Concluding remarks by the Chairperson

The second trade policy review of the Republic of North Macedonia has provided an excellent opportunity to deepen our understanding of the recent trade and economic policy developments in North Macedonia.

I would like to thank the delegation of the Republic of North Macedonia, led by H.E. Kreshnik Bekteshi, Minister of Economy, for its constructive engagement in this Review. I would also like to express my appreciation to the discussant, Ambassador Dagfinn Sorli of Norway, for his very insightful and very direct remarks, and to all the delegations that have contributed to this process through their questions and/ or statements.

The questions raised, and the statements made by 20 delegations on Monday, attest to the importance attached by Members to the trade and investment policies of North Macedonia.

Members have been very appreciative of the progress that North Macedonia has made in recent years in its economic performance and its trade and investment policies and of its strong support for the multilateral trading system. Several Members emphasized the significance of the recent resolution of the name dispute with Greece under the Prespa Agreement.

Members highlighted several positive aspects of North Macedonia's recent economic performance. Economic growth at an average annual rate of 2.2% in the period under review has resulted in significant increases in GDP per capita and substantial reductions in unemployment and poverty. The period since the previous Review also witnessed improvements in certain aspects of the business climate, as illustrated by the change in North Macedonia's ranking in the World Bank Index from 29 in 2013 to top 10 in 2019. The almost fivefold increase in foreign direct investment inflows from 2012 to 2018 was another indicator of the recent improvement in North Macedonia's economic performance.

Members noted with appreciation that, as a small landlocked country that is very dependent upon trade, North Macedonia's trade and investment policies seek to use openness to the regional and global economy within the framework of the WTO and regional trade agreements to improve the competitiveness of its economy. Members noted North Macedonia's strategic objective of EU integration and welcomed the progress made by North Macedonia in achieving convergence with EU rules in many areas of its trade and economic policy. Among the recent changes in specific areas that were mentioned were the increased transparency and predictability under the new Public Procurement Law; the modernization of the customs legislation and procedures; the implementation of trade facilitation measures; and the existence of a generally open regime for foreign direct investment.

Member's also commended North Macedonia for its active role in the WTO. North Macedonia has accepted the Protocol amending the TRIPs Agreement, acceded to the Civil Aircraft Agreement, and has applied almost all Trade Facilitation Agreement provisions immediately upon the entry into force of the TFA. Moreover, North Macedonia has demonstrated its openness to new ideas on the evolution of the trading system by participating in several Joint Statement initiatives on domestic regulation in services, electronic commerce, MSMEs and in the Declaration on Women and Trade. It is currently in the process of accession to the Government Procurement Agreement, which it hopes to conclude by the end of 2019.

Members also pointed to aspects of North Macedonia's economic and trade and investment policies that they consider require attention in the country's ongoing reform process. Members encouraged North Macedonia to vigorously pursue recently initiated structural reforms to improve the functioning of its labour market, reduce the size of the informal sector, ameliorate the quality of public institutions and develop a more efficient and fairer tax system. Such reforms are essential to enable North Macedonia to address the fundamental problem of low and stagnant productivity. Members were also interested in how North Macedonia will implement measures provided for in its recent Economic Growth Plan and Industrial Strategy to promote the growth of the manufacturing sector, attract foreign direct investment and promote the development of spill-over effects of foreign direct investment to domestic investment. The question of the cost-effectiveness of the different business support schemes applied by North Macedonia was also raised.

The need to prioritize the modernization of the transport infrastructure and of reducing the reliance on price controls was mentioned. Regarding North Macedonia's tariff commitments, a concern was expressed that, according to the WTO Secretariat's analysis, applied tariff rates are higher than bound rates in 13 tariff lines and that tariffs on agricultural products are generally significantly higher than on non-agricultural products. While Members welcomed efforts of North Macedonia to comply with notification obligations, it was noted that in certain areas notifications were outstanding, particularly regarding domestic support in agriculture, SPS measures and quantitative restrictions. The point was made that effective enforcement of North Macedonia's intellectual property rights regime posed a significant challenge in the absence of a system of specialized IPR courts and lack of reliable statistics on IPR enforcement. Clarification was sought as to how North Macedonia conducted risk assessments for SPS purposes and complied with its notification obligations under the SPS Agreement.

In relation to these issues, Members noted and appreciated updates provided by the Minister on the programme of modernization of transport infrastructure, on pending notifications and on increased training for judges and prosecutors relating to IPR cases. They also noted the clarification by the Minister that applied tariffs are actually in conformity with the bound rates in eight of the 13 lines at issue.

I hope this summarizes some of the key issues that have emerged in our discussions. I am certain that the delegation of the Republic of North Macedonia will take into account, and reflect on, these issues and on the many constructive comments and questions received during this review. North Macedonia has provided answers to all the more than 130 advance written questions submitted prior to its meeting, and this has been highly appreciated by Members. This trade policy review of the Republic of North Macedonia will be successfully concluded once North Macedonia has replied to any follow-up questions that emerged during the meeting in a month's time.