

# An Interview with Kristijan Polenak

Former AmCham President of the Board of Directors

*What makes Macedonia a good place to do business?*

In my view, the most important conditions for developing businesses are the good economical and legal environment.

On the economical side, the banking sector in Macedonia is relatively stable and has shown resistance to the consequences of the financial crisis in the last two years. Macedonia maintains free-trade agreements with a market of over 200 million population and has still to offer cheaper and well educated labor then similar markets in Europe. The technological and industrial development zones are a good idea and provide for a good opportunity for green field investors. I should mention the attractive tax regime, which is mainly well implemented, as well as the enhanced practices of the customs authorities.

The legislation has been improved. We managed to reduce the time for company creation to a minimum, which makes us very competitive. The laws regulating corporations have been upgraded to provide better transparency of the companies, and provide for a good legal framework on corporate governance. The registration of land and immovables has been improved.

*In your opinion, what are the major obstacles to doing business in Macedonia?*

I would not name the list of economical downsides as obstacles. Macedonia's continuous high levels of unemployment, high interest rates, low levels of foreign direct investment and low levels of GDP growth are not helping the impression of the country in the investment world. We are still vulnerable to external shocks, such as rapid changes in the prices of commodities. The continuation of the open issue with Greece keeps us from joining as full members of global or European organizations, which leads to political risks that may not be acceptable to multinational businesses. Our market is therefore shrinking, and that affects the business.

There are several issues that I would like to point out as problems for doing business in Macedonia. The lack of professional administration on both government and local levels, strict foreign currency regime that does not enable free flow of funds and financial instruments, regulators that need to break from any political or business influences, are just a few that I can identify. In addition, insufficient knowledge and training in judiciary cause lack of faith in the court system, so harder work is necessary to improve the rule of law.

*What do you see as the key to promoting economic growth and prosperity in Macedonia?*

I had the opportunity to be present at an event where doing business and investments in Macedonia were presented by governmental officials. It was a very good presentation and I believe that the people who promoted the country were doing a good job. However, the problems occur after the potential investor continues the path through lower levels of the administration. Various departments in ministries, agencies, local governments, are not performing. The deficiency of knowledge and practice is usually covered by bureaucratic obstacles. This is the point where all promotional activities are undermined. The potential business would rather pass on Macedonia, then getting tied in the net of "ifs" and "maybes". As an example, I think that the Agency for Foreign Investments is doing their best to attract investors, but when they succeed to bring a company to Macedonia, they still need to run through the administration and deal with the various day-to-day problems of the investor.



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I must add that just one bad move may take away all promotional achievements. In this sense, all businesses must be guaranteed equal treatment and proper court protection. No one should forget that the word spread by the business community has the strongest effect. A good word from a CEO of a multinational company would reach further and deeper than any governmental promotional speech. This is where I see the role of AmCham Macedonia in the promotion of doing business in Macedonia.

*During the past 10 years, AmCham Macedonia has gone through significant changes, how do you look upon the changes?*

AmCham Macedonia has gone through multiple changes in its management, but the principal purpose of the organization to increase and develop the business activities of the members in the field of their operations and to increase and improve their results has always remained. I must say that our goals, when we established the organization, are being continuously achieved. From a group of individuals with a vision, with the generous support by the U.S. Embassy, the organization is now more independent and visible for the community than ever before.

Among other activities, AmCham should grow to be a forum for the exchange of ideas among businesses operating in Macedonia and the United States, and a place where liberal market development in Macedonia is promoted.

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The number of US businesses with presence in Macedonia is still modest, but I would say that this is mainly a consequence of the size of the Macedonian market which makes it a less attractive than other markets.

*What was the challenge to be AmCham President of the Board?*

I've been in the AmCham's Board from the very beginning, and I served as its President for one year. That was in my last term of office in the Board, and I believe it was a logical completion of seven years vested as a member of the Board.

As in any other business or organization, the biggest challenge is to put together a successful team. I never believed that any organization can be run individually. Therefore, keeping together

the team, enabling flow of ideas at Board meetings, articulating solutions, promoting the organization at every single occasion, was the challenge that awaits each President of the Board.

*What are the economic segments in which AmCham Macedonia can extend the greatest assistance? What roles can committees play in this regards?*

AmCham Macedonia is an organization open for all businesses. I believe that energy and technological companies should be attracted and be more active participants in the operations of AmCham Macedonia. Committees in these two industries would help. However, the work of each of the AmCham committees should be boosted and supported. There are so many things we can do, we all just need to invest more time and efforts.

*What directions should AmCham Macedonia take in the future?*

AmCham Macedonia should maintain and grow its membership. One of the old ideas is to work together with the legislators when a new draft of a regulation is prepared, or at least have access to the drafts and ability to send comments prior to enactment. Frequent events, big or small, would assist our visibility and enable networking among members. Joint events with other similar organizations may be a good idea. This would assist our members and the organization as a whole.

The technological and industrial development zones are a good idea and provide for a good opportunity for green field investors.

However, these are general and operational comments, while the direction of the AmCham Macedonia should continuously be fulfillment of its principal goals through the activities agreed among its members.