

# CEFTA Agreement and Opportunities for Wood Furniture Export of the Republic of Macedonia

## CEFTA sporazum i mogućnosti izvoza namještaja Republike Makedonije

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**ABSTRACT** • This paper is focused on business possibilities of CEFTA 2006 and its influence on export trend of wood furniture from the Republic of Macedonia. First, six categories of wood furniture export are analyzed such as: office furniture, kitchen furniture, bedroom furniture, living and dining room furniture, shop furniture and other furniture, presenting a positive trend in each category, except for living and dining room furniture. The total export of wood furniture shows a positive trend. The second part presents comparative research using mathematical and statistical methods for determining wood furniture export trends, analyzing the export to different countries and the use of the CEFTA 2006 agreement. The results show a positive trend of export of wood furniture from Macedonia towards CEFTA countries. The main purpose of this research is to provide an overview of the use of the CEFTA 2006 agreement in the field of wood furniture export from the Republic of Macedonia, providing policy and business recommendations for the use of the CEFTA 2006 agreement. Taking into consideration the CEFTA 2006 agreement benefits, CEFTA member countries would become more competitive and prepared towards the European and global market.

**Key words:** CEFTA, wood furniture, export, cooperation, forecasting trends

**SAŽETAK** • Cilj je ovog rada istražiti poslovne mogućnosti udruženja CEFTA 2006 i njegov utjecaj na izvozne trendove namještaja Republike Makedonije. U prvom dijelu rada analizirane su izvozne vrijednosti šest kategorija namještaja, i to uredskog namještaja, kuhinjskog namještaja, namještaja za spavaće sobe, namještaja za blagovaonice i dnevne sobe, namještaja za trgovine te ostalog namještaja za koji je utvrđen pozitivan trend uvoza. Jednako tako, utvrđen je pozitivan trend vrijednosti ukupnog izvoza namještaja. U drugom dijelu rada, primjenom statističkih i matematičkih metoda, prikazane su analize izvoza namještaja Republike Makedonije i analizirana uporaba CEFTA 2006 sporazuma. Nadalje, rezultati su pokazali zadovoljavajući pozitivan trend makedonskog izvoza namještaja prema zemljama članicama CEFTA-e. Cilj ovog istraživanja bio je dati pregled primjene CEFTA 2006 sporazuma na području izvoza namještaja od drva Republike Makedonije, s naglaskom na primjenu CEFTA 2006 sporazuma. Sporazum CEFTA 2006 donosi zemljama članicama prednosti u obliku postizanja veće konkurentnosti i pripremljenosti za svjetska i europska tržišta.

**Ključne riječi:** CEFTA, namještaj od drva, izvoz, suradnja, predviđanje trendova

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## 1 INTRODUCTION

### 1. UVOD

The integration and implementation of the Central European Free Trade Agreement (CEFTA) has been the main activity of foreign trade policy of the Republic of Macedonia in the last decade. The reason for this activity is the expectation that the membership of the Republic of Macedonia in CEFTA will significantly contribute to the continuous efforts for strengthening the regional trade cooperation and increase export as an important step to Euro Atlantic Integration. New CEFTA 2006 provides a much more comprehensive framework for development of mutual economic relations among the countries, especially in wood furniture export. Timber companies must continually strive to improve or at least maintain their market share. Nowadays, consumers are very demanding and they require as much as possible information about the product to be sure about its quality (Oblak and Glavonjić, 2014). Analyzing the current wood furniture export from the Republic of Macedonia towards the CEFTA countries, presents a good base for future research of cooperation with other CEFTA countries and possibilities for further development.

#### 1.1 The main benefits from CEFTA 2006

##### 1.1. Glavne koristi od CEFTA-e 2006

The Republic of Macedonia was the last country to accede the original CEFTA. The agreement for extending and modernizing CEFTA was signed on 19 December 2006 and the “new” agreement was called CEFTA 2006 for the purpose of terminological differentiation. This modern and comprehensive free trade agreement entered into force on 26 July 2007 for five Parties - Albania, Macedonia, Moldova, Montenegro and UNMIK/Kosovo, while for Croatia it entered into force on 22 August 2007, for Serbia on 24 October 2007 and for Bosnia and Herzegovina on 22 November 2007. Thus, full implementation of CEFTA 2006 started at the end of 2007, according to the official report from the CEFTA web site (<http://www.ceftatradeportal.com/>, 2014).

