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**SOME ASPECTS OF THE GROSS DOMESTIC PRODUCT
GROWTH AND THE DOMESTIC CONSUMPTION INCREASE
IN THE REPUBLIC OF MACEDONIA**

Abstract

This paper deals with some aspects of the gross domestic product growth and the domestic consumption increase in the Republic of Macedonia. The paper aims through in-depth insight into the changes in the share of particular sectors in creating the gross domestic product (GDP), than the changes in the total supply and demand of goods and services on the domestic market, as well as in the foreign trade, to identify the implications from the increase in the domestic consumption on the most significant macroeconomic indicators. The analyzes shows that the maintenance of the current level of the domestic consumption (above the level of the effective GDP) have negative consequences and implications, due to the following reasons: The high level of the final consumption share in the GDP does not give opportunity to increase the investments, as a precondition to expand the production possibilities of the domestic economy; The covering of a significant part of the domestic consumption through increased import of goods leads to increase of deficit in the trade balance as well as the deficit on the current account; The covering of a significant part of the domestic consumption through increased import of goods and services leads to additional indebtedness and increase of the total and cumulative public debt of the country. The author evaluates that such situation of the Macedonian economy on long term is unsustainable.

Key words: gross domestic product, domestic consumption, trade deficit, current account, balance of payments, public debt

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Introduction

The issues related to the supply and demand of goods and services from a domestic origin, as well as the ratio between these supply and demand and imported goods and services, causes permanent interest of the scientific and experts public opinion. The increase of the share of the import in forming the aggregate supply, as well as the relative decrease of the share of the export in forming the aggregate demand implies numerous consequences. They are manifested on the economic growth, the level of the trade deficit, the deficit of the current account, on the state of the balance of payments as well as the level of the total and the cumulative public debt.

In last decade the increase in the domestic consumption in the Republic of Macedonia was accompanied by the relative decrease of the share of the goods from the domestic origin, as well as the increase of the participation of the so-called socially valuable goods and services in forming the added value. Therefore, the aim of the study in this paper is, through consideration of the changes in the share of particular sectors in creating the gross domestic product (GDP), than the changes in the total supply and demand of goods and services on the domestic market, as well as in the foreign trade, to identify the implications from the domestic consumption increase in the Republic of Macedonia on the most significant macroeconomic indicators.

In this research, the period 2001-2011 is observed and data from several relevant Macedonian institutions (State Statistical Office, the Ministry of Finances and the National Bank etc.) are used.

1. Some methodological aspects of the calculation of GDP

We consider that the current methodology for calculating the GDP in the Republic of Macedonia and its implementation here and in the other undeveloped countries and developing countries, although is in accordance with the methodology for calculating the GDP in the developed countries, is inappropriate. The use of this methodology creates unreal picture about the growth in particular sectors in the economy, and with that for the changes of the entire economic growth of the national economy.

According to the current methodology, the growth of all sectors constitutes the growth of the entire economy. However, the contribution of the particular sectors in the economy differs, depending on whether are created real goods (commodities), then production and other services or are created so-called accrual values (socially valuable goods – services). While, in the real sector are created new values in material shape (commodities), in the service sector (wholesale and retail, financial sector, insurance, catering, traffic and communications etc.) are created services which are offered in the market, while in the public sector (public administration and defense, mandatory social care, education, health and social matters, other communal activities, cultural activities, common and personal service activities) are created only the so-called accrual values, a special type of services which can't be quantified separately nor their value can be confirmed in the market. For example, if in the higher education is created a new highly educated cadre (human capital) which does not correspond with the demand on the labor market, such cadre remains as unused human potential. Although large financial funds are spent for its creation, they don't have any contribution in the creation of the new value.

The increase of the number of employees in the public and state administration over the optimal number, as well as the increased amounts of funds for purchasing commodities and services, also significantly do not contribute in the increase and improvement of the quality of the public services. Each additional spending of funds in these sectors above the optimal level is registered as expenditure in the function of creating new additional services, where those additional accrual services represent a base to increase the added value, and with it a base to increase the economic growth rate of the national economy. However, a question is raised about how much and to whom those additional services serve? With that we don't mean that the public sector should not exist or that the services they offer are not needed, but we consider that the participation of these sectors in creation of the GDP should be limited to a certain level.

