exceptional circumstances so warrant, customs authorities may, at a detailed and duly justified request of the interested party, extend the period in order to permit the objective of temporary importation to be achieved.

Total relief from import duties under the temporary import procedure in accordance with the special conditions and periods may be used for:

- 1) Means of transportation;
- 2) Personal effects and goods imported by travelers for sports purposes;
- 3) Disaster relief material;
- 4) Medical, surgical and laboratory equipment;
- 5) Live animals;
- 6) Goods for use in frontier zones;
- 7) Media carrying sound, image or data;
- 8) Advertising material;
- 9) Professional equipment;

- 10) Pedagogic aids and scientific equipment;
- 11) Packaging;
- 12) Molds, matrices, drawings, sketches, models, measuring, checking and testing instruments and other similar articles;
- 13) Tools and instruments for specific purposes;
- 14) Goods used to carry out tests or goods subjected to tests;
- 15) Samples of goods;
- 16) Replacement means of production;
- 17) Goods to be exhibited or used at exhibitions, fairs, meetings and similar events or for sale;
- 18) Spare parts, kits and equipment and
- 19) Other goods imported occasionally or imported in particular situations having no economic effect.

Use of the temporary import procedure with partial relief from payment of import duties shall be granted in respect of goods which are not included in the abovementioned goods or which are covered in such provisions but do not fulfil all the conditions laid down therein for the grant of temporary importation with total relief. The amount of import duties payable in respect of goods placed under the temporary import procedure with partial relief from import duties is set at 3 %, for every month or fraction of a month during which the goods have been placed under the temporary importation procedure with partial relief, of the amount of duties which would have been payable on the said goods had they been released for free circulation on the date on which they were placed under the temporary import procedure. The amount of import duties to be charged shall not exceed that which would have been charged if the goods concerned had been released for free circulation on the date on which they were placed under the temporary importation procedure, leaving out of account any interest which may be applicable.

The procedure for temporary import is described in detail in the Appendix document.

5. Competence of Local Technical Staff

According to the SSO data, at the end of 2015 there were 4.429 active companies in the construction segment. The table below provides an outlook on the companies in the construction segment according to the number of employees.

2015	Total	Participation in %	0 employees or no data	0-9	10-19	20-49	50-249	250 +
Construction	4429	6.3	373	3541	284	161	60	10

Source: SSO

According to SSO data for 2014 regarding the structure of employees, on a national level there are 434.240 employees. Sectors accumulating the largest share of employees are as follows:

- Manufacturing industry employing 94.894 individuals (21%)
- Wholesale and retail trade employing 79.394 individuals (18%)
- Education employing 33.145 individuals (7%)
- Public administration and defense employing 31.797 individuals (7%)
- Construction employing 25.967 individuals (6%)

According to the SSO data for 2014 regarding the structure of employees according to the net wage amount, the table below provides segmentation by financial frames. As shown below, 58% of the employees working in the construction sector receive a monthly net wage of 162 EUR - 262 EUR. A group dominating with 29.2% are employees who receive monthly net wage in the range of 162 EYP to 195 EYP.

Structure of employees according to the net wage amount	
Salary Fees	Percentile share (%)
Up to 130 EUR	0.1

131-145 EUR	5.3
146-162 EUR	5.5
163-195 EUR	29.2
196-230 EUR	9.9
231-260 EUR	10.4
261-290 EUR	8.0
291-325 EUR	9.6
326-355 EUR	4.6
356-390 EUR	2.8
391-420 EUR	3.2
421-455 EUR	1.8
456-485 EUR	2.3
486-570 EUR	2.8
571-650 EUR	1.2
651-815 EUR	1.4
Over 816 EUR	1.8

Source: SSO

According to the SSO data for 2014 regarding the employees grouped by ownership type, the table below follows. The largest share of employees in this sector work in privately owned companies, in buildings construction, whereas the lowest percentage of employees are allocated to specialized construction activities.

Employees by types of ownership (2014)									
	Total			Private ownership			Other ownership		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total construction	24 301	4 339	28 640	22262	4 078	26 340	2039	261	2 300
Construction of buildings	9 266	1 547	10 813	9266	1 547	10 813		-	-
Civil engineering	5 190	712	5 902	3237	490	3 727	1 953	223	2 175
Specialized constr. activities	9 845	2 080	11 925	9759	2 042	11 800	87	38	125

Source: SSO

According to the SSO data for 2014 regarding the type of labor relation, 85% of employees are employed for an indefinite period of time, whilst the rest being employed for a definite period of time.

Employees by type of employment (2014)									
	Total number of employees			Number of employees for an indefinite period of time			Number of employees for a definite period of time		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Construction	28 640	4 339	24 301	24 365	3 995	20 369	4 275	344	3 392

Source: SSO

According to the SSO data for 2014 regarding the segmentation by age, there is no dominating age group, and consistency and equal share of each age group are registered. Considering the fact that performance of the activities require certain physical condition, the age group over 59 years of age have the lowest participation in the total amount.

Employees by age (2014)		
Age range	Contribution	Percentual share (%)
Up to 19	97	0.34%
20-24	1 309	4.65%
25-29	3 086	10.97%
30-34	3 267	11.62%
35-39	3 697	13.15%
40-44	3 904	13.89%
45-49	3 512	12.49%

50-54	3 665	13.03%
55-59	3 290	11.70%
60-64	2 179	0.40%
65 and more	111	0.34%
Total	28 118	100%

Source: SSO

According to the SSO data for 2014 regarding the educational attainment of employees by sector, 62% of employees have concluded 3 or 4 years of secondary education, and 20% have completed primary education.