CEFTA 2006 consolidates 32 bilateral free trade agreements previously concluded among its signatories, representing an international framework for increased liberalization of trade in goods. The application of CEFTA 2006 is expected to cause a significant increase of trade exchange in the region, which in turn will result in increased competitive advantages. Membership in CEFTA 2006 significantly contributes to the continuous efforts for strengthening the regional economic cooperation, further liberalization of foreign trade exchange, and continuation of activities for harmonization of trade rules with international standards (Mojsovska and Tosheva, 2011). CEFTA 2006 is a result of the efforts for as urgent as possible economic approximation and consolidation of the SEE countries. Such aspirations, on one hand, and the unequal progress of different countries regarding integration in the global economic trends, imposed a need to relax the preconditions for acceding to the agreement. Novelty

in CEFTA 2006 is the broadening of the agreement with new trade issues that were not regulated by the original CEFTA. The purpose of introducing new issues was to increase the economic cooperation among the countries/territories in the region, as well as to increase the processes of harmonization of their measures with the international standards according to the CEFTA official web site (<http://www.cefta.int/>).

One of the main goals of CEFTA 2006 is to achieve substantial liberalization of trade among its members (Tosheva and Efremov, 2007). The Agreement provides full elimination of customs duties in the international trade of all signatories and for all industrial products not later than 31 December 2008. From 2009, the trade of furniture in CEFTA countries is without custom protection (Efremov, 2013), which is a unique opportunity for furniture companies in these countries. Another important goal of CEFTA 2006 is to encourage trade and investments by applying equitable, understandable and predictable rules, which would be a beneficial base for creating joint ventures and regional cooperation for joint entrance and export on global market. Therefore, this paper analysis the current use of CEFTA benefits of furniture companies from the Republic of Macedonia in the period 2005 to 2013.

#### 1.2 Wood industry and production of furniture in the Republic of Macedonia

##### 1.2. Prerada drva i proizvodnja namještaja u Republici Makedoniji

The Republic of Macedonia is a country with rich tradition in wood processing due to its forests, tradition and professional labor force. The lumber sawmills were among the first industries in our country, and the industry of furniture manufacturing, as continuation of sawmill production process, started to develop in the fifties of the last century. In that period, the major wood-processing plants were established, determined by the program for highly protected market of the former Yugoslavia. According to Glavonjić *et al.* (2009) and Kitek Kuzman *et al.* (2012), globalization and the regional cooperation and participation in the global marketplace are a major driver of reforms being implemented in post socialist Yugoslavia. Privatization of all the former plants has been completed, and the private initiative has established many new companies in this sector, in the process of which the companies have to adjust to the market conditions for doing business. Currently, in this industry, there are over five hundred furniture manufacturing companies and around sixty wood-processing companies. However, according to Shumanska (2014), in Macedonia the wood-processing companies are way behind the modern process of manufacturing due to the outdated technology, and this greatly affects the outcome of manufacturing and hence also the demand for these products.

The international trade of furniture from the Republic of Macedonia is limited, as the whole exchange is made with the neighboring countries. According to Meloska *et al.* (2011), the reasons for limited international trade mainly lies in small transportation costs, joint market of the former Yugoslavia and also the good

knowledge of neighboring markets and already established relationships. Also, the import to the Republic of Macedonia, analyzed in the same paper of Meloska *et al.* (2011), shows that the same neighboring countries are the main importing countries for wood furniture, too.

Wood furniture manufacturers in Macedonia should undertake several actions towards expanding towards global market. Above all, a serious research of furniture market should be made. The market offer should not to be individual, but made through associations and groups, with strong promotional activities (Meloska *et al.*, 2011). CEFTA 2006 supports the regional cooperation; therefore, it is necessary to analyze the current wood furniture export from the Republic of Macedonia towards the CEFTA countries. This is the starting analysis for a further and deeper analysis of export strategies of all CEFTA countries, aimed at establishing how they can benefit from the CEFTA 2006 agreement.

## 2 METHODS AND MATERIAL

### 2. METODE I MATERIJALI

The aim of this paper was to analyze the export trends of wood furniture from the Republic of Macedonia, with the focus on CEFTA countries (old CEFTA countries as Croatia, Slovenia, Bulgaria and Romania and CEFTA 2006 countries – Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Moldova, and Serbia). The research methodology was quantitative and used the preliminary export data from the State Statistical Office of the Republic of Macedonia for the period 2005 to 2013 with custom tariff numbers converted into Standard International Trade Classification (SITC) and also data from Macedonian Chamber of Commerce.

The analyses were done of the export presented in EUR, using mathematical and statistical methods, with graphics in Excel Microsoft Office. For analyzing the macro-economic export trends of the Republic of Macedonia, dynamic economic analysis of time series data was performed, using one of the time series models presented in the research of Oblak *et al.* (2012).

## 3 RESULTS AND DISCUSSION

### 3. REZULTATI I RASPRAVA

#### 3.1 Wood furniture export from Republic of Macedonia to CEFTA 2006 countries

##### 3.1. Izvoz namještaja Republike Makedonije u zemlje CEFTA 2006

According to the preliminary export data from the State Statistical Office of the Republic of Macedonia for the period 2005 to 2013, in the period 2005 to 2008, the total export of wood furniture from the Republic of Macedonia shows a trend of continuous increase up to 2008, presented with a linear trend line in Graph 1. In 2009 and 2010, there is a decrease of about 15 and 21 percent, respectively, compared to the previous year. After 2011, there is an increasing trend until 2013 of about 4-6 percent per year compared to the previous year. The linear trend line of the total wood furniture export is increasing, but however, the regression  $R^2 = 0.260$  is not high enough to present clear dependence of the export amount during the years, and therefore it is not easy to predict and forecast.

