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## Macedonia Competitiveness Activity

### **Quarterly Report** **January 2006 – March 2006**

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# MACEDONIA COMPETITIVENESS ACTIVITY

## Quarterly Report: January – March 2006

### *Executive Summary*

**NECC:** The National Entrepreneurship and Competitiveness Council is broadening its membership as part of an overall sustainability strategy. Three new organizations joined the NECC at the annual assembly meeting in February 2006: the Chamber of Commerce of Republic of Macedonia, the Chamber of Commerce of Western Macedonia and the European Business Association. Through the president of the management board, Deputy Prime Minister Minco Jordanov, the NECC is working on deeper involvement of the public sector in the work of the Council and has already assured support from the Prime Minister.

**PED:** MCA's Public Education Department (PED) continued to foster strong relationships with news media by offering success stories featuring clusters and individual cluster members to the media outlets as MCA's activities generate more results. The close cooperation established with the Total news portal, the only web-based portal for business news in Macedonia, resulted with posting of several short articles on MCA and clusters' results. PED's involvement in planning and organizing cluster special events contributed to high attendance by relevant private, public sector representatives, members of the international donor community, as well as media coverage and visibility of USAID-sponsored activities.

**Lamb and Cheese:** LTM (Lamb to Market) was set up by the two sheep breeders cooperatives in their efforts to enter the Greek lamb market and increase profitability and competitiveness of Macedonian lamb producers. A marketing team under the image and identity of this newly established entity completed a trip to Athens to meet with representatives of supermarket chains, traders, importers and distributors of lamb meat.

**Tourism:** Macedonian hotels staff is being trained in providing better hospitality services with the technical assistance provided by IESC VE John Sinkeldam. Macedonia's visibility as an attractive, safe and unique place to visit will be increased with the commercials to be broadcasted on CNN. The initiative is funded by the Macedonian Development Bank.

**IT:** MADE and CMG Ltd. are pursuing the project of establishing the Digital Media Film City in Skopje. The group is exploring possibilities for an investment by Fuji Film or Kodak. MASIT is working with IDC on producing the first market report on the Macedonian IT industry. The initiative will provide valuable information to MASIT members and will represent a resource of credible IT industry information to be taken

into account by foreign investors, as well as in the process of the country's IT strategy development.

**Wine:** Macedonia continues to capitalize on coverage in specialty wine magazines and publications. Tikves promoted their wines at the 2006 Wine Evolution Forum. MAKVINO - Association of Producers of Quality Wines from Macedonia -- was registered; the founders of the association are reaching out to the wine industry in efforts to increase membership and establish a serious and professional trade organization.

**Apparel:** Fifteen Apparel Cluster companies will benefit from the five-year export development program supported by CBI, the Dutch center for promotion of imports from developing countries. The program that entails firm level assistance to selected apparel companies was launched in March 2006. The Apparel Cluster makes progress in reaching sustainability of the Textile Trade Association-Apparel Cluster by defining roles and responsibilities of the management board and the president of the association, deciding on a location for an executive office and outlining a detailed activity plan for 2006.

## ***Component A: Institutions: National Entrepreneurship & Competitiveness Council (NECC)***

### **NECC Operations and Sustainability**

The National Entrepreneurship & Competitiveness Council (NECC) held its annual Assembly on 7 February 2006. The meeting encircled the process of broadening the membership, which was started in the last quarter of 2005 and is a part of the overall strategy for sustainability. Representatives of the Chambers of Commerce of Macedonia, the Chamber of Commerce of Western Macedonia and the European Business Association all signed memorandums of understanding with NECC's President of the Assembly. Additionally, Mrs. Gzime Fejzi of Fejzi dairy was also voted in as a representative of the private sector, an initiative driven by Management Board members.

The agenda of the Assembly included adoption of the 2006 NECC work program drafted by the Management Board and presented by the executive director of the Advisory Group. The drafting process included a number of meetings of the Management Board members that preceded the Assembly. The full Council membership approved the plan without any additional changes. Also, Tanja Markovska, CTO, presented the findings of the evaluation of the Macedonian Competitiveness Activity before the Council members and specifically focused on the results of the work of the NECC. The members found this input valuable and very useful for future planning.

Management Board members recognized the need for deeper involvement of the public sector in the work of the Council. Consequently a plan was devised where the president of the Management Board, Deputy Prime Minister Minco Jordanov, unofficially met with the prime minister to discuss the NECC. The result of this meeting was the PM's support for presenting the NECC before the whole Assembly of the Government and was followed by preparation of materials needed. The presentation was to take place in the month of April.

In regards to the financial sustainability of the NECC, Management Board members Minco Jordanov and Toni Petreski met with the Italian and Swiss ambassadors and presented the adopted NECC 2006 Work Program and Budget. Both ambassadors were willing to assist the concrete projects planned for 2006 but were reserved in regards to financial assistance for administrative costs. It was agreed that closer cooperation was needed with their respective economic development agencies. Short-term financial support was provided by a USAID donation through MCA. Apart from covering some administrative costs, allocations of the funds were made for executing a workforce demand survey, awarding innovation and producing a cluster guide book, all of which are a part of the NECC work program. Additionally, the Management Board decided that the private sector should also be lobbied for donations.

The process of evaluating the performance of the executive director of the Advisory Group was finalized, and the Management Board decided to retain his services. The ED,

together with the former MCA staff support person to the NECC (Dejan Janevski) signed contracts with the NECC and are full-time employees as of 20 March.

The World Economic Forum's Executive Opinion Survey was finalized and sent to the WEF for analysis of the results. Additionally, the WEF's Global IT Report was released in March and its results were published in the media. Macedonia ranked 82<sup>nd</sup> in the 2005 Report, compared with 85<sup>th</sup> in the 2004 Report.

### **2005 Milestones**

- Establishment of Advisory Group - reported in January-March 2005 Report
- Hiring of Executive Director - reported in April-June 2005 Report
- Study tour - reported in April-June 2005 Report
- Third National Competitiveness Summit and Street Event – reported in October-December 2005 Report
- Production and presentation of the first Macedonia Competitiveness Report - reported in October-December 2005 Report

## ***Component B: Consensus Building, Public Education and National Dialogue***

### **Media Relations**

MCA's Public Education Department (PED) continued to foster strong relationships with news media, as well as making contacts with the newly established Alsat – TV, INT weekly magazine, Vip Gala monthly magazine, Enter – IT monthly magazine and Alternativa - daily newspaper. This cooperation will help MCA maintain visibility among the businesses, governmental and donor community circles long after the project closes down. PED offers success stories featuring clusters and individual cluster members to the media outlets as MCA's activities generate more results.

### **Cooperation with business portal Total**

PED made arrangements to have staff members from the business portal Total included in the mailing list for the weekly bullet points prepared and distributed by MCA. Any information included in these bullet points that is of interest to be posted on the portal will be double checked with the source and then published on the portal. In the past month a number of short articles have been generated by this cooperation. Total portal is the only web source for business news in the country. In May 2006, MCA and NECC web site links will be placed on the portal as well.

### **News Releases**

In order to communicate MCA results as well as respond to media inquiries, the PED team planned the following media coverage: news releases (4), media advisories (4), press conferences (2), articles and interviews were placed with regional and national television, print media and specialty business publications.

PED placements for this quarter totaled 36 for print, 23 for television and 10 for radio.

### **Special Events Support**

#### **Cluster Celebration Events**

**NECC Annual Assembly** – PED arranged a PR campaign for the NECC's Annual Assembly held in February 2006. PED released a media advisory and a press release. 10 media outlets followed up. Coverage included: 7 TV reports – *MTV, MTV Turkish program, Kanal 4, TV Era, Telma TV, Alsat TV and TV Sitel*; 8 printed articles – *Utrinski Vesnik, Vecer, Vest, Makedonija Denes, Birlik, Biznis, Makedonsko Sonce and Kapital*; 3 radio reports – *BCC in Macedonian, Ravel and Kanal 77* and 1 newswire – *MIA*.

**Tourism Cluster** - PED planned and organized the Tourism Cluster celebration event that took place on 13 February 2006 at Hotel Arka. Three Tourism Cluster Leadership Council members presented the past work of the cluster and the needs for focused support of their future activities. In his speech Fatmir Besimi, minister of economy, supported the cluster's efforts to revive inbound tourism and acknowledged USAID's commitment and help to the Macedonian tourism industry. While addressing the cluster members, Dick Goldman, USAID chief of mission, encouraged them to continue with the activities as

they were already generating results. The two associations, HOTAM and ATAM, as well as six Tourism Cluster members were given certificates for their outstanding support and contribution to the activities completed. All articles published in foreign specialized magazines for tourism as a direct result of the cluster's activities were on display at the event venue. CD including market research report and manual, tour operators data base, business plan manual, PR follow up and media monitoring, PR and marketing guide, BSP and donor list and other important documents was disseminated to cluster members to serve as a supportive tool in their future sustainability. Approximately 50 people attended the celebration.

**Lamb and Cheese Cluster** - In cooperation with the Lamb and Cheese Cluster advisor, PED organized the cluster's celebration event that took place at the PMs' Club on 24 February. Three cluster members presented the results and future commitments of the cluster. Dick Goldman gave a speech and awarded certificates for leadership and support to the clusters initiatives to 12 members. The celebration gave an opportunity to taste dairy products from the cluster companies along with wines from the Wine Cluster. MCA hosted more than 50 representatives of the Lamb and Cheese Cluster, of the international and donor community as well as governmental representatives. CD including market research report and manual, business plan manual, media monitoring, PR and marketing guide, BSP and donor list and other important documents was disseminated to cluster members to serve as a supportive tool in their future sustainability.

**IT Cluster** – The celebration ceremony was organized for both IT and Digital Media Cluster members on 28 February. The achievements and upcoming activities presentation attracted many high governmental, industry and donor community representatives. Minco Jordanov, deputy prime minister and NECC member; Ljupco Jordanov, Assembly president; Erwan Fouere, ambassador of the Commission of the European Delegation, were in attendance. Jordanovski and Dick Goldman handed out the certificates for special achievements to 19 cluster members. CD including market research report and manual, business plan manual, media monitoring, PR and marketing guide, BSP and donor list and other important documents was disseminated to cluster members to serve as a supportive tool in their future sustainability.

**Wine Cluster Celebration** – This well planned celebration attracted more than 60 guests among which cluster members, international/donor community representatives, and NECC members. Fourteen wineries, representing 80% of the bottled wine producers in Macedonia, displayed their wines for tasting at the event. CD including market research report and manual, business plan manual, media monitoring, PR and marketing guide, BSP and donor list and other important documents layouts was disseminated to cluster members to serve as a supportive tool in their future sustainability. Certificates were presented to the six wineries members of the Macedonian Fine Wines Export Group for shared export strategy vision, to the Grape Growers Association Vitis – Negotino for active involvement in the cluster's activities, to Divna Jordanovska – Cekorovi Winery for outstanding contribution and leadership approach, as well as a pioneer award to Tikves Winery for introducing contracts and quality criteria in grape purchasing.

After the event Tikves Winery sent out a press release on their pioneer award to the news wires *Mak Fax* and *Macedonian Information Agency* that resulted in 6 articles in the dailies – *Makedonija Denes*, *Biznis*, *Vecer*, *Nova Makedonija*, *Utrinski Vesnik* and *Dnevnik*. *Total* portal and *Sitel*, *Kanal 5* and *Telma TV* stations reported on the award as well.

The Macedonia Fine Wines Export Group representative, Divna Jordanovska, had an interview on the Group's certificates for *RTV Kavadarci*. MCA gained positive branding from this PR activity.

**Wine Cluster Workshop for Media** – Upon PED's initiative, a wine tasting and workshop for journalists was prepared after the Wine Cluster celebration ceremony. The workshop aimed at getting journalists more enthused about writing wine culture articles. The press kits and the wine tasting itself offered information on the culture of drinking wine, Macedonia's wine potential and vine varieties as well as basic rules for wine tasting. Thirteen representatives from 10 printed media outlets and 2 photographers were in attendance. The week after the event long article were placed in *Biznis* daily, *Vip Gala* monthly magazine as well as *ITN* weekly magazine.

Fourteen wineries contributed to the organization of this event thus helped in raising awareness among media about quality Macedonian wines and culture of wine appreciation. Cluster members plan to have more events for media representatives in the future.

**Visual Effects Workshop/ CMG Initiative** – PED worked with Collaborative Media Group (CMG), MADE and the City of Bitola to organize a press conference in Bitola on the day of the shooting of historic scenes on Sirok Sokak. The event was an excellent capacity building exercise for the City of Bitola's Communications Department in terms of press conference and coverage organization, press materials and press kits. Prior to the event, a media advisory was released. The overall PR campaign, press conference and follow up press release resulted in 8 print articles and photo news – *Dnevnik*, *Vip Gala*, *Utrinski Vesnik*, *Vest*, *Nova Makedonija*, *Vecer*, *Vreme*, *Slobodna Dalmacija*, 6 TV broadcasts – *Sitel*, *Bata Sat*, *Telma*, *Orbis*, *Tera*, *Medi* and 3 radio reports – *Radio 105*, *Kanal 77* and *Ravel*. 10 local media representatives and national TV's correspondents attended the press conference in Bitola.

Twenty-one workshop attendees were awarded certificates for successful workshop completion at a ceremony organized by PED at AXIS AVID Softimage Training Center. In addition, PED arranged for follow up interviews with Steve Wright, visual effects tutor, and the manager of the AXIS training center at the end of workshop. *TV Telma's - Filmopolis* and *TV Sitel's Grajfer* specialized film industry shows had a lengthy interview coverage of the workshop. The specialized digital media magazine - *Enter* will publish the interview with Wright in their May 2006 edition.

