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## **Minutes of meeting from the Round table for the project “Increasing the competitiveness of the domestic SMEs in order to improve their cooperation with foreign investors”**

Held on 21.02.2018, at the Economic Chamber of Commerce

The Agenda is given as annex.

The target group for this Roundtable were the FDIs (Foreign Direct Investors) in R. Macedonia. The meeting was held in order to inform them about the idea and the project itself, their anticipated involvement and to get a first picture of the business cooperation with the domestic SMEs.

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The moderator Mr. Maringer stressed out that this roundtable and the project itself should help identify whether the problem lies in the competence of the Domestic companies, the willingness of the FDIs, the willingness of the Domestic companies or something else.

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Mr. Peter indicated that the SMEs should work on:

- lowering the cost,
- increase flexibility and
- shorter delivery times.

This is a magic triangle and they have to be balanced. The client should dictate the importance of the factors. Companies should stop production something no one will buy it. The supply does not meet the demand.

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Mr. Angjushev, regarding the work of the FDIs in R. Macedonia, indicated that he encountered problems in the administration and that they are not speaking the same language with the business sector. The SMEs should learn how to:

- work on a standardized way,
- increase the quality,
- be more responsible and
- be more reliable (partner).

He later indicated the activities and measures the Government is undertaking in order to increase the level of cooperation between the foreign and domestic companies.

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Mr. Minovski presented the project. The presentation is given as annex.

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After that, a panel discussion was opened and a lot of the companies gave insights of the cooperation with the Domestic companies so far. The problems/issues will be indicated:

- in certain cases there is no production of components that are needed by the FDIs,

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- in certain cases the domestic companies should invest a significant amount of money in order to become their suppliers, with no guarantee to become for cooperation. But becoming a supplier to a local FDI, opens the door for becoming a global supplier,
  - Some of the FDIs invested in the domestic companies (their suppliers), 1-2 years process, but there is no guarantee for a long-term cooperation (loyalty),
  - the Universities should produce know-how for process and product design,
  - Unfortunately, there is a small turnover from the cooperation with the Domestic companies. The percent for the number of Domestic companies that cooperate with the FDI is big, but the amount (reflected in money) of the cooperation is very small. This indicates that the Domestic companies are not the primary suppliers,
  - There should be a cluster from the domestic companies that will help them overcome the financial criteria when applying to a global tender,
  - The Domestic companies should grow together with the FDI, but at some point there is a problem with meeting the demand,
  - Some companies indicated that they have achieved to be a decision maker for choosing their suppliers. This is not the case with large number of the FDIs – they need approval from the headquarters, or even worse, from the main product producer,
  - Implementation of some kind of standardization in the domestic companies could be an interesting case for industry projects.
  - Having in mind the time limitations of the project, the questionnaire should clearly indicate the domestic companies that are in the initial phase of becoming a supplier, but still, a regular cooperation is not established,
  - In order to avoid problem in the match-making process, the demands from the FDIs should be explained in more details in the questionnaire.

For more detailed overview, a questionnaire will be distributed to them on Monday (26.02.2018).

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At the end, the president of FIC concluded the meeting with these requests:

- Although from the point of view from the FDIs the cooperation looks like it's ok, they should further investigate and make efforts for fostering the cooperation with the domestic companies (even strategic targets on this issue can be set).
  - The idea about the cluster for the domestic companies should be undertaken by the ECM,
  - There should be a representative from the Government going on a roadshow in R. Macedonia and talk/inform the domestic companies,
  - The information gathered today, together with the questionnaire should be distributed to the domestic companies.
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The next big gathering will be on 18<sup>th</sup> April 2018, the Promotional conference with the Domestic companies where we will discuss the findings of the analysis of the questionnaire.

23.02.2018

Project coordinator

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Prof. Robert Minovski, PhD