In Table 1, it is important to stress the share of different types of wood in the total export of wood furniture. The shop, office and kitchen furniture covers just a small share of 2.97 percent, 4.02 percent and 6.84 percent from the total export of wood furniture, which presents an opportunity for increase in the future.

**Table 1** Export of wood furniture by category from the Republic of Macedonia in the period 2005 to 2013

**Tablica 1.** Izvoz namještaja prema kategorijama proizvoda Republike Makedonije u razdoblju od 2005. do 2013.

	Office furniture <i>Uredski namještaj</i>	Kitchen furniture <i>Kuhinjski namještaj</i>	Bedroom furniture <i>Namještaj za spavaće sobe</i>	Living& Dining furniture <i>Namještaj za dnevne sobe i blagovaonice</i>	Shop furniture <i>Namještaj za trgovine</i>	Other furniture <i>Ostali namještaj</i>	Total export <i>Ukupni izvoz</i>
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
2005	47.828	136.277	778.006	1.820.132	20.816	218.516	3.021.574
2006	80.205	73.304	1.016.160	2.895.111	21.331	275.520	4.361.632
2007	132.224	156.145	879.077	3.782.205	554.468	793.703	6.297.821
2008	317.374	270.795	1.323.448	5.735.642	179.645	636.733	8.463.638
2009	290.192	504.624	1.819.974	3.920.803	21.640	659.863	7.217.096
2010	347.123	671.555	2.280.988	1.648.250	69.978	689.734	5.707.629
2011	179.864	540.787	2.419.134	1.373.211	136.661	1.371.588	6.021.245
2012	387.668	632.679	2.967.467	732.830	400.610	1.321.376	6.442.629
2013	399.476	723.188	3.441.278	548.342	206.277	1.383.095	6.701.657
Total EUR <i>Ukupno EUR</i>	2.181.954	3.709.354	16.925.533	22.456.525	1.611.426	7.350.128	54.234.920
%	4.02	6.84	31.21	41.41	2.97	13.55	100.00
Mean	242.439	412.150	1.880.615	2.495.169	179.047	816.681	6.026.102
Std Dev	134.565	253.527	958.347	1.720.364	186.800	448.294	1.579.669
Coef Var	56 %	62 %	51 %	69 %	104 %	55 %	26 %
AROC	30 %	23 %	20 %	-14 %	33 %	26 %	10 %
<i>r</i> (Corr.)	0.8324	0.9354	0.9785	-0.5433	0.2283	0.9168	0.5101

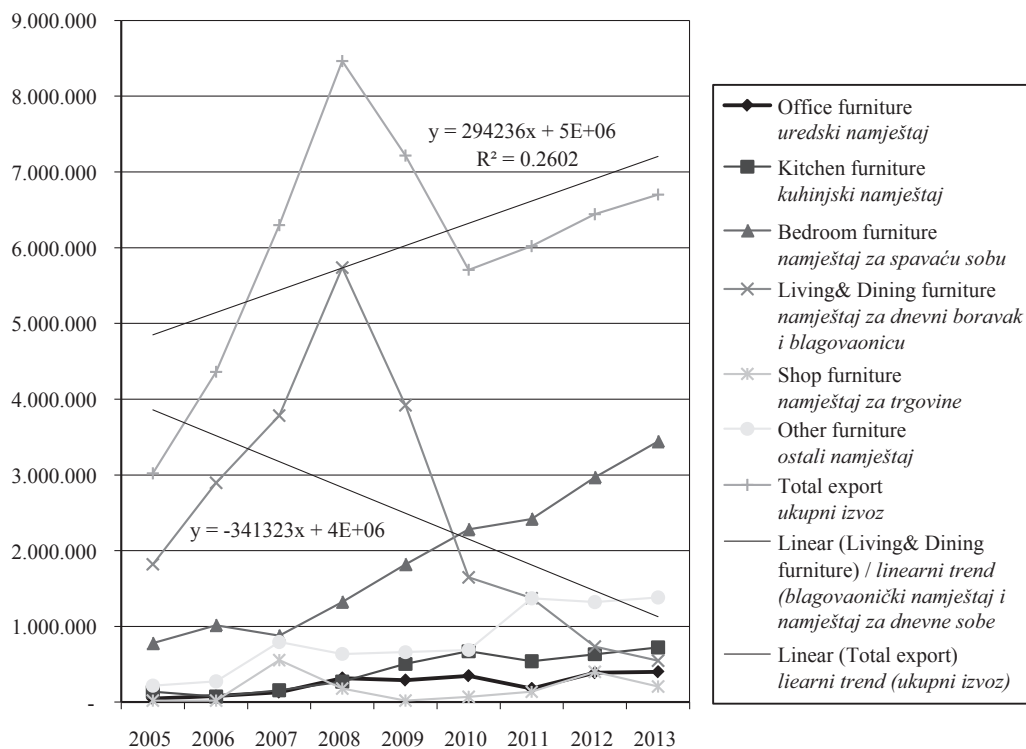


Figure 1 Export of wood furniture from the Republic of Macedonia in the period 2005 to 2013

Slika 1. Izvoz namještaja Republike Makedonije u razdoblju od 2005. do 2013.