**Training in Hospitality Management / Tourism Cluster Initiative** – PED and Katerina Tasevska, Tourism Cluster assistant, planned and organized the visit of John Sinkeldam,



hospitality and customer service expert. Upon completion of the training of Metropol, St. Naum and Donco Hotels in Ohrid and Drim Hotel in Struga, PED in cooperation with the Tourism Cluster issued a media advisory and press release on the day of the press conference. Certificates were awarded to the hotels that participated in the training during the press conference. The press conference was attended by 9 media outlets. The follow up resulted in 4 TV reports – local *TV Miki, MTV, Kanal 5 TV, A1, Telma*; 5 printed articles – *Vecer, Utrinski Vesnik, Makedonija Denes, Nova Makedonija, Macedonian Sun*; 2 radio report – *Macedonian Radio I, Kanal 77* and 2 news wires- *Mak Fax, MIA*.

### **Web Site**

MCA's web site will be updated in the last quarter of the project. Few new success stories will enrich the website contents.

### **Special Projects**

#### **Ophthalmology Clinic/ Orbis Center Donation**

As a follow up to the October 2005 visit to the Ophthalmology Clinic in Skopje, USA-based Orbis Center in association with Dr. Otis Paul, Rotarian from San Francisco, made another donation to the State Eye Clinic Center's Dr. Vesna Celeva Markovska. The donation of a laptop computer, digital camera, manual and other medical literature is to establish and improve communication between the two eye centers in eye anomalies diagnosing.

#### **Die Zeit Magazine Visit to Macedonia**

Michael Allmaier, travel writer for *Die Zeit* magazine based in Hamburg, Germany, spend a week in Skopje on business. His intention is to present ex -Yugoslav republics through their capital cities to the *Die Zeit* readers. PED guided Mr. Allmaier through the Capital and organized his time while in Skopje. The article is expected to be placed in the May 2006 edition of *Die Zeit*.

#### **Diaspora Cooperation**

MCA PED's Diaspora outreach continued to work with the Institute for Respiratory Diseases of Children and the Macedonian Patriotic Organization (MPO). MPO has donated Pulse Oxymeter Unit to the institute in March 2006([Appendix 1](#)).

PED organized a PR coverage for the first MPO donation; the press release information was processed by national information agencies – *Mak Fax and Macedonian Information Agency*; 4 dailies – *Business, Nova Makedonija, Makedonija Denes, Utrinski Vesnik*; 2 weekly magazines – *Macedonian Sun and Kapital*; and *Total business portal*.

PED has been instrumental in helping the two organizations communicate especially build up on their PR skills in order better publicize the future cooperation. PED is also facilitating the next donation of echo cardiac monitor totaling \$15,000. The medical item is expected to arrive in Macedonia by the end of May 2006.

Vladimir Atseff, MPO official, will visit the Institute on 6-9 June, 2006 and hand over the third donation averaging \$6,000. PED is working with the Institute to more efficiently organize the MPO visit to Macedonia.

**USAID's 2006 Traveling Photography Exhibit**

PED selected 6 photos from more than 5000 taken by MCA staff in the period between 2002 and February 2006 to take part in a photo contest that USAID's mission in Macedonia prepared in honor of the American public's \$450 million worth of investments in Macedonia. Among the selected 42 photos to participate in the exhibit, MCA was represented with 4 cluster activities photos. One of the photos submitted by MCA for the exhibit won an Award for Photographic Excellence.

## ***Component C: Demand Driven Selection of Clusters***

### **Cluster Selection – Procedures and Criteria, Cluster Leadership Councils and Selection Process**

Starting from January 2006, MCA began scaling down activities and dedicated staff members to the clusters. During this quarter, four (Tourism, Lamb and Cheese, IT and Wine) of the five MCA-supported clusters held their close-out ceremonies to announce successful finalization of MCA's direct support to the clusters and cluster plans to continue operations as sustainable entities.

Cluster advisors prepared materials to be distributed as resource for important information that would help cluster members continue working on initiated activities post MCA.

### **Lamb and Cheese (LnC) Cluster**

*LTM (Lamb to Market) was set up by the two sheep breeders cooperatives in their efforts to enter the Greek lamb market and increase profitability and competitiveness of Macedonian lamb producers. A marketing team under the image and identity of this newly established entity completed a trip to Athens to meet with representatives of supermarket chains, traders, importers and distributors of lamb meat.*

#### **2006 Initiative Results**

***Initiative No.01/06 - Greek Test Market Program.*** Activities related to lamb marketing within the Lamb & Cheese Cluster during the first quarter of 2006 continued to be focused upon the objective of assisting sheep breeders in Macedonia via cooperative marketing organizations with direct entry into the Greek market. During January and February 2006, the MCA staff, together with SFARM and Land O'Lakes, supported the continued development of the two sheep breeders cooperatives and the process of enhancing quality assurance credentials in slaughtering facilities.

In the beginning of March, John D. Willsie, international agri-marketing consultant, arrived to assist the cooperatives with lamb marketing. Willsie was also assigned to assist in the organizational development of these new cooperatives. A series of activities was organized to guide and assist the cooperatives with vertical integration into the marketplace. The objective of the implemented activities was to secure sales in Greece for Easter lamb for the 2006 Easter holiday.

The workshops were targeted to the members of the cooperatives' boards of directors and to the managers related to contracting with slaughtering facilities. The objectives of the training was to instruct managers on the complexities, procedures and techniques

involved in selling fresh lamb 'meat' within a competitive, commodity oriented business environment.

During this period, the cooperatives determined by the 'flip of a coin' (and mutual consent) that the Western Sheep Breeders Cooperative would represent the interests of both groups as related to the business activities involved with marketing lamb during the pre-Easter sales marketing period. In addition, both entities agreed to utilize the image and identity of LTM (Lamb to Market) as an entity (to be) with which to enter the lamb marketing 'arena' in Greece. Please see [Appendix 2](#).

Subsequently, a marketing team consisted of the two sheep breeder cooperative managers and a local marketing expert traveled to Athens with Willsie to participate in a 'hands on' educational marketing experience. After several days of meeting with and evaluating the results of an introduction to people and businesses involved in a broad spectrum of the 'meat marketing business' in Greece, including supermarket chains, traders, importers, distributors and food brokers, the team returned to Macedonia with knowledge and perspective. The team also established a sales organization, a structure and a strategy intended to enhance the short- and long-term position of the cooperatives via LTM. As the quarter concluded, the cooperative managers, their elected boards of directors and members were continuing to develop specific plans to meet the opportunities that had been developed within the Greek marketplace.

### **2005 Initiative Results**

***Initiative No.01/05 - Greek Test Market Program.*** The implementation of this initiative continues in 2006.

***Initiative No. 02/05 – Market research of regional markets.*** The milestones of the initiative have not been met. Due to lack of funds to execute the research, this activity was postponed and planned to be implemented by the Macedonian Meat and Dairy Producers' Association.

***Initiative No. 03/05 – Ohrid Wine and Cheese Festival.*** This initiative was completed and reported on in the July-September 2005 Quarterly Report.

***Initiative No. 04/05 – International Promotion and Trade Fair Participation.*** This initiative was completed and reported on in the October-December 2005 Quarterly Report.

### **Non-Initiative Updates and Achievements:**

- Cluster members/dairies Ideal Sipka and IMB Bitola reported that there has been increasing demand for Macedonian cheese in the Australian market. In the first quarter of 2006, the two companies had four shipments of cheese to Australia, exporting 40 tons in total with value of \$200,000. The expected intensity of

- export deliveries to Australia in the following quarter will significantly increase with potential to achieve the amount of \$1,500.000 by the end of 2006.
- On 24 February the Lamb and Cheese Cluster organized a celebration ceremony to announce results and future plans of the cluster. Cluster members presented the sustainability strategy and activities planned to continue with successful implementation of developed export strategies. The cluster intends to open an office in Skopje that will support the lamb marketing cooperatives as well as cheese exports.

## **Tourism Cluster**

*Macedonian hotels staffs are being trained in providing better hospitality services with the technical assistance provided by IESC VE John Sinkeldam. Macedonia's visibility as an attractive, safe and unique place to visit will be increased with the commercials to be broadcasted on CNN. The initiative is funded by the Macedonian Development Bank.*

### **2006 Initiative Results**

***Initiative No. 01/06 – Hospitality training for hotel front desk and kitchen staff.*** In the second half of March 2006 four hotels in Ohrid (Metropol, Belvi, Donco, and St. Naum) and Struga (Drim) participated in the training delivered by IESC VE John Sinkeldam, catering and culinary expert and a member of the prestigious American Academy of Chefs. Sinkeldam worked directly with the hotel personnel in improving the services they offer to guests by helping them rationalize the kitchen procurement procedures and stock management, improve the restaurant offer and menus, advising on pricing strategies, as well as developing manuals for reception and wait staff to improve hospitality when dealing with customers.

Sinkeldam was to work with hotels in Gevgelija (Hotel Jugo) and Skopje (Arka, Imperial, Mramor and Stone Bridge) in April, until he finished his one-month assignment. During his stay in Macedonia, Sinkeldam is accompanied by an MCA representative and receives substantial assistance from MCA staff members in delivering the assistance to Tourism Cluster members, as well as in managing the schedule and communication with hotels.

### **2005 Initiative Results**

***Initiative No. 01/05 – Journalists' FAM Trip.*** Completed and reported on in July-September Quarterly Report. However, results continue to be reported. A piece on Macedonia as an attractive tourism destination appeared in the online version of the *Times of London*. The article was written by Tony Kelly, travel writer who visited Macedonia on the FAM trip the cluster hosted in July 2005. Please see [Appendix 3](#) for the article.

**Initiative No. 02/05 – Anti-Litter Campaign.** Completed and reported on in April-June 2005 Report.

**Initiative No. 03/05 – Penetrating German Market.** This initiative was not completed because the German tour operator Dertour, identified as partner for the implementation of the project, was not able to get involved at the time suggested and postponed its implementation for the summer of 2006.

**Initiative No. 04/05 – Management Training.** Completed and reported on in October – December 2005 Report.

### **Non-Initiative Updates and Achievements**

- The Hotel Association of Macedonia (HOTAM) has increased its membership by 20% compared to 2005, from 50 to 61 members. HOTAM also added the “associate member” category for travel agencies, airlines, restaurants and others who have an interest in the industry. Seven new committees were established with clear responsibilities for activities related to marketing, education, Euro-standardization, grants/donors, promotion, protocol and cooperation with other associations and a budget of nearly 160,000 euros was approved.
- Michael Allmaier, travel writer for *Die Zeit* magazine in Germany, spent a week in Skopje for an article series on capitals of former Yugoslavia. MCA project staff assisted Mr. Allmaier in gathering relevant information about Skopje’s landmarks and contemporary events, as well as making his experience of visiting Macedonia pleasant and informative.
- Fifteen hotel, travel agency, the tourism portal and other representatives attended the Moscow tourism trade fair at the end of March 2006. The majority of the exhibitors were Russian but Greece, Italy, Spain and Turkey were well represented. Cluster member InterKont is already following up with two Russian tour operators who expressed interest in including Macedonia in their tourism offer. Macedonian travel agencies will benefit from the charter flights between Moscow and Skopje that will be offered weekly by a Russian charter airline starting from May 2006.
- The Tourism Cluster close out ceremony was held on 13 February at Hotel Arka. Members of the Tourism Cluster Leadership Council presented their achievements and future activities in developing alternative tourism and attracting foreign tourists to visit Macedonia.

### **Information Technology (IT) Cluster**

*MACE and CMG Ltd. are pursuing the project of establishing the Digital Media Film City in Skopje. The group is exploring the possibilities for an investment by Fuji Film or Kodak. MASIT is working with IDC on producing the first market report on the Macedonian IT industry. The initiative will provide valuable information to MASIT members and will represent a resource of credible IT industry information to be taken*

*into account by foreign investors, as well as in the process of the country's IT strategy development.*

## **2006 Initiative Results**

***Initiative No. 01/06 – Fuji Film FDI in MADE Digital Media Film City.*** The 11 digital media companies that formed the Collaborative Media Group Ltd. (CMG) in order to work on joint outsourcing and co-production projects in US, Canada and EU are also working on a project to develop a Digital Media Film City in Macedonia. The group established contact with Fuji Film, Japan, as interested foreign direct investor in the DMFC in Macedonia and organized a business trip to Tokyo, Japan to explore this opportunity. Involving a foreign investor is an important part of the success of the initiative as well as for future growth and competitiveness of the DM industry in Macedonia. An IESC consultant worked with the DMFC on implementing the “Collaborative Studio Concept” and supported the negotiations to attract a possible direct investment from Fuji or Kodak.

In January 2006 the group had several meetings in Tokyo including with representatives from Fuji Film (global leader in imaging, information and document solutions), NTT Group (company that owns 70% of the global communication network) and the Singapore Film Commission (government agency that supports the rapidly growing Singapore film industry).

The Macedonian delegation consisted of Marta Tomovska - CMG Ltd and MADE Management Board member, Antoni Pesev - former minister of transport and telecommunications, owner of Unet and investor in CMG Ltd., Sandeep Cashi as IESC consultant, Romela Popovic-Trajkova, IT cluster advisor and Hal Jaeger, chief of party of USAID's E-Biz project, established productive relationships with the Japanese companies and created conditions for continuing the negotiations for a possible FDI in Macedonia. Macedonia was positioned as an excellent location in SEE for Fuji's investment in R&D and the delegation set conditions for future cooperation and experience exchange with SFC.

