

CENTER FOR RESEARCH AND POLICY MAKING

**MIGRATION AND DEVELOPMENT: CREATING
REGIONAL LABOUR MARKET AND LABOUR
MIGRANTS CIRCULATION AS RESPONSE TO
REGIONAL MARKET DEMANDS**

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Introduction

Since the democratic transition Macedonia has often been singled out among the other countries from South East Europe as having a very high unemployment rate. Due to historic reasons having much to do with the unsound economic policies during socialism on the eve of the transition period Macedonia had more than 150 thousand unemployed persons and about the same equal number of over-employed persons.¹ As a result the country has not been very attractive for foreign citizens, especially when it comes to immigrating for economic purposes. In fact the Macedonian story is much more of emigration than of immigration.

This trend has not changed during the transition years, the difference being that previous emigrants from the country were usually manual labourers, while today more frequently the highly educated work force is emigrating from the country. Hence, brain-drain is “one of the biggest problems of the country, linked with loss of investments in human capital, creative work force, etc.”² Though lacking a comprehensive migration strategy, due to the Europeanization processes, Macedonia has made some progress in the recent years amending its legislation in the area of migration in compliance with the EU standards. However, for Macedonian perspective, there is not a great urgency in defining the “rules of the game” concerning labour migration to Macedonia. At the moment the country is not attractive for labour migrants. Since many of the challenges in this area are foreseen to be dealt at medium term, many changes of the legislation dealing with migration are expected to be seen in the near future.

¹ Janeska, V., Mojsovska, S., Aleksevaska, M. EU Enlargement and Its Impact on the Social Policy and Labour Markets of Accession and Non-Accession Countries, Euro-Balkan Institute, 2003
www.praxis.ee/praxis/admin/texts/Makedoonia.pdf

² Mojsovska, S., *Introductory Notes: EU Enlargement and Its Impact on the Social Policy and Labor Markets of Accession and Non-Accession Countries*, Euro-Balkan Institute, 2003 (p.6)
<http://www.praxis.ee/praxis/admin/texts/Makedoonia%20S.Mosjovska.doc>

I

Characteristics of the Macedonian labour market

1.1. Historical overview of the labour market trends

In the pre-transition period, employment in of Macedonia experienced a continued growth, with the largest number of employed persons (about 516,500) registered in 1989. The beginning of the transition was characterized by a rapid decline in the number of (registered) employed persons (Table 1a). At the same time, the informal employment was on the rise, although it was not accurately represented in the SSO data on employment. According to the Payment Office, the number of persons earning salaries in 2001 amounted 420 thousand, only about 300 thousand of which were formally registered.³

Several attempts to estimate the size of the informal economy were made, resulting in very large deviations in the approximated number of employed persons. For this purpose, the Labour Force Survey was first implemented in 1996, encompassing the informal sector and the economically active population in the agriculture (including the non-paid family workers). The Survey showed that the number of employed people (according to ILO standards⁴) between 1996 and 2006 has not changed dramatically and was around 500 thousand. What has most probably changed is the number of people registered as being employed.

Table 1a. Number of employed and unemployed persons in the Republic of Macedonia (1981-2002)

Year	1981	1989	1990	1994	1996	1998	2000	2002
Employed persons								
Administrative	453,378	516,500	507,324	395,686	339,824	310,213	313,558	280,989
LF Survey	-	-	-	-	537,591	539,762	549,846	561,341
Unemployed persons								
Administrative	126,645	150,400	156,323	189,906	235,135	275,232	366,211	374,113
LF Survey	-	-	-	-	251,489	284,064	261,711	263,483
Unemployment rates								

³ *Ibid.*

⁴ Persons that: during the week of the report have worked for money (in cash or in kind) or for profit at least one hour; during the week of the report were temporary absent from work, but were formally employed; were helping on the family estate or in the family enterprise without pay

Administrative	22.5	22.5	23.6	32.0	40.9	47.0	53.9	57.1
LF Survey	-	-	-	-	31.9	34.5	32.2	31.9

Source: State Statistical Office of the Republic of Macedonia, Employment Agency
Adapted from: Janeska, V., Mojsovska, S., Aleksevaska, M. *EU Enlargement and Its Impact on the Social Policy and Labor Markets of Accession and Non-Accession Countries*, Euro-Balkan, 2003

The World Bank's analysis of the labour market showed that Macedonian unemployment is not a result of the labour restructuring during transition, but of the decades of insufficient labour demand. They estimate that the transition has contributed to only 8 percent in the overall unemployment, whereas the stagnant situation of the long-term unemployed, which has sustained from before the transition, represents a stronger share in the overall unemployment rate. However, they conclude that unemployment, in the sense of "complete inactivity is rare and that unpaid work on family farms, petty trade, and other casual employment has cushioned the impact of the gradual disintegration of the formal job market for many Macedonians."⁵

1.2. Characteristics of the labour market in the country 2004-2006/7

The labour market in Macedonia has not changed significantly in the last four years. The labour force participation rate has been strikingly low, with only 52 to 55% of the working-age population being economically active (see Table 1b). The employment rate has experienced a rather sharp decline in 2004, followed by a slight increase in the past three years (Graph 1). However, it is still very low and at times almost equal to the unemployment rate (according to ILO standards). The size of informal employment has not been officially determined, but is estimated to comprise 30% of the unemployed people⁶ and account for about 35% of GDP in 2004⁷.

Table 1b: Labour market indicators, adult population aged 15-64, 2004-2006/7

Rates	2004	2005	2006	2007 ⁸
Labour force participation rate	52.2	54,1	55,1	55.8
Employment rate	32.8	33.9	35.2	36.7
Unemployment rate according to ILO	37.2	37.3	36.0	34.2
Long term unemployment	85	86	86	82

Source: SSO and Employment Agency

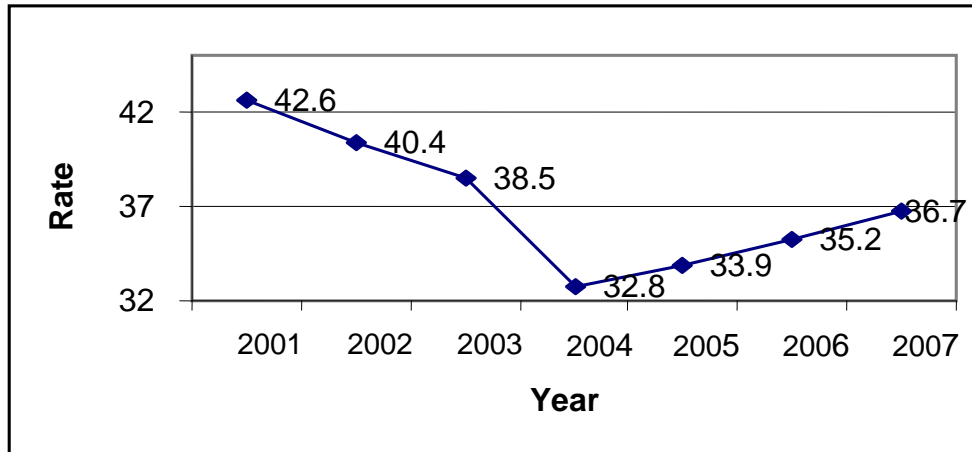
Graph 1. Employment rates in the period 2001-2007

⁵ World Bank *FYR Macedonia Country Economic Memorandum: Tackling Unemployment*, 2003 (p.33)

⁶ Source: ILO Bureau of Statistics on the basis of official national data

⁷ Center for Economic Analysis, *Report on the Labor Market in Macedonia*, March, 2005

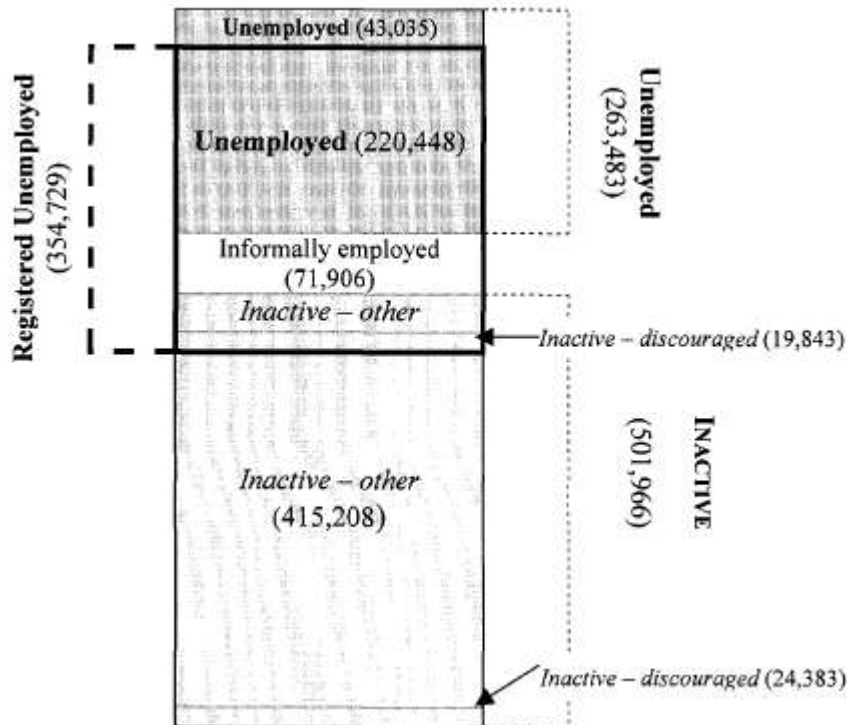
⁸ The data for 2007 refer to the third quartile since the 2007 LFS was not available during the time of preparation of the analysis



Source: *Nacionalna Strategija za Vrabotuvanje: Aneks- Statisticki pokazateli*; SSO, LFS

The largest number of unemployed people belongs to the group of long-term unemployed⁹, part of who are believed to be discouraged workers that have stopped actively seeking employment. The World Bank study on ‘Tackling Unemployment’ in Macedonia provides the following picture (Figure 1) explaining the composition of unemployment and inactivity in 2002.

Figure 1. Decomposition of unemployment in 2002



Taken from: World Bank: *FYR Macedonia Country Economic Memorandum: Tackling Unemployment*, 2003

⁹ Unemployed for at least one year

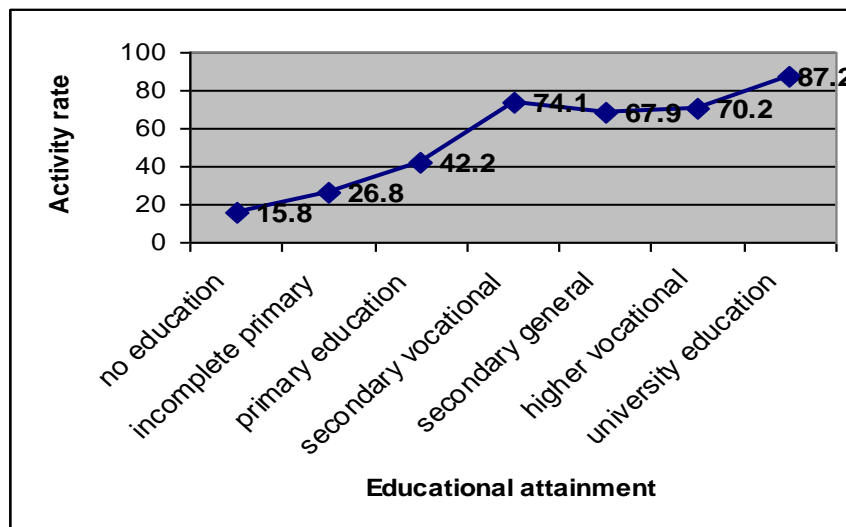
A significant number of the registered unemployed are actually working in the informal sector and part of them are not actively seeking job. They represent 25%-35% of the unemployed population and usually register in the Employment Agency to receive health benefits which are provided free of charge for the registered unemployed.

Working age population in the period 2004-2006/7

An overview of the structure of the **working age population**¹⁰ (Table 2a-Appendix) indicates a low educational attainment of many among this population. Namely, almost 50% have not completed the compulsory primary school. An especially worrying fact is that the share of the low educated work force in the total working age population has not reduced, and the share of the highly educated population (college and university graduates) has not increased in the past years (from 2004-2007).

Among the **active population**¹¹ (Table 2b-Appendix), men are significantly more active than women (though equally represented in the working-age population). The largest share of the active population is comprised of primary and high school graduates, followed by university and vocational secondary school graduates. In general, there is a trend of the higher educational attainment to be accompanied with a higher activity rate, i.e. the lower the educational attainment – the lower the activity rate and vice versa (see Graph 2).