When analyzing the export of different types of wood furniture presented in Table 1, comparing 2005 with 2013, increasing trends can be observed for all categories of wood furniture except for export of living and dining furniture, where there is a negative trend with negative AROC (average rate of change) (-14 %). This is the only category with lowering trend line presented in Graph 1. The other categories have a positive AROC: it is the highest for shop furniture (33 %), followed by office furniture (30 %), other furniture (26 %), kitchen furniture (23 %) and bedroom furniture (20 %). This results in a positive trend line of wood furniture export from Macedonia.

Further, the analysis is given of the export from the Republic of Macedonia for each category of wood furniture as follows: office furniture, kitchen furniture, bedroom furniture, living and dining furniture, shop furniture and other furniture.

### 3.2 Export of office wood furniture from Macedonia

#### 3.2. Izvoz uredskog namještaja Republike Makedonije

Table 2 presents the export of office wood furniture in the period 2005 to 2013 to the ten main countries. Among the ten most important export markets, six are members of CEFTA or CEFTA 2006 (Croatia, Bosnia and Herzegovina, Kosovo, Serbia, Montenegro and Romania) and four are European countries (Holland, Germany, Greece and Switzerland). Holland holds the first place with the total export of EUR 544.745, but only in the last three years. The analysis of the export to CEFTA/CEFTA 2006 countries shows that there is a variable trend of export in different years, participating with 64 percent in the total export, mean-

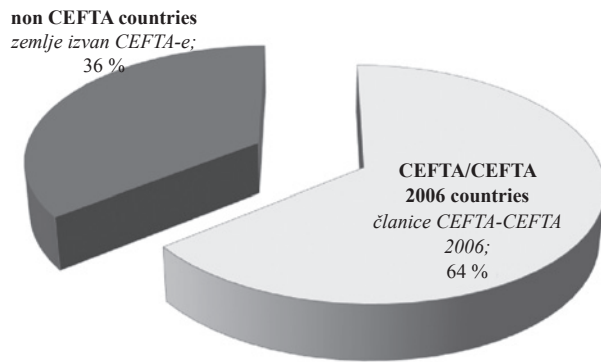
Table 2 Export of office furniture from the Republic of Macedonia to main 10 export countries in the period 2005 – 2013

Tablica 2. Izvoz uredskog namještaja Republike Makedonije u deset najznačajnijih zemalja izvoznica u razdoblju od 2005. do 2013.

Countries Države	Export in EUR Izvoz u EUR
Netherlands / Nizozemska	544.745
Croatia/ Hrvatska	408.126
Bosnia&Herzegovina Bosna i Hercegovina	346.219
Kosovo/ Kosovo	275.834
Serbia+MN/ Srbija + Crna Gora <sup>1</sup>	235.204
Germany/ Njemačka	75.399
Greece/ Grčka	65.483
Montenegro/ Crna Gora	39.600
Switzerland/ Švicarska	36.610
Romania/ Rumunjska	35.075
Other countries/ Ostale zemlje	119.660
<b>Total EUR/ Ukupno EUR</b>	<b>2.181.954</b>

ing that these countries are important market for future increase of export of Macedonian office wood furniture (Graph 2).

<sup>1</sup> In 2003, Serbia and Montenegro were reconstituted as a state union officially known as the State Union of Serbia and Montenegro, transitioning to two independent nations by 2006. In the period 2005-2006, the State Statistical Office of the Republic of Macedonia had collected joint preliminary data for Serbia and Montenegro, and from 2007 preliminary data was separated for Serbia and Montenegro as different states.



**Figure 2** Macedonian export of office wood furniture to CEFTA and non CEFTA countries in the period 2005 – 2013  
**Slika 2.** Makedonski izvoz uredskog namještaja u članice CEFTA-e i zemlje izvan CEFTA-e u razdoblju od 2005. do 2013.