Employees in construction sector by educational attainment (2014)									
Total	Without education	Incomplete primary education	Primary education	3 years of secondary education	4 years of secondary education	Higher education	University level education	Master's degree (MSc.)	Doctorate (Ph.D.)
28 101	46	239	5 425	4 089	13 312	434	4 398	152	7
Percentile share (%)									
	0.16%	0.85%	19.31%	14.55%	47.37%	1.54%	15.65%	0.54%	0.03%

Source: SSO

According to the SSO data for 2014 in terms of division of employees according the working time, a conclusion can be made that 97% of the employees in this sector work full-time.

Employees according to working time (2014)		
Total number of employees	Number of full-time employees	Number of part-time employees
28 640	4 339	27 683
Percentile share (%)		
	97%	3%

Source: SSO

According to the SSO data for 2014 regarding segmentation of employees according number of paid working hours, one may come to the conclusion that 94% of the entire number is engaged at 160-200 working hours per month.

Employees according to the number of paid working hours (2014)		
Hours	No. of employees per paid working hours	%
Up to 160 h	1 351	4.9
160-200 h	25 967	94.1
over 200 h	275	1
Total	27 593	100

Source: SSO

6. Salaries, fees and taxes in Contracting and Technical Consultancy Sectors

The minimum wage of workers in Republic of Macedonia for 2016 amounts to 10.080,00 denars in net amount and this is the lowest monthly amount of the basic salary which the employer is obliged to pay to the employee for a work done during full-time hours and achieved work results defined as a norm, no later than the 15th in the current month for work performed in the previous month. The part-time employee shall be entitled to a part of the minimum salary proportional to the time spent at work. Other expenses when payment of the employee's basic salary are the contributions for mandatory social security and personal income tax.

According to the State Statistical Office, the index of the average monthly net wage paid per employee in July 2016, compared to July 2015, was 102.2, that is there is an increase of 2.2% compared to the previous month. The average monthly net wage paid per employee in July 2016 was 22 334 denars and the civil engineering segment has the largest participation, followed by buildings construction segment and the specialized

construction activities, with the lowest participation. This increase is caused by the increase of the average monthly net wage paid per employee in the sectors: Construction (9.0%), Administrative and support service activities (6.7%) and Information and communication (6.2%).

According to the SSO regarding the amount of net wage paid in the construction segment for the period between 2013 and 2015, there is an increase of 7% and 12% respectively of the net wage paid in the last two years.

Average net wage in the construction sector (2013-2015)			
Year	2013	2014	2015
Net wage	€ 281.18	€ 302.27	€ 313.82
Trend (2013=100%)	100%	107%	112%

The mandatory social insurance shall consist of contributions for:

- Pension and disability insurance on the basis of a current payment,
- Mandatory fully funded pension insurance,
- Years of service which are calculated with increased duration,
- Health insurance and
- Insurance in the event of unemployment

Rates according to which the contributions are calculated and paid shall be the following:

- 18% for mandatory pension and disability insurance;
- 7,3% for mandatory health insurance;
- 0,5% for additional contribution for mandatory health insurance in case of injury at work and professional disease and
- 1,2% for mandatory contribution for insurance in the event of unemployment.

The personal income tax is paid by a tax rate of 10% of the net income paid to the employee. These rates of contributions will apply up to the payment of salary for the month of June 2018, and after this month, the rates according to which the contributions will be calculated and paid shall be the following:

- 17,6% for mandatory pension and disability insurance;
- 7,3% for mandatory health insurance;
- 0,5% for additional contribution for mandatory health insurance in case of injury at work and professional disease and
- 1,2% for mandatory contribution for insurance in the event of unemployment.

Additional expense as taxes that the legal entity or the permanent business unit of a foreign entity (branch) performing consulting services for the income achieved from performing the activity on the territory of Republic of Macedonia is the **profit tax** in the amount of 10%, as well as if in the previous calendar year the company earned total profit in the amount higher than 1.000.000 denars, and in such case, the entity becomes a **VAT** taxpayer, which is calculated according the general tax rate in amount of 18% or according the preferential tax rate of 5%. In regards to the determining the **income tax and profit tax** achieved by a legal entity from R. Turkey, we point out that there is a Convention for avoiding double taxation regarding the income tax and profit tax valid as of 01.01.1997 and according to this Convention the following discounts or tax rates are determined:

Tax rates of international conventions for avoiding double taxation						
Country	Official Gazette	Dividends		Interests	Royalties	Other income
		Participation %	Tax rate (<)			
Turkey	45/95	At least 25%	5%	10%	10%	0%
		Other instances	10%	10%	10%	0%

In regards to the **VAT**, we point out that the general VAT tax rate of 18% shall apply to the complete supply and import, except for the supply and import taxed at preferential tax rate, whereas the preferential tax rate of 5% shall apply to the supply and import of:

- Products for human consumption;
- Drinking water of the public systems for supply and discharge of urban waste waters and water for irrigation of agricultural land;
- Seeds and planting material for production of agricultural plants;
- Fertilizers;
- Substances for plants protection;
- Plastic foils for use in agriculture;
- Agricultural mechanization;
- Medicaments;
- Machines for automatic processing of data and their units (computers);
- Thermal solar systems and components;
- Medical equipment, apparatuses and other devices the purpose of which is to alleviate or treat a disability, exclusively for personal purposes of people with disabilities;
- Crude oil for production of food for human consumption;
- First sale of residential buildings and apartments, regarding the part used for housing purposes and effectuated within a period of five years after construction;
- Livestock feed, livestock feed additives, and livestock;
- Baby products, especially: baby bed, pram, transporter, bouncer, car seat, bath tub, feeding bottle, pacifier, bottle and diapers;
- School supplies, especially: school bag (backpack), notebook, pencil, pen, block, student's book, colored pencils, ruler, compass, play-doh, sharpener, rubber and correction fluid;
- Transportation of persons and their accompanying luggage;
- Software for machines for automatic processing of data and their units (computers);
- Services for maintaining public cleanliness and disposal of waste; and
- Accommodation services (overnight accommodation) or bed and breakfast, half board or full board accommodation in all types of commercial objects.

We point out that the preferential tax rate of 5% for the supply of the residential buildings and apartments, regarding the part used for housing purposes and effectuated within a period of five years after construction will apply until 31 December 2018 and after that date, such supplies should be taxable at the general VAT rate of 18%.

On the other hand, as an exception to the above mentioned, tax debtor is the tax payer (whose total turnover in the previous calendar year exceeded an amount of 1.000.000 denars or has voluntarily registered for value added tax as of the beginning of each calendar year) to whom by another tax debtor (whose total turnover in the previous calendar year exceeded an amount of 1.000.000 denars or has voluntarily registered for value added tax as of the beginning of each calendar year) for whom the following trade of goods and services are performed:

- 1) Construction, including maintenance, reconstruction and removal of constructions or parts thereof, in the case where the recipient of the supply is the investor and the supplier is the constructor, and in the case where the recipient of the supply is the constructor and the supplier is the sub constructor, in accordance with the law that regulates the construction;
- 2) Trade with used material and used material that cannot be used in the same condition again, waste, industrial and non-industrial waste materials, waste material that can be recycled, partially processed waste; and
- 3) Transfer of movable and immovable property in a procedure for forced collection in accordance with the Law on Tax Procedure (Закон за даночна процедура) and in a procedure for forced enforcement in accordance with the Law on Enforcement (Закон за извршување), in cases where the creditor acquires the goods.

Also, in addition to this Research we supply the Decision of the Government of RM for determining on the goods and the services for which the tax debtor is the taxpayer to whom the supply is made by other taxpayer (Одлука на Влада за определување на добрата и услугите за кои даночен должник е даночниот обврзник кон кого е извршен промет од страна на друг даночен обврзник).

In these instances, the taxpayer to which supply is made shall be a tax debtor and in the case of making a payment in advance (advance payment), before the supply of goods and services is made.

Also, in regards to taxes of immovable, in Republic of Macedonia there is a **property tax, a tax on inheritance and gift and an immovable trade tax.**

The property tax is levied on the market value of the property on an annual basis, at a rate ranging between 0,1% and 0,2%, depending on the municipality where the property is situated. The person liable for the property tax is the owner (legal entity or individual) of the immovable property, or the user of the property if a limited right to use the property was granted.

The tax on inheritance and gift is levied on the market value of the inherited, i.e. the property received as a gift, at the moment the tax obligation arises, reduced by the debts and the costs that are borne by the property which is subject of taxation. The rates of the inheritance and gift tax shall be proportional and different depending on the hereditary order. The inheritance and gift tax for a taxpayer of second hereditary order shall be calculated according to a rate of 2% to 3% and for a taxpayer of third hereditary order or taxpayer who is not related to the decedent, the tax shall be calculated according to a rate of 4% to 5%. The amount of the rates shall be established by the council of the municipality by a decision and if the immovable are in Skopje, by the council of the municipalities in the city of Skopje and the Council of the City of Skopje by a decision, in accordance with the Law on the City of Skopje. Inheritance and gift tax shall not be paid by:

- 1) The inheritor, i.e. the receiver of a gift of first hereditary order,
- 2) The inheritor, i.e. the receiver of a gift of second hereditary order of one inherited, i.e. apartment, i.e. family residential building received as a gift if he has lived with the decedent, i.e. with whosoever leaves the gift in a joint household at least one year before the death of the decedent, i.e. at the moment of receiving the gift, under condition that they and the members of their family do not have other apartment, i.e. residential building and
- 3) The inheritor, i.e. the receiver of a gift of second hereditary order whose basic activity is agriculture, and will inherit, i.e. receive an agricultural land and economic facilities as a gift, if they lived with the decedent, i.e. with whosoever leaves the gift in a joint household at least one year before the death of the decedent, i.e. at the moment of receiving the gift.

Immovables trade tax shall be paid for the carried out trade of immovables. Trade in immovables shall be the transfer with or without compensation for the right to ownership, as well as other manner of acquiring immovables with or without compensation between legal entities and natural persons. Base for immovables trade tax shall be the market value of the immovables at the moment the obligation occurs and the tax rates shall be proportional and amount from 2% to 4%. The amount of the rates are established by a decision of the municipality council and for real estate in the City of Skopje, are determined by a decision of the council of the municipalities in the city of Skopje and the Council of the City of Skopje, in accordance with the Law on the City of Skopje (Закон за градот Скопје) . The tax obligation of the immovables trade tax shall arise as of the day of concluding the agreement on transfer of the right to ownership of immovables, i.e. exchange of immovables.