Graph 2. Educational attainment and activity rate (2006)



Source: SSO, LFS

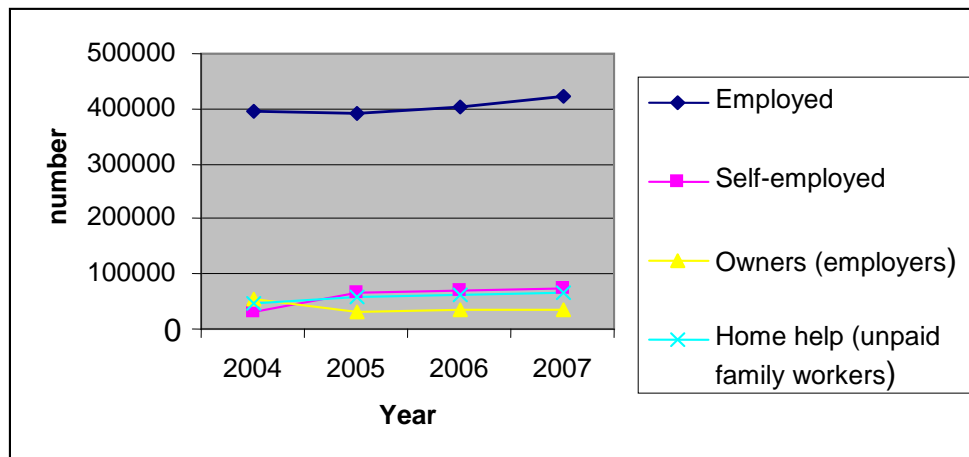
About 70% of the active population in the past four years were employees at other firms, whereas a small number were self-employed, owners (or employers) and home-help workers (Table 2b-Appendix). An interesting trend can be noticed here as the increase in the number of self-employed people was accompanied with a decrease in the number of

¹⁰ Population over 15 years

¹¹ Employed people or unemployed actively seeking employment

employers, which may indicate that part of the employers became self-employed (Graph 3).

Graph 3: Economically active population according to type of activity



Source: SSO, LFS

Employment in the period 2004-2006/7

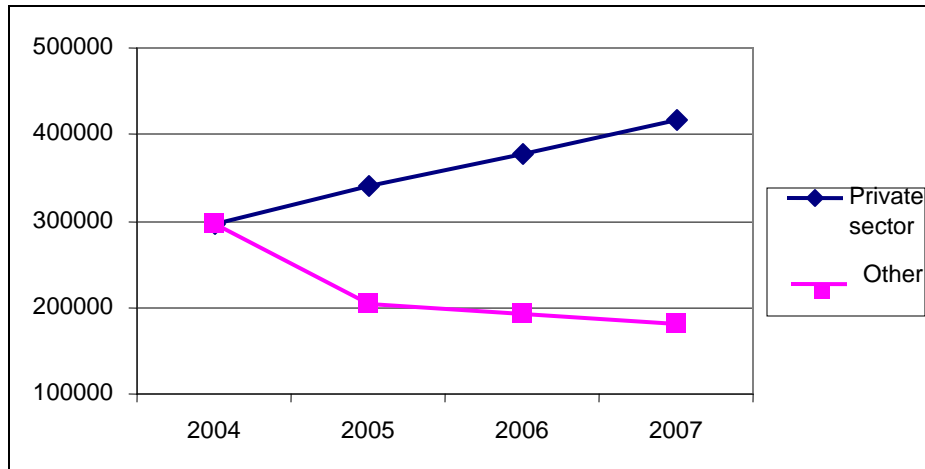
The employment rate in the period 2004-2007 was almost twice as higher among men, which is to be expected since men comprised larger number of the active population. Regarding the employment according to age groups, a striking fact can be noticed. Only about 35% of the young economically active people (aged 15-24) were employed, whereas more than 65% of the population aged 25-54 was employed according to the ILO criteria (Table 3-Appendix). This trend is partially due to the fact that large number of the 15-24 aged population still studies, but also as a result of the low flexibility of the labour market, especially in regards to the scarce possibilities for part-time work. The employment rate is expectedly the highest (from 80-90%) among the active population with higher educational attainment (i.e. college or university), and encompasses about 50% of the other educational groups.

The number of employed has increased from 2004 to 2007, but the rise in terms of its share in the active population has not been very drastic (2.5% difference from 2004-2007). This increase has mostly been evident among the population with secondary school and vocational degrees and less within the highly educated population. What is more, the share of the highly educated individuals in the total employed population has even decreased. A positive trend has been noticed in the employment of the rural population (Table 3-Appendix), which is likely to be related to the increased employment in the agricultural sector (Table 4-Appendix).

In terms of employment according to business activities, services have been the leading economic activity in the past four years, especially in the non-private sectors. The industrial sector has been the second largest employer, followed by the agriculture sector. It is worth noting that Kjosev *et al.* claim that ‘the main part of the informal economy operates in the services sector (...) New jobs in services can be divided into low-quality

jobs and high-quality jobs, the latter in business services, public administration and especially financial services'.¹²

Graph 4: Number of employees in the private and other (social, mixed, collective) sectors



Most of the business activities from the private sector have experienced a trend of increased number of employees since 2004, accompanied with a simultaneous decrease in the numbers of employees in the other sectors (state, mixed, collective) (Graph4, Table 5-Appendix).

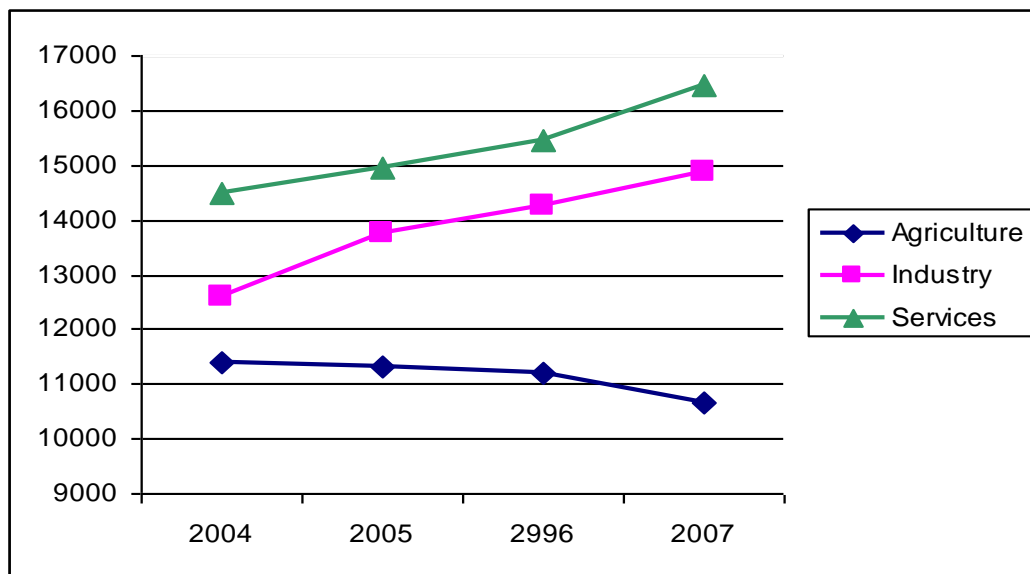
Incomes and living standards

The average net salaries from 2004 to 2007 differed in relation to the sex, educational attainment and the sector of employment. In general, men received about 10% bigger salary than women (Table 10-Appendix). Data also indicates that the salary typically increases with higher educational attainment, although this is not always the case (as it can be seen from Table 6-Appendix), especially in the case of the salaries of primary school graduates in 2006.¹³ The net salaries were the highest in the sector of services, followed by the industry sector, with the agriculture being characterised with the lowest net income. At the same time, while the first two sectors have experienced a significant rise in salaries, the salaries in the agriculture sector have reduced slightly from 2004 to 2007 (Graph 5).

¹² Kjosev, S, Mojsoska-Blazevski, N. & Corcoran, T., *Labour Market Review of (fYR) Macedonia*, February, 2005, (p.7)

¹³ Note that the average salaries by gender and educational attainment were calculated on the basis of the data available from the LFS survey. However, since the information on salaries lacked for 20-30% of the employed population, the statistics presented are only provisional and should be analyzed with care (especially since they do not correspond with the data on average salaries by economic sectors).

Graph 5: Average salaries by sectors



The 2006 data on the household spending indicates that a typical household annual expenditures exceeded the incomes for 30% (Table 6a), begging the question how a family survives throughout the year. Surely, many families rely on bank loans, but it is also possible that many of the surveyed people did not provide the exact income they receive from the informal economic activities. All things considered, it can be concluded that the living standard is rather low and an average household can not rely on the regular salaries to cover their living costs.

Table 6a. Annual household incomes and expenditures for 2006

Means available annually (in MKD)	265587
Regular salary	145730
Pension insurance	40465
Remittances	10885
Net-incomes from agriculture	15743
Other (renting, borrowing, salary outside of the regular employment)	52764
Expenditures	388718

Source: SSO

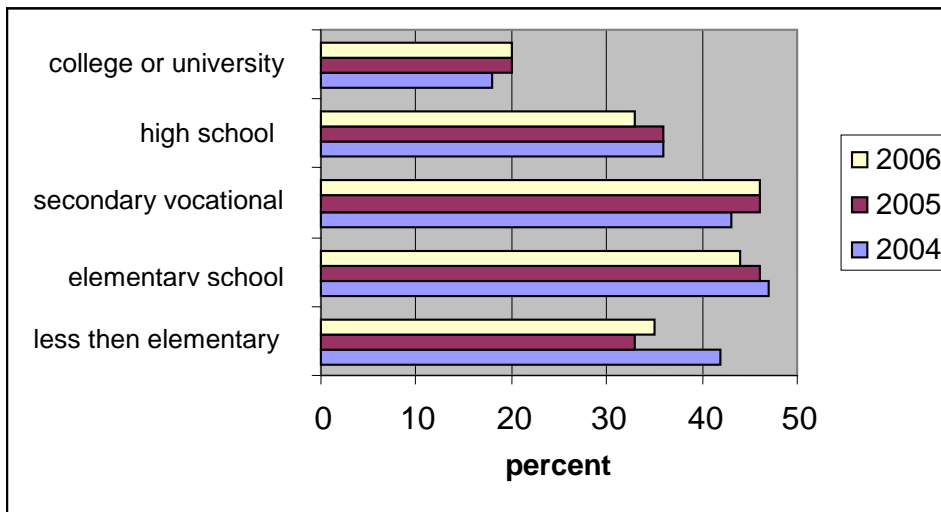
1.3 Unemployment in the period 2004-2006/7

Data on unemployment differ in regards whether they have been provided by the Employment Agency or the Labour Force Survey. The official data shows significantly higher unemployment rate compared to the survey-based data (Table 7-Appendix). However, an encouraging fact is that the numbers have started to approximate one

another in the past 3 years, thus reducing the difference from 26% in 2004 to 15% in 2007. This may be an indication of the reduced number of informally employed (i.e. non-registered) persons.

The degree of educational attainment correlates to unemployment levels. Thus the share of the nonqualified and semi-qualified, as well as of the persons with lower education degrees is prevalent throughout the years, which can seriously hinder the potential for economic development.¹⁴ For example, when the German company ‘Siemens’ announced their plans to invest in Macedonia market, the lack of appropriately educated staff was pointed out as a problem.¹⁵

Graph 6: Unemployment rate and educational attainment (2004-2006)



Although the data indicates that in general better educational attainment reduces the probability of being unemployed, when analyzed in relation to the share in the total labour force, individuals with the lowest levels of education have a lower unemployment rate than those with primary and secondary vocational education (Graph 6). This may be due to the fact that the latter groups of individuals usually have higher expectations regarding their employment and are, thus, more reluctant to accept low-qualified jobs.¹⁶ Kjosev *et al* find that part of the reasons for the high unemployment lie in the mismatch between the capacity of the economy to provide qualified jobs and the expectations of a formally educated youth.¹⁷

¹⁴ Janeska, V., Mojsoska, S., Aleksevka, M. *EU Enlargement and Its Impact on the Social Policy and Labor Markets of Accession and Non-Accession Countries*, Euro-Balkan Institute, 2003

¹⁵ See the article in *Utrinski Vesnik*, No.2630, “I natamu rekorderi po nevrabotenost (We continue being recorder holders in unemployment)”, 7 March, 2008

¹⁶ World Bank, *FYR Macedonia: Country Economic Memorandum: Tackling Unemployment*, 2003

¹⁷ Kjosev, S, Mojsoska-Blazevski, N. & Corcoran, T., *Labour Market Review of (FYR) Macedonia*, February, 2005

1.3.1 Unemployment duration

The biggest problem related to unemployment in Macedonia concerns its duration. Specifically, over 80% of the unemployed belong to the group of long-term unemployed, i.e. have been unemployed for over a year. This is a striking fact which speaks of the inflexibility of the labour market, especially having in mind that more than 60% of the unemployed need at least 4 years to get employed (Table 10-Appendix). Even if we extract the people that do not actively seek employment (about 20% according to the Employment Agency's data), the number is still very high.

Long-term unemployment rate¹⁸ mostly affects young people (15-24) and the individuals with completed elementary and secondary vocational school (Table 10-Appendix). However, the between-group differences do not differ greatly and even 73% of the unemployed with university diploma need more than three years to get employment. This is a serious issue as their skills become outdated and they need additional non-formal education/training in order to become competitive on the labour market. However, since the socio-economic conditions of the majority of this economic group are usually limited and rarely allow upgrading of skills, they face labour market exclusion and poverty.