Upon return from Tokyo, the group accomplished several follow up activities among which the preparations to ensure support from the Macedonian government in this venture and a meeting with Fuji Film's representative for Europe. The process of market research and due diligence is being done before the Japanese counterparts visit Macedonia to discuss future cooperation and partnering with CMG in the establishment of the 'Fuji Lab' in Macedonia as a representative office for the SEE region.

***Initiative No. 02/06 - Macedonia Information Technology Industry Research Initiative.*** The International Data Corporation (IDC) is a premier global provider of market intelligence, advisory services and events for the IT, communications and consumer technology markets. IDC was contracted by MASIT to do the Macedonia IT industry research. The initiative has great strategic importance to the sector and will have multiple benefits.

From the research results MASIT and its members will:

- Obtain an increased understanding of the size, structural features and dynamics of the Macedonian IT market and industry
- Understand the relative position of the sector benchmarked against a selected set of countries
- It will help establish MASIT as an organization which produces credible research results, providing valuable services to its members and working towards a broader inclusion into the knowledge-based economy.

Furthermore, the findings of this study:

- Can serve as groundwork for articulating the country's development strategy for the IT sector
- Will serve organizations like EITO (European Information Technology Observatory) to track the development of the Macedonian IT industry, as we approach the accession path towards the EU. As a result, the industry may be the first one to have a starting point for EU integration in the business sense, and have a solid base for benchmarking against current EU and accession countries
- Will also serve potential foreign partners and direct investors, looking for credible information source to base decisions when looking into working or investing in Macedonia.

In the first quarter of 2006, the IDC research team worked with local partners in gathering survey results from Macedonian IT companies and statistical data from the Central Registry. The data has been analyzed and the report is expected to be finalized and presented at the MASIT Open Days Conference, scheduled in May 2006.

## **2005 Initiative Results**

***Initiative No. 01/05 – Implement Sector PR.*** All milestones for this initiative were met or exceeded and reported in April-June 2005 Report. The initiative is complete.

***Initiative No. 02/05 – Deepen MacedoniaIT/Develop Outsourcing Consortia.*** All milestones were met or exceeded in April-June 2005 Report.

***Initiative No. 03/05 – Organize Domestic IT Buyers for IT Vendors Conference.*** MASIT Board of Directors voted to include this initiative as a third day of MASIT Open Days, which will be implemented in May 2006.

***Initiative No. 04a/05 – MADE Capacity Building.*** All milestones were met or exceeded and reported on in October – December 2005 Report. Furthermore, MADE set up an office and collected annual dues from more than 20 digital media companies.

***Initiative No. 04b/05 – Digital Media Training Programs*** - All milestones were met or exceeded in April-June 2005. The Axis-Avid-Soft Image Training Centre promoted the first 20 graduates. The second round of 3D@E-Schools animation training was completed.



***Initiative No. 04c/05 – MADE Export Consortium.*** All milestones for this initiative were exceeded and reported on in October – December 2005 Report.

***Initiative No. 05/05 – Software Product Positioning Interventions (Firm-Level).*** All milestones in this initiative were exceeded in July-September 2005, and the initiative is completed.

***Initiative No. 06/05 – Training & Certification*** –This initiative is complete and reported on in October – December 2005 Report.

***Initiative No. 07/05 – Exporting to the EU Guide*** – MCA did not meet the milestone to define scope for the guide by 3 March 2005. The delay was related to elections and change of leadership in MASIT, the implementation partner for this initiative.

MASIT asked MCA to re-direct the funds allocated to this initiative to the Macedonia IT Industry Benchmarking projects, as the MASIT Board of Directors voted the research as a higher priority. MCA and USAID concurred with the request.

***Initiative No. 08/05 – Support MASIT Open Days*** – All milestones in this initiative were met, the initiative was completed in February 2005 and reported on in January-March 2005.

#### **Non-Initiative Updates and Achievements:**

- MASIT continued with the preparations of the MASIT Open Days and SEEITA Conference that was rescheduled for May 2006. The association also implemented the IT workforce demand survey in order to assess the needs of the Macedonian IT industry of qualified IT specialists. The results of the survey will be presented at the conference and will serve as basis for future strategy and curriculum changes within the faculty.
- Microsoft gave a “Best Web Portal for 2005” award to the web portal [www.uslugi.gov.mk](http://www.uslugi.gov.mk) prepared by the IT Cluster member Next Sense. The company won the Microsoft award for best e-government solution in 2005. The portal, which uses Microsoft technology, includes information on various services offered by the ministries, as well as an opportunity for citizens to directly communicate to the authorities. An MCA consultant worked with Next Sense on the portal project.
- CMG Ltd. continues with its organizational development by defining the charter and decision making and management structure of the company. They have also employed an administrative assistant and are in the process of development of a business plan for the company, as well as recruiting key personnel. The next step is to appoint the CEO of the company.
- Digital Media Cluster members attended a workshop on digital effects practical application from 27 February – 19 March. The workshop was tutored by Steve Wright, a visual effects industry veteran with over 20 years of production

experience creating Digital Effects and CGI for feature films and broadcast television commercials, as well as three years experience in Digital Intermediate for feature films. His extensive film credits include “Ray,” “Ali,” “Traffic,” “Air Force One,” and “Batman & Robin.”

The ultimate objective of the workshop was to present the Macedonian digital media capacity through CMG and MADE to its clients abroad as a partner that can provide location as well as production and post-production services in film-making, and to strengthen the computer film graphic base in the Republic of Macedonia. The attendees upgraded their skills in real conditions of filming, the use of director, the application of know-how technology for work with 2K resolution, and the direct application of 2D and 3D animation, compositing and other visual effects. The attendees were awarded certificate awards for successful course completion (*please see Quarterly Report cover page*).

The Collaborative Media Group (CMG) in cooperation with the Macedonian Association for Digital Entertainment shot combat scenes on locations in Skopje and historic scenes on Bitola main street Shirok Sokak that were used as a basis for the visual effects workshop. The finished product will be a 2-3 minute filmed material showing Shirok Sokak in Bitola in the year 1912, with people dressed in period-costumes and a complete animation of the architecture of the period, as well as fights between real and virtual partners in a Skopje location with added virtual effects, such as tanks and choppers. A big promotion of the filmed material is coming up in early May 2006. Please see a press coverage of the base material shooting in [Appendix 4](#).

- On 28 February, the IT Cluster held a celebration ceremony where representatives from MASIT and MADE presented their strategic vision for increasing competitiveness of the IT companies in Macedonia. Representatives of the Macedonian government, Deputy PM Minco Jordanov and President of the Parliament Ljupco Jordanovski, as well as the EU Ambassador Erwan Fouere, attended the event.

## **Wine Cluster**

*Macedonia continues to capitalize on coverage in specialty wine magazines and publications. Tikves promoted their wines at the 2006 Wine Evolution Forum. MAKVINO - Association of producers of quality wines from Macedonia was registered; the founders of the association are reaching out to the wine industry in efforts to increase membership and establish a serious and professional trade organization.*

### **2006 Initiative results:**

***Initiative No.1/06 – Wine Evolution Forum.*** On 30-31 January, along with 300 other key wine industry executives from around the world, two representatives from Macedonia attended this year’s Wine Evolution Forum. Saso Velkov, general manager

of Tikves and Branka Slaveska, commercial manager of Tikves, took part in this well established international wine industry forum, organized for seven years in a row.

The two-day event brought together renowned panelists and speakers to share experience and knowledge about market trends (Leading UK wine writers press debate: Robert Joseph – *International Wine Magazine*, Adam Lechmere – *Decanter*, David Williams, Chris Brook-Carter – *Just Drinks*), consolidation issues (Vic Motto – Global Wine Partners, Thierry Jackuillat, Pernod Ricard), as well as future challenges of the global wine industry (Christopher Carson, Constellation Europe). This initiative provided an excellent opportunity for accessing latest market information and establishing cooperation of Macedonian wine producers with worldwide industry representatives.

Apart from being able to attend the presentations and workshops delivered at the event and network with top representatives from the wine industry, Tikves winery organized a promotion of their Special Selection wines during one of the networking lunches on the second day of the conference. The promotion was organized in coordination with Wine Evolution's PR manager and the chef from Concorde Lafayette, who prepared dishes closer to the Macedonian tradition in accordance with the wines served. The promotion supported by USAID's Macedonia Competitiveness Activity was an excellent tie in with Tikves's efforts to position and promote themselves as a global player with respect to recent ongoing investments in quality improvement and HR development within the company.

## **2005 Initiative Results**

***Initiative No. 01/05 – Quality Improvement.*** The initiative is partially completed as David Stevens, US-based wine consultant/expert, was scheduled for a second visit of Macedonia to work with the wineries on wine technology issues in the fall 2005. Due to wine cluster budget revisions, his visit was cancelled. This initiative will be undertaken in May-June 2006.

***Initiative No. 02/05 – Export Test Marketing Program.*** The initiative is completed and reported on in July-September 2005 Report.

***Initiative No. 03/05 – Wine Marketing Training.*** The initiative is completed and reported on in July-September 2005 Report.

***Initiative No. 04/05 – Tikves Region Water Management Assessment.*** The initiative is completed and reported on in October-December 2005 Report.

***Initiative No. 05/05 – Technical assistance to grape growers.*** This initiative is not expected to be completed with USAID's support in the near future. Reasons reported in MCA's Quarterly Report (October - December 2005).

**Initiative No. 06/05 – Wine Laboratory.** This initiative is not expected to be completed with USAID’s support in the near future. Reasons reported in MCA’s Quarterly Reports (July - September 2005 and April-June 2005).

**Initiative No. 07/05 – Wine tasting event in foreign market.** The initiative is completed and reported on in July-September 2005 Report.

**Initiative No.08/05 – UK Wine Writers Taste Tasting Trip.** The initiative was completed and reported on in October-December 2005 Report. As a result of the tasting trip for UK wine writers organized in late October 2005, two articles on Macedonian wine were published in specialized UK wine magazines. Stuart George published an article in the *Circle of Wine Writer’s Newsletter*, distributed to the 260 members of this association as well as within the wider trade network.

*“Vranec crops at 10 tons/ha, while Cabernet and Merlot at 7-8 tons/ha. In years gone by yields were closer to 17-18 tons/ha, so this is evidence that Macedonians are pursuing lower yields for better quality. And the vineyards are commendably being cultivated along organic principles. ‘Potential’ is the pertinent word here, I think.” (Fragment from the article written by Stewart George)*

Dawn Cran’s article was published in *Harpers Wine and Spirits* magazine ([Appendix 5](#)) while a full page on Macedonia was included in the Country Reports section of the *Harpers Wine and Spirits Directory* 2006 edition ([Appendix 6](#)). Both publications are targeted at the UK wine trade and contribute to providing essential information on Macedonia and Macedonian wine.

#### **Non-initiative Updates and Achievements:**

- MAKVINO, Association of Producers of Quality Wines from Macedonia, was registered. The six wineries (Bovin, Cekorovi, Fonko, Pivka, Popov and Skovin) that initiated the establishment of this association developed the charter, membership criteria, as well as an action plan and work groups around the identified priorities of the organization. Divna Jordanovska, manager of Cekorovi Winery and NECC member, was elected president. Under her leadership, the association already started lobbying the Ministry of Economy and donor organizations in coordinating efforts of support of the wine industry through the activities of MAKVINO.
- Harvard Business School graduate students are doing a study on Macedonian wine and the prospects for the industry. The project is headed by Den Doncev, Macedonian businessman and graduate student at Harvard. The objective of the study is to provide analyses and recommendations for its strategic development. The Wine Cluster made contact with Bartol Letica, member of the research team. The study is expected to be finished and presented in May 2006.
- Fonko’s Chardonnay 2005 received a bronze medal at the Chardonnay Du Monde competition, held 9-12 March 2006 in France. Nearly 1000 different Chardonnays from 36 countries entered the competition judged by 300

- international wine experts. This award is recognition for the quality of Macedonian wines and an addition to the list of awards won by Macedonian wineries.
- On 23 March, the Wine Cluster held its close out ceremony to mark the successful finalizing of the support provided by USAID's Macedonia Competitiveness Activity. The event represented an opportunity for cluster members to celebrate success achieved in the last three years. It was followed by a wine tasting and a presentation for the media delivered by Venera Gelebeseva – Krstik, chief winemaker at Fonko Winery, and Goran Milanov, consultant winemaker at Popov Winery. The objective of the presentation was to raise awareness in the media about quality wine production and begin the process of building the culture of wine appreciation.

## **Apparel Cluster**

*Fifteen Apparel Cluster companies will benefit from the five-year export development program supported by CBI, the Dutch Center for Promotion of Imports from Developing Countries. The program that entails firm level assistance to selected apparel companies was launched in March 2006. The Apparel Cluster makes progress in reaching sustainability of the Textile Trade Association-Apparel Cluster by defining roles and responsibilities of the management board and the president of the association, deciding on a location for an executive office and outlining a detailed activity plan for 2006.*

### **2006 Initiative Results**

***Initiative No. 01/06 – Apparel Human Resource Development.*** An IESC VE was identified to assist the Faculty of Technology in the design of a new curriculum that would allow for university students to develop practical skills based on the needs of the industry. Due to the fact that the identified candidate for the assignment, Dr. Trevor Little (Head of apparel department at the North Carolina State University) was unavailable, the project was cancelled.

Five future instructors at Academia Italiana Strumica are participating in two-month training at Academia Italiana Florence. The training program is sponsored by USAID's HIDC project. The participants will learn teaching techniques used by Academia Italiana instructors around the world. The training is consisted of two parts, thus the future instructors at Academia Italiana Strumica will return in Italy in the fall to complete the full training program.