2. Share of the particular sectors in creation of the GDP

Pursuant to the current methodology, the basic components which compose the GDP are: the added value of all sectors of the national economy, plus the taxes of production minus the subventions. However, the greatest importance in forming the GDP has the added value, which essentially represents a newly created value of the national economy. Beside the level of the newly created value, of a particular importance for one national economy is its structure, respectively whether such newly created value is appropriate to the needs and demands of the market. In that sense, based on the data of the State Statistical Office about the added value by sectors in the Republic of Macedonia, several conclusions can be drawn (Appendix 1).

➤ The added value in the sector agriculture, hunting, forestry and fishing, then the sector mining and extraction of ore, the processing industry, the sector of supply with electrical energy, gas and water, and construction, which compose the so-called real sector, in the period 2001-2011, is increased for 83.6%, respectively from 85.698 to 157.361 million MKD¹. Due to the lower dynamic of the added value growth in the real sector compared to its dynamic in the other sectors, the share of this sector in the total added value of the national economy decreased. In the analyzed period, the share of the real sector in the total newly created value by years is: 43,9% (2001), 42,5% (2002), 42,2% (2003), 40,6% (2004), 40,5% (2005), 40,7% (2006), 41,5% (2007), 41,3% (2008), 41,2% (2009), 39,2% (2010) and 38,9% (2011);

➤ The added value created in the sector wholesale and retail, hotels and restaurants, traffic, warehousing and communications, financial sector and activities related to real estate, in the period 2001-2011 is increased for 83.6%, respectively from 66.904 to 122.843 million MKD. The share of the added value in these sectors in the total added value shows tendency of decrease from 34.3% in 2001, 33.6% in 2007 and 30.4% in 2011.

➤ The added value created in the other sectors (public administration and defense, mandatory social care, education, health and social matters, other communal, cultural, common and personal service activities) in the analyzed period has increased for about three times

¹ The growth of the added value in these sectors by years in this period is: -1,4% (2002), 10,7% (2003), 6,6% (2004), 2,0% (2005), 10,5% (2006), 15,7% (2007), 13,5% (2008), 0,1% (2009), 1,0% (2010) and 5,3% (2011).

(from 42.628 million MKD in 2001 to 124.019 million MKD in 2011). As a result of this, the share of the added value of these sectors increased in the total newly created value from 21.8% (2001), to 27.5% (2004) and 32.7% in 2011.

From the previously stated it can be concluded that great changes have occurred regarding the share of the particular sectors in creating the total newly created value in Republic of Macedonia. The decrease of the growth of the real sector and its share in the total newly created value assumes further deepening of the differences between the supply and demand of the goods created by the real sector in the country.

3. Total supply and demand of the domestic market

Total supply of goods and services on the market consists of the amount of the newly created value, respectively the gross domestic product of the national economy and the import of goods and services, as basic components of the aggregate supply. The ratio between the newly created value (GDP) and the value of the total import points out on the level of the import dependency of the national economy. The increase of the share of the import in forming the total aggregate supply represents a significant indicator which shows that due to the insufficient size and inappropriate structure of the supply of goods and services from domestic origin, a larger part of the aggregate demand (domestic demand and the export) is covered with the import of goods and services.

The share of the particular components of the aggregate demand in each country is different, and depends on the level of the economic development, the goals of the economic policy, the habits of the consumers, tradition etc. The countries with a higher level of economic development are characterized with a relatively larger share of gross investments and export in the total aggregate demand. In the undeveloped and developing countries prevails the share of the final consumption in the total aggregate demand. The components of the total supply and demand in the Republic of Macedonia, according to the State Statistical Office data, are presented on the Appendix 2. Based on these data it can be concluded that:

➤ Due to the lower dynamic of the GDP growth (index 197.4) compared to the total supply of goods and services growth (index 221) in the period 2001-2011, it came to a higher growth of the import of goods

and services (index 263.6), particularly the import of goods (index 278.9). The increase of import has caused increase of the share of import in the total aggregate supply (from 35.6% in 2001, 43.3% in 2008, respectively 42.5% in 2011). The share of the import of goods in the total aggregate supply is increased from 29.5%, to 37.6% and 37.2% respectively. In the same time, the share of the import of services in the total aggregate supply noticed a tendency of decrease (from 6.1% in 2001, 5.7% in 2008 to 5.3% in 2011);

➤ The largest part of the total supply of goods and services (72.7% in 2001, 71.2% in 2008 and 68.7% in 2011) is intended for covering of the domestic demand, while the remaining part of the total supply for export. The largest part of the domestic consumption (88.4% in 2001, 79.8% in 2008 and 83.6% in 2011) is covered with the newly created value of the domestic economy (the effective GDP). These indicators suggest to the relative decrease of share of the newly created value of the domestic economy in the coverage of the domestic consumption. The share of the final consumption in the total domestic consumption shows tendency of decrease (83.8% in 2001, 78.6% in 2008 and 77.3% in 2011), which implies increased participation of the other components of the aggregate consumption. In the same time oscillations are noticed in the share of the final consumption in the GDP (94.8% in 2001, 98.5% in 2008 and 92.4% in 2011);

➤ The export of goods and services in the period 2001-2011 shows a tendency of high growth (index 255.2), considerably over the level of growth of the GDP (index 197.4). The relatively higher rise of the export is primarily a result of the lower level of export of the basic year of the analysis (2001). The share of the total export of goods and services in the total aggregate demand shows a tendency of increase (27.2% in 2001, 28.9% in 2008 and 31.3% in 2011), which means increasing coverage of the import with export. It is particularly significant the increase of the export of services of a domestic origin as one qualitative change in the foreign trade.

From the previously stated it can be concluded that the current level of the domestic consumption (above the level of the effective GDP) in long term cannot be maintained due to: 1) The high share of the final consumption in the GDP does not give opportunity to increase the investments as a precondition for expansion of the domestic economy; 2) The coverage of the considerable part of the domestic consumption through increased import of goods and services leads to an increase of

the negative balance of the current account on the basis of the so-called current transactions; 3) The coverage of the significant part of the domestic consumption through increased import leads to an increased total and cumulative public debt.

4. Implications of the domestic consumption increase

The domestic consumption increase over the level of the achieved GDP, beside the short term positive effects, can cause serious negative implications on the development of the national economy. In conditions when the domestic economy for a longer period is facing the problem of insufficient and inappropriate supply of goods and services and increased import, negative implications of the policy of stimulating the domestic consumption increase are possible. They are manifested on the: economic growth and development, the balance of payments, the total and cumulative public debt.

4.1. Economic growth and development

The increase of the domestic consumption not always mean that is the best and potentially the most accurate approach in resolving the accumulated problems, especially not in the economies which are faced with insufficient supply of goods and services of a domestic origin. Due to the failure, respectively the partial success in conducting the economic reforms, especially to the so-called structural reforms, Macedonian economy remained insufficiently reformed to cope with the requests and challenges which were imposed by the changes of the economic system in the country and in the external environment, particularly the liberalization of the internal market.

The insufficient investments in expanding of the production capacities, as well as in changing the current production structure of the domestic economy, restricts the capabilities for increase of the economic growth rate and the development. In these circumstances it cannot be expected an increase of the competitiveness of the domestic economy, especially on the external market. The increase of the productivity and the rational utilization of the available resources, are the basic preconditions for increase of the economic growth rate and domestic supply, as well as for successful participation in the market (internal and

external) on competitive basis. A contrary, the growth of the domestic consumption will only bring increase of the import. In this respect, interesting are the indicators for the efficiency of the total and additional domestic consumption in the Republic of Macedonia (Table 1).

