

LAW AND REGULATION

Market freedom, the freedom of entrepreneurial activity, as well as property rights are fundamental values outlined in the Constitution of the Republic of Macedonia.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

The Constitution of the Republic of Macedonia guarantees an investor's right to property. No person may be deprived of his/her property or the rights deriving from it, unless the use of that property affects the general welfare of the public. Foreign investors may acquire property rights for buildings and for other immovable assets to be used for their business activities, as well as full ownership rights over construction land through a locally registered company. If the property is expropriated or restricted, rightful compensation of its market value is guaranteed. If the foreign company registers a local company according to Macedonian law, it can acquire land with full ownership rights similar to a domestic company.

THE COMPANY LAW

The Company Law is the primary law regulating business activity in Macedonia. It defines the types of companies, as well as the procedures and regulations for their establishment and operations. Foreign investors receive the same treatment as local companies and therefore do not need any special approvals.

Under the Company Law, trade companies are formed as separate legal entities that operate independently and are distinct from their founders, shareholders, and managers. Depending on the type, trade companies have their own rights, liabilities, names, and registered offices. The law defines five forms of trade companies: public trade (general partnership), limited partnership, Limited Liability Company, Joint Stock Company, and limited partnership by shares.

The legal framework includes the One-Stop-Shop system that aims to tackle some of the administrative barriers of entry into the business life in Macedonia. According to the Law of the One-Stop-Shop system, all types of trade companies are registered within 4 hours of submission. Another important feature of the One-Stop-Shop is the electronic distribution service that allows any potential investor or third party to obtain complete electronic information about the operations of companies in the country.

LAW ON INVESTMENT FUNDS

The Law on Investment Funds governs the conditions for the incorporation of investment funds and investment fund management companies. It also regulates the manner in which a company operates and exercises supervisory control of these operations, and the process of selecting a depository bank. The law does not discriminate against foreign investors in the establishment of open-ended or closed investment funds.

PRICE CONTROLS

Price liberalization in Macedonia has been essentially completed. Price controls only exist for a few products. Prices in the energy sector (oil derivatives, electricity) are controlled by independent regulatory bodies.

COMPETITION

The Macedonian Law on Competition ensures that the task of the right of competition is to prevent certain practices and business activities on the market, which certain undertakings will use to achieve an unjustified advantage compared to other undertakings, and to jeopardize the free competition among undertakings.

MONOPOLIES AND ANTITRUST

The Law Against Unfair Competition (LAUC), drafted on the basis of The German Act against Restraints on Competition, came into force on 1 April 2000, thus establishing the Monopoly Authority (MA) as a body within the Ministry of Economy. This law guarantees the protection of competition, in cases where competition is distorted by collusive agreements, abuse of a dominant position in the market, or merger agreements among companies that lead to the creation of a dominant position or the strengthening of existing dominant positions.

SECURITIES MARKETS

The Central Securities Depository (CSD) records the existence of an ownership of shares and associated transactions. The CSD has greatly improved the efficiency of the capital markets and the rights of minority shareholders in companies. All joint stock companies have transferred their shareholding books to the CSD.

ENVIRONMENT PROTECTION

Considerable steps are taken to establish a system of integrated permits for industrial facilities considered to be significant polluters.

The Law on Environment (Official Gazette of RM no. 53/2005; 81/2005; 24/2007; 159/2008) contains two chapters dealing with environmental permits:

- Chapter XII on Integrated Environmental Permits: defines two types of activities (“A” and “B”) for which permits are required. A-type installations are those subject to the EU Integrated Pollution Prevention and Control (IPPC) directive 96/61/EC, and B-type activities cover installations below the thresholds determined for A activities;
- Chapter XIII on General Environmental Audit: sets obligations for Operators to carry out a general environmental audit in case of termination of activities of an installation and in case of transfer of the integrated environmental permit.

These chapters are reflective of the EU Directive 96/61/EC and 2008/1/EC on Integrated Pollution

operations and emissions to be followed through self-monitoring under conditions defined in the permit and through yearly inspections done by the state environmental inspectors. The permit sets conditions for the prevention of pollution and for the protection of the environment.