As an exception, immovable trade tax shall not be paid in the following instances:

- 1) For trade in immovables in the procedure of expropriation;
- 2) Where a foreign diplomatic, i.e. a consular mission transfers the right of ownership of immovables, under the condition of reciprocity;
- 3) Where the right of ownership is transferred for the purpose of paying the obligations on the basis of public revenues in the procedure for forced collection;

- 4) For trade of immovables between state bodies, between state bodies and municipalities, and between municipalities;
- 5) For trade of immovables in the confiscation procedure;
- 6) For trade of apartments in state ownership, provided that the sale and purchase agreement does not regulate which party assumes the obligation for tax payment;
- 7) Where the right of ownership of immovables is transferred to state bodies for the purpose of claims collection in bankruptcy and enforcement procedures;
- 8) Where the right of ownership of immovables is transferred to the provider of lifelong support who, in relation to the receiver of the support, is in the first hereditary order and only for the part of the immovables that they would inherit according to the Law on Inheritance (Закон за наследство) even without providing support;
- 9) For the first trade of residential buildings and apartments that is performed in a period of five years after the construction, for which value added tax has been calculated;
- 10) Where immovables are invested in the capital of trade companies;
- 11) For trade in securities, in terms of the Law on Securities (Закон за хартии од вредност); and
- 12) In the cases where the right of ownership of immovables is transferred to the banks as trustees for the purpose of monetary claim collection, provided that they sell the acquired property within three years.

On the other hand, there is also payment of communal fees in Republic of Macedonia, for:

- 1) Any company that is, name of business premises;
- 2) Use of areas in camps for setting up tents or other similar temporary use;
- 3) Use of premises in front of the business premises for performing operations;
- 4) Display of advertisements, announcements and publications in public areas;
- 5) Use of music in public places;
- 6) Setting up displays for exhibiting goods outside the commercial buildings;
- 7) Use of main squares and other areas in the city and populated places in order to display objects, organize exhibitions and other cultural events for performing operations;
- 8) Use of premises for parking motor vehicles, commercial vehicles and its trailers and busses, established for such purposes by the municipality;
- 9) Use of streets with motor vehicles and commercial vehicles, busses, special purpose vehicles and motorcycles and
- 10) Use and maintaining public lighting.

COMMUNAL FEES TARIFF

Amounts in denars

For a firm that is, a name of:

a) business premises of private individuals performing operations	From 1.300 to 2.700
b) business premises of private individuals performing operations who pay lump-sum tax	From 350 to 700
c) business premises of companies and other legal entities in the area of production, trade and services, except for stores, booths, business units and similar, for which the fee amounts to 2.000	From 4.000 to 8.000
- business premises of legal entities of communal activities	From 2.000 to 4.000;

- business premises of trade companies and other legal entities as well as payment booths that operate on a periodic basis	From 2.000 to 4.000.
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For using area in front of business premises for performing activity per m ² daily	from 5 to 15
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The body relevant for issuing the permit for performing an activity collects the fee for using the area in front of the business premises and pays to the relevant account within the treasury account of the municipality, municipalities with the City of Skopje and for the City of Skopje on which area the collection is performed.

For display of advertisements, announcements and publications in public areas the fee is:

- up to seven days	from 400 to 800
- up to 30 days	from 700 to 1.300
- up to one year	from 800 to 1.600

CHARGE FOR THE CONSTRUCTION LAND DEVELOPMENT (COMMUNAL FEES)

According to the Law on Construction Land (Закон за градежно земјиште), the construction land development shall be building of facilities of communal infrastructure, for the purpose of ensuring unobstructed access to the construction parcel from a public road, setting up water, sanitary and surface runoff sewage and other installation together with connections to the construction parcel. The planning, projecting and setting up the infrastructure shall be performed in accordance with the urban plans, the urban planning documentation or the infrastructure project.

The construction land development shall be performed by the municipalities, the municipalities in the city of Skopje and the City of Skopje, **on the basis of a Program for Construction Land Development adopted by the council**, which Program shall also contain data on the calculation of the costs for the construction land development and the amount of the charge for construction land development and its distribution. That means that every municipality has its own Program with own calculation of the costs for the construction land development and own amount of the charge for construction land development and its distribution.

The investor shall pay a charge for the development of the construction land and the amount of the charge shall depend on the degree of development of the construction land with facilities of communal infrastructure, determined by the municipalities, the municipalities in the city of Skopje and the City of Skopje.

We point out that the amount of the charge is directly dependent on:

- The zone in which it is building parcel,
- The type of building (residential, business, etc.)
- The surface of the object that shall be built, and
- The proportion of premises in the building (area of the premises).

The number of zones and the unit price per square meter for a particular object type (residential, business, manufacturing, etc.) is determined by the municipality. The unit price shall be multiplied by the square surface (area) of a particular premise and the corresponding coefficient for that premise.

Regarding the communal fees in the area of Skopje, dependable on the class for building, the communal fees are in the following financial range:

- Commercial areas (85 to 130 euros; Retail and office segment)
- Residential areas (70 to 20 euros; Residential segment & Collective housing)

From a point of an investor, the communal fees the attic, basement and underground level areas are 10% of the whole communal fee related to this segment. The highest communal rates for commercial and residential areas in Skopje are in the following municipalities: Centar, Aerodrom, Karposh and Kisela Voda.