The Vienna Economic Institute thinks that the alarming situation with the high unemployment rate is going to continue in the following period. Although a gradual rise in employment is expected in the following year (2009), they predict that the unemployment rate is going to reduce very slowly, for about one percent in the next two years, despite the forecasted economic growth of GDP for 6 percent.¹⁹

1.3.2 Possibility of transition from unemployment

Data from the Employment Agency on transition from unemployment confirm the low labour market flexibility, indicating that more than 90% of the unemployed are most likely to remain unemployed the following year, regardless of their gender and educational qualifications (Table 11-Appendix). To illustrate, only 1.5% (5097) of the registered unemployed in 2006 found employment in 2007, along with a similar number of people which have not been previously registered as unemployed.

1.4 The informal sector

On the size of the informal sector in Macedonia there are several sources of information. Analyses differ significantly in terms of the methods used in order to provide rough estimation of the real size of the informal sector. The information presented below provides estimation in terms of the population involved in the informal sector and the size of shadow economy as a percentage of the GDP. According to our sources there is no possibility to estimate the exact number of people involved in the informal sector. For

¹⁸ Percentage of long-term unemployed within the total work force

¹⁹ See the article in *Utrinski Vesnik*, No.2630, "I natamu rekorderi po nevrabotenost (We continue being recorder holders in unemployment)", 7 March, 2008

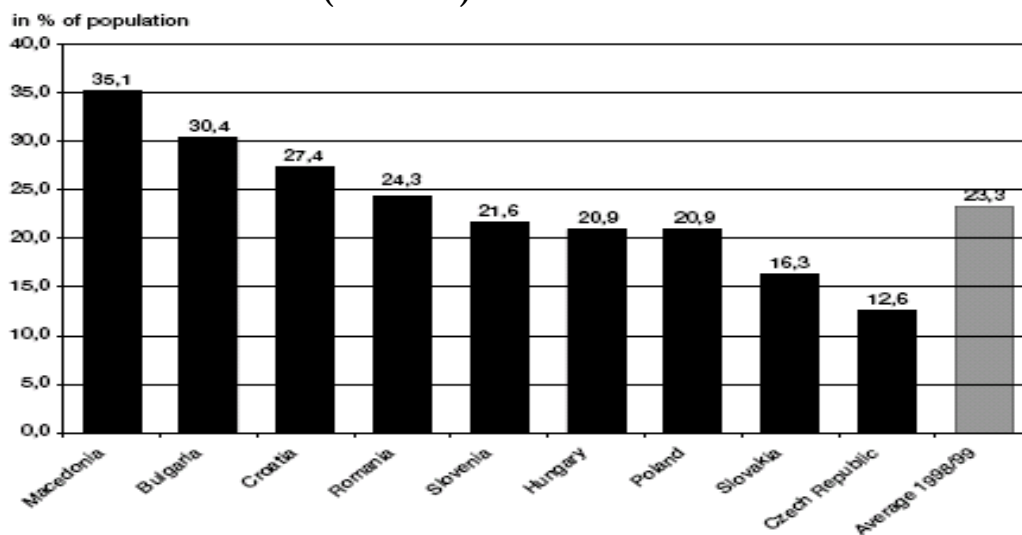
this purpose the CRPM team interviewed representatives from the Labour inspection and gathered the following data.

Table 7: Unregistered workers (2005-2007)

	2005	2006	2007
Unregistered workers	18.147	17.704	15.493
Registered workers after the inspection	13.662	13.309	11.743

The only available data on the unregistered workers is presented according to economic sectors, whereas more detailed data on the geographic coverage or education level is not available. Unfortunately Macedonia is a leading country in respect to the percentage of persons engaged in the informal sector (see Graph 7).²⁰

Graph 7. Shadow economy labour force in percentage of working-age population in CEE transition countries (1998-1999)



An estimate of the size of the shadow economy as a percentage of GDP is available for the years 2000-2001. According to this data some 45, 1% of the GDP results from the activities of the shadow economy. Taking into account that according to the data for 1994-1995 the share of the shadow economy was 46,5 % (Table 8) of the total GDP, and considering that the Macedonian GDP has not risen substantially in the period in question one can conclude that the state has failed to significantly reduce the size of the informal sector. The decrease of 1 % for a period of five years is not much improvement. In

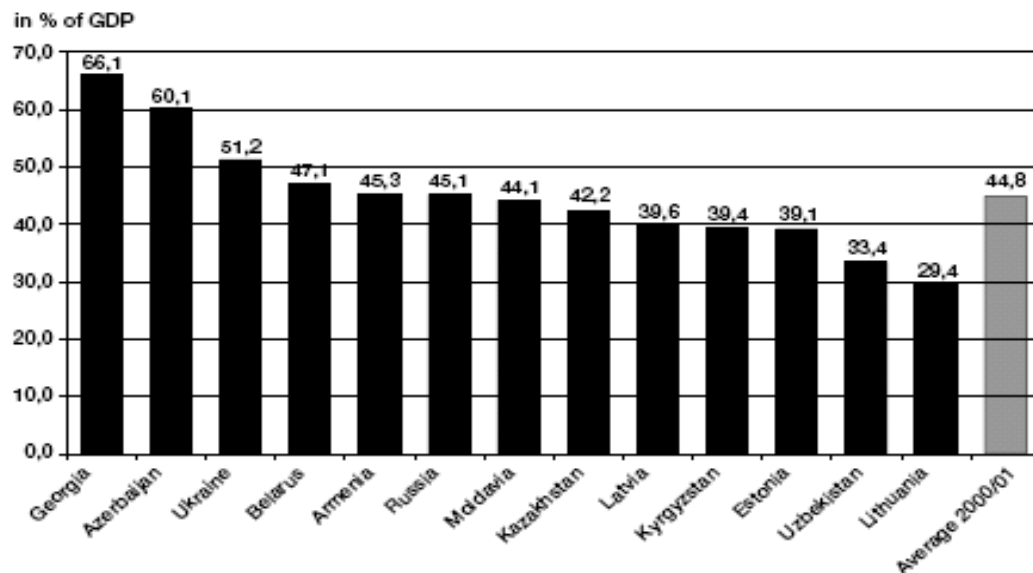
²⁰ CSD, *The informal economy and the EU accession countries*, “Chapter 2 The size and development of the shadow economies and shadow economy labour force of 22 transition and 21 OECD countries: What do we really know?”, p. 28.

addition to this, according to some estimates in Macedonia 39% of the household income is undeclared. The average for the SEE region is 30%, Macedonia lagging behind Croatia, Serbia and Bosnia and Herzegovina. The share of the shadow economy is similar to the estimated averages in Kosovo and Albania.

Table 8. Size of the shadow economy as a percentage of GDP (1994/95)²¹

Hungary	27.5	(25.1)	30.7	(30.9)	28.4	(30.5)
Macedonia	—	(—)	—	(40.4)	—	(46.5)
Poland	17.7	(27.2)	20.3	(31.8)	13.9	(25.9)

Graph 8. The size of the shadow economy as a percentage of GDP (2000-2001)²²



The informal sector in Macedonia remained much the same and did not decrease significantly throughout the transitional years due to the fact that the sector represents opportunity both for the unemployed as well as for great part of the employed people. The unemployed people work in the informal sector mainly as low skilled workers and are seasonally engaged. Some are occasionally employed but on a short term basis. Many registered unemployed work as construction workers or similar hard labour on daily basis. They cannot survive on public welfare moneys at it is insufficient to cover the basic living expenses. On the other hand, employed people look upon the informal sector as an opportunity to gain additional earnings. It is usually the young people that look for occasional engagement in the informal sector. While those who work in the informal sector are typically regarded as low skilled labour force, in Macedonia the employed

²¹ Freidrich Shneider, *Dimensions of the Shadow Economy*, pg 10.

²² CSD, *The informal economy and the EU accession countries*, “Chapter 2 The size and development of the shadow economies and shadow economy labour force of 22 transition and 21 OECD countries: What do we really know?”, p. 28.

people working in the informal sector are often well educated young individuals seeking additional income²³. Bearing in mind that 49,4% of the officially unemployed people are younger than 30 we assume that a large proportion of them seek occasional earnings in the informal sector.

As we can see from the table below the estimates of the unofficial employment are around 38, 3 % of the total number of the officially unemployed persons in Macedonia.

Table 9. Unofficial GDP share and unofficial (un)employment in Macedonia

	Unofficial GDP as a share of the total GDP	Number of unemployment under the LFS	Unofficial employment	Overall unemployment rate
1996	40.3%	251489	101350	19.0%
1997	45.7%	288213	131624	19.6%
1998	51.4%	284064	146060	16.8%
1999	47.8%	261451	124995	16.9%
2000	50.5%	262711	132747	16.0%
2001	42.6%	263196	112123	17.5%
2002	42.8%	263483	112822	18.3%
2003	42.9%	315900	135438	21.0%
2004	35.3%	309286	109300	24.0%

*Source: Author's calculations under the electricity method for shadow economy estimation.

Taken from: CEA, Report on the Labour Market in Macedonia, March, 2005

The only available data on the unregistered workers are presented according to the economic sectors where they are employed (Table 10). Representatives from the Labour Inspection told CRPM that there are specific schemes/patterns or so called 'hot spots' where low skilled workers are recruited by employees. Each day workers gather at the 'Juzen bulevar' (South Boulevard) and near the Railway Station waiting for someone to come and offer them work. According to our source, they usually work in the construction industry, and are not even informed about the daily wage. At the end of the day they get whatever they are offered.

²³ Young and well educated people work additionally as interpreters, computer scientists or they often instruct children in mathematics, computer science, languages etc.

Table 10. Structure of informally employed population according to economic activity (2006)

Economic sector	Unregistered
Agriculture	411
Processing industry	6291
Construction industry	1591
Trade	5269
Hotels and restaurants	2360
Transport, storage and communications	613
Education	116
Health and social work	386

Source: Labour Inspection

1.4 Educational attainment and qualifications of the labour force

In order to illustrate the mismatch between the educational qualifications of the labour force and the labour market needs, we present the findings from the evaluation of the UNDP program for promoting employment²⁴. Namely, the evaluation covered two groups of applicants, ones who succeeded to get employed through the UNDP's program and those who failed to find an employment. The group of applicants who successfully passed the selection process were considered as most qualified candidates that needed training for basic skill such as administrative work (17,11%), while 19,74% of them had to be trained in order to acquire computer skills. The greatest proportions of the candidates (23,68%) were trained in the skills specific for the concrete job position. It can be concluded that if the candidates who successfully passed the selection process still needed additional training for basic IT skills, then the quality of the so-called highly educated professionals has to be questioned.

The study also shows that although employers relatively frequently open job vacancies, managers find that skilled workers knowledgeable of the production process and machines operations are hard to find. Therefore they usually provide training to build capacities and skills important for the work with equipment and machines.

One essential reason that conditions the unemployment in the long run and greatly affects the young population lies in the inadequacy of the curricula offered at the higher educational institutions and the secondary schools. On the one hand, the inadequacy is reflected in the low concordance between the number of enrolled students at the various faculties and the needs of the labour market for certain occupations. There is a "production" of graduates with skills not needed in the market, unable to be employed in the industry. This is due to the fact that many socialist enterprises and whole branches of

²⁴ Centre for Research and Policy Making, *Evaluation of UNDP Employment Programs*, 2007

industries have been or are about to be liquidated. The schools thought students how to work in such enterprises but such curricula today are outdated.

The second aspect of the inadequate curricula is related to their content. The essential part of the education reforms is the structural design of the curricula including the specific courses, the balance between the theoretical and practical teaching, the time students spend on research and the workload. These aspects of the reform must be considered as they should originate from the analysis of the ongoing modifications in the labour market demands. Unfortunately, in order to successfully pass exams students are required to master mainly theoretical concepts motivating them to acquire 'encyclopaedic' knowledge, whereas the practical skills necessary for performing actual jobs are often neglected.

Moreover, a problem of having learning methods that motivate students to memorize facts instead of encouraging the development of the thinking capacity is identified in the last quality assessment report of the country's biggest University of Ss. Cyril and Methodius. The report prepared by the European University Association recommends replacement of such teaching methods and redesigning of the curricula. Among the recommendations is that teaching methods are regularly evaluated in order to satisfy the student learning needs. In addition, the teaching practice should "balance between lecturing and interactive teaching" while the development of programs for academic improvement of the teaching staff would help in the realization of the teaching practice."²⁵

An additional problem regarding the curricula offered at secondary vocational schools and universities is identified in the *Labour Market Review Report of the EC*.²⁶ According to the review the outdated educational profiles result from the centralized decision making system in the education area. The decentralization process assumes involvement of the local municipalities and other local stakeholders within the process of design of new curricula at secondary education level. It is acknowledged that the curricula and the types of secondary vocational schools should be decided upon consultation with all relevant stakeholders at local level. However, the delegation of the above mentioned competences is still an undergoing process and it is not completed fully.

1.6. Structure of jobs with surplus supply and shortage of labour force

As mentioned earlier, the failure of the education system during the transition years to adjust the curriculum content according to the labour market trends resulted in producing excess profiles that can not find their place on the labour market. To illustrate this, we compare the data on the enrolment rates at the universities and the most demanded (i.e. advertised) positions. Graph 9 shows that the enrolment rate of the students at the

²⁵ Institutional Review of Ss.Cyril and Methodius University in Skopje, EUA Reviewer's Report, November 2003, p.18.

