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**PARTNERSHIP
FOR DEVELOPMENT**

TARGETS:

- 1. Create an environment conducive to increase the inflow of FDI up to 7% of GDP by 2015;*
- 2. Increase the share of foreign trade on the world markets up to 60% of the GDP and reduce the trade deficit to 12% of the GDP by 2015*

STATUS OF PROGRESS:

Despite all the activities that have been undertaken thus far in order to create a (business, legal and political) environment conducive to attracting FDIs, the effects only partially meet the expectations. The prolonged trend of a relatively small inflow of FDI in the country can be attributed to the following fundamental reasons: (1) existing perception of non-commercial (political and security) risks (as the EU and NATO accession processes have been blocked by one Member State); (2) insufficient capacities of the public administration and the judiciary; and the relatively non-competitive labour in terms of skills and cost. Should the Government's assumptions materialize, FYR Macedonia will have fully achieved the goal of increasing the FDI inflow to 7% of its GDP by 2015. By then, the country will have largely managed to exceed the benchmark concerning the share of foreign trade in the GDP, but the situation in relation to the second benchmark will be entirely different, as the share of the foreign trade deficit will be far above 12% of the GDP.