Notably, the activities for building of facilities of communal infrastructure, for the purpose of ensuring unobstructed access to the construction parcel from a public road, setting up water, sanitary and surface runoff sewage and other installation together with connections to the construction parcel, shall be carried out by the municipalities, the municipalities in the city of Skopje and the City of Skopje through a public enterprise, a trade company or another legal entity that holds an authorization for rendering communal or public service in accordance with the law. The construction land development activities may be also carried out by the municipalities, the municipalities in the city of Skopje and the City of Skopje **in a form of participation of a private partner, that is, by concluding an agreement with a private partner, in compliance with the principles of transparency, publicity and equality of the participants.** The construction land development for the territory of the city of Skopje shall be performed by the municipalities in the territory of the City of Skopje regarding the equipping the construction land with secondary infrastructure facilities, and by the City of Skopje regarding the equipping the construction land with basic infrastructure facilities, based on the Program for Construction Land Development adopted by the councils of the municipalities in the city of Skopje, that is, the Council of the City of Skopje. Where the land development is performed through participation of a private partner, the private partner shall be entitled to return of the investment in the manner agreed with the municipalities, the municipalities in the city of Skopje and the City of Skopje, and especially through the payments of the new users for already set facilities and in these cases, the equipment, facilities and installations shall be transferred into the ownership of the municipalities, the municipalities in the city of Skopje and the City of Skopje or of the public enterprise that conclude an agreement with the private investor for the conditions and the manner of returning the investment, prior the commencement of the building of the investment.

On the other hand, as an exception, if the construction land is not developed with facilities of communal infrastructure, **the investor may develop the construction land and bear the costs itself without paying the charge for development and the rights and obligations related to the construction land development shall be determined in a procedure for issuance of a construction approval.**

Also as an exceptions from the above mentioned cases, we point out on the following cases:

- the development of construction land for the needs of technological industrial development zones up to the boundaries of the zone shall be performed by the Directorate for Technological Industrial Development Zones (DTIDZ), and the development within the boundaries of the zone shall be performed by the founder of the zone and in this case, the charge for construction land development shall not be paid for the development;
- the development of construction land for the needs of tourism development zones up to the boundaries of the zone shall be performed by local self-government units and/or the Government of the Republic of Macedonia, and the development within the boundaries of the zone shall be performed by the user of the zone;
- the development of construction land for the needs of industrial and green zones up to the boundaries of the zone shall be performed by local self-government units and/or the Government of the Republic of Macedonia, and the development within the boundaries of the zone shall be performed by the operator/owner of the zone, regarding the individual connections;
- the development of construction land for the needs of auto camps up to the boundary of the auto camp shall be performed by local self-government units and/or the Government of the Republic of

Macedonia, and the development within the boundary of the auto camp shall be performed by the user/owner of the auto camp; and

- the development of construction land with communal and traffic infrastructure within the boundaries of the construction parcel and the land improvement shall be performed by the investor.

Furthermore, where the Government of the Republic of Macedonia is the founder of the industrial or the green zone, the operator of the zone shall be freed from paying the charge for development of the construction land. There is also, no charge for development of the construction land for linear infrastructure facilities – state roads, local roads and street, backbone streets, junction streets, water supply, sewage, railway lines, gas pipelines, thermal pipelines, long-distance transmission lines with voltage level of 35 KV and above, as well for dams with accumulations, thermal power stations, lake and river harbors.

7. Common problems that companies face in those sectors and challenge for Turkish companies

Foreign companies coming to perform construction activities in Macedonia, often face problems of operational and administrative scope thus hindering the regular course of business.

Such frequent problems and practices that companies in Macedonia face are:

- Long and slow administrative procedures when it comes to the proper government institution;
- The market is considered as underdeveloped and the legal regulation is not completely adapted to the contemporary trends, which might face a problem that is technically overcome in many other countries, but unfortunately not in Macedonia;
- Unfair competition in terms of the work force in construction, as to the dominating role that the domestic companies play as opposed to foreign companies;
- No sufficient professional staff for more complex types of construction activities;
- Prolonged political crisis and stagnation of new fresh investments on the market;

8. Reliable consultancy, legal and accounting companies experienced in those sectors

One of the good-case business practices for an international investor to ease up the process of accommodation and settling in the new business destination is to use the expertise and practical knowledge from a pool of relevant and competent companies which are leaders in their industry and have solid reference list of clients. A company can position better among the business circles also by joining economic and commerce chambers or other forms of business networking platforms.

Below is a list of reliable and competent audit and accounting companies which are international brands and they should be a first-choice-partner in the domain of financial consulting services and law legislations. The list is comprised of the biggest 5 world-wide companies in this domain of operating.