### 3.3 Export of kitchen wood furniture from Macedonia

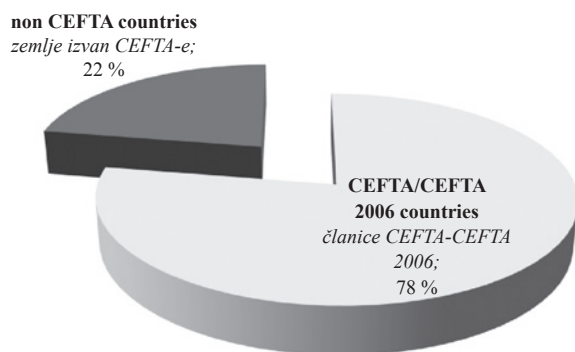
#### 3.3. Izvoz kuhinjskog namještaja Republike Makedonije

Table 3 presents the export of kitchen wood furniture in the period 2005 to 2013 to the ten main countries

**Table 3** Export of kitchen furniture from the Republic of Macedonia to main 10 countries

**Tablica 3.** Izvoz kuhinjskog namještaja Republike Makedonije u deset najznačajnijih zemalja

Country/ Države	Export in EUR Izvoz u EUR
Croatia/ Hrvatska	1.399.486
Slovenia/ Slovenija	791.706
Serbia+MN/ Srbija + Crna Gora	335.670
Switzerland/ Švicarska	327.890
Greece/ Grčka	201.352
Germany/ Njemačka	156.511
Montenegro/ Crna Gora	101.155
Kosovo/ Kosovo	91.179
Bosnia&Herzegovina Bosna i Hercegovina	89.554
Sweden/ Švedska	61.805
Other countries/ Ostale zemlje	153.046
<b>Total EUR/ Ukupno EUR</b>	<b>3.709.354</b>



**Figure 3** Export of kitchen furniture from the Republic of Macedonia to CEFTA and non-CEFTA countries in the period 2005 – 2013

**Slika 3.** Izvoz kuhinjskog namještaja Republike Makedonije u zemlje članice CEFTA-e i zemlje izvan CEFTA-e u razdoblju od 2005. do 2013.

tries. When comparing the ten most important export markets, again six are members of CEFTA or CEFTA 2006 and four are European countries (Switzerland, Greece, Germany and Sweden). CEFTA/CEFTA 2006 countries (Croatia, Slovenia and Serbia) hold the first three places with a total export of about EUR 2.527.000. The CEFTA/CEFTA 2006 countries show a variable trend of export in different years, but they participate with a 78 percent in the total export and they are important market for future increase of export of Macedonian kitchen wood furniture (Graph 3).

### 3.4 Export of bedroom wood furniture from Macedonia

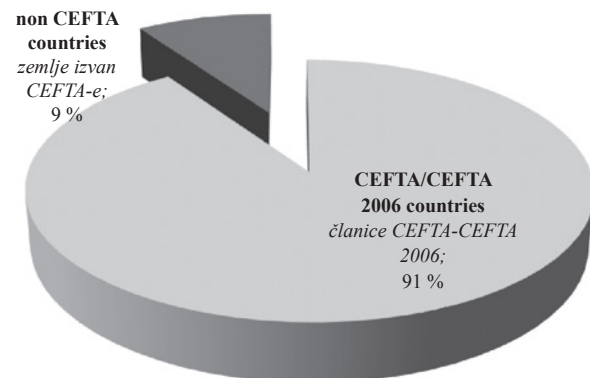
#### 3.4. Izvoz namještaja za spavaće sobe iz Republike Makedonije

Table 4 presents the export of bedroom wood furniture in the period 2005 to 2013 to the ten most important countries. The analysis of the ten most important export markets shows that seven are members of CEFTA or CEFTA 2006 and three are European countries.

**Table 4** Export of bedroom furniture from the Republic of Macedonia to the main 10 countries in the period 2005 – 2013

**Tablica 4.** Izvoz namještaja za spavaće sobe iz Republike Makedonije u deset zemalja u razdoblju od 2005. do 2013.

Countries/ Države	Export in EUR Izvoz u EUR
Serbia+MN/ Srbija + Crna Gora	5.296.161
Kosovo/ Kosovo	4.505.783
Croatia/ Hrvatska	2.961.108
Bosnia&Herzegovina Bosna i Hercegovina	1.110.687
Slovenia/ Slovenija	961.489
Greece/ Grčka	715.794
Norway/ Norveška	330.637
Bulgaria/ Bugarska	269.351
Germany/ Njemačka	205.094
Albania/ Albanija	165.771
Other countries/ Ostale države	403.657
<b>Total EUR/ Ukupno EUR</b>	<b>16.925.533</b>



**Figure 4** Export of bedroom furniture from the Republic of Macedonia to CEFTA and non CEFTA countries in the period 2005 – 2013

**Slika 4.** Izvoz namještaja za spavaće sobe iz Republike Makedonije u zemlje članice CEFTA-e i zemlje izvan CEFTA-e

tries (Greece, Norway and Germany). CEFTA/CEFTA 2006 countries (Serbia, Kosovo, Croatia, Bosnia and Herzegovina and Slovenia) hold the first five places with a total export of about EUR 14.835.000. The CEFTA/CEFTA 2006 countries show a variable export trend in different years, but they participate with a 91 percent in the total export and hence they are important market for future increase of export of Macedonian bedroom wood furniture (Graph 4).