Table 1: Some indicators for the efficiency of the total and additional domestic consumption in the Republic of Macedonia, 2001-2011

In million MKD

Year	GDP	Additional GDP	Total consumption	Additional consumption	Gross investments	Additional investments	GDP / Total consumption	Additional GDP / Additional consumption	GDP / Gross investments	Additional GDP / Additional investments
1	2	3	4	5	6	7	8	9	10	11
2001	233841	-	264530	-	42760	-	0,88	-	5,46	-
2002	243970	10129	293070	28540	50275	7515	0,83	0,35	4,85	1,34
2003	258369	14399	300837	7767	49447	-828	0,86	,85	5,22	-
2004	272462	14093	327285	26448	59902	10455	0,83	0,53	4,54	1,34
2005	295052	22590	345235	17950	62913	3011	0,85	1,25	4,68	7,5
2006	320059	25007	377137	31902	68809	5896	0,84	0,78	4,65	4,24
2007	364989	44930	432288	55151	89928	21119	0,84	0,81	4,05	2,12
2008	411728	46739	515892	83604	110405	20477	0,79	0,55	3,72	2,28
2009	410734	-994	499290	-16602	106378	-4027	0,82	-	3,86	-
2010	434112	23378	515270	15980	110790	4412	0,84	1,46	3,91	5,29
2011	461730	27618	551955	36000	125398	14608	0,83	0,76	3,68	1,89
Total	3707046	227889	4422789	285930	877005	82638	0,83	0,79	4,22	2,75

Source: Own calculations based on the data of the State Statistical Office of the Republic of Macedonia.

From the data and the indicators in the Table 1 it can be concluded that:

- The increase of the total domestic consumption was not accompanied with appropriate increase of the revenues of the Macedonian economy. The highest amount of revenue on a unit domestic consumption is achieved in 2001 (0.884), while the lowest in 2006 (0.797). The decline of revenues on a consumption unit is due to the decrease of the efficiency of the additional domestic consumption. In the period 2001-2011, on one unit of additional domestic consumption are realized 0.797 units of additional revenue, which is under the achieved level of revenue from a unit of regular domestic consumption (0.838).

- The increase of the gross investments, as part of the total domestic consumption, also doesn't have a positive influence on the increase of the revenues of the Macedonian economy. On every unit of

gross investments in the domestic economy, the revenues are decreasing from 5.468 in 2001 to 3.682 revenue units in 2011. The decrease of the revenues of gross investments is due to the decrease of the additional revenues of every unit of additional investments in the analyzed period.

From previously stated it can be concluded that the increase of the domestic consumption has no effects on the increase of the revenues of the Macedonian economy, and with it on the economic growth rate and the development. Primarily, that is due to the unfavorable structure of the domestic consumption (dominant share of the final consumption), then the increase of the stocks, as well as the growth of the nonproductive investments which have almost no feedback effects on the development of the national economy. Without change of the current structure of the domestic consumption on behalf of the investments, which would lead to the expansion of the production capabilities of the domestic economy to create additional new value, we can't expect any positive effects from the increase of the domestic consumption on the economic growth and the development of the Macedonian economy.

4.2. Implications on the balance of payments

We consider that the increase of the domestic consumption, in conditions when the domestic economy is not in a position to answer (by size and structure) to the increased needs of goods and services on the domestic market, is unjustified. From those reasons, Republic of Macedonia is facing with a continuing increase of the import, which causes further growth of the deficit in the balance of payments, and with that an increased outflow of funds from the current account. That is confirmed by the data from the Ministry of Finance for the current account balance and capital account, respectively the balance of payments in the period 2005-2011 (Table 2).

