



PRESS RELEASE

The place of Republic of Macedonia in the Index of Economic Freedom 2010

20th of January, 2010, Skopje

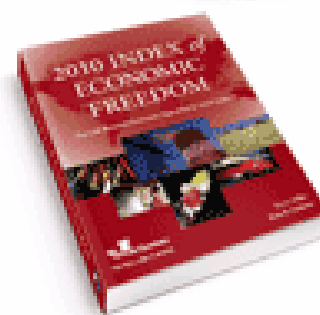
Republic of Macedonia has 65.7% Economic Freedom

World Rank: 56th

Regional Rank: 26th of 43 countries

The OHRID Institute for Economic Strategies and International Affairs has the honor to announce the Index of Economic Freedom 2010. The Index is prepared by the Heritage Foundation, and the

OHRID Institute as Macedonian partner translated the analyses for Republic of Macedonia. For many years, The Wall Street Journal and The Heritage Foundation have been measuring countries' commitment to free market capitalism in the "Index of Economic Freedom." The Heritage foundation is conservative think tank situated in Washington. The Heritage is founded in 1978, and is very influential in the US conservative circles. Its mission is to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense.



The 2010 Index provides strong evidence that the countries that maintain the freest economies do the best job of promoting prosperity for all citizens. Macedonia's economic freedom score is 65.7, making its economy the 56th freest in the 2010 *Index*. Its overall score has increased 4.5 points from last year, reflecting a major improvement in labor freedom and smaller improvements in six other economic freedoms. Macedonia is ranked 26th out of 43 countries in the Europe region, and its overall score is above the world average.

The index measures ten components of economic freedom, assigning a grade in each using a scale from 0 to 100, where 100 represents the maximum freedom. The ten component scores are then averaged to give an overall economic freedom score for each country. The Index covers 10 freedoms – from property rights to entrepreneurship – in 183 countries.

Since 1995, the Index has brought Smith's theories about liberty, prosperity and economic freedom to life by creating 10 benchmarks that gauge the economic success of 183 countries around the world. With its user-friendly format, readers can see how 18th century theories on prosperity and economic freedom are realities in the 21st century.



As previous years this year too the leading position has Hong Kong, which has (89.7) points, following Singapore (86.1), Australia (82.6), New Zealand (82.1) and Ireland (81.3). From the countries in the region, Albania has the best score and it's ranked on the 53rd place. Afterwards follow Macedonia (56), Slovenia (61), Montenegro (68), Greece (73), Croatia (92), Serbia (104), and Bosnia and Herzegovina which is on the 110 place. Compared with other countries in Europe, Macedonia is ranked 26th.

Macedonia also enjoys high levels of trade freedom, fiscal freedom, and monetary freedom. Personal and corporate income tax rates are very competitive, and tax administration has been strengthened. Monetary stability is relatively well maintained. Macedonia is generally open to global trade, and the financial sector has weathered the global financial crisis relatively well. Macedonia still lacks sufficient institutional support for property rights and the fight against corruption. The court system is prone to corruption, political interference, and inefficiency, and human trafficking and smuggling of drugs and weapons remain serious problems.

In the research Macedonia received high scores in the fiscal freedom (89, 3) monetary freedom (79,0) and trade freedom (83,3). Low scores which mean bad signal for business, Macedonia received in the part for property rights protection (35) and the level of corruption (36).

Macedonia has gradually increased its scores in almost all areas. Namely, Macedonia received middle scores in the part for investment freedom (50) in 2009 Index, whereas in the Index 2010 Macedonia in this part has (60), in 2009 Index the business freedom was (58,2) and in the 2010 is (65,2), labor freedom from (59,8) in 2009 it is moved to (83,9) which is the biggest leap, the financial freedom (60) is the same and economic growth of the government (65,9) is slightly increased. On the bottom of the list are Burma, Eritrea, Cuba, Zimbabwe, and the lowest economic freedom in the world has North Korea. Macedonia's economic transformation into a market economy continues. Macedonia enjoys high degrees of trade freedom, fiscal freedom, and monetary freedom. But, Macedonia lacks institutional capacity in protecting property rights and fighting corruption. However, creating an environment that is truly conducive to vibrant economic development remains challenging. Annual data for the economic freedom in Republic of Macedonia through the years:

Year	2010	2009	2008	2007	2006	2005	2004	2003	2002
Macedonia	65,7	61.2	61.1	60.6	59.2	56.1	56.8	60.1	58.0

The OHRID Institute for Economic Strategies and International Affairs since its forming tracks the place of Republic of Macedonia in the Index of Economic Freedom. Republic of Macedonia has made significant progress in the development of the economic freedom and in all its constituents.