²⁶ Kjosev, S, Mojsoska-Blazevski, N. & Corcoran, T., *Labour Market Review of (fYR) Macedonia*, February, 2005, p.19.

departments of economics is the highest, probably due to having the best chances for employment obtaining such a degree (see Table 11). However, 11% of the students are enrolled at pedagogic departments at universities, their number exceeding the labour market demand for this profession. The same conclusion could be made for the graduates from the Departments of Philology and Philosophy. Unlike these occupations, the graduates of the Electro-technical Department and the Math and Science Department have much better chances at the labor market.

Graph 9. Enrolled students for 2007 according to study areas²⁷

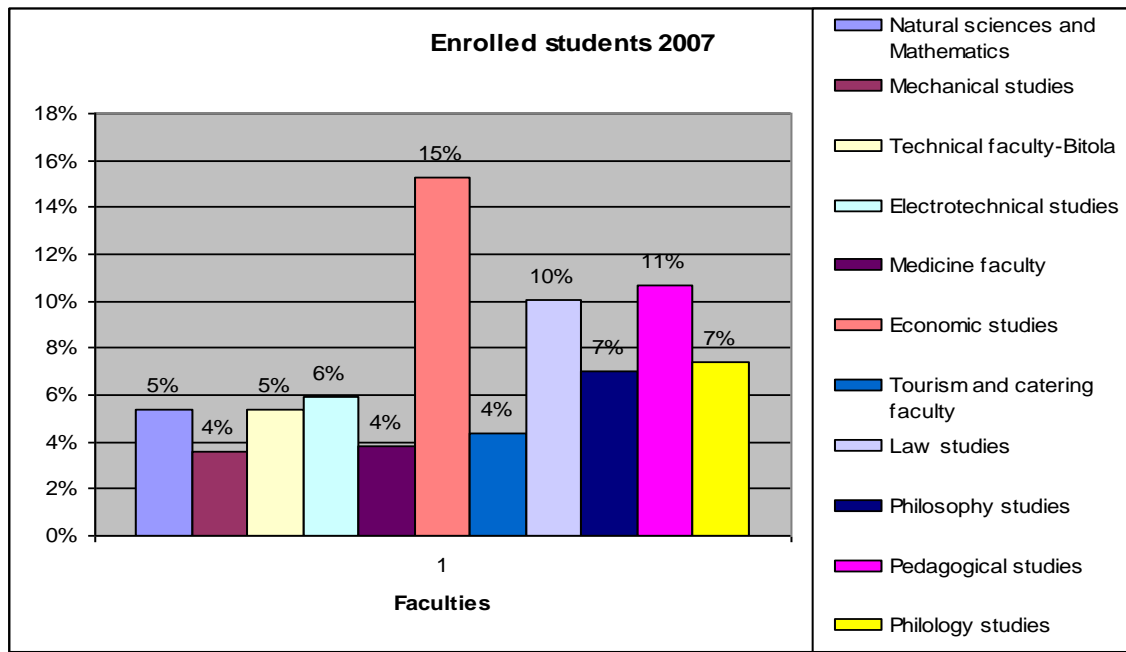


Table 11. Statistics on published job positions²⁸

Profession	Rank	Number of advertisements
Commercialist (economist)	6	208
Marketing agent (economist)	18	97
Programmer	19	97
Lawyer	21	84
Doctor	23	80
Electromechanical engineer	32	60
Pharmacy	33	60
Receptionist	35	59
Mechanical engineer	39	54

²⁷ Source: State Statistical Office.

²⁸ <http://www.najdirabota.com.mk/Stat.aspx> - last time checked at 18, December 2007.

Economist	42	50
English teacher	91	19
Technologist	100	18
Dentist	113	15

The following table provides rough estimates on the labour supply based on the level of education. As elsewhere in the region, in Macedonia the low educated people are those most likely to end up as being unemployed. The risk for them to enter the informal sector is highest.

Table 12. Estimation of excess supply in 2002/03/04 in Macedonia²⁹

2002 year	Employed	Unemployed	Excess supply
University	12,70%	5,10%	-7,60%
Higher vocational	5,50%	2,30%	-3,20%
Secondary vocational	49,60%	35,30%	-14,40%
Skilled and lower education	32,10%	57,30%	25,20%
	100,00%	100,00%	0,00%
2003 year	Employed	Unemployed	Excess supply
University	13,80%	5,60%	-8,20%
Higher vocational	5,60%	2,40%	-3,20%
Secondary vocational	51,00%	34,30%	-16,70%
Skilled and lower education	29,60%	57,60%	28,00%
	100,00%	100,00%	0,00%
2004 year	Employed	Unemployed	Excess supply
University	15,00%	5,80%	-9,20%
Higher vocational	5,60%	2,00%	-3,60%
Secondary vocational	53,20%	39,80%	-13,40%
Skilled and lower education	26,30%	52,40%	26,10%
	100,00%	100,00%	0,00%

Taken from: CEA, Report on the Labour Market in Macedonia, March, 2005

The demand for specific workforce largely depends on the current economic trends in the country. However, the data on the mostly demanded graduates differs in regards to the source of information one relies on. To illustrate, a State Employment Agency official stated that in 2003 the demand for clothing producing staff was especially high, as well as qualified staff for construction and metallurgical work and sales-persons with a trading-school degree. Employers also demanded staff with secondary vocational qualifications in medicine (e.g. pharmacists, lab technicians etc.). Among graduates from universities, the IT engineers and the technological engineers (department of food-processing) were the most sought workforce. On the other hand, the Agency registered no interest for lawyers.³⁰

²⁹ CEA, Report on the Labor market in Macedonia, Skopje March, 2005- pg.12.

³⁰ Utrinski Vesnik, *Tekstilcite najbarani, pravnicate nikoj ne gi vrabotuva (Textile workers-most wanted, no one wants to employ lawyers)*, December, 2003
<http://star.utrinski.com.mk/?pBroj=1362&stID=4523&pR=2>

A more recent data from the Macedonian Chamber of Information Technologies also emphasize the economy's need for IT staff. According to them, the computer companies currently lack up to 1000 qualified IT personnel. As a result of the large demand and the low supply, the salaries of these types of employees have increased for 30% from the beginning of 2007. Wisely under a government initiative the public universities increased the number of places for IT students, but the effects of these changes are yet to be seen.³¹

In contrast to the Employment Agency's information, the data from one private Employment Agency (Vrabortuvanje.com) shows that the current trend shows demand of middle management staff (i.e. merchandisers, logistics managers, brand managers etc.). In addition, personnel for administrative positions, such as personal assistants, office managers etc. are also frequently sought. Darko Velkov, director of this Agency expects that in the following 2-3 years, the process of 'headhunting' (i.e. taking over managers from other companies) to develop, changing the dynamics of the labour market.³²

To avoid the misleading picture of the labour demand, beside the information based on the number of published vacant positions one has to see the situation from a different perspective. Relevant data to be contrasted is the surplus of workers according to different profession (Employment Service Agency). The following table presents the professions with the highest unemployment rate.

Table 12a. Surplus of workers according to profession (educational qualifications)

Profession	Number of unemployed for 2007
No education or primary education	185380
Workers without profession	172672 (93%)
Incomplete secondary education	58867
Machine mechanics	3335 (6%)
Auto mechanics	3255 (6%)
Sales persons	9027 (15%)
Secondary education	88145
Agricultural technicians	4334 (5%)
Machine technicians	7548 (9%)
Confectionary technicians	3489 (4%)
Economical technicians	11171 (13%)
University education	18472
Economists	2349 (13%)
Law graduates	2153 (12%)

Beside the high number of unemployed uneducated workers without profession, there is a high unemployment rate among the clothing production workers (although according to the previous information the demand for such workers was to be high). In addition, there

³¹ See *Kanal 5 news*, "Makedonija gladna za programeri (Macedonia hungry for computer programmers)", September, 2007.

³² See *Kapital N. 376* "Vrabortuvanjeto kako misija (Employment as a mission)", February 2007

is high surplus of economists and law graduates, although according the published announcements, high demand for these professions was also noted. Even if there is a high probability that considerable percentages of these people are informally employed, the significant gap between the demand and supply of labour force cannot be denied. Perhaps the graduates do not match the demands of the employers because of a low level of skills they have attained in the educational process.

1.8. Conclusion

There is no official information on the shortage and surplus supply of specific profiles regarding the labour demand and supply. However, the available data based on the level of education indicate a shortage of highly educated profiles and profiles with secondary vocational education (see Table 12), especially from the technical sciences.

Regardless of this trend, the newly enrolled students in 2007, in the future to enter the labour market as highly educated workforce, mainly study social sciences (see Graph 9). Hence, because of the 'outdated' education system, the professions originating as a result of the current industrialization processes in the country remain difficult to be filled in. In this regard, if we take into consideration that the expected foreign investments are to be in the automobile and technological industry³³, then certainly Macedonia lacks profiles that are not only highly educated but educated to have specific skills relevant to the current labour market trends. This is where the need of foreign citizens, or Macedonians with foreign degrees, becomes the most evident.

³³ <http://www.al.com.mk/vesti/default.asp?VestID=86812> last time checked at 13.03.2008.

II

Characteristics of the labour migration in Macedonia

2.1. Characteristics of the Macedonian emigration; a profile of an emigrant

The motivation for migration may be described as combination of social, ethnic, and politically related push and pull factors. Yet, economic reasons remain to be the chief motive for migration of the Macedonian citizens. Unfortunately, because of lack of comprehensive data from the domestic and foreign sources it is very difficult to determine the amount and the trends of Macedonian immigration and emigration. Official institutions do not have relevant data about the number of people that had left the country. There is only one source of migration data in Macedonia - the population censuses, usually conducted once a decade. Therefore, we have selected the most reliable and up to date sources measuring emigration from Macedonia: the 2002 census data and the voters list prepared for the Parliamentary elections in July 2006. This data show that almost 10% of the Macedonian population lives abroad³⁴, On the other hand, according to the 2002 census there are 22,995 (see Table 13) people living abroad (1.2% of the whole population).

Table 13. 2002 census data on emigrants from Macedonia³⁵

Country	number
Switzerland	5937
Italy	5874
Germany	4426
Austria	1298
USA	825
Other countries	4635
Total	22995

In contrast to the official data on emigration from Macedonia, estimates from the Macedonian Agency for Emigration claim there are approximately 350,000 Macedonian citizens living abroad, whereas according to the Ministry of Foreign Affairs this number amounts to 800.000. Although every Macedonian citizen who intends to stay abroad for a period longer than three months is legally obliged to report their stay to the Ministry of Interior, a very insignificant number of citizens do so.³⁶ The annual

³⁴ See the CRPM study published in *Migration flows in Southeast Europe, a Compendium of national Perspectives: Strengthening cross-border cooperation in the Western Balkan regarding migration management- Macedonia*, Group 484: Belgrade. 2007

³⁵ Source: State Statistical Office, Census 2002, Book IV – “The citizens of the Republic of Macedonia absent abroad”, Skopje, April 2004, pp. 18, 48, 50, 58, 124, 136

³⁶ CRPM, *Migration flows in Southeast Europe, a Compendium of national Perspectives: Strengthening cross-border cooperation in the Western Balkan regarding migration management- Macedonia*, Group 484, 2007

data from the State Statistical Office (Table 14) clearly shows that the European countries are the most frequent destination of Macedonian citizens, with Switzerland, Germany and Italy as the top countries. It is interesting to note that 2005 was an especially ‘fruitful’ year for emigration. The statistics indicate that this year the number of emigrants doubled in comparison to the previous year. Unfortunately, the official data does not include information on the reasons for emigration. Unofficially, the mentioned destinations are most attractive for the manual labourers that typically find employment as construction workers. USA is also very attractive country for the Macedonian immigrants and it is surprising to notice that the immigration trend has sharply increased from 2004 to 2006, despite the difficulties of getting a US visa. In the neighbouring countries, Macedonian emigrants mostly live in Serbia and in Montenegro.

Table 14: Structure of emigrants according to the country of arrival, 2004 – 2006

Continent/Country	2004	2005	2006
Europe	639	1036	665
Switzerland	123	206	174
Slovenia	27	49	15
Serbia & Montenegro	48	75	97
Germany	191	225	121
Italy	157	256	62
Austria	15	34	43
Other	78	191	153
America	12	150	291
USA	11	131	271
Canada	1	18	20
Asia	0	5	7
Australia and New Zealand	5	88	1
Total	656	1282	1076

Source: Statistical Yearbook, 2004, 2005, 2006

2.2. Characteristics of the phenomenon of immigration and immigrants

The official data on the characteristics of foreign citizens coming to live in Macedonia is rather scarce and only includes their country of origin. Although incomplete, the data clearly shows that the number of foreign citizens with a legally registered stay in the country has been on a constant rise, apart for the decline in 2002 and 2003³⁷. According to the information from the State Statistical Office, in 2004 there were 838 registered foreign citizens legally residing in Macedonia (Table 16). This number has sharply increased in 2005, reaching a number of 1282 foreign citizens, and dropped again to 1029 in 2006³⁸, when it almost equalled the number of emigrants (Graph 10).