**3.5 Export of dining and living room wood furniture from the Republic of Macedonia**

**3.5. Izvoz blagovaoničkog namještaja i namještaja za dnevne sobe Republike Makedonije**

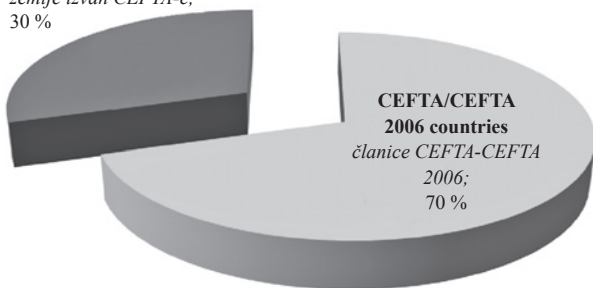
Table 5 presents the export of dining and living room wood furniture in the period 2005 to 2013 to the ten most important countries. When comparing the ten most important export markets, seven are members of CEFTA or CEFTA 2006 and three are European countries (Greece, Holland and Germany). Croatia holds the first place with a total export of about EUR 7.730.446. The CEFTA/CEFTA 2006 countries show a variable export trend in different years, but they participate with a

**Table 5** Export of dining and living room furniture from the Republic of Macedonia to the 10 main countries in the period 2005 – 2013

**Tablica 5.** Izvoz blagovaoničkog namještaja i namještaja za dnevne sobe Republike Makedonije u deset najznačajnijih zemalja u razdoblju od 2005. do 2013.

Countries/ Zemlje	Total EUR Ukupno EUR
Croatia / Hrvatska	7.730.446
Greece / Grčka	5.329.133
Serbia+MN / Srbija + Crna Gora	2.929.847
Slovenia / Slovenija	2.830.155
Montenegro / Crna Gora	603.204
Bosnia&Herzegovina Bosna i Hercegovina	543.544
Kosovo / Kosovo	513.621
Bulgaria / Bugarska	444.125
Netherlands / Nizozemska	377.703
Germany / Njemačka	293.442
Other countries / Ostale zemlje	804.637
<b>Total EUR / Ukupno EUR</b>	<b>22.399.857</b>

non CEFTA countries  
zemlje izvan CEFTA-e;  
30 %



**Figure 5** Export of dining and living room furniture from the Republic of Macedonia to CEFTA and non CEFTA countries in the period 2005 – 2013

**Slika 5.** Izvoz blagovaoničkog namještaja i namještaja za dnevne sobe Republike Makedonije u zemlje članice CEFTA-e i zemlje izvan CEFTA-e u razdoblju od 2005. do 2013.

**Table 6** Export of shop furniture from the Republic of Macedonia to the 10 main countries in the period 2005 – 2013

**Table 6.** Izvoz namještaja za trgovine Republike Makedonije u deset najznačajnijih zemalja u razdoblju od 2005. do 2013.

Country/ Država	Total EUR Ukupno EUR
Serbia+MN / Srbija + Crna Gora	500.000
Germany / Njemačka	326.797
Italy / Italija	326.115
Kosovo / Kosovo	160.468
Greece / Grčka	64.378
UAE / UAE	60.514
Albania / Albanija	43.941
Montenegro / Crna Gora	26.085
Slovenia / Slovenija	22.563
Croatia / Hrvatska	14.082
Other countries / Ostale zemlje	66.485
<b>Total EUR / Ukupno EUR</b>	<b>1.611.426</b>



**Figure 6** Export of shop furniture from the Republic of Macedonia to CEFTA and non CEFTA countries in the period 2005 – 2013

**Slika 6.** Izvoz namještaja za trgovine Republike Makedonije u zemlje članice CEFTA-e i zemlje izvan CEFTA-e

70 percent in the total export and they are important market for future increase of export of Macedonian dining and living room wood furniture (Graph 5).

**3.6 Export of shop wood furniture from the Republic of Macedonia**

**3.6. Izvoz namještaja za trgovine Republike Makedonije**

Table 6 presents the export of shop wood furniture in the period 2005 to 2013 to the ten most important countries. When comparing the ten most important export markets, six are members of CEFTA or CEFTA 2006, three are European countries (Germany, Italy and Greece) and one is from the Middle East (UAE). Serbia holds the first place with a total export of about EUR 500.000. CEFTA/CEFTA 2006 countries show a variable export trend in different years, but they participate with a 49 percent in the total export and they are important market for future increase of export of Macedonian shop wood furniture (Graph 6).