Table 2: The balance of payments in the Republic of Macedonia in the period 2005-2011**In millions of Euros**

	2005	2006	2007	2008	2009	2010	2011
Current account:	-121,3	-44,9	-414,8	-853,3	-483,3	-191,1	-224
1.Current transactions (net)	-883,2	-998,2	-1149,3	-1746,4	-1523	-1408	-1584
- goods (net)	-858,5	-1020,4	-1174,8	-1750,7	-1551	-1468	-1682
- services (net)	-24,7	22,2	25,5	4,3	28	59,9	98,1
2. Incomes (net)	-91,5	-28,4	-277,7	-90,9	-91,7	-149,2	-120,8
3. Current transactions (net)	853,3	981,8	1012,1	984	1131,4	1366	1480,2
Capital account:							
Financial and capital transactions	127,7	38	447,6	851,2	466,1	190,5	227,9
.Capital transactions (net)	-1,7	-0,8	3,7	-12,2	20	9,1	21,3
b. Financial transactions - net	129,4	38,8	444	863,5	446,2	181,4	206,6
- direct investments (net)	74,9	344,6	506,9	409,4	171,9	219,9	336,8
- portfolio investments (net)	200,8	73,1	114,4	-50,7	104,3	-63,6	-42,1
- other investments (net)	201,6	-81,4	-75,5	453,2	239,3	66,1	243,2
- gross official reserves	-347,9	-297,6	-101,8	51,6	-69,4	-41,1	-331,3
Errors and omissions	-5,3	6,9	-32,8	2,1	17,1	0,5	-3,6

Source: Ministry of Finance of the Republic of Macedonia, Bulletin of the Ministry of Finance, No. 03/2007, 03/2009, 03/2011 and 03/2013.

The data in the Table 2 indicate several significant conclusions:

- As a consequence of the foreign trade deficit increase, the net inflow of funds on this basis in the current account is considerably decreasing (from -883.2 in 2005 to -1.583.7 million euros in 2011). Significant increase in the trade deficit was noticed in 2008 when it reached 1.746.4 million euros. In the same time the net inflow of funds in

the current account on the basis of other revenues decreases (for 91.5 in 2005 and 120.8 million euros in 2011). Despite the net inflow of funds growth on the basis of the current transfers (from 853.3 in 2005 to 1.480.2 million euros in 2011), they were not sufficient to cover the net outflow of funds from the foreign trade exchange and the net outflow of funds on other basis (interest and other). As a consequence of the increased outflow of funds from the current account in the analyzed period the negative balance of the current account was increased (from 121.3 in 2005 to 224.3 million euros in 2011);

- The current account deficit in the Republic of Macedonia is covered through increase of the net inflow of funds on the capital and financial account. On the basis of capital transactions, the net inflow of funds in 2005, 2006 and 2008 is negative (-1.7, than -0.8 and -12.2 million euros respectively), while the remaining years although the net inflow on the capital account was positive, its numerical values were minimal. In such a situation, it was necessary to increase the net inflow on the financial account, as a possibility to cover the negative balance on the current account. The highest net inflow of funds on the financial account was achieved in 2007 (444.0 million euros), then in 2008 (863.5 million euros) and 2009 (446.2 million euros).

Pursuant to stated previously it can be concluded that the trade deficit in the entire analyzed period is significantly higher of the net inflow of funds on the basis of current transfers. It means that beside the increased inflow of these funds, they were insufficient to cover the total amount of the negative balance on the current account. In such a situation it was necessary the current account deficit to be covered by the increased inflow of funds on the capital, and particularly on the financial account.

4.3. The influence on the total and the cumulative public debt

The increase of the import of goods and services for meeting the needs of the domestic market has a negative influence not only on the current account but also on the level of the total debt and of the cumulative debt. If we bear in mind the fact that the goods and the services provided through import, mostly are designed to meet the needs of the final consumption (to the households and the final public consumption), while a relatively small part for an investment consumption, than it's understandable that alongside with the growth of

the import is increased the public and the private debt (internal and external).

That's a practice in all modern economies which are faced with such problems. The only difference in regard to the indebtedness between the countries with determined goals and priorities in development compared to the countries without recognizable goals and priorities in development, consists of the fact that the first mentioned countries use the funds from borrowings for development goals, i.e. increase of the production capacities of the national economy, while the other mentioned countries use the same funds for economic and social survival. The data from the Ministry of Finance, related to the total (public and private) and cumulative public debt of the Republic of Macedonia in the period 2005-2011 are presented in Table 3.