³⁷ See: ILO Statistical data on migration

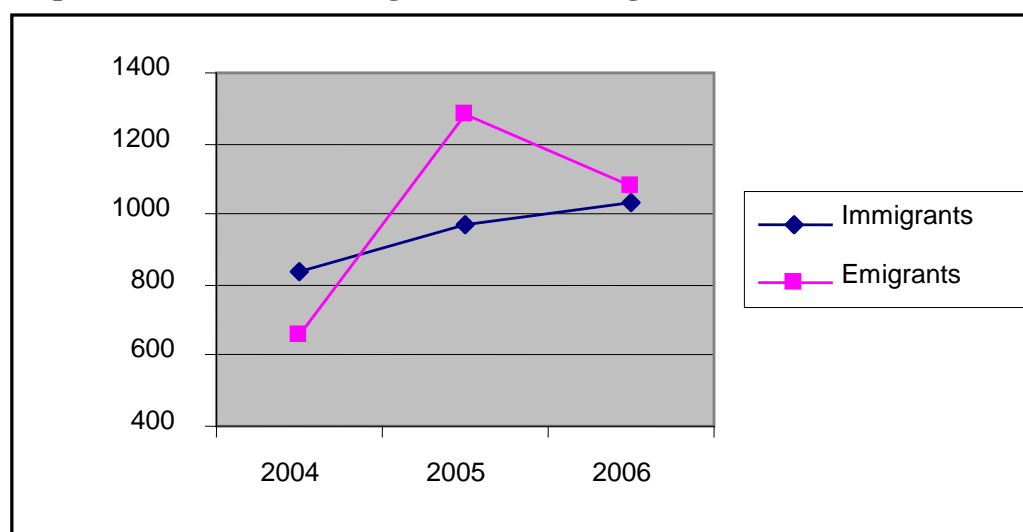
³⁸ Source: Statistical Yearbook, 2005, 2006, 2007

Table 16: Structure of immigrants according to the country of origin, 2004 – 2006

Country / Continent	2004	2005	2006
Albania	276	226	205
BiH	37	17	25
Bulgaria	41	54	53
Serbia and Montenegro	283	277	285
Croatia	14	16	27
Greece	27	29	37
Romania	4	13	9
Germany	21	24	21
Turkey	23	85	56
America (USA and other)	26	88	87
Asia	6	32	60
Australia	3	3	2
Africa	1	3	10
Other	77	100	152
Total	838	967	1029

Source: Statistical Yearbook 2005, 2006, 2007

Graph 10: Numbers of immigrants to and emigrants from Macedonia (2004-2006)



Most of the foreign citizens living in Macedonia are from Europe, the largest majority from the neighbouring countries: Serbia, Montenegro and Albania (Table 16). A significant number of these immigrants have come to Macedonia for economic purposes, which can be seen from the numbers of working permits that were issued. For example, out of the 950 working permits issued in 2006, 250 (27%) have been given to citizens from Serbia and Montenegro, 161 (17%) to Turkish and 147 to Greek citizens (Table 16). Surprisingly, despite the large number of Albanian immigrants to Macedonia, only 36 of them have been issued work permits in 2006. This may indicate that large part of them

although legally staying in Macedonia, work in the informal sector. The rest of the permits are given to citizens from the following countries (Russia, Germany, Bosnia and Herzegovina, Ukraine, Croatia, Hungary, China etc.).

The majority of foreign citizens who have bothered to regulate their working status in 2006 hold a University degree (44%), and a high school degree (43%), the rest being only 13 %. Geographically, the capital – Skopje admits more than half of the labour migrants (63% in 2004 and 2005, 58% in 2006), followed by Bitola (5-7%), Strumica, Gostivar and Gevgelija (4-6% each). More than 80% of the work permits are issued for a period of 1 year, while the rest are for 9, 6 or 3 months.³⁹ Even though the number of foreign residents has increased during the years; the number of work permits has not increased significantly, indicating two possibilities: either more people come and work in the informal sector or more of them come for purposes other than work (e.g. marriage).

Table 15. Number of working permits issued to aliens (2004-2006)

Country	2004	2005	2006	2007
Serbia and Montenegro	322 (34%)	285 (31%)	250 (27%)	214 (23%)
Turkey	132 (14%)	136 (15%)	161 (17%)	134 (15%)
Greece	138 (15%)	124 (13%)	147 (15%)	148 (16%)
Bulgaria	79 (8%)	68 (7%)	65 (7%)	62 (7%)
Albania	26 (3%)	38 (4%)	36 (4%)	N/A
Russia	11 (1%)	31 (3%)	24 (3%)	N/A
Germany	35 (4%)	29 (3%)	32 (3%)	N/A
Bosnia and Herzegovina	34 (4%)	25 (3%)	31 (3%)	N/A
Ukraine	N/A	22 (2%)	25 (2%)	N/A
Croatia	18 (2%)	21 (2%)	20 (2%)	N/A
Hungary	14 (2%)	16 (2%)	12 (2%)	N/A
China	19 (2%)	15 (2%)	17 (2%)	N/A
Other countries	104 (11%)	126 (13%)	130 (13%)	N/A
Total	914	936	950	918

Source: Employment Agency

The latest data regarding the situation of immigration in Macedonia are for the period from 01.01.2007 to 30.09.2007, when the Employment Service Agency⁴⁰ has issued 918 work permits for foreign nationals. Most of them (61%) were temporary permits valid for up to one year. Almost half were permits with which already established employment status is being continued (434), while the rest 484 were issued for the first time. It is very interesting to see the legal basis for issuing the latter permits:

- 135 of the issued work permits were based on a concluded marriage with a Macedonian national
- The rest 346 work permits were issued on the basis of employment visa

³⁹ See: Employment Agency: www.avrm.gov.mk

⁴⁰ Information by the Employment Service Agency, 27.03.2008

The latest data for the period of 01.10.1007 to 31.12.2007⁴¹ enable us to see the structure of the work permits issued, indicating that the majority were issued in the form of employment visa and personal work permit on the basis of self employment.

Table 16: Number of work permits issued according to type of permit

Type of permit	Number
Employment visa	78
Work permit	51
Personal work permit on the basis of marriage	36
Personal work permit on the basis of self employment	68
Personal work permit on the basis of Macedonian origin	4
Personal work permit on the basis of the status of refugee	1

An important trend to be noted is that most of the work permits in 2007 were issued to highly qualified foreigners who work on high positions (291-directors, managers and similar positions). In addition, more than half of the foreign nationals with work permit hold a university degree.

In light of these data it can be concluded that the labour immigration is not large in Macedonia, since the unstable economic situation makes it a rather unattractive destination. Still, the increasing number of foreign citizens admitted in the past years may indicate that the country is gradually opening up towards the possibilities of emigrational exchange. The fact that the majority of foreign nationals are getting employed at managerial positions positively correlates with the increased foreign direct investments in the Macedonian market. These trends are expected to result in higher employment of Macedonian nationals and a stabilisation of the economy.

2.3. Remittances as positive factors in development

The official data on remittances in Macedonia, at both national and municipal level, is scarce. One of the reasons is that large portion of money is sent through informal channels, not reported to the National Bank or the respective Ministry. A significant part of the money remitted circulates either through the emigrants travelling to their home countries or through ‘couriers’ such as relatives, friends as well as private tour operators or bus carriers. Some findings indicate that only 15% of the money transfers by Macedonian immigrants were made through banks, while the rest was done through informal channels.⁴²

Regardless of this, Macedonia belongs to the group of countries where remittances in 2004 largely exceeded the volume of official development aid (ODA), and even the amount of foreign direct investments (FDI) or income gained from the export of goods and services. The German Ministry of Foreign Affairs estimates that 70.000 Macedonian immigrants in Germany remit about 50 million dollars to Macedonia yearly. The State

⁴¹ Information by the Employment Service Agency, 27.03.2008

⁴² Center for Research and Policy Making, *How to Make the Economy of Gostivar a Champion*, July 2006.

Statistical Office of Switzerland provides similar data.⁴³ Bearing these figures in mind, it is not surprising that the Macedonian Government considers that remittances could be one of the factors that can contribute towards stimulating investments in the country.⁴⁴

According to the estimates from the National Bank, during the period between 2001 and 2005 remittances to Macedonia have increased, reaching approximately 155 million US\$ in 2005, representing 2.7% of GDP and 15% of exports.⁴⁵ Moreover, it can be observed from the table below that the sum of remittances in 2005 has exceeded the amount of foreign direct investments (FDI) for almost 50%.

Table 17: Remittances versus FDI in Macedonia (in million US\$)

	2003	2004	2005
Remittances	130.2	146.3	155.3
FDI	94.2	155.8	97

Source: The National Bank of the Republic of Macedonia

However, when calculated on the basis of the World Bank's definition⁴⁶, 'the total amount calculated as workers remittances and compensation of employees result in 5.5% of GDP, but when increased by the cash exchange it gives 17.4% of GDP or approximately 1 billion US\$. Because the cash exchange includes also payments for unrecorded trade and services thus the real amount of migrants' transfers is somewhere between these two figures.'⁴⁷ It can be concluded that for Macedonia, the amount of remittances as percentage of GDP and FDI has been relatively high despite the fact that the overall amount transferred has been lower than in other countries from South East Europe (SEE). This can be easily observed from the following table.

Table 18: Workers' remittances in selected EU neighboring countries⁴⁸

	ALB	BiH	BUL	CRO	RO	MKD	TUR
US\$, billion	0.7	1.2	0.6	1.4	1.6	0.4	3.0
% of GDP	17.0	19.7	3.8	6.1	3.6	12.2	0.8
% of FDI	546.9	365.9	53.6	89.8	111.0	599.1	114.7

According to the National Bank the largest amount of remittances come to Macedonia from Germany, Ireland, Austria and Italy. However, since some of the overseas countries with a large number of Macedonian emigrants (e.g. USA, Australia and Canada) were not considered in the analysis, the data provided are only partial.

⁴³ *Ibid*

⁴⁴ Government of the Republic of Macedonia: Ministry of Economy, *Program for Stimulating Investment in the Republic of Macedonia*, 2003

Source: National Bank of Macedonia see: <http://www.nbrm.gov.mk/WBStorage/Files/bilten%204%202005%20devizno.PDF> and http://www.nbrm.gov.mk/WBStorage/Files/Tabela_1.pdf

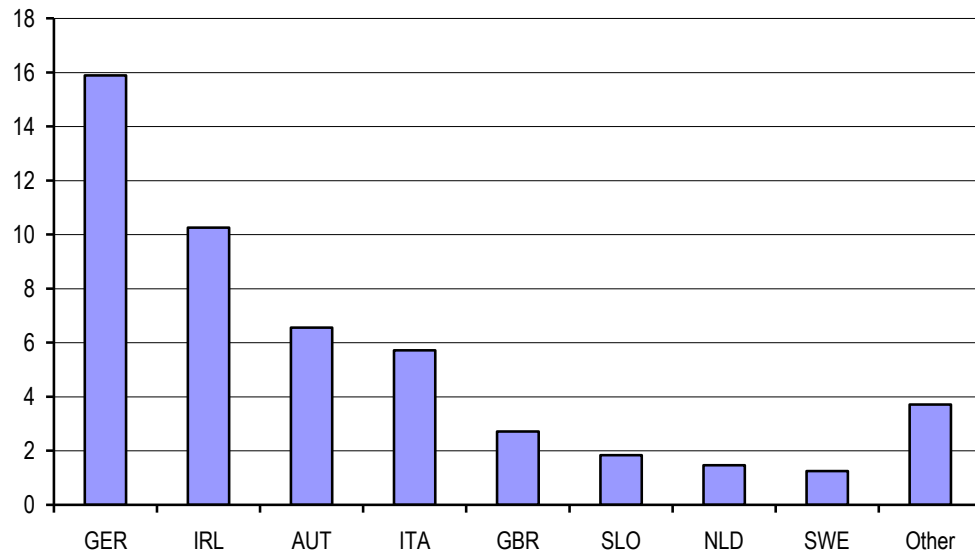
⁴⁵ Source: The National Bank of the Republic of Macedonia

⁴⁶ The definition includes: workers remittances, compensation of employees and migrant transfers.

⁴⁷ Center for Economic Analysis (CEA), *Migration and Remittances in Macedonia*, October, 2006

⁴⁸ See I. Schipu and N. Siegfried, *Determinants of Workers' Remittances: Evidence from the European Neighboring Region*, European Central Bank, Working Paper Series, No. 688, October 2006

Graph 11: Remittance flow from European countries (in million US\$)



Source: The National Bank of the Republic of Macedonia

III

Migration policies, legislation and realisation of rights of labour migrants

This part of the study will focus on the legal norms that regulate the labour migration to Macedonia. Furthermore, it will present the main challenges and future developments due to the Europeanization process. Having in mind that freedom of movement of workers is one of the fundamental pillars of EU it is expected that the main pressure and incentive for change in this area will come during Macedonia's EU negotiations.

3.1. Overview of the general normative and institutional frame

The Constitution of Macedonia is the basis that sets the general framework for further regulation of the area of migration. Article 29 defines that "Aliens in the Republic of Macedonia enjoy freedoms and rights guaranteed by the Constitution, under conditions determined by law and international agreements". Furthermore, the Constitution guarantees the right of asylum to foreign nationals and stateless persons and there is general provision on the extradition of aliens, based on the principle of reciprocity and international agreement. Article 31 could be important in the wider context of labour migration, by stipulating the right of property by aliens, but under the conditions determined by law.