### **2005 Initiative Results**

***Initiative No. 01/05 – Joint Exhibition at European Trade Show.*** The initiative is completed and reported on in January-March 2005 Report.

***Initiative No. 02/05 – Improving promotion.*** The initiative is completed and reported on in January-March 2005 Report.

***Initiative No. 03/05 – Assessing potential for production improvements.*** The initiative was completed and reported on in October-December 2005 Report.

***Initiative No. 04/05 - Improving Production.*** The initiative is completed and reported on October-December 2005 Report. The IESC VE who was engaged to introduce the Progressive Bundle System in the two apparel companies selected to take part in the pilot project, is scheduled to return in Macedonia in May 2006. His assignment will include auditing of the operations and progress in the companies where the PBS was implemented, as well as providing assistance to implement this system in an apparel company that produces blazers.

***Initiative No. 05/05 - Feasibility Study for Foreign Direct Investment.*** The initiative is completed and reported on in October-December 2005 Report

***Initiative No. 06/05 - Government Regulations and Legal and Regulatory Reforms.*** More than 70 cluster company representatives attended a customs workshop organized by USAID MCA in cooperation with the head office of Macedonian Customs. Consultants from the Dutch customs authority, who will assist the Macedonian customs team in the next three years, elaborated the positive effects and obstacles in the implementation of the new customs law for inward processing. Cluster members had the opportunity to interact with the presenters regarding issues related to the implementation of the new Macedonian customs law.

***Initiative No. 07/05 – Apparel Human Resource Development.*** This initiative continues in 2006.

***Initiative No. 08/05 – Visit of Representatives of the Danish Textile Industry.*** Due to other identified priorities by the apparel cluster members, the initiative is postponed and expected to be completed in the second quarter of 2006.

***Initiative No. 09/05 – Second Round of Exhibiting at Trade Fairs.*** The initiative is completed and reported on in October-December 2005 Report. However, cluster companies continue to report new contracts with new customers in new markets as a result of leads generated at trade fairs they attended with MCA assistance:

- Kimico reported more than 350,000 euros of realized contracts for Spanish customers and is negotiating with Scandinavian and Italian customers after shipping two test orders of various cotton knit-wear items.
- Kuli reported that negotiations with an Italian customer began after delivering the third test order. The company expects to conclude the final one in September 2006.
- Tetex reported a 30,000 euro realized contract with an Italian customer based on a contact made at the Milan fair in 2005.

- Deltatex reported of 4, 1 million euros of signed contracts with Italian and Scandinavian customers.

### **Non-Initiative Updates and Achievements**

**Cluster sustainability** - By mid-January 2006, 63 apparel companies paid the initial membership fee of 100 euros to join the new integrated TTA-Apparel Cluster organization.

Several meetings took place until the members of the Apparel Cluster Leadership Council reached consensus on issues of great importance for the transition and sustainability of the merged Textile Trade Association - Apparel Cluster (TTA-AC). At the meeting in March 2006, the CLC members decided to use the criteria of regional representation in the nomination and selection of management board members and that the location of the executive office for the TTA-AC would be in Skopje. They also defined the roles and responsibilities of the president and the management board members and outlined a detailed plan of activities and initiatives for 2006. The CLC is planning to hire an executive administrator for the needs of the TTA-AC.

The drafted proposals on the above described issues will be presented for adoption by the general assembly of TTA-AC, scheduled for 12 April 2006 in Skopje.

### **Domestic Investments**

- Cluster company Amor-ko invested 250,000 euros in building a completely new production facility. After completion the plant is expected to employ additional 30 workers and 30 new machines.
- Cluster company VIT invested 180,000 euros to establish a new jeans factory in Stip with monthly production of 7,000 pairs of jeans.
- Cluster company Albatros opened a new factory (various apparel products) in ASTIBO complex in Stip with an additional 150 new employees.
- Cluster company Paltex (shirt production) invested 200,000 euros in a new GERBER automatic cutter, which improved their competitive position together with their subcontractors regarding production of high volumes, speed delivery and higher quality of their products.

### **Foreign Direct Investment (FDIP)**

- Arlen, the Polish manufacturer of specialty uniforms and other apparel products, is building a 'green field' production facility in Delcevo. The \$1 million investment will create about 100 jobs once they start with operations in September 2006.
- A joint investment made by a cluster company Maxima and their German business partner CANDA for production of classical men's trousers is expected to create 70-80 new jobs in Stip. Automated production equipment is moving from Poland to Macedonia.

### **Marketing and Promotion**

- Cluster company INT managed to attract a top European brand, Gerry Weber, to produce in Macedonia.
- Cluster member Sonitex was in a group that produced a test order of 6,000 skirts for a price three times higher than the usual.

**CBI** – After completing the audits of 15 pre-selected apparel companies, the five-year export development program was launched by the Dutch Center for the Promotion of Imports from Developing Countries in cooperation with MCA. The program will offer firm-level assistance to selected apparel companies in the areas of consolidating CM operations and increasing their profitability.

With assistance from MCA, CBI also completed an overview of the apparel industry and published a short version in the *CBI News Bulletin* ([Appendix 7](#)). The overview describes the history of the apparel industry in Macedonia, current status, the competitive and comparative advantages, opportunities and obstacles to further development. The bulletin is distributed to government agencies and businesses globally and provided an opportunity to position Macedonia as apparel destination in the world.



## ***Component D: Cluster Support and Sub-Projects***

### **Grants Program**

The grant application process was closed in September 2005 and during this quarter, the grantees implemented their activities and reported on initial results.

One grant was cancelled upon request and submitted documentation by the grantee. The travel agency **Dukat** from Kavadarci was unable to implement the activities for which the grant was originally approved and therefore submitted a request to cancel the grant. Also, **Story Bord's grant** was approved for a modification, where the activity of opening a new 2D animation school was replaced with scholarships to the most talented 3D computer artists from the industry to attend Softimage Training Center.

Slobodanka Velickova, grants administrator, worked closely with cluster members to help them with the implementation of their planed activities.

#### **Update on previously awarded grants:**

1. **Digital Media NGO** reports that 30 students that have completed Level II of the courses<sup>1</sup> of the [3D@eschools](#) are working on different projects commissioned by fx3x. The students are still in either high school or university and not available for/interested in full time work. Six or seven students who finished the course have gotten permanent jobs at fx3x or other companies. Ana Nikolovska, the pioneer student who developed Gorman, is now a Fulbright Scholar at the Savannah College of Art & Design in Georgia.
2. **MASIT** - During the last quarter, MASIT announced and implemented an Annual Awards activity, which is initiated and technically supported by WITSA. The main objective was to award the best three IT achievements for 2005<sup>2</sup>. On Net is one of the three winners. This company won in the category of Digital Opportunities for their Macedonia First Broadband Nation achievement and is among the six (6) winners of the WITSA 2006 Global IT Excellence Awards. The complete list of winners is at <http://www.witsa.org/awards06/WITSA-Awards06Winners.doc>. The winners will attend the Awards Ceremony, which will be held in Austin, Texas, at the 4 May Gala Dinner of the 2006 World Congress on IT.
3. **Axis Softimage Authorized Training Center** implemented three training courses, with 38 students, out of which 32 completed the tutorial successfully and have completed the final project, thus have received official certificates of competition for Softimage XSI training program. In April, a fourth group of 13 new students was to start taking classes. Six of the graduated students of the Axis

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<sup>1</sup> Reported in QR July – September 2005

<sup>2</sup> Reported in QR October – December 2005

Avid Softimage Training center have been hired for a six-month project on computer graphic and visualization effects at Axis Production. Another three students are employed with other PR and production houses.

Workshop for visual film effects, under the leadership of Steve Wright, expert in the digital effects industry from Hollywood, was held from 27 of February to 19 of March 2006, at the premises of Axis production and authorized training center for Avid and Softimage. From the 30 enrolled candidates, 20 received certificates for successful completion of the workshop.

4. **Liva Komerc**, the private operator of the **Stobi Visitors Center** has continued with promotional activities during this quarter. The Visitors Center was closed for part of the winter period due to unresolved issues with the heating of the facility. Thus the promotional event planned for February was postponed for May 2006. The Center was re-opened on 15 February. During this quarter, Liva Komerc obtained the necessary permits from the Institute for Preservation of the Cultural Monuments and the Institute for Preservation of the Cultural Heritage to be able to place a permanent mega-billboard indicating the location of the archeological site. The billboard will be placed in the vicinity of Stobi locality and will be visible from the highway. The billboard should be in place during the next quarter.
5. **ZONA**, an IT company in Prilep, was awarded a grant to support its market research and market penetration activities on the EU market. The results of the market research gave significant directions for improvement of their promotional and marketing strategy<sup>3</sup>. Upon the received results, the company re-designed the promotional material for its interactive dictionary CD and has incorporated product modification based on the received feedback. The company presented its product, an English-German CD dictionary, at a book fair in Frankfurt from 19 through 23 October 2005, among 7,200 other exhibitors from 101 countries.<sup>4</sup> Besides maintaining follow up activities with the two largest book and media product distributors in Germany, Klett and Langenscheidt, Zona has engaged two Diaspora contacts that will try to sell the product on the German market.
6. **Global Plus**, an apparel agent, was awarded a grant to promote the first textile logistic centre in Macedonia on the EU market. Global Plus is a logistic center for 59 textile confection subcontractors in Macedonia. During this quarter, the company printed brochures featuring the logistic center. The catalogue was printed in English, German, Italian and Spanish. The catalogues in Italian and Spanish will be used in the promotional package at the fashion trade shows and exhibits this year. MCA's support in this activity was to cover the expenses for promotional materials for penetration on the Italian and the market in Spain. Please see [Appendix 8](#) for brochures in English, Italian and Spanish.

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<sup>3</sup> Reported in QR July-September 2005

<sup>4</sup> Reported in QR October-December 2005

7. **Dukat**, a travel agency from Kavadarci, canceled the grant during this quarter. Dukat joined the foundation “Tikvesh Wine Road” where as part of the foundation’s activities the alternative wine tourism will be incorporated. Since the manager of Dukat was elected president of the foundation, she decided to put the development of the regional tourist offer a priority over the agency development plans.
8. **Gord Systems**, an independent software development company, focuses on development and implementation of e-business solutions for the healthcare system and the SME’s. During this quarter, Gord Systems visited the HealthCare 2006 fair in Harrogate, UK from 19 through 22 of March, as part of the market research and promotional activities on the EU market. HealthCare 2006 is specialized trade fair and conference for software solutions in the healthcare industry, and is the largest one in Europe of that kind. The purpose of the visit was to establish contacts with prospective partner companies which will be interested to distribute and resell Gord's product developed for the healthcare market. Follow up correspondence is under way and several follow up meetings are scheduled for April.
9. **Story Bord** was approved for a grant modification, where the activity of opening a new 2D animation school was replaced with scholarships to the most talented 3D computer artists from the industry, that need additional professional training to get them to a higher skill level. This request came after Stori Bord consulted members of MADE and the founders of Collaborative Media Group, where they agreed 2D training needs to be incorporated as a regular training, at a facility that has the capabilities to implement such a training to its fullest potential. It is planned to implement this training at a later date, when times and conditions are more appropriate, and prospects for this kind of projects are available. Story Bord extended the scholarships to seven computer artists to attend the Avid Softimage XSI course. The training started on 20 March, and the course should be completed by end of May. The courses are held twice a week at the Axis Authorized Training Center.
10. **Hotel Arka**, an active cluster member that focuses on improving their hotel practices, was awarded a grant toward their promotional efforts for increment in hotel road signs and billboards and production of brochures. During this quarter the Hotel has printed a hotel brochure / flyer ([Appendix 9](#)). The brochure was used on three regional fairs at the beginning of this year. Through the Hotel association of Macedonia – HOTAM, the brochures were distributed in Bulgaria at the Tourism Fair held from 22-24 February; on the International tourist exchange – Metubes, in Budva, Serbia and Montenegro from 1-3 March and on ITB in Berlin, Germany from 8-12 March. The brochures will be used on other promotional events during this year. The brochures are used in a direct mailing to Ministries of Economy – tourism department in the neighboring counties: Serbia and Montenegro, Bulgaria, Albania and Croatia.

During the previous quarter the hotel has placed several road signs in the city on both entrances from the airport and from Kosovo, than several of them were placed on the main streets of Skopje and in the vicinity of the hotel<sup>5</sup>. The hotel reports increment in number of overnights, where the guests have arrived at the hotel without previous reservation, guided by the road signs. They also received positive feedback from guests on the visibility of the hotel through the road signs.

11. **Gracija**, an apparel manufacturer, was awarded a grant for promotion of its own collections at the renowned fashion shows in London and Paris. The outcome of this activity was the best exposure and promotion of their brand as well as a huge number of contacts with selected buyers. Direct result of presentations of the autumn / winter 2006 collection, at the London Fashion Week from 16-th to 19th of February and on Zip Zone Exhibition from 2nd to 6th of March in Paris, are orders from a renowned boutiques from Japan and several boutiques in Paris, London and New York. The total amount of the orders so far is approximately \$42,500.

Gracija also reports a lot of press attention from *Vogue UK*, *Elle USA*, *Time out*, *Cosmopolitan*, *Glamour*, *Happy* magazine, *Grazia*, *ID Magazine*; several interviews: for TV program on BBC 1; for a magazine called *Chocolate* in Kazakhstan, a magazine in Russia and *Fashionista* from Canada. They had an article in *Financial Times* in December and a few articles in fashion magazines in Macedonia. Please see [Appendix 10](#) for copies of the articles in different magazines in Macedonia.