1. PricewaterhouseCoopers (PwC)

- ❖ Web page: www.pwc.com/mk
- ❖ Sector: Consultancy
- ❖ Address: Blvd. 8th of September 16, Skopje
- ❖ Type of organization: International
- ❖ Service lines specialized in:
 - Audit and Assurance Services, Advisory Services, Tax Services, Human Resource Services, Education Processes (Academy)
- ❖ General Manager: Ljube Georgievski
 - Mail: ljube.georgievski@mk.pwc.com
 - Phone: +38923140902

2. Ernst&Young (EY)

- ❖ Web page: www.ey.com/mk
- ❖ Sector: Consultancy
- ❖ Address: Blvd. 8th of September 18/3-4, Skopje
- ❖ Type of organization: International
- ❖ Service lines specialized in:
 - Advisory Services, Assurance, Tax, Strategic Growth Markets, Transactions
- ❖ General Manager: Nikolay Garnev
 - Mail: nikolay.garnev@bg.ey.com
 - Phone: +359 2 81 77 116 /

3. KPMG

- ❖ Web page: <https://home.kpmg.com/mk/en/home.html>
- ❖ Sector: Consultancy
- ❖ Address: Blvd. Filip II Makedonski no. 3 (Soravia Business Centre)
- ❖ Type of organization: International
- ❖ Service lines specialized in:
 - Audit, Assurance, Tax, Legal, Advisory
- ❖ General Manager: Gordana Nikushevska
 - Mail: kpmg@kpmg.com.mk / gnikushevska@kpmg.com
 - Phone: +389 2 3135 220

4. Deloitte

- ❖ Web page: <http://www2.deloitte.com/mk/en.html>
- ❖ Sector: Consultancy
- ❖ Address: Blvd. Partizanski Odredi 15A
- ❖ Type of organization: International
- ❖ Service lines specialized in:
 - Audit, Consulting, Financial advisory, Legal, Risk, Tax
- ❖ General manager: Lidija Nanus
 - Mail: lnanus@deloittee.com
 - Phone: 02/3111300

5. Grant Thornton

- ❖ Web page: <http://www.grantthornton.mk/>
- ❖ Sector: Consultancy
- ❖ Address: Sv. Kiril i Metodij 52b, Skopje 1000, Macedonia
- ❖ Type of organization: International
- ❖ Service lines specialized in:
 - Advisory, Assurance, Tax, Corporate accounting and outsourcing
- ❖ General manager: Ruzhica Filipceva
 - Mail: ruzica.filipceva@mk.gt.com
 - Phone: +389 (0)2 3214 700

For any questions in connection with non-governmental associations and organizations which are relevant in the field of consultancy services for the construction sector, the potential investors should contact ACEM for any questions or initiatives in this domain. The Association of Consulting Engineers of Macedonia (ACEM) is a professional, independent, nongovernmental and nonprofit Association of citizens established in July 2011.

1. Association of Consulting Engineers of Macedonia (ACEM)

- ❖ Web page: <http://acem.org.mk/content/about-us>
- ❖ Sector: NGO
- ❖ Address: Blvd. Partizanski Odredi No. 33
- ❖ Type of organization: Local
- ❖ Service lines specialized in:
 - Consultancy services, Education , Trainings, Law legislative

- ❖ President:
 - Mail: contact@acem.org.mk
 - Phone: +389 2 32 28 921

For any questions in connection with expertise in the field of real estate and capital markets, the investors should contact the below stated company for any informations or initiatives in this segment of functioning. FORTON Macedonia is an international advisory company, offering full range of professional services in commercial real estate sector, part of AG CAPITAL (the largest real estate holding company in Bulgaria) and alliance partner of Cushman&Wakefield.

1. FORTON (Cushman&Wakefield Alliance)

- ❖ Web page: www.forton.mk
- ❖ Sector: Real-estate and capital markets (Consultancy services)
- ❖ Address: Blvd. Partizanski Odredi No. 14 (Business Center AURA)
- ❖ Type of organization: International
- ❖ Service lines specialized in:
 - Capital markets and consultancy, Brokerage, Property management, Investment sales and acquisitions
- ❖ Manager
 - Name and surname: Vlatko Bogoevski
 - Mail: v.bogoevski@forton.mk
 - Phone: +389 78 360 104

9. Universities offering technical education

Of operational and strategic viewpoint, companies in the construction sector mainly employ technical persons who are operationally included in the day-to-day construction operations and activities and hold necessary training and education for performing these activities.

Below is a list of higher education institutions in Republic of Macedonia who specialize in natural sciences.

1. Faculty of Mechanical Engineering in Skopje

- University Ss. Cyril and Methodius in Skopje
- Established: 1959
- Academic staff: 35 full professors and 16 associate professors, 10 assistant professors, 1 senior lecturer, 8 teaching assistants, 23 junior teaching assistants, and the rest being associates, laborant assistants and administrative workers.
- Type of studies:
 - Undergraduate studies: Production engineering, Transport, mechanization and logistics, Thermal engineering, Hydraulic engineering and water management, Materials, joining and structural engineering, Industrial engineering and management, Motor vehicles, Energy and environment, Mechatronics, Automatics and system management
 - Postgraduate studies: Production engineering, Transport, mechanization and logistics, Thermal engineering, Materials, joining and structural engineering, Industrial engineering and management, Motor vehicles, Energy and environment, Mechatronics, Automatics and fluid engineering, Industrial design and marketing, Sustainable Energy and Environment, Product life cycle management, Metrology, Management and quality control, Mechatronic systems, Management of systems for safety and health at work
 - PhD studies
 - Number of enrolled students in 2016
 - Undergraduate studies: 880
 - Postgraduate studies: 160

- Institutes and technical equipment: Institute on production machines with 5 laboratories; Institute of machine construction, mechanization machines and vehicles with 3 laboratories; Institute of thermo-technique and thermo-energy with 5 laboratories; Institute of hydro technique, pneumatics and automatics with 2 laboratories; Institute of welding and welding constructions with 4 laboratories; Institute of mechanics with 1 laboratory and for Mathematics and IT Department.