The following specifically regulate the free access to the Macedonian labour market:

- Law on Aliens⁴⁹
- Law on Establishment of Employment Relations with Foreign Persons⁵⁰
- Law on Asylum and Temporary Protection⁵¹
- Law on Civil Servants⁵²
- Law on Labour Relations⁵³

The institutions relevant for the migration policy are several:

- Ministry for Labour and Social Policy
- Ministry of Interior Affairs

⁴⁹ 23.03.2006, Official Gazette n.35

⁵⁰ 05.06.2007, Official Gazette n.70

⁵¹ 25.07.2003, Official Gazette n.49/03

⁵² 12.12.2005, Official Gazette, n.108

⁵³ 28.07.2005, Official Gazette n. 62/05

- Ministry of Justice
- Ministry of Foreign Affairs

Unfortunately, there is no specialized agency competent for implementation of the international agreements (conventions), which is directly involved in realization of the rights of the labour migrants. However the Employment Agency, the Pension and Invalid Insurance Fund and the Health Insurance Fund are the main pillars of this policy. The Law on Labour Relations has a general provision (article 20) on the possibility of foreign nationals and stateless persons to work, i.e. to have employment contracts, while leaving the conditions defined by other laws, e.g. the Law on Aliens and the Law on Establishment of Employment Relations with Foreign Persons. An important clause on discrimination prohibition (direct and indirect, articles 7, 8) is incorporated in this law. Among the basis of discrimination are inter alia race, colour of the skin, religion and national origin. This could be seen also as a general safeguard clause for protection of the potential labour migrants. Article 11 stipulates that if the employee raises the case against his/her employer the burden of prove for discrimination falls on the employer. This provision obviously is in great extent influenced by the EU approach in the area of non-discrimination policies.

The general legal framework dealing with employment relations in the public sector does not foresee any special provisions on employment of aliens. However, according to the Law on Civil Servants (article 12), there is no possibility for foreign nationals to be employed as civil servants since the first condition to be fulfilled is the person to be Macedonian citizen. An important issue in this context is the residence permit since it is a precondition for one to be granted a work permit. In this regard, the Law on Movement and Residence of Foreign Nationals recognizes two types of residence permits; temporary and permanent (article 21). Temporary residence permit can be issued up to 1 year time period (but no longer than 1 year, article 22). In addition to that is the possibility that a foreign national who has been legally residing in Macedonia for the last 3 years in continuity and who fulfils the criteria set by the law to be granted a permanent residence permit.

Furthermore among the rights enumerated in the Law on Aliens (article 88), is that the foreign national who has permanent residence permit has same rights as the Macedonian citizens, inter alia the right of employment and self-employment. In addition to that, it is important to mention the following rights of the migrant worker: the right of vocational training, recognition of diplomas and social protection and allowance and freedom of associating and membership in trade unions.

Moreover, the Law on Asylum and temporary protection stipulates that the officially recognized refugees have the right to work under the same conditions as foreign nationals with regulated permanent residence permit (art.56). This right is not recognized for all refugees but only for those that have permanent residence in Macedonia (art.51, 56).

3.2 Overview of the Law on Establishment of Employment Relations with Foreign Persons

The new Law on Establishing Employment Relations with Foreign Persons was adopted as a result of the harmonization process of the Macedonian legislation with the EU *acquis communautaire*. If not otherwise regulated by international agreements, this law regulates the conditions and the procedures under which foreign nationals can legally work in Macedonia. Foreign nationals are recognized as employees in Macedonia if they have an employment contract with an employer whose establishment or place of living is in Macedonia, or if they obtain a status of self-employed persons under the conditions of this law. Services provided by foreign nationals ,for limited period of time, on the basis of work contracts or other contracts in compliance with civil law, are considered as work done by foreign nationals according this law⁵⁴.

Aliens under the new law are all those who do not have a Macedonian citizenship, including stateless persons. The main conditions under which a foreign national could establish employment relationship in Macedonia are defined in article 4 of the law. An alien that wants to be employed or self employed in Macedonia has to have an official residence in Macedonia and a work permit. An employment contract is automatically declared void if the alien does not have work permit. Importantly, this law (article 4) prohibits direct and indirect discrimination and also makes references to the Law on Labour Relations. It lists the same types of discrimination as the Law on Labour Relations. It should be emphasized that the employer is to pay for the whole procedure, for getting a work permit and contracting the alien. The right of (self)employment of aliens also refers to foreign nationals who work as reporters for foreign media, but are accredited in Macedonia, aliens who work in the administration of the religious communities, as well as those who organize humanitarian activities as part of the registered organizations and religious communities⁵⁵.

Furthermore, article 15 defines that the government is to decide on the annual quota of work permits that can be issued, thus potentially limiting the number of aliens in the country. The law stipulates that the annual quota cannot exceed 5 % of the population while there is also a safeguard provision (article 5) which gives the right to the Government to limit totally or partially the flow of new foreign workers due to “public or commercial interest.” Although in the next paragraph efforts are made for better definition of the broad and vague terminology “public or commercial interest” still this provisions leaves great room for discretionary power in the hands of the government.

On the other hand, the European Union allows derogations⁵⁶ from the freedom of movement of workers which are more precisely regulated by the directive 2004/38/EC, but it is explicitly said that measures taken on the grounds of public policy or public security “shall not be invoked to serve economic ends.” Having this in mind, the

⁵⁴ Ljupco Meskov, Minister of Labour and Social policy, 29.05.2007, *Vreme* n.1081

⁵⁵ *Ibid.*

⁵⁶ Art 39, par.3, TEC

Macedonian legal framework will have to change soon. The legal changes are foreseen as a medium goal by the national program for approximation of the *aquis communautaire*.

A central role in the area of work permits is played by the Employment Service Agency, which is responsible for issuing, extending or annulling work permits (article 9). The conditions under which a work permit can be withdrawn or annulled are regulated by article 8. Before the adoption of the new Law on Establishment of Employment Relations of Aliens, the requirements for an alien to establish employment relation in Macedonia were the same as now- having a residence permit (temporary or permanent) and a work permit issued by the Employment Service Agency.⁵⁷ The length for which work permits were issued could not exceed the duration of the residence permit. The same is stipulated in the new law. There has not been any difference in the conditions and requirements for EU and non- EU labour migrants in the previous situation. Furthermore, the new law also does not introduce any changes in this regard. The previous law regulated that in case of involuntary unemployment the work permit will be annulled with the end of the employment relationship.

In case of sickness or accident during the performance of the work, the residence permit will not be annulled; the alien could stay in Macedonia until the duration of stay stated in the residence permit. Furthermore, the new Law on Establishment of Employment Relations with Foreign Nationals, in a same manner as the old law, foresees that a work permit will be annulled *inter alia* because of termination of a employment contract. This means that the Macedonian legislation does not differentiate between voluntary and involuntary unemployment which is a big issue in the EU.

Another important issue with which EU deals in the context of the freedom of movement of workers is the issue of family reunion and the rights of worker's families. The legal base for regulating this area is directive 2004/38/EC. It defines the family members that could rely on rights based on their relationship with the migrant worker. In addition, it refers to their auxiliary rights derived from this relation. According to the Macedonian Law on Movement and Residence of Aliens, the spouse, and juvenile children (children up to 18 years), have the right of entrance and residence in the country. The rights of dependant relatives are treated in the law under the provision "other justified reasons", and are decided on case by case bases.⁵⁸ Under the pressure of the EU integration process, more precise and defined provisions and less room for discretionary rights were needed in this area. That was the reason for the change in the Law on Aliens (article 72), where as family members the following are recognized in addition to the spouse, and juvenile children:

- The dependant direct relatives in ascending line of the alien or his/her spouse (when they do not enjoy the appropriate family support in their country of residence)

⁵⁷ Pg. 24, III Freedom of movement of workers, Answers of the EU Commission questionnaire www.sei.gov.mk/download/Prasalnik/3-02%20-%20slobodno%20dvizenje%20na%20lica.pdf

⁵⁸ Pg.30, III Freedom of movement of workers, Answers of the EU Commission questionnaire www.sei.gov.mk/download/Prasalnik/3-02%20-%20slobodno%20dvizenje%20na%20lica.pdf

- Adult children of the alien or his/her spouse who are not married but due to their health condition need appropriate care,
- Parents of juvenile child, if that is in the best interest of the child.

Moreover, the Law on Establishment of Employment Relations with Foreign Nationals gives more or less similar definition of family members.⁵⁹ Family members have the right of employment if they have a work permit, regardless of the labour market circumstances. Family members of foreign nationals who have residence permit will have priority in getting (new) work permits (art.6 of the Law on Establishment of Employment Relations with Foreign Nationals). A personal work permit is issued regardless of the labour market conditions, for duration up to 1 year to a family member of a foreign worker who has work permit for indefinite period of time.

3.3. Macedonian progress in the area of labour migration

The last EC report⁶⁰ recognizes some progress in the area of labour migration but also points out the main shortcomings that need to be improved. The adoption of the new Law on Establishment of Employment Relations with Foreign Nationals is noted as positive development. However, it is stressed that there is no improvement in the legislative framework for employment in the public sector. The Employment Agency which is the main institution responsible for the labour migrants is still lacking the needed human and technical capacity, which is an obstacle for its participation in the EURES network. Another positive development has been made with the ratification of seven bilateral agreements on social protection. Yet the reforms in the area of the health insurance are still in their preparatory phase. All together, some modest steps have been taken in 2007, compared to the situation registered in the previous progress report where no progress was registered in regard to the access to the labour market, except some progress in the area of coordination of social security systems.⁶¹

In the next 2-4 years the Macedonian government has ambitious programme for harmonization of the Macedonian legislation with the *acquis communautaire* in this area⁶². Due to the planned transposition of the EU directive for residence 2004/38 a number of changes of the laws on the freedom of movement of foreign (EU) workers will

⁵⁹ Art 12, pr.6,7, Law on establishment of employment relations with foreign nationals, Official Gazette n.70; 05.06.2007

⁶⁰ Macedonia 2007 progress report Brussels, 6.11.2007; SEC(2007) 1432; Commission of the European Communities

⁶¹ Macedonia 2006 progress report Brussels, Brussels, 8.11.2006 SEC(2006) 1387; Commission of the European Communities

⁶² NATIONAL PROGRAMME FOR ADOPTION OF THE ACQUIS COMMUNAUTAIRE; SKOPJE APRIL 2007

have to be done. The new provisions will aim to pave the way for the EU citizens to look for and accept job without work permit and to live in Macedonia without residence permit. This will refer to those EU nationals who have taken the advantage of their right of freedom of movement; furthermore it will refer to their families who will have the right of residence and (self) employment, their children who will have access to the educational institutions under the same conditions as the Macedonian citizens. Improvements of the capacity of the Employment Agency, as one of the greatest challenges of the reform, is also envisioned.

3.4. New developments in the wider context of economic migration

Recently, there have been two initiatives that have marked the debate on the rights of aliens and their limitations. The first initiative, that was quickly institutionalized, concerned the property rights of foreigners, while the second is a draft law trying to establish better access for foreign nationals to top/leadership positions in the higher institutions in Macedonia. Before the first initiative the Law on Property Rights⁶³ allowed foreign nationals to buy property in Macedonia only if they have registered a firm in Macedonia. For natural persons this right is limited. However, the current government adopted a decision in February 2008 aiming to liberalize the rights to buy property at the real-estate market.⁶⁴ The liberalization does not refer to agricultural land. The vice Prime Minister Zoran Stavreski explained this step as equalization of the rights and the status between the foreign and Macedonian nationals. This decision is trying to pave the way for EU nationals and nationals of the OECD countries to buy property in Macedonia. The rationale for this decision is purely economic, aiming to provide an increase in the foreign investments.

However there is loud criticism of this new development due to the fear of price increase of the real-estate in Macedonia. Furthermore, there is bigger problem from a legal point of view.⁶⁵ Experts argue that the change was introduced by a government decision which legally cannot override the existing Law on Property Rights. Accordingly, the law remains unchanged and is still in force.

Another interesting initiative to be mentioned in this context is the proposal within a new draft Law on Higher Education the “rector of a university” to be a person who is not employed at the higher educational institution. The reason behind this idea is to provide legal grounds for a foreign national to become a rector, and speed up the process of foreign higher educational institutions to enter the Macedonian market. The initiators of this change believe it will facilitate the penetration of well known foreign universities in Macedonia.

On the other hand, there is criticism that the government is trying to legally obtain means for political influence on the higher educational institutions especially on the state

⁶³ Official Gazette n.18, 5.03.2001

⁶⁴ Foreign nationals could buy buildings and land in Macedonia, 10..02.2008; Kanal 5

⁶⁵ Macedonia will lost its land if there is mass inflow of foreigners owners of Macedonian property, 11.02.2008, Kanal 5

universities. In addition, the greatest fear is that a foreigner could be a rector of a public university. However, these fears are not founded since the election of the rector depends on the will of the so-called “educational and scientific councils” at the universities.⁶⁶ Two similar initiatives have failed on the basis of the article 23 of the Constitution. According to the constitution for someone to be eligible for performing public function he/she has to be a Macedonian citizen.