Table 3: The total and public debt of the Republic of Macedonia in the period 2005-2011

In million Euros

	2005	2006	2007	2008	2009	2010	2011
GDP	4676	5231	5965	6720	6677	7057	7504
External public debt	1477,78	1207,37	1057,35	1109,94	1324,87	1424,85	2061,11
External private debt	1040,31	1233,06	1783,7	2194,23	2455,49	2680,87	2785,5
External debt-gross	2518,09	2503,42	2841,05	3304,16	3839,43	4299,33	4846,61
1. State sector	1528	1065,56	897,71	906,33	1055,84	1104,1	1464,24
2. Monetary sector	52,66	51,99	9,01	9,15	71,74	76,42	310,82
3. Banking sector	192,02	269,88	387,85	384,07	467,75	576,49	564,75
4. Other sectors	475,84	786,69	1115,71	1321,91	1417,72	1562,79	1622,68
5. Borrowings of related parties	269,57	329,3	430,77	682,7	826,39	979,53	884,12
External debt of the central government	-	-	877,2	921,3	1105,3	1173,8	1582,1
Internal debt of the central government	603,7	651,2	552,8	465,5	491,6	536,8	506,7
External public debt/GDP	31,6	23,08	17,72	16,5	19,83	20,19	30,55
Total external debt/GDP	53,85	47,85	47,63	49,16	57,49	60,92	64,58
Total debt of the central government/GDP	-	-	23,97	20,63	23,9	24,21	27,82
Total debt/GDP	66,76	60,29	56,89	56,09	64,86	68,53	71,34

Note: In the internal public debt is not included the debt of the local government and the public enterprises.

Source: *The Ministry of Finance of the Republic of Macedonia, Bulletins of the Ministry of Finance, No. 03/2007, 03/2009, 03/2011 and 03/2013.*

Based on the data from the Table 3, following conclusions can be drawn:

- The total external debt of the Republic of Macedonia in the period 2005-2011 is increased from 2.518.09 in 2004 to 4.846.61 million euros in 2011. The share of the gross domestic debt in the GDP of the country

is increased from 58.85% in 2005 to 64.58% in 2011. In the structure of the external debt, the share of the private external debt (except in 2004 and 2005) is the biggest, as a result of the measures of the Government of the Republic of Macedonia for a preterm return of part of the debt towards certain international financial institutions. Such a policy was conducted until 2011 when it came to a significant increase of the external public debt of the country (from 1.424.85 million euros in 2010 to 2.061.11 million euros in 2011) which implicates a significant increase of the external public debt share in the GDP (from 20.19% in 2010 to 30.55% in 2011);

- The debt of the local government and the debt of the public enterprises are not included in the internal public debt. Therefore, every further analysis of the internal public debt would be incomplete and it would not reflect the real situation and the changes of the internal public indebtedness.

From all previously stated we can conclude that due to the deficit on the current account, as well as the deficit in the balance of payments as a consequence of the increased total domestic consumption above the level of the achieved revenue (the effective GDP), in the analyzed period Macedonia was faced with a need of additional sources of funds, primarily on the additional public and private indebtedness in the internal and external financial market. Such approach for providing necessary funds from additional sources led to increase of the total and cumulative public debt of the country.

Conclusion

Based on the obtained results from the research of the share of particular sectors in creation of the GDP, the movements in the total supply and demand of goods and services in the domestic market, the changes in the foreign trade exchange, as well as the implications of the rise of the domestic consumption in the Republic of Macedonia in the period 2001-2011, several conclusions can be drawn.

The changes regarding the share of particular sectors in creation of the total added value, which are manifested in decrease of the real sector share, lead to a deepening of the differences between the added value which is created in the real sector on one hand, and the demand of those goods on the market on the other hand. The relative decrease of the

share of goods of a domestic origin as well as the relative increase of the share of the so-called socially valuable goods and services in forming of the added value has negative implications on the development of the domestic economy, which supply does not correspond to the structure of the domestic demand.