12. **Bergamo**, a relatively small apparel company that focuses on semi-heavy confection, was awarded a grant for promotional package. During this quarter, the company has started the activities by providing bids for the promotional materials and activities they want to produce and are working on the design and the promotion message they will include in the PR materials.
13. **Serta**, the slaughter house from Kavadarci, was awarded a grant for installation of additional equipment which was of essential importance in HACCP implementation and the requirements for lamb export on the Greek market, part of the Greek Test market initiative. Part of the equipment was obtained and installed in February and the second part was installed at the beginning of March, after which the slaughter house experienced increase of productivity of over 30%. This period of time the slaughterhouse is in full capacity as the slaughtering for the Easter lamb export to Italy and Greece is going on.
14. **Popov winery**, one of the small wineries, member of the Fine Wine Export Group and of the Association of Producers of Quality Wines of Macedonia "Makvino," was awarded a grant for development of web page for the winery. During this quarter the company started the activities by providing bids for the promotional activity as well as worked on the design and the content of the web page. MCA

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<sup>5</sup> Reported in QR October-December 2005

assisted them with guidance on the style and the marketing message the winery should incorporate in their web page presentation. The web page should become operational in the next quarter.

15. **Hotel Mramor**, is a family business providing hotel services, mostly for business people with temporary residence in the Skopje region. Grant was awarded toward their promotional activities. During this quarter the company has finished the design of the promotional materials to be produced. Please see [Appendix 11](#) for the design of the promotional material.

## ***Component E: Coordination and Synergy (with USAID and Other Donor Activities)***

Specific examples of USAID MCA's cooperation with USAID and other donor activities are provided where appropriate throughout this report.

<b>USAID Projects</b>	<b>Other Donors/Donor Activities</b>	<b>Other Entities</b>
RCI – Regional Competitiveness Initiative	European Agency for Reconstruction – Creation of a Vineyard Monitoring and Management System, Support of Reforms in Agriculture	Ministry of Economy: <ul style="list-style-type: none"> <li>• Tourism Department</li> <li>• Foreign Investment Agency</li> <li>• Export Promotion Department</li> </ul>
WTO Compliance Project	S-FARM 2 (Swedish government supported development program)	MAKVINO – Association of producers of quality wine from Macedonia
I-LEAD/E-Biz	SIPPO – Swiss import promotion agency	Macedonia Customs Office
HIDC/World Learning	GTZ – German Development Agency	University of St. Kiril & Metodius – various faculties
US Embassy Commercial Officer	CBI – Dutch import promotion agency	European Business Association
LOL/Agland	UNDP – UN Development Program	Chamber of Commerce of RM
Macedonia Connects	IFAD – International Fund for Agricultural Development	ATAM – MK travel agency association
	ICE – Italian institute for international trade	HOTAM – MK hotel association
	IFAD – International Fund for Agricultural Development	Chamber of Commerce of Western Macedonia
	SINTEF - The Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology	MASIT – Macedonian IT Association MADE – Macedonian Association for Digital Entertainment
		Western Sheep Breeders Association
		Eastern Sheep Breeders Association
		Deputy PM's office
		Macedonia Patriotic Organization
		San Francisco Rotary Club

## ***Component F: Gender***

Two cluster members were among the six Macedonian women honored by the US Embassy for their role in Macedonia's growth and development. Divna Jordanovska, co-owner of Cekorovi Winery in Kavadarci, and Gzime Fejzi, co-owner of Fejzi Diary in Gostivar, received awards at the reception organized by the US Ambassador, Mrs. Gillian Milovanovic in honor of the International Women's Day on 8 March 2006.

Both Divna Jordanovska and Gzime Fejzi have been active participants in MCA organized activities and series of trainings for development of leadership and entrepreneurial skills within the Businesswomen network. Furthermore, Mrs. Jordanovska and Mrs. Fejzi are members of the National Entrepreneurship & Competitiveness Council.

## ***Component O: Project Management***

In accordance with the previously approved staff reduction plan, several cluster advisors completed their contract with MCA and are no longer employed by the project:

<b>Name</b>	<b>Position</b>	<b>Engagement ending date</b>
Dori Pavloska-Georgieska	Tourism Cluster Advisor	15 January 2006
Ines Curapova	Tourism Cluster Advisor	31 January 2006
Aleksandar Blagoevski - Trazoff	IT Cluster Advisor	28 February 2006
Dejan Janevski	NECC Advisor	28 February 2006
Romela Popovic - Trajkova	IT Cluster Advisor	31 March 2006

Mr. Blagoevski-Trazoff and Ms. Popovic-Trajkova both formed consulting firms that are now active in the domestic market.

MCA requested a contract modification to close the project at the end of June 2006 when all contract requirements will have been met. Formal approval from USAID was still pending as the quarter closed.

This will be MCA's final quarterly report.



# **Appendix 1**

# Institute for Respiratory Diseases in Children

**FOR IMMEDIATE RELEASE**

4 April 2006

Press office: +389 (0)2 3091 711

Cell phone: +389 (0)70 226 666

Email: [makedonka@mca.org.mk](mailto:makedonka@mca.org.mk)

<http://mca.org.mk>

## PRESS RELEASE

### US based Macedonians Help Children with Respiratory Diseases in Macedonia

The Macedonian Patriotic Organization (MPO) donated a pulse oxymeter unit to the Institute for Respiratory Diseases in Children on April 3<sup>rd</sup>, with USAID's Macedonia Competitiveness Activity Project (MCA) assistance. This is the first in a series of donations that will help the Institute to modernize its medical equipment and improve its daily diagnostics and treatment practice.

"The new equipment will make treatment safer for children," said Dr. Nade Uzunova, Director of the Institute. "The pulse oxymeter is a much needed instrument for monitoring the heart beat and the level of oxygen in the blood when we examine or treat a child's windpipe or remove a foreign body from it."

The MPO plan to provide a cardiac ultrasound machine that would make treatment of respiratory diseases in children more accurate and efficient.

"The Macedonian diaspora is proud to invest in the wellbeing of the country of our origin. Investing in health will make a difference for the future generations" said Dr. Leon Speroff, an MPO member based in Portland, Oregon.

#### NOTES TO EDITORS:

The Institute for Respiratory Diseases in Children – Skopje is a specialized institution for treatment of children with lung disorders age 0 – 16. Non-specific (viral, bacterial and allergic) respiratory diseases are dominant among the hospitalized patients (around 3,500 patients/year) and patients with ambulatory care (around 20,000 patients/year), as well as patients with all forms of tuberculosis (around 150 cases in a year).

The Macedonia Patriotic Organization of US and Canada was founded in 1922. Its mission is to work for human, civil and economic rights for all Macedonians throughout the world.



## **Appendix 2**



**QUALITY LAMB DIRECT FROM THE FARM**

20 October str., no.17, 1000 Skopje, FYROM

March 28, 2006

Mr. Nikos Alexiadis  
Buyer  
METRO  
Soroi 1  
Metamorfosi- Greece

Dear Mr. Alexiadis,

I want to thank you for taking the time to visit with our marketing/sales team last week.

The information you shared with us concerning the lamb marketing business in Greece was very much appreciated and extremely helpful in building our overall knowledge of how the marketplace in Greece functions.

Our team has selected Angus Trading to represent LTM on the Greek market as exclusive agent. In its role as the exclusive sales representative for LTM, Angus Trading will be active on behalf of LTM. Please feel free to contact Mr. Theodor or Mr. Jordan Aslanidis at Angus at any time. The contact information for Mr. Aslanidis is tel: +210 958 5767, fax: +210 951 5455 and e-mail [ionaslanidis@hotmail.com](mailto:ionaslanidis@hotmail.com).

Sincerely Yours,

*John D. Willsie*

John D. Willsie  
International Trade Representative  
Note: Personal email address [jwillsie2@comcast.net](mailto:jwillsie2@comcast.net)

## **Appendix 3**

Mediterranean

The Times

January 28, 2006

## Make time for Macedonia

**Dramatic mountain and lake scenery, historic monasteries and churches and great food. What's not to like, says Tony Kelly**



Prime ministers and foreign ambassadors sat in the stone tiers of the Roman amphitheatre awaiting the opening of the Ohrid Summer Festival.

Crowds poured into the arena, many of them ordinary Macedonians who had paid £35 for a ticket, the equivalent of a week's wages. As the President finished his speech and took his seat, the audience hushed for the entry of the Spanish tenor José Carreras.

A performance from an internationally famous opera singer is not what you expect in the Balkans, but then Macedonia has a habit of defying expectations. In many ways, it is the forgotten country of the former Yugoslavia and the locals are hoping that events such as the Carreras concert will put their homeland on the map.

Most people would be hardpressed even to tell you where Macedonia is. Under Alexander the Great, it ruled an empire stretching from India to Egypt and Iraq, but these days its ambitions are rather more limited. After its peaceful break from Yugoslavia in 1991, it has been officially known as the Former Yugoslav Republic of Macedonia — a clumsy name designed to appease Greek sensibilities and distinguish it from the Greek province of Macedonia.

Until the 1990s, the country received half a million foreign visitors a year, but tourism dried up during the wars in Bosnia and Croatia and has yet to recover. This is a pity, since it means that people are missing out on magnificent mountains and lakes, historic monasteries and churches and some of the best food I have eaten anywhere.

The Spanish call a fruit salad a *macedonia de frutas* in a reference to the country's ethnic mix, but the description could equally be applied to the cuisine. A typical Macedonian meal begins with a spread of mezes such as *tarator* (cucumber, garlic, yogurt and walnuts), *pindzur* (roasted aubergine and pepper relish) and *sopska salata* (cucumber, tomatoes and sheep's cheese), accompanied by heaps of crusty white bread. Follow this with a grilled kebab or a mixed-meat casserole served in an earthenware pot, throw in a

bottle of Skopsko beer or organic Macedonian wine, and you have the perfect lunch.

I have to admit that my first impressions were not that promising. The capital, Skopje, was razed by an earthquake in 1963 and the city centre is scarred by the concrete brutalism of 1960s communist town planners. One of the houses destroyed was Mother Teresa's birthplace, now marked by a plaque at the entrance to a shopping mall. But as soon as I crossed the elegant stone-arched bridge over the river Vardar to enter the old town, I found myself in a labyrinthine souk of mosques, caravanserais and baths.

For 500 years, Macedonia was part of the Ottoman empire and the Turkish legacy is evident everywhere, from veiled women shopping for jewellery to skullcapped men answering the call to prayer from the Mustafa Pasha mosque. In the Bit Pazar, Skopje's sprawling outdoor bazaar, stallholders sell olives, almonds, raisins, spices, melons, cigarettes, silk dresses, car parts, mobile phones and second-hand TVs. Wailing Arabic music drifts from cafes and barbers' shops, and the scent of grilled meat and Turkish coffee hangs in the air.

During the warmer months, anyone who can afford to heads for the beach. Not the sea — the nearest coastlines are Albania and Montenegro — but the shores of Lake Ohrid, Macedonia's summer capital. "All of Skopje's high society moves down to Ohrid in summer," one diplomat told me.

Ohrid is a strange mix of historic pilgrimage town and modern holiday resort. Europe's first university was founded here by St Clement in the 9th century; it was the birthplace of the Cyrillic alphabet and remains one of the holiest sites of the Orthodox Church.

Chapels and monasteries line the lakeshore, none prettier or more spectacularly sited than the small 13th-century church of St John at Kaneo, on the cliffs overlooking the lake. But when you have had enough of churches and museums, have climbed to the 10th-century fortress and have visited the lovely Icon Gallery at the Church of the Holy Mother of God, it is time to chill out. I spent an enjoyable day here swimming in the lake, taking a boat trip across the water and dining on fresh Ohrid trout at a waterfront restaurant.

Tourism in Macedonia has a long way to go. Hotels in the main towns are comfortable but largely lacking in character. There are Roman remains which are not clearly signposted and ski slopes and hiking trails known only to locals. All this will change, but for now Macedonia is one of the least-known and least-visited countries in Europe — which in a strange way is all part of its appeal.

### **Top tips**

- There are no direct flights from the UK to Macedonia. The nearest airports with direct flights from the UK are Belgrade (Serbia and Montenegro), Sofia (Bulgaria), Thessaloniki (Greece), Tirana (Albania) and Pristina (Kosovo). Other options include Austrian Airlines (0870 1242625, [www.aua.com](http://www.aua.com)) via Vienna, and Croatia Airlines (020-8563 0022, [www.croatiaairlines.hr](http://www.croatiaairlines.hr)) via Zagreb.
- Explore (0870 3334001, [www.explore.co.uk](http://www.explore.co.uk)) has a one-week walking tour based in Ohrid and the Mavrovo National Park from £725; Regent Holidays (0870 4990911, [www.regent-holidays.co.uk](http://www.regent-holidays.co.uk)) has seven nights in Skopje and Ohrid from £595.
- Best Western Hotel Turist, Skopje (00 389 2328 9111) is a convenient choice in the centre of town. Double rooms are £85.



## **Appendix 4**

Година: 6 Број:1698 Вторник 2/21/2006

ВО ДИГИТАЛНАТА И ЗАБАВНАТА ИНДУСТРИЈА

### Македонија конкурент со Сингапур и Индија

Во Скопје се снимаше воено дејство со замислен партнер што по дигиталната обработка ќе изгледа како вистински воен судар. Сега се снимени само макети од тенкови и неколку статисти во борба, што по компјутерската обработка ќе изгледаат како многу повеќе



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раздвиженост како во тоа време" вели раководителот на Проектот на конкурентност на Македонија на УСИД, Македонка Димитрова.