It is for sure that there must be a change of the normative framework regarding the employment in the public sphere, as Macedonia is drifting closer to the EU. Although the Treaty on EC (art.39 par.4) enables the Member states to deny or restrict the access of employment in the public service on the basis of worker’s nationality, the legal practice of the European Court of Justice has clarified this quite broad definition in the mentioned provision by taking quite a restrictive approach. This clause is relevant and applied only “to certain activities in the public service, connected with the exercise to official authority... and was intended to apply only to employees safeguarding the general interest of the state”⁶⁷. Furthermore, the Notice from 1988⁶⁸ refers to some categories of posts in the public service that are not falling under the safeguard clause (art.39, par.4, TEC), such as public health care services, teaching in State educational establishments, research for non-military purposes in public establishments and public bodies responsible for administering commercial services. Therefore, it is more than obvious that the requirement of Macedonian citizenship for any public post is not in compliance with the EU standards and changes will certainly take place in near future.

3.5. UN Convention on the Protection of the Rights of All Migrant Workers and Members of their Families

Unfortunately, Macedonia has not signed the UN Convention on the Protection of the Rights of All Migrant Workers and Members of their Families. This means that the Committee on the Protection of the Rights of All Migrant Workers and Members of their Families is not authorised to monitor the situation of the migrant workers and their families in Macedonia and to assess the level of respect of their rights.

3.6. The procedure of issuing a work permit

Procedure of issuing work permit (on application of the foreign national)⁶⁹

In order to be issued a work permit a foreign national has to apply in the Macedonian embassy in his/her country (the country of which s/he is a citizen or the country where s/he has residence permit). The application and the complete documentation is forwarded by the Macedonian embassy to the Ministry of Interior and the Ministry of Foreign

⁶⁶ Foreign national could be rectors at the state university

⁶⁷Pg.443 EU law, Josephine Steiner, Lorna Woods, Christian Twigg-Flesner; Oxford 9th edition, 2006

⁶⁸ [1998] OJ C72/2

⁶⁹ Information by the Employment Service Agency, 27.03.2008

Affairs. After analyzing the application, the Ministry of Interior sends the request to the Employment Service Agency, which in due time of 7 days has to send the business plan to the Ministry of Economy. The Ministry has a deadline of 30 days to provide the Employment Service Agency with the information of the economic eligibility of the foreigner to self employ. This procedure is used when the foreign citizen does not have legally regulated stay in Macedonia, more precisely when he/she applies for personal work permit for self employment.

Procedure for issuing work permit for foreigner citizen (on application of the employer)⁷⁰

A request for establishing an employment relations with a foreign citizen is made by an employer who has to apply in the Employment Service Agency. The employer has to declare a permanent need for employment by workers which cannot be found in the Macedonian labor market. The request has to contain data on the number of workers, qualifications, type of work, time period for which the workers will be engaged, description, conditions, the place of the job, price of the labor presented per hour and declaration by the employer that s/he agrees if that profile of workers cannot be offered by the domestic market, to be provided with foreign labor.

In case the employer gets negative answer by the Employment Agency (that the profile of workers that the employer is looking for, cannot be provided by the Macedonian labor market), s/he has to verify it. In addition to that, the Employment Agency forwards the request for mediation and the request for work permit to the Macedonian Embassy situated in the country from where the employer wants to employ workers. As a next step, the Embassy sends the request to the Employment Agency in that state, which needs to conduct the procedure of selection of workers.

When the selection process is over, the Employment Agency of the foreign country provides a list of the personal data of the selected workers and sends it to the Macedonian Embassy, which immediately forwards them to the Ministry of Interior and the Ministry of Foreign Affairs in Macedonia. At this point, the employer has to select workers form the list and conclude an employment contract. On the basis of the employment contracts, the Employment Service Agency issues the work permit for the foreign workers. After being granted a residence permit the foreign worker has to verify the beginning and the end of his employment in the Employment Service Agency.

⁷⁰ Information by the Employment Service Agency, 27.03.2008

3.7. Case studies

In the following part we present six case-studies of people that have moved to Macedonia and found employment. Each individual differs in regards to the country of origin (or previous place of residence), reasons for emigrating to Macedonia, educational attainment and current job position. The stories will illustrate some of the challenges that foreign citizens living in Macedonia face.

Case study 1: Moving to Macedonia to start a business

X Y is a Bulgarian citizen, who has lived in Macedonia for 4 years and 8 months. She is expert in the field of economy and has worked as regional expert in Bulgaria before she moved to Macedonia. The reason for X Y to move to Macedonia was to establish an independent NGO which will deal with economic issues in the context of the Macedonian reform process. The background of her decision was to offer quality expertise, to train other individuals. XY thought that Macedonia lacks expertise in economic analysis in the NGO sector. As X Y has emphasized she has chosen Macedonia as interesting destination and great professional challenge, not because of lack of professional opportunities in her country and in other countries from the region.

For the time being in Macedonia, X Y has had legally regulated her stay, and for period of 4 years and 8 months she was granted 9 times a temporary residence permit. Yet she faced enormous administrative problems obtaining the first several permits, assessing the procedure as extremely complicated and expensive. First she applied at the Macedonian embassy in Bulgaria and was approved a one month stay, in order to enter Macedonia and apply again with the same documentation in the Ministry for Interior Affairs. She found the procedures not clear and confusing. Although she had documentation showing that she would be engaged on a research project for 2 years, initially she got a residence permit for 1 month, then for 3 months, later on for 6 months, and eventually for 1 year. Therefore, the procedure was quite expensive. According to X Y the estimated costs were around 540 euros, excluding the costs for the administrative taxes, making copies of the documentation and the time spent obtaining the permit(s).

The most absurd thing within the procedure for getting a permit for professional work in Macedonia according to XY was the necessity to have a compulsory opinion by the Government (the Ministry for Labour and Social Policy) to confirm the need of her expertise and to confirm the profile of the organization which she was planning to establish and to work in. The procedure for the first several permits was a complete nightmare for X Y. She had problems to contact the officials who were hard to be find at work and were not very keen and kind to explain the procedure and the documentation. Fortunately for XY the staff at the Department for Aliens was changed recently and the situation has improved.

Burdened with all the procedures X Y said that luckily she did not have to recognize her higher education diploma. It would have been a great obstacle for her since the procedure for the recognition of the diplomas was very rigid, complicated and expensive (before the new changes were introduced in this area in 2007). She believes that such a requirement would have prevented her and would have made her to think over whether she wanted to work in Macedonia.

To be foreigner in Macedonia is hard, believes XY. Not just seen from the aspect of the procedures that one has to pass but because of practical reasons. She faced problems in the everyday life such as getting telephone number, internet access at home, credit card that can be used abroad, visit of friends from abroad and so on. Her impression is that the state imposes obligations on the foreigners, but does not do anything to improve their rights and real life experiences. XY was informed that the procedure for getting permit for professional work/engagement has become even more complicated and she does not want to be foreigner in Macedonia any more. Her temporary residence permit is due to expire on 30.04.2008, and after that she is going back to Bulgaria for good.

Case study 2: The second time in Macedonia – his own choice

Although he has travelled all around the world as a representative of Swiss Air, the Swiss citizen Nicolas Kummerle believes Macedonia could be the country where he could stay permanently. When he first came to Macedonia for professional reasons in 1998, he did not know what to expect in the new country. However, he got quickly adapted to the Macedonian way of life and has perfectly learned the language during his five-years stay. He left the country in 2003, but three years later was offered the position of a Commercial Director in the only Macedonian airplane carrier MAT (Macedonian Aero-Transport). The difference this time was the fact that it was up to him to choose whether to accept the offered position or continue his career in Swiss Air.

After deciding to come to Macedonia for the second time, the company (MAT) initiated the procedure for issuing a residence and a work permit for him. Although the company takes over the administrative and financial burden of issuing these permits, he still needs to repeat the same procedures every six months. Hence, significant amount of his time is wasted by going to local institutions, since in order to be issued certain documents (e.g. foreigners ID) he needs to come personally. Nicolas estimates that the ‘administrative ping-pong game’ between the relevant ministries usually lasts for one month. This often develops into a vicious-circle since the Ministry of Labour (i.e. the Pension and Insurance Fund) does not issue certain documents without a permit from the Ministry of Interior and vice versa. Regardless of these administrative constraints, he concludes that the financial cost for the complete procedure is rather low (100-120 EUR), compared to the cost in other countries he has lived in.

Although Nicolas is a bit disappointed by the slow progress of Macedonia in the past ten years, he manages to maintain his optimism and believes there is a prospect for him in the country. Although his future depends on the circumstances in his sector of work, he optimistically states: ‘I love this place and I have come to make something positive’.

Case study 3: Following her husband in his home-country

Amy (an American citizen) met her husband (a Macedonian citizen) in the US, but they decided to move to Macedonia after having their first child. Although she has been living in Macedonia for five and a half years now and educating young people at one of the private colleges, Amy is still struggling to get accepted as a citizen with equal rights.

She currently has a temporary (1 year) residency permit, and is expected to receive a green card in December. Amy hopes this will ease things up for her, since the procedures demand her to renew her residency permit (i.e. get an entry-exit visa) every six months. Hence, her passport is full of visas since every 6 months she needs to get a separate residence, exit and entrance visa. Not only she feels this to be a complicated procedure from an administrative point of view, she is also quite frustrated by the rudeness of the people working in the relevant institutions. Since none of them speaks English, she needs to take her husband or her mother in law to translate for her every six months. This makes her feel discriminated for being a foreigner and believe that the complete process of deciding on the residence permit is unfair. Moreover, Amy feels constrained since she is not allowed to purchase any larger assets and is always considered as suspicious when leaving and entering the country. Therefore, she believes that all of these reasons prevent many foreign citizens to feel like being a part of the country.

During the first three years in Macedonia, Amy had problems finding appropriate employment, especially in her field of expertise – Finance. Her first employment at one of the private high schools turned up to be a bad experience, since she was not registered in the Employment Agency and was teaching a subject which was not related to her educational qualifications. However, she is satisfied with her current job – that has in a way found her. Luckily, she did not need to get a work permit, since by being married to a Macedonian she got a personal identification number, which was sufficient for her to get employment documents. Also, there was no need of recognizing her diplomas and she was accepted as an MBA student at a local university. Apart from the abovementioned problems, Amy believes that if you have a decent job, you could live well in Macedonia. She and her husband do not intend to go back to the US, but have decided to buy a house in Macedonia and make it their home.

Case study 4: Working illegally in Macedonia to earn a decent living in Albania

A.B came to Macedonia one year ago to earn enough money to support his family in Albania. Although he regulates his residence permit every three months, he has not made an attempt to get a work permit, so he works illegally as a construction worker. The money he earns is sufficient for him to have a decent life back home. Furthermore, he believes that if he had to get a work permit, part of the money he earns now would have been lost. Hence, regulating his employment status is not a big concern for him, since the men he works for considers him to be a good worker and treats him with respect. AB is

not even informed about the procedures for getting a work permit while the possibility of being fined by the labor inspection does not concern him.

Since AB's work in Macedonia is not permanent, he goes back to Albania once a month to visit his family. He does not see Macedonia as a country he could possibly live in the future and hopes to start working in Albania if the living standard improves and the per-diems become as high as in Macedonia. AB adds that his case is not unique. On the contrary, there are many Albanian citizens with a similar story. Many men come to Macedonia to provide for their families and their working status is not legally regulated. Often young people or students come to work as manual laborers during the weekends and earn their pocket-money this way.

Case study 5 and 6: In Macedonia with a hope for an asylum status

The cases of C and D will be described jointly, since they share similar life stories. Though one of them came a year ago from Congo and the other one 3 months ago from Nigeria, both met in Macedonia where they are trying to get an asylum status. While the procedure is ongoing, they were accommodated by the state in a village near Skopje and are provided with 2000 denars (30 EUR) a month. However, the money they receive is not nearly enough for a normal living, so they work illegally in the villages near by, mostly as agricultural workers for a minimal, but very necessary for them per-diem.

Although C and D are aware that they are being used by 'employers', they do not see a possibility to earn money any other way (even though one of them has a university degree in economics). What is more, they are quite concerned that even if they get an asylum status, they won't be allowed to work in the country. They both conclude that Macedonia did not turn out to be 'the promised land' as they have expected. For example, they did not anticipate that the country is facing ethnic problems and a great unemployment rate. This is why they have applied for an asylum to several foreign Embassies and are hoping to leave the country if a possibility for this occurs.

4. Conclusion

After reviewing the procedures for getting a working permit and hearing the stories of foreigners that decided to live and work in Macedonia, the fact that their number is rather small does not seem surprising. The reasons appear not to be purely economic, but also legal and administrative. The complicated administrative procedures and the feeling of being *a priori* rejected by the society because of being a foreigner may prevent many people from emigrating to Macedonia, and make some of those that have done this question their choice. Hence, the country becomes deprived of many individuals that are highly educated and have the possibility of contribute towards the country's development. This only adds to the problem of brain-drain from the country and further hinders the country's progress.