2. Faculty of Technology and Metallurgy in Skopje

- University Ss. Cyril and Methodius in Skopje
- Established: 1959
- Academic staff: 20 full professors, 14 associate professors, 9 assistant professors, 8 teaching assistants, and the other is administrative staff.
- Type of studies:
 - Undergraduate studies: Design and clothes engineering, Metallurgy, design and management, Inorganic engineering and environmental protection, Polymer materials, design and management, Food technology and biotechnology, Design and management of technological processes, Engineering of materials and nanotechnologies
 - Postgraduate studies: Metallurgy and Material Science, Extractive metallurgy, Inorganic engineering and Environmental protection, Design and management of technological processes, Electrochemical engineering, Textile and chemical technology, Clothing production management, Food technology, Biotechnology, Food quality and food safety, Environmental engineering, Quality management
 - PhD studies: Metallurgy, Technology
 - Institutes, laboratories and technical equipment: Base organic and polymer engineering, Food technology and biotechnology, Preparing raw materials, Inorganic technology, Textile and clothing production, Reaction engineering and separating processes, Measuring and automatic regulation, Oil and oil derivatives, Reproduction industry, Extractive metallurgy

3. Faculty of Natural and Technical Sciences in Stip

- University Goce Delcev in Stip
- Established: 2005
- Academic staff: 25 full and associate professors, 2 junior associates and the other are associates, laborant assistants and administrative workers.
- Type of studies:
 - Undergraduate studies Geography, Mining, Geology, Environmental engineering, Industry logistic, Civil Engineering, Architecture and design
 - Postgraduate studies: Mining, Geology, Industry logistic, Environmental engineering, Civil Engineering, Architecture and design
 - PhD studies: Mining, Applied geology and geophysics
 - Institutes and technical equipment: Geology Institute, Architecture and design institute, Mining institute and Civil engineering institute
 - Number of enrolled students in 2016
 - Undergraduate studies:
 - Postgraduate studies:

3. Faculty of Technical Sciences in Bitola

- University Kliment Ohridski in Bitola
- Established: 1961
- Academic staff: 21 full professors, 14 associate professors, 9 assistant professors and 14 teaching assistants and 2 junior teaching assistants
- Type of studies:
 - Undergraduate studies: Electrical engineering, Mechatronics, Mechanical engineering, Industrial engineering and management, Traffic and transportation, Graphical engineering, ITO

- Postgraduate studies: Electrical engineering, Mechatronics, Mechanical engineering, Industrial engineering and management, Traffic and transportation, Graphical engineering
- PhD studies: Mechanical engineering, Industrial management, Traffic and transportation
 - o Institutes and technical equipment: for thermo-technique; for physics; for testing machine materials and constructions; for motors with internal combustion and motor vehicles; for electrical engineering; for electrical machines; computing center with 6 classrooms

4. Faculty of Electrical Engineering and Information Technologies in Skopje

- o University Ss. Cyril and Methodius in Skopje
- o Established: 1959
- o Type of studies:
- Undergraduate studies: Energetics, automation and renewable energy sources, Electric systems, Electronics management, Computer system engineering, automatics and robotics, Computer technologies and engineering, Computer hardware engineering and electronics, Telecommunications and IT engineering
- Postgraduate studies: Renewable energy sources, Electrical machines and automation, Electronic systems, Electronics, Project management, Automation, robotics and system engineering, Dedicated computer systems, Computer networks - internet of things, Embedded microcomputer systems, Digital signal processing, Wireless and mobile communications, Communication and Information Technologies, Applied mathematics and actuarial science, Energy efficiency, environment and sustainable development, Metrology and Quality Management, Micro and Nanotechnologies, Regulation in Energy, Electronic Communications and Transport, Energy electronics, Multimedia technologies
- PhD studies
 - o Institutes, laboratories and technical equipment: automation and system engineering, electronics, electrical measurements, signal processing, electrical measurements and materials, electrical machines, transformers and apparatuses, electro heat, electrical welding and electrical traction, relay protection, physics, high voltage, telecommunications, principles of electronics, electrical power motors.

5. Faculty of Electrical Engineering and Information Technologies in Skopje

- o University Ss. Cyril and Methodius in Skopje
- o Established: 1949 (6th of October)
- o Academic staff: 37 full-time and associate professors , 19 assistant's
- o Type of studies:
- Undergraduate studies: Construction, Geotechnical, Geodesy;
- Postgraduate studies: Construction (Hydraulic Engineering, Roads and railways, Geodesy), Geotechnical, Geodesy, Real estate management;
- PhD studies
 - o Institutes, laboratories and technical equipment: two auditoriums, 17 classrooms with a total area of about 1700m2, laboratories for the above-mentioned programs and type of studies

6. Faculty of Architecture in Skopje

- o University Ss. Cyril and Methodius in Skopje
- o Established: 1949
- o Academic staff: 28 full-time and associate professors , 8 assistant's, 15 administrative workers
- o Type of studies:
- Undergraduate studies
- Postgraduate studies
- PhD studies

10. Related ministries, public agencies, unions, publications etc. and their contact information

The paragraph below contains the list and detail information on institutions, bodies and entities that are directly involved in the sector which is the prime focus of this analysis.