Овие снимки што заедно ќе траат 2 до 3 минути се дел од работилницата за визуелни филмски ефекти што во Македонија се одвива под водство на холивудскиот ветеран Стив Рајт. Организатор на проектот е Колаборатив Медиа Груп и Македонската асоцијација на дигитална забавна индустрија. Режијер на овие сцени е Дарко Митревски, а на работилницата учествуваат 30 тина домашни автори во дигиталната технологија од сите студија што работат во оваа област. Идејата на целиот проект е Македонија да ја покаже својата конкурентност во овој домен што светот го користи и во филмската но и во сите останати индустрии, образованието и во науката. Како што велат организаторите тие имаат амбиција и во Македонија да се направи дигитална лабораторија која ќе ги има сите потребни предуслови да добие сериозен филмски проект и со тоа да стане конкурентна со Сингапур или Индија од кеде што големите студија ги користат овој вид услуги. (М. За.)

***Translation of the Article that appeared in the***

***VIP GALA No. 94, 2 March 2006, pp 56-57***

### **Shirok Sokak goes digitally back to 1912**

***Captions:***

***p.56***

***The City of Bitola provided technical support and conditions for unhindered shooting of the scenes***

***The Visual Film Effects Workshop to take place from 27 February to 19 March will be run by Mr. Steve Wright, visual effects expert from Hollywood, USA.***

***The finished product will be a 2-3 minute film material showing Shirok Sokak in Bitola in 1912.***

***Once the fighting and historical scenes are shot in locations in Skopje and in Bitola, the material will be processed with visual effects tools***



### ***Visual Film Effects Workshop***

The Collaborative Media Group, a leader in the Macedonian digital entertainment industry, shot scenes in Bitola main street Shirok Sokak to be used as a basis for the 27 February to 19 March 2006 run by Steve Wright, visual film effects expert \* from Hollywood, USA. The objective of this Workshop is to present the Collaborative Media Group to its clients abroad as a partner that can provide location as well as production and post-production services in film-making, and to strengthen the computer film graphic base in the Republic of Macedonia.

„Integration and ongoing development of the available human resources, as well as continued acquisition of new skills, are essential for the success of Macedonian film industry. Global digital entertainment industry is making rapid advance and high profits, and this is an attempt on our part to get a piece of the cake “ – Darko Mitrevski, the director of the scenes shot said.

The fighting and historical scenes shot in locations in Skopje and Bitola will then be processed by means of visual effects tools. The real conditions of filming, the use of director, the application of know-how technology for work with 2K resolution, and the direct application of 2D and 3D animation, compositing and other visual effects, are all parts of the workshop to be run by Mr. Wright. Post-production activities and visual effects development will take place in the AXIS Production and Certified AVID and Softimage Training Centre.

The finished product will be a 2-3 minute filmed material showing Shirok Sokak in Bitola in the year 1912, with people dressed in period-costumes and a complete animation of the architecture of the period, as well as fights between real and virtual partners in a Skopje location with added virtual effects, such as tanks and choppers.

„The Macedonian Association for Digital Entertainment Industry (M.A.D.E.) is grateful to the Collaborative Media Group who have unselfishly shared their resources and thus enabled the broader M.A.D.E. membership to participate in the Visual Film Effects Workshop. This is a big step forward in training skilled computer film graphic workforce,“ Branko Ognjanovski, M.A.D.E. President said.

The Collaborative Media Group has also given great personal contribution towards the realization of the idea for this workshop. The City of Bitola, in its turn, has provided technical support and conditions for unimpeded shooting of the scenes, and the USAID Projects on competitiveness and human and institutional development provided the expert as well as the media support.

**Captions:**  
**p.57**

***Steve Wright is a visual effects industry veteran with over 20 years of production experience creating Digital Effects and CGI for feature films and broadcast television commercials as well as three years experience in Digital Intermediate for feature films. His extensive film credits include “Ray”, “Ali”, “Traffic”, “Air Force One”, “Batman & Robin”, and many, many others. He is also a public speaker, published author, writer, and a widely recognized expert in the digital effects industry. One of his last professional positions was Technical Director for Digital Effects and Digital Intermediate at Kodak Cinesite, Hollywood, CA***

***“Global digital entertainment industry is making rapid advance and high profits, and this is an attempt on our part to get a piece of the cake, “ said Darko Mitrevski***



**Photographs: Dejan PANOVSKI**

## **Appendix 5**





From left to right: Dimitar Petrushevski (Skopin); Kiri Bogovski (Bovin); Pane Andov (Pivka); Ljupco Trajkovski (Fonko); Vladislav Popov (Popov); Divna Jordanovska (Cekorovi)

# THE MACEDONIA MASSIVE

Despite having very little experience as a wine-producing nation, Macedonia is going all out to make up for lost time. Dawn Cran delivers the lowdown

Macedonia is a country that people aren't quite sure about: it could be part of Greece or Turkey; it could be independent; it could be one of those confusing Balkan states. In many ways, Macedonia is all of these things, or at least it has been at some point in its history. At the moment it's independent and has been so since its peaceful secession from Yugoslavia in 1991. This is important, because the years since then can be seen as a make-or-break period for the country, and nowhere is this more relevant than in the realm of wine production.

To put things into perspective, wine from the Balkan countries does not play a major role in the global wine market, and Macedonia is currently among the least well-known wine-producing countries in the Balkans. To say that Macedonian wine

companies are up against it would be a positive spin on the situation. Furthermore, with the growing library of articles from the press referring to the existing worldwide wine glut, it's perhaps justifiable to have concerns about the lifespan of yet another emerging wine region.

However, while Macedonian wine is 'new' in the sense that quality wine from the region is only just beginning to arrive on the marketplace, there is nothing new about the production of wine in the country itself. Wine has been made in Macedonia since the times of the Roman Empire, and the tradition has continued through the arrival of the Slavs in medieval times, during the five centuries spent under the rule of the Ottoman Empire and throughout the Socialist regime beneath the wing of Yugoslavia. In fact, in the

1980s Macedonia accounted for two thirds of the total wine production within the Socialist Federative Republic of Yugoslavia (which included Slovenia, Croatia, Bosnia, Herzegovina, Serbia and Montenegro). With this kind of history, who can blame Macedonia for wanting to put its own stamp on the vineyards now that the country is finally free?

To this end, and with the help of funding from The United States Agency for International Development, six of the country's new privately owned wine companies have joined together to form The Macedonian Fine Wines Export Group. The aim is to make a strong move away from the bulk-wine production that characterised the industry under Socialism and to build up a new reputation for quality and individualism. Each member of the





Gjorgji Jovanov



Nada Šofjanova



Venera Gelebeseva-Krstik

group is fully aware that in order to make an impact on the world stage, it is vital to make a collective push towards brand Macedonia rather than attempt to branch out alone. This was the philosophy of Australia in the early days of its wine success, and the fact that it's been taken up by Macedonia – even in a small way – should be seen as the first step in the right direction.

The group has skirted around the problem of labelling itself as either New World or Old World, preferring to describe the wines as 'new wave'. Kiril Bogovski, chair of the group and owner/president of Bovin Winery, explained, 'We have a centuries-old winemaking tradition and are located on the old continent, so you could say that we are "Old World" wine producers. However, we are relatively unknown and new to the world wine market. Thus we're "new wave" producers.' In addition to Bovin, the other five wineries currently in this band are Skopin, Fonko, Popov, Pivka and Cekirovi. Although, according to Kire Andov, manager of Pivka, this number is likely to grow. 'It doesn't have to stay with six; we are always open to other companies dedicated to quality wine production,' he said.

#### The right product

Alongside a strong communal drive, the other crucial element involved in marketing a new product is finding that elusive USP. For Macedonia, this hasn't presented too much of a problem. There is an indigenous red-grape variety called Vranec (pronounced 'vran-its'), on which the hopes of the winemakers have been pinned. Gjorgji Jovanov, chief winemaker at Bovin, is clear on this point, saying, 'We believe that Vranec is our power because there is nothing to compare to it.' Dimitar Petrusovski, managing director at Skopin

agrees: 'Vranec has great potential if you know what to do with it.'

The subject of Vranec brings both a smile and a grimace to the face of most Macedonian winemakers. No doubt the smile is due to the sense of pride in their home-grown grape, while the grimace is there to indicate the menace of this little-known variety. There's a common tendency to slap a sex label on grape varieties, depending on their characteristics; and in the case of Vranec it's male testosterone all the way. The colour, when young, is powerful black/purple ink, which evolves into a deep ruby red with a bit of age. The drinker can look forward to vampire-black teeth after little more than a glass, and this puts the wine into the same category as a Yorkie chocolate bar: 'not for girls'.

Other indigenous grape varieties are grown, such as the white Zilavka, but these are generally restricted to use in blends and, on the whole, the wineries are keen to stick with the usual suspects. This is inevitable and necessary: introducing wines made from unrecognisable (and often unpronounceable) grape varieties would undoubtedly be commercial suicide. The flip side of this, however, is the problem of convincing a highly competitive marketplace that a Cabernet Sauvignon or Chardonnay from Macedonia is worth looking at.

In terms of terroir, there's plenty in its favour. The summers are long, hot and dry, giving a lengthy ripening period, while the cold winters allow a good recovery time for the vines. Macedonia is also a mountainous country with opportunities for high-altitude planting. Most importantly, perhaps, is the constant presence of what the winemakers call a 'rose' of winds. Jovanov, of Bovin, emphasises this point, saying, 'The wind keeps disease away from the vines, which

means that we only have to use chemical sprays around three times a year, unlike what's necessary in wetter climates.'

But how does this climate reflect in the wines? The almost unanimous answer to this question is fruit. The hot temperatures result in an overload of colour, flavour and alcohol, giving wines that 'are very rich in aroma and different fruit tastes', says Nada Šofjanova, chief winemaker at Skopin. And Fonko's chief winemaker Venera Gelebeseva-Krstik corroborates this: 'I would say that the fruity character distinguishes our wines,' she says. Goran Milanov, chief winemaker at Popov, adds, 'Concentrated fruit flavours are a key characteristic.' They make a good point, and the current absence of oak in most Macedonian wineries keeps the fruit in a starring role. That said, there's a lot of talk about bringing more oak on to the scene, and one can only hope this doesn't kill off the freshness and flavour showing through in the recent vintages.

#### The gang of six

And what of the six wineries themselves? There's a lot of variation, and it's here that the transitional aspect of Macedonia can be seen in stark and glaring clarity. Skopin is the third-biggest winery in the country – with a capacity approaching 20 million litres – and its tanks are huge, imposing and industrious, screaming of horing bulk production. But this is exactly what the country is trying to change, and Skopin has now been bought by the respected company Perspet AD Skopje, which has started a full scale investment into the winery, including new plantings, smaller tanks and modern equipment – all with a view to producing quality rather than quantity.

Far and away down the other end of the scale, there is the Cekirovi Winery, which



## MACEDONIA

occupies a mere stone-walled room of an unremarkable size. Most of the equipment here is manual or semi-automatic, and the white grapes are still pressed in an old Italian basket press, the likes of which one would normally expect to find only in a museum. Each year, 20,000 bottles are produced by owner/winemaker Kiril Cahorov, and although this quantity is small and the work very labour-intensive, the Vranec produced by this tiny winery shows the grape at its very best: modern, fresh, brims all the way.

The other four companies fall somewhere in between, and as yet Fonko is the only one to have built a brand-name winery in the heart of its vineyards. However, Bova is also in the process of big investment, with a view to producing a winery that is both good for the wine and visitor-friendly. And this isn't where it ends: owner Kiril Rogevski pointed out that he's currently building a second winery for his son – to introduce 'a lot of friendly competition'. These are the sorts of investment that are needed if Macedonia is to be taken seriously as a wine destination for both the trade and tourists. But this takes time and money, two things that Macedonia has in short supply. The wineries and winemakers are all slowly recovering from the Yugoslavian era of state ownership, and money from the new

private owners is only just becoming viable.

It's a very new and fragile time for the wine producers, and there are still a few odd bottles popping up, such as a semi-sweet Cabernet Sauvignon described as suitable 'for serving during breakfast', and a crazy blend of Chardonnay, Riesling and Sauvignon Blanc to create Bova's Symphony wine. There's also a veil of uncertainty over the handling of oak, and Vasilata Popov, owner of Popov, jokes that 'working with oak is very difficult, and maybe after 100 years we'll have it sorted. All you need is tradition.'

Joking aside, though, with the oldest vintages dating back little further than 2000, there is a distinct lack of knowledge regarding the potential evolution of these wines in either bottle or barrel. But this is all part of the fun of the fair, and nothing good has ever been produced without trial and error. Even in these very early days, the wineries have started to pick up awards from local competitions, such as World of Wines Belgrade. And Fonko has already received a hefty slap on the back from the UK in the shape of a Seal of Approval at the 2004 International Wine Challenge for its Chardonnay. There are also signs that the labels are going to be kept fairly consumer-friendly, with names such as Bova's Alexander (a blend of Cabernet Sauvignon, Merlot and Vranec) given to the more premium wines. Cashing in on a colourful history is generally a good move, and Alexander the Great has given Macedonia a great starting point. Fonko has also taken advantage of this conqueror

connection with its Bucephalus wine (Vranec), named after Alexander's horse.