**3.7 Export of other furniture from the Republic of Macedonia**

**3.7. Izvoz ostalog namještaja Republike Makedonije**

Table 7 presents the export of other wood furniture in the period 2005 to 2013 to the ten main coun-

**Table 7** Other furniture export from Republic of Macedonia to main 10 export countries in the period 2005 – 2013

**Tablica 7.** Izvoz ostalog namještaja Republike Makedonije u deset najznačajnijih zemalja izvoznica u razdoblju od 2005. do 2013.

Country/ <i>Zemlja</i>	Total EUR <i>Ukupno EUR</i>
Kosovo/ <i>Kosovo</i>	1.038.426
Serbia+MN/ <i>Srbija +Crna Gora</i>	961.319
Slovenia/ <i>Slovenija</i>	857.182
Germany/ <i>Njemačka</i>	734.953
Croatia/ <i>Hrvatska</i>	618.749
Greece/ <i>Grčka</i>	587.678
Norway/ <i>Norveška</i>	471.623
Montenegro/ <i>Crna Gora</i>	469.482
Netherlands/ <i>Nizozemska</i>	392.258
Bosnia&Herzegovina <i>Bosna i Hercegovina</i>	215.667
Other countries/ <i>Ostale zemlje</i>	1.002.792
<b>Total EUR/ <i>Ukupno EUR</i></b>	<b>7.350.128</b>

non CEFTA  
countries  
zemlje izvan  
CEFTA-e;  
41 %



**Figure 7** Export of other furniture from the Republic of Macedonia to CEFTA and non CEFTA countries in the period 2005 – 2013

**Slika 7.** Izvoz ostalog namještaja Republike Makedonije u zemlje članice CEFTA-e i zemlje izvan CEFTA-e

tries. When comparing the ten most important export markets, six are members of CEFTA or CEFTA 2006 and four are European countries (Germany, Greece, Norway and Holland). CEFTA/CEFTA 2006 countries (Kosovo, Serbia and Slovenia) hold the first three places with a total export of about EUR 2.857.000. The CEFTA/CEFTA 2006 countries show a variable export trend in different years, but they participate with a 59 percent in the total export and they are important market for future increase of export of Macedonian other wood furniture (Graph 7).

The above analysis shows clearly which product categories are the most exported to CEFTA countries and which category of wood furniture is the most exported to CEFTA countries.

### 3.8 Export of wood furniture to CEFTA and other countries

#### 3.8. Izvoz namještaja u zemlje članice CEFTA-e i ostale zemlje

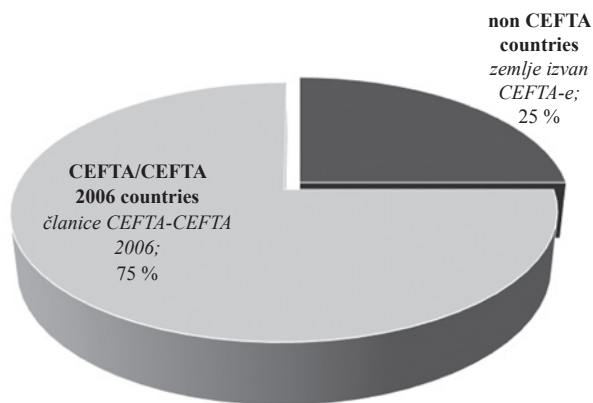
Descriptive statistics (means and standard deviations, coefficients of variations and average rate of change in percentage) were determined for annual export of wood furniture from the Republic of Macedonia for the period 2005 – 2013. The results are given in Table 8.

According to the data shown in Table 8 for the analyzed period 2005 to 2013, the CEFTA countries are the strategic markets for the export of wood furniture with the total export of about EUR 39.098.000 and a share of 75 percent in the total export. Of the first four countries, three are CEFTA countries that cover the export of Macedonian furniture (Table 8). Croatia holds the first place with the highest export of about 24 percent of the total export, followed by Ser-

**Table 8** Descriptive statistics for the total export to main countries from the Republic of Macedonia in the period 2005 – 2013

**Tablica 8.** Deskriptivna statistika ukupnog izvoza Republike Makedonije u najznačajnije zemlje u razdoblju od 2005. do 2013.