The increase of the domestic consumption does not have positive effects on the increase of the revenues of the domestic economy, and with that on the economic growth rate and development. That's due to the unfavorable structure of the domestic consumption (dominant share of the final consumption), the increase of the so-called nonproductive investments which don't have almost any feedback effects on the development of the Macedonian economy. Without change of the current structure of the domestic consumption on the benefit of the investments which would lead to expansion of the production possibilities of the domestic economy, cannot be expected any significant positive effects from the increase of the domestic consumption.

The coverage of the needs of the domestic consumption with goods from import has led to the increase of the deficit in the foreign trade exchange, significantly over the level of the net inflow of funds on the basis of current transfers. Beside the increased inflow of funds on the basis of current transfers, they are not sufficient to cover the total amount of the negative balance of the current account. The coverage of the deficit of the current account is conducted through the increased inflow on the capital and particularly on the financial account. As a consequence, it imposed the requirement for provision of additional sources of funds, primarily through indebtedness in the internal and external financial market. Such approach of provision of funds led to the increase of the total and cumulative public debt.

From everything previously stated it can be concluded that each increase of the domestic consumption which does not correspond with the size and the structure of the supply of goods and services of a domestic origin leads to increase of the import and with that to the increase of the deficit in the trade balance. Also, the increase of the trade deficit implies further increase of the deficit on the current account, additional indebtedness and increase of the total and cumulative public debt of the country. We consider that such situation of the Macedonian economy on long term is unsustainable.

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Appendix 1

Added value in Republic of Macedonia, by groups of sectors, in the period 2001 - 2011

In million denars

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
A.B. Agriculture, hunting, forestry and fishing	22957	24557	28649	30041	30991	33530	33109	41341	39845	43739	44659
C. Mining and quarrying	1312	960	976	1029	1397	1569	2604	4350	4137	6692	6915
D. Manufacturing	39887	37925	38933	38921	43627	49627	64083	70634	67856	59089	64503
E. Electricity, gas, water, steam and air conditioning supply	10041	9146	11651	10961	10028	10162	9516	11159	15034	16021	13744
F. Construction	11801	11893	13366	14558	15761	17587	20835	20258	21110	23902	27540
G. Wholesale and retail trade	26076	27348	28006	35672	38649	43268	47355	50270	53583	72236	77694
H. Accommodation and food service activities	3410	4088	4621	4144	4245	4710	5565	5952	5051	4940	5535
I. Traffic, warehousing and communications	21694	20610	20789	20374	23459	26134	29017	33143	32234	18424	22707
J. Financial and insurance activities	7420	7427	5426	6742	7412	8785	10619	11090	10562	9838	14633
K. Real estate activities	8304	8168	8382	8771	7964	9378	12806	17449	17621	1927	2274
L. Public administration and defense, compulsory social security	14445	16145	16984	17874	20760	21141	22757	26677	29852	51673	48300
M. Education	8048	8688	9433	9907	10246	10811	11329	12467	14224	15315	15396
N. Human health and social work activities	8690	9361	9889	9642	9664	10602	12304	13577	15707	15526	16058
O. Arts, entertainment and recreation; Other service activities	5548	5553	5472	5954	6165	7124	7495	10548	13200	13262	14979
Inputted rents	5597	6723	19277	20771	21093	21898	24084	28535	18929	28564	29286
1. Value added – total	195230	198592	221852	235361	251452	3E+05	313478	357450	358945	381158	404223
2. Taxes minus subventions	38611	45378	36517	37101	43600	43735	51511	54278	51789	52954	57507
GDP – by current prices	233841	243970	258369	272462	295052	3E+05	364989	411728	410734	434112	461730