### Finding a place.

One great universal truth is that there is rarely any substitute for hard work and genuine enthusiasm, and it's here that Macedonians truly excel. They also place a lot of importance on tradition, which is demonstrated each year on 14 February when the wine trade rejects St Valentine in favour of St Trifun (the protector of grape vines and wine) and takes part in a ritualistic blessing of the grapes and a symbolic pruning of the vines. The Macedonian Fine Wines Export Group came to the UK for the first time in September 2005, and a return visit is on the cards for spring '06. Looked at together, the six wineries have all the components necessary to make good wine – and in many cases, they are already doing just that. With established leaders of the 'good value for money' niche, such as Australia and Chile, looking to move up the price scale, perhaps there will be space for Macedonia here. Its wines are already

exported to Germany, Japan and the United States among others, so why not the UK? If the investments remain steady and the quality keeps edging upwards, it's only a matter of time. ■



Bova winery



Popov winery



## **Appendix 6**

## COUNTRY REPORTS

### MACEDONIA

Country code: +389  
GMT: +1 hour

#### AN OVERVIEW

Although today it is amongst the least known of the wine-producing countries of the Balkans, Macedonia does have a long history of producing wine. Indeed, during the 1960s, it accounted for two thirds of the total wine production within the old Republic of Yugoslavia, which then also included Slovenia, Croatia, Bosnia Herzegovina, Serbia and Montenegro. Since Macedonian independence in 1991, the wine industry has been trying to move away from the bulk-wine production that characterised the industry under Socialism, and to build a new reputation for quality and individualism. Six of the country's newly privatised wine companies have joined together to form The Macedonian Fine Wines Export Group with the aim of promoting brand Macedonia. Such indigenous varieties as the red Vranec and the white Zilavka could help provide Macedonia with those all-important signature wines, although the judicious admixture of "international" varieties will doubtless be necessary. However, it is investment in technology and marketing that will really get things rolling.

#### THE VINEYARD

**Total area under vine in 2005 (wine grapes only):** 22,400ha  
**Most important regions of production (and main grape varieties):** **Pcinja - Osogovo Region** (Eastern Region, stretching across Eastern Macedonia along the Pcinja River Valley), sub-divided into the wine districts of Kratovo, Kamanovo and Pijanec (Italian Riesling, Sauvignon Blanc, Muscat Ottonelle, Zupjanka; Gamay, Pinot Noir, Prokupski Merlot)  
**Povardarie Region** (Central Region, lying along the Vardar river valley, largest region with 80% of the vines and 85% of wine). Wine districts: Skopje, Orce Pote, Kocani, Strumica, Vales, Tikves and Gevgelija (Vranec, Merlot, Kadarka, Cabernet Sauvignon, Stanshina, Burgundy Black, Semederovka, Riesling, Semillon, Chardonnay, Zilavka, Temjanika and Blatsiteli)  
**Pelagonia - Polog Region** (Western region, stretching across Western Macedonia, including the Pelagonia and Polog basins).  
**Wine districts:** Tetovo, Kicevo, Prilep, Ohrid, Bitola and Prespa (Italian Riesling, Riesling, Blatsiteli, Zupjanka, Merlot, Burgundy Black, Gamay, Cabernet Sauvignon and Prokupski). Amongst the 20 different grape varieties grown in Macedonia,



Semederovka and Vranec comprise 80% of the total production.  
**Wine production in 2005:** 980,000hl (est) (2004: 817,216hl)  
**Average production in past 5 years:** 875,373hl  
Pcinja - Osogovo produces 4%, Povardarie, 85%, Polog - Pelagonia, 11%.

**2005 Vintage report:** A good year as far as the weather conditions during the vines' vegetative period. There were no extremely low temperatures the previous winter and that helped the final yield. Sufficient rain fell in the spring and there were no late frosts. The rainfall was favourably distributed throughout and there was little danger of the vines developing diseases. In the period of grape cluster formation the weather was warm, sunny and there were no rains. The weather was also favourable throughout the grapes' ripening period, and the air temperatures were not extremely high. The few days in the middle of July were an exception, with the air temperatures rising to as high as 40°C. But that was at the stage the grapes needed warmth. The nights all through the summer were not too warm, which meant that the vines were able to recover their lost vigour. The weather at the beginning of the harvest, around 1 September, was almost ideal for Chardonnay and Pinot harvesting. This year was particularly good for these two varieties and excellent wines can be expected. As for the Vranec, there was a brief rainy period at the time of its ripening,

which has caused a drop in the night temperatures and morning dews, all of which affected the quality of the Vranec grapes. In the last few days of their technological ripening, the grapes could not concentrate sufficient quantities of sugar (above 250g/l), and therefore this was not a favourable year for the Vranec: potential alcohol levels were no higher than 13.5%. Leaving the grapes longer on the vines and performing a late harvest was not an option. With the exception of this rainy period, the rest of the autumn was good for such other varieties as Cabernet Sauvignon, Merlot, Riesling, Sauvignon Blanc, etc. Because these varieties ripen late, they are more resistant to temperature oscillations and can stay on the vines longer, concentrating sugar, acids, colouring and aromatic components. This harvest was unusual in that Cabernet Sauvignon and Merlot ripened earlier compared with other years, almost at the same time as Vranec.

#### THE INDUSTRY

**Number of wine growers:** 4,000  
**Number of commercial wineries:** 31  
**Number of exporting wineries:** 25  
Wineries process about 65% of the total wine grapes while about 35% are processed directly by farmers for their own consumption of wine and grape brandy (rakija).  
**Wine associations and generic promotional bodies:** Macedonian

Grape Growers Association, Association of Grape Growers, Wine Producers, The Macedonian Fine Wines Export Group.  
**Industry structure:** Predominant small growers with average holding of 2.3ha who sell grapes to wineries that make and export their wines.

**Recent changes in wineries:** Wineries that used to be part of collectives have been privatised and are now state-owned. The new ownership has invested in equipment upgrades, reconstruction of the wineries to allow the production from table to bottled wine, as well as human resource development. These investments are geared towards improving the quality of the wines produced. There have been several small and medium-size wineries established in the past two years. Of new wineries, most producing and selling their wine on the market. Both Vranec, Skopje, Pcinja, Orce Pote, Kocani and Cakovo are the six founding members of The Macedonian Fine Wines Export Group.

**Other key developments:** Macedonian wine producers are adopting contemporary distribution packaging. The wineries have started to promote and market their wines in a more sophisticated way by selling their wine under Macedonian brand, suppressing their individual identity.

#### THE MARKETS

**Domestic market in 2004:** 95,875hl  
**Export market in 2004:** 503,700hl  
**Top export markets in 2004:**  
1 Germany  
2 Serbia and Montenegro  
3 Croatia  
Starting to export to UK in 2005.  
**Main export targets for 2005:** Existing markets with added interest in UK.

#### GENERIC PROMOTION

**UK generic promotion budget in 2005:** £100,000  
**Generic promotional activity planned for 2005:** At least two or three trade tastings focusing on specialised wine retail chains, restaurants and hotels. Media activity usually in line with wine fairs for importers and wine shows planned for late spring 2005. LFWSP

#### HARPERS DIARY

**Harpers 6 January 2005:** Special feature on Macedonia  
**Harpers 12 May 2005:** Special feature on Eastern Europe

#### Brands available in the UK and Ireland

**Bevin:** Agents for Bevin Ltd (UK)  
**Quvee:** Sava Int (UK)  
**Vranec Barrique:** Sava Int (UK)

## **Appendix 7**

# Made in Macedonia

The CBI now opens up its EDP for the garments sector in Europe's backyard

The CBI is extending its Export Development Programme (EDP) for the garments industry to Macedonia this year. Employing about thirty percent of the country's workforce, the industry has a lot of potential as an exporter to Europe and the United States. However, to compete with low-cost rivals from the Far East, the Macedonians need to make a lot of major changes. Given the quality of their work, their survival mentality and their willingness to change, they stand a good chance, says CBI consultant Dhyana van der Pols.

they will need to re-develop their competitiveness in order to survive. The fragmentation of the domestic market (former Yugoslavia, with 22 million inhabitants) is a further spur to reform. To face these challenges, the industry founded the Textile Trade Association in October 2003. Around 120 companies are members. Prior to this, USAID started a financial sector project in August 2002 which evolved into the Macedonian Competitiveness Activity (MCA), under which an Apparel Cluster was formed in 2004. All sector-related institutions are represented and work closely together in



The new Export Development Programme is scheduled to run from 2006 to 2011 and is aimed at manufacturers of outerwear (all garments except for under- and nightwear). The kick-off was a workshop called 'Be an interesting fashion partner in Europe'. Led by Van der Pols and co-consultants Maurice de Gruyter and Hans Hunink, the workshop included individual counseling sessions with garment manufacturers, a pre-audit and factory visits.

"What we want is to assist them in the transition from Cut Made (CM) to Cut, Made & Trim (CMT) and full-package", says Van der Pols. "Some of them, we trust, will get their first foothold on the EU market, others will try to consolidate their export position." A total of 37 Macedonian companies have entered the CBI's pre-selection process.

## New challenges

Since the independence of Macedonia in 1991, the country's garment sector has seen significant reforms. Through a rapid process of privatization 40 state-run giant consortiums have been broken down into 400 smaller, privately owned companies. Together, they account for a significant 33% of the country's garments exports. The Macedonian textile industry has a long tradition. Plants are situated throughout the country, with a bigger concentration in the region of the city Štip. Largely export-oriented, the sector supplies both the European Union and the United States markets with final products. Around 90% of these exports are made under CMT. But the Macedonians are well aware that in view of global repositioning and the relocation of large amounts of garment production to China and other Far East countries,

Experts of the CBI check out some production facilities in Macedonia.

this cluster. As exporters to the EU, the Macedonians have the obvious advantage of being located in Europe's backyard. They also have a lot of experience with EU buyers and a good name. "They can provide a good quality product at a CMT rate of only 0,07 euro's per minute and they're flexible enough to be able to produce smaller series at sharp lead-times", says Van der Pols. But there's bad news, too. The industry, Van der Pols says, is highly vulnerable and although the level of professionalism, operational maturity and marketing varies from one company to the next, the sector as a whole faces the same obstacles.

## Barriers

For starters there is a language barrier:



most Macedonian chief executive officers do not speak English and depend on their children in this respect. Next, the absence of a progressive banking system means short credit lines come with a 12 to 18% interest rate, which limits manufacturers to CMT. To make matters worse, local resources or raw materials are virtually non-existent.

A further drawback is that a large part of the companies are capacity- or bulk order-oriented and lack both product development knowledge and an awareness of fashion trends.

"Practically all some of them can do is feed the lines at an average gross margin of 5% on operations", says Van der Pols. The result is a painful cash-flow figure. Entrepreneurs are also crippled by high social costs for workers, which constitute up to 80% of salary costs, and by a legal obligation to offer employees long-term contracts although there is a conspicuous lack of skilled workers.

"At this stage, the supply chain is fully controlled by the buyers", says Van der Pols. "They provide the fabric, trims and yarns to the manufacturers and dictate the CMT rate, with decreasing prices and volumes for their own benefit."

#### Turning the tide

To turn the tide, the Macedonians will need to gain knowledge on pre-production, sourcing, product development, finances and efficiency. The transition to Ready Made Garments and full-package will have to take place gradually in accordance with each company's potential. The CBI programme will provide them with tailor-made technical assistance and a cluster approach when it comes to training on general sector issues.

The kick-off workshop already introduced several sector-specific topics, such as EU market entry, how to target customers, a fashion forecast, export marketing and strategy, sourcing and procurement, enhancing productivity and efficiency and sound financial management. All these topics will be addressed in more depth during future technical assistance missions to each company. The workshop also included a discussion on the participant's own SWOT analyses of their sector and the outline and content of the CBI programme. The workshop was organised with the help of USAID / MCA.

## **Appendix 8**

## Manufacturing apparel

**Apparel manufacturing** takes place in specialized factories whose selection is based on their particular range of production. The highly skilled labour force enables production flexibility and quick turnaround of modifications and ensures quality products.



## Quality control

The Logistic Centre equipment and laboratory enable full **quality control** of all raw materials. Production control of sub-contractors is continuous throughout the production process and is supervised by a professional team of quality controllers. **Final quality control** and finishing take place in a specially equipped department of the Logistic Centre where each piece is subjected to rigorous control according to the customer's standards.

## Purchase of raw materials

Global Plus can save clients valuable time and unnecessary expenses by **purchasing all raw materials**. With this option, the client doesn't need to finance, transport or store raw materials. Customers may also choose to supply their own fabrics and trimming.



## Pattern production

**Pattern production** is an important part of the Logistic Centre. Based on previously agreed designs, patterns are produced using CAD/CAM technology. Global Plus works with two ultra modern Gerber V8 softwares and has two Gerber and one Lectra FlyPen plotters.



## Engagement of sub-contractors

**Global Plus** has production arrangements with an extensive network of more than 50 Macedonian ready-to-wear apparel and knitted goods' manufacturers and sub-contractors, as well as with highly sophisticated washing, embroidering, quilting facilities and other service providers.