I. Ministry of Transport and Communications

- Web page: www.mtc.gov.mk
- Address: Dame Gruev 6, 1000 Skopje, Republic of Macedonia
- Phone: + 389 (0)2 3145 497
- Fax: + 389 (0)2 3126 228
- E-mail: info@mtc.gov.mk
- Minister: Vlado Misajlovski
- Bodies within the Ministry: Port Authority, Administration for Railway Safety

II. Public Enterprise for State Roads

- Web page: <http://www.roads.org.mk/>
- Address: Dame Gruev no.14, 1000 Skopje, Republic of Macedonia
- Phone: 02 3118-044
- Fax: 02 3220-535
- E-mail: contact@roads.org.mk
- Director: Aleksandar Stojanov

III. Economic Chamber of Macedonia

- Web page: mchamber.mk
- Address: Dimitrie Chupovski 13, 1000 Skopje, Republic of Macedonia
- Phone: (02) 2 3244060
- Fax: (02) 3244088
- E-mail: sofce@mchamber.mk
- President: Branko Azeski

IV. Association of Civil Construction, Building Materials and Non-metal Industries

- Web page: mchamber.mk
- Address: Dimitrie Chupovski 13, 1000 Skopje, Republic of Macedonia
- Phone: (02) 3244017
- Fax: (02) 3244088
- E-mail: marija@mchamber.mk
- President: Andrea Serafimovski (GP Granit AD Skopje)

V. Chamber of Certified Architects and Certified Engineers

- Web page: www.komoraoai.mk
- Address: Bul. Partizanski odredi 29, 1000 Skopje, Republic of Macedonia
- Phone: +389 2 3222 356
- Fax: +389 2 3222 356
- E-mail: contact@komoraoai.mk
- President: MSc. Blashko Dimitrov

VI. Ministry of Finance

- Web page: www.finance.gov.mk
- Address: Dame Gruev no.12, 1000 Skopje, Republic of Macedonia
- Phone: +389 2 3255-300
- Fax: + 389 2 3255-721
- E-mail: finance@finance.gov.mk

- Minister: Kiril Minovski

VII. Ministry of Economy

- Web page: www.economy.gov.mk
- Address: St. Jurij Gagarin 15, 1000 Skopje, Republic of Macedonia
- Tel: +389 2 3093 485
- Fax: +389 2 3093 485
- E-mail: info@economy.gov.mk
- Minister: Driton Kuci

From the aspect of publications and educative material regarding the construction and technical consultancy sectors in the Republic of Macedonia, the State Statistical Office conducts monthly, quarterly, semi-annual and annual surveys for monitoring the construction activities in the country and abroad; based on these surveys short-term indicators, news releases and publications are prepared that are widely used among the data users. The variables and definitions are harmonized with the definitions from EUROSTAT, and the short-term indicators are regularly transmitted to EUROSTAT. The annual surveys provide data on completed construction activities according to the types of constructions at the annual level, the number of finished dwellings and their surface area, the number of illegally built and the number of demolished constructions according to the data from the authorities from the departments for urban planning in the local self-government units (municipalities), the quantity and amount of the building materials spent by the business entities from the construction sector, etc.

Relevant consulting, financial and management companies are creating publications which represents a general preview of the economy in our country summarizing topics like government incentives for international investors, labor market, educational process and other significant segments like construction, manufacturing and industry which are from a vital importance for our economy and in the reports there is only a snapshot and sneak-preview for the economy, not a detailed overview with all of the parameters.

Below is a list of online and hard-copy magazines which are specialized in the construction and civil works domain, where you can find regular updates throughout their weekly and monthly publications about the latest informations on the market in this domain.

- Gradbi (<http://gradbi.mk/>)
- Porta3 (<http://www.porta3.mk>)
- Build (<http://www.build.mk/>)
- Portal Energetika (www.portalenergetika.mk)

5. Schedules

Used laws and by-laws

The following legal sources have been used for preparing this Report:

1. Law on obligations (Закон за облигационите односи);;
2. Law on construction (Закон за градење);
3. Law on Protection Against Environmental Noise (Закон за заштита од бучава во животната средина);
4. Rulebook on the limit values of the noise level (adopted by the Ministry on environment and physical planning) – (Правилник за гранични вредности на ниво на бучава во животната средина);
5. Law on concessions and public-private partnership (Закон за концесии и јавно приватно партнерство);
6. Company Law (Закон за трговски друштва);
7. Law on Construction Land (Закон за градежно земјиште) ;
8. Law on employment of foreigners (Закон за вработување на странци);
9. Law on foreigners (Закон за странци);
10. Decision on establishing quotas for work permits for foreigners that may be engaged on the territory of the Republic of Macedonia for 2016 (adopted by the Government of RM); - (Одлука за определување на квота на работни дозволи за странци кои можат да бидат работно ангажирани на територијата на Република Македонија за 2016 година)
11. Rulebook on foreigners (adopted by the Ministry of interior); - Правилник за странците
12. Law on minimum wage; - Закон за минимална плата
13. Law on personal income tax; - Закон за персонален данок на доход
14. Law on contributions of mandatory social insurance; - Закон за придонеси од задолжителното социјално осигурување
15. Law on income tax; - Закон за данок на добивка
16. Rulebook on the manner of calculating and payment of the income tax and manner of avoiding double taxation (adopted by the Ministry of Finance); - Правилник за начинот на пресметување и уплатување на данокот на добивка и начинот на одбегнување на двојното ослободување или двојното одданочување
17. Law on value added tax. – Законот за данок на додадена вредност