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**Statements on promoting Trade in LLDCs by Trade Ministers**

Macedonia trade policy plays an important role in boosting countries’ competitiveness ever since we became WTO member in 4 April 2003. To have open, predictable and transparent trade policy is thus necessary to remain competitive in a world where global value chains (GVCs) are a dominant feature of world trade. Thus, Macedonia intention is to create an effective free-trade policy that encourages more domestic and foreign direct investment, and to support companies not to operate in isolation from the global markets.

The trade policy formulation and evaluation policy area focuses on the effectiveness of a country’s framework for implementing trade strategy. It comprises four indicators: i) strengthening of institutional co-ordination, ii) extent of public-private consultation on trade policy issues, iii) monitoring and evaluation of the impact of trade policy, iv) extent of trade input/output table data collection.

Institutional framework for trade policy have been adopted in Macedonian economy, and positive steps have been taken to apply those framework in most areas, in respect of trade policy’s impact and its integration in the world trading system. The impact has incorporated systematic ex post and ex ante analysis of trade policy and agreements in all sectors of the economy.

Single body to co-ordinate trade policy was designated; co-ordination is ensured by inter-ministerial committees or working groups. Formal instruments for consultation with civil society on trade policy issues are in place and broader participation of the private sector and civil society is active within councils meeting run by the Prime Minister.

Republic of Macedonia regular consultations facilitate through the Chamber of Commerce, a National Entrepreneurship and Competitiveness Council (NECC) that has been established in 2012 and an Advisory Council is functioning within the Customs Administration since 2009. Furthermore, monitoring of impact on trade measures and more comprehensive mechanisms for trade policy evaluation and data collection is already established, thus Macedonia is the only SEE economy that collects symmetric detailed input-output tables covering all sectors. According to qualitative indicator on measuring trade policy and formulation, prepared by OECD, Macedonia is scored with 3.75 out of most 4.0 points.
Achievements that Macedonia has already reached is applying tariffs for agricultural and industrial products that are broadly in line with world averages; quantitative restrictions on imports and exports for economic reasons have been abolished; and average customs duties on capital goods are close to EU levels.

On the other hand, higher level of performance has been achieved in the areas related to reduction of “technical barriers to trade” and implementation of “trade facilitation measures”, while scores in the area related to “sanitary and phyto-sanitary measures” are our challenges in ahead.

According to World Bank’s “Doing Business” indicators, the SEE economies are making permanent progress from 2009 to 2015 to reduce the number of required documents for import/export, as well reducing the time and cost to import/export for the same time period. Macedonia is the best performer in this indicator, at a par with the EU average.

Regarding WTO latest developed document on trade facilitation, It is necessary to strongly promote all the benefits of simplified customs procedures to economic operators having in mind that the authorization can be issued only upon their request, the importance of risk management system in the trade facilitation process, electronic payment of customs duties, functional IT system, to what extend Macedonia in February 2015 has notified in WTO under Category A.

Macedonia potential to integrate in the world trade depends on its effective trade policy, thus its export is the most highest among SEE at 54 percent of GDP, but compared to emerging economies still remains low (between 100 and 200 percent of GDP). Number of export products varies to increase substantially in the past 5 years, as are: chemicals and machinery, as well automotive parts or spares and tech products, reaching to 1.7 billion Euros in 2015 or 20 percent of GDP. The investment in chemical products puts Macedonia on 3rd highest exported product within two years. The share of high and medium tech products in the export increased from 37 percent in 2011 to 53 percent in 2015.

Total investment in Macedonia since 2003 till today is 3.1 billion Euros.

Main partners of Macedonia in the total trade volume are EU member states, SEE countries (Western Balkan), EFTA states that reaches to 85%, thus its trading is within the free trade agreements.

The trade volume in general in the past years is increasing permanently, especially on the export side. Total volume in 2013 increased by 4% compared to 2012, thus the export increased by 6.6% and the import by 1.4%. In 2014, the total volume increased by 12.8%, thus the export increased to 15.6% and the import to 10.3% compared to 2013. For the year 2015, the total trade volume increased by 7.4%, thus the export increased by 8.8% and the import by 5.3%.

As a challenge of Macedonia that is ahead of us, on what we are intensively focusing is the transport connectivity. The potential benefit of reducing costs of connectivity should include Macedonia in the region to saving of 1 % combined to GDP. In that respect, we need a high quality transport infrastructure system to support free movement of goods and people, competitiveness of the region, efficiency of regional transport network and ensurance of its sustainability. High priorities on Macedonian Agenda to 2020 are railway reforms and road safety rehabilitation of Corridor VIII and Corridor X, connecting the region thru its neighboring countries.
Improving participation of LLDCs (land lock developing countries) in Regional and Global Value Chains by reducing trade costs

Over the last decade, Macedonia leverages the opportunity as a small economy to better integrate in export markets and connecting with global value chains. The main challenge is becoming competitive in a world where global value chains (GVCs) are a dominant feature of world trade. Trade in goods and services are essential for the efficient functioning of GVCs.

