

CONCLUSIONS AND RECOMMENDATIONS

From the Scientific Gathering on “Competitiveness of the Economy of the Republic of Macedonia“

1. The participants of the scientific gathering considered that competitiveness is the key factor for getting out from the economic crisis in which the Republic of Macedonia has been for a longer period of time and for establishing growing trends of gross domestic products and for developing the national economy.

It is a general assessment that due to the inherited complex situation and unfavorable trends before the transition process was launched, as well as due to the delayed implementation of the reforms and belated transformation from extensive into intensive business operation, the competitiveness of the Macedonian economy has been maintained at a rather low level. The low level of competitiveness does not provide space for exports and BDP growth. Namely, during the transition period (1989-2002) the export was nominally stagnant, BDP was realistically reduced for approximately 20%, while the industrial production was reduced to half.

It has been recognized that the countries in transition, which improved their competitiveness during the past period, have established growing trends in their exports and production and created more favorable conditions for their rapprochement towards the European Union.

2. The participants at the scientific gathering considered that creating conditions and realizing a trend of permanent increase of competitiveness it is of imperative importance for the future development of the country.

In order to create conditions for increased competitiveness it is necessary that all entities in the Macedonian economy perform synchronized activities. This should be done through completion and successful operation of an economic system of market economy, implementation of active macro-economic and development policy, as well as implementation of modern management by the business entities.

The system should function in accordance with market mechanisms, while the macro-economic and development policy should support initiatives for restructuring and standardizing of the production in accordance with the market requirements, promotion of foreign cooperation, etc.

The activities performed by the business entities are of special relevance in increasing competitiveness. They should be directed towards reducing operation costs, gaining new products in accordance with the criteria and requirements of foreign markets, and performing other activities that would create conditions for increased competitiveness.

Business entities should take into consideration their motto “not more but better” product standardization when determining their production tasks. This is necessary since the standardization of, for example, legal-technical documents, is considered to be of prime importance for the technical, technological and organizational form of operation under modern operating conditions.

3. The participants at the scientific gathering considered that the support in establishing industrial clusters/zones/areas, or the so called clusters, as a well-known model for development of competitiveness in the national economies is of great importance for creating conditions for increased competitiveness of the Macedonian economy.

World experiences show that industrial clusters have great and significant importance for the economic development. They are a well-known model for development of small-size economy and a model for development of competitiveness.

Republic of Macedonia, at local and regional level, in its joint activities with all relevant institutions for supporting entrepreneurship, innovation, technological and economic development, including institutions of higher education, should by all means support the establishment and development of these forms of cooperation for the benefit of increased efficiency in the business operation and increased competitive ability of the economic entities.

4. The participants of the scientific gathering considered that the establishment of legal prerequisites for better quality managerial capacities of the Monopoly administration in the future is of great importance for more successful promotion, strengthening and effective protection of competitiveness. Related to this is the introduction of legal conditions for giving it the power (through constitutional changes) to pronounce mandatory punishment of violations. On the other hand, it is necessary that the issues related to granting state aid be regulated by law, as well as enactment of a law on

public institutions which is an important segment for the market demand, timely adoption of regulations for competition by the trading and professional associations (chambers, professional associations from different professions, branches in the field of economy), as well as measures to activate the Government Commission on Monopolies.

5. The participants at the scientific gathering considered that the increased competition should be implemented on program basis.

By intensifying competition, it would become an effective factor for BDP growth and strengthening development. Intensified competition, along with other factors for development would contribute towards successful transformation of the Republic of Macedonia from a country in transition into a modern state for contemporary economy integrated into the European and world trends.