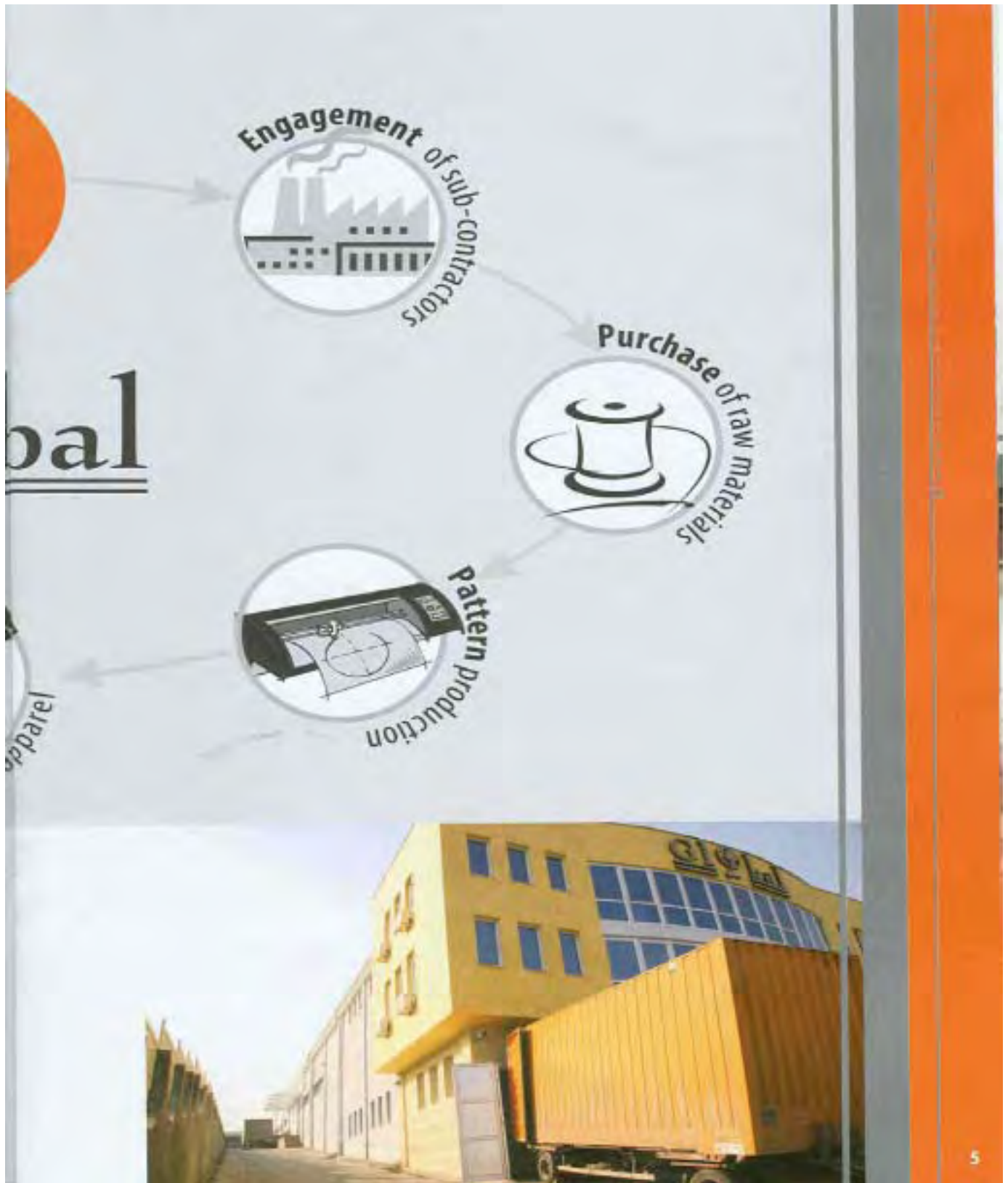


## Clients

**Service begins and ends with the client.** Global Plus offers its customers complete service, from raw materials to finished products delivered as the customer ordered. Our key customers are in Western Europe and the United States. More than 80% of Global Plus' production is destined for Western European customers, mainly in Germany, Holland and Italy.

Among Global Plus' most significant customers are:

- In Western Europe - Steilmann Gruppe, Seidensticker, Canda, Mark Aurel, She, G. Weber, Splendesto, Camel Activ, DB Style, Jacques Britt, Jobis, Bonita, Burton, Julie Garland, Dino Moda, Jean Chatel, Profil Textil, Pionier, Upim and Coin;
- In the US - The May Co, Sears, The Limited, Gallery, Perry Ellis, Chadwick's, Jones New York, Marshall's, Kohl's, Burlington, Kelwood and Halmode.







## Full service

### Logistic Center

The **Logistic Centre** provides full package service and connects foreign customers and Macedonian producers - small and medium-sized apparel manufacturing companies. Through the Logistic Centre, customers have a unique opportunity to benefit from Macedonia's modern apparel industry. The Macedonian industry is well organized along the entire production process and can easily adapt to the specific requirements of foreign clients. Global Plus uses only highly specialized local labour throughout the apparel production process. This enables the company to maintain high product quality at lower production costs, to increase production flexibility and efficiency, and to offer a wider range of products.

## Logistic support for your vision

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**Global Plus** is a regional leader in apparel manufacturing with top quality production, strong work ethic and keen ecological awareness. Always offering professional, flexible, prompt and full service, Global Plus represents a global competitor in the world apparel market.



**Vladimir** Icokeev



**Anastasija** Caparoska



**Darko** Darkovski

## Company profile

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**Global Plus**, established in 1990, is a market leader in apparel exports in Macedonia and Southeast Europe. The company employs 65 professionals and uses the latest high technology equipment, owns a fleet of trucks and provides forwarding services. Current annual capital turnover totals 15.000.000 Euros. Global Plus' Logistic Centre is the first of its kind in Macedonia and plays a key role in the manufacturing chain. As a leading exporter and intermediary of ladies' and men's ready-to-wear fashions, Global Plus keeps abreast of current trends in design, technology and market needs. The company is an ideal strategic partner owing to the easy approach to European markets through an excellent transportation system.



## GLOBAL PLUS means

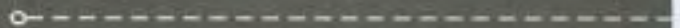
- **TOP QUALITY** services based on modern technology and highly professional service,
- **HIGH FLEXIBILITY**, which means rapid manufacturing modification according to customer needs,
- **FULL SERVICE** from raw material through final product and
- **PROMPT DELIVERY**, thanks to a favourable strategic location.







Gl  bal  
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## Delivery/transportation

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Delivery is according to customer instructions. Global Plus' location in Skopje and Macedonia's excellent transportation network mean that the company can provide fast turnaround. In 2-3 days maximum Global Plus can deliver to any European country. Lead time for full package service is 90 to 120 days, and 2-3 weeks for CM.

### **Company-owned transportation**

Global Plus provides transportation by modern, specially equipped vehicles for all stages of the manufacturing process. Global Plus' fleet consists of 2 trucks equipped for hanging goods, 7 vans and 2 pick-ups. The company also has access to other local and international transportation providers.



## Global Strengths

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- Top quality
- Flexibility
- Full service
- Prompt Transportation



## Warehousing

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Fabric and trimming are stored in **Global Plus' 4.000 m2 warehouse**. A hanging warehouse with capacity of 50.000 pieces enables prompt receipt, storage and delivery of finished products. In addition, the Logistic Centre has a bonded warehouse for raw materials purchased in advance.

## **Appendix 9**



#### POOL BAR

Enjoy your stay relaxing by the pool and in magnificent view of Skopje.  
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HOTEL  
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HOTEL RECEPTION



RESTAURANT



CONFERENCE ROOM



CLUB ROOM



RESIDENCE SUITE

**STANDARD ROOM**  
Room space 18 m<sup>2</sup>  
Bathroom space 4 m<sup>2</sup>  
Bed size 1.00 x 2.00 m

**CLUB ROOM**  
Room space 29.1 m<sup>2</sup>  
Bathroom space 6.1 m<sup>2</sup>  
Bed size 1.00 x 2.00 m

**DELUXE ROOM**  
Room space 26.7 m<sup>2</sup>  
Bathroom space 6.8 m<sup>2</sup>  
Bed size (two single beds) 1.00 x 2.00 m

**RESIDENCE SUITE**  
Suite space 41.2 m<sup>2</sup>  
Bathroom space 6.8 m<sup>2</sup>  
Bed size 1.00 x 2.00 m  
Extra bed size 1.20 x 1.00 m



**RESTAURANT**  
Extraordinary place for great parties,  
cocktails and celebrations



**CONFERENCE NETWORK PROGRAM**  
Three completely equipped conference  
rooms for successful conferences,  
seminars, work shops, presentations and  
press conferences



## **Appendix 10**

*VIKEND, 8 October 2005*

## LIPKA UNIT

### MACEDONIAN FASHION ON THE ROUTE LONDON – PARIS

*Lipka is a name of a flower that grows in the Macedonian mountains. Lipka Unit is a fashion line of the two fashion designers – Lidija Georgieva from Paris and Ivana Koceva from London, that decided together to penetrate the fashion world.*

Together we are stronger – maybe sounds as a slogan from the past times, but it certainly stands for the fashion designers Lidija Georgieva and Ivana Koceva. Following the examples of designers' pairs that are not rare in the world of fashion – as Proenza Schouler, Gharani Strok, Viktor & Rolf, Eley Kishimoto – Lidija and Ivana created the fashion line *Lipka unit* half year ago. Its roots, at least those considering designers, are in Macedonia where it's produced, the initiative was born in Paris, and it saw the light of the day at the London Fashion Week in September, more precisely at the fashion show held within the Week. Apparently, the complex geography in the "biography" of the collection can be easily explained. Lidija has been living in Paris more than ten years, where she worked in the designers' teams of the famous fashion houses as Rochas and Pierre Balmain, and during the past years she sold her collections in the top boutiques for designed clothes as Isetan in Japan and Shine in Paris. Ivana, on the other hand, after the success with the collection *Virus* in Macedonia, placed herself in London, and this season creations signed Ivana K. can be seen in the famous boutique Concrete in Central London and also in other places of England and Ireland, and in Los Angeles and Tokyo. But, the name itself asks for an explanation – Lipka Unit.

- After long thinking whether to use our names or surnames, nothing sounded well for us, so Lipka Unit came with the first two initials from our names in the first word. Otherwise, lipka is a name of a flower in the Macedonian mountains that is linked with our roots. *Unit* from united which also means something more formal, but no so floral, something as link between two contrasts – explains Ivana.

The name came in the end, just before the publishing of the catalogue for the first collection. They both admit that they were more concentrated on working on the collection. And as Lidija said, the joint creation of the fashion line didn't differ from any of their previous work.

- This collection is made by passing all possible phases that a collection has. Ivana came up with her research from London and I had mine from Paris. First we began talking and afterwards the choice of fabrics, colors, threads, was made. After that the forms were created and then the handicraft as a kind of finishing of the whole sentence – said Lidija.

The presentation of the spring/summer 2006 collection is over, and the result is something like a small tale, because as they said, they drew the inspiration from the tales. When it is transferred on clothes it means elegant, wavy skirts, layered dresses, kimono-jackets, jackets and pants – all with complex composition. On some part of the creations tiny myth creatures were printed, and on all of them hand-knitted details were added. Then, delicate pieces of fabric were inserted on the knitted models.

Each model was carefully filtered by both of them.

Ivana doesn't leave out anything, not a detail. I also do that in my way. Those two filtrations of ours gave the result, and we certainly hope that the second collection will be much stronger, as we already know each other and some phases will be shortened in the interest of the creating result – added Lidija.

Lipka Unit aroused great interest in London, particularly among Japanese clothing distributors. But Ivana said that they were not turned only toward that market.

Maybe some adaptations should be made sometimes regarding the colors – that is most commonly requested, different color for different market. If there is need, more specific choice from the whole collection can be made, having in mind that part of the collection meets the requirements of a specific market, but there is a choice.

After the *London Fashion Week*, next stop for *Lipka unit* is the display hall Zill Zon in Paris which is open during the Paris Fashion Week, the last in the fashion cycle. It is known that the clients from the big boutiques make decisions there on what to order for the next season. It is probably going to be there, where the decision on where will the first joint collection of Lidija and Ivana reach, will be made.

Twice a year, in parallel with the London Fashion Week, the London Fashion Display is held, as for which the organizer, British Fashion Council, through an application process chooses about 170 fashion designers and houses, that present their newest collections. On the last display, that was held from 18 to 21 September, among the British designers, who showed how did they see the fashion for the spring/summer 2006 season, for the first time were several Macedonian names. Beside *Lipka unit*, a London designer Igor Pachemski presented himself with his men's underwear collection *Yes Master*.

Tome Dzhambazovski



ЖИВОТЕН СТИЛ АНА КОНТРАДЕНКО

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НА ИВАНА КОЦЕВА  
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СЕЌАВАЊЕ НА ВИЛМА ТРАЈКОВСКА

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**СИЛАТА СЕ ЦРПИ  
ОД ВИСТИНАТА**

**трагични по возбуди**

**МАКЕДОНКИ НА  
ПОКРИВИТЕ НА СВЕТОТ**

**носталгија**

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**СО "СОУЛ-РЕЛИ" БЕВ  
ЧЕКОР ПРЕД ВРЕМЕТО**

**ПОДАРОК ЗА ЧИТАТЕЛИТЕ:**

**РАЗГЛЕДНИЦИ  
СО ФОТОГРАФИИ ОД "УЛИЦА"  
НА МИЛЧО МАНЧЕВСКИ**

ГВЕН СТЕФАНИ

**ДЕВОЈКАТА ШТО НАПРАВИ  
ПРЕПАД НА МУЗИЧКАТА СЦЕНА**

горн

 **FABER**



Неделник за паметни и модерни

# ТЕА

МОДЕРНА

бр. 269, год. VI, среда, 26 ОКТОМВРИ 2005

**3 СПИСАНИЈА  
ЗА 30 ДЕНАРИ**

**ТИН ШЕМА**

**ТЕА КРСТОЗБОР**

**модеи тренд**

**КОМБИНАЦИИ  
ВО КОИ КЕ БИДЕТЕ  
ЗАБЕЛЕЖАНИ**

ОЛГИЦА ХРИСТОВСКА  
**ЉУБОВТА СО ДЕЈАН  
МЕ ПРАВИ ЕМОТИВНО  
ИСПОЛНЕТА И СРЕКНА**

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## **Appendix 11**