Year <i>Godina</i>	Croatia <i>Hrvatska</i>	Serbia <i>Srbija</i>	Greece <i>Grčka</i>	Kosovo <i>Kosovo</i>	Slovenia <i>Slovenija</i>	Bosnia & Herzegovina <i>Bosna i Hercegovina</i>	Germany <i>Njemačka</i>	Netherlands <i>Nizozemska</i>	Montenegro <i>Crna Gora</i>	Norway <i>Norveška</i>
2005	684.660	1.251.087	739.790	-	211.627	24.237	5.165	-	-	-
2006	1.273.001	1.220.575	865.863	-	569.786	33.029	98.200	-	-	106.331
2007	1.754.899	1.648.005	1.145.094	-	623.380	150.502	236.563	1.753	136.225	194.860
2008	2.571.370	1.943.611	1.484.073	-	793.266	398.310	127.099	1.282	182.061	245.792
2009	2.036.208	1.068.783	1.084.594	777.846	902.274	255.788	38.021	39.185	296.039	197.830
2010	1.110.764	683.513	673.697	1.293.433	467.050	401.424	65.245	312.169	165.598	23.278
2011	1.109.243	717.848	636.615	1.383.704	463.558	396.575	504.836	188.487	153.522	139.483
2012	1.209.687	927.161	228.138	1.493.620	719.450	381.917	305.729	359.594	273.539	-
2013	1.382.164	797.617	105.953	1.636.708	734.543	277.835	411.337	435.649	111.531	2.466
Total EUR	13.131.996	10.258.201	6.963.818	6.585.311	5.484.933	2.319.617	1.792.195	1.338.119	1.318.514	910.041
%	24 %	19 %	13 %	12 %	10 %	4 %	3 %	2 %	2 %	2 %
Mean	1.459.111	1.139.800	773.758	731.701	609.437	257.735	199.133	148.680	146.502	101.116
Std Dev	570.520	429.663	436.059	731.769	208.829	154.930	176.115	178.418	102.733	97.987
Coef Var	39 %	38 %	56 %	100 %	34 %	60 %	88 %	120 %	70 %	97 %
AROC	9 %	-5 %	-22 %	20 %	17 %	36 %	73 %	151 %	-3 %	-42 %
r (Corr.)	-0.0121	-0.6177	-0.6569	0.9411	0.4141	0.7531	0.7055	0.8969	0.5709	-0.2992



**Figure 8** Total export of furniture from Macedonia to CEFTA and non CEFTA countries for the period 2005-2013  
**Slika 8.** Ukupni izvoz namještaja Republike Makedonije u zemlje članice CEFTA-e i zemlje izvan CEFTA-e zaradobljeno od 2005. do 2013.

bia with a share of about 19 percent of the total export, and then Greece with about 13 percent and Kosovo with about 12 percent.

When the rates of change in successive time periods are approximately equal, and assuming that the average rate of change will not change, it would be possible to predict variable values in future periods. Based on the average rate of change for export (10 %) of furniture from Macedonia in the observed period, prediction model for future values of export were developed. Correlation analysis was used to determine the correlation level between the values of export as dependent variable and time as independent variable. Pearson's linear correlation coefficient  $r$  – which describes the direction and strength of correlation relationships, was positive  $r = 0.5101$ , but not very high and close to 1, which shows that the predicted trend line presented in Graph 1 of this research is not reliable.

Furthermore, export of wood furniture from the Republic of Macedonia is different for different categories and influences the total export. It can be concluded that Macedonian wood furniture manufacturers use CEFTA 2006, but not enough. The reason is a great number of small manufactures, investment in serial production and newer and modern machinery and low buying power of customers on the market, which all result in lower export. This situation has to be changed if wood furniture companies intend to be more competitive and ready for the global market.

#### 4 CONCLUSION 4. ZAKLJUČAK

It is a generally accepted fact that socioeconomic development greatly depends on investment, and therefore long-term development can only be achieved through investment, because well targeted investment activity is the primary assumption for all aspects of competitiveness (Ojurović *et al.*, 2013). In recent decades, the furniture industry has gone through major changes. The life cycles of products are becoming in-

creasingly shorter, leading to an increasing need for intensified development of new products or updating the existing ones. At the same time it is necessary to continually update the technology and equipment as well as to include developmental and research activities, education and the search for financial resources for the development and business operation of companies (Berginc *et al.*, 2011).

CEFTA 2006 is an exceptionally important step in the trade cooperation and integration of the region. Based on trade liberalization, from 2009 furniture trade in CEFTA countries is free of custom duties. This preferential treatment is a very important facilitator for higher export from the Republic of Macedonia to the CEFTA market.

Regarding the export of six categories of wood furniture from the Republic of Macedonia in the period 2005-2013 to CEFTA/CEFTA 2006 countries: the export of office wood furniture accounts for 64 percent, export of kitchen wood furniture accounts for 78 percent, export of bedroom wood furniture accounts for 91 percent, export of dining and living wood furniture accounts for 70 percent, export of shop wood furniture accounts for 49 percent and export of other wood furniture accounts for 59 percent of the total export.

According to preliminary statistical data for the period 2005-2013, Macedonian wood furniture industry achieved an export of EUR 39,098,000 to CEFTA/CEFTA 2006 countries and a share of 75 percent in the total export. It can be concluded that the countries in the region, especially CEFTA/CEFTA 2006 countries, will be the strategic markets for Macedonian export of wooden furniture in the future. Preferential conditions specified in the CEFTA agreement and knowledge of the market based on experience gained in the former Yugoslavia is a solid basis for Macedonian furniture manufacturing companies to build their own competitiveness first on the CEFTA market and then also on the European and global market.

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