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	STR U C T U R E (in %)										
A.B. Agriculture, hunting, forestry and fishing	11,75	12,36	12,91	12,76	12,32	12,13	10,56	11,56	11,10	11,47	11,05
C. Mining and quarrying	0,67	0,48	0,44	0,44	0,55	0,57	0,83	1,21	1,15	1,75	1,71
D. Manufacturing	20,28	19,10	17,55	16,53	17,35	17,96	20,44	19,76	18,90	15,50	15,96
E. Electricity, gas, water, steam and air conditioning supply	5,14	4,60	5,25	4,66	3,99	3,68	3,03	3,12	4,19	4,20	3,40
F. Construction	6,04	5,99	6,02	6,18	6,27	6,36	6,64	5,66	5,88	7,48	6,81
G. Wholesale and retail trade	13,35	13,77	12,62	15,15	15,37	15,66	15,10	14,06	14,92	18,95	19,20
H. Accommodation and food service activities	1,75	2,06	2,08	1,76	1,69	1,70	1,77	1,66	1,41	1,29	1,37
I. Traffic, warehousing and communications	11,11	10,38	9,37	8,65	9,33	9,46	9,25	9,27	8,98	3,67	5,70
J. Financial and insurance activities	3,80	3,74	2,44	2,86	2,95	3,18	3,38	3,10	2,94	2,58	3,62
K. Real estate activities	4,25	4,11	3,78	3,73	3,17	3,40	4,08	4,88	4,91	0,50	0,51
L. Public administration and defense, compulsory social security	7,40	8,13	7,65	7,59	8,25	7,65	7,26	7,46	8,31	13,55	11,95
M. Education	4,12	3,37	4,25	4,21	4,07	3,91	3,61	3,48	3,96	4,02	3,81
N. Human health and social work activities	4,45	4,71	4,46	4,10	3,84	3,83	3,92	3,80	4,37	4,07	3,97
O. Arts, entertainment and recreation; Other service activities	2,84	2,79	2,46	2,53	2,45	2,58	2,39	2,95	3,68	3,48	3,70
Inputted rents	3,05	4,41	8,72	8,85	8,40	7,93	7,74	8,03	5,30	7,49	7,24
1. Value added – total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: State Statistical Office of the Republic of Macedonia, Publications and News Releases (by current prices, revised data).

Appendix 2

The structure of the offer and demand of goods and services in the Republic of Macedonia, 2001-2011

In million denars (by current prices)

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. GDP-	233841	243970	258369	272462	295052	320059	364989	411728	410734	434112	461730
1. Value added	195230	198592	221852	235361	251452	276324	313478	357450	358945	381148	404223
2. Taxes – subventions	38611	45378	36517	37101	43600	43735	51511	54278	51789	52954	57507
II. Import of goods and services	129780	141882	140812	163637	180403	206296	258410	313721	248822	283324	342111
1. Import of goods	107166	124062	119888	138656	153259	178445	223571	271870	212657	243676	298903
2. Import of services	22614	17819	20924	24981	27145	27851	34839	41851	36165	39649	43208
Total offer of goods and services	363621	385852	399181	436099	475456	526356	623399	723449	659556	717436	803841
I. Domestic consumption	264530	293070	300837	327285	345235	377137	432288	515892	499290	515270	551955
1. Final consumption	221770	242795	251391	267382	282322	308328	342361	405487	392912	404480	426557
Households	163788	188179	199026	213884	227944	250309	279880	330399	314376	324096	345262
Government	57983	54616	52364	53499	54378	58019	62481	75088	78536	80384	81295
2. Gross capital formation	42760	50275	49447	59902	62913	68809	89928	110405	106378	110790	125398
-Gross fixed capital formation	34716	40448	42110	42286	48868	56485	71557	86403	81872	82968	94537
- Change in inventories	8043	9828	7377	12616	14045	12324	18371	24002	24506	27822	30861
II. Export of goods and services	99091	92781	98343	108815	130220	149219	191111	209557	160267	202166	251866
1. Export of goods	78625	71994	73742	82531	100662	117135	151292	164490	117658	153354	195639
2. Export of services	15894	16387	20549	22319	25493	29208	36373	42260	37873	42707	49203
3. Non-resident purchases	4572	4399	4052	3965	4065	2876	3446	2807	4735	6105	7024
Total demand of goods and services	363621	385852	399181	436099	475456	526356	623399	723449	659556	717436	803841

Source: State Statistical Office of the Republic of Macedonia, Publications and News Releases (by current prices, revised data), Ministry of Finance of the Republic of Macedonia (Bulletins for particular years).

