
SUMMARY

**CONCLUSIONS AND RECOMMENDATIONS
FROM THE SCIENTIFIC GATHERING ON “FOREIGN CAPITAL
RELATED TO THE TECHNOLOGICAL DEVELOPMENT OF THE
REPUBLIC OF MACEDONIA”**

1. The participants at the scientific gathering considered that technological restrain that has been present in the Republic of Macedonia during the past two decades is the basic limiting factor in creating conditions for growth of exports and gross domestic product. The reason for this are the complex circumstances and problems in the economy, delayed completion and operationalization of the reforms, and especially the small level of investments and their inappropriate structure, respectively disinvestments in given sectors.

As a result of the low level of development and insignificant domestic saving, the Republic of Macedonia is obliged to use foreign capital for supporting investments and development. Foreign capital has been by and large used for overcoming problems with the balance of payment, implementing reforms, carrying out infrastructure reforms, and to a smaller extent for supporting technological development, respectively export oriented production.

Under such circumstances, over 80% of the production has been realized using outdated technological processes. The number of products standardized according to the requirements of foreign markets is rather small, while the competitive ability of the national economy is rather low. Due to all this, and in a situation of significantly expanded market as a result of the free trade agreements with the countries in the region and wider, the exports from the Republic of Macedonia have been stagnating and decreasing. In addition to this, the extensively presence of cut and saw opera-

tions, as well as raw materials and reproduction materials make the export structure anemic and inactive.

The participation of GDP in exports during the past transition period has been maintained at a level of about one third, showing a low level which, as anticipated, is not a moving power for increasing the GDP. Under the circumstances of small domestic market with rather intensive competition, the companies are forced to reduce, and even leave their production.

Consequently, the GDP presently accomplished by the Macedonian economy is approximately 20% lower than in 1989, the last relatively stable year before the transition process started. During this period the industrial production has been reduced to half.

The participants at the gathering considered that the technological development is the most effective instrument in mobilizing material resources, labor force and know-how in order to increase production and improve standard of living of the population on a sustainable basis. Therefore, constant promotion of technology and know-how must become a basic imperative in the development of the Republic of Macedonia.

Conditions for technological development would be created through efficient functioning of the economic system, and above all through intensifying investments. Researches related to the development of the Republic of Macedonia on a medium and long-term run indicated that it is necessary to create conditions and prerequisites for achieving an investment rate from 23% to 24%. (Participation of investments in the GDP basic funds). In order to achieve the necessary investment rate, foreign capital should be given a prominent place. The researches showed that the Republic of Macedonia, under certain prerequisites, could in average use foreign credits amounting 200 to 300 million dollars and 100 to 150 million dollars direct investments annually. However, the foreign capital should be implemented on a program approach, respectively most of it to be used for new structural changes based on development of information intensive and technologically intensive products.

The participants at this gathering believed that the achievement of the goals of economic and social development would depend on the extent and manner in which the state would support the promotion of technology, and the extent and manner in which micro-entities would make use of their technological preferences within their market strategies.

Considering all the limitations, but also potentials for development, the technological policy of the Republic of Macedonia must be implemented as a combination of:

- Foreign investments and domestic accumulation;
- Import of technology and promotion of domestic investment, production and innovation ability of industry;

- Import of know-how and promotion of abilities of domestic enterprises and institutions.

The participants at this gathering considered that the policy for technological development should give priority to the technological revitalization-efficient use of available potentials, followed by technological modernization-complex adjustment to new technological changes, as well as to the technological enhancement-global restructuring and integration in the modern technological processes.

It has been recognized that, objectively speaking, during this decade the Republic of Macedonia would not have possibilities to relay its development on high technologies. Therefore, it is believed that an acceptable strategy would be a combination of:

- Implementation and development of such technologies that would make possible fast adjustment of the production according to the criteria and standards applied in developed economies. Those are modern type technologies, but yet of lower and medium level, which, together with the abilities and capabilities of the technological teams would raise the technical-technological level of technological processes.
- Practicing advanced technologies in specific areas. These are high level technologies guaranteed in developed countries, whose practicing in our country is available through the support of selected projects.

The participants at the scientific gathering considered that the most appropriate strategy for the Republic of Macedonia is a combination of imported and own know-how in technology. In other words, it is a mixed strategy with elements of a strategy succeeded by advanced technologies and a strategy of a technological follower. The implementation of this technology should create conditions for perspective transition towards a strategy of technological dynamism.

It is considered that the basic trends of technological structural changes should be directed towards rapid technological growth, export oriented, greater finalization of production, reduction of intensive raw material and energy utilization, diversification of the economic structure, development of new sectors within the innovative sectors, adoption of international standards, etc.

Technical and structural changes shall be implemented following several criteria under market conditions of operation.

The participants at the scientific gathering considered that favorable infrastructure conditions and other prerequisites should be created for successful transfer and development of the technology in the country. Within these frameworks, a significant role are to play the centers for transfer of technology, development of forms of partnership among small and medium-size enterprises by using licenses, franchise agreements, leasing, promotion of research-development activity as bearers of the technological development, etc.

2. With regard to the promotion of technological processes, the participants at the scientific gathering considered that synchronized activities are necessary by the bearers of the macro-economic and development policy, as well as by the business entities.

The macro-economic and development policy measures should be directed towards the functioning of market economy, reducing taxes paid to the state by the economic entities, stimulating the restructuring process in the production, promoting foreign cooperation, etc.

Business entities should direct their efforts towards implementation of programs by introducing new technological lines, increasing competitiveness, promoting cooperation with foreign companies, etc.

Due to the complexity of the issues related to the promotion of technological development, the participants at the scientific gathering considered that it is necessary to intensify the efforts for developing and adopting, as soon as possible, a national strategy for technological development, and that this strategy be implemented together with the measures of the macro-economic policy and other measures and programs by the government and relevant ministries. This is necessary because only through synchronized activities conditions would be created for greater utilization of foreign capital in promoting technological processes, and on that basis creating conditions for BDP increase and for successful transformation of the Republic of Macedonia from a country in transition into a state with modern economy integrated in the world financial and commercial trends.