The whole process of producing goods, from raw materials to finished products, is increasingly carried out wherever the necessary skills and materials are available. Growing from law base in the past, Macedonian has transformed its export structure and now is doubled, as a benefit from investments in high technical and technological sectors. Automotive and electronic sectors play dominant role in putting Macedonia economy into the global value chains. Foreign suppliers and domestic producers now are acting together in the global value chains. The export of chemicals products increased to 16.0%, of automotive (catalysts and wiring sets used in vehicles) and machines increased to 26.9%, and high tech to 35.8% in 2015.

This considers to be good practice because emerging of global value chains for Macedonia as a land lock country means that the production of parts or components that previously took place in a single factory, now are dispersed internationally.

Another important step that Macedonia within its open trade policy provides to support companies in participating in the global value chains is eliminating non-tariff barriers and other restrictive measures that have impact not only to foreign suppliers but also on domestic producers. Efficient customs procedures help to ensure that inputs are competitively priced and trade costs are reducing. Into this, are included other economic areas, as transport, logistics, finance, communication and other business and professional services that have influence on reducing trade costs.

Trade facilitation is also closely linked to the transport policy. Transport and logistics have its role in boosting global value chains in trade performance that leads to higher incomes, employment gains, and lower poverty rates. Macedonia unemployment rate even though is still high, in the past ten years decreased from 38% to 24.8%. The income increased in the past two years by 4.4% in 2013 and 2.2% in 2014. Macedonian exporter are using the closest ports in Greece and Albania to transport its goods abroad.

Manufacturing and agriculture both depend on being able to ship their goods to consumers quickly, cost effectively, and reliably. Delays, which are related to poor transport and logistics performance, can be costly: an extra day can reduce exports by at least 1%, and can also impede export diversification. In order to avoid this, Macedonian Government defined terms of transport connectivity for the upcoming 5 years.
The Trade Facilitation Agreement-Ratification and impact on the LLDCs

Following the WTO accession process, the Republic of Macedonia has integrated the basic WTO principles in its trade policy, undertook obligations of the membership and provides participation in further creating of the international trade policy.

The Government of the Republic of Macedonia has attached considerable importance to the Doha Development Agenda negotiations. As a land-locked country, Macedonia closely monitored progress in the trade facilitation negotiations. As a continental country, with an open market economy, Macedonia is very vulnerable to the efficiency of the movement of goods across borders, thus Macedonia attention is focused on trade facilitation concept development

The WTO Agreement on Trade Facilitation was ratified on 31 July 2015 (“Official Gazette of the Republic of Macedonia” No.130/2015). The instrument of acceptance was deposited in WTO on 19 October 2015, and the Republic of Macedonia became the 50-th WTO member that finished its procedure.

The process of trade facilitation self assessment of the Republic of Macedonia according to the WTO methodology was completed in March 2014 by the support of USAID in cooperation with the Ministry of Economy and participation of all relevant agencies in the country.

The final findings of the assessment revealed a high level of compliance of the Macedonian trade facilitation regime with the provisions of TFA – out of 41 measures, 38 of them are in full compliance, one substantially and two of measures that relate to establishment of Enquiry Point and National Committee on Trade Facilitation are almost to complete.

With reference to the special and differential treatment provisions that allow developing and least-developed countries to determine when they will implement individual provisions of the Trade Facilitation Agreement, the Government of the Republic of Macedonia has notified the Preparatory Committee designating the provisions of the Agreement under category A, which will be implemented upon entry into force of the Agreement (WTO Document WT/PCTF/N/MKD/1 of 13 February 2015).

At the beginning of 2016, the Government of the Republic of Macedonia has decided the Enquiry Point for trade facilitation to be established at the Customs Administration of the Republic of Macedonia. The decision will be implemented upon the entry into force of the Agreement.

In March 2016 as required by the TFA, the Government of the Republic of Macedonia adopted a Decision by appointing the International Economic Chamber (ISK) for National Committee for Trade Facilitation to facilitate domestic coordination. So far, 15 state institutions dealing with trade issues will participate in the National Committee and it will be chaired by the Deputy Prime Minister of the Government of the Republic of Macedonia.
Macedonia has made considerable efforts to liberalise the legislative and administrative regimes according to WTO rules and SAA and constantly working on the improvement of its national export and import control system. The establishment of the electronic One-Stop-Shop system for issuing import and export licenses – EXIM, fully operational from November 2008, represents a substantial progress in customs operation in terms of facilitating the movement of goods. This system links 16 state agencies and allows traders to submit customs documents online for import, export, and transit. The EXIM system, which is available 24 hours a day, allows economic operators to electronically apply for and receive all documents required for import and export licences and tariff quotas. The system also allows for the electronic tracking of payment of administrative taxes and other fees. The system has decreased import and export costs and significantly eased and hastened the process to obtain approvals or quotas.

Macedonia will continue to run transparent trade regime fully compatible with WTO rules and disciplines. Trade Facilitation Agreement is our priority in ahead to develop the necessary instruments on trade issues for supporting the Macedonian business sector to better understand the obligations within the agreement and to provide its proper implementation under the auspices of the state.