In addition to the trend of highly educated professionals leaving Macedonia, a parallel trend of less educated illegal immigrants coming to work in the country occurs. These individuals work mostly as manual labourers – a rather dangerous situation from two aspects. First, the rights of these immigrants are being violated since they are paid minimal daily allowances, and can not be protected by the law in case of misuse by employers. They have no social or health care insurance either.

In order to reduce the abovementioned problems and create a healthy ground for cross border labour migration, Macedonia **needs to develop a migration strategy**, which will take into consideration the supply and demand of profiles. Also, Macedonia needs to become a party of the UN Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, which will provide monitoring, mechanism and directions for improvement of the situation of labour migrants.

Furthermore, an accelerated harmonization of the Macedonian legislation with the EU's *acquis communautaire* will certainly liberalize and foster the standards and rights of labour migrants. In this regard, the most important step that Macedonia has to make is the transposition of the EU directive 2004/38. Other steps include improvement of the capacity of the Employment Service Agency, reforms in the health insurance area etc. The Commission's progress reports on Macedonia could be a good baseline for the further developments and reforms in this area.

5. Appendix: Tables

Table 2a: Structure of working age population according to age, sex, educational attainment, geographical coverage and business activity

Structure	2004	2005	2006	2007 (III quartile)
Sex				
Female	796423 49.9	801376 49.8	809960 50	814777 49.9
Male	798134 51.1	806621 51.2	808522 50	815233 51.1
total	1594557	1607997	1618482	1630010
Age				
15-24	329558 20.2	326478 20.3	325699 20.2	326107 20
25-54 ⁷¹	878054 56	890304 55.5	890234 55	755463 46.3
55-64 ⁷²	386945 24.8	391214 24.3	402541 24.8	353340 21.7
Education				Active population ⁷³
Less than elementary school	225549 14.2	219365 13.6	225570 14.5	50593 5.5
Elementary school	535258 33.6	538121 33.5	539531 33.3	218020 24
Vocational school	149568 9.4	143906 8.9	156278 9.7	128463 14
High school	520309 32.6	538652 33.5	522521 32.3	373468 41
College or university	163873 10.3	167935 10.4	165608 10.3	138932 15
Type of settlement				
Urban	984655 61.7	959995 59.7	953617 58.9	
Rural	609902 38.2	648002 40.3	664865 41.1	

Source: SSO, LFS, 2004, 2005, 2006, 2007

⁷¹ In the data available for 2007, the population is grouped according to age groups 15-24, 25-49 and 50-64

⁷² In the data available for 2007, the population is grouped according to age groups 15-24, 25-49 and 50-64

⁷³ The report available for 2007, only includes information on the educational attainment of the economically active population

Table 2b: Structure of the active population according to age, sex, educational attainment, geographical coverage and business activity

Structure	2004	2005	2006	2007
Sex				
Female	325418 39	345912 40	347849 39	358118 39
Male	506863 51	523275 60	543830 61	551348 61
Age				
15-24	107888 13	107280 12	116489 13	326107 20
25-54	650855 79	678783 79	687593 78	755463 46.3
55-64	66467 8	73963 9	79884 9	353340 21.7
Education				
Less than elementary school	48424 5.8	53579 6.1	60963 6.7	50593 5.5
Elementary school	206774 24.8	213418 24.5	217425 24.1	218020 23.9
Vocational school	102655 12.3	107758 12.4	112166 12.4	128463 14.1
High school	343124 41.2	359298 41.3	368544 40.9	373468 40
College or university	131304 12.7	135335 15.5	140634 15.6	138932 15.3
Type of settlement				
Urban	547138 66	550015 63	543130 61	
Rural	285143 34	319172 37	348548 39	

Source: SSO, LFS, 2004, 2005, 2006, 2007

Table 3: Structure of employed population according to sex, age, educational attainment and geographical coverage

Structure	2004	2005	2006	2007
Sex				
Female	202355 38.6	213074 39	218431 38.3	231561 38.7
Male	320640 60.4	332179 60	351974 61.7	366766 61.3

Age				
15-24	37993 7.5	40083 7.4	46887 8.3	54657 9.1
25-54	429947 85	443841 82.7	458875 81.5	405387 67.8
55-64	37377 7.5	52410 8.9	57178 10.2	130340 21.8
Education				
Less than elementary school	28031 5.4	35502 6.6	35398 6.2	31926 5.3
Elementary school	109440 20.9	115645 24.6	125345 22.9	128846 21.5
Vocational school	58252 11.1	58636 12.4	64410 11.3	79379 13.2
High school	220015 42.1	227908 41.3	232521 40.8	249196 41.6
College or university	107258 20.6	107563 15.5	107452 18.9	108980 18.2
Activity				
Employed	394345 75.4	391651 71.8	403564 70.7	424255 70.9
Self-employed	53252 10.1	65487 12	70789 12.4	74999 12.5
Owners	30798 5.8	31276 5.7	33853 5.9	34895 5.7
Home help	44600 8.5	56840 10.4	62199 10.9	64177 10.8
Type of settlement				
Urban	339881 64.9	337043 61.8	337400 59	
Rural	183114 35.1	208210 38.2	233005 41	
total	522995	545253	570405	598327

Source: SSO, LFS, 2004, 2005, 2006, 2007

Table 4: **Structure of employed population according to business activity**

	Business activity	2004	2005	2006	2007
A	Agriculture, hunting and forestry	16.7	19.4	20	19.6
B	Fishing	0.01	0.1	0.01	0.01
C	Mining and quarrying	0.5	0.6	0.6	0.8
D	Manufacturing	22.2	22	21.6	20.8
E	Electricity, gas and water supply	3	3.1	2.8	2.6
F	Construction	7	6.4	7.6	6.2

G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	14,2	13.7	12.8	14.1
H	Hotels and restaurants	2.4	2.4	3.3	3.2
I	Transport, storage and communications	5.9	6	5.2	6
J	Financial intermediation	1.5	1.2	1.2	1.5
K	Real estate, renting and business activities	2.6	2.7	2.7	2.6
L	Public administration and defence; compulsory social security	7.6	7	6.9	6.9
M	Education	6.4	5.8	5.8	5.7
N	Health and social work	5.7	5.7	5.7	5.4
O	Other community, social and personal service activities	3.7	3.3	3.2	3.7
P	Private households with employed persons	0.01	0.07	0.01	0.4
Q	Extra-territorial organisations and bodies	0.3	0.02	0.002	0.01

Source: SSO, LFS, 2004, 2005, 2006, 2007

Table 5: **Employment according to ownership and activity, 2004-2006/7**

2004	Private sector	State-owned enterprises	Socially-owned enterprises	Other (social, mixed, collective, state)
Agriculture	78177 26.3	N/A	N/A	9900 4.3
Production	81178 27.3	N/A	N/A	53719 23.7
Construction	20430 6.8	N/A	N/A	16063 7
Services	116796 39.3	N/A	N/A	145014 64
Total	296709			296709
2005	Private sector	State-owned enterprises	Socially-owned enterprises	Other
Agriculture	98495 28.9	N/A	N/A	8029 3.9
Production	90267 26.5	N/A	N/A	50275 24.5
Construction	21837 6.4	N/A	N/A	13489 6.5
Services	129219 37.9	N/A	N/A	132304 64.5
Total	340240	N/A	N/A	205013
2006	Private sector	State-owned enterprises	Socially-owned	Other

			enterprises	
Agriculture	108105 28.6	N/A	N/A	6672 3.4
Production	100044 26.5	N/A	N/A	42836 22.1
Construction	32966 8.7	N/A	N/A	10237 5.3
Services	135287 35.8	N/A	N/A	132831 68.6
Total	376866			193538
2007	Private sector	State-owned enterprises	Socially-owned enterprises	Other
Agriculture	111485 26.7	N/A	N/A	6046 3.3
Production	110709 26.5	N/A	N/A	34174 18.8
Construction	28617 6.8	N/A	N/A	8494 4.7
Services	164149 39.3	N/A	N/A	127749 70.5
Total	417279			181048

Source: SSO, LFS, 2004, 2005, 2006, 2007

Table 6: Average salaries in regards to sex, age, education, region, type of settlement, working experience and type of enterprise

	Average salaries (in MKD) ⁷⁴			
	2004	2005	2006	2007
Sex				
Female	9190	9321	9382	N/A
Male	10432	10488	10578	
Age				
15-24	N/A			
25-54	N/A			
55-64	N/A			
Education				
Less than elementary school	6324	7081	7759	
Elementary school	8251	8241	10597	
Vocational school	8307	8511	8851	
High school	15047	9454	10061	
College or university	13308	13551	13884	
Type of settlement				
Urban	N/A			

⁷⁴ 1 EUR = 61.5 MKD (7 March, 2008)

Rural				
Working experience				
Less than 5 years	N/A			
5 to 10 years				
Over 10 years				
Type of enterprise				
Private	N/A			
State-owned				
Socially-owned				
Other				
Sector-net salary				
Agriculture	11392	11336	11198	10659
Industry	12592	13738	14262	14866
Services	14497	14971	15440	16448

Source: SSO, LFS, 2004, 2005, 2006, 2007

Table 7: Structure of unemployed population according to age, sex, education and geographical coverage (O – official-Employment Agency and S – survey-based-LFS)

Structure	2004	2005	2006	2007		Structure	2004	2005	2006	2007
Official						Survey				
Gender						Gender				
Female	166464 42.5	151635 42.2	152610 41.6	148070 41.4		Female	122885 39.7	132809 41	129363 40.3	126557 40.6
Male	224608 57.5	208354 57.8	213941 58.4	209096 58.6		Male	186056 60.3	190883 59	191665 59.7	184582 59.4
total	391072	359989	366551	357166		total	308941	323692	321028	311139
Age						Age				
15-24	67890 17.3	58359 16.2	57654 15.7	54096 13.3		15-24	69896 19.2	67197 20.7	69603 21.7	65708 21.1
25-54	281108 71.8	257913 71.6	263635 71.9	305464 74.9		25-54	276431 75.8	234942 72.7	228720 71.2	191771 61.7 (25-49)
55< ⁷⁵	42074 10.7	43717 12.1	45262 12.3	47981 11.7		55-64	18138 5	21554 6.6	22706 7.1	53486 17.2 (50-64)
Education ⁷⁶						Education				
Unqualified	187041 47.8	173831 48.2	174473 47.5	172683 48.3		Less than elementary school	20393 6.6	17877 5.5	21445 6.7	18667 6
Semi-qualified	14824 3.7	13617 3.8	13397 3.6	12700 3.5		Elementary school	97333 31.5	97773 30.1	97068 30.2	89174 28.6
Vocational school	69850 17.8	62378 17.3	62626 17	58877 16.4		Vocational school	44403 14.3	49122 15.1	51397 16	49084 15.7

⁷⁵ Data on unemployment from the Employment agency do not include a 55-64 age group, but instead over 55 years group

⁷⁶ The data on educational attainment in the Employment Agency's unemployment records classify people according to their qualifications (i.e. high-semi-low qualified)

High school	95693 24.4	86939 24.1	91155 24.8	88142 24.6		High school	123110 39.8	131391 40.5	122517 38.1	124272 40
College or university	23664 6	23224 6.4	24900 6.8	24764 6.9		College or university	24046 7.7	27772 8.5	28849 8.9	29943 9.6
Type of settlement						Type of settlement				
Urban	257954 66	240004 67	247042 67	239384 67		Urban	207257 67	212972 66	205731 64	N/A
Rural	133118 34	119985 33	119509 32	117782 39		Rural	102029 39	110962 34	115543 36	N/A

Source: Employment Agency and SSO, LFS, 2004, 2005, 2006, 2007

Table 10: Rates, frequency and duration of long-term unemployment 2006

2006	Average duration in months	Share in long-term unemployment	Frequency of long-term unemployment (% of the total unemployed)	Long-term unemployment rate (% of the total labor force)
Total	44.4		86	31
Gender				
Female	45	40	86	32
Male	44	60	86	30
Age				
15-24	38	18	72	43
25-44	46	55	89	32
45-54	45	19	90	25
55-65	44	8	92	26
Education				
Less than elementary school	46	7	92	35
Elementary school	45	33	89	38
Vocational school	45	17	87	39
General High school	45	35	74	26
University	41	8	73	15

Source: SSO, LFS, 2006

Table 10a: Duration of unemployment (2004-2006)

	2004	2005	2006
1-11 months	45062 14	42946 13	44071 13
1-2 years	37479 12	35493 11	32562 10
2-3 years	2614 1	2960 1	2892 1
3-4 years	27791 9	30710 9.5	31344 10
4+	198955 63	211852 65	213298 66
Total	311901	323961	324167

Table 11: Possibility of transition from unemployment, 2005/6 or 2006/7

	2007		
2006	Employed	Out of labour force	Unemployed
Unemployed	5097	6575	340141
Gender			
Female	2246	2362	141112
Male	2851	4214	199029
Age			
15-24	N/A		
25-44			
45-54			
55-65			
Education			
Less than elementary school	N/A		
Elementary school			
Vocational school			
General high school			
University			

Source: Employment Agency

Table 14: Time necessary for filling in open jobs

Position	Manager	Professional staff	Qualified staff	Unqualified staff	Non-production staff
Weeks	4.3	10.107	1.68	N/A	9.69

Source: BEEPS 2002