

**MINISTRY OF ECONOMY**

**DIRECTORATE FOR FREE ECONOMIC ZONES**

**Interpretation of Article 3, paragraph 3 of the Law on Free Economic Zones (Official Gazette 56/99, 41/00 and 6/02)**

With regard to the accession procedure of the Republic of Macedonia to the World Trade Organization and upon request by the members of the Working Party, the Ministry of Economy provides the following explanation of Article 3, paragraph 3 of the Law on Free Economic Zones.

Article 3, paragraph 3 reads:

“The founder and the users of the free zone, employ Macedonian citizens, purchase goods and services from Macedonian suppliers and sub-suppliers, whenever commercially viable.”

This provision has the character of a recommendation for the employment of Macedonian citizens and the use of domestic goods and services. It is not mandatory. The Law does not contain mechanisms for the control of its implementation (body which would determine the commercial viability of specific employments or purchases), nor it contains provisions for its enforcement (the provision is not mentioned in the part of the Law that deals with penalties). Furthermore, the provision of Article 3, paragraph 3 is not mentioned as a condition for tax benefits and exemptions for the users of the zone (unlike the requirement for the exportation of a specific percentage of products which was repealed with the amendments to the Law on Free Economic Zones published in Official Gazette 6/02).

It is not the purpose of Article 3, paragraph 3 of the Law on Free Economic Zones to require or induce the use of domestic goods and services by the founders or users of a free economic zone. The paragraph is no more than a guide to foreign investors that local goods and services may be used if such investors believe this to be commercially viable.

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